

JOB SUBCONTRACTING WORKFLOW

How subcontract service costs, work in process, inventory value, and Cost of Goods Sold flow through DBA.

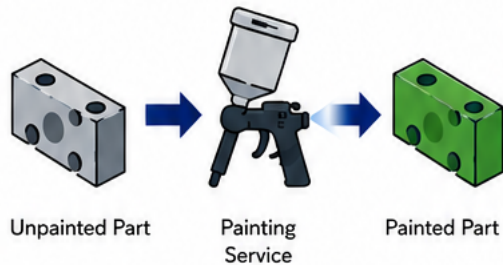


SUBCONTRACTING OVERVIEW

Material is issued from inventory, sent to an outside processor, and returned as a completed component. DBA automatically absorbs both material and subcontract service costs into Work in Process and ultimately into inventory value.

1. EXAMPLE PROCESS

Sending an Item Out for Painting



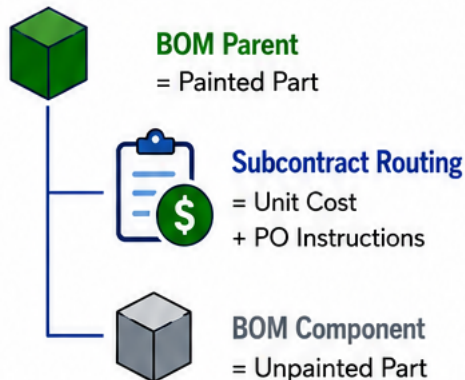
2. BOM SETUP



Define Subcontractors

Subcontractors function as Work Centers for outside processing.

Create a Subcontract Routing



3. SUBCONTRACT JOB PROCESSING

1



Release the Job

Release the Job when the unpainted material is available for production.

2



Issue Material to WIP

Issue the component from the Job Subcontracting screen so material cost is absorbed into Work in Process.

3



Generate the Subcontract PO

Create the subcontract Purchase Order and send material to the subcontractor.

4



Service Performed

The subcontractor performs the service and returns the processed material.

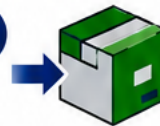
5



Receive the Subcontract PO

PO Receipt automatically absorbs subcontract service costs into Work in Process.

6



Job Receipt

Receive the finished component. Material and subcontract service costs move from Work in Process into Inventory.

7



Inventory Available

The fully costed item is available for shipment, sale, or issue to another Job.



RESULT: Material costs and subcontract service costs are fully absorbed into inventory value, providing accurate inventory valuation, realistic Cost of Goods Sold, and proper Work in Process accounting.