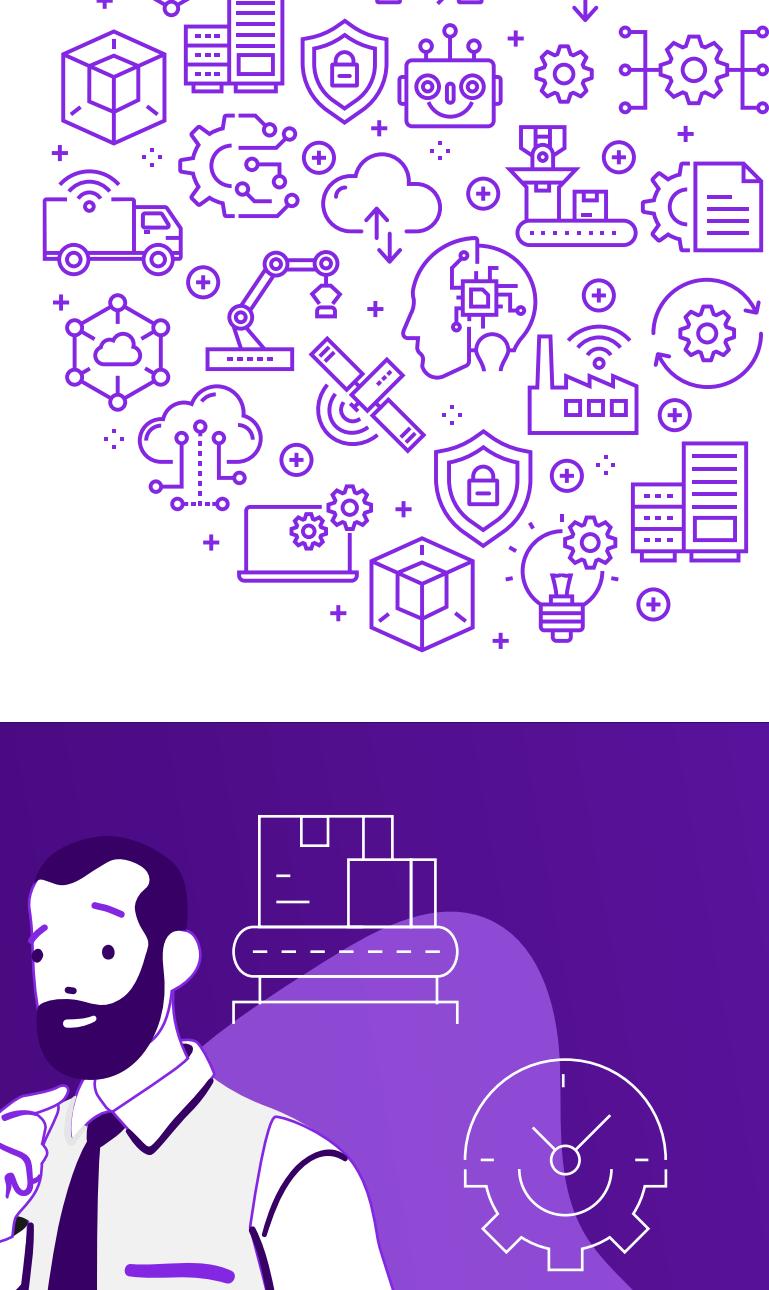


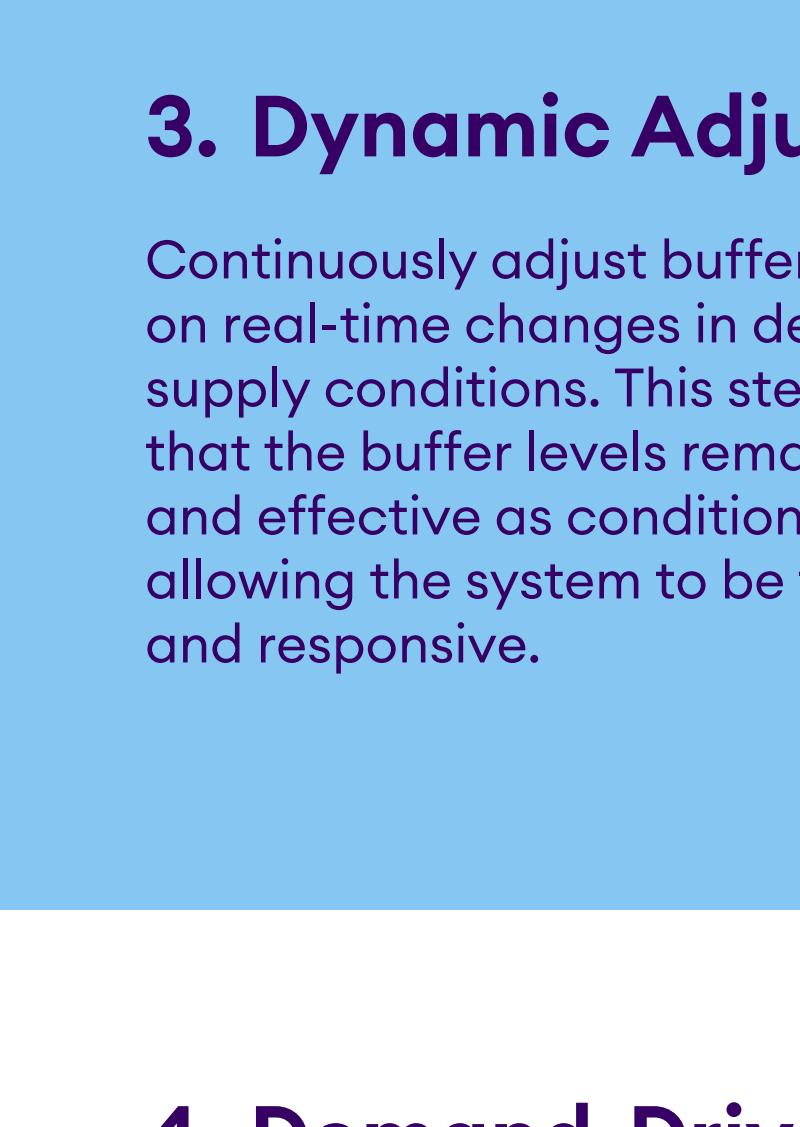
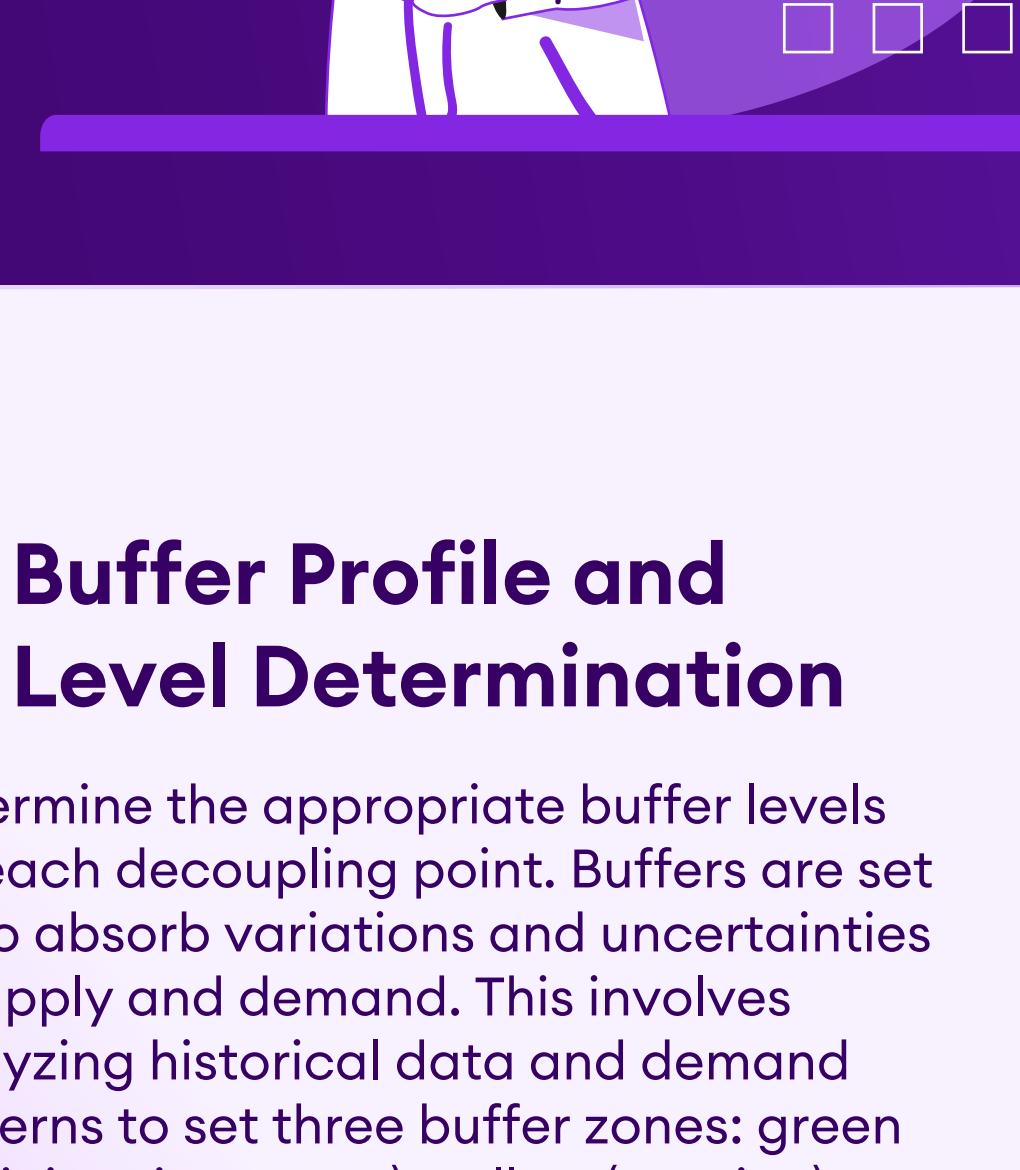
# 5 Steps to DDMRP

**Demand-Driven Material Requirements Planning (DDMRP)** is a methodology designed to optimize inventory and materials planning. It combines elements from traditional MRP, Lean, Six Sigma, and the Theory of Constraints. Here are the five core steps to implement DDMRP:



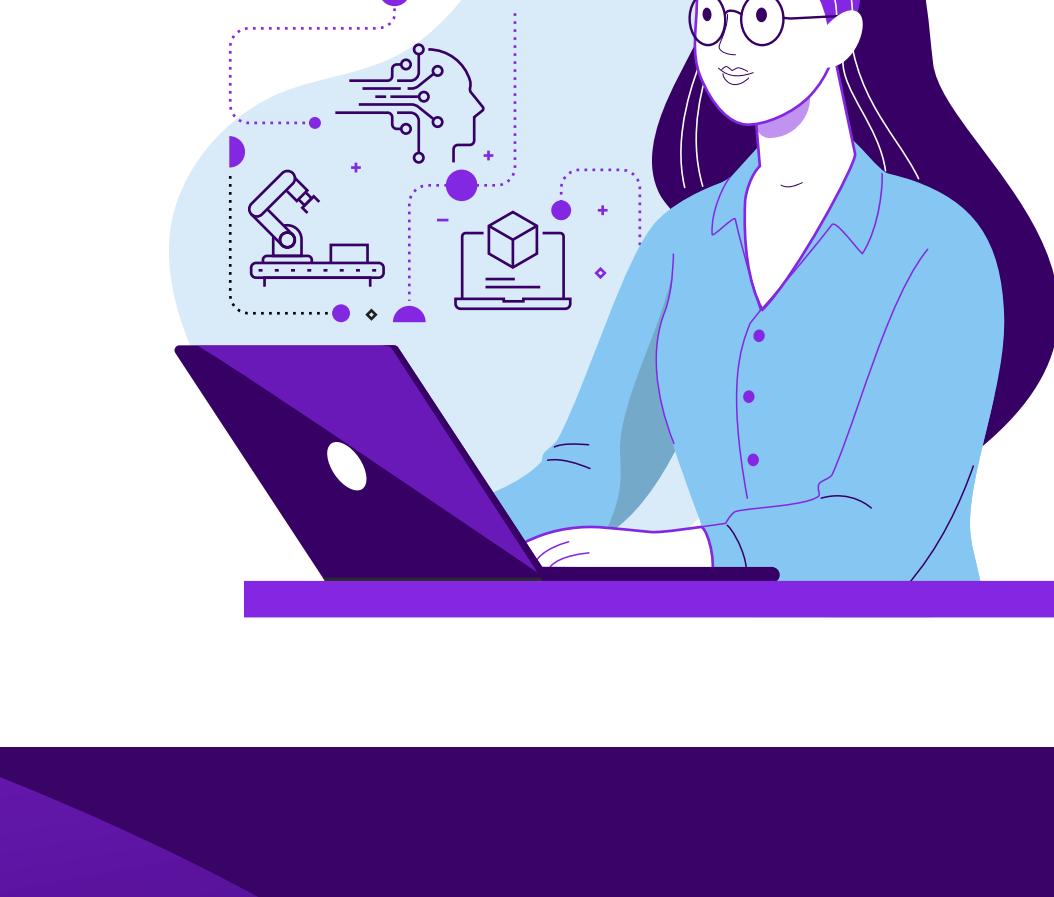
## 1. Strategic Inventory Positioning

Identify key points in the supply chain where inventory should be strategically placed to buffer against variability in supply and demand. These points, called “decoupling points,” help to decouple lead times, stabilize production flow and reduce overall product leadtime.



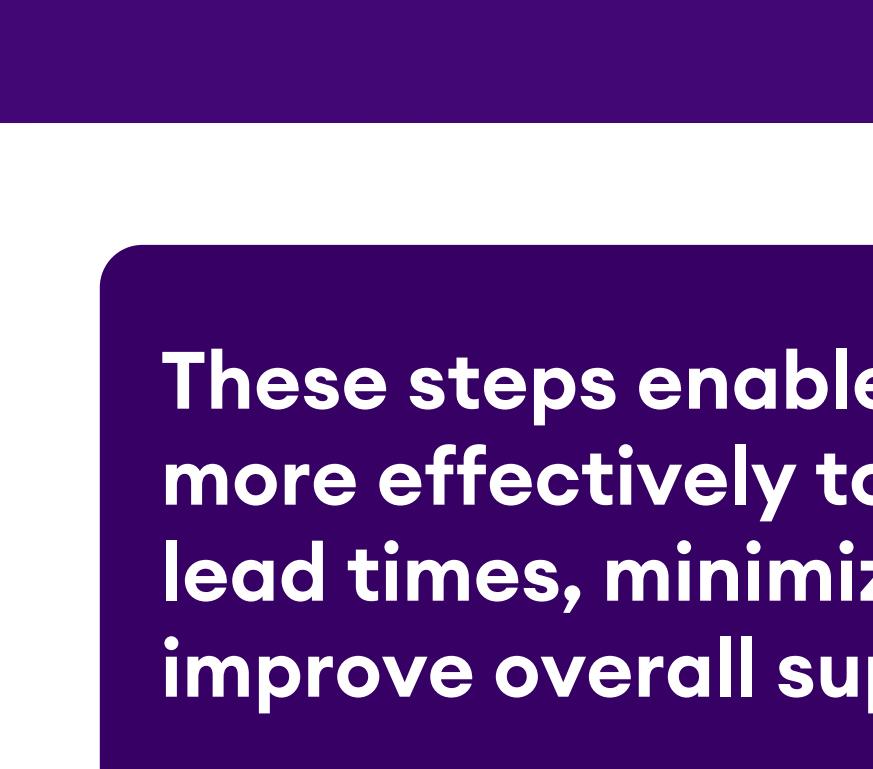
## 2. Buffer Profile and Level Determination

Determine the appropriate buffer levels for each decoupling point. Buffers are set up to absorb variations and uncertainties in supply and demand. This involves analyzing historical data and demand patterns to set three buffer zones: green (sufficient inventory), yellow (caution), and red (replenishment needed).



## 3. Dynamic Adjustments

Continuously adjust buffer levels based on real-time changes in demand and supply conditions. This step ensures that the buffer levels remain relevant and effective as conditions change, allowing the system to be flexible and responsive.



## 5. Visible and Collaborative Execution

Enhance supply chain visibility and collaboration among stakeholders. This involves using tools and processes that provide real-time data and insights, identifying the true priorities, and facilitating better decision-making and coordination across the supply chain.

**These steps enable organizations to respond more effectively to changes in demand, reduce lead times, minimize inventory levels, and improve overall supply chain performance.**

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