

Costing Machined Components

eLearning courses designed to increase productivity and profits

Thomas Inc. Quotation		
THORS LLC 123 North Dr. Basic City, WI 495771		
Date: June 27, 2026 Quotation Number: 101 Customer ID: ABC456		
Casting Weight: 120 lbs Surcharge Rate: \$ 3.324 per Pounds Surcharge Updated Monthly based on industry indices		
Quotation Valid Until: 90 Days Lead Time - Tooling: 7 weeks after PO Lead Time - Production: 12 weeks after PO (includes casting LT)		
Description	Notes	Price Each
99530020B Rev. 2 Discharge Elbow - Finished.	1,000 lot size	\$303.42
Machine Tooling - One time charge at sample approval. A second set of tooling will be needed in 2028 to meet estimated volumes.		\$21,000
Far Foundry has a one time pattern refurbish fee based on two year inactivity. This includes a new PPAP.		\$2,500
Casting Price included in price above - \$224.89.		
Any change in the casting base price will require a price change either up or down. The surcharge price will be reviewed and updated monthly.		
A five year agreement can be finalized and based on approval of THORS LLC and Thomas Inc.		
A design review with THORS LLC, Far Foundry and Thomas Inc. is required before PO acceptance.		
Thomas Inc. Terms and Conditions apply. Contact purchasing for a copy.		
30 Days after shipment - FOB Thomas Inc.		
If you have any questions concerning this quotation, please reach out to Dave R.		

Thomas Inc. Part Cost Form			
Part Number	99530020B		
Revision	2		
EAU	10,000		
MOQ	1,000		
Machine	MH5000		
Labor Cost	\$40		
Machine Cost	\$40		
Overhead Cost	\$40		
Total Rate per Hour	\$120		
Setup Time (min)	180		
Setup Cost/Piece	\$0.36	\$0.36	
Part Cycle Time (min)	12		
Machining Cost	\$24.00	\$24.00	
SGA 15%	\$3.60	\$3.60	
Total Machining Cost	\$27.96	\$27.96	

Learning Made Simple, Visual, and Interactive

The THORS *Costing Machined Components* course provides learners with the foundation required for estimating cost and selling price of a manufactured component that begins with the receipt of Request for Quotation (RFQ) and ends with the release of a quote. This course offers an interactive learning experience that allows learners to gain an in-depth understanding of cost estimation inputs and the cost estimation process, with a real-world example.

Credit Hours **2.0**

Learning Objectives

- Recognize the required inputs for the cost estimation of a machined component.
- Describe the costs involved in raw material procurement.
- Identify the machining requirements and additional requirements involved in costing.
- Differentiate between the cost types and the six cost estimation methods.
- Understand the process of estimating price and profit calculation methods.
- Explain how the estimation outcomes are compiled in a sample RFQ.

Table of Contents

I. Cost Estimation Inputs

- Request for Quotation (RFQ)
- Raw Material Procurement
 - Procurement Costs
 - Metal Surcharges
 - Freight Costs
- Machining Requirements
- Additional Considerations

II. Cost Estimation Process

- Identify Machining Process Steps
- Estimate Cost
 - Cost Types
 - Cost Estimation Methods
- Estimate Price
 - Pricing Strategies
 - Productivity Strategies
 - Profit Calculation Methods
- Draft and Release Quote

III. Case Study Example

- Receipt of RFQ
- Raw Material Procurement
- Machining Requirements
- Additional Considerations
- Identify Machining Process Steps
- Estimate Cost
- Estimate Price
- Draft and Release Quote

