

# Manufacturing WIP and Routings

Optimise your manufacturing processes and control costs

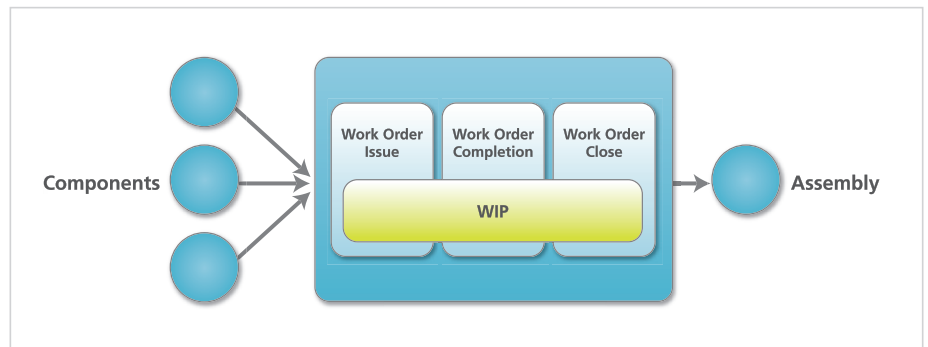
NetSuite has long provided manufacturers and distributors with simple assembly functions, but many manufacturers have a longer or more complicated process to track, cost and schedule. Establishing realistic cost targets and tracking your performance against them is critical to manufacturing success. NetSuite’s Manufacturing WIP and Routings module is designed to directly address those challenges.

## Benefits

- Minimise inventory holding costs, prevent stockouts and maximise efficiency.
- More easily identify cost-saving opportunities in production and procurement.
- Optimise manufacturing operations by streamlining operations.

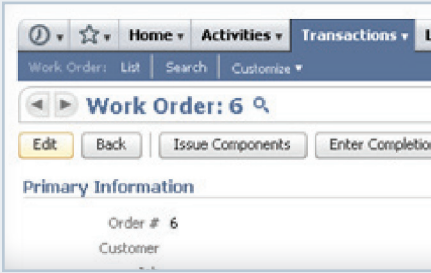
## Work In Process

The ability to track work in process (WIP) is critical for manufacturers that have a high volume of open work orders, work orders that remain open for a significant period of time (typically across one or more periods) or some combination of the two.

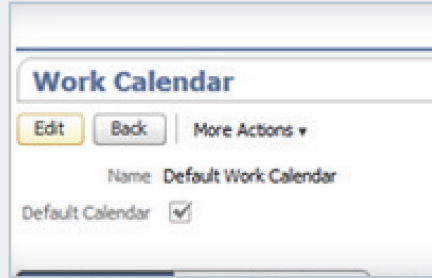


This WIP functionality adds a multi-step process with the following transactions:

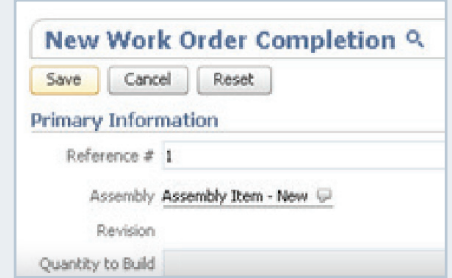
- **Work order issue:** The issue transaction not only issues component parts to the work order, but takes cost out of inventory and transfers it to the WIP account associated with the assembly item on the work order.
- **Work order completion:** The completion transaction puts the assembly item into inventory so it is available for other transactions or fulfilment. During work order completion, scrap can be recorded against a work order.
- **Work order close:** The close transaction adds the ability to review cost variances before accepting that a work order is closed and locking in the costs associated with it.



Production managers can track work order activity by operation.



Optimise shop floor activities with Work Calendar.



Cost accountants can assign multiple labour and machine overheads.

**Capabilities**

- Track manufacturing activities more closely with a multi-step process.
- WIP revaluation ensures WIP account is up to date when standard cost changes.
- Production managers can define scheduling parameters such as setup time and run rates for each operation.
- Roll up standard costs using assigned operations.

**Manufacturing Routing and Scheduling**

NetSuite enables manufacturers to optimise production of complex work orders with the routing and scheduling feature in the Manufacturing WIP and Routings module. This functionality allows production engineers to create manufacturing routings to detail the steps that an item must go through during the manufacturing process.

On a routing, users can define scheduling parameters such as work centre assignment, number of resources, setup time and run rates. NetSuite also supports multiple routings per item. Once a default routing has been defined, the system will automatically create and schedule the operations necessary to complete a work order. The system also considers the default Work Calendar when scheduling work orders.

By assigning and tracking production by operation, NetSuite helps manufacturers to optimise production lead times and costs. Production managers can now monitor shop floor performance by tracking actual work order activity by operation. On the completion page, operators can now enter completed quantities, labour and machine times for an individual operation or multiple operations at once.

Completion quantities and times are automatically updated for each operation to give the production manager the visibility and control necessary to optimise activities on the shop floor. Based on the actual time spent and the time remaining for an operation, subsequent start and end times of subsequent operations will automatically be adjusted to provide a more realistic schedule of the shop floor.

## Controlling Overhead Costs

As competition becomes more intense and customers demand more services, it is important that management control its overhead and understand how overhead is assigned to assemblies. With the Manufacturing WIP and Routings module, cost accountants can assign multiple labour and machine overheads against each operation sequence in a routing. These overheads may include costs incurred by the factory in addition to the costs of direct materials and direct labour required to build an assembly.

For example, manufacturing overhead can include the depreciation of or rent on a factory building, or the depreciation of factory equipment. Upon the operator's input of completed quantity, setup time and runtime of machines and labour resources on the completion page, accounting lines for direct cost and variable overheads will be automatically entered into the system.

Additionally, cost accountants can easily identify financial and operational opportunity areas for continuous process improvements. When standard costing is used with this feature, cost accountants can review variances associated with setup costs, setup overhead costs, run rate costs and run rate overhead costs of machines and labour.

Leveraging NetSuite Manufacturing WIP and Routings will allow your organisation to further streamline and optimise its manufacturing process.

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