SAP Manufacturing Accounting

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Session Objectives

JAGUAR LAND ROVER

- This session is aimed at giving an overview of how JLR applied and implemented SAP Manufacturing Accounting and share some lessons learned

SAP at JLR

- SAP tactical solution covering;
  - Core functions (Acctg, Purch, Sales)
  - Manufacturing
  - CRM
  - Global Trade & Distribution

Contents

- Introduction
- Overview of Solution
- What are the Key Master Data Objects
- Product Cost Planning
- Discrete Manufacturing vs Repetitive Manufacturing
- Wrap-up

Business Challenges

I want …

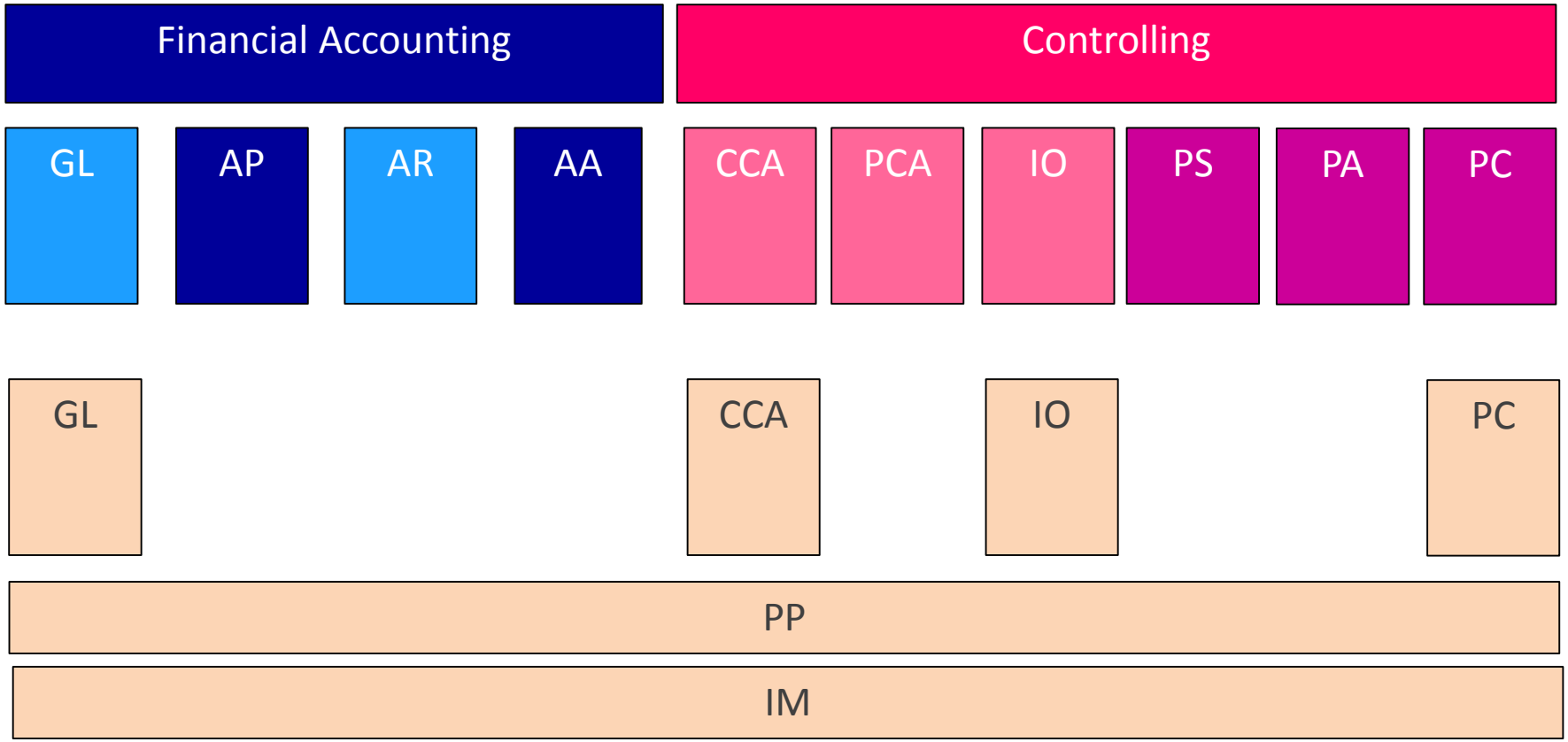
I want ….

I want …

Business Requirements

- In summary;
  - Capture the Cost of Manufacturing individual products and sub-assemblies
  - Match costs to the activities that incur them
  - Provide Profitability indicators
  - Aid decision making from shop floor to the board room
  - Provide a Cost Recovery mechanism, with flexibility without losing power
  - Provide detailed variance analysis to support decision making
  - Ensure dataset is “Fit for Purpose”

Modules

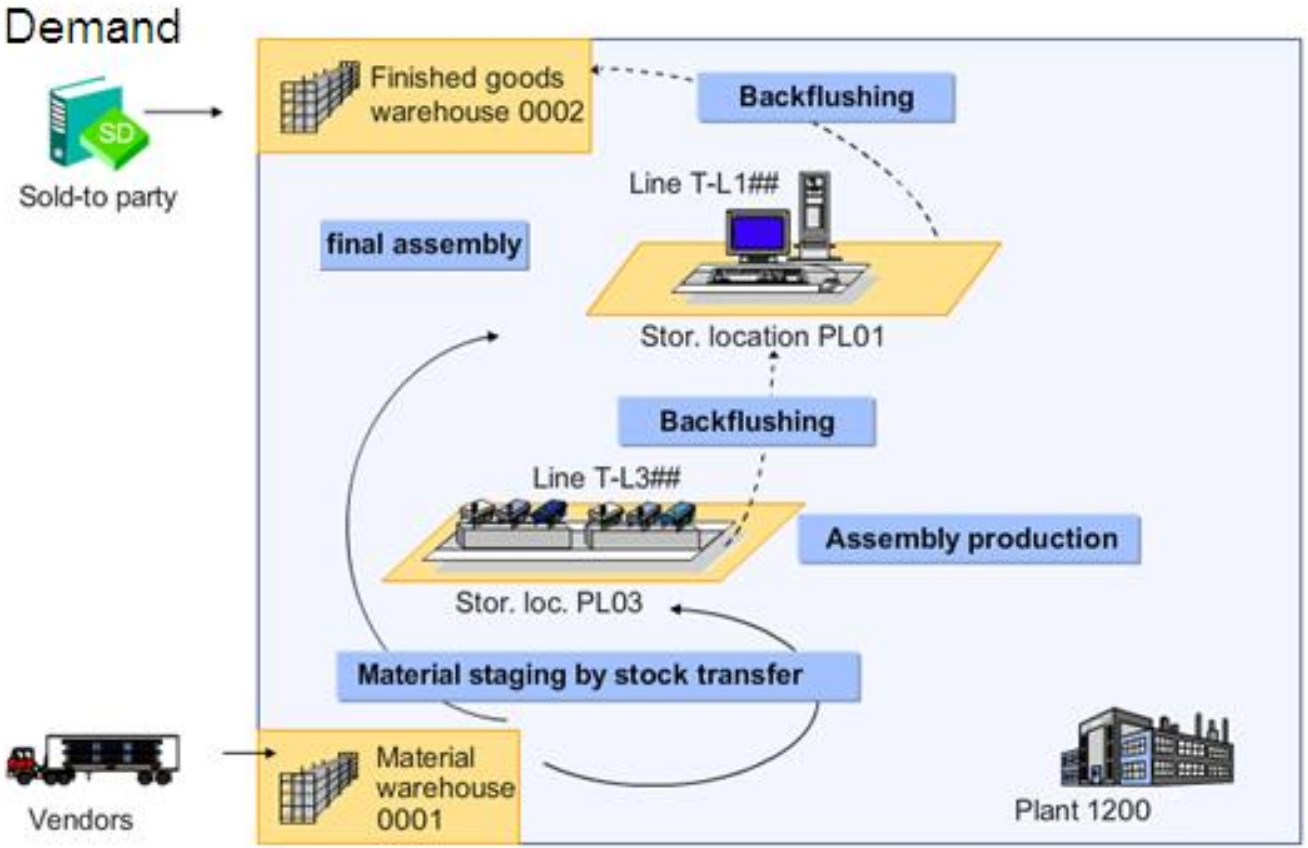

Financial Accounting
Controlling
GL
AP
AR
AA
CCA
PCA
IO
PS
PA
PC
GL
CCA
IO
PC
PP
IM

SAP Orders

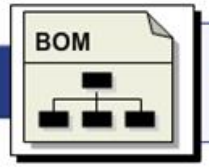
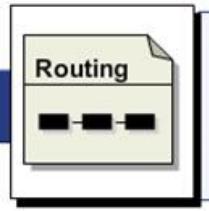
- An Order is SAP can be setup as a Cost Collector for many different reasons;

Overhead Orders	Investment Orders	Profitability Orders	Production Orders	Works Orders
Real or Statistical	Capitalisation	Capture Revenue vs Expense	Capture Production Costs	Capture cost of completing an activity (e.g. repair, service, other activity)

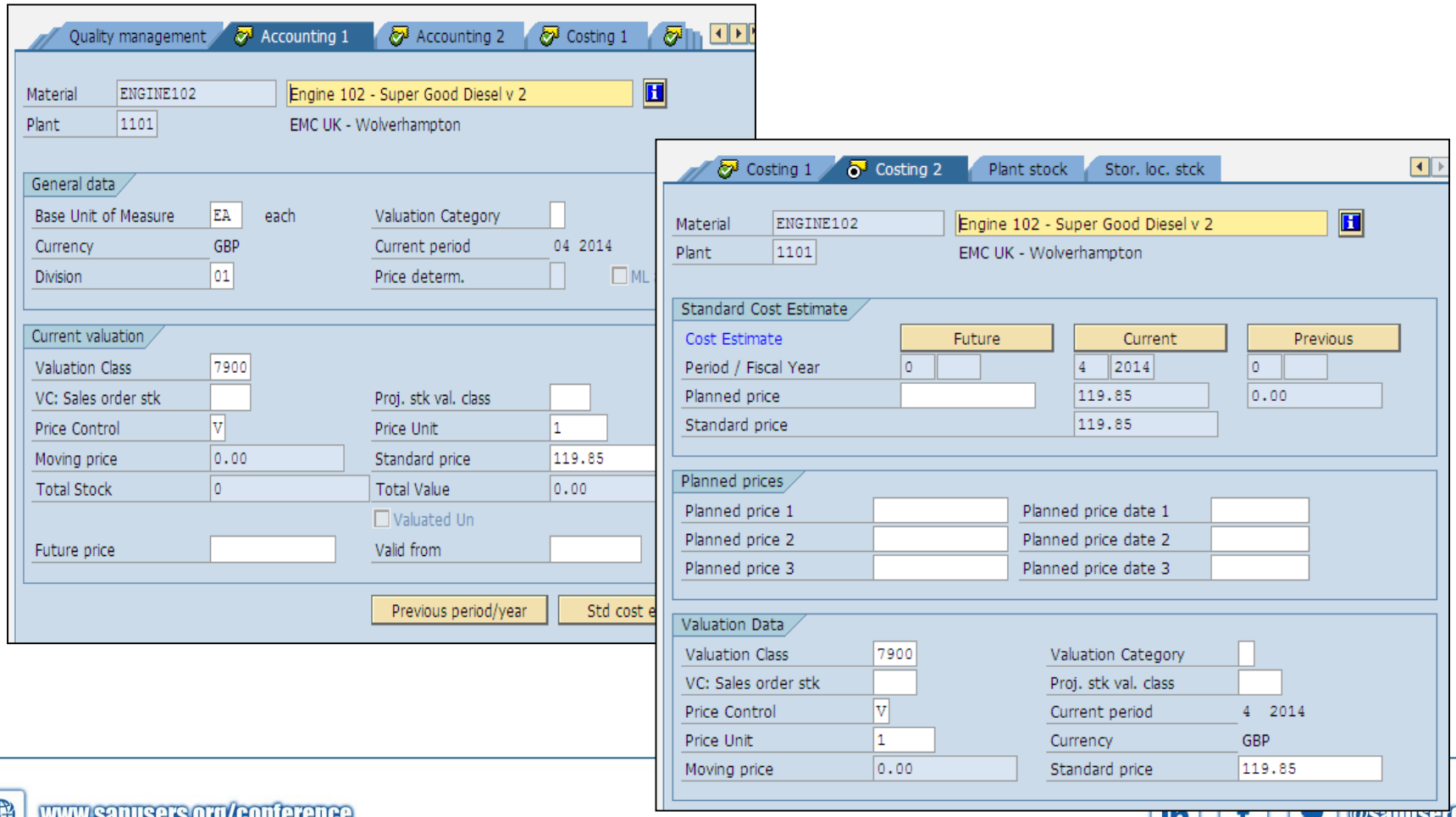
Manufacturing Terms



Key Master Data Objects

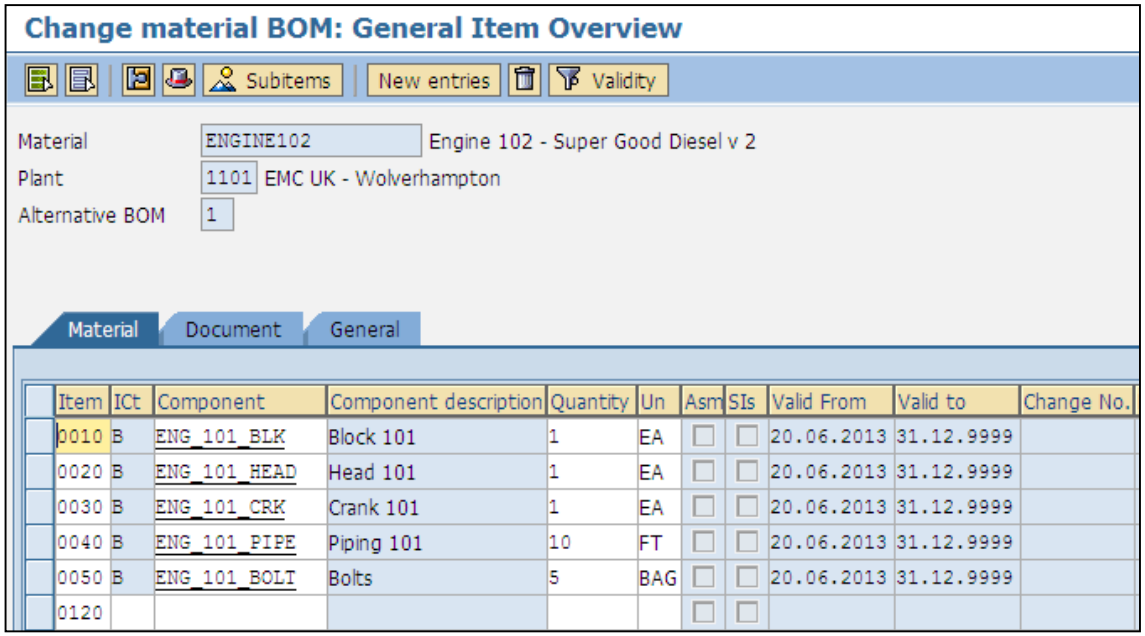
Material		• Repetitive manufacturing indicator & profile • Production version
BOM		• Material BOM
Work center		• Production line as a work center (or as an exception, as a line hierarchy)
Routing		• Rate routing (or standard routing) • Usually, one operation • Definition of production rate (quantity per time)

Material Masters



BOM – Bill of Materials

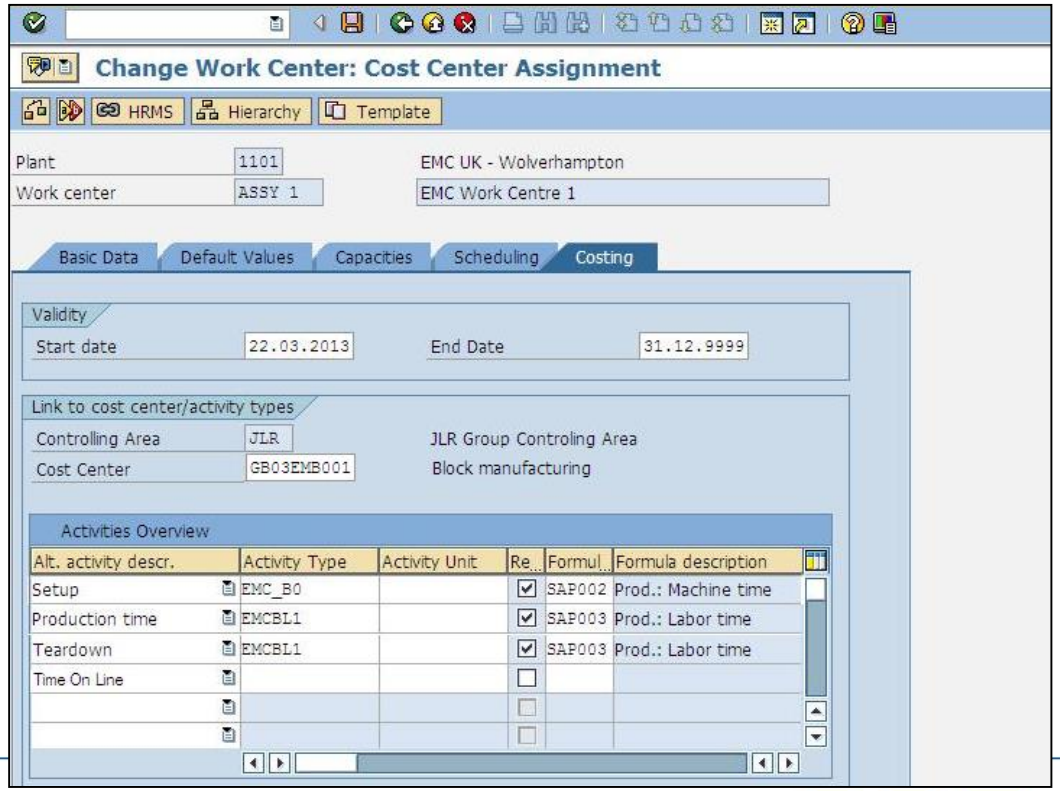
- From a Production Point of view, this is the list of components that will be consumed in order to make the material



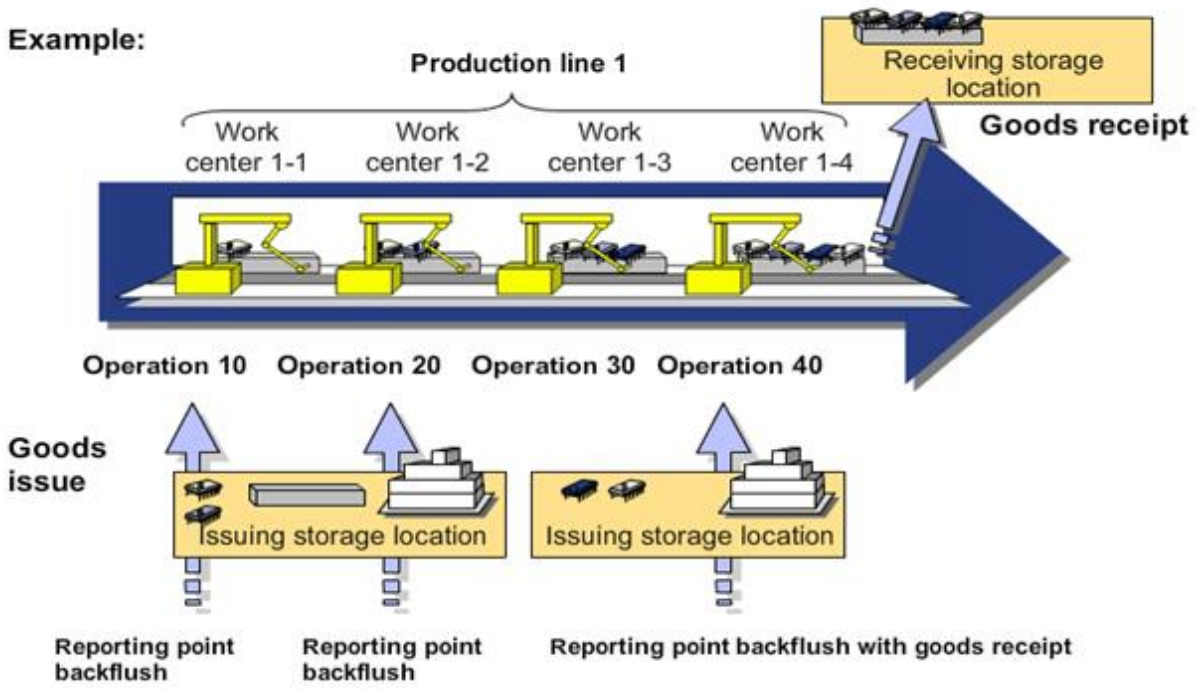
Item	ICt	Component	Component description	Quantity	Un	Asm	SIs	Valid From	Valid to	Change No.
0010	B	ENG_101_BLK	Block 101	1	EA			20.06.2013	31.12.9999	
0020	B	ENG_101_HEAD	Head 101	1	EA			20.06.2013	31.12.9999	
0030	B	ENG_101_CRK	Crank 101	1	EA			20.06.2013	31.12.9999	
0040	B	ENG_101_PIPE	Piping 101	10	FT			20.06.2013	31.12.9999	
0050	B	ENG_101_BOLT	Bolts	5	BAG			20.06.2013	31.12.9999	
0120										

Work Center

- Work Centers are PP objects for planning Production Activities on

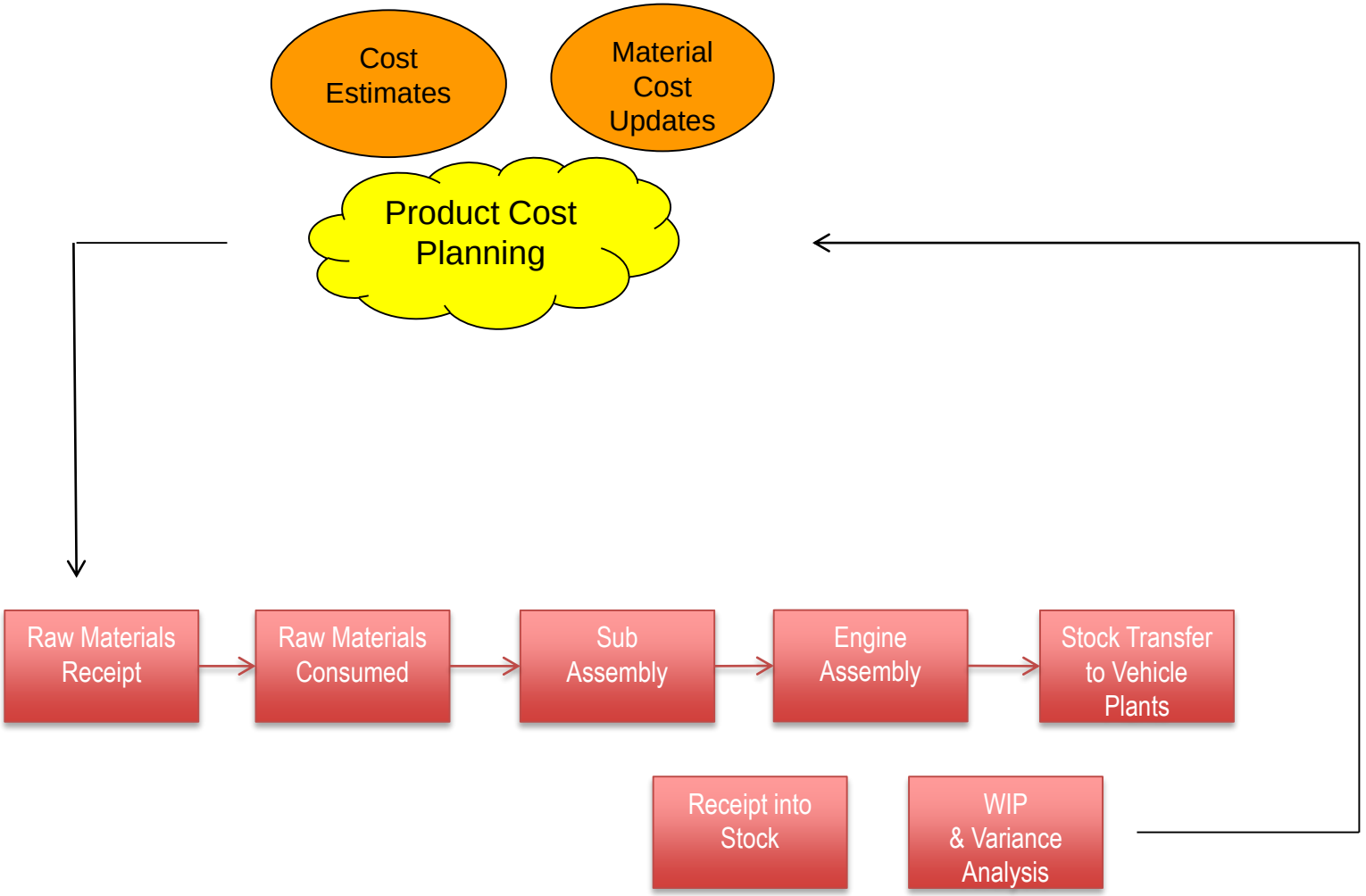


Production Overview



Product Cost Planning

- CO-PC Planning is the process is calculating a Standard Cost of Manufacture
- The idea is to decide how much it should cost to create a widget
- This is the integral part of the process where all your business rules kick in


Cost Estimates
Material Cost Updates
Product Cost Planning
Raw Materials Receipt
Raw Materials Consumed
Sub Assembly
Engine Assembly
Stock Transfer to Vehicle Plants
Receipt into Stock
WIP & Variance Analysis

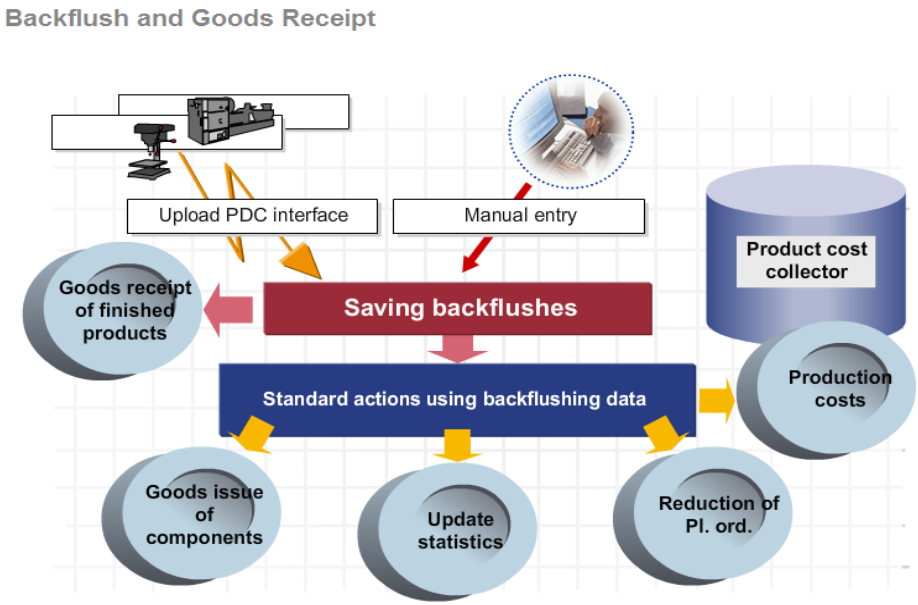
Solution Principles

- Challenges exist around our local (JLR specific) and legal/statutory requirements
- Standard Costing vs Actual Costing ?
- Batch production or Mass production?

Microsoft Excel Worksheet

Discrete vs Repetitive

- Making Tins of Beans vs High Specification, serialised component products
- Integration of your shop floor systems with the transaction recording system (SAP)
- Fit for Purpose?



Accounting?

Discrete

- Specific Production Order accounting
- Capture costs per run/batch
- Variances / WIP per Order

Repetitive

- Specific product accounting
- Capture cost per product
- Variances / WIP per Period

- Reliant on SAP BO/BI to deliver Finance KPI reporting

Summary

- Developing a “state of the art” manufacturing facility is reliant on a “state of the art” ERP system to support it
- Standard SAP does not roll-out of the box to meet all our business requirements
- Be clear in your understanding of Discrete vs Repetitive and which is Fit for Purpose