



QAD Enterprise Applications  
Standard & Enterprise Edition

# Training Guide Work Centers, Routings & WO Subcontracting

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QAD 2011.1 Standard & Enterprise Edition  
Lab: Enterprise Edition 2011.1 r01 - Training  
Workspace: 10USA > 10USACO  
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# What's New?

The following table summarizes significant differences between this document and the last published version.

<b>Date/Version</b>	<b>Description</b>	<b>Reference</b>
September 2011.1 EE	Rebranded for QAD 2011.1 EE	---



# **About This Course**

## Course Description

QAD designed this course to cover the basics of preparing to implement the work centers and routing functions of QAD Enterprise Applications, as well as work order subcontracting. The course includes

- An introduction to the Work Centers and Routings module
- An overview of key business issues to consider before setting up these functions
- Setting up the work centers and routing module
- Processing subcontract operations
- Activities and exercises throughout the course
  - Students practice key concepts and processes in work centers and subcontracting operations

## Course Objectives

By the end of this course students should learn how to:

- Analyze some key business decisions before setting up work centers and routings
- Set up and operate work centers and routings and work order subcontracting

## Audience

- Implementation consultants and members of implementation teams
- Key users

## Prerequisites

- *Initial Setup* training course
- *Product Structures and Formulas* training course
- Basic knowledge of QAD Enterprise Applications as it is used in the business
- Working knowledge of the manufacturing industry in general

## Course Credit

- This course is valid for 6 credit hours
- This course is typically taught in one day.

## Virtual Environment Information

The hands-on exercises in this book should be used with the Enterprise Edition 2011.1 r01 - Training environment, in the 10USA > 10USACO workspace.

## QAD Web Resources

The QAD website provides product and company overviews. The Print Solution option on the opening page provides a means of compiling desired content into a document specialized to your industry, business implementation, and needs.

<http://www.qad.com/>

From QAD's main site, you can access QAD's Learning or Support sites.

## 4 Training Guide — Work Centers, Routing, & WO Subcontracting

Chapter 1

# **Introduction to Work Centers and Routings**

## Course Overview

### Course Overview

- Introduction to work centers, routings, and work order subcontracting
- Business considerations
- Set up the shop calendar, departments, work centers, comments, standard operations, routings, and processes in QAD Enterprise Applications
- Process subcontract operations in QAD Enterprise Applications



eb-WCR-IN-040

This course covers work centers and routings and work order subcontracting.

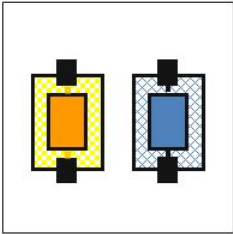
- Work centers and routings require initial entry and occasional administrative attention
- Subcontracting, although not a strict matter of work centers and routings, is treated here because it requires special operations in the routings
  - Subcontracting processing also requires knowledge of purchasing and shop floor control; this course does not cover these topics

## Work Centers

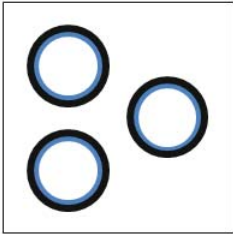
### Work Centers

Production facilities that perform tasks


**Grinding**




**Smoothing**



**Assembly**



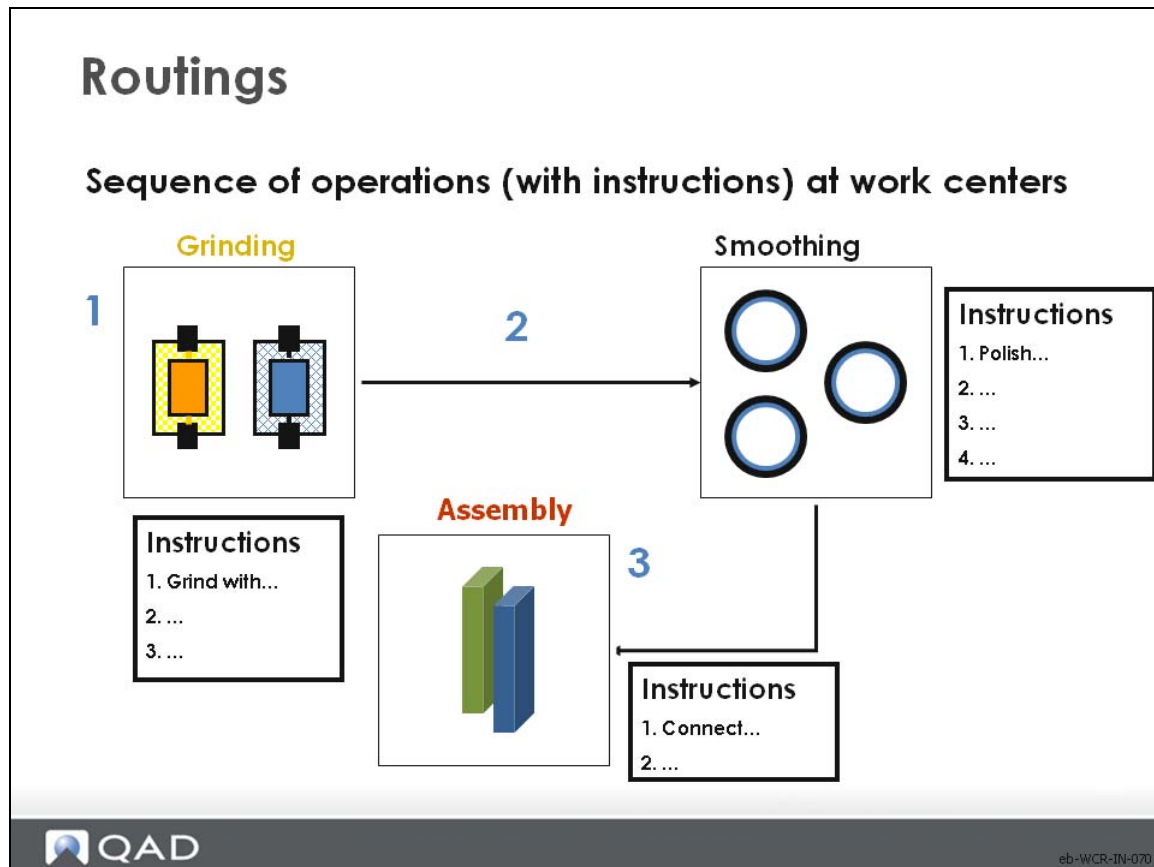
The diagram illustrates three types of work centers: Grinding, Smoothing, and Assembly. Grinding is represented by two machines with grinding wheels. Smoothing is represented by three circular objects. Assembly is represented by two rectangular blocks being joined together.

 QAD eb-WCR-IN-060

A work center is a production area with one or more people or machines having similar capabilities.

- QAD Enterprise Applications uses work centers for scheduling, planning, and determining costs for GL transactions
- Work centers and operations work in conjunction with the shop calendar, which can be used to set up work center-specific schedules

## Routings



Routings list the operations required for manufacturing a product. They also indicate the work center for each operation. They can be accompanied by printed instructions entered in as master comments.

- Each routing normally consists of one or more operations
- Routing operations may not be necessary when:
  - Item lead times are very short
  - Total item costs consist mainly of material and overhead and the labor component is small
  - Capacity can be easily managed
  - The repetitive module is not used
- Each operation involves different machines, tools, skills, and tasks, such as grinding, smoothing, and assembly
- In process industries, routings are called processes

## Terminology

### Terminology

- Alternate Routings
- Backflush
- Queue Time
- Wait Time
- Move Time
- Yield
- Yield Percent
- Operation / Process Yield
- Subcontract



eb-WCR-IN-080

#### Alternate Routing

- Alternate routing is a routing used instead of the primary routing
  - Results in an identical item

#### Backflush

- 1 Backflushing is the automatic recording of component/raw material issues based on the quantity of end items received, and the quantity per of the component from the end items bill of material. It can be used for both work order and repetitive production.
- 2 Backflushing calculates the quantity completed for the base process using Work Order Receipt Backflush.

The backflush quantity for the base process is used to calculate the issue (backflush) quantities for the co-products and by-products.

#### Queue Time

Queue time is the time a work order waits at a work center before being worked on. Increases in queue time result in direct increases to manufacturing lead time.

#### Wait Time

Wait time is the time a work order must wait after it has been worked on, but before it is moved to the next operation (drying, curing, cooling, for example).

#### Move Time

The time required to move work from one work center/operation to the next

#### Yield

Yield is the ratio of usable output from a process to its input.

#### Yield Percent

Yield percent is the percentage of acceptable quality of a manufacturing order.

#### Operation/Process Yield

Operation/process yield is the ratio of usable output from a process, process stage, or operation to the input quantity, usually expressed as a percentage.

#### Subcontract

Using outside vendors for all or some operations on a work order is called subcontracting. Subcontract costs are recorded on the routing for a product.

## Course Objectives

### Course Objectives

#### In this course you learn how to:

- Identify some key business considerations before setting up work centers, routings, and WO subcontracting in QAD Enterprise Applications
- Set up departments, work centers, comments, standard operations, routings, and processes in QAD Enterprise Applications
- Process subcontract operations in QAD Enterprise Applications



eb-WCR-IN-050

Work centers and routings require that product structures and formulas be in place.

- The section in this course on subcontracting requires superficial knowledge of purchasing and receiving



Chapter 2

# **Business Considerations**

## Introduction to Business Considerations

### Business Considerations

In this section you learn how to:

- **Identify some key business considerations before setting up work centers, routings, and WO subcontracting in QAD Enterprise Applications**
- Set up departments, work centers, comments, standard operations, routings, and processes in QAD Enterprise Applications
- Process subcontract operations in QAD Enterprise Applications



WCR-BC-010

Your company's procedures and policies can affect the way you should set up QAD Enterprise Applications. This section covers some issues you should consider before setting up your work centers and routings.

## Business Issues

### Business Issues

- Repetitive
- Shop Floor Control
- Subcontracting
- Capacity Requirements Planning
- Burden/Labor Rates



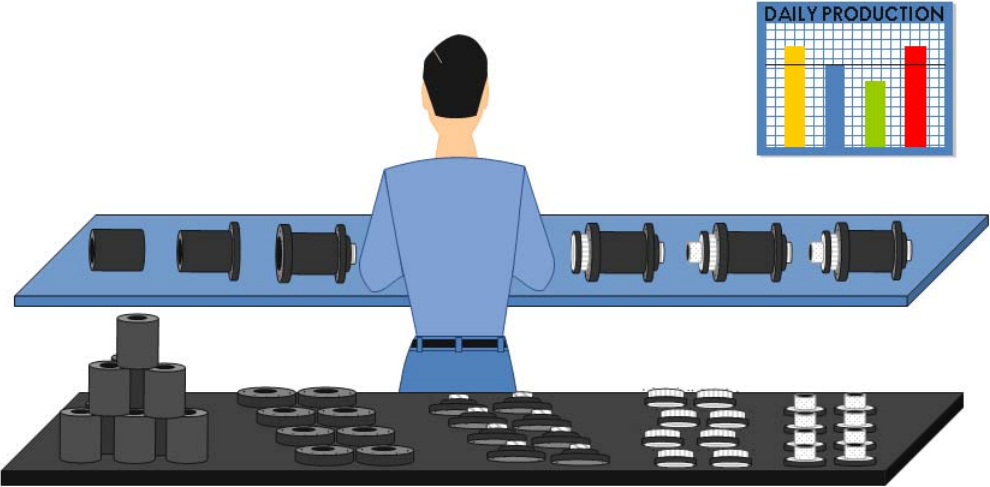
WCR-BC-020

These are some of the business issues you should consider before beginning the implementation. We cover each one on the following pages.

## Repetitive and Shop Floor Control

### Repetitive and Shop Floor Control

The repetitive and shop floor control modules in QAD Enterprise Applications require routing operations



The illustration shows a worker from behind, wearing a blue shirt and pants, standing at a workstation. On a blue shelf above the worker are six black cylindrical components. Below the shelf, on a black surface, are stacks of similar components: a stack of three on the left, a stack of two in the middle, and several individual components scattered to the right. In the upper right corner of the illustration area is a small bar chart titled "DAILY PRODUCTION" with four bars in yellow, blue, green, and red. The QAD logo is in the bottom left corner of the illustration area, and the code "WCR-BC-030" is in the bottom right corner.

Routings are required in repetitive and shop floor control for:

- Scheduling operations for repetitive
- Backflushing components in the repetitive module
- Obtaining operation feedback in shop floor control and repetitive

## Repetitive and Shop Floor Control

The repetitive and shop floor control modules in QAD Enterprise Applications require routing operations

### When may routing operations not be required?

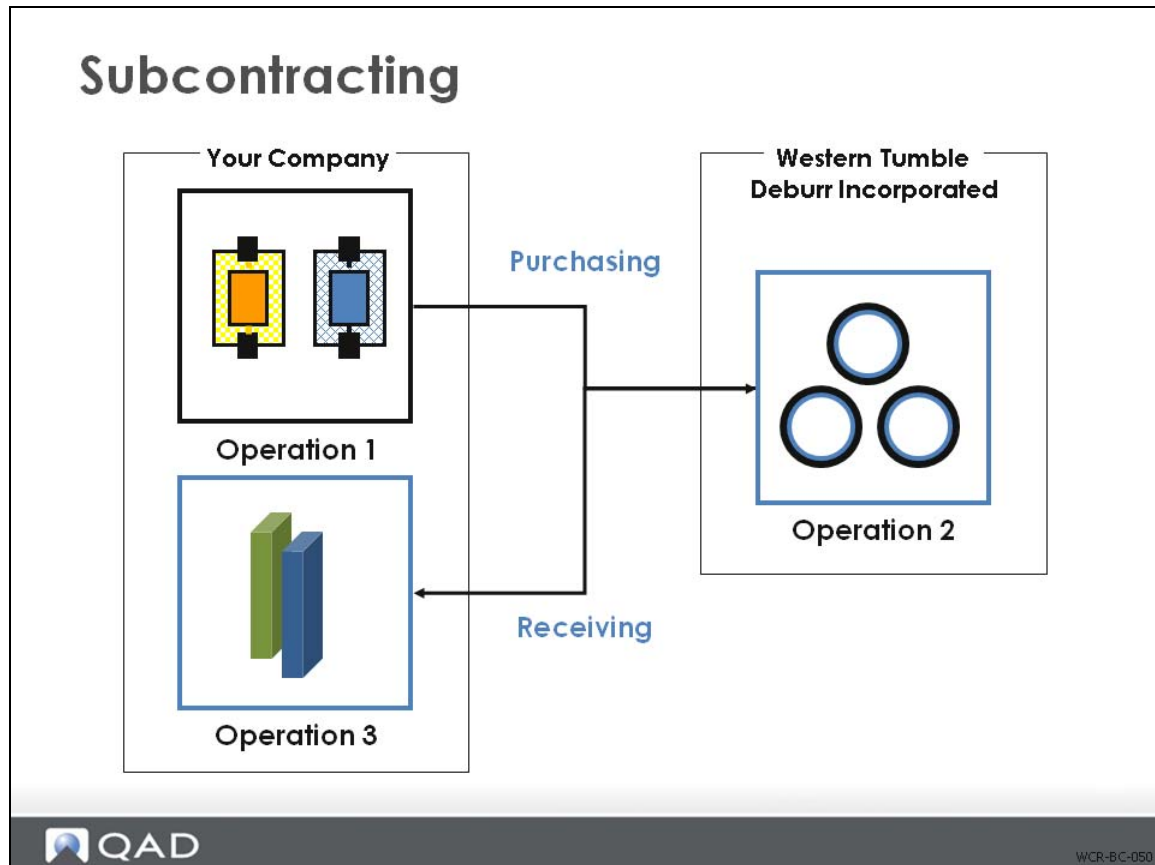
- When control of manufacturing processes and related costs and capacities is not required or desired
- When item lead times are very short
- If the total item cost is mostly material and overhead and the labor component is low
- If capacity is easily managed
- When the repetitive module is not in use



WCR-BC-040

**Note** You cannot establish standard costs with Routing Cost Roll-Up

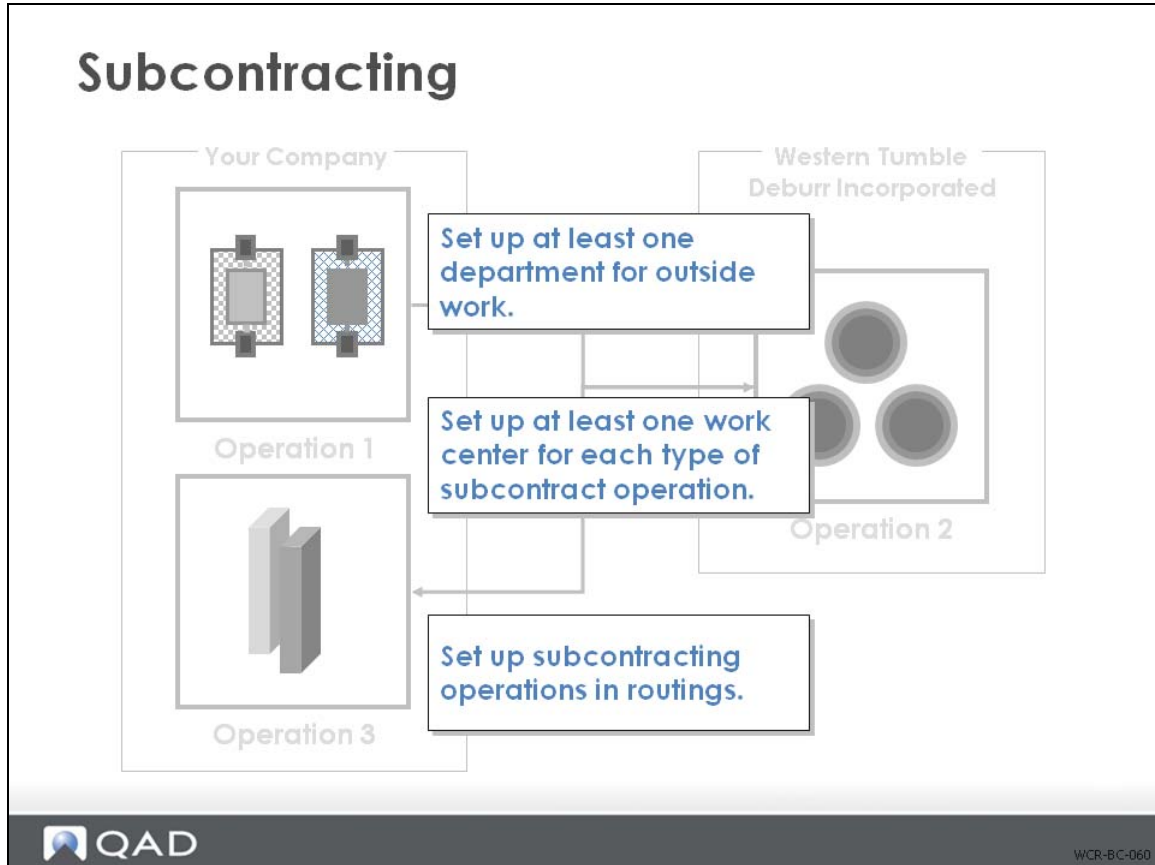
## Subcontracting



Subcontracting involves the processing of your materials by an outside supplier. For example, companies send raw materials to the supplier to be manufactured or assembled and then brought back in house. The raw materials are on the books: the supplier does not own them.

This process spans modules in QAD Enterprise Applications, using purchasing, manufacturing, and shop floor control programs, as well as the repetitive functionality.

- 1 You set up an operation for the subcontracted work.
- 2 When the work moves to the subcontracted operation, you create a purchase order and refer the line item back to the operation as a line type "S".
- 3 You receive the work and move it to the next operation.



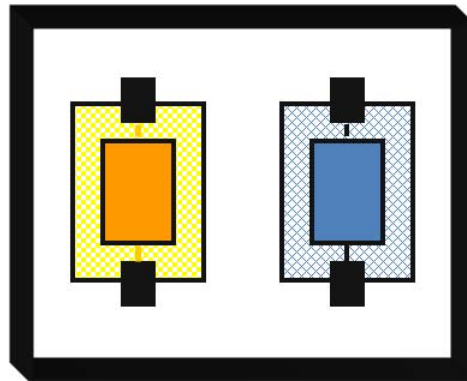
Some manufacturing systems use item numbers to account for subcontract costs. QAD Enterprise Applications uses routing operations to plan and track these costs.

See in this training guide: *Work Order Subcontract Processing* on page 93

## Capacity Requirements Planning

### Capacity Requirements Planning (CRP)

Work centers are the basic unit for CRP



Work center capacity equals

calendar hours available x number of machines

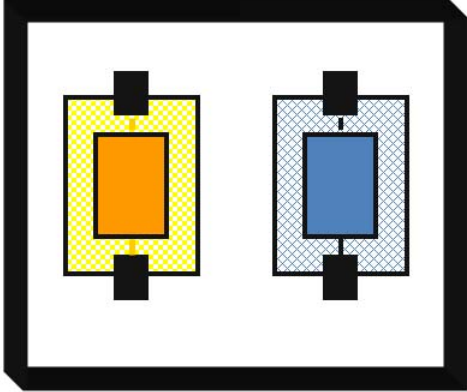


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You can set up work-center-specific hour capacity in the shop calendar.


## Burden/Labor Rates

### Burden/Labor Rates



- **Machine burden rate**
- **Labor burden rate**
- **Labor burden %**
- **Labor rates**

The system uses these elements in calculating item costs

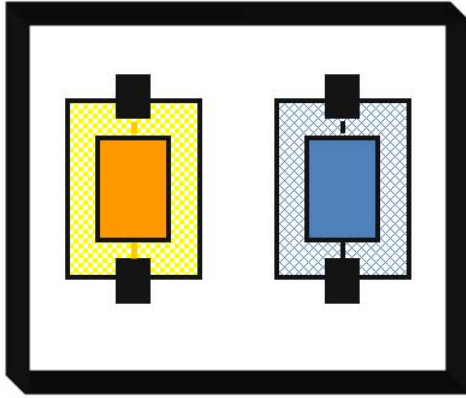
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Burden/labor rates are generally maintained by cost accountants. Typically, they are considered the variable portion of overhead related directly to production hours.

In contrast, overhead is considered a fixed cost and is applied to inventory at the time of work order or purchase order receipt.

## Machine Burden Rate

### Burden/Labor Rates



**Burden costs use**

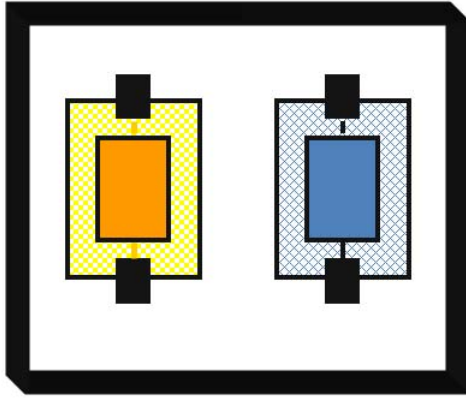
- Machine burden rate
- Labor burden rate
- Labor burden %

**Machine burden rate equals**

(standard setup hours  $\times$  number of machines + standard run hours)  
 $\times$  work center machine burden rate

## Labor Burden Rate

### Burden/Labor Rates



**Burden costs use**

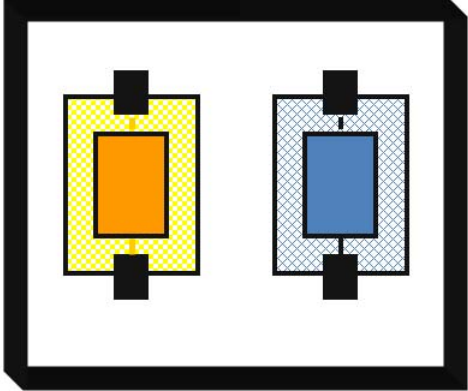
✓ Machine burden rate

- Labor burden rate
- Labor burden %

**Labor burden rate equals**

(standard setup hours/order quantity + standard run hours)  
x work center labor burden rate

## Burden/Labor Rates




**Burden costs use**

- ✓ Machine burden rate
- ✓ Labor burden rate
- Labor burden %

**Labor burden percent equals**

$$\begin{aligned} & (\text{standard setup hours} \times \text{work center setup rate} \times \text{labor burden \%}) \\ & + \\ & (\text{standard run hours} \times \text{work center labor rate} \times \text{labor burden \%}) \end{aligned}$$

 WCR-BC-110

**Note** If a Labor Burden Rate is also entered it is added to Total Burden.

Chapter 3

# **Work Centers and Routings Setup and Maintenance**

## Set Up Work Centers and Routings

### Set up Work Centers and Routings

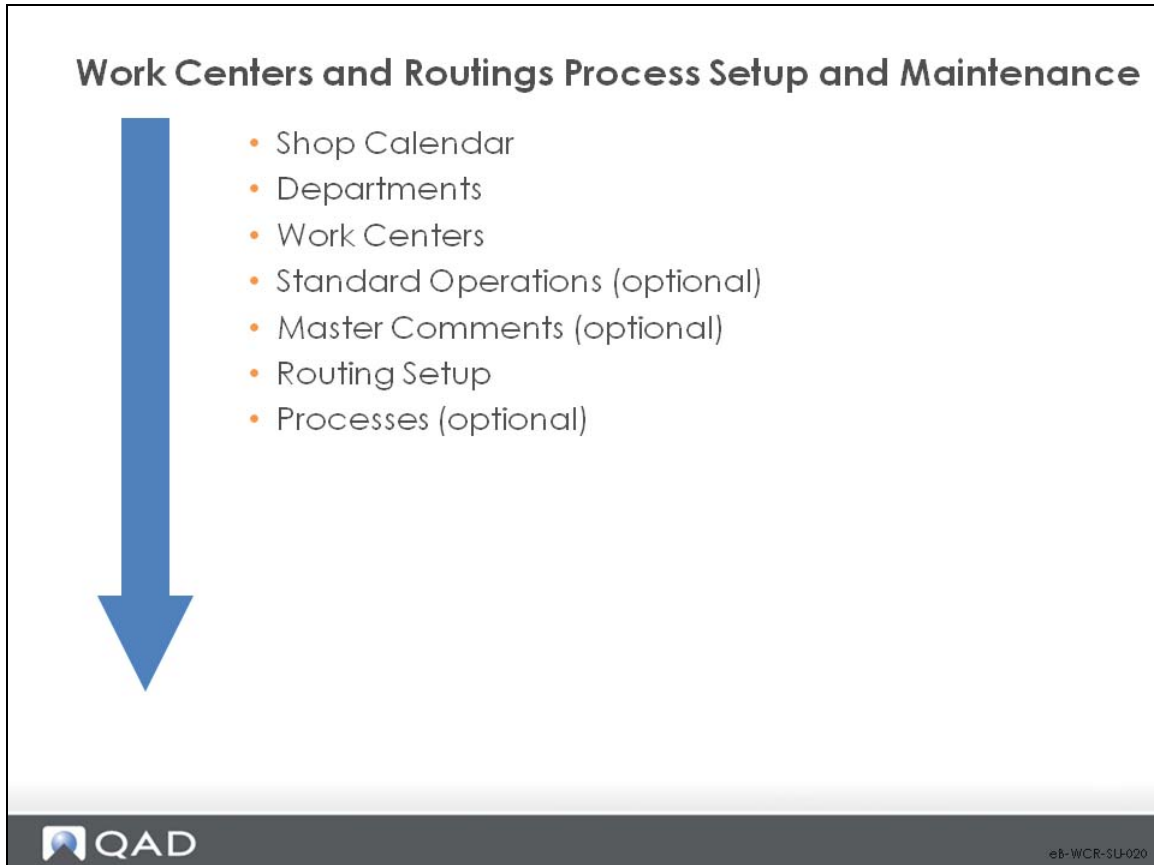
#### In this section you learn how to:

- ✓ Identify some key business considerations before setting up work centers, routings, and WO subcontracting in QAD Enterprise Applications
- **Set up departments, work centers, comments, standard operations, routings, and processes in QAD Enterprise Applications**
- Process subcontract operations in QAD Enterprise Applications



e8-WCR-SU-010


## Work Centers/Routings/Process Setup and Maintenance




This work flow sequence is the recommended initial setup sequence of for work centers, routings, and processes. It is based on information that flows from one master file to another and prerequisites that need to be accomplished before setting up a file. Optional steps are noted as such.

## Shop Calendar

**Work Centers and Routings Process Setup and Maintenance**



- **Shop Calendar**
- Departments
- Work Centers
- Standard Operations (optional)
- Master Comments (optional)
- Routing Setup
- Processes (optional)

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The calendar sets the work week and the daily hours.

## Calendar Maintenance

The screenshot shows the 'Calendar Maintenance' window with the following details:

- Site: 10-100
- Work Center: Ultrasound Mfg Site
- Work Day: Sunday (unchecked), Monday (checked), Tuesday (checked), Wednesday (checked), Thursday (checked), Friday (checked), Saturday (unchecked)
- Hours: Sunday (0.00), Monday (8.00), Tuesday (8.00), Wednesday (8.00), Thursday (8.00), Friday (8.00), Saturday (0.00)
- Reference: Start, End, Daily Hours

You must define at least one calendar. Calendars set the standard work week for a site and the work centers in it. Calendars provide the basis for all manufacturing scheduling functions. You can create a calendar for the entire system, for specific sites, for work centers, and for machines in work centers.

**Note** Line Schedule Workbench uses the calendar defined in Shift Maintenance

- **Site.** •The site where the calendar applies
- Leave this blank to create a system calendar
  - Any sites left blank then default to the system calendar
- **Work Center.** •The work center where the calendar applies
- Leave this blank to default the work center to the site calendar
- **Machine.** •The machine the calendar applies to
- Leave this blank to default the machine to the work center calendar
- **Work Day.** •Denotes for each day whether it is a work day or not
- *No* = Not a work day

- The system schedules nothing on non-work days
- *Yes* = A work day. The system can schedule events, such as:
  - Production
  - Shipments

*Hours.* •The total number of hours normally scheduled for all shifts to work on this day

- This should reflect actual production hours, exclusive of breaks
- This number reflects all shifts scheduled for work, which may be greater than 24 hours
- When calculating schedule due and release dates, the system only looks at scheduled work days, ignoring exceptions and holidays

Record exceptions to the normal calendar in the following three fields. These schedule:

- Overtime
- Increased shifts
- Reduced shifts
- Preventative maintenance
- Shutdowns

The number of hours specified is added or subtracted from the normal work day for each day in the range of dates specified.

**Note** Exceptions only record holidays if the holiday only applies to some work centers. If the holiday applies to all work centers, use Holiday Maintenance.

*Reference.* •A reference code identifying an exception to the shop calendar, usually describing the type of exception:

- *Overtime or Shutdown*

*Start / End.* •The first day and last day this exception applies to

- The exception applies to all work days in the range of dates specified

*Daily Hours.* •The number of hours to be added or subtracted from normal scheduled work hours for the specified range of dates

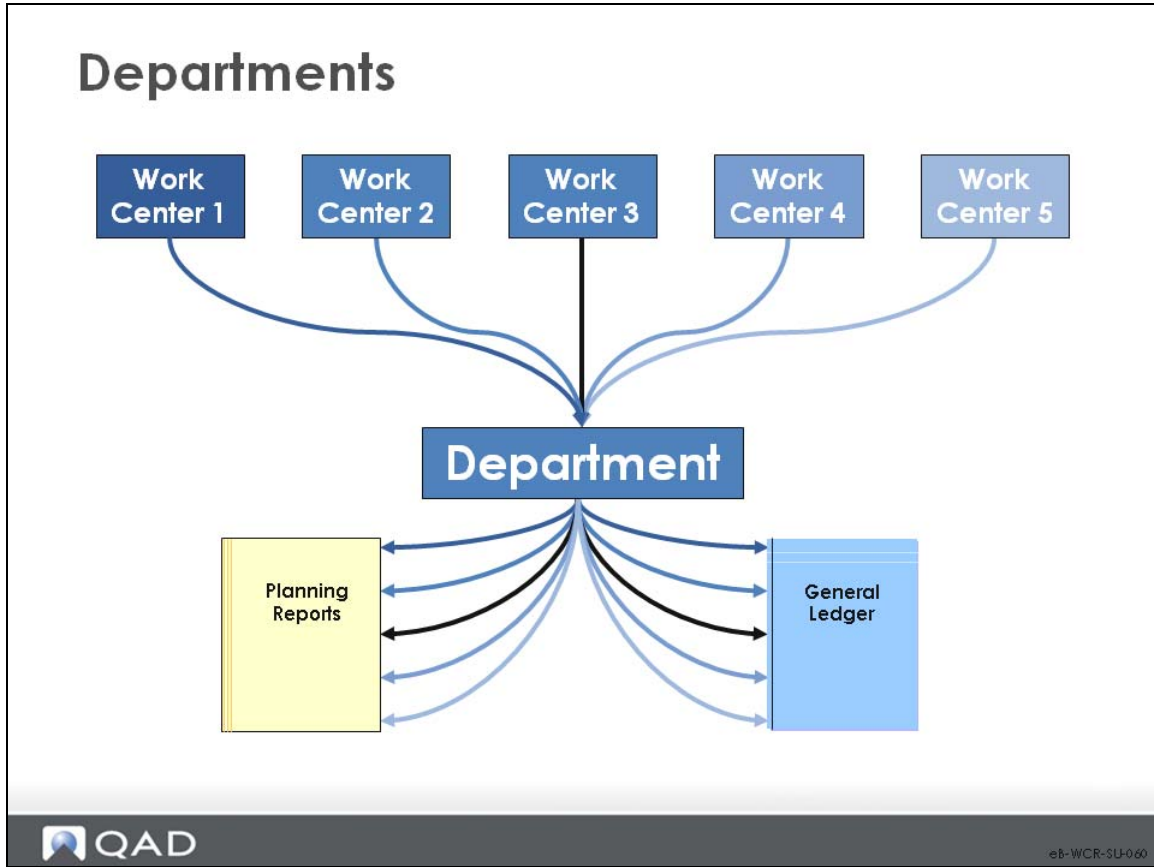
- Can be positive or negative; for a shutdown on a normal work day, enter -8

## Departments

### Work Centers and Routings Process Setup and Maintenance



- ✓ Shop Calendar
- **Departments**
- Work Centers
- Standard Operations (optional)
- Master Comments (optional)
- Routing Setup
- Processes (optional)



Departments group work centers for capacity requirements planning and general ledger (GL).

Similar to product lines, departments are used to determine the GL accounts on transactions and for summary capacity planning.

## Department Maintenance

# Department Maintenance

Department Maintenance x
Go To Actions Copy Print Preview Attach

Department: 0400 Default Sub-Account:

Department: 0400

Default Sub-Account: Override:

Default Cost Center: Override:

Description:

Labor Capacity:

Cost of Production:	5770		Mech		
Labor:	5120		Mech		mfg
Burden:	5220		Mech		mfg
Labor Usage Variance Acct:	5140		Mech		mfg
Labor Rate Variance Acct:	5150		Mech		mfg
Burden Usage Variance:	5240		Mech		mfg
Burden Rate Variance:	5250		Mech		mfg

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At least one department is required before entering work centers or routings.

- Every work center must belong to one department
- A department is a grouping of work centers for purposes of reporting and accounting
- CRP calculates capacity/load by work center/machine, can display summary by department
- Labor, burden, and cost of production are tracked in the GL by department
- A department should be set up to group any subcontract work centers
- Labor capacity can only be entered manually, and should be entered - CRP uses it to determine over/under loads - it should equal the sum of the capacities of all work centers in the department, assuming the labor is transferable between work centers within the department


**Note** The labor and burden fields are for the absorption/cost centers.

## Work Centers

### Work Centers and Routings Process Setup and Maintenance



- ✓ Shop Calendar
- ✓ Departments
- **Work Centers**
- Standard Operations (optional)
- Master Comments (optional)
- Routing Setup
- Processes (optional)

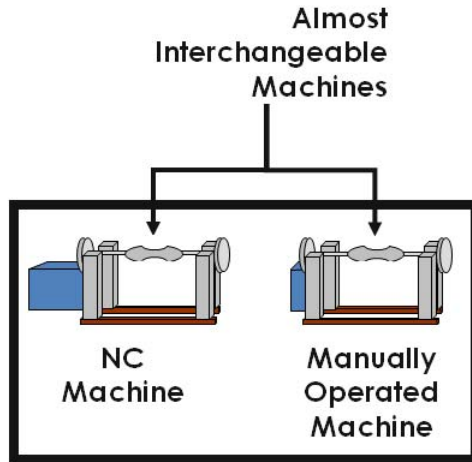
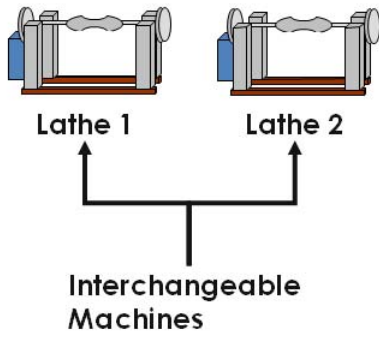
 e8-WCR-SU-080

- A work center is a production facility that performs specified tasks
  - It identifies machines, groups of similar machines, people, or subcontract suppliers
  - In QAD Enterprise Applications, work centers link departments with operations
- Departments are a prerequisite to entering work centers

A Work Center is a production area with one or more people and machines. Work centers may be very specific as shown here with lathes. Or they may be very general as with manual assembly where one work center with several people may be capable of many different tasks.

# Work Center

A production unit dedicated to one task



## Work Center Maintenance

**Work Center Maintenance**

Work Center: 1000 (1) Machine:

Work Center: 1000 Machine: Machine:

Description: General Assembly

Department: 0400 Assembly

Queue Time: 0.25

Wait Time: 0.25

Mach/Op: 1

Setup Crew: 1.00

Run Crew: 1.000

Machines: 1.000

Mach Bdn Rate: 0.05

Setup Rate: 5.00

Labor Rate: 4.50

Labor Burden Rate: 0.02

Labor Bdn %: 0.01%

Identify individual machines if necessary

**QAD** e8-WCR-SU-100

Use this function to create and modify work centers.

- For *subcontracting*, set up a work center for each type of subcontract operation or supplier. Where possible it will work best if the sub-contract work center has the same code as the supplier.
  - Set subcontract work center rate costs to zero. Subcontract costs are managed as purchase cost and are indicated on the subcontract operation in the route.
- Work center data is accessed by most manufacturing functions in QAD Enterprise Applications
  - Some static data (Description, Setup Crew, Run Crew) only prints on reports
- Work Center data controls processing in four areas:
  - *Scheduling*

When a routing operation is specified at this work center, lead time fields (Operation, Queue Time, Wait Time, and Machines per Op) default to the routings
  - *CRP*

Capacity for this work center is the number of machines in a work center multiplied by the number of available hours (from Calendar Maintenance)
  - *Costing*

Manufacturing costs are calculated in Routing Cost Roll-Up

Labor costs multiply the setup and run times at each operation by the setup rate and labor rate; burden costs use Mach Bdn Rate, Lbr Bdn Rate, and Lbr Bdn %; subcontract costs are taken from subcontract cost at the operation level

- *Accounting*

Each work center belongs to a department, which determines the GL accounts that track variances, labor and burden costs

*Work Center.* An alphanumeric code for the work center.

*Machine.* A code for a machine used in the work center.

- You can leave this field blank
- Specify a machine only if there is more than one machine in the work center and they cannot be used interchangeably (that is, each machine is different or dedicated to different items)
- When machine codes are specified, each routing operation has to be assigned to a particular machine
- Capacity and load can be reviewed by machine or aggregated by work center

*Department.* The department to which this work center is assigned.

*Queue Time.* The standard queue time, in decimal hours, a job normally spends waiting at this work center before it is set up and processed.

- This value displays as the default when you enter a standard operation, routing operation, or process operation for this work center
- Total manufacturing lead time includes queue, setup, run, wait, and move time
  - Lead time is used for operation scheduling and capacity requirements planning
- Queue time is independent of order quantity and can be compressed in past due situations
- When scheduling operations, the system looks at the shop calendar for the work center to determine how many hours are available for queue time in each calendar period

*Wait Time.* The standard wait time in decimal hours that a job normally spends waiting at this work center after processing has been completed.

- This value displays as the default whenever you enter a standard operation, routing operation, or process operation for this work center
- Uses for wait time include drying, cooling, aging, and curing
- Wait time is independent of order quantity
- An order must wait at least this long before it can go on to the next operation; wait time can't be skipped in past-due situations
- Wait time is expressed in hours and is not affected by the shop calendar

*Mach/Op.* The number of machines at this work center that can work at the same time to process a given operation.

- The default is 1
- This value displays as the default whenever you enter a standard operation, routing operation, or process operation for this work center
- The Mach/Op field affects scheduling of operations at this work center machine
  - During scheduling, the system uses the operation run time divided by the Mach/Op

- You can also use this field to indicate multiple operators on one machine

*Setup Crew / Run Crew.* The number of people normally required to set up and run this work center.

- These fields are for reference only; they appear on some selected reports and inquiries
- No scheduling or cost calculations use this data

*Machines.* The number of machines or people in this work center.

- The total capacity for a work center is:
  - The number of working hours times the number of machines
- If some of the machines in this work center can operate at the same time, you should enter that number in the Mach/Op field

## Machine, Setup, and Labor Rates

The values in these fields enter into item cost calculations and labor feedback functions to determine and post actual costs and variances.

These rates apply to all operations carried out at this work center and may not be changed for individual operations.

*Mach Bdn Rate.* The burden rate per hour applicable to machine run time and setup at this work center.

- Standard machine burden cost at the operation is calculated as:  
(setup time / order quantity x routing machines per op + run time) x WC mach burden rate
- If yield is included in the standard cost, machine burden reflects the cumulative yield from all operations

*Setup Rate.* The average hourly rate paid to set up this work center.

- If no setup labor is reported for an operation, the system assumes that standard setup was completed and not reported; setup is posted at standard during operation close or work order accounting close
- The setup portion of standard labor cost is calculated by multiplying the standard setup time by the setup rate
  - Setup time is the time it takes to set up all machines
  - Machines/operation is not considered here
- This cost is divided by the item order quantity
- Labor burden percentage is applied to the setup cost
- Actual setup cost is calculated by multiplying the actual setup time by the setup rate for the work center

*Labor Rate.* The average rate paid per labor hour to run this work center.

- The run portion of standard labor cost is calculated by:
  - Multiplying the standard run time by the run rate
- Actual run cost is calculated by:
  - Multiplying the actual run time by the labor rate for the work center

*Lbr Bdn Rate.* The labor burden rate per hour applicable to both setup and run time at this work center.


- The labor burden portion of standard burden cost is calculated using:
  - The labor burden rate and labor burden percentage
- The labor burden rate is multiplied by:
  - The operation setup and run times
- Actual labor burden is calculated using:
  - The actual hours reported and the burden rates and labor costs from the work center at which the operation was reported

*Lbr Bdn%.* The labor burden percentage applicable to the total labor cost at this work center.


- The labor burden portion of standard burden cost is calculated using:
  - The labor burden rate and labor burden percentage
- The labor burden percentage is multiplied by:
  - The total labor cost for operation setup and run
- Actual labor burden is calculated using:
  - The actual hours reported and the burden rates and labor costs from the work center at which the operation was reported

## Standard Operations

### Work Centers and Routings Process Setup and Maintenance



- ✓ Shop Calendar
- ✓ Departments
- ✓ Work Centers
- **Standard Operations (optional)**
- Master Comments (optional)
- Routing Setup
- Processes (optional)

e8-WCR-SU-1-40


Standard operations are optional.

- Often, routings share one or more operations that are essentially the same
  - An automated packaging process may be the same regardless of the color of the products packaged
  - Various heat treating or oven cycles are also examples of standard operations.
- To save work when entering new routing operations, in QAD Enterprise Applications, you can create template operation steps called standard operations

## Standard Operation Maintenance

### Standard Operation Maintenance

Templates for creating similar or identical operations within routings


e8-WCR-SU-150

A standard operation is a template for multiple similar or identical routing operations.

Be careful to create error-free templates; if not, you will be replicating errors.

- In Routing Maintenance or Work Order Routing Maintenance you can optionally specify a standard operation rather than enter it manually; this fills all the operation data with default values
- Each standard operation is defined with the setup, run, and move time (or subcontract time), yield, overlap, and instructions for carrying out this operation at its normal work center
  - This information displays as the default when a routing or process operation is added which references this standard operation code
  - It may be changed, for example, if the operation should be performed by a different work center or machine; the operation times and instructions may also need to be changed

**Note** If you use standard operations as templates to save data entry then modify them, they are no longer “standard operations.” In the previous example Heat Treat cycle 1000 should always be the same.

- On a routing or work orders routing print, if there are no routing comments, standard operation comments print

Changes to standard operations do not automatically update routings previously created from those operations; use Routing Update to update selected routings.

See in this training guide: *Routing Update* on page 58

**Standard Operation.** This code identifies a standard operation – a process operation common to several products or applicable to different routings in different operation sequences.

**Description.** A description of this standard operation, usually indicating the type of operation such as “paint” or “stamp.”

The standard operation description prints on most reports beside the standard operation code.

**Work Center.** The work center where this standard operation is normally performed.

**Machine.** The machine this standard operation is normally performed on.

## Subcontract Considerations

You should set up either subcontract cost and lead time, or setup, run, and move time for an operation. If you record both sets of data, then cost and lead time are overstated and operation schedules are incorrect.

You can enter a supplier code even if the operation is not normally subcontract.

**Setup Time.** The standard time, in decimal hours, it takes to prepare this work center to carry out this operation, independent of order quantity.

**Run Time.** The time, in decimal hours, it normally takes to process one unit at this operation.

**Move Time.** The time, in decimal hours, it normally takes to move work from this operation to the next, independent of order quantity.

- Since move time is often dependent on what the next operation is, this normally is changed on each routing or process operation
- Move time is not adjusted by the system to reflect differences in order quantity
  - It is stated in terms of the Order Quantity of the item, but may be changed manually on the work order
- In a process flow environment, move time is normally zero
- Move time applies to a physical movement of product that needs to be accounted for in the schedule
  - If product moves between buildings, time may be spent loading and unloading as well as in transit

**Yield%.** The normal yield percentage for this operation – the percentage of any order expected to be in usable condition after this operation.

- The default is 100%

**Tool Code.** A code identifying the tool normally used by this operation.

- Tool code may be left blank
- This field is for reference only and may appear on some selected reports and inquiries

**Supplier.** The address code of the normal (or preferred) supplier for this subcontract operation.

- This field is for reference only and may appear on some selected reports and inquiries
- A supplier code may be recorded even if the operation is not normally subcontract

- This is useful for identifying operations which may be subcontracted
- Do not enter a subcontract cost or lead time
- If supplier address codes are changed using Address Code Change the change is not made here but must be done manually.

*Milestone Operation.* Specifies whether you can report completions at this operation.

- Completions initiate a backflush for this and all previous non-milestone operations, back to but not including a previous milestone
- Milestone Operation is used only in the Repetitive module
- If this field = No, Repetitive Labor Transaction is not permitted. You can report in:
  - a Repetitive Setup Transaction,
  - b Repetitive Reject Transaction,
  - c Repetitive Rework Transaction, as well as in
  - d Repetitive Scrap Transaction which backflushes scrapped items.
- If this field = Yes, all transactions are allowed. Repetitive Labor Transaction backflushes material, labor, burden, and subcontract at standard
  - Report setup at non-milestones to avoid backflushing setup at standard
- The system assumes the last operation is a milestone, regardless of this field
- Milestones allow you to define meaningful reporting points in your processes and avoid reporting where it is not meaningful
  - You may wish to report where the most labor or highest material costs are added, or where the product reaches a certain physical stage

*Inventory Value.* Manually entered user-defined accumulated cost through this operation.

- Only used by the Repetitive WIP Cost Report
- Inventory Value might be used for “plugged” operation costs where these costs are set internally or negotiated with a customer, or for any cost you want to track in WIP, such as union costs, miscellaneous supplies, and so forth

*Subcontract Cost.* The average cost per unit normally charged by subcontractors to perform this operation.

- It can be changed, based on the item and order quantity
- Cost calculations determine item costs using subcontract cost

*Subcontract LT.* The average number of calendar days it normally takes a subcontractor to perform this operation.

- This value becomes the default when a routing or process operation is added which references this standard operation code
  - It can be changed, based on the item and order quantity
- Subcontract lead time is part of the calculation for the manufacturing lead time generated by Routing Cost Roll-Up
- Subcontract lead time influences scheduling for work order operations

- When scheduling work order operations, the system treats the subcontract lead time as the calendar days needed between the operation due date and the start date
  - For example, if subcontract lead time is two and the due date is the tenth of a month, the start date would be the seventh because the two days between (the eighth and the ninth) are needed for the subcontract LT

*Overlap Units.* The number of units that must be completed at this operation before work can begin at the next operation.


- Operation overlap is considered by scheduling algorithms, usually with the effect of reducing overall manufacturing lead time: if the overlap quantity is 10, the system schedules only enough time to setup, run, wait, and move 10 items before starting the next operation
  - If the processing time at the next operation is longer than at the first, overall lead time is reduced
- If overlap is not used, you should set the overlap quantity to zero
- In a process flow industry, overlap quantity is normally 1

*Comments.* Set this field to *Yes* to open the comments frame and attach comments to this standard operation.


- If you want to “freeze” current comments on specific work order routing operations, you can open the comment frame in Work Order Routing Maintenance
  - Changes to Master Comment Maintenance do not override the comments on existing work orders where you have frozen the comments
  - Once you have frozen the comments, you must delete them in Work Order Routing Maintenance if you want to access updated comments from another source, such as Master Comment Maintenance

## Master Comments

### Work Centers and Routings Process Setup and Maintenance



- ✓ Shop Calendar
- ✓ Departments
- ✓ Work Centers
- ✓ Standard Operations (optional)
- **Master Comments (optional)**
- Routing Setup
- Processes (optional)

 QAD e8-WCR-SU-110

You can maintain master comments as sets of templates that the routings then reference.

- These comments appear on the shop floor paperwork when the work order is released

Use master comments to aid in maintaining routings when detailed instructions are needed for some or all routing steps.

## Master Comments

Text, such as instructions, that you can assign to operations

### Instructions:

1. Do this.
2. Do that.
3. Do both.
4. Do something else.



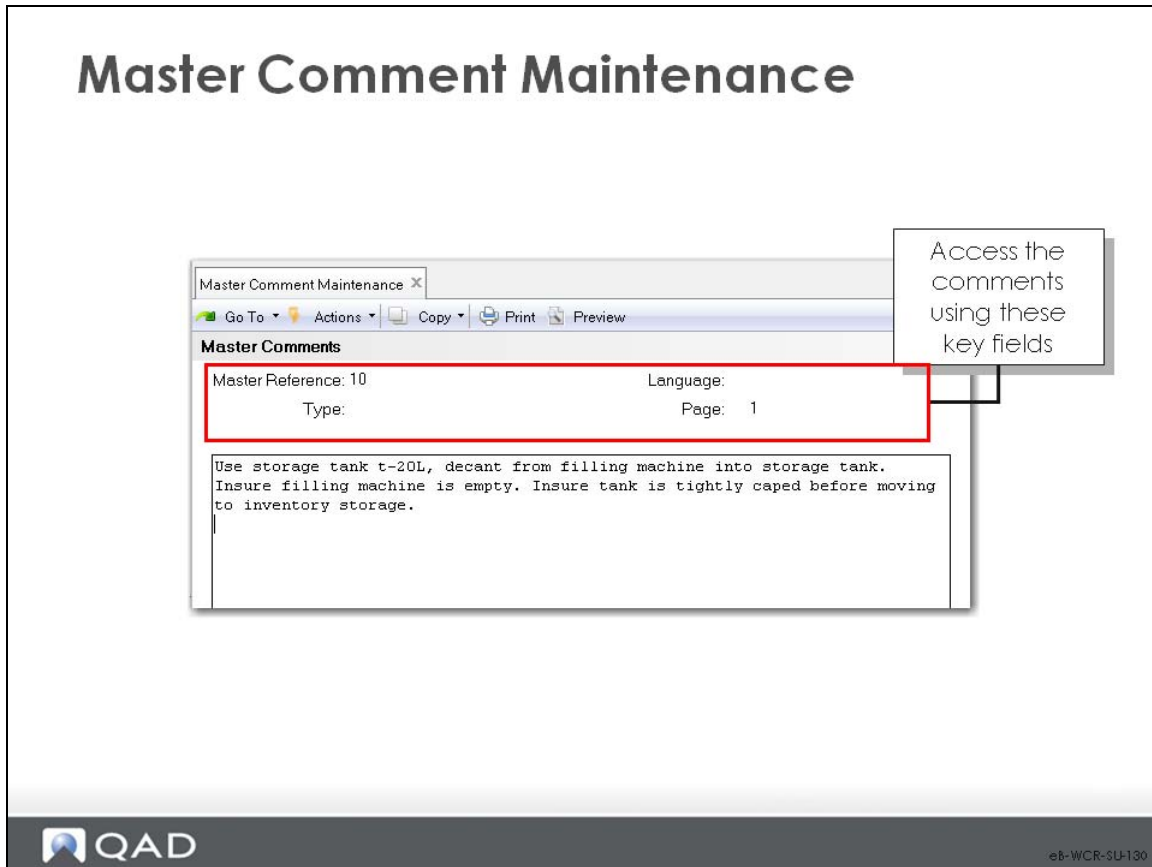
e8-WCR-SU-120

Comments are useful for recording such things as:

- Processing instructions
- Tolerances
- Test specifications for an operation

Standard operation comments may be accessed and changed on each routing operation, and these may be accessed and changed on each work order.

## Master Comment Maintenance




- Master Comment Maintenance stores up to 99 pages of free-form text, accessible by:
  - Reference code
  - Type
  - Language
  - Page number
- Use this program to create comments and procedures for your operations


**Note** This function may be called from within Routing Maintenance by operation.

## Routings

**Work Centers and Routings Process Setup and Maintenance**

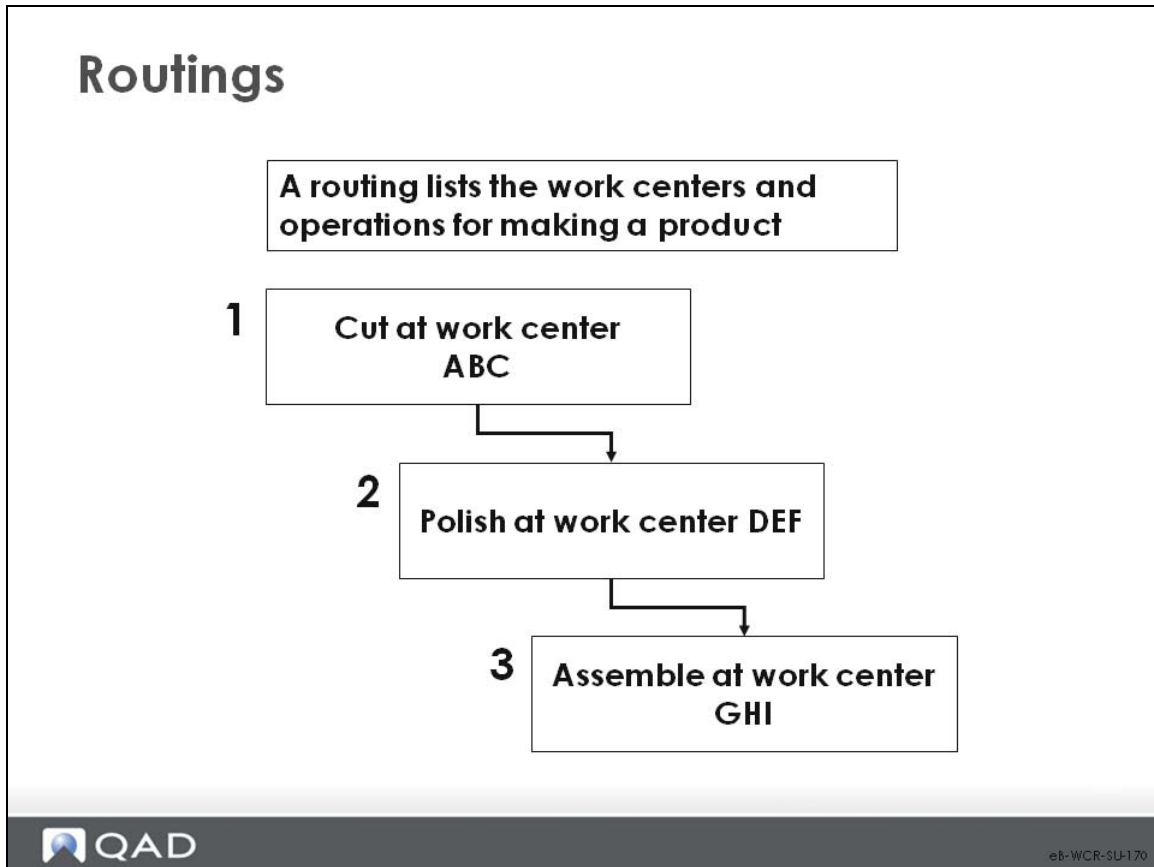


- ✓ Shop Calendar
- ✓ Departments
- ✓ Work Centers
- ✓ Standard Operations (optional)
- ✓ Master Comments (optional)
- **Routing Setup**
- Processes (optional)

 QAD e8-WCR-SU-1.60

Routings define the set of operations required to manufacture a product, with the work centers, machines used, the sequence of operations, the tools, the standard hours, and set up and run times.

## Example Routing



The operations in the routing can be custom made or can be standard operations.

## Routing Setup

### Routing Setup

- Routing Maintenance
- Routing Copy
- Routing Update
- Routing Cost Roll-Up
- Operation Cost Calculation
- Actual Pay Rate Maintenance
- Alternate Routings
- Work Center/Routing Standards



e8-WCR-SU-180

Routings are important and complex elements in QAD Enterprise Applications; the diagram shows the programs for their development and maintenance.

## Routing Maintenance

### Routing Setup

- **Routing Maintenance**
- Routing Copy
- Routing Update
- Routing Cost Roll-Up
- Operation Cost Calculation
- Actual Pay Rate Maintenance
- Alternate Routings
- Work Center/Routing Standards

## Types of Routings

### Routings

#### 2 ways to set up routings

- Routing Maintenance
- Routing Maintenance (Rate Based)



e8-WCR-SU-200

- You have two ways to set up routings:
  - Routing Maintenance requests the time to produce one item
  - Routing Maintenance (Rate Based) requests how many items per hour

## Routing Maintenance

**Routing Maintenance**

Routing Code: 01020      Standard Operation:      Standard Operation:

Operation: 60      Implantable Ultrasound      Start Date:      End Date:

Standard Operation:

Work Center: 1000      General Assembly

Machine:

Description: Assemble components

Machines per Operation: 1      Milestone Operation:

Overlap Units: 0      Subcontract LT: 0

Queue Time: 0.25      Setup Crew: 1.00

Wait Time: 0.25      Run Crew: 1.00

Setup Time: 0.0      Tool Code:

Run Time: 0.0      Supplier:

Move Time: 0.0      Inventory Value: 0.00

Start Date:

End Date:

Subcontract Cost: 0.00

Yield Percent: 100.00%      Comments:

How long per unit?

Check here to add comments

QAD e8-WCR-3U-210

Each routing or process consists of one or more operations.

### Field Definitions

Most of the fields contain default values from the work center or from standard operations. Here we cover only those fields unique to this screen.

**Routing Code.** This code usually matches the item number of the manufactured item, but it can be different for alternate routings or for similar routings or processes at different sites.

- When it is different, you attach the routing code to its product in Item Planning Maintenance or Item-Site Planning Maintenance

**Operation.** Operation numbers identify steps within a specific routing code.

- Each routing or process includes a series of sequential steps
- Routing operations are accessed whenever a work order is created and printed
  - Operation information may be changed on any work order
  - To report labor, you must enter an operation number
- At least one operation is required to process repetitive labor feedback
- If you delete an operation from a routing, you must also close any outstanding cumulative orders using the routing in the repetitive module
  - This prevents reporting labor against the operation

- Operations should be numbered by 10's or 100's, so you can add new steps without renumbering existing operations
  - If you have operations 10, 20, and 30 and need to add another operation after operation 20, it can be entered as operation 25, for example

In a repetitive environment, this operation number is referenced in the product structure to show that the item is backflushed from that operation.

*Start Date / End Date.* Routing steps can be defined as effective over a period of time. Starting and ending effective dates define that period. You enter the start date at the top of the screen and the end date at the bottom. These dates are inclusive and may not overlap.

- You can leave either or both fields blank
- Using effective dates enables you to phase in engineering changes and maintain history on-line
- Nonblank start and end dates determines when to include and when to exclude this step on the routing
- Functions that reference the routing always use the routing steps in effect on the current date
- Most reports and inquiries may be selected for a specific effective date
- To switch one step for another, add the new step and give it a start date in the future, then specify the end effective date for the existing step to the day before the new one is to take effect

*Standard Operation.* •You can enter a standard operation here when you create the routing, but after that time the field is protected and you cannot modify it

*Run Time.* This is the time required to manufacture one unit. Routing Maintenance (Rate Based) requests how many units can be produced per hour.

## Routing Maintenance (Rate Based)

# Routing Maintenance (Rate Based)

Routing Maintenance (Rate Ba... x)
Go To Actions Copy Print Preview Attach

Routing Code: 01020      Standard Operation:      Standard Operation:

Routing Code: 01020      Implantable Ultrasound      End Date:

Operation: 60      Start Date:

Standard Operation:

Work Center: 1000      General Assembly

Machine:

Description: Assemble components

Machines per Operation: 1      Milestone Operation:

Overlap Units: 0      Subcontract LT: 0

Queue Time: 0.25      Setup Crew: 1.00

Wait Time: 0.25      Run Crew: 1.00

Setup Time: 0.0      Tool Code:

**Hourly Production Rate: 10.0**      Supplier:

Move Time: 0.0      Inventory Value: 0.00

Start Date:      Subcontract Cost: 0.00

End Date:      Comments:

Yield Percent: 100.00%

How many units per hour?


e6-WCR-SU-220

Use this program to create routings with run time expressed in units per hour.

- This is the only difference between the two programs

## Routing Copy

### Routing Setup

- ✓ Routing Maintenance
- **Routing Copy**
- Routing Update
- Routing Cost Roll-Up
- Operation Cost Calculation
- Actual Pay Rate Maintenance
- Alternate Routings
- Work Center/Routing Standards




e8-WCR-SU-230

With this program you can create a new routing by copying another one.

- This is useful when items share similar operations or when creating alternates

## Routing Copy

# Routing Copy


e8-WCR-SU-240

*Source Routing Code.* The routing you wish to copy.

*Operation / To.* You can specify a range of operations or leave these fields blank to copy all operations.

*Destination Routing Code.* The routing or process code you are creating.

- The destination routing or process does not have to be a valid item number

**Note** This feature should be password-protected.

## Routing Update

### Routing Setup

- ✓ Routing Maintenance
- ✓ Routing Copy
- **Routing Update**
- Routing Cost Roll-Up
- Operation Cost Calculation
- Actual Pay Rate Maintenance
- Alternate Routings
- Work Center/Routing Standards



e8-WCR-SU-250

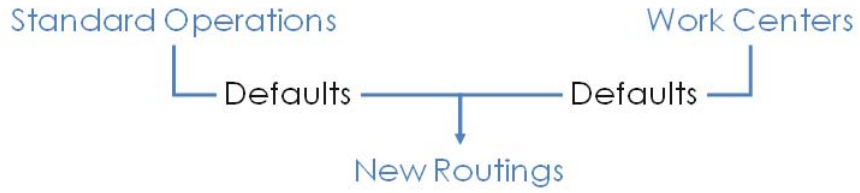
This update can help you maintain existing routings when standards change; it updates all or a range of routing and work center data.

This program updates existing routings with any new default data from standard operations and work centers.

- Run it only if standard operations or work center standards change
- For example: the standard time and temperature for a heat treat cycle are changed by engineer order. The standard operation heat treat cycle is used by hundreds of items. Update the Standard Operation record then run this Update transaction. All routes using this standard operation are updated to the new time and temperatures.

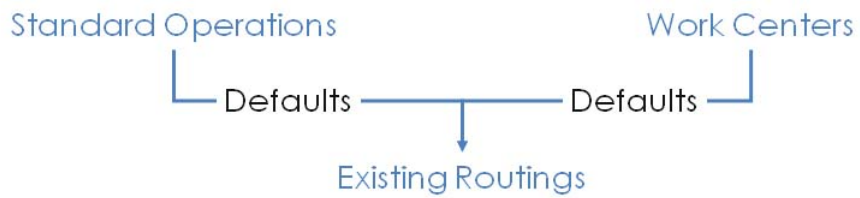
# Routing Update

## 1. Create routings



## 2. Update standard operations & work centers

## 3. Update existing routings with new defaults



e8-WCR-SU-260

**Note** This update overrides any changes made to routings that use the default information. This feature should be password-protected.

## Routing Update Criteria

# Routing Update

e8-WCR-3U-270

*Routing Code / Op / Work Center / Machine / Standard Operation.* Use these selection criteria to limit the routings to update.

- The program produces a report
- By specifying *No* to update, you can produce a report without updating; use this to verify what you are doing, then update

*Display / Update. New Standard Operation Data / New Work Center Data.* Use these fields to control the function.

- The report produced by this function compares the operation information to the standards and prints an asterisk whenever they don't match
- Set *Display* to *Yes* to include the information on the report
- To review only, set *Display* = *Yes* and *Update* = *No*
  - After going over the report, you can set *Update* to *Yes* and rerun to make the changes take effect

## Routing Cost Roll-Up

### Routing Setup

- ✓ Routing Maintenance
- ✓ Routing Copy
- ✓ Routing Update
- **Routing Cost Roll-Up**
- Operation Cost Calculation
- Actual Pay Rate Maintenance
- Alternate Routings
- Work Center/Routing Standards



e8-WCR-SU-280

Each routing or process describes the steps required to make this item, including where performed (Work Center), how long (Queue Time, Setup Time, Run Time, Wait Time, and Move Time), and the expected Yield% at each operation.

- Cost roll-ups use this information to calculate the manufacturing costs, lead times, and total yield for the item

**Note** Normally this function uses the current or simulated cost set.

Discussed in the following Training Guide: Product Costing and Cost Management  
These are the elements used in calculating costs, yields, and lead times.

## Routing Cost Roll-Up

Calculate the manufacturing costs, lead times, and yield for selected items

- Labor Time
- Setup Time
- Lead Time
- Yield
- Labor cost
- Burden cost
- Subcontract cost

## Routing Cost Roll-Up

### Routing Cost Roll-Up

Routing Cost Roll-Up x
Go To Actions Copy Print Preview Attach

Site: 10-100 Cost Set: Current Item Number:

Site: 10-100 Ultrasound Mfg Site [ AVG / CURR ]

Cost Set: Current Default Current Cost Set

Item Number:  To:

Item Type:

As of Date: 10/21/2010

Roll-up Labor Time:

Roll-up Setup Time:

Roll-up Lead Time:

Roll-up Item Yield:  Include Yield in Cost:

Roll-up Labor Cost:


Roll-up Burden Cost:

Roll-up Subcontract Cost:

Update Items without Routings:

Update Items At This Site Only:

Output:  
Batch ID:


e8-WCR-SU-300

This function calculates this-level costs. Be aware that this may take some time to process.

**Note** You should always run this function before Product Structure Cost Roll-Up when establishing standard costs.

## Operation Cost Calculation

### Routing Setup

- ✓ Routing Maintenance
- ✓ Routing Copy
- ✓ Routing Update
- ✓ Routing Cost Roll-Up
- **Operation Cost Calculation**
- Actual Pay Rate Maintenance
- Alternate Routings
- Work Center/Routing Standards



e8-WCR-SU-310

Operation Cost Calculation does a combined routing and product structure roll-up, creating a separate operation cost file broken down by cost categories – material, labor, burden, and subcontract – and totaled by operation and routing code.

- This calculation does not have a direct GL effect

## Operation Cost Calculation

### Operation Cost Calculation

A combined routing and product structure roll-up, with a breakdown by cost categories (material, labor, burden, subcontract) and totaled by operation and routing code

- Assign components to operations in
- Product Structure Maintenance or
- Formula Maintenance (shown)

Scrap:	0.00%
Lead Time Offset:	
Operation:	10

## Operation Cost Calculation

Operation Cost Calculation

Go To Actions Copy Print Preview Attach

Site: 10-100 Cost Set: Standard Item Number

Site: 10-100 Ultrasound Mfg Site  
 Cost Set: Standard Default GL Cost Set [ STD / GL ]

Item Number: 01011 To: 01013

Item Type: [ ]  
 As of Date: 10/21/2010

Include Yield in Cost:   
 Update Alternate Routings:   
 Update Items At This Site Only:



e8-WCR-SU-330

- This calculation does not affect item costs
- Operation Cost Calculation relies on accurate item costs, routings and bills
- The resulting operation costs are used by:
  - Repetitive Scrap Transaction to value scrapped items
  - Repetitive WIP Cost Report to value WIP

## Actual Pay Rate Maintenance

### Routing Setup

- ✓ Routing Maintenance
- ✓ Routing Copy
- ✓ Routing Update
- ✓ Routing Cost Roll-Up
- ✓ Operation Cost Calculation
- **Actual Pay Rate Maintenance**
- Alternate Routings
- Work Center/Routing Standards



e8-WCR-SU-340

- You can, optionally, enter pay rates in this program for use in work cost calculations
- You can also use it to calculate labor rate variance

# Actual Pay Rate Maintenance

Use this program to enter employee pay rates

This way, when you report labor against a work order or repetitive schedule, the program uses the employee's actual rate rather than the standard rate from the work center

## Work Center Maintenance



Set Rate:	25.00
Labor Rate:	15.00
Labor Burden Rate:	5.00
Labor Bdn %:	25.00%

## Actual Pay Rate Maintenance

Pay Type:	HR
Rate of Pay:	24.50
Prior Pay Rate:	20.25

# Actual Pay Rate Maintenance

Actual Pay Rate Maintenance x

Go To Actions Copy Print Preview

Employee:10-EMP01

---

Employee: 10-EMP01  
 Name: Alex Erikson  
 Job Title: Engineer  
 Department: 0100

---

Pay Type: HR  Shift: 1

Rate of Pay:  Normal Hrs/Units:

Prior Pay Rate:  Date of Last Pay Rate:

The rates you enter here are used by labor reporting programs such as Labor Feedback by Work Order and Repetitive Labor Transaction to calculate variances.

## Alternate Routings

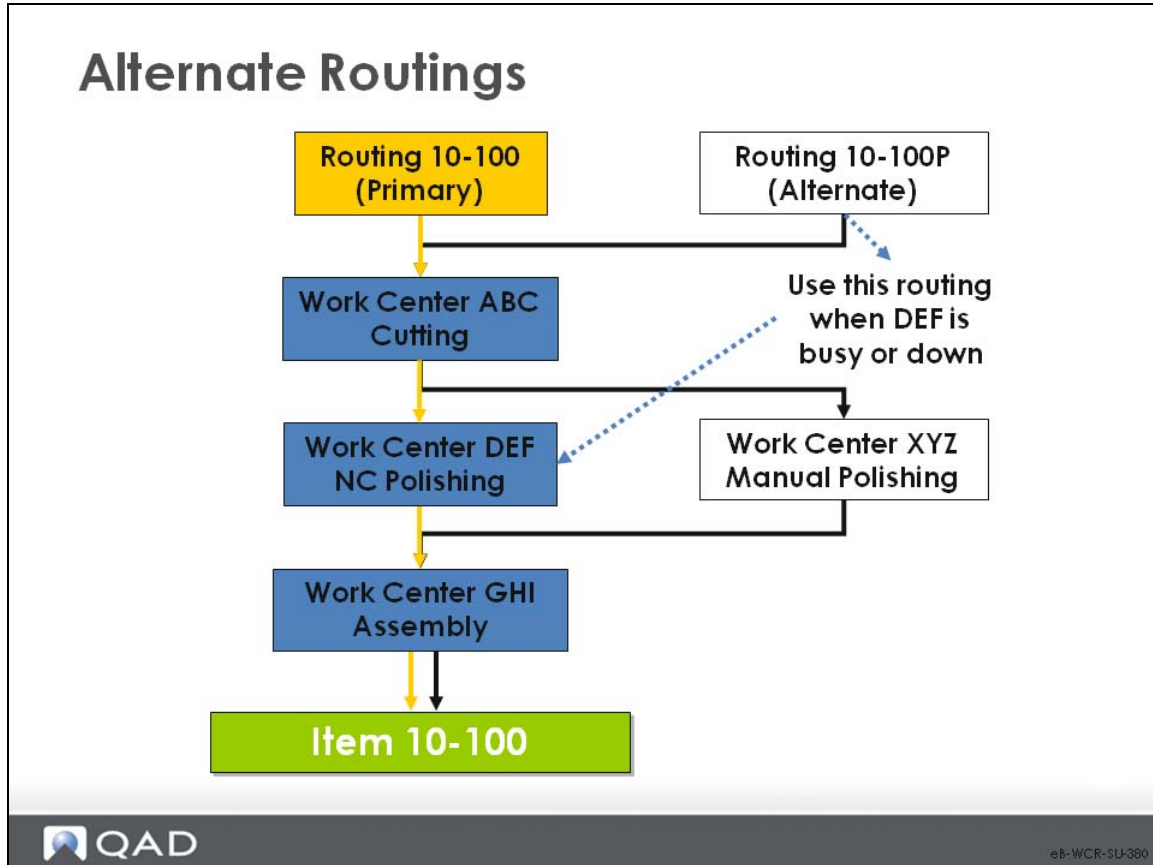
### Routing Setup

- ✓ Routing Maintenance
- ✓ Routing Copy
- ✓ Routing Update
- ✓ Routing Cost Roll-Up
- ✓ Operation Cost Calculation
- ✓ Actual Pay Rate Maintenance
- **Alternate Routings**
- Work Center/Routing Standards



e8-WCR-SU-370

One item can be made different ways, using different operations, work centers, machines, and perhaps different components. Each of these is called an alternate.



One of the more common uses of an alternate route is in the case of an alternate product structure. Often the use of alternate components or materials will require the use of alternate operations. Other uses include alternate workcenters and or machines which may require more time, or the use of subcontract operations deal with capacity issues.

An alternate route may also be used as a set of default operations. For example in cutting slacks of a specific size the route does not care what color the material is or often what type of material is being cut.

## Alternate Routings: Procedure

# Alternate Routings

**1 Create the alternate in Routing Maintenance then...**

**Routing 1500-10-A1**  
(Alternate)

e8-WCR-SU-390

Often, routings are named the same as the items they produce.

Alternate routings have a name that does not match any item. You assign items to the routing in Alternate Routing Maintenance, then actually use them in Work Order Maintenance or Shop Floor Control to override the item's usual routing with the alternate. An alternate route may also be assigned as a default for an item in Item Planning Maintenance or Item Site Planning Maintenance.

Routing Maintenance x

Go To Actions Copy Print Preview Attach

Routing Code: 1500-10-A1 Standard Operation: Standard Operation:

**Routing Code: 1500-10-A1**

Operation: 10 Start Date: End Date:

Standard Operation:  
 Work Center: 1000 General Assembly  
 Machine:  
 Description:

Machines per Operation:  Milestone Operation:

Overlap Units:  Subcontract LT:

Queue Time:  Setup Crew:

Wait Time:  Run Crew:

Setup Time:  Tool Code:

Run Time:  Supplier:

Move Time:  Inventory Value:

Start Date:  Subcontract Cost:

End Date:  Comments:

Yield Percent:

QAD e8-WCR-SU-395

Discussed in the following Training Guide: Shop Floor Control

## Alternate Routing Maintenance

# Alternate Routing Maintenance

## 2 Assign items to it in Alternate Routing Maintenance (Field data shown for example only)

## 3 Use Item or Item-Site Planning Data, to assign alternate or use Work Order Maintenance or the Shop Floor Control module to assign the alternate to a specific work order



e8-WCR-SU-400

In this function, you assign items to the alternate routings created in Routing Maintenance or Process Definition Maintenance.

- MRP and manufacturing orders always use the standard Routing Code and BOM/Formula associated with the item in Item Planning Maintenance or Item-Site Planning Maintenance as do the costing functions
  - You can manually override the Routing Code and BOM/Formula on any work order to specify the use of any approved alternate
  - If an alternate routing is chosen, the appropriate product structure or process is automatically attached

*Item Number.* The item number this alternate routing or process relates to.

- The item code may not be a base process (an item with a Co-Product/By-Product structure)

*Site.* The site that uses this alternate routing or process.

- The same alternates may be associated with more than one site

*Routing Code.* A code identifying the routing or process which may be used as an alternate method for producing this item/product.

- Only predefined alternate routings or processes may be referenced on manufacturing orders for this item at this site

*Bill of Material.* A code identifying the product structure or formula (bill of material) which is used when this alternate routing is used to produce this product.

- When this alternate routing is selected for use on a manufacturing order, the system automatically selects this alternate bill
- If this field is left blank, the default is the standard bill associated with the item

## Work Center/Routing Standards

### Routing Setup

- ✓ Routing Maintenance
- ✓ Routing Copy
- ✓ Routing Update
- ✓ Routing Cost Roll-Up
- ✓ Operation Cost Calculation
- ✓ Actual Pay Rate Maintenance
- ✓ Alternate Routings
- **Work Center/Routing Standards**



e8-WCR-SU-410

- Routings and process definitions identify the work center where each operation is *normally* performed, but the work can be done at several work centers
  - Work Center/Routing Stds Maint enables you to establish different production rates for the various alternates and items manufactured in them
  - This cross reference is used for repetitive module efficiency reports only



## Work Center/Routing Stds Maint

### Work Center/Routing Stds Maint

e8-WCR-3U-430

Standard rates can be reviewed when determining which Work Center to use. Later, after production reporting, efficiency reports use the Std Prod Rate defined for the Work Center where the work was actually done rather than the standard rate for the Work Center identified on the routing.

- Standard production rates are used only in Repetitive 18, not Shop Floor Control 17

*Work Center / Machine.* The alternate work center and machine for this routing code and operation.

- The work center code and the machine code together identify a work center – a basic production unit used in manufacturing planning and control
- Work centers identify individual machines, groups of similar machines, or subcontract suppliers

*Routing Code.* The routing code this standard run rate applies to.


*Op.* The operation number this standard run rate applies to. Each operation step is uniquely identified by a routing code and operation number.

*Std Prod Rate.* The standard production rate for this routing operation when it is processed on this work center and machine.


- Production rate is expressed as the number of units per hour that can be processed (excluding setup time)
  - The unit is the item/product unit of measure

## Processes

### Work Centers and Routings Process Setup and Maintenance



- ✓ Shop Calendar
- ✓ Departments
- ✓ Work Centers
- ✓ Standard Operations (optional)
- ✓ Master Comments (optional)
- ✓ Routing Setup
- **Processes (optional)**

e8-WCR-SU-440

- A process is, like a routing, a systematic sequence of steps producing a specified result
- Processes add value by mixing, separating, forming, and/or using chemical reactions; they may be done in either batch or continuous mode

## Process Definition

### Process Setup and Maintenance

- **Process Definition**
- Process Definition Copy
- Process/Formula Maintenance



e8-WCR-SU-450

You set up processes as you do routings.

## Process Definition Maintenance

Process Definition Maintenance

Routing Code: 70004    Work Center: 3010    Machine: 5000

Operation: 10    Lubricant:    Batch Quantity: 1,000.0 L

Start Date:    End Date:

Standard Operation:

Work Center: 3010    Reactor 5,000 L

Machine: 5000

Description: Clean/Purge Reactor

Machines per Operation: 1    Milestone Operation:

Overlap Units: 0    Subcontract LT: 0

Queue Time: 0.25    Setup Crew: 1.00

Wait Time: 0.25    Run Crew: 1.00

Setup Time: 0.0    Yield Percent: 100.00%

Run Time/Batch Qty: 0.2    Tool Code:

Move Time: 0.0    Supplier:

Start Date:     Subcontract Cost: 0.00

End Date:     Comments:

Unique fields

Set up in Formula Code Maintenance or Batch Quantity Change

QAD e8-WCR-3U-460

The fields in this screen correspond to those in Routing Maintenance.

*Run Time/Batch Qty.* The time it normally takes to process one batch at this operation.

- Run time is stated in decimal hours
- Run times are used to calculate item/product cost and lead time, and by planning to schedule operations
- Process operation run times are always entered in terms of the batch quantity for the item/product
  - Make sure you set this first using Batch Quantity Change because the system uses this to calculate the run time per unit and stores this value along with the batch quantity
- When the Batch Quantity Change function is run, runtime per batch is automatically recalculated based on the new batch quantity and the new batch quantity is recorded
- Before setting up the process, you can use Formula Code Maintenance to define batch quantity, but afterwards, you must use Batch Quantity Change

*Setup Time.* •The standard time, in decimal hours, it takes to prepare this work center to carry out this operation, independent of quantity

*Run Time/Batch Quantity.* •The time, in decimal hours, it normally takes to process one batch at this operation

- Run times are used to calculate item/product cost and lead time, and by planning to schedule operations

**Note** QAD Enterprise Applications treats setup time as fixed and run time as variable.

In process industries, the reverse may be true, as in heating a product to a specified temperature; the heating time can vary depending on quantity, but the dwell time remains the same.

In this case, you can create one operation with a setup time of zero and the run time set to gallons times the time required for heating, and a second operation with setup time set to equal the dwell time, and run time set to zero.

## Process Definition Copy

### Process Setup and Maintenance

- ✓ Process Definition
- **Process Definition Copy**
- Process/Formula Maintenance



e8-WCR-SU-470

Process Definition Copy creates a new process definition by copying another one – useful when items share similar operations or when creating alternates.

## Process Definition Copy

Process Definition Copy

Go To Actions Copy Print Preview

Source Routing Code: 2400:00      Lube Formula

Operation: 10      To: 30      Batch Qty: 20,000.0

Destination Routing Code: 2400:20

Output: PAGE 1000

Batch ID:



e8-WCR-SU-480

*Source Routing Code.* The routing code from which operations are to be copied.

*Operation / To.* Select a range of operations to copy.

- Leaving these fields blank copies all operations

*Destination Routing Code.* The routing code into which selected operations are copied.

## Process/Formula Maintenance

### Process Setup and Maintenance

- ✓ Process Definition
- ✓ Process Definition Copy
- **Process/Formula Maintenance**



e8-WCR-SU-420

Process/Formula Maintenance allows you to enter formula, batch, and process information by operation. It is common in the process industry to have process sheets which define both the steps of the process and the materials which are used at each step in a single document. This function allows you to do the same thing.

## Formula/BOM Code Screen

### Process/Formula Maintenance

Process/Formula Maintenance
Go To ▾ Actions ▾ Copy ▾ Print ▾ Preview ▾ Attach


BOM/Formula Code: 70004

Formula

BOM/Formula Code: 70004	Batch Size: 1,000.0	UM: L
Description: Lubricant	Formula: <input checked="" type="checkbox"/>	
Backflush Method: 1	Quantity Complete Method: SUM	

Entry Options

Operation Detail: <input checked="" type="checkbox"/>	Co/By-Products: <input checked="" type="checkbox"/>
Components: <input checked="" type="checkbox"/>	Comments: <input type="checkbox"/>


e8-WCR-SU-500

**BOM/Formula Code/Description.** Enter the code and description.

**Formula.** Indicates whether this is a formula or a product structure.

- **Yes** - This is a formula
  - Normally only BOM codes flagged as formulas are listed on Formula reports and inquiries
- **No** - This is a product structure, normally used in Product Structure functions or as a base process for Co-Products/By-Products

**Backflush Method.** Provides the calculation basis to backflush components of the base process based on the received quantities of the Co-Products/By-Products.

- Value can be 1 or 2
- **Backflush Method 1:** The backflush (base process) quantity is calculated from the receipt quantities processed for all of the Co-Products/By-Products

This method calculates the backflush quantity based on the following:

- Quantities received for each of the Co-Products/By-Products
- Unit-of-measure conversion factors to convert Co-Product/By-Product quantities into base process units

Use method 1 when the quantity for a batch is directly related to the sum of its output

For example, for a process that sorts fruit into different sizes and grades, the batch quantity can be calculated from the total amount of fruit processed for all sizes and grades

This method is generally appropriate when there is greater variability in the output percentages for the various products

- *Backflush Method 2:* The default backflush quantity is the order quantity for the base process work order

You can change the backflush quantity to reflect the actual quantity processed for a batch

Use method 2 when the batch quantity is closely related to the expected output of a particular co-product

- For example, for a process that makes ice cream, the batch quantity can be calculated from the amount of ice cream processed

Any by-products, such as waste water, would not be necessary for the calculation of the batch quantity

*Operation Detail / Components / Co/By Products / Comments.* You determine which screens to display by entering *yes* or *no*.

## Operation Detail Screen

# Process/Formula Maintenance

Process/Formula Maintenance
Go To
Actions
Copy
Print
Preview
Attach

BOM/Formula Code: 70004
Work Center: 3010
Machine: 5000

Operation Detail

Operation:	10	Start Date:	
		End Date:	
Standard Operation:			
Work Center:	3010	Reactor 5,000 L	
Machine:	5000		
Description: Clean/Purge Reactor			
Machines per Operation:	1	Milestone Operation:	<input checked="" type="checkbox"/>
Overlap Units:	0	Subcontract LT:	0
Queue Time:	0.25	Setup Crew:	1.00
Wait Time:	0.25	Run Crew:	1.00
Setup Time:	0.0	Yield Percent:	100.00%
Run Time/Batch Qty:	0.2	Tool Code:	
Move Time:	0.0	Supplier:	
Start Date:		Subcontract Cost:	0.00
End Date:		Comments:	<input type="checkbox"/> UM:

e8-WCR-SU-510

- The Process Operation Detail records information about the operations associated with the formula's process definition; it is the same as Process Definition Maintenance

## Components Screen

# Process/Formula Maintenance

Process/Formula Maintenance
Go To | Actions | Copy | Print | Preview | Attach

BOM/Formula Code: 70004
Component Item: 03040 (2)
Process:

Components

Component Item: 03040		Lubricant 4 liter Tub	
Rev:			
Reference:			
Effective Date:	To:	Scrap: 0.00%	
Quantity per Batch:	16,000.0 EA	Lead Time Offset:	
Quantity Type: B		Operation:	10
Batch Percent:	0.0	Sequence Number:	
Structure Type:		Forecast Percent:	100.00%
Start Effective:		Option Group:	
End Effective:		Process:	
Remarks:			

e8-WCR-SU-520

- The Formula Components screen records information about the components used at each operation; it is the same as Formula Maintenance.

Discussed in the following Training Guide: Product Structures and Formulas

## Exercise: Routings and Work Centers

### Create Routings

- 1 Use Work Center Maintenance (14.5) to create two machines in the work center 0410. Enter the following information.

Field	Machine 1 Data	Machine 2 Data
Work Center	0410	0410
Machine	1000	1100
Description	Forge Oven	Forge Press
Department	0410	0410
Queue Time	0	0
Wait Time	0	0
Mach/Op	1	1
Setup Crew	0	0
Run Crew	1	1
Machines	1	1
Mach Bdn Rate	100	100
Setup Rate	25.00	25.00
Labor Rate	25.00	25.00
Lbr Bdn Rate	0.00	0.00
Lbr Bdn%	200	200

- 2 Most companies have some operations that vary little from product to product. For example, QMI has established a heat treat cycle that can be used for most drop forged parts. Use Standard Operation Maintenance (14.9) to enter the following standard operation data and leave the other fields as they are.

Field	Data
Standard Operation	1000
Description	Heat treat cycle 1 450c
Work Center	0410
Machine	1000
Run Time	0.005

Field	Data
Standard Operation	1001
Description	Forge sheet steel
Work Center	0410
Machine	1100
Setup Time	0.25
Run Time	0.017

- 3 Use Routing Maintenance (14.13.1) to create a routing for item 62250.

Field	Data
Routing Code	62250
Operation	10
Standard Operation	1000
Queue Time	0.75
Wait Time	2.5

**Note** In this example the queue time is the time for the oven to come up to temp. The wait time is the actual oven cycle time.

Notice that you do not have to enter any of the other information. All of the data fields were completed from the standard operation you referenced.

Comments could be used here to add additional detail about the heat treat process. Check the comments box and when the window opens add the following comment:

“When the heat treat cycle is complete; ensure the forge press is available and setup with the correct die. Using tongs, move the billet to the forge press as quickly as possible.”

- 4 Add a second operation for routing 62250.

Field	Data
Routing Code	62250
Operation	20
Standard Operation	1001

- 5 Use Routing Inquiry (14.13.3) to review the resulting operations for item 62250.
- 6 Use Calendar Maintenance (36.2.5) to set up a calendar for site 10-200, work center 0410 and Machine 1000, forge oven. This machine is available 24 hours a day Monday through Friday.

#### Define Alternate Routings

- 1 Use Routing Copy (14.13.6) to create an alternate route for item 02200. Copy the route for 02200 to destination code 02200-A1.
- 2 Use Routing Maintenance (14.13.1) to modify routing 02200-A1.
  - a Delete operation 15.
  - b Change the work center for operation 30 from Product Test (1050) to Electrical Test (1040).
- 3 Use Alternate Routing Maintenance (14.15.1) to link item 02200 to Routing Code 02200-A1.
- 4 Use Routing Inquiry (14.13.3) to review the new alternate routing.
- 5 Use Alternate Routing Browse (14.15.2) to see the alternate routing for item 02200.



Chapter 4

# **Work Order Subcontract Processing**

## Process Subcontract Operations

### In this section you learn how to:

- ✓ Identify some key business considerations before setting up work centers, routings, and WO subcontracting in QAD Enterprise Applications
- ✓ Set up departments, work centers, comments, standard operations, routings, and processes in QAD Enterprise Applications
- **Process subcontract operations in QAD Enterprise Applications**



eB-WCR-PR-010

This lesson covers subcontract setup and processing with work orders. Advanced Repetitive Schedules offer significant additional functionality for subcontract operations. Advanced Repetitive subcontract operations are covered in the Advanced Repetitive course.

**Note** The department and work center setup for subcontract operations covered here also applies to the advanced repetitive functionality.

## Subcontracting Requirements – Department

### Subcontracting Requirements

- **Department for outside operations**
- Work centers for outside operations
- Subcontract routing operations



eB-WCR-PR-000

- Subcontract processing requires work in both manufacturing and purchasing
- In this subsection, you look at the control information to enter in the manufacturing module

## Department Maintenance: Subcontract

# Department Maintenance:

## Subcontracting Requirements

The screenshot shows a web-based form for 'Department Maintenance' with the following fields and options:

- Department: 3090
- Default Sub-Account: [Dropdown menu]
- Default Sub-Account: [Text field] Override:
- Default Cost Center: [Text field] Override:
- Description: Stamping
- Labor Capacity: 8
- Cost of Production: 5770 Mech
- Labor: 5120 Mech mfg
- Burden: 5220 Mech mfg
- Labor Usage Variance Acct: 5140 Mech mfg
- Labor Rate Variance Acct: 5150 Mech mfg
- Burden Usage Variance: 5240 Mech mfg
- Burden Rate Variance: 5250 Mech mfg



e6-WCR-FR-030

- You must create at least one department before entering any work centers or routings
  - You should set up a department to group subcontract work centers
  - This department record has no accounting effect

## Subcontracting Requirements – Work Centers

### Subcontracting Requirements

- ✓ Department for outside operations
- **Work centers for outside operations**
- Subcontract routing operations

## Work Center Maintenance: Subcontract

# Work Center Maintenance:

## Subcontracting Requirements

Work Center Maintenance
Go To Actions Copy Print Preview Attach

Work Center: 2130 Machine:

Description:

Department:  Stamping

Queue Time:

Wait Time:


Mach/Op:

Setup Crew:  Setup Rate:

Run Crew:  Labor Rate:

Machines:  Labor Burden Rate:

Mach Bdn Rate:  Labor Bdn %:


e6-WCR-FR-050

A work center is a production area with one or more people or machines having identical capabilities.

For subcontracting, set up a work center for each type of subcontract operation or supplier, leaving costs at zero. It will be most convenient if there is one work center for each subcontract vendor and the work center code is equal to the supplier code. In the example shown here the supplier code is SU100 and the Work Center code is SU100.

## Subcontracting Requirements – Routing

### Subcontracting Requirements

- ✓ Department for outside operations
- ✓ Work centers for outside operations
- **Subcontract routing operations**



eB-WCR-PR-060

Certain fields in routing operations deal specifically with subcontract requirements.

## Routing Maintenance - Subcontract

### Routing Maintenance

#### Subcontracting Requirements

Routing Maintenance x  
 Go To Actions Copy Print Preview Attach  
 Routing Code: 02001 Work Center: 2130 Machine:

Routing Code: 02001 Automotive Connector  
 Operation: 40 Start Date: End Date:

Standard Operation:  
 Work Center: 2130 Stamping 1

Machine:  
 Description: Stamping

Machines per Operation: 1 Milestone Operation:

Overlap Units: 0 Subcontract LT: 3

Queue Time: 0.25 Setup Crew: 1.00

Wait Time: 0.25 Run Crew: 1.00

Setup Time: 0.0 Tool Code:

Run Time: 0.0 0.0 Supplier: 10:300


Move Time: 0.0 Inventory Value: 0.00

Start Date: End Date:

Yield Percent: 100.00% Subcontract Cost: 2.50

Comments:

Subcontract fields


e6-WCR-FR-070

- Enter subcontract cost and lead time for subcontract operations
  - These values are the default when a routing or process operation is added which references this standard operation code
- Subcontract lead time is part of the calculation for the manufacturing lead time of an item (performed in Routing Cost Roll-Up), and influences scheduling for work order operations
- Subcontract cost is the average cost per unit normally charged by subcontractors to perform this operation
  - Cost calculations determine item costs using subcontract cost
- The Supplier field is informational only; you can enter a supplier code even if the operation is not normally subcontracted. This code appears on the work order routing document

You should enter either:

- Subcontract cost and lead time, or
- Setup, run, and move time

**Warning** If you enter both sets of data, cost and lead time are overstated and operation schedules are incorrect.

This second frame appears for entry of subcontracting information.

## Routing Maintenance

### Subcontracting Requirements (continued)

Routing Maintenance X

Go To Actions Copy Print Preview Attach

Routing Code: 02001 Work Center: 2130 Machine:

Routing Code: 02001 Automotive Connector

Operation: 40 Start Date: End Date:

Standard Operation:

Work Center: 2130 Stamping 1

Machine:

Description: Stamping

Machines per Operation: 1 Milestone Operation:

Overlap Units: 0 Subcontract LT: 3

Queue Time: 0.25 Setup Crew: 1.00

Wait Time: 0.25 Run Crew: 1.00

Setup Time: 0.0 Tool Code:

Run Time: 0.0 Supplier: 10-300

WIP Item: 52050 Move Next Operation:

Auto Labor Report:

0.00

2.50



eB-WCR-PR-080

**WIP Item.** •An item number to represent Work-In-Process (WIP) material for subcontract shipments for example you might create a WIP Item “Hot Stamp” to accommodate a large range of items that are sent outside for processing.

- This gives you accountability and costing for items currently at the supplier’s place of business
  - This must be a valid item number from the master file
- This field is used by Sub Shipper Print in Advanced Repetitive Subcontract processing
- The item number entered here is used to get a description and unit weight from Item Master Maintenance, used for printing in the subcontract shipper

**Move Next Op.** •This field is used as the default for the field of the same name in Advanced Repetitive in both Backflush Transaction and Move Transaction

**Auto Labor Report.** •Controls whether run labor reporting is generated automatically by Backflush Transaction

- *If this field = Yes*, the Backflush Transaction automatically reports the standard number of run hours for the Quantity Processed entered for this operation as well as any prior nonmilestone operations where this field is set to *Yes*
  - This is reported in addition to any labor hours entered in the transaction
- *If this field = No*, labor hours do not report automatically.

In this case, you should report labor explicitly in either Backflush Transaction or Run Labor Transaction.

In both cases, you must report all setup labor using Setup Labor Transaction.

## Subcontract Processing: Purchase Order

**Purchase Order Maintenance**

Purchase Order: P01008    Supplier: 10-300    Site: 10-100

Ln    Site    Req    Item Number    Qty Ordered    UM    Unit Cost    Disc%

1	10-100		52050	100.0	EA	2.50	0.00
---	--------	--	-------	-------	----	------	------

Line Details

Qty Received: 0.0    Due Date: 10/21/2010    CRT Int: 0.00

Qty to Rel: 0.0    Pur Acct: 6610    Mech    ADM

Single Lot:     Performance Date:    Project:    Type: S

Location: 020    Need Date:    Taxable:

Item Revision:    Sales/Job:    Inspect Req:     Cmnts:

Status:    Fixed Price:     UM Conversion: 1.0000

Supplier Item:    Manufacturer:    Stock UM Quantity: 100.0    EA

Description: Stamped Connector    Update Avg/Last Cost:     Extended Net Cost: 250.00

**QAD**    e6-WCR-FR-090

- Set up a purchase order line, type S, to cover the subcontracted service.

Work Order: [Search Icon]

ID: [Search Icon]

Operation: 40 [Search Icon]

Subcontract Type: [Search Icon]

Lot/Serial:

- If you know the work order number you can enter it in the pop-up window on the PO line.

## Subcontract Processing: Subcontract Routing Op PO

### Subcontract Process: Subcontract Routing Op PO

Subcontract Routing/Op PO M...

Go To Actions Copy Print Preview Attach


Item:52050 Site:10-100 Item Number:52050

Site: 10-100 Item Number: 52050 Effective: 10/21/2010

Routing: 02001 Op: 40

**Purchase Orders**

Supplier	Order	Line
10-300	PO1008	1


e6-WCR-FR-100

Use Subcontract Routing Op PO to link the subcontract routing operation to the subcontract line item on the purchase order.

## Work Order Dispatch Report

# Work Order Dispatch Report

Work Order Dispatch Report
Go To Actions Copy Print Preview Attach

Site: 10-100
To: 10-100
Work Center: 2130

---

Site: 10-100	To: 10-100
Work Center: 2130	To: 2130

Window Days: 3

Page Break on Work Center:

Output:

Batch ID:

e6-WCR-FR-110

By selecting appropriate work centers, that is the work centers you have setup for your suppliers who do subcontract your work. You can print a report on subcontracting operations.

The Work Order Dispatch Report prints in work center sequence and shows all work orders with operations in the selected work centers, between the report date and the window days. In the example shown here the report will list work order operations that call for work center SU100 between today and five days from now.

### Subcontract Shop Floor Control

Use shop floor control transactions to report the operation before the subcontract operation as complete and select Move Next Operation. This moves the WIP to the subcontract work center.

Use Purchase Order Receipts to receive the items back into WIP at the next operations. In the case where the subcontract operation is the last operation, the units may be received into an inventory location. It is common to have an inspection operation be the first operation after the subcontract operation to verify that all shipped units have been received and all are correct.

Use the Work Order WIP Cost Report to track WIP cost of subcontract operations.

# Work Order WIP Cost Report

The screenshot shows a web-based application window titled "Work Order WIP Cost Report". The window has a menu bar with "Go To", "Actions", "Copy", "Print", "Preview", and "Attach". Below the menu bar, there is a search bar with "Item: 52050" and a "To:" dropdown menu. The main area contains several input fields with magnifying glass icons, organized into two columns. The left column includes fields for "Account", "Sub-Account", "Cost Center", "Project", "Work Order ID", "Item Number" (pre-filled with "52050"), "Site", "Sales/Job", and "Supplier". The right column includes multiple "To:" fields, with the second one pre-filled with "52050".

## Work Order Cost Report

Work Order Cost Report

Work Order: [ ] To: [ ]  
ID: [ ] To: [ ]  
Site: [ ] To: [ ]  
Item Number: [ ] To: [ ]  
Due Date: [ ] To: [ ]

Sales/Job: [ ]  
Supplier: [ ]  
Status: [ ]

Material: Detail [ ]  
Labor: Detail [ ]  
Burden: Detail [ ]  
Subcontract: Detail [ ]

Page Break on Work Order: [ ]

Output:  
Batch ID:

QAD e6-WCR-FR-150

Use the Work Order Cost Report to see total work order cost including the cost of subcontract operations

You can print this and other reports by supplier code

## Purchase Order Receipts

# Purchase Order Receipts (1 of 2)

Purchase Order Receipts x

Go To Actions Copy Print Preview

Order: P01008 Supplier: 10-300 Status: Effective: 10/21/2010

Packing Slip:

Receiver:  QMI -USA Division

Move to Next Operation:

Receive All:

Comments:

Ship Date:

## Purchase Order Receipts (2 of 2)

Purchase Order Receipts x

Go To Actions Copy Print Preview Attach

Order: P01008      Supplier: 10-300      Status:      Packing Slip:

Ln	Item Number	UM	Qty Open	UM	Receipt Qty	UM	Project	Due Date	T
1	52050	EA	100.0	EA	0.0	EA		10/21/2010	S

Line: 1 | Unit of Measure:      Site:      Loc:

Quantity:      ID:      Lot/Ser:

Packing Qty:      OP:      Reference:

Cancel B/O:       Supplier Lot:

Item Number:      Multi Entry:       Chg Attribute:

Supplier Item:      Cmmts:



eB-WCR-PR-190

- You receive subcontract items into WIP
- The receipt updates the quantity completed at the designated WO operation and sets the operation status to C
- You can specify to *Move to Next Operation* to set the status of the next operation to [Q]ueue so it will appear on the dispatch list

If the operation has been completed (status “C”) before the purchase order receipt, then the cost of the subcontract operation does not go to WIP, but remains in cost of production.

## Exercise: Subcontract Operations

Marketing has decided to add a Hot Stamp Logo to the Motor Mounting Plate Assembly (52200). San German Tube and Wire has agreed to this operation.

- 1 Use Department Maintenance (14.1) to verify that department 6050 has been set up for subcontract work.
- 2 Use Work Center Maintenance (14.5) to set up work center 2275 for the subcontract hot stamp work. Leave all of the rate fields blank, assign the work center to department 6050.
- 3 Use Item Master Maintenance (1.4.1) to add a new item.

Field	Data
Item Number	Hot Stamp
Prod Line	20
Item Type	COMP
Status	ACTIVE
Purchase/Manufacture	P

- 4 Use Routing Maintenance (14.13.1) to add operation 20, Hot Stamp, to routing 52200.
- 5 Use Purchase Order Maintenance (5.7) to create a purchase order for supplier 10SUBCT with one Hot Stamp in the order line, and make sure the Ln Format S/M field is set to “Single.”

Field	Data
Supplier	10SUBCT
Ship-To	10-200
<b>Line</b>	
Item Number	Hot Stamp
Qty	1
Type	S

- 6 Use Subcontract Routing/Op PO Maintenance (5.11) to link the subcontract routing operation to the subcontract line item on the purchase order, effective today.



## Exercise: Workshop

Your company has just opened a new production area to make beer. The owner's son (Harvey Ripple) has developed a revolutionary new brewing technique—a process where it takes only one day to brew and bottle the beer and then the aging process takes place in the bottle. (Of course, he expects to make millions on this, since it tastes just as good as beer brewed in the traditional way. They have decided to name the beer after Harvey, naming it HRipple Beer.)

The production line consists of two machines, one for mixing and the other for bottling. The basic ingredients are water, barley, and hops. All ingredients are piped into the mixing machine directly and stirred together for 15 minutes. A significant part of the process is the addition of the secret ingredient, which is added to the mixture after it sits for one hour.

Immediately after adding the secret ingredient, the mixture is bottled. The bottling machine can fill 120 bottles each hour, and the bottles are packaged 12 per case. Cases must be stored in a dark place for three full days before they can be shipped. This step is vital. Anyone who drinks the brew before it has aged three days will get very sick.

Initially, there are only two people working this production line (Harvey and his assistant). They will only work one four-hour shift per day. It takes 20 minutes to clean the mixing machine each day prior to starting a new lot of production.

- 1 Add the department and the two work centers used by this bottling process.
- 2 Establish the four-hour per day capacity. Where did you have to go to do this?
- 3 Set up an item record and process for beer. How did you indicate the three-day aging period?
- 4 What function allows you to enter the bottling time as units per hour?

Appendix A

# **Answers to Study Questions**

- 1 The primary uses of departments are:
  - Accounting
    - GL account defaults are established by department.
  - Capacity requirements planning
    - Labor capacity of associated work centers.
- 2 There is no one correct answer. You need to look at how your company reports capacity and production costs.
- 3 False. Mach/Op should be less than or equal to the number of machines in the work center.
- 4 The key here is that wait time cannot be compressed. Usually, wait time is specified for mandatory processes like cooling, drying, or curing.
- 5 False. You must run Routing Update to do this.

Appendix B

## **General Ledger (GL) Effects**

<b>Function</b>	<b>Notes</b>	<b>DR / CR</b>	<b>Account</b>	<b>Defaults From</b>
Routing Cost Roll-Up using standard cost set		DR	Inventory	Inventory Account Maintenance*
		CR	Cost Revaluation	Inventory Account Maintenance*

\*The GL account defaults from the inventory item/site account if one is set up; otherwise, from the product line.

Appendix C

# **Work Center and Routing Reports**

**Work Centers / Routings Menu**

<b>Report</b>	<b>Function / Purpose</b>
Department Browse	This browse displays department information.
Department Report	This report lists department information.
Work Center Browse	This browse displays work center information.
Work Center Report	This report lists work center information.
Standard Operation Browse	This browse displays standard operation information.
Standard Operation Report	This report lists standard operations.
Routing Inquiry	This inquiry displays routings.
Routing Report	This report lists routings.
Routing Cost Report	This report lists routing costs as calculated by the Routing Cost Roll-Up
Item Routing Cost Report	This report lists item costs based on the routing cost roll-up.
Operation Cost Browse	This browse displays operation cost information based on Operation Cost Calculation
Operation Cost Report	This report lists operation cost information based on Operation cost Calculation

Appendix D

# **QAD Product Costing**

## Product Costing in QAD Enterprise Applications

A brief outline—for details refer to the course Product Costing

In the standard core product QAD Applications keep product costs in two cost sets; the current cost set and the GL (standard) cost set. Additional cost sets may be defined using functionality in the Cost Management Module.

All transactions are posted to the GL using the GL Cost Set data. In a Standard Cost environment the GL Cost set is kept fixed for a defined period of time, usually the GL fiscal year. The GL standards being reset on a regular schedule, usually the fiscal year. The GL cost set may be defined as an Average Cost using functionality in the Cost Management Module.

The current cost set may be updated automatically by the system using either the last cost (for purchase orders and work orders) or an average cost. There is an option to not have the system update current costs.

In a standard cost environment differences between the GL cost and the current cost are reported as variances, usually on a fiscal month basis. In an average cost environment costs are re-averaged as they occur and variances are not reported.

In the standard core product QAD Applications keep product costs in five cost categories in each of the two cost sets; these five categories are: Material, Labor, Burden, Overhead and Sub-Contract. Additional user defined Cost Elements may be defined as sub sets of these cost categories using functionality in the Cost Management Module.

Material costs are manually entered and are usually the purchase costs of raw materials and components.

Labor costs may be system calculated using rates defined in the Work Center records and times defined in the Route records.

Burden is variable overhead and Overhead is fixed overhead. Burden may be system calculated using rates defined in the Work Center records. Overhead is manually entered in the Item Cost record.

Sub-contract costs are entered manually and are treated as purchase costs.

The cost rollup process begins with the Routing Cost Roll Up, and proceeds with the Product Structure Cost Roll Up. A common procedure is to do all cost setup and roll up work in the current cost set until costs are verified as correct. Costs may then be copied to the GL Cost Set. Either cost set may be frozen to prevent unintentional cost changes and to improve system response in new item cost roll ups.

Product costs may be modified at each site and may be viewed on numerous inquires and reports.

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