5   Both the own resources (primary costs) and the additionally consumed services (secondary costs) are transformed into activities (e.g. checking orders, producing studies, implementing IT solutions) through a transformational step. Two types of activities are differentiated: general activities, which are common to all cost centres, and specific activities, which are directly linked with the specific characteristics of a given cost centre. To ensure that the activities performed by the cost centres meet requirements in terms of timeliness and quality, so-called key performance indicators (KPIs) are defined to allow an integrated cost/performance analysis.

6   Based on the combination of activities from different cost centres, outputs are generated. Outputs are products delivered and/or services provided to the membership or external customers. A distinction is made between Sector outputs and intersectoral outputs, which are not related to a specific Sector of the Union. For performance evaluation, KPIs are also defined for the different outputs.

7   In order to allocate the costs of the departments of the General Secretariat (GS) and the Bureaux fully to outputs, the proposed cost-allocation methodology applies a sequential process, comprising six steps.

Step	Action	Target
1	Plan cost centre resources by category of expenditure	Assignment of staff costs and other costs to cost objects (cost centres and outputs)
2	Determine capacities and costs of staff resources	Planning of net staff capacity in work-months and calculation of rates
3	Allocate resources and capacities to activities	Planning of net delivery capacity in volume (e.g. pages) and calculation of allocation price of activities
4	Allocate activities to internal service receivers	Invoicing of internal services (partly SLA-based), by crediting the provider and debiting the receiver
5	Define rules for the distribution of remaining costs to outputs	Calculation of the indirect distribution of remaining costs by key to outputs
6	Synthesis – Principle of full costing	All costs are allocated to outputs