

The Hidden Cost Analysis Canvas

FROM AN OPERATIONAL EVENT TO TOTAL ECONOMIC IMPACT

Start with one real manufacturing event. Follow its impact through the factory before calculating the total cost.

SAME EVENT.
MANY CONSEQUENCES.
THE REAL COST IS BIGGER
THAN IT APPEARS.

1WHAT HAPPENED? Capture the event clearly.	2IMMEDIATE LOSS What resources were consumed because of the event?	3LINE / PRODUCTION EFFECT What happened to production because of the event?	4FLOW & DEPENDENCY EFFECT What else had to change because of this event?	5DELIVERY & BUSINESS EFFECT What happened beyond the production line?	6SECONDARY / FUTURE EFFECT What did today's disruption push into tomorrow?	7TOTAL HIDDEN ECONOMIC IMPACT Add up the different layers of economic impact.	8VALUE RECOVERY & ACTION What can be recovered, prevented or redesigned?
Event Type ☐ Machine Downtime ☐ Speed Loss ☐ Quality Issue ☐ Rework ☐ Operator Absenteeism ☐ Material Issue ☐ Plan / Schedule Issue ☐ Changeover Overrun ☐ Tooling Failure ☐ Utility Interruption ☐ Maintenance Intervention ☐ Waiting / Decision Delay ☐ Other	Machine Time Labour Material Quality / Inspection Maintenance Other Direct Cost	Planned Output Actual Output Lost Quantity Lost Productive Hours WIP Created / Delayed Bottleneck / Constraint? ☐ Yes ☐ No Downstream Starvation / Blockage Cycle / Speed Loss	Additional Changeover Rescheduling Additional Setup Product / Process Dependency Other Line or Machine Affected Additional WIP Waiting Time	Order Delay Delivery Delay Premium Freight / Expediting Customer Impact Penalty / Chargeback Capacity Unavailable for New Order Revenue / Opportunity Affected	Preventive Maintenance Delayed Predictive Maintenance Delayed Maintenance Backlog Another Planned Activity Delayed Increased Failure / Recurrence Risk Future Capacity Impact	Direct Cost (Labour, material, maintenance, quality, other direct cost) Capacity Cost (Lost productive hours, especially at constraint) Flow Cost (WIP, waiting, rescheduling, changeover) Recovery Cost (Overtime, additional shift, outsourcing, expediting) Delivery Cost (Expediting, penalties, customer impact) Opportunity Cost (Lost / deferred production or revenue) Future Risk (Deferred maintenance, increased failure risk) TOTAL HIDDEN ECONOMIC IMPACT RECOVERABLE VALUE RECOVERY POTENTIAL	Root Cause Recovery Opportunity Preventive Action Process / System Change Owner Target Date Expected Value Recovery

KEY INFERENCES & REMARKS What are the key learnings from this analysis?	DECISIONS & ACTIONS What will be done to recover value and prevent recurrence?	MANAGEMENT REVIEW Overall assessment and next steps.									
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REVIEW & SIGN-OFF	Prepared by Reviewed by Approved by Date	@Ranjith Diraviyam (www.dsmrk.com)									