

Quick Guide to Labour Recovery in SAP Business One

A concise, audit-friendly checklist to avoid margin surprises

Choose Your Model

- **Services/Projects:** Timesheets/Activities → Projects /Service Calls → Billed or month-end reclass Opex → COS.
- **Manufacturing:** Resources on BOM/Routings → Labour into WIP/Finished Goods → COS on delivery.

Month-End True-Ups

- **Services:** Dt COS–Labour / Cr Labour Recovery Clearing (recoverable hours).
- **Manufacturing:** Post labour under/over-absorption; close production orders so WIP settles.
- **Other tasks:** GR/IR review, currency revaluation, reconcile clearing to zero.

KPIs to Watch

- Gross margin incl. labour by item/project.
- Labour efficiency variance (by resource group/order).
- Utilisation vs recovery (hours & value).
- WIP ageing (with labour component).

Common Pitfalls

- Double-counting overhead.
- No idle time policy.
- Open production orders left unclosed.
- Mid-month rate card changes.

SAP B1 Setup (5 steps)

1

Create Cost Centres and Distribution Rules.

2

Define labour Resources (rate, capacity/day, UoM=hours, cost method).

3

Attach Resources to BOM/Routings OR finalise Timesheet → Project flow.

4

Capture time consistently (resource consumption or approved timesheets).

5

Dry-run a month to simulate postings and verify WIP/margins.

Next Step:

Send us your labour setup (rate card, sample order/project, and month-end process) for a quick review. We'll reply with recommendations where needed.