Training - Creating a Disassembly

In any production environment, particularly for for-stock manufacturers, job shops, and custom-build retailers, occasionally you will have an order cancellation or return that will necessitate breaking an Item back down into its base components.

What we need:

Part 1 - A Bill of Materials representing the product you want to process (With Lot or Serial Number Checked)
Part 2 - Parts items for the resulting products (Lot/Serial # Checked AND Std Cost NOT zero). During the disassembly process, we use the standard cost to allocate the value to these products. The products with the higher Std Cost will be allocated more.

Here is the process:

1. Create a receiver for the BoM item created in Part 1. Make sure to enter a cost and Lot #. Change the Status of the Receiver to Received.

2. Create a Disassembly for the amount you want to produce. After created, click Edit and select the Lot # you want to Disassemble in the Available tab.

3. Now you should Allocate the Components.

Impact on Value Amounts

The value of disassembled components is not the same as the value of the components before they were consumed to create the finished good.

The value of the finished good item is distributed proportionally to all components based on the EXT of the component line items.

The exception to this rule is if any disassembled component has zero in the EXT column.

If the EXT for a disassembled component is zero, then the value of the finished good will be distributed proportionally based on quantity of component line item.

Here are examples of how the value is distributed to the disassembled components.

Example 1 – All disassembled components have EXT

The finished good consists of 3 components and the value of the finished good is $1000

Component # 1   The Std Cost is $5 and the Quantity of 10 = EXT of $50

Component # 2   The Std Cost is $10 and the Quantity of 10 = EXT of $100

Component # 3   The Std Cost is $20 and the Quantity of 1 = EXT of $20

EXT Total = $170

Component # 1 $50 / $170 = 29% $1000 * .29 = Distributed Value $290

Component # 2 $100 / $170 = 59% $1000 * .59 = Distributed Value $590

Component # 3 $20 / $170 = 12% $1000 * .12 = Distributed Value $120

Example 2 – At least one disassembled component has zero EXT

The finished good consists of 4 components and the value of the finished good is $1000

Component # 1   The Std Cost is $5 and the Quantity of 10 = EXT of $50

Component # 2   The Std Cost is $10 and the Quantity of 10 = EXT of $100

Component # 3   The Std Cost is $20 and the Quantity of 1 = EXT of $20

Component # 4   The Std Cost is $0 and the Quantity of 6 = EXT of $0

> 🔔 **EXT is ignored and Quantity is used for all disassembled components**

Total Quantity = 27

Component # 1 Quantity 10 / 27 = 37% = Distributed Value of $370

Component # 2 Quantity 10 / 27 = 37% = Distributed Value $370

Component # 3 Quantity 1 / 27 = 4% = Distributed Value $40

Component # 4 Quantity 6 / 27 = 22% = Distributed Value $220