CLIENT QUESTION

We buy board from STONE CONTAINER and then send it out to Suppler A to Slit down, then sent to Supplier B to be Printed, then sent to Supplier C to be Die Cut.  Once cut the product is finished by Supplier C, then is comes to our warehouse and is shipped to the end customer. For this example, we buy 15,000 sheets.  Supplier A uses 100 sheets during set up so only 1400 get sent to the printer.  The printer then uses 200 sheets during setup to ensure color is correct.  So in the end we only receive 1200 sheets of end product to sell.  Under this scenario we need to track the product and account for the usage.

ASI SOLUTION

In addition to tracking location, we also accumulate all the costs for each vendor so that the Finished Goods Product has the Total Cost. Normal process is you cut a Gross Sheet down to a Net Sheet that is then Print, Die Cut and Glue. Once the Gross Sheet is cut, the Net Sheet can be Die Cut into blanks.

The blanks can then apply labels, wax coating, glued or finished in some other process. Please note, the sheet will become a unique raw material item code as it moves from vendor to vendor.

**Step 1**   
Create an Estimate which would have the Board and Machine Routing.

The Machine Routing would be Fake Machines called Supplier A, Supplier B, etc.

Supplier A would be a fake Slitter Machine. Supplier B would be a face Printer Machine.

Etc.  Etc.      This works just like your own machines, but allows you to also estimate and track waste.

**Step 2**   
Create an Order for the Customers PO.  This simultaneously creates a Job.

The Job has the Board size, Supplier Machines and Job Specs for Slitting, printing, die cutting, gluing, etc.

**Step 3**   Purchase Order to BOARD VENDOR  (STONE CONTAINER).

Add PO to Stone for Board at a cost per MSF or per Ton or per each or per M. This PO will be from Box Plant to Stone with DROP Shipment to Suppler A to be Slit down to a size to run thought Printer. This PO# does not have a Job Number. For example, the board code may be 200C-60x60.

**Step 4**

The Board Vendor would send to an Invoice / Bill of Lading Notice for the total sheets shipped.

Box Plant adds a Raw Material Receipt which puts the Full Size Gross Sheet on Hand.

Box Plant will add a Warehouse named after each Supplier.

The Board Receipt will be put into the actual warehouse location such as Warehouse = STONE.

This captures the paperboard cost from STONE for the gross sheet that was purchased.

**Step 5**    **PO TYPE = S.  We call this a SLITTING PO.**

Box Plant adds a Vendor PO to Supplier AAA for the cost of converting, which is normally per M (Thousand). This can be a Normal Delivery back to BOX Plant or this can also be a DROP Shipment to Supplier A for Slitting then Supplier B for Printing, etc.. This process is repeated for Supplier B for Printing, Supplier C for Die cutting, etc. Please note, for each PO to each supplier, a new Raw Material Item Code must be created then added to the new vendors purchase order. For example, the raw material board code for Slitting may be 200C-30x60S, the board code for Printing may be 200C-30x60P, the board code for Die Cutting may be 200C-30x60D, etc.

**Step 6  Raw Material Issue for Vendor PO# for Conversion Cost from Supplier (Hot Keys M-U-2)**

A raw material Issue (M-U-2) using the Vendor PO# to Supplier A for Slitting.

The PO# to the Vendor for Conversion will be entered.  
The Raw Material Item Code from the Originally Gross Sheet Purchased Material from STONE is added.

The Quantity Converted will be added to M-U-2 which will subtract On Hand from the Gross Sheet Size.

This Conversion cost from the Sheeting PO will store the cost of Conversion until the sheet is received.

The Quantity will be the Total Sheets Converted, which will also reduce the on hand quantity.

This Step Will Be Repeated for Each Supplier. Please note, every time a PO conversion is issued, this will reduce the Board Code defined on the Issue add the cost for conversion and increase the on hand of the newly converted sheets.

**Step 7   Post Data Collection   (Hot Keys D-F-1 to Track Good Sheets and Waste)**

Add Sheets Produced and Waste for Supplier A Machine

Add Sheets Produced and Waste for Supplier B Machine.

**Step 8   Receive Raw Material Finished Sheets from Vendor B (Hot Keys M-U-1)**.

Raw material receipt for the finished Raw Materials Sheets from the Vendor / Supplier AAA.   
The cost will includes the original cost of sheets and all other converting costs for Slitting, Printing, etc.

**Step 9 Issue Job# for Finished Converted Sheets (Hot Keys M-U-2)**

The actual quantity of sheets finished will be issued to the job, which will reflect the combined cost of all outside converting.  This process reduces the On Hand quantity of Raw Materials Sheets and transfers the cost to Work in Process.   Remember, this is a job which has many costs including buying raw material sheets, freight, outside converting, warehousing and shipping and handling.

**Step 10                 Finished Goods Pallet Tag Receipts**

With Sharp Shooter Bar Code Software you scan the Tags to Create Finished Goods Receipts.

Or you can manually create Load Tags that will simultaneously create Finished Goods Receipts.

**Please note, STEP 8, 9 and 10 can happen simultaneously or separately.**

**Please note. When Cutting Gross Size rolls or sheets into smaller Net Sheets, the conversion cost per sheet is divided by the number out. Also, we do not look at any invoices for costs, and we do not consider freight costs. For example, Sheeting Cost from PO# 4576 is $165.00 MSH. From the MU2 issue for PO# 4576 for Item# RSB10495 we have issue cost of .104857 LF, which is converted to 301.463875 each sheet (Math = .104857 \* (Finished Width of 34.5 inches / 12 inches). We then divide 301.463875 by 2 because the roll width is 2 times larger than the sheet width. We take the Gross Roll or Sheet width / Net sheet width, which in this case equals 2. Because we are cutting the roll in half since the sheet width is about half of the roll width. When you do the division, we get have ( 301.463875 / 2 ) = 150.7319375. When we add (165 + 150.7319375) = 315.73194 or .315732 each sheet.**