



Inventory Close In 2 Days

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Topics

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Goal

- Have complete P&L information before the end of the second working day after the fiscal end of the accounting month.



Motorola, AIEG

- Designs and manufactures electronic controls and sensors
- Continuous flow, mixed model manufacturing
- Operate three shifts/day and seven days a week, 24 hours a day



System Overview

- Separate SID's (Single Instance of the Database)
- Centrally Located IT Support
- Local UNIX Support



System Implementation Timeline - Domestic

- Oracle General Ledger 9.3 - 1993
 - Accounts Receivables - Aug. 2000
- Oracle Manufacturing 10.7SC, PROD 16.1
 - Inventory, WIP, Purchasing, AP - Jan. 1999
- Legacy Order Entry



System Implementation Timeline - Europe

- Oracle Financials
 - AP, MRO Purchasing, AR, GL - Summer 1999
- Oracle Manufacturing 10.7SC, PROD 16.1
 - Inventory, WIP, Purchasing, Euro Base Currency - Jan. 2001
- Galion Order Entry

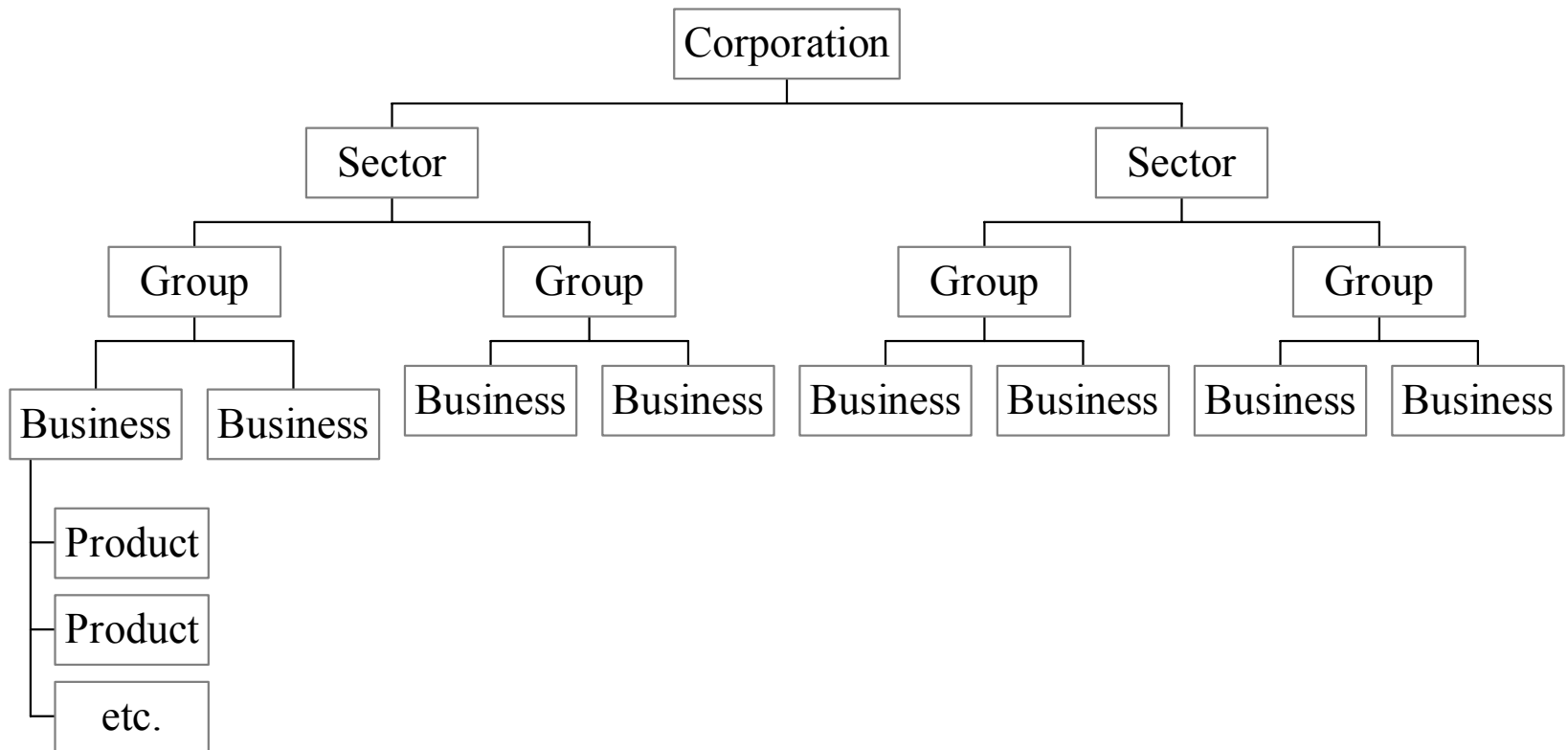


Scope

Close process for Oracle Manufacturing modules, Inventory and WIP (work in process)



P&L Reporting Structure





Set Up -- PPV

- Purchase Price Variance (PPV) posted to each Product P&L
 - GL Account Flexfield segment for 3-digit Product Code
 - Inventory Key Flexfield Item Category for Product Name/Business
 - Descriptive flexfield used to enter 3-digit GL Product Code for each unique Product Name



Set Up -- Material Overhead

- Material Overhead names set up for each Product Name
- Material Overhead rates added to each end item



Set Up --WIP

- WIP Accounting Classes for each Product Name/P&L
 - Standard discrete
 - Standard discrete for outside processing recurring assemblies
 - Non-standard expense for rework and warranty
 - Non-standard expense for one-time outside processing



Customization

- Autorelease discrete jobs from MPS
- WIP Accounting Class is changed from the default class
 - Match name of Item Category Product Name to WIP Accounting Class Name
 - Change WIP Accounting Class based on Item Category assignment



Weekly Close Process

- Update PPV
- Update inventory change account (EOIC) for shipments and returns
- Run Reports
- Transfer WIP and Material journals to the GL interface table
- Import journals to plant GL
- Run Journals - General
- Post to Plant GL
- Upload and post to the Sector GL



Update PPV

- Verify maintenance of Item Category assignment for Product Name/Business
 - Default value assigned to all new items
 - Custom report identifies when a purchase order receipt occurs for an item with the default value
 - Update the Item Category
- Custom program updates PPV
 - Changes generic Account Flexfield value to correct 3-digit product code



Credit EOIC

WIP Assembly Completion:

	Debit	Credit
Design Change		100
Material Overhead (EOIC)		10
Inventory	110	



Debit to EOIC for Shipments and Returns

- Interface from legacy order entry system
 - Account Alias set up for each Product Code

	Debit	Credit
Cost of Sales	100	
Material Overhead (EOIC)	10	
Sales		120



Cost Split Customization

- Run a custom program to debit correct P&L for Inventory Change (EOIC)
 - Changes generic Account Flexfield value to correct 3-digit product code for each P&L



Run Reports

- Inventory Value Reports - Multiple sorts
- Custom report for inventory value by Business
- Material Account Distribution Summary and Detail Reports
 - Sort by Option = Account, transaction type
 - Date range is Sunday through Saturday of the prior week



Reconciliation

- Identify any correcting entries
- Record in Excel spreadsheet
 - At month end, post to a balance sheet clearing account pending further investigation



Transfer to GL

- Launch concurrent process to transfer WIP transactions and material transactions to GL interface table
 - Date range is Sunday through Saturday of the prior week
 - Enter a description (free form text)



Import Journals to Plant GL

- Post errors to suspense
- Create summary journals
 - Date range is Sunday through Saturday of the prior week
 - Do not import descriptive flexfields



Journals - General

- Run Journals - General report
 - Type = Line item
 - Posting status = Unposted
 - Currency = Set of books currency
 - Period = Current GL period
 - Source = Inventory
 - Enter Batch Name



Weekly Close Process Benefits

- Reduces the number of records on the material distributions table
- Improves system performance
- Only one week of activity needs to be reconciled at month end
- Provides status of activity for the month



Monthly Close Process

- Establish cut offs for some processes
- No records with errors in interface tables
- Lock transaction tables
- Run Reports
- Transfer and import iournals
- Post journals
- Unlock transaction tables
- Open next period



Establish Saturday Cut Offs

- Receiving - Noon
- Scrap processing - Noon
- Shipments - 6:00 p.m.
- Lock transaction tables - 11:30 p.m.
 - Stops material moves and WIP Assembly Completions



Interface Tables

- Custom form for monitoring interface tables
 - Pending Transaction and material transaction tables are monitored daily
 - Check for no costing errors
- At month end, interface tables are checked after Receiving cut off
 - Records are resubmitted or
 - Correcting entries are made and records deleted



Lock Transaction Tables

- Custom SQL script
 - Allows manufacturing to continue producing
 - WIP Assembly completion data is recorded but not interfaced
 - Hourglass for any transactions in Manufacturing Apps



Run Reports

- Inventory Value Reports with different sorts
- Period Close Value Summary
- Receiving Value Destination Account
- WIP Value Reports
- Material Account Distribution Summary and Detail Reports
- WIP Account Summary



Transfer and Import Journals

- Transfer WIP and Material Distribution Journals
- Import journals
- View unsuccessful journals
- Verify distribution accounts to general ledger journal
 - MTL = Material Account Distribution Summary Report
 - WIP = WIP Account Distribution Summary Report



Post

- Post journals
- Print the Journals - General report



Open Next Period

- Next periods opened for
 - General Ledger
 - Inventory
 - Purchasing
 - Control Purchasing periods



Unlock Tables

- Custom SQL script to unlock transaction tables
- Users notified that system is available



Balance GL Accounts

- Account Balance Verification

Inventory value at beginning of month
+/- Material Account Distribution Summary
value

= Ending inventory value

- Ending inventory value = sum of inventory account balances in GL
- WIP valuation accounts = 0



Interface Journals

- Launch the interface journals concurrent process
 - Posts to the Sector General Ledger



Timing

- Monthly close activities started at 11:30 p.m. Saturday
- Average time = 2 hours
- Monday enter correcting journal entries in the Sector General Ledger
 - All entries completed by 10:00 a.m. (Central)



Automating the Process

- Use of APPWORX™
 - Program “chains”
 - Initiates paging if errors occur
 - SQL scripts used in APPWORX™ to enter appropriate dates and other parameters so that user intervention is never required
- Use of Vista Plus™
 - Archive folders for reports



General Ledger

- Import to the Sector GL is a custom program
- Posting utilizes Oracle Autopost



Paging

- Conditions resulting in pages
 - Default values in PPV account distribution
 - Items without material overhead
 - Transaction Interface Tables have more than 5 records with errors
 - Any costing errors
 - Any concurrent requests ending with error



Timing

- Process chain weekly without paging
 - Run every Saturday night
 - Error will stop the processing
 - Manually checked on Monday morning
 - If process stopped, correct error condition, restart “chain”
- Process chain at month end with paging



Benefits of Automated Close

- Integrated process
- Reduces “human” error
- Users do not have to work at odd hours
- Supports 24 x 7 manufacturing
- Paging and “chain-aborting” facility provides for user-intervention in case of unforeseen contingencies



Summary

- Customizations for PPV and Material Overhead
- Locking interface tables allow continuous manufacturing
- Consistently demonstrated ability to meet goal - complete manufacturing close by 10:00 a.m. Monday
- Process was automated with use of 3rd party tools



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