Ralph W. Farrington (RWF) Consulting LLC Application Enhancement to Improve Manufacturing Costing

(25 June 2016) RWF Consulting LLC embarked in 2001 on a project to address major financial issues impacting manufacturing industries. The issue is improper use of multiple allocations/statistics in determining product costs for inventory and end product estimating and pricing.

RWF Consulting LLC decided to enhance a Microsoft approach to address the above issue. The principal of RWF Consulting LLC has 33 year experience in Fortune 500 companies first as an engineer and then as principal estimator/financial systems manager within its finance organizations.

It became obvious that there were two major inventory and product pricing issues:

1) Allocations during costing process and cost collection process.
2) Disconnect between the costing process and the financial records.

The RWF Consulting LLC principal recently spent five years in Mainland China introducing and training the large scale government owned Chinese industries there on an alternative product costing methodology (parametric estimating – a statistical approach to product estimating). The Chinese customers immediately requested that their estimates reflect their own unique cost collection approach, meaning that they wanted their estimated costs to be in the same understandable and measurable categories as collected costs. I developed an automated activity categorizing tool for them that I have incorporated into my integrated tool described below. This requested approach takes advantage of an off-the-shelf business intelligence application enhanced with a proprietary manufacturing model application.
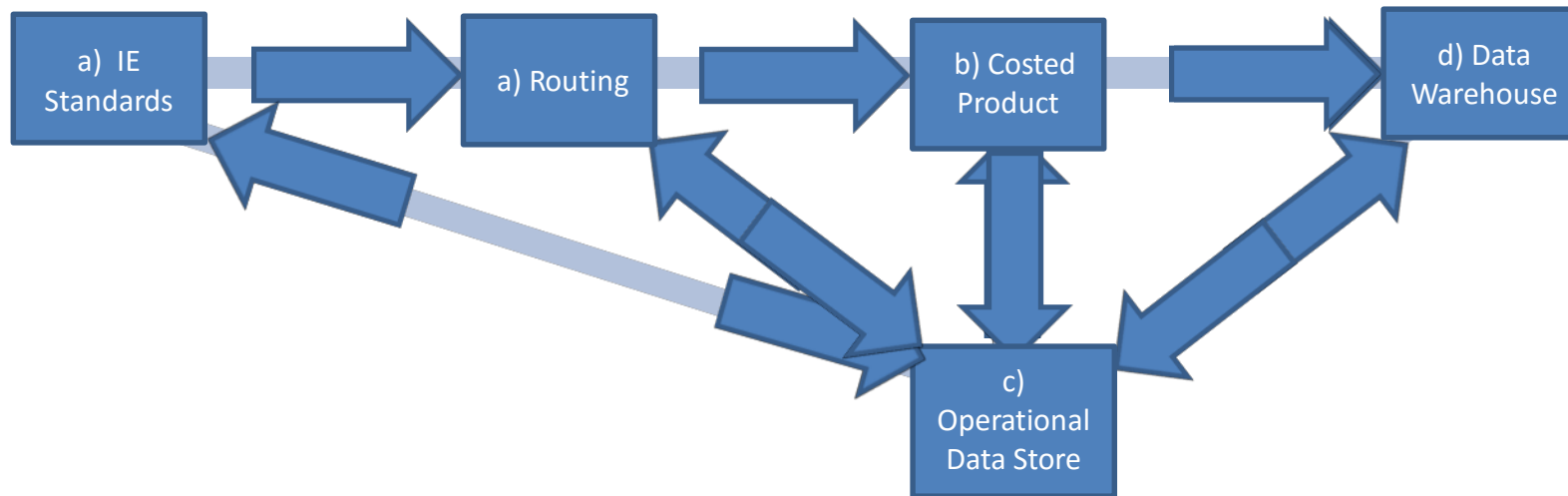
RWF Consulting LLC then researched the current methodology in the USA for small and medium sized manufacturing businesses for inventory and product pricing and found that industries simply used overhead factors (often outdated) in their methodology based upon direct labor (with direct labor rapidly disappearing due to automation and out-sourcing) and there was a disconnect between the estimates and financial cost systems. RWF Consulting LLC then decided to develop a new approach utilizing the then appearing cloud based tools but found that approach too difficult to independently develop.

Now three tools became available that offered an easily implemented solution:

1) An industrial engineering based application that interfaces with the following Microsoft Excel based applications:

2) Microsoft [Excel Power BI, Power BI.com, and/or Power BI Desktop](#) for connecting financial information with a detailed engineering based estimating model.

The approach is diagramed as follows:

1) IE Standards and Routing from EASE or other systems imported as worksheet in Excel 2010/2013/2016 (Excel Power BI, PowerBI.com, and or Power BI Desktop).

2) Data Warehouse comprised of Databases connected to with SQL Server, Access, Analysis Services, other PowerPivot data , from Reports or Azure DataMarket within Excel Power BI, PowerBI.com, and or Power BI Desktop

3) Cloud Integration System = Excel Power BI, PowerBI.com, and or Power BI Desktop collaboration environment.11)

a) From EASE or other industrial engineering system
b) In Excel Power BI with input from MISys or other manufacturing system.
c) Operational Data Store Excel 2010/2013/2016 (Excel Power BI, PowerBI.com, and or Power BI Desktop).in local desktop or cloud
d) Data Warehouse = data available from SQL Server, Access, Analysis Services, other PowerPivot data , from Reports or Azure DataMarket

4

RWF Consulting LLC currently has completely populated sample Proof of Concept application that potential users can review via the Cloud.

The functioning tool can be accessed via PowerBI.com environment and manipulated after additional levels of security are obtained from RWF Consulting LLC.

RWF Consulting LLC is a Microsoft partner:

●

Contact Information:

Ralph W. Farrington (RWF) Consulting LLC

P.O. Box 2924, Newport Beach, CA 92659-0408

Irvine Office/cell telephone:

 949-338-2348

 http://www.rwfconsultingllc.com

Email: ralphwf@rwfconsultingllc.com