

Tracking Production done by 3rd Party Vendor/Supplier

Last Modified on 04/16/2024 3:13 pm EDT

You may have Bill of Materials for Assembly Items (Finished Goods) that are completed by a 3rd party vendor/supplier. For example, you may send your inventory to the vendor to have it repackaged into smaller packaging units. This means that you will need to track the process of sending the inventory to them and receiving back when the work is completed.

To track that process, follow these steps:

1. Create a location in Order Time that will be setup specifically for the vendor.
2. Create a new step that will be used in the BOM for that specific process that your outsourcing to the 3rd party vendor. That step will have that vendor location from step 1 assigned to it.
3. In the BOM of the Assembly Item that needs to be sent to the 3rd party vendor, make sure that you have a step on the BOM where the location on the step is where any components or raw materials will be coming out of your stock to be sent to the vendor. This is what will tell Order Time where to allocate the inventory from.
4. Add the step created in step 2, the one that has the 3rd party location. This is the step that will move the inventory out to that vendor location. You will not list any components under this setup since this will be at the vendors location where they will be using the components that are sent to them from the previous step. Only non inventory or service items i.e. labor, be listed here to record what the cost of the service from the 3rd party vendor is.
5. Create a step that will be at your location to signify the assembly being received back in and the 3rd party vendor completing their work.

For example - if you have an Assembly item in which all of its production is done/completed with a 3rd part vendor it would be:

Step 1: Allocate the step at the internal location/warehouse which will have all of the components that will be sent to the 3rd party vendor

Step 2: Named for the 3rd party vendor/location, which will only have non inventory and/or service items.

Step 3: Receive back from the 3rd party vendor, with the location