

Nettable vs. Non-Nettable Supply in MRP

By Pat Martino

WEI Editor's Note: *How do you make a non-nettable item count in MRP, but not in Inventory Management or other applications? Pat Martino has the answer. This article provides the setup needed to take those un-seeable items and make them visible to those who need to be "in the know", while keeping the information hidden from the rest. So if your planning staff struggles with the effects of non-nettables, this is one tip that's sure to have them thanking you!*

One of the challenges faced by companies using MRP is how to handle supply that is slightly out of the norm in that it should be visible to some persons and applications, such as MRP, but invisible to other persons and applications, such as Inventory Management.

Examples of this type of supply include:

- Purchases that are placed to have additional one-time "shot" of supply available, for any number of reasons, such as for an upcoming product release
- First-article purchases; either on a new item or on existing item that has one or more sources already and an order is being placed for a new source (because you cannot be certain that the receipts will be usable)
- Quarantined Production
- Damaged or Defective Inventory

The reason that these purchases are a challenge for MRP is that these orders normally would receive some kind of exception message from MRP, telling planners to reduce the quantity, or to de-expedite, or, with other orders open, to cancel one or the other order, depending on which was scheduled to arrive first.

Likewise, inventory that might need to be held for quarantine after production certainly needs to be considered as MRP supply, whereas defective inventory is usually not.

Let's take a look at how best to handle these types of orders and inventory, with the goal being that, to some applications, they will be considered as nettable supply but to others they will not. We'll get started with the

purchase order piece and look at some of the different ways of handling these situations..

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For purposes of this article, we will define nettable inventory as: "Any inventory where the items can be counted as part of the available Stock for MRP calculations. (Non-nettable locations are ignored in MRP calculations)."

Non-Nettable Purchase Orders

There are a number of ways to handle non-nettable purchase orders, to be sure. One option is to set up a different Branch/Plant to release the order against, and have MRP ignore the Branch. Conceptually, this is quite straightforward and looks good on the surface. However, in practice it means adding and maintaining branch plant records, costs, supplier prices, and perhaps other master file data, including receipt routings. Overall, this makes the separate branch idea perhaps overly complex.

Another option, which might be considered to be a bit better, at least in terms of maintenance, is to use a non-inventory line type, such as "J", when ordering the item. You can still put the item number in the purchase order detail description, but MRP will not recognize it as a supply order. The disadvantage to this is that you'll miss out on building purchase history on the item and Cardex information, since the item is not able to be received into inventory if it is eventually acceptable for use.

Recommended Solution

Perhaps the best way to go is to set up a different Document Type expressly for non-nettable orders. It should be something other than "OP", and should be left out of the MRP Supply & Demand Inclusion Rules used for MRP plan generation.

This certainly takes care of the MRP piece, but we'll need something more to keep the order visible to planners and others. The new document type is a start, so let's go through this solution in regards to MRP and add the other piece later. What follows is the setup that would need to be added to the system.

Document Type

Let's start by looking for an applicable value in the standard setup of Document Types to see if one already exists. If not, we'll want to add our own.

Navigate to Order Activity Rules P40204, or Fast Path to UDC 00/DT and click on the Search button for Order Type. Skip to the "Os" to see what's shown in Figure 1.

It appears as though nothing resembling our new type of order exists already, so we can add our own document type. Take the Revisions Row Exit and add one similar to what's shown in Figure 2.

Order Activity Rules

Next, we'll need to set up Order Activity Rules for our new Document Type. Since it is always better to start from a set of Order Activity Rules that are known to work and to copy from them, as opposed to entering them from scratch, let's look up the "standard" Document Type OP rules by entering the combination of Order Type and Line Type. For this setup, we can copy from Document Type = OP and Line Type = S.

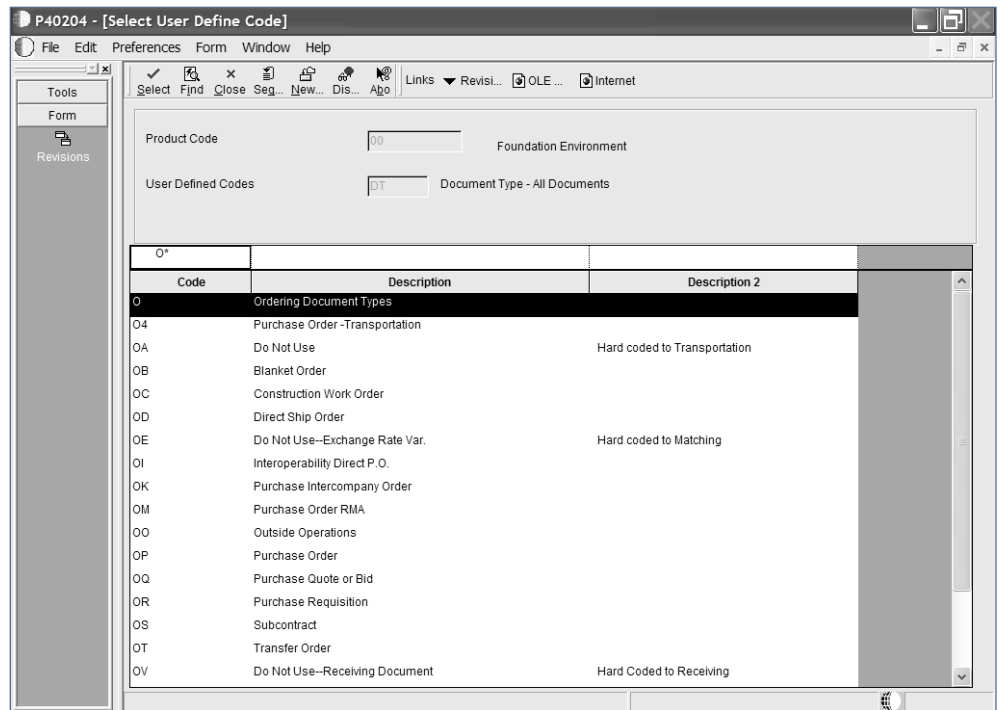


Figure 1 – Standard Document Types

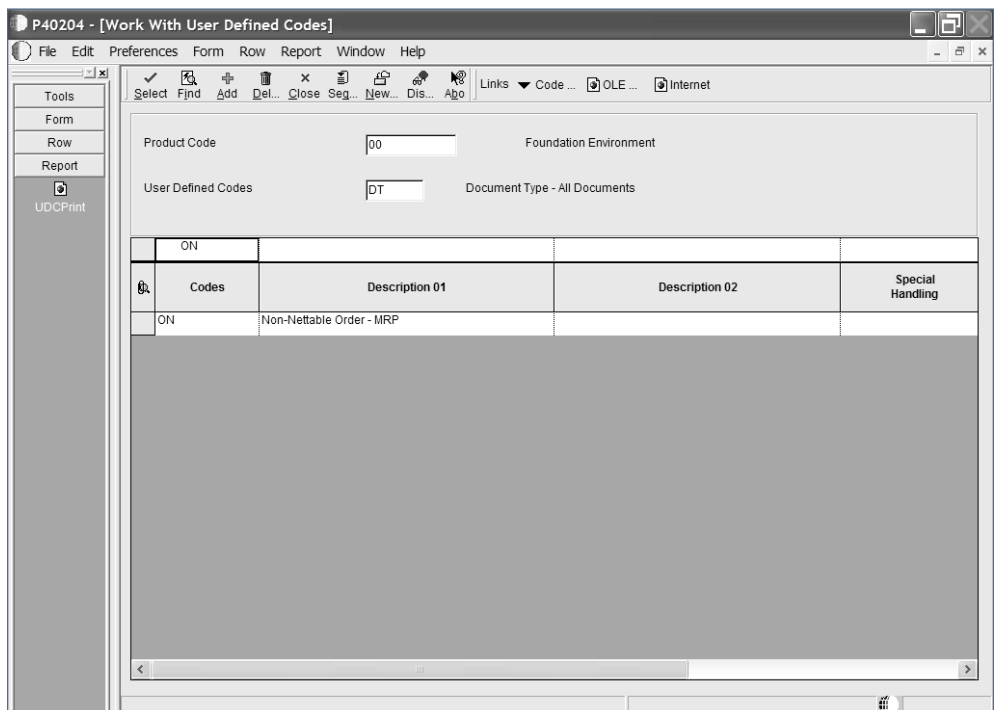


Figure 2 – Non-Nettable Order Document Type

Highlight all of the rows displayed and click on the Copy button. Then enter the new order values of ON and S, and click on the OK button to save the new rules. Inquire on your new rules, and you should see what is shown in Figure 3.

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