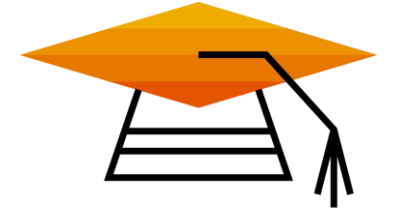


Material Requirements Planning: Forecast Consumption

SAP Business One Version 9.3



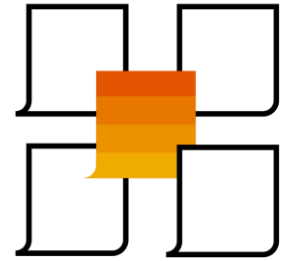
Objectives



At the end of this topic, you will be able to:

- Configure a consumption method for an MRP forecast
- Explain how MRP results are affected when forecasts are consumed

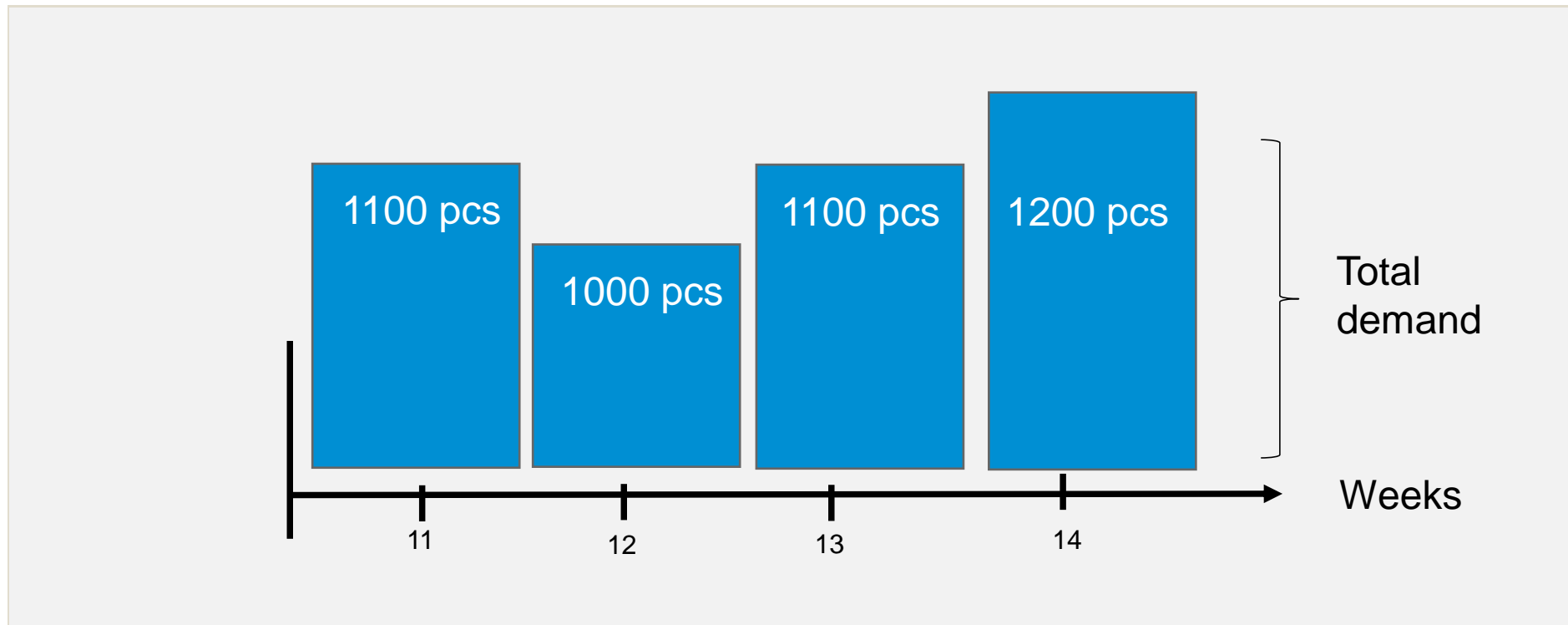
Business Scenario



- OEC Computers uses MRP to plan their sales inventory
- Previously when we they ran MRP, they had problems with backorders for some items and overstocks on others
- Consuming forecasts will enable them to more accurately manage their inventory and save money by purchasing wisely

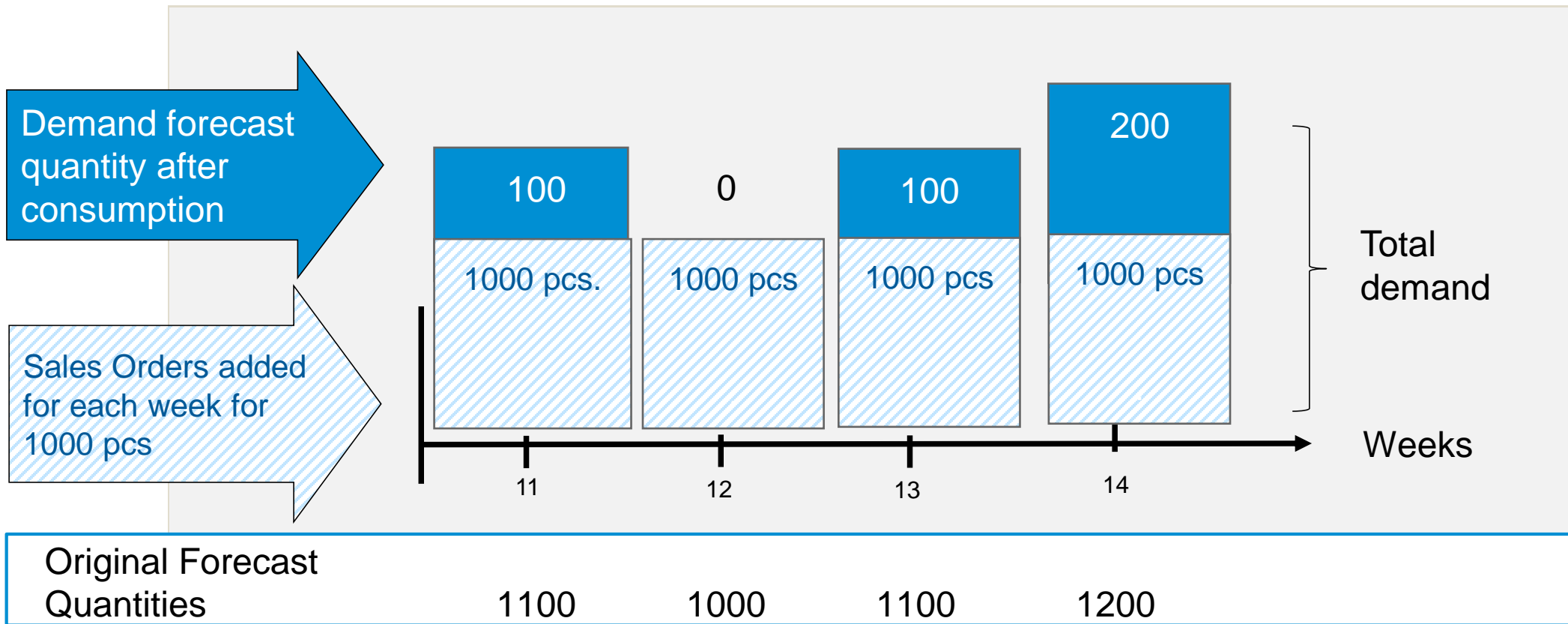
Forecast Concept

Item: **Hard Disk** Start Date: **01.03** End Date: **31.03** View: **weekly**



Forecast Consumption Concept

Item: **Hard Disk** Start Date: **01.03** End Date: **31.03** View: **weekly**



Consume Forecast Settings

You can activate forecast consumption at the company level

General Settings

BP | Services | Display | Font & Bkgd | Path | Inventory

Items | Planning | Reporting

Consume Forecast
 Consumption Method Backward-Forward ➔ Backward-Forward
Forward-Backward
 Days Backward 7
 Days Forward 7

Sales Order

Contents | Logistics | Accounting | Attachments

Item/Service Type Item

#	Item No.	Item Description	Quantity	Whse	Unit Price	Total (LC)	Consume Forecast
1	➔ C00007	Hard Disk Seagate 400 GB	90	➔ 01	GBP 120.00	GBP 10,800.00	Yes ⌵
2	➔ C00009	Keyboard Comfort USB	120	➔ 01	GBP 15.00	GBP 1,800.00	Yes ⌵
3							Yes ⌵

General Settings → Inventory → Planning

- Company level settings default for new sales orders and blanket agreements
- Consume Forecast option can be turned on/off at row level



Two Consumption Methods

Backward – Forward

- System searches backward first
- If no forecast found, system searches forward

Forward – Backward

- System searches forward first
- If no forecast found, system searches backward

In both cases, you set the time limit for how far each search will go in each direction.

Example Scenarios

We will look at 3 scenarios:

1. Without consuming forecasts
2. Using Backward-Forward Consumption Method
 - Limit on days searched backward: 6
 - Limit on days searched forward: 6
3. Using Forward-Backward Consumption Method
 - Limit on days searched forward: 6
 - Limit on days searched backward : 6

Scenario for all examples

	Week 15							Week 16						
	M 8	T 9	W 10	Th 11	F 12	S 13	Su 14	M 15	T 16	W 17	Th 18	F 19	S 20	Su 21
Sales Order Quantities	200				900			300						
Weekly Forecast	1000							1000						
Total Demand														

Example 1: Without consuming forecasts

	Week 15							Week 16						
	M 8	T 9	W 10	Th 11	F 12	S 13	Su 14	M 15	T 16	W 17	Th 18	F 19	S 20	Su 21
Sales Order Quantities	200				900			300						
Weekly Forecast	1000							1000						
Total Demand	2100	= 1000 + 200 + 900						1300	= 1000 + 300					

Example 2: Backward-Forward Consumption Method (1 of 4)

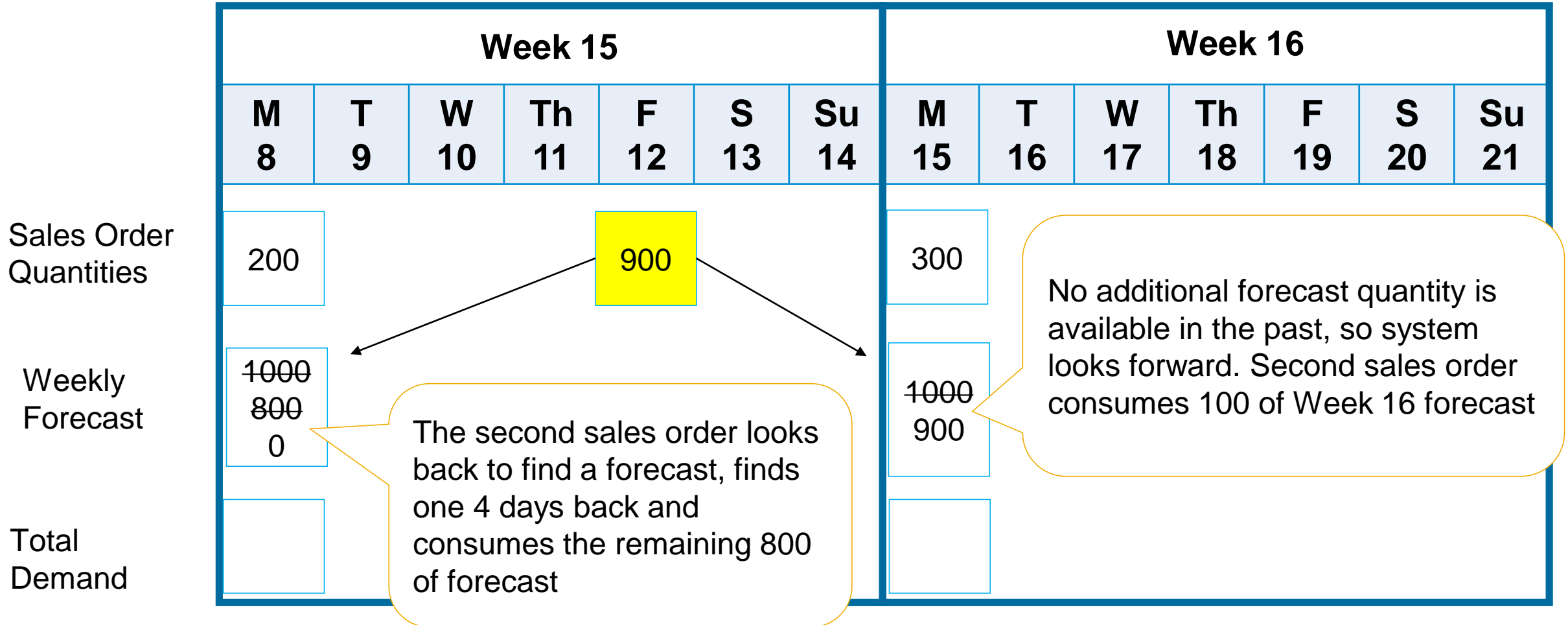
6 days backward, 6 days forward

	Week 15							Week 16						
	M	T	W	Th	F	S	Su	M	T	W	Th	F	S	Su
	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Sales Order Quantities	200				900			300						
Weekly Forecast	1000 800							1000						
Total Demand														

First sales order consumes 200 of 1000 in forecast

Example 2: Backward-Forward Consumption Method (2 of 4)

6 days backward, 6 days forward



Example 2: Backward-Forward Consumption Method (3 of 4)

6 days backward, 6 days forward

	Week 15							Week 16						
	M	T	W	Th	F	S	Su	M	T	W	Th	F	S	Su
	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Sales Order Quantities	200				900			300						
Weekly Forecast	1000							1000						
	800							900						
	0							600						
Total Demand														

The third sales order consumes 300 from Week 16.

Example 2: Backward-Forward Consumption Method (4 of 4)

6 days backward, 6 days forward

	Week 15							Week 16						
	M	T	W	Th	F	S	Su	M	T	W	Th	F	S	Su
	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Sales Order Quantities	200				900			300						
Weekly Forecast	1000 800 0							1000 900 600						
Total Demand	1100	= 200 + 900						900	= 300 + 600					

Example 3: Forward-Backward Consumption Method (1 of 4)

6 days forward, 6 days backward

	Week 15							Week 16						
	M	T	W	Th	F	S	Su	M	T	W	Th	F	S	Su
	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Sales Order Quantities	200				900			300						
Weekly Forecast	1000 800							1000						
Total Demand														

First sales order consumes 200 of Week 15 forecast

Example 3: Forward-Backward Consumption Method (2 of 4)

6 days forward, 6 days backward

	Week 15							Week 16						
	M	T	W	Th	F	S	Su	M	T	W	Th	F	S	Su
	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Sales Order Quantities	200				900			300						
Weekly Forecast	1000							4000						
								100						
Total Demand														

The second sales order looks forward and finds the Week 16 forecast 3 days ahead.

Example 3: Forward-Backward Consumption Method (3 of 4)

6 days forward, 6 days backward

	Week 15							Week 16						
	M	T	W	Th	F	S	Su	M	T	W	Th	F	S	Su
	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Sales Order Quantities	200				900			300						
Weekly Forecast	1000 800							1000 100						
Total Demand														

The third sales order consumes the remaining quantity of the Week 16 forecast.

Example 3: Forward-Backward Consumption Method (4 of 4)

6 days forward, 6 days backward

	Week 15							Week 16						
	M 8	T 9	W 10	Th 11	F 12	S 13	Su 14	M 15	T 16	W 17	Th 18	F 19	S 20	Su 21
Sales Order Quantities	200				900			300						
Weekly Forecast	1000 800							1000 100						
Total Demand	1900	= 200 + 900 + 800						300	All of forecast is consumed so demand is based on sales order qty					

Considerations for which method to choose

Backward – Forward

More suitable for companies that prefer to have less inventory on hand

Forward – Backward

More suitable for companies who prefer to have a lower risk of fulfilling demand on time

Blanket Agreements and Forecast Consumption

- Sales blanket agreements can consume forecasts similar to sales orders
- Company level settings control consumption in blanket agreements
- You can turn on/off consumption at the row level
- MRP considers blanket agreements that:
 - Have the status *Approved*
 - Contain a warehouse on the row

Draft Sales Blanket Agreement

BP Code: C20000 | BP Name: Maxi-Teq | Contact Person: Norm Thompson | Customer Ref. No.: | BP Currency: GBP | Telephone No.: 020 5894 9487 | E-Mail: norm.thompson@maxi-teq

No.: Primary | Agreement Method: Items Method | Start Date: 01.01.19 | End Date: 31.12.19 | BP Project: | Termination Date: | Signing Date: 01.01.19

Description: Tablet purchases

Set as Default

#	Item No.	Item Description	Planned Quantity	Open Quantity	Item Row Status
1	Z00001	Tablet PC 64GB Black	2,100	2,100	Open
					Open
				2,100	

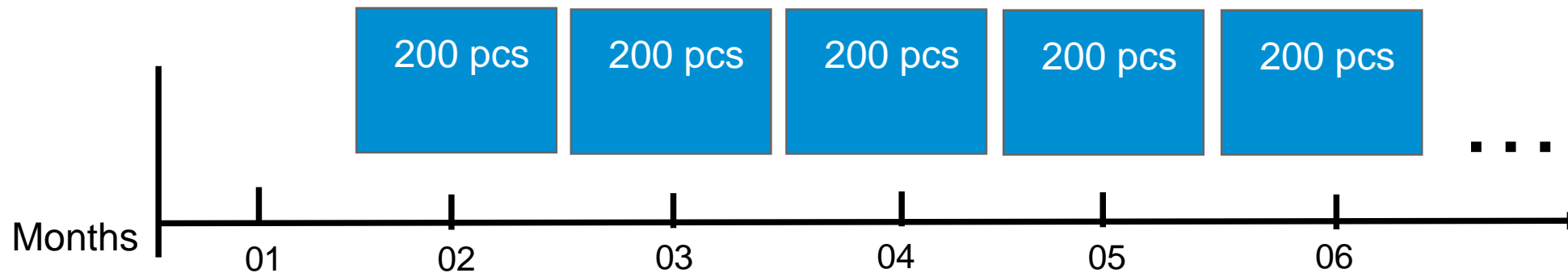
Row Details - Blanket Agreement

#	Frequency	From	To	Item No.	Quantity	Warehouse	Consume Forecast
1	Monthly	01.02.19	31.12.19	Z00001	2,100	01	<input checked="" type="checkbox"/>
2	Monthly			Z00001			<input checked="" type="checkbox"/>
					2,100		

OK Cancel

Blanket Agreement Consumption Example

- OEC Computers has a blanket agreement with Maxi-Teq for 2100 units.
- Each month Maxi-Teq will order a fixed quantity of 200 units based on blanket agreement.
- The blanket agreement row *From Date* is February 1
- In order to calculate consumption, the system calculates the expected delivery date of future sales orders and thus sets the consumption date.



Summary



Here are some key points to take away from this course:

- SAP Business One allows forecasted demand to be consumed by sales order and blanket agreement rows.
- You can activate forecast consumption at the company level or control it at the row level.
- There are two choices of consumption methods: Backward-Forward and Forward-Backward.
 - The *Backward-Forward* method is more suitable if you wish to reduce inventory on hand.
 - The *Forward-Backward* method is more suitable if you wish to lower the risk of fulfilling demand on time.
- The settings for consumption are set in the *Planning* window of the *Inventory* tab in *General Settings*.

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