Raw Material Usage Report

Report Module Guide: Raw Material Usage Report (BOM Variance Report)

Module Location

Inventory > Reports > Raw Material Usage Report

Module Objective

The **Raw Material Usage Report** is a crucial production and cost analysis tool. Its purpose is to compare the **standard quantity** of raw materials (according to the recipe or Bill of Materials - BOM) that should have been used to produce a finished good, with the **actual quantity** of raw materials that were really consumed during the production process. This report is used to measure efficiency and identify potential waste.

1. Report Parameters (Conceptual)

To generate an analysis report like this, you typically need to define filters such as:

- **Finished Good**: Select the final product whose raw material usage you want to analyze.
- **Production Order**: Select a specific batch number or work order for a more focused analysis.
- **Production Period**: Specify the production date range.

2. Reading the Report (Based on a Template)

The generated report will detail the usage comparison for each raw material for the finished good you are analyzing.

Key Column Explanation

- **Item/Service Code**: The code for the Raw Material or Packaging Material.
- **Standard Qty**: The quantity of raw material that should have been used according to the standard recipe/BOM to produce a certain amount of finished goods.
- **Actual Qty**: The quantity of raw material that was actually withdrawn from the warehouse and used during the production process.

How to Analyze the Report

The main focus of this report is the comparison between the **Standard Qty** and **Actual Qty** columns.

- If **Actual Qty > Standard Qty**, this indicates an inefficiency or waste (**negative variance**).
- If **Actual Qty < Standard Qty**, this indicates an efficiency (**positive variance**).

Tips & Important Notes

- This report is a key analysis tool for **Production Managers and Cost Accountants**.

- Use the variance found in this report to investigate problems on the production floor, such as material spills, raw material quality issues, or operator errors.

- The **Actual Qty** data is pulled from the goods issue transactions to production, while the **Standard Qty** data is pulled from the **Bill of Materials (BOM)** master data.

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