Module 3
Section A: Demand Management

Term
Abnormal demand

Module 3
Section A: Demand Management

Term
Capable-to-promise (CTP)

Module 3
Section A: Demand Management

Term
Consuming the forecast

Module 3
Section A: Demand Management

Term
Customer relationship management (CRM)

Module 3
Section A: Demand Management

Term
Customer satisfaction

Module 3
Section A: Demand Management

Term
Customer service life cycle

Module 3
Section A: Demand Management

Term
Customer service ratio

Module 3
Section A: Demand Management

Term
Demand management

The process of committing orders against available capacity as well as inventory. This process may involve multiple manufacturing or distribution sites. Used to determine when a new or unscheduled customer order can be delivered. Employs a finite-scheduling model of the manufacturing system to determine when an item can be delivered. Includes any constraints that might restrict the production, such as availability of resources, lead times for raw materials or purchased parts, and requirements for lower-level components or subassemblies. The resulting delivery date takes into consideration production capacity, the current manufacturing environment, and future order commitments. The objective is to reduce the time spent by production planners in expediting orders and adjusting plans because of inaccurate delivery-date promises.

Demand in any period that is outside the limits established by management policy. This demand may come from a new customer or from existing customers whose own demand is increasing or decreasing. Care must be taken in evaluating the nature of the demand: Is it a volume change? Is it a change in product mix? Is it related to the timing of the order? See: outlier.

A marketing philosophy based on putting the customer first. Involves the collection and analysis of information designed for sales and marketing decision support (in contrast to enterprise resources planning information) to understand and support existing and potential customer needs. Includes account management, catalog and order entry, payment processing, credits and adjustments, and other functions. Syn.: customer relations management.

The process of reducing the forecast by customer orders or other types of actual demands as they are received. The adjustments yield the value of the remaining forecast for each period. Syn.: forecast consumption.

In information systems, a model that describes the customer relationship as having four phases: requirements, acquisition, ownership, and retirement.

The results of delivering a good or service that meets customer requirements.

1) The function of recognizing all demands for goods and services to support the marketplace. It involves prioritizing demand when supply is lacking. [This] facilitates the planning and use of resources for profitable business results. 2) In marketing, the process of planning, executing, controlling, and monitoring the design, pricing, promotion, and distribution of products and services to bring about transactions that meet organizational and individual needs. Syn.: marketing management. See: demand planning.

1) A measure of delivery performance of finished goods or other cargo, usually expressed as a percentage. In a make-to-stock company, this percentage usually represents the number of items or dollars (on one or more customer orders) that were shipped on schedule for a specific time period, compared to the total that were supposed to be shipped in that time period. Syn.: customer service level, fill rate, order-fill ratio, percent of fill. Ant: stockout percentage. 2) In a make-to-order company, usually some comparison of the number of jobs or dollars shipped in a given time period (e.g., a week) compared with the number of jobs or dollars that were supposed to be shipped in that time period. Syn.: fill rate.

Module 3
Section A: Demand Management

Term
Design for manufacturability

Module 3
Section A: Demand Management

Term
Design for manufacture and assembly (DFMA)

Module 3
Section A: Demand Management

Term
Design for service

Module 3
Section A: Demand Management

Term
Early manufacturing involvement

Module 3
Section A: Demand Management

Term
Early supplier involvement (ESI)

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Section A: Demand Management

Term
Form-fit-function

Module 3
Section A: Demand Management

Term
Order fulfillment lead time

Module 3
Section A: Demand Management

Term
Plan-do-check-action (PDCA)

A product development approach that involves the manufacturing function in the initial stages of product design to ensure ease of manufacturing and assembly. See: early manufacturing involvement.

Simplification of parts, products, and processes to improve quality and reduce manufacturing costs.

The process of involving manufacturing personnel early in the product design activity and drawing on their expertise, insights, and knowledge to generate better designs in less time and to generate designs that are easier to manufacture. Early involvement of manufacturing, field service, suppliers, customers, and so on means drawing on their expertise, knowledge, and insight to improve the design. Benefits include increased functionality, increased quality, ease of manufacture and assembly, ease of testing, better testing procedures, ease of service, decreased cost, and improved aesthetics. See: design for manufacture and assembly, participative design/engineering.

Simplification of parts and processes to improve the after-sale service of a product. Syn.: design for maintainability.

A term used to describe the process of designing a part or product to meet or exceed the performance requirements expected by customers.

The process of involving suppliers early in the product design activity and drawing on their expertise, insights, and knowledge to generate better designs in less time and designs that are easier to manufacture with high quality. See: participative design/engineering.

A four-step process for quality improvement. In the first step (plan), a plan to effect improvement is developed. In the second step (do), the plan is carried out, preferably on a small scale. In the third step (check), the effects of the plan are observed. In the last step (action), the results are studied to determine what was learned and what can be predicted. The plan-do-check-action cycle is sometimes referred to as the Shewhart cycle (because Walter A. Shewhart discussed the concept in his book, “Statistical Method from the Viewpoint of Quality Control”) or as the Deming circle (because W. Edwards Deming introduced the concept in Japan, and the Japanese subsequently called it the Deming circle). Syns.: plan-do-check-act cycle, Shewhart circle of quality, Shewhart cycle. See: Deming circle.

The average amount of time between the customer’s order and the customer’s receipt of delivery; this includes every manufacturing or processing step in between.

Module 3
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Term
Probability

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Term
Stockout probability

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Term
Trend forecasting models

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Section A: Demand Management

Term
Value perspective

The percentage chance of a product not being in stock when an order is placed. Syn.: cycle service level.

Mathematically, a number between 0 and 1 that estimates the fraction of experiments (if the same experiment were being repeated many times) in which a particular result would occur. This number can be either subjective or based upon the empirical results of experimentation. It can also be derived for a process to give the probable outcome of experimentation.

A quality perspective that holds that quality must be judged, in part, by how well the characteristics of a particular product or service align with the needs of a specific user.

Methods for forecasting sales data when a definite upward or downward pattern exists. Models include double exponential smoothing, regression, and triple smoothing. See: trend analysis.