Demand Driven MRP Dictionary

Term	Definition
actively synchronized replenishment	The initial name given to DDMRP
ADU	Acronym of Average Daily Usage
ADU alert	An alert indicating a significant change in ADU within a defined set of parameters (quantity and time).
ADU alert horizon	A defined shorter rolling range within the broader rolling horizon used to calculate ADU.
ADU alert threshold	A defined level of change in ADU that triggers the alert within the ADU alert horizon.
ADU-based recalculation	A process of dynamically adjusting strategically replenished buffers incorporating a rolling horizon.
artificial batch	Any batch that is not a function of actual demand.
ASR	Acronym of Actively Synchronized Replenishment
average daily usage (ADU)	Average usage of a part, component, or good on a daily basis.
average inventory range	the red zone plus the green zone quantity from a planning perspective
average on-hand position	the red zone plus half the green zone quantity from a planning perspective
blended ADU	ADU calculated based on a combination of history and forecast
buffer penetration	The amount of remaining buffer, typically expressed as a percentage.
buffer profile	A globally managed group of parts with similar lead time, variability, control, and order management characteristics.
buffer status alerts	show the current and projected status of the decoupling point positions across the network of dependencies
buffer zone	A stratification layer within a stock buffer. Typically, buffer zones are color coded with red, yellow, and green assignments.
CDDL	Acronym for Certified Demand Driven Leader
CDDP	Acronym for Certified Demand Driven Planner
Certified Demand Driven Planner	A professional certificate from the Demand Driven Institute (DDI) and International Supply Chain Education Alliance (ISCEA) proclaiming that a person has successfully tested for proficiency in the DDMRP method.
Certified Demand Driven Leader	A professional certificate from the Demand Driven Institute (DDI) and International Supply Chain Education Alliance (ISCEA) proclaiming that a person has successfully tested for proficiency in the ascpets of the Demand Driven Operating Model.
control points	Strategic location in the logical product structure for a product or family that simplify the planning, scheduling and control functions (ref APICS dictionary)
current on-hand alert	An execution alert generated by current on-hand penetration into the red zone of the buffer.

customer tolerance time	The amount of time potential customers are willing to wait for the delivery of a good or a service
DDAS	Acronym of Demand Driven Adaptive System
DDMRP	Acronym of Demand Driven Material Requirements Planning
DDOM	Acronym of Demand Driven Operating Model
DDS&OP	Acronym of Demand Driven Sales and Operations Planning
decoupled explosion	The cessation of bill of material explosion at any buffered/stocked position.
decoupled lead time	A qualified cumulative lead time defined as the longest unprotected/unbuffered sequence in a bill of material.
demand adjustment factor	The Demand Adjustment Factor (DAF) is a manipulation to the ADU input at a specific time period.
demand driven adaptive system	A management and operational system designed for complex and volatile manufacturers and supply chains. A Demand Driven Adaptive System uses a constant system of feedback that connects the business strategy to the settings and performance of a Demand Driven Operating Model through a Demand Driven Sales and Operations Planning Process (DDS&OP). A Demand Driven Adaptive System focuses on the protection and promotion of the flow of relevant information and materials in both the strategic (annual, quarterly and monthly) and tactical (hourly, daily and weekly) relevant ranges of decision making in order to optimize return on equity performance as change occurs
demand driven material requirements planning (DDMRP)	A method to model, plan and manage supply chains to protect and promote the flow of relevant information and materials. DDMRP is the supply order generation and management engine of a demand driven operating model.
demand driven operating model	A supply order generation, operational scheduling and execution model utilizing actual demand in combination with strategic decoupling and control points and stock, time and capacity buffers in order to create a predictable and agile system that promotes and protects the flow of relevant information and materials within the tactical relevant operational range (hourly, daily and weekly). A Demand Driven Operating Model's key parameters are set through the Demand Driven Sales and Operations Planning process to meet the stated business and market objectives while minimizing working capital and expedite related expenses.

demand driven sales and operations planning.	a bi-directional integration point in a Demand Driven Adaptive System between the strategic (annual, quarterly and monthly) and tactical (hourly, daily and weekly) relevant ranges of decision making. DDS&OP sets key parameters of a Demand Driven Operating Model based on business strategy, market intelligence and key business objectives (strategic information and requirements). DDS&OP also projects the model performance based on the strategic information and requirements and various model settings. Additionally, DDS&OP uses variance analysis based on past model performance (reliability, stability and velocity) to adapt the key parameters of a Demand Driven Operating Model and/or recommend strategic alterations to the model and project their respective impact on the business.
DLT	Acronym of decoupled lead time
dynamic buffers	Buffer levels that are adjusted either automatically or manually based on changes to key part traits.
execution horizon	The life cycle of orders from the time the order is created and/or released to the time it is closed.
flow index	average order frequency compared across all parts
forward ADU	ADU calculated based on forecast
green zone	The top layer of a replenished and replenished override buffer. If available stock is in this zone, then no additional supply is created.
lead time adjustment factor	A multiplicative factor applied to part's lead time.
lead time alert	An alert/warning generated by an LTM part. An alert will be triggered whenever the part enters a different time zone from its buffer. Green is the first alert to be encountered, followed by yellow and then red.
lead time alert zone	The zone associated with the percentage of lead time that provides the definition for lead-time alerts. The LTM alert zone has three equal sections color coded green, yellow, and red.
lead-time-managed (LTM) part	A critical non-stocked part that will have special attention paid to it over its execution horizon. Typically, LTM parts are critical, long-leadtime components that do not have sufficient volume to justify stocking. A portion of the lead time of the part (typically 33 percent) will have a three-zoned warning applied to it. That portion is typically divided into three equal sections.
LTM part	Acronym of Lead-Time-Managed part
market potential lead time	The lead time that will allow an increase in price or the capture of additional business either through existing or new customer channels.
material synchronization alert	An alert generated by the earliest occurrence of a negative on-hand balance (current or projected) within at least one DLT.

matrix bill of material	a chart made up from the bills of material for a number of products in the same or similar families. It is arranged in a matrix with components in columns and parents in rows (or vice versa) so that requirements for common components can be summarized conveniently (ref APICS dictionary)
net flow equation	A planning calculation to determine the planning status of a buffered item. The equation is on-hand + on-order (also referred to as open supply) – unfulfilled qualified actual demand. Also known as the "available stock equation".
net flow position	The position yielded by the net flow equation against a part's buffer values. Also known as "available stock position".
nonbuffered part	All parts that are not stocked.
occurrence-based recalculation	A method to adjust buffers based on the number and severity of specific occurrences in predefined fixed interval.
on-hand alert level	The percentage of the red zone used by buffer status alerts in order to determine a yellow or red color designation.
order spike horizon	A defined future time frame used to qualify order spikes in combination with an order spike threshold. Typically, order spike horizon is set to one ASRLT.
order spike threshold	A defined amount used to qualify order spikes in combinations with an order spike horizon. Typically, the order spike threshold will be expressed as a percentage of the total red zone (or min value) of a part's buffer.
OTOG	Acronym of Over Top of Green
over top of green (OTOG)	A situation in which either available stock or on-hand stock is over the top of defined green zone, indicating an excessive inventory position.
PAF	acronym for Planned Adjustment Factor
past ADU	ADU calculated based on history
Planned Adjustment Factor	Buffer manipulations based on certain strategic, historical, and business intelligence factors.
planned adjustments	Manipulations to the buffer equation that affect inventory positions by raising or lowering buffer levels and their corresponding zones at certain points in time. Planned adjustments are often based on certain strategic, historical, and business intelligence factors.
Prioritized share	An allocation schema utilizing the net flow positions of a group of parts in order to accommodate a specific limitation or requirement.
projected on-hand alert	An alert generated by a projected on-hand positions over a part's DLT based on on-hand, open supply, and either actual demand or ADU.
qualified actual demand	The demand portion of the available stock equation comprised of qualified order spikes, past-due demand, and demand due today.
qualified order spike	A quantity of combined daily actual demand within the order spike horizon and over the order spike threshold.

ramp-down adjustment	Manipulations to the buffer equation that affect inventory positions, lowering buffer levels and their corresponding zones at certain points in time. Ramp-down adjustments typically are used in part deletion.
ramp-up adjustment	Manipulations to the buffer equation that affect inventory positions, raising buffer levels and their corresponding zones at certain points in time. Ramp-up adjustments typically are used for part introduction.
red zone	The lowest-level zone in a replenished and replenished override part buffer. The zone is color-coded red to connote a serious situation. The red zone is the summation of red zone safety and red zone base.
red zone base	The portion of the red zone sized by lead-time factors.
red zone safety	The portion of the red zone sized by variability factors.
relative priority	The priority between orders filtering by zone color (general reference) and buffer penetration (discrete reference).
replenished override part	A strategically determined and positioned part using a static (buffer zones are manually defined) three-zoned buffer for planning and execution. Planned adjustments, however, can be used with these buffers.
replenished part	A strategically determined and managed part using a dynamic three-zoned buffer for planning and execution. Buffer zones are calculated using buffer profiles and specific part attributes such as ADU and DLT.
sales order visibility horizon	The time frame in which a company typically becomes aware of sales orders or actual dependent demand.
seasonality adjustment	Manipulations to the buffer equation that affect inventory positions by adjusting buffers to follow seasonal patterns.
significant minimum order quantity	A minimum order quantity that sets the green zone of a buffer.
spike	The comparatively large upward or downward movement of a value level in a short period.
Stock out (SO)	an item that is not immediately available in stock (ref APICS dictionary)
Stock out with Demand (SOWD)	an item that is not immediately available in stock and has a requirement
Stock out with Demand Alert	a notification of a strategically stocked item indicating a lack of inventory on hand and a presence of a requirement
strategic inventory positioning	The process of determining where to put inventory that will best protect the system against various forms of variability to best meet market needs and leverage working capital.
supply offset	Adjusting the timing of the application of a demand adjustment factor to account for long lead time components.
synchronization alerts	Alerts designed to highlight problems with regard to dependencies.

thoughtware	The analysis and process employed to define the relevant factors and dependencies in an organization or system in order to construct appropriate business rules and operating strategies that maximize velocity, visibility, and equity. Within the DDRMP framework, thoughtware is commonly referred to with regard to applying the inventory positioning factors.
TOG	Acronym of Top Of Green
top of green (TOG)	The quantity of the top level of the green zone. TOG is calculated by the sum of red, yellow, and green zones.
top of red (TOR)	The quantity of the top level of the red zone.
top of yellow (TOY)	The quantity of the top level of the yellow zone. TOY is calculated by the sum of the red and yellow zones.
TOR	Acronym of Top Of Red
TOY	Acronym of Top Of Yellow
yellow zone	The middle layer of the buffer level coded with yellow to convey a sense of warning. The yellow zone is the rebuild zone for replenished and replenished override buffers.
zone adjustment factor	Adjusting part buffer zones by applying a multiplicative factor to the value of the zone.