



Effortless Make-to-Order Configuration: Simplified Steps



SAP Knowledge Hub

We Are Here to Boost Your Career

Corporate Training || Classroom Training || Outsourcing



info@ambikeya.com||www.ambikeya.com||+917746805189

Effortless Make-to-Order Configuration: Simplified Steps:

Today, we will delve into the configuration of Make-to-Order (MTO) scenarios within SAP SD. Make-to-Order is a highly advantageous approach, particularly applicable when a product isn't pre-manufactured, but instead, its production is based on specific requirements from the customer. For instance, this strategy is often employed in the manufacturing of high-end vehicles, motorcycles, and luxury cars. In such cases, customers place orders with precise specifications such as color options and features.

- Understanding Make-to-Order (MTO)
- Make-to-Order, commonly abbreviated as MTO, represents a production methodology that empowers customers to acquire products tailored precisely to their individual needs. It's a manufacturing process wherein the fabrication of an item commences only after a customer's order has been confirmed. This approach finds relevance in various scenarios:
 - **Production with Customer Specifications:** Items are produced according to the exact requirements and specifications of the customer.
 - **Assemble-to-Order (ATO):** Components or parts are assembled into finished products as per the customer's preferences.
- Exploring the Make-to-Order Strategy
- The Make-to-Order strategy entails a few distinctive aspects:
 - **Segregated Materials:** Materials are distinctively assigned to specific sales orders, ensuring a personalized manufacturing process for each order.
 - **Order-Level Cost Tracking:** Costs are meticulously monitored at the level of individual sales orders rather than being aggregated at the material level.

Make-to-Stock Process Scenarios

The Make-to-Stock process unfolds as follows:

1. Sales Order Creation:

The journey begins by generating a sales order within the SD module.

2. Requirements Transfer:

The requirements from the sales order are subsequently conveyed to the Production Planning module.

3. Requirements Validation:

Before initiating a production order, requirements are subjected to validation via Material Requirements Planning (MRP).

4. Production Planning:

Production planning takes the lead in generating the production order based on the validated requirements.

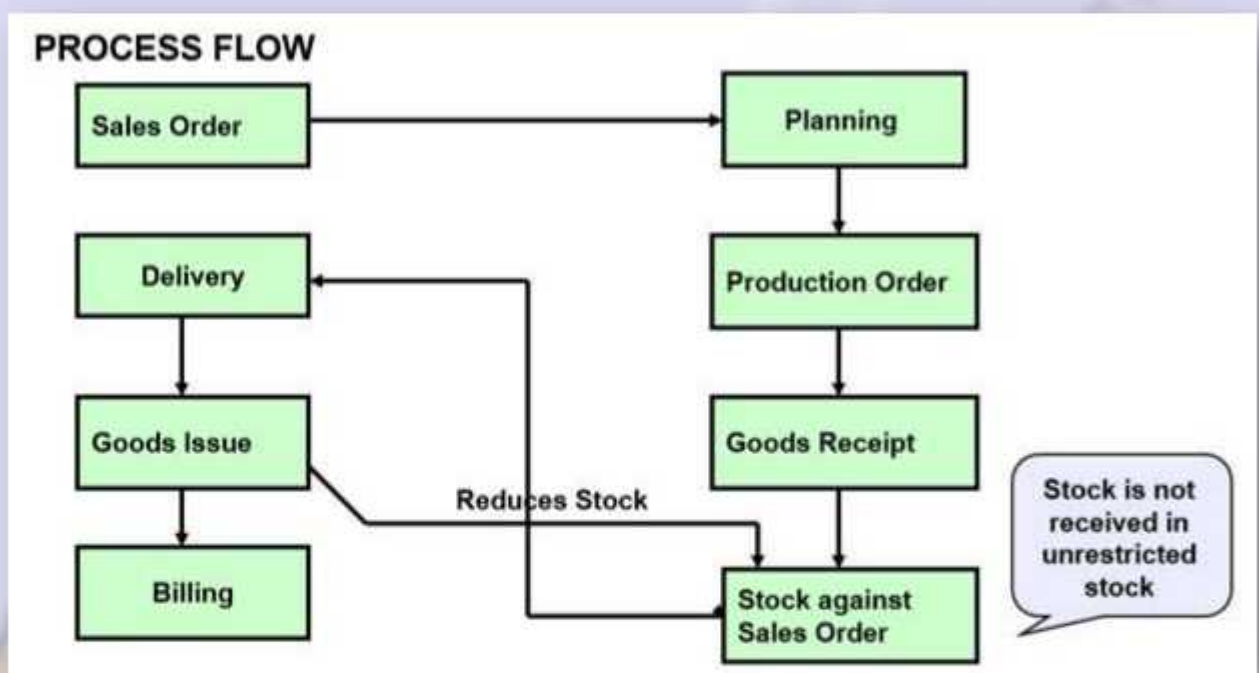
5. Shipping and Billing:

Both the shipping of the manufactured product and the billing process are orchestrated within the SD module.

6. Cost and Income Analysis:

Finally, an analysis of costs and income is carried out within the Controlling (CO) module.

Make to order Process Flow



Make to Order Process flow.

Let's understand the configuration behind make to order process.

Material Master preparation for Make to Order scenarios.

In the Material Master, There are pre-requisite setting that needs to carry out to process Make-to-order scenarios .In screen Sales, Org 2-Item Category Group is indicated. In case of MTO with variant configuration item category TAC has item category group 0002

Sales Org.	1000	Germany Frankfurt
Distr. Chl	10	Final customer sales
Grouping terms		
Matl statistics grp	1	Relev. f. statistic Material pricing grp 01 Standard Parts
Volume rebate group		Acct assignment grp
Gen. item cat. grp		Item category group NORM Standard Item
Pricing Ref. Matl		
Product hierarchy	001000010000000110	Special pump
Commission group		

item category for made to order in sap.

Similarly, In the MRP1 screen, MRP 1-MRP Type and MRP Controller must be mentioned as below as per the SAP Standard.

Additional data		Organizational levels	
Sales text		MRP 1	MRP 2
MRP 3		MRP 4	Fore
Material	P-101	Pump standard IDEGNORM 100-101	
Plant	1000	Werk Hamburg	
General Data			
Base Unit of Measure	PC	piece(s)	MRP group 0031
Purchasing Group		ABC Indicator	
Plant-sp.matl status		Valid from	
MRP procedure			
MRP Type	PD	MRP	
Reorder Point	0	Planning time fence	10
Planning cycle		MRP Controller	101

Material Master -MRP type

Now in MRP 3-Strategy group must be mentioned.

Additional data Organizational levels

MRP 2 MRP 3 MRP 4 Forecasting Work scheduling Plan...

Material: P-401 Pump standard IDESNORM 100-401

Plant: 1000 Werk Hamburg

Forecast Requirements

Period Indicator: M Fiscal Year Variant: Splitting indicator:

Planning

Strategy group: 20 Make-to-order production

Consumption mode: 2 Bwd consumption per.: 30

Fwd consumption per.: 20 Mixed MRP:

Material Master -Strategy Group

Assembly order

Once Master data has been set up. Now we can start creating a Sales order, to create a sales order follow the SAP easy access menu.

SAP Easy Access -> Logistics -> Sales and Distribution -> Sales -> Order -> Create (VA01)

Sales document Edit Data Extras Environment System Help

Create Standard Order: Overview

Standard Order: Net value: 31.849,00 EUR

old-c party: 1000 Becker Berlin / Calvinstrasse 36 / 13467 Berlin-Hermsdorf

hip-c party: 1000 Becker Berlin / Calvinstrasse 36 / 13467 Berlin-Hermsdorf

O Number: PO date:

Alloc Item overview Item detail Ordering party Procurement Shipping Reason for rejection

Re-deliv date: 15.05.2007 Deliver Plant:

complete delv Total Weight: 2.800 KG

Delivery block: Volume: 7.500 M3

Billing block: Pricing date: 04.05.2007

Payment card: Exp date:

Payment terms: Z801 14 Days 3%, 30/2% Incoterms: CIF Berlin

Order reason:

Sales area: 1000 / 10 / 00 Germany Frankfurt, Final customer sales, Cross-division

Item	Material	Order Quantity	SU	Description	S	Customer Material Numb	MCa	DOI	Hg/Lit	First date
000001	P-401	1		Pump standard IDESNORM 100-401						

Make to order in sap SD

Checking requirement MRP

In these steps, Material has been the plan for the Make to order strategy, hence we need to check whether the requirement has transferred to MRP.

Logistics -> Production ->MRP -> Evaluations ->Stock/Requirements List (MD04)

Stock/Requirements List as of 13:56 Hrs

Show Overview Tree

Material: **100** Pump standard IDECONORM 100-101

MRP area: **1000** Hamburg

Plant: **1000** MRP type: **PD** Material Type: **FERT** Unit: **PC**

A	Date	MRP e	MRP element data	Rescheduli	E	Rec./reqd.qty	Available qty	Stor
	04.05.200	Stock					0	
	04.05.200	Order	0000012136/000010				0	
	09.05.200	PrdOrd	000060003352/PP04			10	10	0001
	10.05.200	Order	0000012136/000010/000			10-	0	

Stock/Requirements List

Requirements Planning

Requirements planning in (MRP) is a manufacturing process control that includes production planning, scheduling, and stock requirement.

SAP Easy Access ->Logistics -> Production ->MRP ->Planning -> Single-Item, MultiLevel (MD02)

Single-Item, Multi-Level

Material number: **100**

MRP Area: **1000**

Plant: **1000**

Scope of planning

Product group

MRP control parameters

Processing key	NETCH	Net change for total horizon
Create purchase req.	2	Purchase requisitions in opening period
Delivery schedules	3	Schedule lines
Create MRP list	1	MRP list
Planning mode	3	Adapt planning data (normal mode)
Scheduling	1	Basic dates will be determined for plann

MRP Requirements Planning

Convert Planned Order to Production Order

Once the requirement has been captured, we need to convert the Planned order to a production order with the below steps.

SAP Easy Access -> Logistics -> Production -> MRP -> Evaluations -> Stock /Requirement list (MD04)

A	Date	MRP e	MRP element data	Reschedull	E	Rec./reqd. qty	Available qty	Stor
	31.07.200	Stock						189
	01.06.200	IndReq	LSF			100-		89
	02.07.200	IndReq	LSF			100-		11-
	05.07.200	Order	0000012073/000010/000			2-		
	01.08.200	IndReq	LSF			100-		111-
	14.08.200	PlOrd.	0000036634/Stck	02.07.2007	30	11		100-0001
	14.08.200	PlOrd.	0000036635/Stck	01.08.2007	30	100		0-0001
	03.09.200	PlOrd.	0000036636/Stck			100		100-0001
	03.09.200	IndReq	LSF			100		0

Convert Planned Order to Production Order

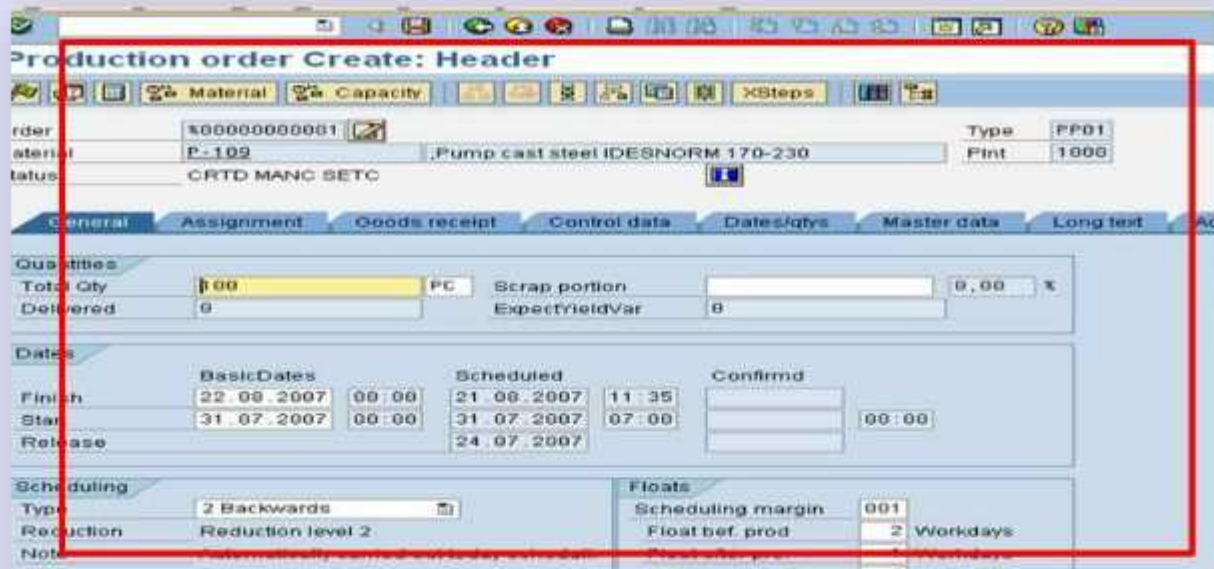
Now Displaying the details of planned order in MD04, Choose -> Prod. Order (Convert planned order into production order)

A	Date	MRP e	MRP element data	Reschedull	E	Rec./reqd. qty	Available qty	Stor
	31.07.200	Stock						189
	01.06.200	IndReq	LSF			100-		89
	02.07.200	IndReq	LSF			100-		11-
	05.07.200	Order	0000012073/000010/000			2-		
	01.08.200	IndReq	LSF			100-		111-
	14.08.200	PlOrd.	0000036634/STCK	02.07.2007	30	11		100-0001

Additional Data for MRP Element	
Planned order:	0000036634 Make-to-stock
Order qty:	11
Scrap:	0
Exception:	30
05 = Opening date in the past	

Convert Planned Order to Production Order

The next steps would be to release the order, choose the flag, schedule the order, choose the next icon. Save-Prod. Order is created.



Production order Create: Header

Order: 1000000000001 | Type: PF01
 Material: P-109 | Description: Pump cast steel IDESNORM 170-230 | Plant: 1000
 Status: CRTD MANC SETC

General | Assignment | Goods receipt | Control data | Dates/qbys | Master data | Long text | Ac

Quantities

Total Qty	0.00	PC	Scrap portion		0.00 %
Delivered	0		Expert/fieldVar	0	

Dates

	Basic Dates		Scheduled		Confirmed	
Finish	22.08.2007	00:00	21.08.2007	11:35		
Start	31.07.2007	00:00	31.07.2007	07:00		00:00
Release			24.07.2007			

Scheduling

Type: 2 Backwards
 Reduction: Reduction level 2

Floats

Scheduling margin: 001
 Float bef. prod: 2 Workdays

Convert Planned Order to Production Order

Withdrawing the Material for the Production Order

System creates a reservation for the relevant material components when you make a production order. Within the reservation, each material component of the order is assigned a unique item number. Only after the operation to which the reserved materials are assigned in the order has been released may you retrieve them from the warehouse.

SAP Easy Access -> Logistics -> Materials Management -> Inventory Management -> Goods Movement -> Goods Issue (MB1A). Enter the Prod. Order created. Choose "Adopt + Details". Save.

Enter Goods Issue: Initial Screen

Current Date: 31.07.2007 Posting Date: 31.07.2007

Reference Order:

Order: SLoc 5 By-Prds Op. set. F. B. Extens.

Find reservations: Material_number Plant 1000 Requirement Date By-Products

Withdrawing the Material for the Production Order

Enter Goods Issue: Selection Screen

Movement Type: 251 GI for order
 Business Area: 1000
 Cost Center:
 Order: 60003486
 Recipient:
 Reservation: 67075

Item	Material	Quantity	UnE	SLoc	Batch	Re	Plant	Ita	F. B.
1	101-100	100	PC	0001		1000	1		
2	101-200	100	PC	0001		1000	2		
3	100-300	100	PC	0001		1000	3		
4	101-400	100	PC	0001		1000	4		
5	100-500	100	PC	0001		1000	5		
6	100-600	100	PC	0001		1000	6		
7	100-700	100	PC	0001		1000	7		

Withdrawing the Material for the Production Order

Confirming Production Order

Now next will be confirmation of ticket for the production order, to perform confirmation.

SAP Easy Access -> Logistics à Production -> Production Control -> Confirmation -> Enter->For Operation -> Time Ticket (CO11N)



Confirming Production Order

Goods Receipt against Sales Order

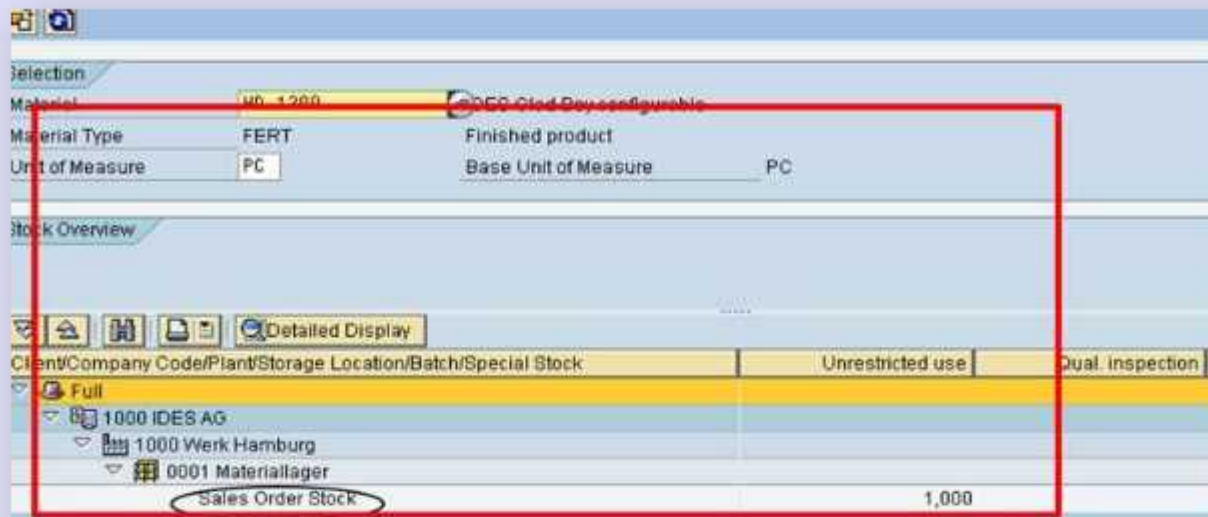
now receipt of goods in relation to a sales order using transaction code mb31 & movement Type 101



Goods Receipt against Sales Order

Stock overview

Check stock overview using Transaction code MMBE which Indicates material against Sales Order Stock.

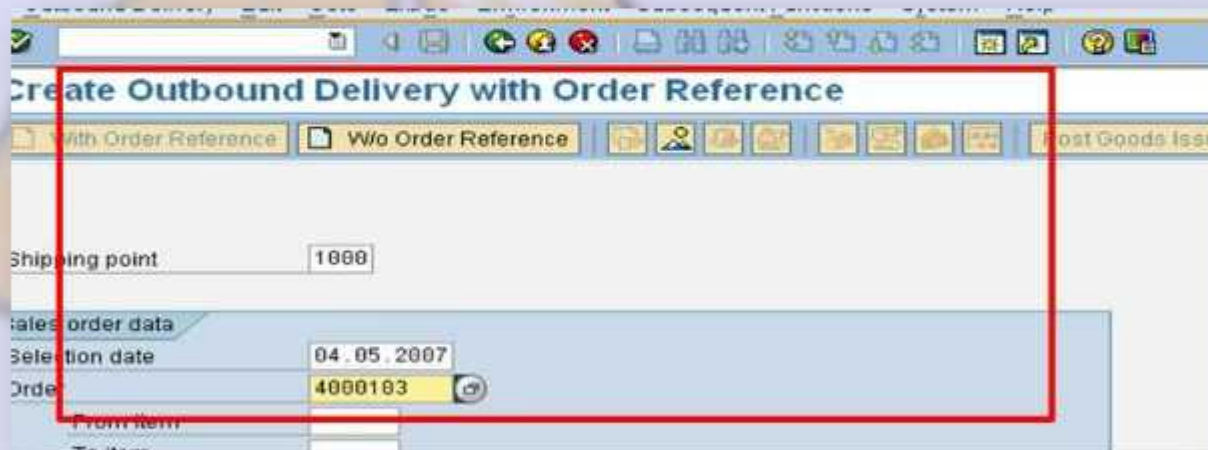


Stock Overview

Create Delivery

The schedule line will be confirmed in the sales order; therefore, we will allow creating subsequent delivery.

SAP Easy Access -> Logistics -> Sales and Distribution -> Shipping and Transportation -> Outbound Delivery -> Create (VL01N)

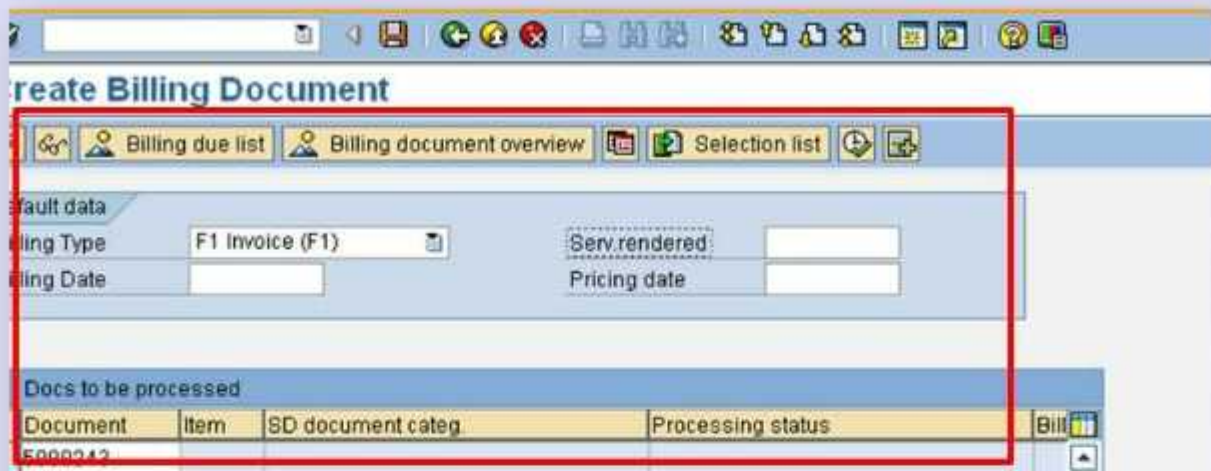


Create Delivery

Create Billing

Once post good issue has been posted with reference to delivery.

SAP Easy Access -> Logistics -> Sales and Distribution -> Billing -> Billing Document -> Create (VF01)



A billing document will be created, which end of the complete cycle.

What is the distinction between Make to stock & Make to Order in sap

Make to Stock	Make to Order
The materials are not divided, and they are not produced in accordance with a specific sales order.	The materials are separated, and each one is assigned to a single sales order.
Material costs must be kept track of.	Costs must be tracked at the level of the sales order.
Forecasts and real-time data are also used in make to stock to help in manufacturing the correct amount of product and, eventually, reducing waste inside the business.	This production method might help you achieve zero inventory and eliminate waste in Organization

Choosing Between MTO and MTS: An In-depth Comparison

The decision between adopting Make-to-Order (MTO) or Make-to-Stock (MTS) isn't a straightforward matter; it hinges on the unique requirements of a business. These two distinct approaches in production planning and optimization offer specific advantages based on the context of operations.

No Definitive Winner

In the perennial debate of MTS versus MTO, there isn't a clear-cut victor. Instead, the choice depends on the intricacies of the business's operational landscape. Let's explore these approaches:

Make-to-Order (MTO):

MTO shines when customization and individualized customer preferences are paramount. This strategy allows for tailored products to be crafted in response to specific orders. By initiating

production only after an order is placed, MTO minimizes excess inventory and ensures resource efficiency.

Make-to-Stock (MTS):

MTS, on the other hand, thrives in scenarios where predictability and quick fulfillment are vital. This method involves producing items in advance, based on forecasted demand. This way, products are readily available for immediate delivery, reducing lead times and potentially enhancing customer satisfaction.

Business-Centric Decision

The verdict between MTO and MTS should be reached considering factors like demand volatility, production complexity, customer expectations, and operational agility. Both strategies have their merits, and the optimal choice depends on aligning them with the unique goals of your business.

Empowering Your Understanding

We trust that this post has provided you with a comprehensive insight into the intricate flow of the make-to-stock process. As you continue your studies and delve deeper into the realms of production planning, we wish you the best of luck in your academic pursuits! Should you have further queries, don't hesitate to seek guidance. Happy learning!



THANK YOU



- Corporate Training
- Instructor LED Training
- Seminars & Workshop Internship
- Mock Interview
- Customised Courses
- Project Support For Implementation
- Staff Augmentation And Talent



SAP Knowledge Hub