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| <div>Module 1</div> <div>Section B: Discern the Role, Value, and Cost of Logistics</div> <div>Term</div> <div>Contribution</div> <div>APICS CLTD Learning System© 2025</div>        | <div>The difference between sales price and variable costs. [It] is used to cover fixed costs and profits.</div>   |
| <div>Module 1</div> <div>Section B: Discern the Role, Value, and Cost of Logistics</div> <div>Term</div> <div>Contribution margin</div> <div>APICS CLTD Learning System© 2025</div> | <div>An amount equal to the difference between sales revenue and variable costs.</div>   |
| <div>Module 1</div> <div>Section B: Discern the Role, Value, and Cost of Logistics</div> <div>Term</div> <div>Direct costs</div> <div>APICS CLTD Learning System© 2025</div>        | <div>1) In traditional cost accounting, variable costs that can be directly attributed to a particular job or operation. Direct material and direct labor are traditionally considered [to be this]. 2) In activity-based cost (ABC) accounting, a cost that can specifically be traced and is economically feasible to track to a particular cost object (e.g., the units produced, a production line, a department, a manufacturing plant). In contrast, if the cost must be allocated across various cost objects, it is an indirect cost. Based on the cost object under consideration, the classification of direct and indirect can change. ABC accounting assumes that more costs traditionally viewed as fixed costs are variable and can be traced to cost objects.</div> |
| <div>Module 1</div> <div>Section B: Discern the Role, Value, and Cost of Logistics</div> <div>Term</div> <div>Direct labor</div> <div>APICS CLTD Learning System© 2025</div>        | <div>Labor that is specifically applied to the good being manufactured or used in the performance of the service. Syn.: touch labor.</div>   |

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**Term**  
Direct material

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Material that becomes a part of the final product in measurable quantities.

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Electronic commerce (e-commerce)

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The use of computer and telecommunication technologies to conduct business via electronic transfer of data and documents.

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Ethical standards

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A set of guidelines for proper conduct by business professionals. For example, the Institute for Supply Management provides a set of principles and standards for the proper conduct of purchasing activities.

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Fixed cost

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An expenditure that does not vary with the production volume; for example, rent, property tax, and salaries of certain personnel.

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Globalization

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The interdependence of economies globally that results from the growing volume and variety of international transactions in goods, services, and capital, and also from the spread of new technology.

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Indirect costs

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Costs that are not directly incurred by a particular job or operation. [These include certain utility costs, such as plant heating.] [It] is typically distributed to the product through the overhead rates.

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Landed cost

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This cost includes the product cost plus the costs of logistics, such as warehousing, transportation, and handling fees.

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Opportunity cost

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1) The return on capital that could have resulted had the capital been used for some purpose other than its present use. 2) The rate of return investors must earn to continue to supply capital to a firm.

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Social responsibility

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Commitment by top management to behave ethically and to contribute to community development. This may also entail improving the workforce's quality of life.

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Supplies

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Materials used in manufacturing that are not normally charged to finished production, such as cutting and lubricating oils, machine repair parts, glue, or tape. Syn.: general stores, indirect materials.

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Supply chain management

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The design, planning, execution, control, and monitoring of supply chain activities with the objective of creating net value, building a competitive infrastructure, leveraging worldwide logistics, synchronizing supply with demand, and measuring performance globally.

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Variable cost

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An operating cost that varies directly with a change of one unit in the production volume (e.g., direct materials consumed, sales commissions).