MANAGE my production cost

with *InfoMaster* Production Costing (InfoCOST)

INFOCOST IS YOUR COMPLETE SOLUTION TO YOUR PRODUCTION AND ASSEMBLY NEEDS.

InfoCOST: Production Costing Module is designed for production usage. It must be installed together with the Inventory (InfoStock) and Bill of Material (InfoBOM) modules.

With the **InfoStock** module installed, you can keep track of the stock level and perform unit cost computation upon receiving of goods. The quantity and the unit cost are the known factors whenever an issue or receipt is done. The InfoStock module maintains a list of items in stock with the quantity on hand for sales or manufacturing requirement.

The **InfoBOM** module is to maintain a pre-determined raw material requirement for each finished goods production. The accuracy of the B.O.M. affects the entire material requirement planning and production schedule. Therefore, it is important to ensure that any change in the raw material list is reflected immediately via the B.O.M. maintenance.

SUITED FOR DYNAMIC PRODUCTION NEEDS

In the manufacturing environment, raw materials are required to produce a finished item. Although the raw materials used can be pre-determined, the total requirement for each production may vary. The production department must ensure that all materials required for the finished goods are sufficient before the production can be carried out. To check for the availability of each raw material can be time consuming and may cause delays in the manufacturing process. Planning and preventive action cannot be carried out in time to improve the efficiency of the production schedule.

With the help of the Inventory, B.O.M. and Production Costing modules, the overall operation in the production department can be greatly enhanced.

TYPICAL **MANUAL** PRODUCTION PROCESS

Let us look at a simple manual production process:-

1. The customer places an order for 100 pcs of item A. The sales department informs the production department to produce the items (with relevant documentation).
2. The production department raises a production order to produce the 100 pieces as per the customer's request.
3. The production department issues a material requirement list to the store.
4. The store checks the stock availability of the raw materials.
5. The store informs the production department of any shortage and requests the purchasing department to order the raw materials.
6. If the production is to be scheduled when the raw material arrives, nothing will be carried out at this stage. However, if for some reason the production must be carried out based on the material available, the production department will then alter the production quantity to a smaller quantity so that partial production can be carried out. The process for stage (3) to (6) could be repeated until a production quantity is matched with the stock availability of the raw materials.
7. The store raises the material issue voucher to record the items that were issued out and deduct each item from the stock card.
8. When the production is completed, the accounts department will work out the total cost of material issued and compute the unit cost of each produced item before entering the stock in the ledger.
9. The store will update the stock card for the goods being received from the production.
10. When the purchased raw material arrives, the entire cycle (3)-(9) will be repeated until the production is completed.

IMPROVED PRODUCTION PROCESS WITH THE PRODUCTION COSTING MODULE

Consider the following **improved** process:-

1. The customer places an order for 100 pcs of item A. The Sales department enters the sales order and informs the production department to produce the items by means of a work order.
2. The production department converts the work order to a production order for 100 pcs of the end item.
3. The production department request the system to print a Pick List for the entire production quantity. For items which have insufficient stock, a remark will be printed on the Pick List. The production department can then forward the list to the purchasing department to raise the purchase order.
4. The production department activates the 'Material Requirement' option in the B.O.M. module and finds out how many finished items can be produced and instructs the system to print a Pick List for that quantity. The Pick List is given to the store to prepare the raw materials.
5. The store simply picks the raw materials based on the Pick List request.
6. The system automatically "allocates" the material from the stock based on the Pick List quantity. This ensures that the stock is not re-used in other production processes.
7. When the items are picked from the stock, the production department will update the pick list.
8. Before the production is completed, the accounts department can enter other additional or miscellaneous cost involved in the production of the finished item.
9. When the production is complete, the production department will update the system by activating the Production receipt option. The system will update the stock with the quantity produced and spread the total cost of production into each unit of finished goods being produced.
10. At this point, when the finished item is ready to be delivered, the sales department can issue the D/O and Invoice and deliver the goods to the customer.

Key Benefits

- Enables you to do the following production related activities:-

  o manage production order in real time;
  o auto generate production order from sales order;
  o print pick list for stock withdrawal;
  o automatically allocates raw material stock to the production and reduces its corresponding quantity in the inventory;
  o include additional or miscellaneous cost to the finished item;
  o perform automatic receipt of finished item into the inventory.

- Comprehensive on-screen data presentation for macro/micro view of your production start, end, picked and completed quantity

- Improve your production management process and customer accounting with functional reporting

- Seamless integration to all other InfoMaster Modules for increased productivity and efficiency

- Integration to inventory module allows viewing of items in production, raw materials allocated and movement tracking of items in and out of the stock for production purposes

- Integration to B.O.M. module allows specification of raw material listing and performing the Material Requirement Simulation (M.R.S.)

InfoCOST is integrated to: -

- InfoStock
- InfoBOM

To learn more about the InfoMaster for Windows Accounting/ ERP Application you can visit our website at www.ise.com.sg or call us at (65) 6747 5665.