

# Job Profit Report

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The **Profit Report** shows you the profit margin for a *single job*. This could be your most useful tool in managing the company's success. To get the best and most information from the report, however, you must have **ADVANTAGE** set up with enough information to properly produce it.

## What the Report Includes

To help you better understand the **Profit Report** and how it works, it is important to know what goes into making it.

- + **Actual** – the real cost. These are what you actually spent or used on the job. They are not estimates. If you need to see estimated costs, print the job **Estimate**
- + **Invoiced** – the amount invoiced to the customer; your price
- + **Margin** is difference between the price (invoiced) and the cost (actual)
- + **Labor** – your employees. You can enter the labor to the job through **Shop Floor** (scanned by barcode or typed in) or you can enter it manually using **Posting Orders**.
- + **Material** – charged directly to the job using **Purchase Orders**, or issued through **Inventory**.
- + **Contract Labor** - **ADVANTAGE** can't tell the difference between material and contract labor costs that get to the job through **Purchase Orders**. So, contracted (or sub-contracted) labor is displayed as "material" on the **Profit Report**.

Don't confuse price with cost.

**Price (invoiced)** is what your customers pay you.

**Cost (actual)** is what you pay your employees or vendors

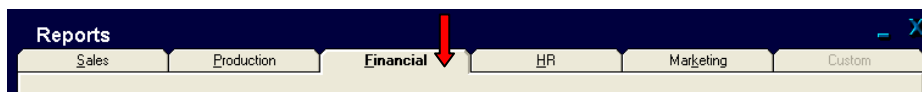
The **ADVANTAGE** Profit Report matches the actual costs to the invoiced price by product code. It is extremely important to understand that the report cannot properly show your results unless you have taken the time to set up **ADVANTAGE** properly and to use the **ADVANTAGE** components that the report relies on. The software cannot make assumptions or read minds. It is a powerful tool and if used appropriately, the Profit Report will be extremely beneficial to your company management.

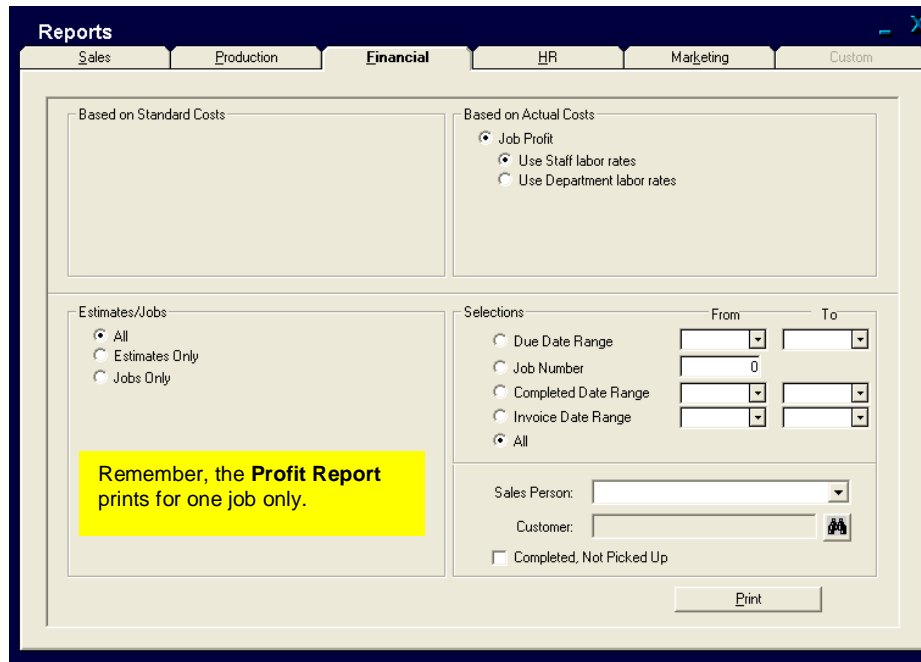
### Running the Report

- From the **ADVANTAGE** main screen, select **Reports**, then **Sales Reports**:

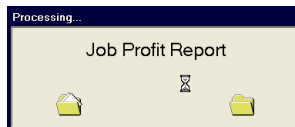


- Click on the **Financial** tab:

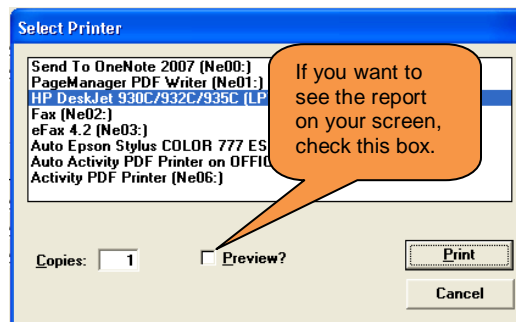




- + **Based on Actual Costs** – select Job Profit, and decide if you want to report labor using the staff labor rates or the department labor rates
- + **Estimates/Jobs** – Choose Jobs. The **Profit Report** shows actual costs and invoiced prices only; if you need to see the estimated numbers, print the **Estimate**
- + **Selections** – select **Job Number** and enter the job you want printed
- + Click **print** at the bottom of the screen
- + **ADVANTAGE** displays this window letting you know it is preparing the report:



- + Select a printer then click **print**:





## Header / Footer Sections

The actual job profit report contains the following information:

### Header

<b>PROFIT REPORT</b>		<b>PRINT DATE:</b> 11/10/2004
<b>JOB NUMBER:</b>	100209	
<b>ESTIMATE NUMBER:</b>	1000027	
<b>DESCRIPTION:</b>	manufacture and install (2) new replacement directionals - not the standard	
<b>BILL ADDRESS:</b>	FIRST TENNESSEE BA 300 COURT AVENUE  MEMPHIS, TN 38104	<b>JOB LOCATION:</b> First Tennessee - Bartlett Main Office 6891 Summer Avenue  Bartlett, TN

- ✚ **Job Number** – you selected for printing
- ✚ **Estimate Number** – may be different from job number
- ✚ **Description** – brief description of the job
- ✚ **Invoice address** – customer’s address
- ✚ **Print Date** – date you printed the report
- ✚ **Job Location** - if used; may be different from the customer’s address

### Footer

<b>TOTAL JOB</b>	<b>\$195.49</b>	<b>\$1,033.40</b>	<b>837.91</b>
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- ✚ **Total Job** – the job totals for actual costs, invoiced price, and margin.

Be sure to read the **material** and **labor** sections of this document for explanations of these amounts.

## Material Section

This section includes inventory material, material charged directly to the job via purchase order, and contract labor. Again, the report may not be as informative unless you are consistent with your product codes – what you charge from inventory and what you invoice to the customer.

PRODUCT CODE	SOURCE	ACTUAL		BILLED		QTY VARIANCE	MARGIN
		QTY	COST	QTY	PRICE		
Description	Inventory	0.00	\$0.00	1.00	\$0.00	1.00	0.00
Manufacturing Misc.		0.00	\$0.00	1.00	\$950.00	1.00	950.00
12015	OTHER	8.00	\$20.40	0.00	\$0.00	-8.00	-20.40
12055	OTHER	8.00	\$3.44	0.00	\$0.00	-8.00	-3.44
12080	OTHER	19.00	\$40.66	0.00	\$0.00	-19.00	-40.66
30040	OTHER	0.25	\$0.70	0.00	\$0.00	-0.25	-0.70
35050	OTHER	0.08	\$2.32	0.00	\$0.00	-0.08	-2.32
35053	OTHER	0.08	\$4.46	0.00	\$0.00	-0.08	-4.46
36025	OTHER	0.08	\$1.25	0.00	\$0.00	-0.08	-1.25
36030	OTHER	0.08	\$8.59	0.00	\$0.00	-0.08	-8.59
36035	OTHER	0.02	\$2.00	0.00	\$0.00	-0.02	-2.00
36055	OTHER	0.11	\$4.20	0.00	\$0.00	-0.11	-4.20
36065	OTHER	0.04	\$2.95	0.00	\$0.00	-0.04	-2.95
36075	OTHER	0.01	\$0.10	0.00	\$0.00	-0.01	-0.10
36080	OTHER	0.01	\$0.24	0.00	\$0.00	-0.01	-0.24
36145	OTHER	0.24	\$3.78	0.00	\$0.00	-0.24	-3.78
46185	OTHER	3.00	\$9.33	0.00	\$0.00	-3.00	-9.33
<b>MATERIAL SUBTOTAL</b>		<b>39.00</b>	<b>\$104.42</b>	<b>2.00</b>	<b>\$950.00</b>	<b>-37.00</b>	<b>845.58</b>

- ✚ **Product Code** – the Profit Report will compare your actual costs to the invoiced amount, only if they match here. If different product codes are used to represent the same product, you will see them reported on separate lines here.
- ✚ **Source** – where the item came from. For example, “Purchase Order” will show here for contract labor and other P/O items
- ✚ **Actual Quantity** – **ADVANTAGE** converts the inventory quantity to the “priced based on” units. These are actual units you report to the job – not estimated units, so the count may differ from the job estimate.

You might keep a product (plywood, for example) in your inventory by the units you purchase it with – maybe 4X8 sheets.

However, if you have set up **ADVANTAGE** with “priced based on” of something else (like SQ FT), then it's the converted units that print here.

For example: A 4X8 sheet is 32 sq. ft. If you charge 2 of them to a job, the units on this report will be 64 – **not** 2.

- ✚ **Actual Cost** – the rolling inventory average cost multiplied by the Actual Units. To get the actual costs in there, you need to set up inventory

It's possible you purchase a certain product from 3 or 4 different vendors. When they are added to inventory, **ADVANTAGE** only knows the total cost and total units; it can't tell which units came from what vendor.

Also, the cost on the product code is **ESTIMATED**. The software is written to get them as close to what you're actually paying your vendors as possible without you having to manually update your product codes all the time. Say you buy Widgets and the product code is "Widgets":

- Vendor A sells them for \$1 apiece
- Vendor B sells them for \$6 apiece, but they're delivered the same day for emergencies.
- Vendor C sells them for \$4 apiece, but they're better quality than Vendor A

Over time you buy the following mixture of widgets and they end up in inventory.

- Vendor A 500 @ \$1 apiece = \$ 500
- Vendor B 200 @ \$6 apiece = \$1200
- Vendor C 100 @ \$4 apiece = \$ 400

Your total inventory cost is \$2100, and you have 800 widgets available to use.

You want to use 6 on a job. What's the cost of those 6? Nobody wants to set up a different product code every time the price is different on a purchased item. So, **ADVANTAGE** calculates an average price of \$2.625 and charges  $6 \times \$2.625 = \$15.75$  to the job as actual average cost. Over time if you buy more of the cheaper brand, the average actual cost will go down.

- ✚ **Billed Quantity** – from the actual invoiced on the job, unless it's overridden in the job. This is the "price based on" units
- ✚ **Billed Price** – from the actual invoiced on the job, unless it's overridden in the job
- ✚ **Unit Variance** – the difference between what you used and what you invoiced - quantities

In the normal course of business, you will quite likely see unit variances here. Your **actual** units might include waste, but you'll only invoice your customer for the units ordered or delivered.

- ✚ **Margin** – the difference between your actual cost and the invoiced price. Hopefully, this number will be positive, indicating that you earned a favorable margin on the product
- ✚ **Material Subtotal** – shows your total actual cost, the total invoiced price and the total margin for the material section of the report

Normally, *unit totals* are meaningless. However, if the job is for a sale with different product codes that (for example) are all measured in SQ FT; then you could see your total square feet.

### Labor Section

This is your employees' labor. It can come from **Shop Floor** (scanned by barcode or typed in) or you can enter it manually using **Posting Orders**.

LABOR						
PRODUCT / PROCESS	EMPLOYEE	HOURS	ACTUAL COST	BILLED PRICE	MARGIN	
Edge/Cutting Time	Multiple	0.33	\$5.50	\$0.00	-5.50	
Load Out Time	Multiple	0.17	\$2.84	\$83.40	80.56	
Metal Fabrication	Multiple	2.88	\$48.04	\$0.00	-48.04	
Painting	Multiple	1.58	\$26.35	\$0.00	-26.35	
Vinyl Application	Multiple	0.50	\$8.34	\$0.00	-8.34	
LABOR SUBTOTAL		<b>5.46</b>	<b>\$91.07</b>	<b>\$83.40</b>	<b>-7.67</b>	

- + **Product / Process** – from the employee's time reporting. Which task is the labor associated with.
- + **Employee** – Employee's name
- + **Hours** – actual labor hours reported
- + **Actual Cost** – computed labor rate multiplied by the hours

The labor rate is not necessarily the actual rate of pay the employee earns. It may be an average pay rate, or it might be loaded with overhead or burden, or it might be some other rate you have entered. Also, the rate can be for the individual employee, or you might be using the department labor rate.

- + **Invoiced Price** – if you have your labor set up as product codes, it will be shown here. If the labor is loaded on your material price, you won't see it here (it will be included with the material in that section of the report).
- + **Margin** – The difference between the actual cost and the invoiced price. If this is a negative number, you may be losing money on your invoiced labor rates.