Module 4
Section A: Planning Operations

Term
Allocation

Module 4
Section A: Planning Operations

Term
Available-to-promise (ATP)

Module 4
Section A: Planning Operations

Term
Component

Module 4
Section A: Planning Operations

Term
Cumulative lead time

Module 4
Section A: Planning Operations

Term
Customer order

Module 4
Section A: Planning Operations

Term
Dependent demand

Module 4
Section A: Planning Operations

Term
Distribution requirements planning (DRP)

Module 4
Section A: Planning Operations

Term
Exception report

1) In operations, the uncommitted portion of a company's inventory and planned production maintained in the master schedule to support customer-order promising. [This] quantity is the uncommitted inventory balance in the first period and is normally calculated for each period in which an MPS receipt is scheduled. In the first period, [this] includes on-hand inventory less customer orders that are due and overdue. Three methods of calculation are used: discrete [...], cumulative [...] with look-ahead, and cumulative [...] without look-ahead. (2) In logistics, the quantity of a finished good that is or will be available to commit to a customer order based on the customer's required ship date. To accommodate deliveries on future dates, [this] is usually time-phased to include anticipated purchases or production receipts. See: discrete available-to-promise, cumulative available-to-promise.

1) The classification of resources or item quantities that have been assigned to specific orders but have not yet been released from the stockroom to production. It is an "uncashed" stockroom requisition. 2) A process used to distribute material in short supply. Syn.: assignment. See: reservation.

The longest planned length of time to accomplish the activity in question. It is found by reviewing the lead time for each bill of material path below the item; [this term is defined by whichever path adds up to the greatest number]. Syn.: aggregate lead time, combined lead time, composite lead time, critical path lead time, stacked lead time. See: planning horizon, planning time fence.

The raw material, part, or subassembly that goes into a higher-level assembly, compound, or other item. This term may also include packaging materials for finished items. See: ingredient, intermediate part.

Demand that is directly related to or derived from the bill-of-material structure for other items or end products. Such demands are therefore calculated and need not and should not be forecast. A given inventory item may [also have] independent demand at any given time. For example, a part may simultaneously be the component of an assembly and sold as a service part. See: independent demand.

An order from a customer for a particular product or number of products. It is often referred to as an actual demand to distinguish it from a forecasted demand. See: booked orders.

A report that lists or flags only those items that deviate from the plan.

1) The function of determining the need to replenish inventory at branch warehouses. A time-phased order point approach is used where the planned orders at the branch warehouse level are "exploded" via MRP logic to become gross requirements of the supplying source. In the case of multilevel distribution networks, this explosion process can continue down through the various levels of regional warehouses (master warehouse, factory warehouse, etc.) and become input to the master production schedule. Demand on the supplying sources is recognized as dependent, and standard MRP logic applies. 2) More generally, replenishment inventory calculations, which may be based on other planning approaches such as period order quantities or "replace exactly what was used," rather than being limited to the time-phased order point approach.

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Section A: Planning Operations

Term
Firm planned order (FPO)

Module 4
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Term
Independent demand

Module 4
Section A: Planning Operations

Term
Joint replenishment

Module 4
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Term
Manufacturing resource planning (MRP II)

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Term
Master production schedule (MPS)

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Term
Master schedule

Module 4
Section A: Planning Operations

Term
Master schedule item

Module 4
Section A: Planning Operations

Term
Material requirements planning (MRP)

The demand for an item that is unrelated to the demand for other items. Demand for finished goods, parts required for destructive testing, and service parts requirements are examples of independent demand. See: dependent demand.

A planned order that can be frozen in quantity and time. The computer is not allowed to change it automatically; this is the responsibility of the planner in charge of the item that is being planned. This technique can aid planners working with MRP systems to respond to material and capacity problems by [solidifying] selected planned orders. In addition, [these] are the normal method of stating the master production schedule. See: planning time fence.

A method for the effective planning of all resources of a manufacturing company. Ideally, it addresses operational planning in units and financial planning in dollars, and has a simulation capability to answer what-if questions. It is made up of a variety of processes, each linked together: business planning, production planning (sales and operations planning), master production scheduling, material requirements planning, capacity requirements planning, and the execution support systems for capacity and material. Output from these systems is integrated with financial reports such as the business plan, purchase commitment report, shipping budget, and inventory projections in dollars. [It] is a direct outgrowth and extension of closed-loop MRP.

Coordinating the lot sizing and order release decision for related items and treating them as a family of items. The objective is to achieve lower costs because of ordering, setup, shipping, and quantity discount economies. This term applies equally to joint ordering (family contracts) and to composite part (group technology) fabrication scheduling. Syn.: joint replenishment system.

A format that includes time periods (dates), the forecast, customer orders, projected available balance, available-to-promise, and the master production schedule. It takes into account the forecast; the production plan; and other important considerations such as backlog, availability of material, availability of capacity, and management policies and goals. See: master production schedule.

A line on the master schedule grid that reflects the anticipated build schedule for those items assigned to the master scheduler. The master scheduler maintains this schedule, and in turn, it becomes a set of planning numbers that drives material requirements planning. It represents what the company plans to produce, expressed in specific configurations, quantities, and dates. [This] is not a sales item forecast that represents a statement of demand. It must take into account the forecast, the production plan, and other important considerations such as backlog, availability of material, availability of capacity, and management policies and goals. See: master schedule.

A set of techniques that uses bill of material data, inventory data, and the master production schedule to calculate requirements for materials. It makes recommendations to release replenishment orders for material. Further, because it is time-phased, it makes recommendations to reschedule open orders when due dates and need dates are not in phase. [When] time-phased, [this concept] begins with the items listed on the MPS and determines (1) the quantity of all components and materials required to fabricate those items and (2) the date that the components and material are required. [Also when] time-phased, [this] is accomplished by exploding the bill of material, adjusting for inventory quantities on hand or on order, and offsetting the net requirements by the appropriate lead times.

A part number selected to be planned by the master scheduler. [It] is deemed critical in its impact on lower-level components or resources such as skilled labor, key machines, or dollars. Therefore, the master scheduler, not the computer, maintains the plan for these items. [This] may be an end item, a component, a pseudo number, or a planning bill of material.

Module 4
Section A: Planning Operations

Term
Multilevel bill of material

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Module 4
Section A: Planning Operations

Term
Open order

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Section A: Planning Operations

Term
Order promising

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Term
Parent item

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Term
Pegging

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Term
Planned order

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Term
Planned order receipt

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Term
Planned order release

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1) A released manufacturing order or purchase order. Syn.: released order. See: scheduled receipt. 2) An unfilled customer order.

A display of all the components directly or indirectly used in a parent, together with the quantity required of each component. If a component is a subassembly, blend, intermediate, etc., all its components and all their components also will be exhibited, down to purchased parts and raw materials.

The item produced from one or more components. Syn.: parent.

The process of making a delivery commitment (i.e., answering the question, “When can you ship?”). For make-to-order products, this usually involves a check of uncommitted material and availability of capacity, often as represented by the master schedule available-to-promise. Syn.: customer order promising, order dating. See: available-to-promise, order service.

A suggested order quantity, release date, and due date created by the planning system’s logic when it encounters net requirements in processing MRP. In some cases, it can also be created by a master scheduling module. [These] are created by the computer, exist only within the computer, and may be changed or deleted by the computer during subsequent processing if conditions change. [While at one level, these] will be exploded into gross requirements for components at the next level. [Along with released orders, these] serve as input to capacity requirements planning to show the total capacity requirements by work center in future time periods. See: planning time fence.

In MRP and MPS, the ability to identify for a given item the sources of its gross requirements and/or allocations. [This] can be thought of as active where-used information. See: requirements traceability.

A row on an MRP table that is derived from planned order receipts by taking the planned receipt quantity and offsetting to the left by the appropriate lead time. See: order release.

The quantity planned to be received at a future date as a result of a planned order release. [These] differ from scheduled receipts in that they have not been released. Syn.: planned receipt.

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Section A: Planning Operations

Term
Projected available balance (PAB)

Module 4
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Term
Pull system

Module 4
Section A: Planning Operations

Term
Push system

Module 4
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Term
Scheduled receipt

Module 4
Section A: Planning Operations

Term
Time fence

1) In production, the production of items only as demanded for use or to replace those taken for use. See: pull signal. 2) In material control, the withdrawal of inventory as demanded by the using operations. Material is not issued until a signal comes from the user. 3) In distribution, a system for replenishing field warehouse inventories where replenishment decisions are made at the field warehouse itself, not at the central warehouse or plant.

An inventory balance projected into the future. It is the running sum of on-hand inventory minus requirements plus scheduled receipts and planned orders. Syn.: projected available inventory.

An open order that has an assigned due date. See: open order.

1) In production, the production of items at times required by a given schedule planned in advance. 2) In material control, the issuing of material according to a given schedule or issuing material to a job order at its start time. 3) In distribution, a system for replenishing field warehouse inventories where replenishment decision making is centralized, usually at the manufacturing site or central supply facility. See: pull system.

A policy or guideline established to note where various restrictions or changes in operating procedures take place. For example, changes to the master production schedule can be accomplished easily beyond the cumulative lead time, while changes inside the cumulative lead time become increasingly more difficult to a point where changes should be resisted. [It] can be used to define these points. See: demand time fence, hedge, planning time fence.