

TFG4000

Using Order Point Notification



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Order Point

Order Point is the inventory on hand amount at which a replenishment order should be issued. The order point amount is arrived at, by adding the expected demand through the lead time to the safety stock.

Safety stock is the inventory quantity, for an item, that is to be held in reserve. Use of safety stock reduces the risk of running out of stock prior to replenishment. However, an excessive amount of safety stock adds to the overall cost of a product by having more stock in inventory than necessary. If there were no variables and the stock usage was constant, it would not be necessary to maintain a safety stock. The safety stock level should be as low as possible to help reduce the cost of a product.

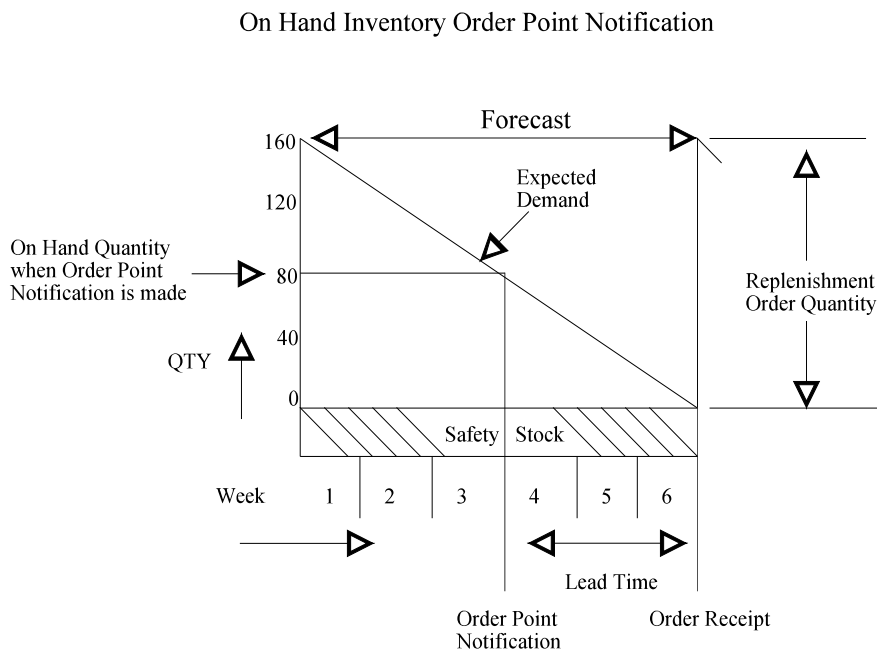
Fixed Order Quantity is used to set the order level for ordering replenishment parts. The quantity you order should be large enough to keep from making repetitive orders (drives up cost), and depending on the safety stock for order delays. However, if the order level is too large, your costs are also driven up based on the amount of stock you have in inventory.

Forecasting is used in attempting to determine demand during some future lead time. A common forecasting approach is Intrinsic Forecasting which assumes that the best way to tell how an item will behave in the future is to look at its past behavior.

The steps in making an Intrinsic Forecast are:

1. Obtain a sufficient quantity of high-quality, historical demand data.
2. Determine a forecast model (pattern of demand) that best fits the past demand data. A commonly used statistical technique for determining the model is regression analysis.
3. Project the model into the future.
4. Revise the forecast as new demand data becomes available.

The following figure shows an example of order point notification when the on hand quantity reaches 80. This example projects that a quantity of 80 will be used during the three week lead time. A fixed order with a quantity greater than 80 should be made to keep from ordering every three weeks.



TFG4000 Order Point Notification

TFG4000 Order Point Notification allows you to set reorder criteria, and notification controls for selected items. Order Point Notification consists of two screens that are used to maintain order point data (**Item Schedule Data, Requirements**). The use of these screens is described on the following pages.

TFG4000 uses the **Order Policy—Order Point** option on the **Item Schedule Data** screen to indicate that inventory tracking for the identified item is requested and when the available inventory falls below a predetermined value, a requirement record is created and the individual responsible for ordering is notified by either Instant Messaging or by Email.

Notification is also made when any inventory transaction (such as receive or adjust) causes the on-hand quantity to go above the order point. Associated requirements are deleted if present in the requirements table.

To use the instant notification function, AOL Instant Messenger™ must be installed. If you do not have IM installed, go online to **www.aim.com** and follow the directions on the screen to download.

Order Point Notification Levels

TFG4000 has three levels of order point notification. Each item can be set to a notification level.

Item specific notification — Enter an Instant Message address, an Email address, or both on the **Item Schedule Data** screen. A message is sent to the specified address or addresses for each defined item.

General (default) notification — Enter an Instant Message address, an Email address, or both on the **System Variables** screen, and leave the **Order Point IM Address** and **Order Point Email** fields blank on the **Item Schedule Data** screen. A message is sent to the default addresses for any item with Order Point selected, and without an address defined on the **Item Schedule Data** screen.

No notification — Leave the Instant Message and Email address entries blank on both the **System Variables** and **Item Schedule Data** screens. No messages are sent, regardless of the setting of the Order Point option on the **Item Schedule Data** screen.

Order Point Notification Screens

Order Point Notification consists of three screens that are used to maintain order point data. Each screen is used for specific purposes to aid in the maintenance of order point data.

Item Schedule Data Screen

Use this screen to enter items for which you want order point notification.

The following fields in the **Item Planning Parameters** group are used for order point notification:

Order Policy — The order policy used for this item. The **Order Point** option must be selected for reorder notification.

Order Point Quantity — Inventory on-hand quantity that initiates a new requirement request.

Fixed Order Quantity — The fixed order quantity requested when the order point has been reached.

Order Point IM Address — The Instant Message address where notification is sent when the order point criteria is met. A message is also generated when the inventory goes above the order point quantity and a requirement is still outstanding.

Order Point Email — The Email address where notification is sent when the order point criteria is met. An Email is also generated when the inventory goes above the order point quantity and a requirement is still outstanding.

The remaining fields in the **Item Planning Parameters** and the **Schedule Controls** groups are not currently used.

Requirements Screen

Use this screen to view the requirements for a selected item/part. Requirements are generated by Manual transactions, and Order Point notification. The requirements are displayed with the oldest entry at the top of the list.

Pending requirements for an item are deleted if inventory is received, and the on-hand inventory goes above the quantity entered in the **Order Point Quantity** field on the **Item Schedule Data** screen.

The following information is displayed for each requirement:

Date — The date the requirement was posted.

Type — The type of requirement (independent, dependent).

Quantity — The quantity of the part requested.

Source — The source of the requirement (manual, order point).

Status — The status of the requirement (active, inactive).




Description — A description of the requirement.

Requirement Summary Screen

Use this screen to display items/parts with pending requirements. Items are displayed in Item order, up to the number entered in the Number of Items to Display field.



Setting Order Point Notification for an Item

Use the following procedure to set order point notification for an item:

1. Double-click **Material Scheduling**, and then click **Item Schedule Data**. The **Item Schedule Data** screen is displayed.
2. Click  (Clear/Erase). The **Item Schedule Data** screen is cleared.
3. Type the item identifier in the **Item/Part** field, select the type in the **Type** field, and then select the unit of measure in the **Unit of Measure** field. If you are unsure of the item, you can use  (Search) next to the **Item/Part** or **Description** fields to search using the item or description information.
4. Select **Order Point** in the **Order Policy** field.
5. Type the inventory on-hand quantity in the **Order Point Quantity** field. This value sets the criteria for order point notification.
6. Type the replenishment order quantity in the **Fixed Order Quantity** field.
7. Type the appropriate address of the person to be notified in the **Order Point IM Address** field or the **Order Point Email** field. If you do not enter an address in either field, the notification is sent to the default address entered on the **System Variables** screen.
8. When all entries are complete, click  (New).
9. Repeat Steps 2 through 8 for additional items.


Resetting Order Point Notification for an Item

Use the following procedure to reset order point notification for an item:

1. Double-click **Material Scheduling**, and then click **Item Schedule Data**. The **Item Schedule Data** screen is displayed.
2. Type the item identifier in the **Item/Part** field and then click  (Open). The data for the requested item is displayed.
3. Select **Requirement** in the **Order Policy** field, and then click  (Save). The Order Point notification for the item is reset.


Viewing Requirements for an Item

Use the following procedure to view the outstanding requirements for an item:

1. Double-click **Material Scheduling**, and then click **Item Requirements**. The **Requirements** screen is displayed.
2. Type the item identifier in the **Item/Part** field, and then click  (Open). The requirements are displayed, with the oldest entry at the top of the list.


Viewing Requirements for all Items

Use the following procedure to view the outstanding requirements for all items:

1. Double-click **Material Scheduling**, and then click **Item Requirements**. The **Requirements** screen is displayed.
2. Click **Summary**. The **Requirements Summary** screen is displayed.
3. Click  (Open). The requirements are displayed in Item/Part order. You can use the Selection Criteria fields to reduce the number of items displayed by selecting specific type, source, and status options. Items are displayed up to the value entered in the **Number of Items to Display** field.

Setting Order Point Notification System Variables

Use the following procedure to maintain order point notification system variables for TFG4000.

1. Double-click **System Administration**, and then click **System Variables**. The **System Variables** screen is displayed.
2. Change the information in the **Data** column as appropriate for the Order Point Email and Order Point IM variables.
3. When all of the changes have been made, click  (Save).