

Manufacturing Glossary

Term:	Definition:
Allocation	<p>Allocations represent the quantity of each inventory item reserved for specific jobs or orders. When you enter a sales order line or a job material requirement or a job assembly pull quantity, the part number entered is checked against the part master file. If the part exists in that file, the quantity allocated is increased by the quantity indicated.</p> <p>When you ship the order or issue the material or assembly, the allocation is relieved.</p>
Assembly	<p>Assembly defines all the manufactured components or parts required to make each part for the customer. Assemblies are identified separately from the raw materials in job and quote entry. In the bill of materials (Engineering module), assemblies are identified as materials that should be Pulled as Assembly.</p> <p>A primary reason for establishing multiple levels of assemblies is to allow concurrent scheduling of assemblies. When you assign operations to a specific assembly, the software knows that these can occur at the same time, instead of having to finish one before the next can start.</p> <p>Another reason for identifying assemblies is if you make common components that are used on more than one of your finished products. The use of assemblies allows you flexibility in overproducing these parts on one job for use on another, or for maintaining inventory levels.</p>
Bill of Material	<p>The bill of material is the parts list associated with producing any part. The bill of material includes all purchased parts, which are materials that you buy, and all manufactured parts, which you make and which in turn have their own bill of material.</p>
Burden	<p>The rate per hour at which you allocate your overhead expense to jobs. There are many ways to calculate your burden rates. The most common is to take your estimated burden cost for a year and divide by the estimated total labor hours you will run in the year. You can then use the same rate for each resource group, or vary the rates to fall more in line with actual expenses.</p>
Capability	<p>Skills and abilities that the resources within your facility possess. For example, capabilities could be shearing, turning, setting, painting, drilling, and so on. Capabilities are then linked to Resources and Resource Groups for scheduling purposes.</p>
Constraint	<p>A resource or material that has been flagged as being and needs to be scheduled in its own right.</p>
Daily Production Capacity	<p>The amount of non-time units a resource group or resource can produce in a day.</p> <p>This setting can be used to mark a resource group/resource as constrained in a way other than time. For instance, a resource group/resource may only be</p>

	able to produce a certain number of cubic yards of cement per day, or an oven may only have a certain number of racks that can be filled in a day.
Direct Labor	Direct Labor is time that is spent working on a job. Operating a drill press and doing assembly work are examples of direct labor. Direct labor can be further identified as setup or production.
Engineering Change Order	An engineering change order, also called an engineering change note, engineering change notice, or engineering change, is an artifact used to implement changes to components or end products. The ECO is utilized to control and coordinate changes to product designs that evolve over time.
Indirect Labor	Indirect Labor is time that is spent not working on a specific job. Sweeping the floor and doing machine maintenance are examples of indirect labor.
Internet of Things	Devices connected to the internet to be used for the collection and analysis of data for the automation or control of a process.
Kanban	Kanban is a type of Just-in-Time (JIT) manufacturing that employs standard parts containers with a card attached to each container. Resource groups use the container cards to indicate that they need parts from upstream operations or suppliers.
Labor Rate	The rate per hour at which you allocate labor expenses to each operation. This rate helps calculate the final cost of an operation.
Load	Load is the total number of hours remaining on an operation, including both setup and production.
Material	Material identifies all the raw materials required to make each part produced.
Material Burden	Amounts for purchases that are not directly related to an item's purchase price - like import duties. These amounts can also be used for warehousing costs or similar expenses.
Method of Manufacturing	The information required to build a part. It includes all purchased and manufactured parts necessary, as well as the sequence of operations required to build the final product. The list of materials is called the bill of material, and the list of operations is called the routing or bill of operations.
Need By Date	The date on which this customer needs to receive the quantity listed on an order line.
Operation	Operations define the specific types of work performed with each resource group. Each operation is defined using an operation code. Operation codes are set up in your operation master file, then referred to during quote entry and job entry.
Production Standard	Production Standard is an estimate of the production time required to complete an operation. You can enter your standards in time per piece, pieces per unit of time, number of operations per unit of time, or in total time. Production standard is synonymous with run standard. Production standards should not be confused with setup standards. The setup standard is a flat amount of setup time required and does not vary based on the operation quantity.
Resource	A resource is a machine or person within a resource group. Most resource groups will have a single resource. However, you can set up a resource group

	that has a number of identical resources. Specific resources are not identified for scheduling purposes.
Resource Group	This is a user defined grouping of similar resources. These groups can be used to either group together similar pieces of equipment or similar skills. Resource groups can also be used to define the equipment or skills within a physical location within the facility. A resource group can be defined as having or capacity.
Revision	An additional means to identify each part. A revision either implies a change in the method of manufacturing, or some change in the part that makes it unique from the same part purchased or manufactured at a different point in time.
Routing (Bill of Operations)	Routing is the list of operations associated with the for any part you produce. Routing information is entered through the Engineering Workbench if you have the Engineering module.
Warehouse	A warehouse is a physical location or other grouping of your inventory items. The inventory system allows you to set up multiple warehouses for each part. These can represent separate physical locations where you store your inventory, or even separate "staging areas" within a single location. You can keep track of the quantity in each warehouse, by receiving and issuing parts from specific warehouses.
WIP	Stands for Work In Process. This is an accounting term for uncompleted work on the production line. The costs associated with WIP are a company's direct materials inventory, work still on the production line, and finished work ready for sale.