

**POSITION
PROTECT
PULL
ADAPT**

In collaboration with
ASCM ASSOCIATION FOR
SUPPLY CHAIN
MANAGEMENT

Demand
Driven ™
INSTITUTE



THE GLOBAL AUTHORITY ON DEMAND DRIVEN EDUCATION,
TRAINING, CERTIFICATION & COMPLIANCE

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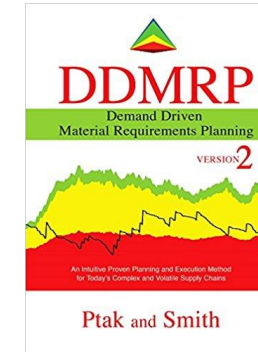
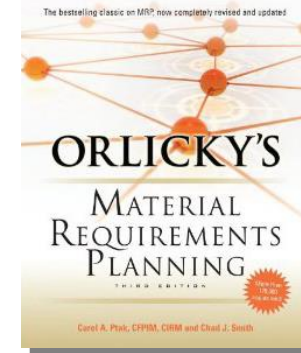
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INTRODUCTION TO DDMRP(DEMAND DRIVEN MRP) AND DDOM (DEMAND DRIVEN OPERATING MODEL)

- Roberta McPhail - DDI and APICS Master Instructor
- Juan Abbud – Senior Business Analyst – Stemcell
- Joffrey Hedont – Manager of FG and Dist – Stemcell

What is Demand Driven MRP?

A multi-echelon materials and inventory planning and execution solution.



Demand Driven MRP
(DDMRP)

Material Requirements
Planning
(MRP)

Distribution
Requirements Planning
(DRP)

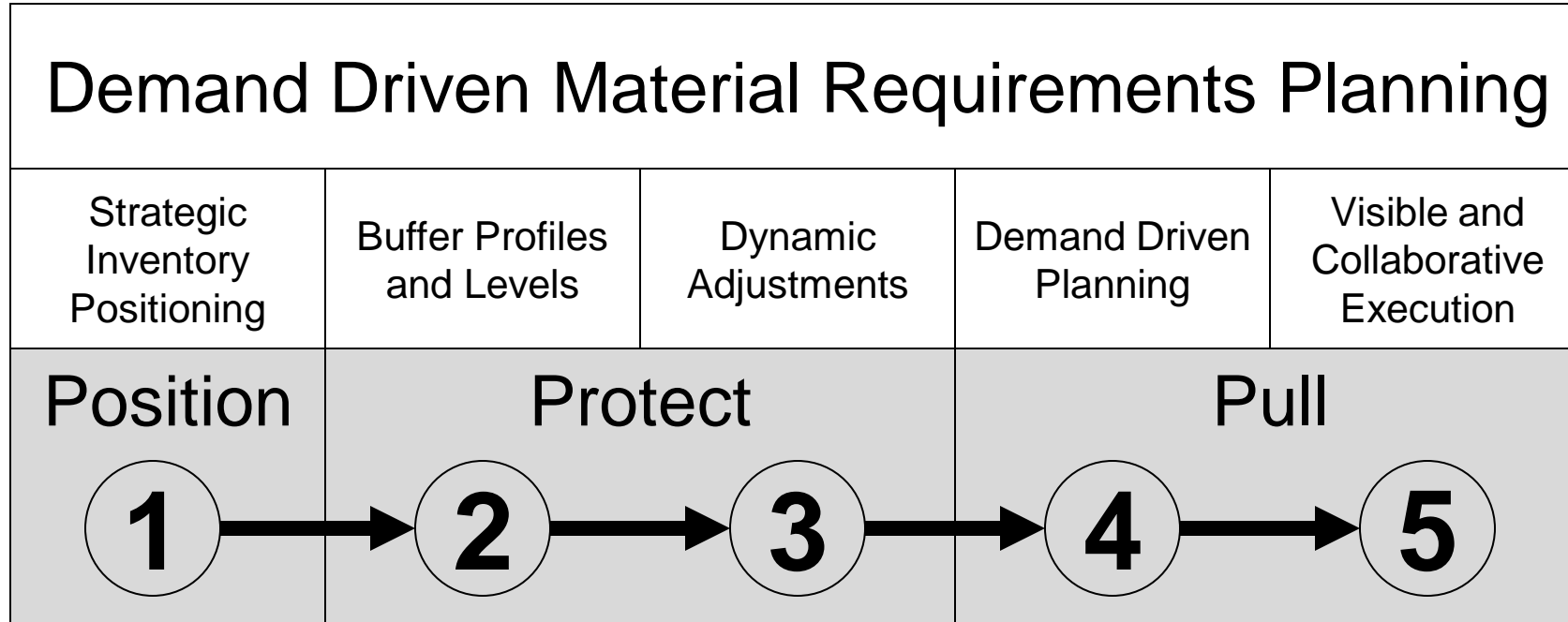
Lean

Theory of
Constraints

Six Sigma

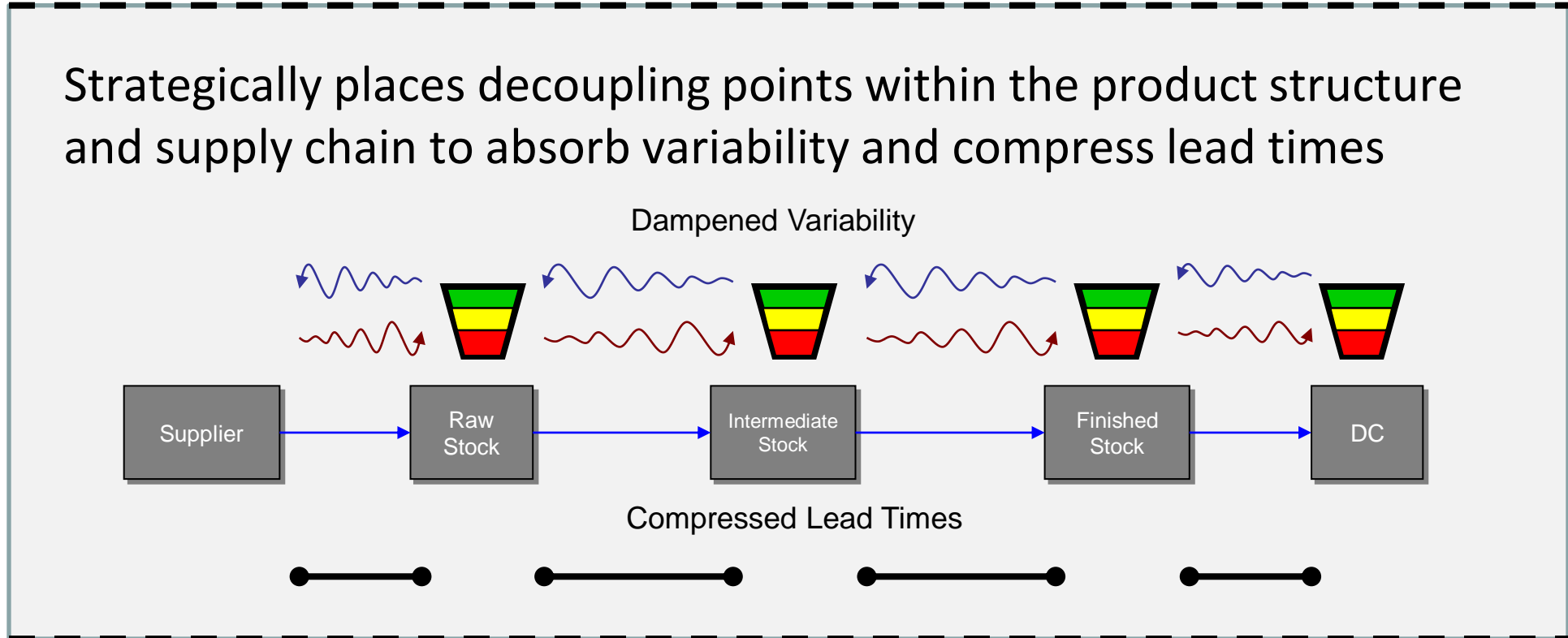
Innovation

Five Components of DDMRP



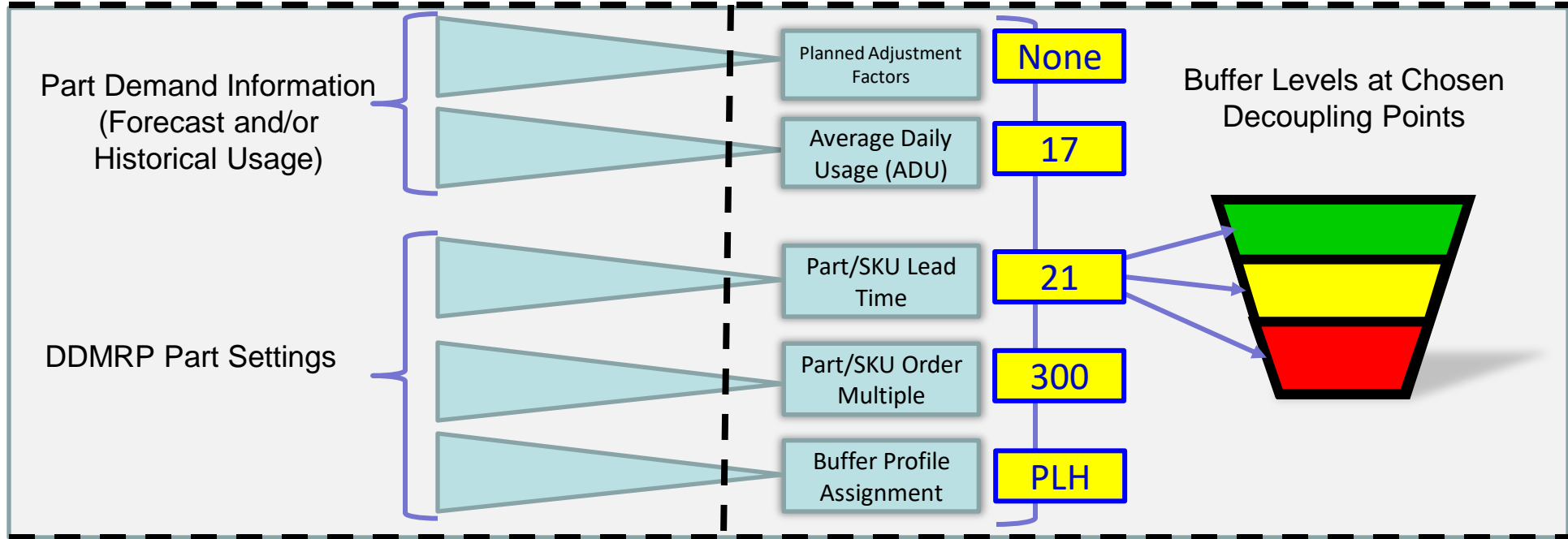
Strategic Inventory Positioning

1

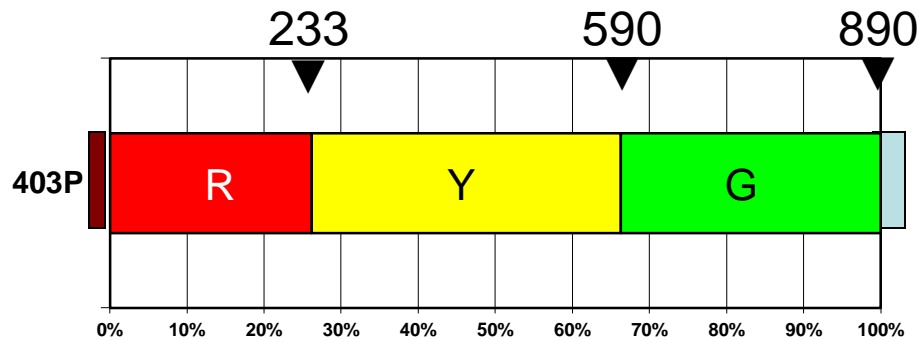


Where BEFORE How Much and When!

Buffer Level Setting



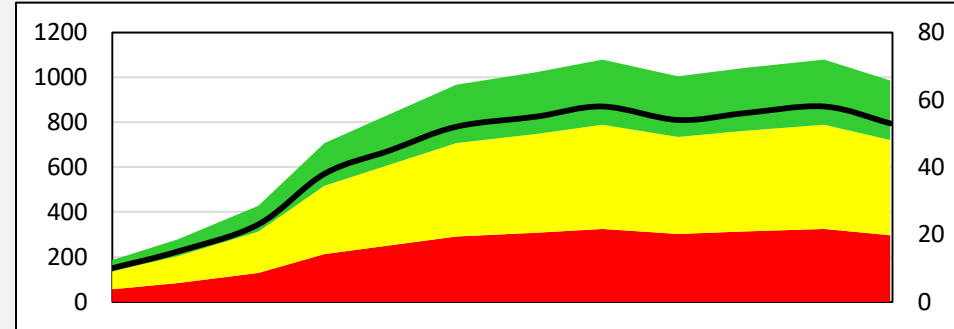
Part: 403P Lead Time: 21 days	Buffer Profile: PLH
Green Zone	300
Yellow Zone	357
Red Zone Base	179
Red Zone Safety	54



Buffer Level Adjustment

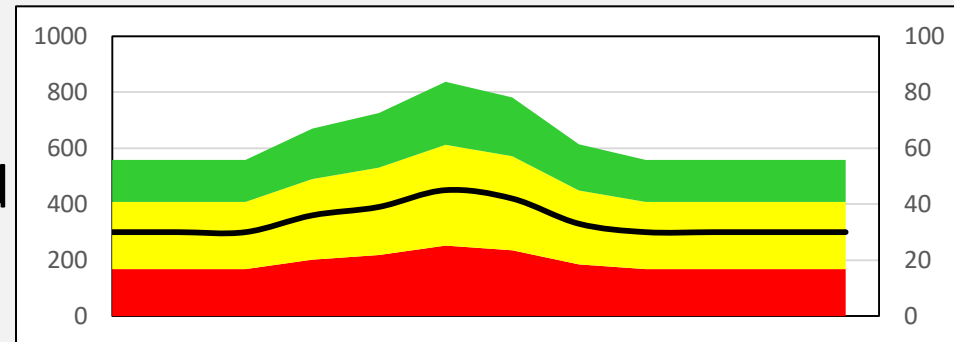
Recalculated Adjustments

Buffer levels flex as Average Daily Usage (ADU) is updated.



Demand Adjustment Factors

Buffers are intentionally flexed up or down in anticipation of planned events or seasons.



DDMRP Planning

Conventional MPS-MRP

From:



- Planned orders create supply orders in anticipation of need
- Forecast error associated with Planned orders results in inventory misalignments and expedite expenses

4

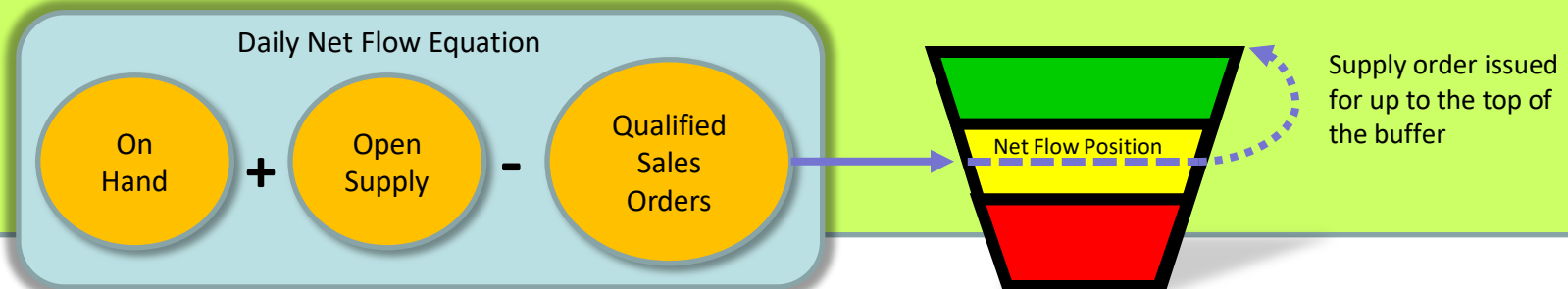
- Only qualified sales orders within a short range horizon qualify as demand allocations
- Sales orders give a near perfect demand signal in terms of what will be sold and when it will be sold.

To:

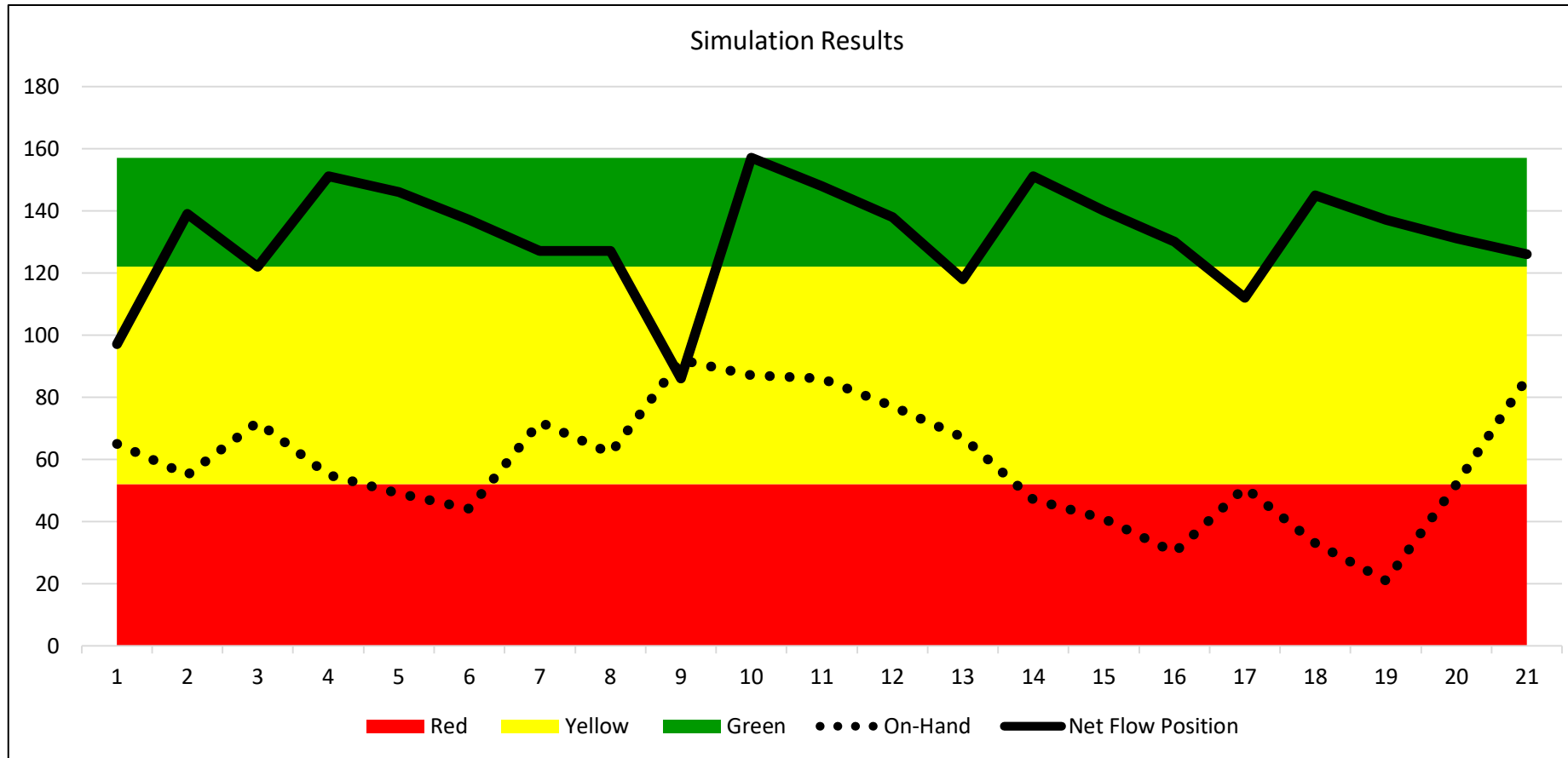


DDMRP Supply Order Generation

Buffer Status and Supply Order Generation through a DAILY application of the “Net Flow Equation”



Net Flow and On Hand Positions



Average On Hand position = 59.2

Average On Hand target = 70

Average Demand over period = 12.4 (buffer was built for 10)

DDMRP Execution

Highly Visible Open Supply Priority Management

Order #	On Hand Buffer Status
PO 819-87	27% (RED)
WO 832-41	42% (RED)
WO 211-72	88% (YELLOW)

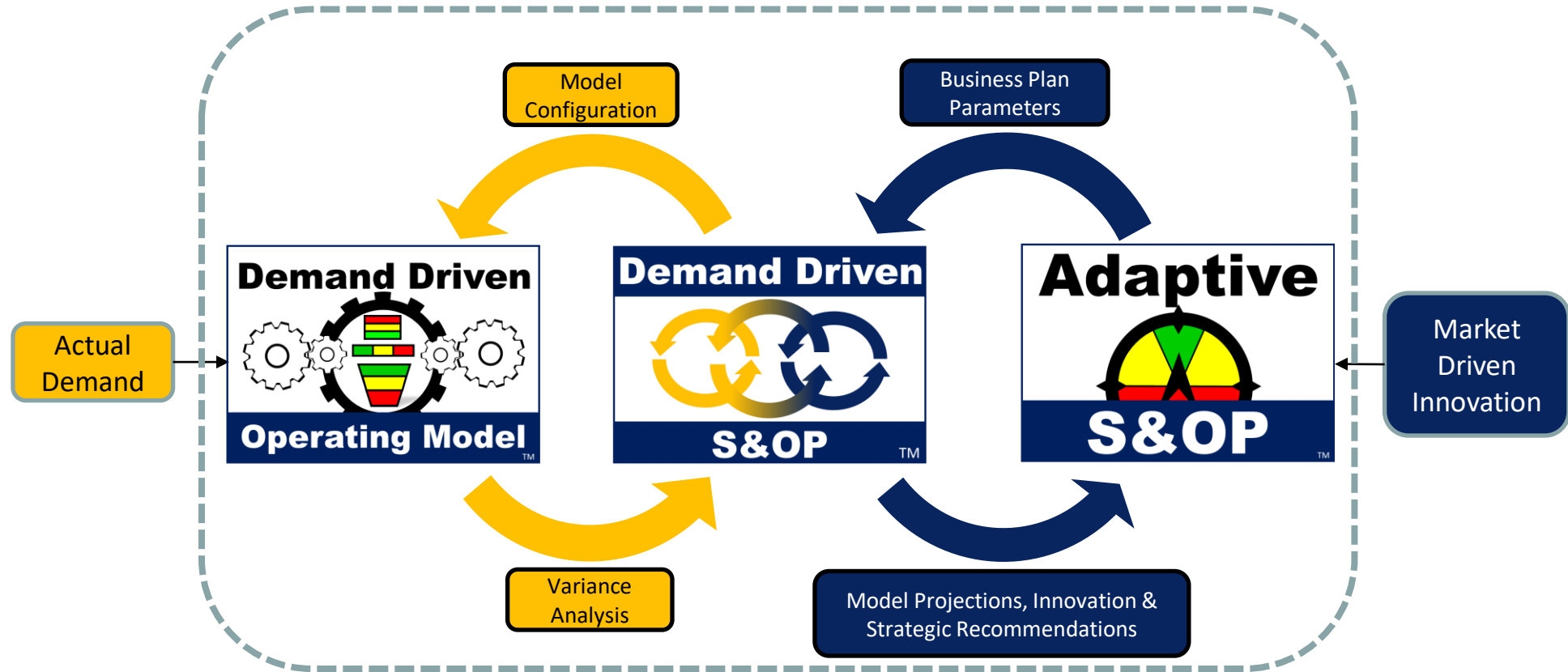
Order #		Order Type	Due Date	Customer
MO 12379		MTO	May - 12	Super Tech
MO 12401	12% RED	MTS	May - 14	Internal
MO 12465	27% RED	MTS	May - 12	Internal
MO 12367	53% YELLOW	MTS	May - 12	Internal
MO 12411	61% YELLOW	MTS	May - 16	Internal

Priority by Buffer Status...

Order #	Order Type	Due Date	Customer
MO 12367	MTS	May - 12	Internal
MO 12379	MTO	May - 12	Super Tech
MO 12465	MTS	May - 12	Internal
MO 12401	MTS	May - 14	Internal
MO 12411	MTS	May - 16	Internal

...NOT Priority by Due Date!

Demand Driven Adaptive Enterprise Model



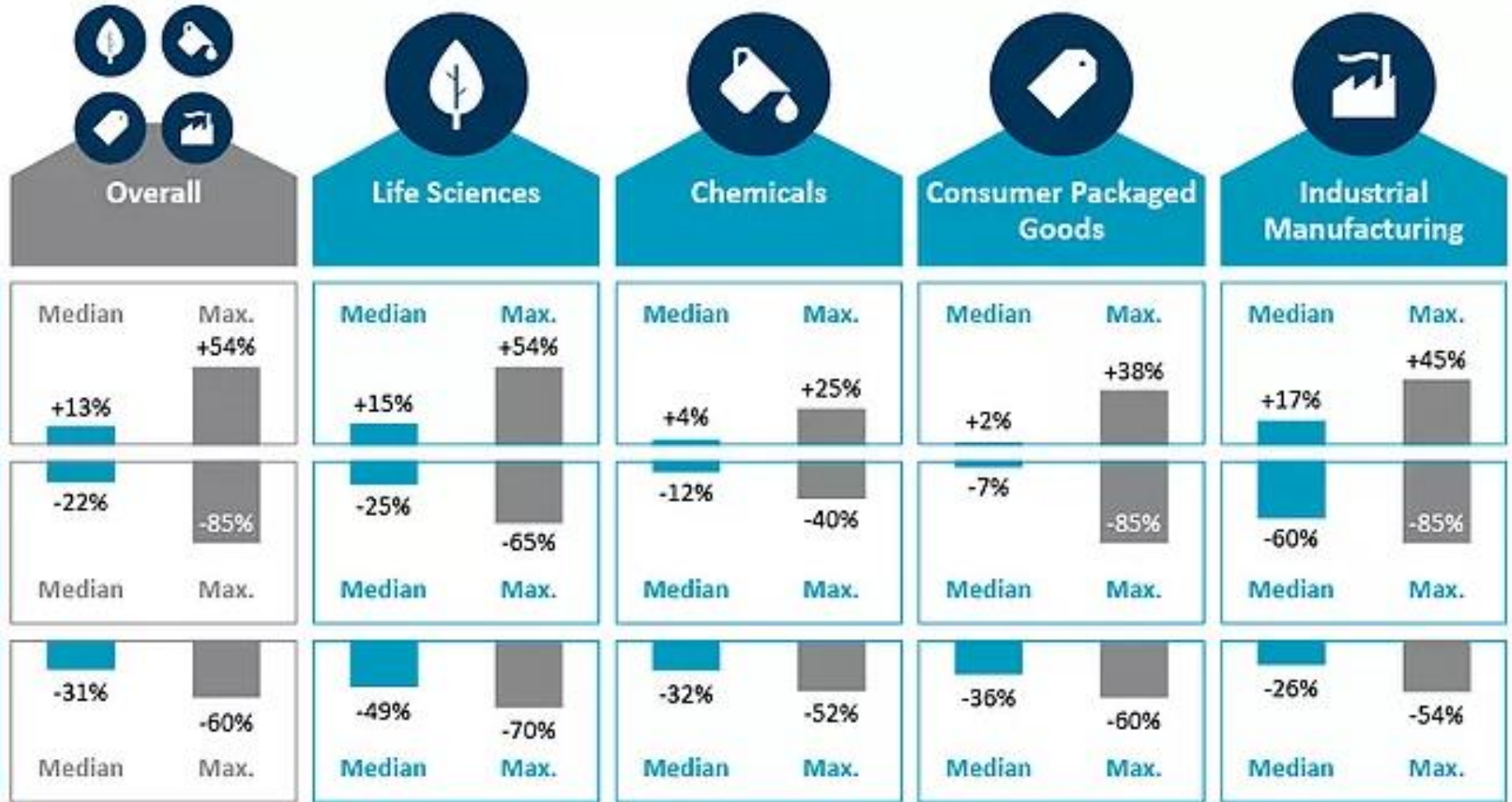
Major DDMRP Adopters



Case studies: <http://www.demanddriveninstitute.com/case-studies>

DDMRP's Proven Benefits

Benefit	Typical improvements
Improved Customer Service	Users consistently achieve 97-100% on time fill rate performance
Lead Time Compression	Lead time reductions in excess of 80% have been achieved in several industry segments
Right-sizes Inventory	Typical inventory reductions of 30-45% are achieved while improving customer service
Lowest total supply chain cost	Costs related to expedite activity and false signals are largely eliminated (fast freight, partial ships, cross-ships, schedule break-ins)
Easy and Intuitive	Planners see priorities instead of constantly fighting the conflicting messages of MRP



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Source: CAMELOT project experience, Demand Driven Institute, FAPICS

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transforming push and promote into position and pull