

# **Production Planning**

## **Lesson 4: Demand Management Overview**

# Lesson Objectives

- Objectives -On successful completion of this training module, you should have:
  - Understood the basics of Demand Management
  - Become familiar with PP Planning Strategy
  - Become familiar with Categories of Planning Strategies
  - Become familiar with Consumption Modes
  - Become familiar with Planned Independent Requirement (PIR)

# Training Agenda

- PP Demand Management Overview
- PP Planning Strategy (MTO, MTS, Final Assembly)
- PP Categories of Planning Strategies
- PP Consumption Modes
- PP Planned Independent Requirement (PIR)

# PP Demand Management Overview

☐ Prepare Me

☐ Tell Me

☐ Show Me

☐ Let Me

☐ Help Me

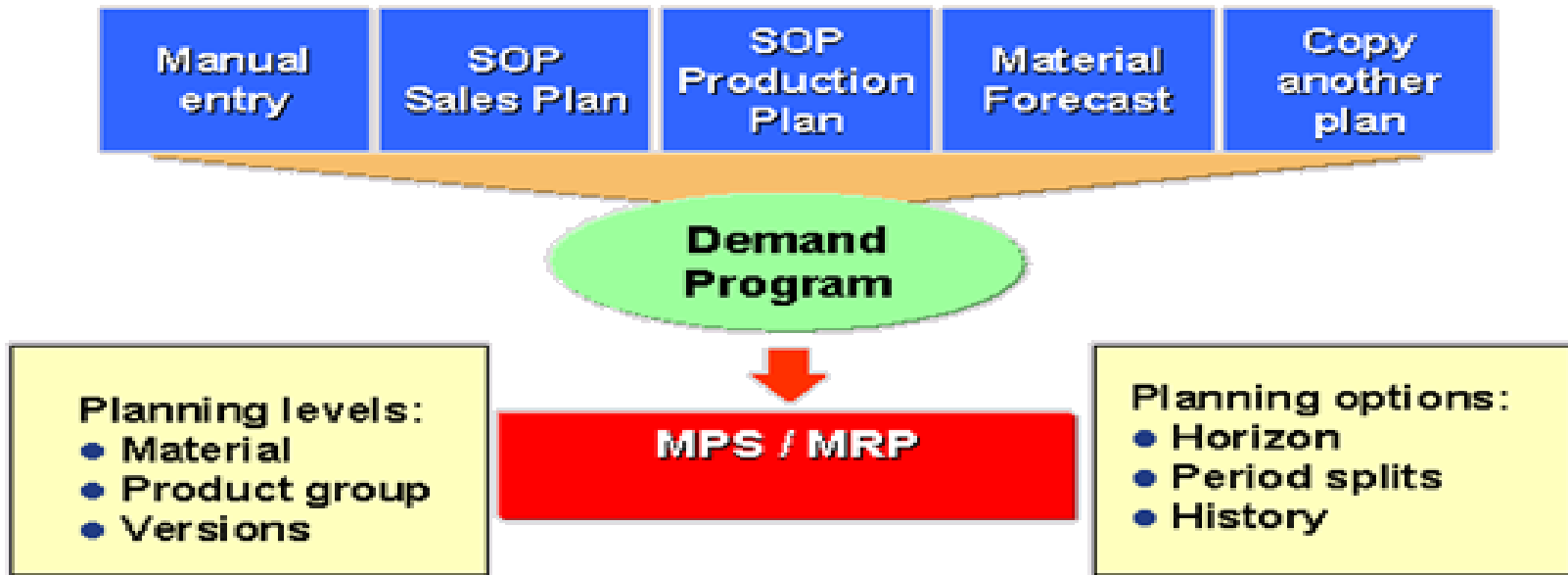


# PP Demand Management Overview



# Prepare Me

- Demand management is the link between top-level requirements planning (SOP) and the material planning (MPS and/or MRP).
- Demand management determines the requirement dates and quantities of the materials we are planning.



# Purpose

- The function of Demand Management is to determine requirement quantities and delivery dates for finished products assemblies.
- Customer requirements are created in sales order management. To create a demand program, Demand Management uses planned independent requirements and customer requirements.
- Planning strategies represent the methods of production for planning and manufacturing or procuring a product.

# Use

- To create the demand program, we must define the planning strategy for a product.
- Using planning strategies, we can decide if production is triggered by sales orders (make-to-order production), or if it is not triggered by sales orders (make-to-stock production).
- We can have sales orders and stock orders in the demand program.
- If the production time is long in relation to the standard market delivery time, we can produce the product or certain assemblies before there are sales orders. In this case, sales quantities are planned, for example, with the aid of a sales forecast.



# Challenges

- Strategy group changing in the Material master. We should ensure all previous demand should be deleted.

# PP Demand Management Overview



# Tell Me

The next slides shows Process Flow of PP Demand Management.

# PP Demand Management Overview



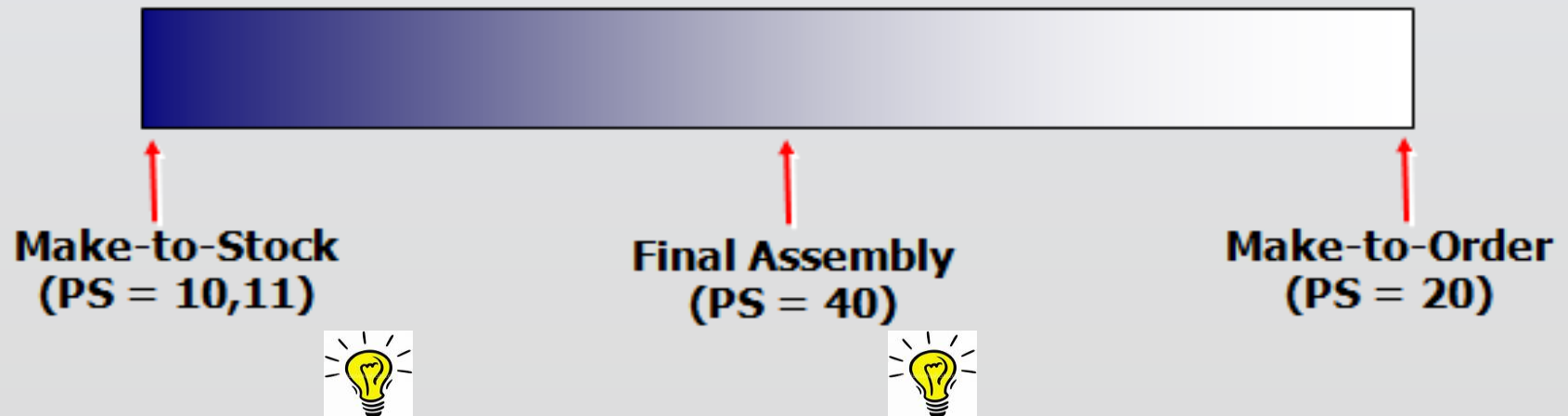
# Essentials

The followings are to be taken care before creating Demand

- Strategy group and required consumption mode fields needs to be defined in the Material master.
- SAP defined data, should not be deleted or modified directly. If required can be copied and renamed to suit the application.

# Planning Strategy

Planning strategies represent the business procedures for the planning of production qty and dates. SAP offers a large number of different options ranging from pure make-to-order production to make-to-stock production



# Categories of Planning Strategies

## •Make-to-stock production

To achieve smooth production load even if demand varies  
Planning is carried out using independent requirements

Net requirement  
planning - 10

Planning with final  
assembly - 40

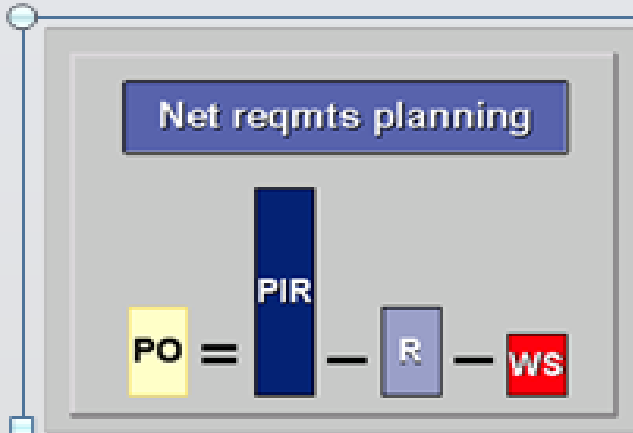
## •Make-to-order production

Make to order  
production - 20

Planning without  
final assembly - 50

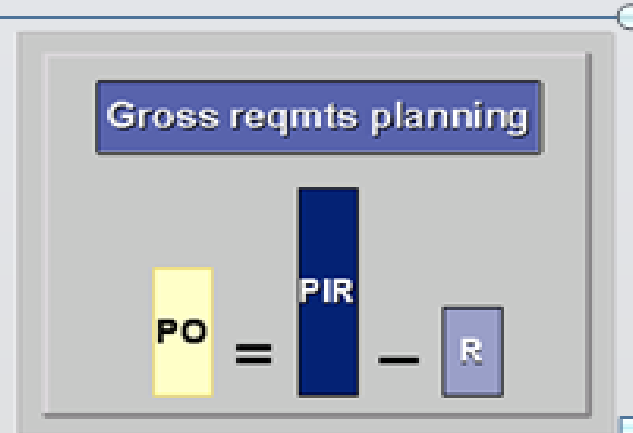
# Make-to-Stock Production (10,11)

## Strategy 10



In net requirements planning, the system takes warehouse stock into account.

## Strategy 11



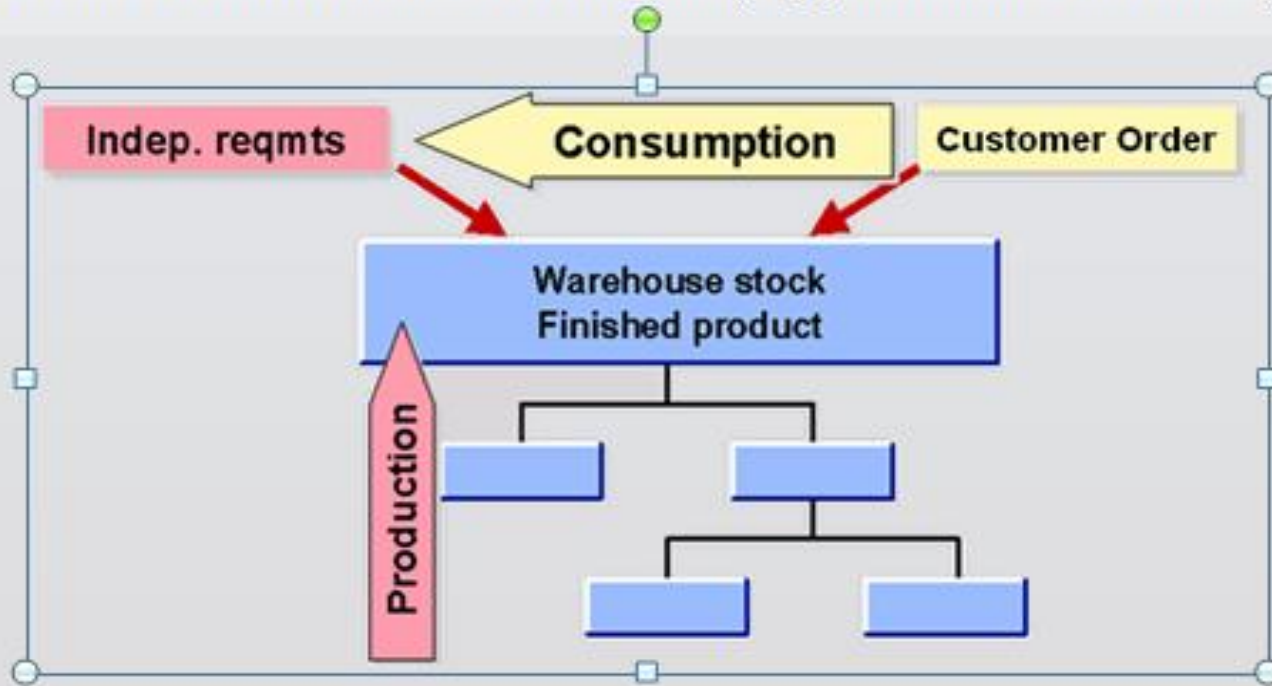
In gross requirements planning, NO warehouse stock is taken into account.

PO	Yellow box	Planned order
PIR	Dark blue box	Planned independent requirements
R	Light blue box	Receipt
WS	Red box	Warehouse stock



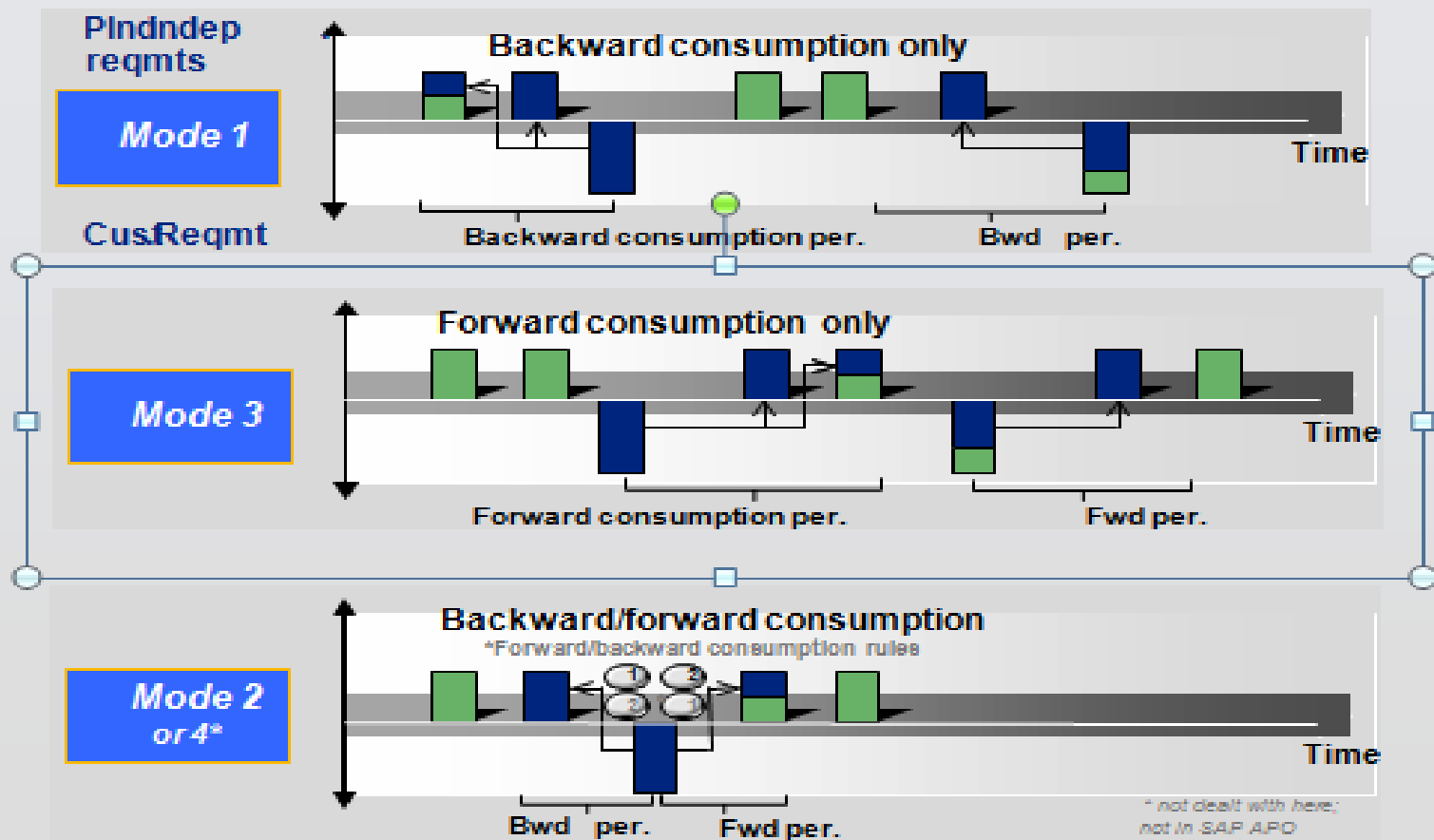
# Final Assembly (40)

Target : Fast reaction to customer's demand, keeping production as smooth as possible

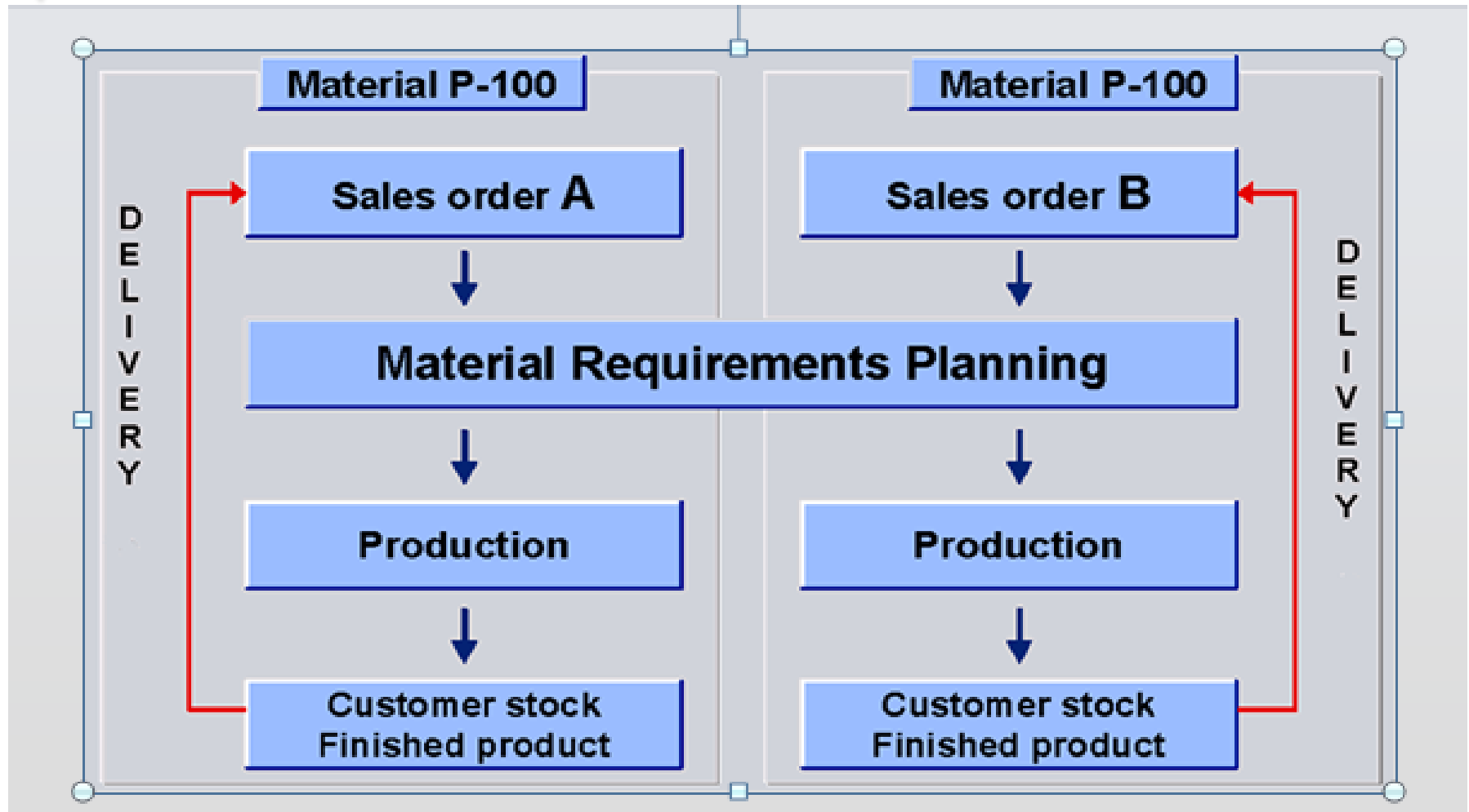


Sales orders affect requirements and consume planned independent requirements

# Consumption Modes



# Make-to-Order Production (20)



# PP Demand Management Overview



# Planned Independent requirements

- Planned independent requirements are used to perform Demand Management functions
- A planned independent requirement contains one planned quantity and one date, or one planned quantity split over time according to dates.
- Input for the demand program can come from several sources:
  - The demand plan from APO-DP
  - Manual entry

# Let Me – PP Demand Management

## Create Planned Independent Requirements: Initial Screen



User Parameters

T-Code-MD61

Planned independent requirements for

☒ Material

D13967476

1

☐ Product group

☐ Reqmts Plan

Plant

INA2

2

Define version

Version

00

3

REQUIREMENTS PLAN

Planning horizon

From

01.08.2015



To

01.10.2016

4

Planning period


M

Month

5

# Let Me – PP Demand Management

## Plnd Ind. Reqmts Create: Planning Table



Planning start 01.08.2015 Planning End 01.10.20

Table


Items

Sched. Lines


	Material	Plnt	V	A	BU	M 08.2015	M 09.2015
	D13967476	INA2	00	<input checked="" type="checkbox"/>	-	1000	
		INA2	00	<input checked="" type="checkbox"/>			

# Let Me – PP Demand Management

## Change Planned Independent Requirements: Initial Screen

 User Parameters

Planned independent requirements for

☒ Material   1

☐ Product group

☐ Reqmts Plan

Plant  2

Selection parameters

Requirements type

☐ Selected version  3 REQUIREMENTS PLAN

☒ All active versions

☐ All active/inactive versions

Planning horizon 4

From  To  Planning period  Month

T-Code-MD62



# PP Demand Management Overview



# References

Next slides shows some important tables for Master data.

# References – Table info

Demand Management is distributed in following tables

- PBED - Independent Requirements Data
- PBIM - Independent Requirements by Material
- PLAF - Planned Order Table

# Summary

- The function of Demand Management is to determine requirement quantities and delivery dates for finished products assemblies.
- To create the demand program, we must define the planning strategy for a product.
- before creating Demand Strategy group and required consumption mode fields needs to be defined in the Material master.
- Planned independent requirements are used to perform Demand Management functions



# Review Questions

## 1. Strategy 10 for Make to Order Production

*Check whether the statement is true or false*

- a. True
- b. False

## 2. Strategy 11 for Make to Stock Production

*Check whether the statement is true or false*

- a. True
- b. False





# THANK YOU