Premium Formula

Module Guide: Premium Formula (Labor Premium Formula)

Module Location

Production > Direct Labor Cost > Premium Formula

Module Objective

The **Premium Formula** module serves as the master data hub for creating and managing formulas or rules for calculating production-related labor premiums. This premium can be an additional incentive given based on production output or other factors, and the formula created here will be used to automatically calculate the cost of that premium.

1. Main View (Premium List)

The main page of this module displays a list of all defined premium formulas.

View Explanation

- **View**: This page is a list of all premium rules. You can see the **Premium Code, Premium Name, Premium Formula** (likely the calculation formula), and in which section/workgroup the premium applies (**Use On (Section - WorkGroup)**).

- **Action Buttons**:

- **[Add Premium]**: The primary button to create a new premium formula.
- **[Delete Premium]**: To delete a selected premium formula.

2. Steps to Create a New Premium Formula

Step 1: Create a New Premium

From the Main View, click the **[Add Premium]** button to open the **Add Premium** form.

Step 2: Fill in Premium Details

- Enter a unique and descriptive **Premium Code** and **Premium Name**.
- In the **Formula** column, define the premium calculation formula or rule (e.g., based on output quantity, efficiency, etc.).
- Use the **All Section WorkGroups** and **Selected Section WorkGroup** boxes to determine which workgroups or sections are entitled to this premium.

Step 3: Save

After all data is filled in, click the **[Add]** button to save the new premium formula.

Workflow & Integrated Business Process

- The premium formula you create here will be used by the system when calculating the direct labor cost to be charged to the Production Work Order.

- This calculation will likely become part of the total **Cost of Goods Manufactured (COGM)**.

Tips & Important Notes

- This is an important **cost accounting tool** to ensure all labor cost components (including incentives) are recorded correctly.

- Ensure the **Formula** entered is accurate according to the company's incentive policy.

- This is an important module for the **Cost Accounting** and **HRD** teams (related to compensation policies).

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