

JD EDWARDS ENTERPRISEONE MANUFACTURING – MFG ACCOUNTING



KEY FEATURES

- Effectively manage manufacturing and procurement costs
- Improve profitability analysis
- Easily adapt costing methods to changing requirements
- Costing capabilities for:
 - Standard costing
 - Weighed average costing
 - Manufacturing last-in (actual) costing

Accounting methodologies continue to evolve as standard costing falls short for manufacturing. Newer methods better analyze for inventory, material pricing, usage, production costs and overhead to improve the accuracy and completeness of your manufacturing accounting. With Manufacturing Accounting for JD Edwards EnterpriseOne, you select the best accounting process for effective cost and profitability management at any time during the product lifecycle.

The Issue: Cost it Right to Manage Better Returns on Investment

In the past, standard costing has done an adequate job of providing a reasonable estimate of product profitability. But this traditional method falls short of the mark when product or costs change significantly and often. As a result, your business faces inaccurate and incomplete valuation of inventory, material price and usage, production costs, and overhead. Keeping excess unprofitable stock or using inappropriate methods of costing on key inventory items can quickly impact your profits. If you use commodities, operate in inflationary economies, or serve volatile markets, you need to monitor your actual manufacturing costs closely. This ideal is also true for the increasing number of enterprises that are moving from mass production to mass customization. With such “market-of-one” strategies, product lines, or even single products, can change from one production run to the next. These issues often make standard costing an unrealistic method of deriving realistic cost of goods sold.

The Solution: Optimize Profitability with Choice of Costing Options

Oracle’s JD Edwards EnterpriseOne Manufacturing Accounting moves beyond standard costing methods to highlight true profitability of your business using:

- Cost reporting (what the item actually costs to produce)
- Variance reporting (actual versus standard costs)
- Product and job costing:
 - Materials
 - Labor
 - Machine
 - Overhead
 - User-defined cost add-ons such as freight, taxes, duty, and electricity

Effectively Manage Costs and Profitability

With product costing, accounting, and reporting capabilities, Manufacturing Accounting lets you select the method that makes the most sense for effective cost and profitability

management—at any time during the product lifecycle. You establish the costing detail necessary to adequately maintain acceptable margins based on who is buying the product, as well as its components and manufacturing location. Consider:

- Is a standard cost for the item sufficient across the company?
- Is visibility into average item cost at individual branches or locations required?
- Do you need to track the actual cost for each item lot?

With Manufacturing Accounting, all these options are available. Depending on the requirements of your business, you can choose from the following:

- **Standard costing** – When there is so little variance from run to run that it adds little value to assess actual product component and manufacturing costs
- **Weighed average costing** – Where the cost of components or ingredients changes frequently
- **Manufacturing last-in (actual) costing** – Where there are frequent changes in costs and there is a need to separately cost each work order or rate schedule

Manufacturing Accounting lets you modify the cost accounting method for a product at a moment's notice. You can take immediate action on temporary disruptions in supply, as well as react to periodic and long-term cost trends.

Perform Product Costing and Reporting at Desired Level and Detail

At your discretion, maintain cost and reporting information at the branch/plant level for different costs at different locations for identically manufactured items. After costs are established, Manufacturing Accounting tracks those costs, reports on the variances (such as engineering, planned, and actual), and posts manufacturing transactions automatically to the general ledger.

Through product costing and reporting, you will be able to store and retrieve cost information. Manufacturing Accounting also provides informational inputs to your company's business plan. Furthermore, you evaluate the following manufacturing processes to determine the impact on your company's bottom line:

- **Manufacturing budgets** – Direct labor, indirect labor, and overhead
- **Product design** – Design and manufacturing engineering
- **Accounting** – Gross margin by product line or item

Clearly, using a single costing method is inadequate in global, multimode manufacturing environments. Factors that influence how manufacturing costs are captured include regulatory reporting and contract requirements, as well as component cost fluctuations and process variability. With Manufacturing Accounting, you get product costing, reporting, and accounting at the level and precision you need to improve process performance and effectively manage manufacturing and procurement costs.

Feature/Function Highlights

- Item cost level options:
 - Company-wide
 - Branch or plant
 - Location and lot number
- Item cost method options:
 - Standard
 - Weighted average
 - Manufacturing last-in (actual)
- Cost by multiple categories:
 - Material
 - Labor (direct and indirect)
- Machine
- Overhead
- Cost extras
- Cost rollup, level by level
- Cost simulation
- Scrap, shrink, and yield measurements
- Budgeted costs by work order/rate schedule
- Automatic creation of journal entries
- Variance to standard analysis
- Operate in multimode manufacturing environments

Solution Integration

This module is integrated with these JD Edwards EnterpriseOne products and families across your operations using common tools and a Pure Internet Architecture:

- JD Edwards EnterpriseOne Financial Management
- JD Edwards EnterpriseOne Human Capital Management
- JD Edwards EnterpriseOne Manufacturing
 - Manufacturing – Shop Floor
 - Manufacturing – PDM
 - Manufacturing – ETO Foundation
 - Manufacturing – Lean Execution
- JD Edwards EnterpriseOne Supply Chain Planning
- JD Edwards EnterpriseOne Supply Management (Procurement)
- JD Edwards EnterpriseOne Supply Chain Execution (Logistics)

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