

Manufacturing Module

Inventory Planning with Component Costing

SITUATION: Increased competition from global suppliers. Outsourcing. Economic uncertainty. Cost containment.

SOLUTION: Budget Maestro Manufacturing Module (Inventory Planning with Component Costing)

REASON: Enables you to more accurately track and control increases/decreases of costs on finished goods and component levels. Empowers you to measure and manage the impact of inventory costs on your Balance Sheet and Cash Flow, and relays your borrowing needs. Gives you the tools to build out more precise, accurate inventory. Component Costing and Inventory Planning can be used separately or in conjunction with each other.

Budget Maestro's Component Costing feature is a powerful tool to forecast detailed revenue and expense items related to a finished good or service. With it, you can control costs more effectively and keep track of component costs more accurately.

For example, to compare the building in of Cost of Goods going forward, Component Costing helps you build in any price increase at a detail level. This allows you to see what's driving costs on a component basis. The level of detail it conveys creates an opportunity for better planning.

What it helps you do:

Component Costing

- Forecast detailed revenue based upon multiple expense items related to a finished good or service
- Build in any price increase/decrease at each component level to help analyze what's driving costs
- Set up payment schedules for each component for a more accurate view of payables

General Sales Price Cost Details Notes / Supporting Documentation					
Cost Calculation Method: Based upon Component Costs					
Components					
Name (Activity)	ID	Currency	Quantity	Cost	Extended Cost
Bottle		US Dollar	6	0.01	0.06
Cap		US Dollar	6	0.01	0.03
Packaging		US Dollar	1	1.00	1.00
Water		US Dollar	6	0.50	3.00

1

1 Example: Components required to build a **6-pack of bottled water**.

2

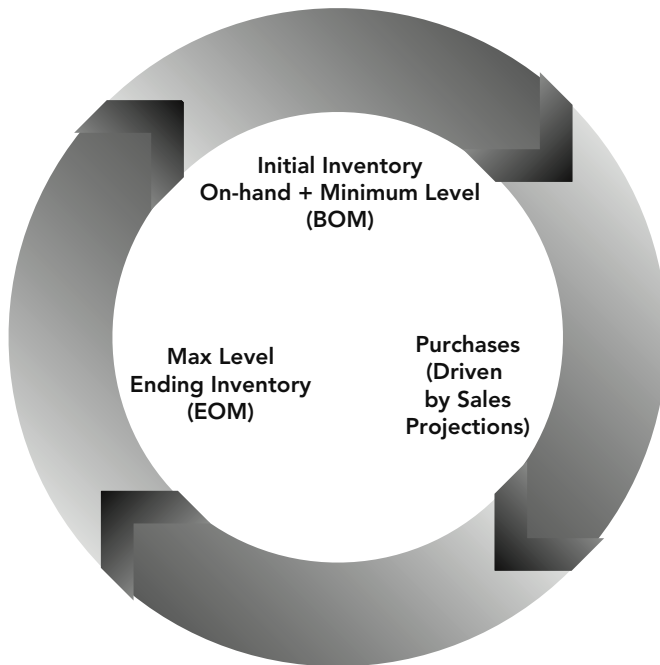
2 Quantities to build a final product

3

3 Component costs to build a final product

Budget Maestro's Inventory Planning feature takes you from top line to details level without additional input from you. Once you get to the details transaction view, Budget Maestro Accountant completes the journal entries for you. At the same time, it keeps track of your perpetual inventory flows throughout.

All forecasted increases/decreases in costs are automatically calculated and can be easily applied to determine the impact on your bottom line and cash resources.



What it helps you do:

Inventory Planning

- Enables you to more accurately project inventory – finished goods (and/or components) – based on calculated or user-defined requirements
- Monitor how much inventory is required on-hand at any time
- Tracks BOM, purchases, sales and EOM on a monthly basis impacting Income Statement and Balance Sheet
- Accurately reflect your inventory expenses and purchase on financial statements

Think about what you could do with a tool that:

- Forecasts your finished goods costs
- Specifies any increase/decrease methods for the cost of the component
- Specifies the payment schedule (cash or A/P expense) associated with each component or finished good.

Want to know more?

Talk to your Centage Account Manager at **800.366.5111** or visit us at **www.centage.com**

