

Subcontracting overview

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How to have an outside supplier process your materials, and how it is recorded.

Beginner · About 10 minutes · Version 1.0 · Updated 17 November 2026

Plan availability

Ask us whether this is part of your package.

Overview

In **subcontracting**, an outside supplier does part of your production. You send them **raw materials**, they make or finish the product, and they send it back. You pay for their **service**. Examples are a tailor sewing your cloth, a workshop welding your parts or a printer finishing your packaging.

How it works

1. You buy the **service** from the supplier, and give them the materials.
2. Hesabu ERP keeps track of the materials sitting in the supplier's hands.
3. When goods return, the raw materials are consumed and the finished goods are received.
4. You pay the supplier's invoice for the service.

Before you start

- A **supplier** record for each subcontractor. See Creating and managing suppliers.
- **Items** for the raw materials, the finished product and the service. See Creating items.
- A **BOM** for the finished item. See Bills of materials.
- A **warehouse** for goods held by the supplier. See Warehouses and business locations.

Important notes

- Subcontracting is for work done by others using **your** materials. If the supplier buys the materials and sells you the finished goods, it is a normal purchase.
- Agree prices, quality and delivery in writing with the subcontractor.
- This module may not be in every plan. Contact us.

Next steps

Read The subcontracting process.

Related documentation

- The subcontracting process
- Manufacturing overview
- The procurement cycle