Prepare Multiple Bill of Materials Using Tally.ERP 9

Did you know that in Tally.ERP 9 you can define multiple bill of materials (BoM) for the same product? You can define the different ratios and combinations of components/materials to be used to manufacture a product. This is a practice that manufacturers follow to create variants in a single product category, for example, different versions of Dettol soap, which differ based on colour, fragrance, etc.

The manufacture of any product requires the consumption of raw materials or components, which go through the production process. The output of this process comprises finished goods and some by-products, co-products and scrap. For example, manufacturing of flour requires wheat as the raw material. This manufacturing process also results in the creation of rava or sooji as co-products and husk as scrap. This list of components that form part of the manufacturing process of a product, along with their respective quantities, is called the bill of materials. But the complexity of the production process doesn't end here. There is no single mandatory method of manufacturing any given product; the use of materials may vary to create different qualities of the same product.

For example, a television manufacturer can use exactly the same components but may keep one material used in the manufacturing process as variable. For instance, let’s say that the TV manufacturer uses different brands of picture tubes, and produces the same end product (i.e., the TV) with different quality benchmarks based on the quality of the picture tube used. In this manner, manufacturers customise the production process to cater to varying customer requirements, or adapt the production process in accordance with the availability of raw materials. Now, Tally.ERP 9 supports this need and provides the facility to save more than one bill of materials (BoM) for the same product.

To set multiple bill of materials (BoM):
• Go to ‘Gateway of Tally > F12: Configure > Accts/Inventory Info’.
• Set ‘Allow Component List Details (Bill of Materials)’ to ‘Yes’.

![Master Configuration Table](image-url)
Creating an item with multiple BoMs

In Tally.ERP 9, creating a new item requires you to go to ‘Gateway of Tally > Inventory Info. > Stock Items > Create’.

Once the ‘Name’ and ‘Unit of Measure’ are defined, select ‘Yes’ under ‘Set Components (BoM)’, as shown below:

Enter the ‘Name of BoM’, say ‘Customer 1’ (where the picture tube used needs to be manufactured by only BPL) and press ‘Enter’:

Press ‘F12: Configure’ and set ‘Define Type of Component for BOM’ to ‘Yes’ as shown:
Enter the name of other components that will be used in the production process. To maintain a record of the resulting by-products, co-products and scrap, you can define the percentage of these items produced during the production process as well. Then press ‘Enter’.

Enter the name of the second BoM, for instance, 'Customer 2' (where there is no restriction on the type of picture tube used for the production of a TV set).
Enter the name of the components to be used and ‘Save’. 

Note: An additional capability is provided here for ease of use. In cases where most of the components in various Bill of Materials are the same, instead of re-entering all components again, Tally.ERP 9 gives you the option to copy from a previously made BoM for the item and tweak the details. For this you can press ‘Ctrl + C: Copy BoM option > Select previously made BoM’.

Passing a manufacturing transaction using multiple BoMs

When production happens on the ground, it is important to record the corresponding details into the system as well. To record the details of the manufacture of a product in Tally.ERP 9, you need to make an entry using the manufacturing journal voucher. The benefit of creating multiple BoMs will be seen while creating this voucher entry.
**Note:** To create a manufacturing journal, go to ‘Gateway of Tally > Accounts Info. > Voucher Types > Alter > Stock Journal’. Set ‘Use as a Manufacturing Journal’ to ‘Yes’. To pass a Manufacturing Journal, go to ‘Gateway of Tally > Inventory Vouchers > Stock Journal’.

When you select ‘Television’ as the name of the product, automatically Tally.ERP 9 prompts you to select the BoM name, as shown below:

In this way, you can select the type of BoM for every manufacturing voucher you enter.

**Benefits of this feature**

This feature of Tally.ERP 9 Series A addresses an important requirement of businesses to store the details of multiple BoMs for one item, on the system. A greater benefit of this feature is that you can view a consolidated report for a specific item, as a whole. This capability enables you to do an ageing analysis or track the profitability for the item much faster. Otherwise, you would need to create two separate items and then consolidate their individual data to produce a combined report.