

Using MD07 in SAP: Evaluating Stock On Hand/On Order

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A person could make a career of learning and refining the use of MRP, especially as it applies to SAP...and that's just what Adam Tysman has done. In this issue Adam simplifies the process by showing you how to use the MD07 transaction to more accurately evaluate the stock on-hand and on-order, to identify weaknesses and strengths in your MRP configuration. Although there are only a couple steps involved, there are a myriad of configuration options and decisions to be made in each. Adam takes you through each of these options and explains their use...and the resulting affect on your Stock On-hand.

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As you see in Figure 4, there are a number of criteria that can be used. These are accessed by pressing the “Define Traffic Light” button in the center of the evaluation screen.

Define traffic light depending on ranges of coverage			
Days' supply	<= 2.0	<= 2.9	<= 4.0
1st rcpt days'supply	<= -	<=	<=
2nd rcpt days'supply	<=	<=	<=

Define traffic light depending on exception groups			
1 New; opening date in the past	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
2 New; start date in the past	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
3 New; finish date in the past	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
4 General messages	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
5 Exception during BOM explosion	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
6 Exception during availability	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
7 Exception during rescheduling	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
8 Terminations	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Figure 4: Define Traffic light

In order to understand what settings are best for an individual requirement, we will consider each element of the screen in Figure 4.

Part 1 – Figure 4: Setting the traffic lights based on Ranges of Coverage:

Days Supply:

The “Days’ supply” refers to the column titled “Supply” on the MD07 evaluation screen. Considering the stock levels and demand situation for each material, the value in this field represents an important calculation in evaluation of a stocking situation. The first part (to the left of the period symbol) represents the number of days that a material will cover if only current plant stock is taken into account. The second part (to the right of the period) represents the ratio between the stock level on the day of the shortage, and the requirement that the system determines it cannot meet.

This might seem a great deal of information to show, using two integers and a decimal point. The example in Figure 5 will explain this representation. The two “sides” of the calculation have been colored differently to highlight the parallel nature of the representation of the two facts this “number” represents.



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DAYS SUPPLY CALCULATION:

Each requirement decrements the current plant stock.

When the Safety Stock level is reached, the system designates a shortage (requirement > stock).

The range of coverage is then the number of workdays between today's date and the date of the requirement that causes the shortage minus one day.

The value after the decimal point is the ratio between the stock level on the day of the shortage and the requirement that the system determines it cannot meet.

For example:

Stock = 240 pcs

1st day: Requirement for 90 pcs => Stock = 150 pcs

2nd day: Requirement for 70 pcs => Stock = **80** pcs

3rd day: Requirement for **100** pcs => Shortage

Range of coverage = **3 workdays minus 1** + **80/100**

= **2** + **0,8**

= **2,8**

Figure 5: Days on Hand Calculation Example

Note: The system uses the number of days until the warehouse stock falls below the safety stock. It is possible to configure the system to consider the number of days until the stock falls below 0 (an actual physical stock out situation) instead. See "1st and 2nd rcpt days supply settings" later in this paper for how this can be achieved.

1st and 2nd rcpt days supply

The next possible setting for the traffic light refers to the columns "1st rcpt days supply" and "2nd rcpt days supply", found adjacent to the Days Supply column. Don't be confused by the poor name assigned to these columns. They are simply additional columns for calculating how many days there are until supplies of this material run out.

They involve similar calculations to that in the example in Figure 5, but, this time, if configured to do so, only certain MRP elements are included in the calculation. If you only wish to consider the stock already on hand in determining days supply, there is no requirement to configure these 2 columns. In this case, all three columns will display the same values. In practice, it is usual (at a minimum) to configure one of these two columns to consider at least deliveries expected against Purchase or Production orders.