DEMAND DRIVEN ORDER POLICY

Strategic stocking that reduces lead time while keeping inventory lean.

Demand Driven stocking keeps key items on hand for immediate use in Sales Orders and Jobs. These strategic stocking points act as decoupling points that reduce time to shipment, improve throughput, and support better cash flow.

1. WHY IT WORKS

A. Strategic Stocking
Stock key items so they no longer drive lead time.

B. Lead Day Reduction
Decoupling points shorten manufacturing lead days and time to shipment.

C. Lean Inventory
Stocking is tied to actual demand, not large static quantities.

2. HOW DBA CALCULATES

1. Daily Usage = Monthly Potential Demand / 30

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2. Reorder Point = Daily Usage × Replenishment Time

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3. Min Order = Daily Usage × Supply Days

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New Jobs and POs are triggered when projected quantity falls below the reorder point within the planning window.

3. KEY DBA ADVANTAGES

A. Lead Day Inquiry
Helps identify the best components and subassemblies to stock.

B. Demand Driven
Orders are triggered by real sales and job demand.

C. Flexible
Changes in usage automatically adjust timing, reorder points, and minimum order quantities.

D. Long Lead Items
Ideal for purchased items using a staggered PO pipeline by Supply Days.

4. STOCKING BASICS

- Enter Monthly Potential Demand to cover expected usage and volatility.
- Each item gets a dynamic Replenishment Time planning period.
- Enter Supply Days for how long supply should last.
- If a shortage occurs, Work Center priorities and Late Supply help you recover.

Best practice: Use Demand Driven stocking to decouple key items, shorten lead times, and **keep inventory lean and responsive to actual demand.**