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Effortless Make-to-Order Configuration: Simplified Steps

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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.

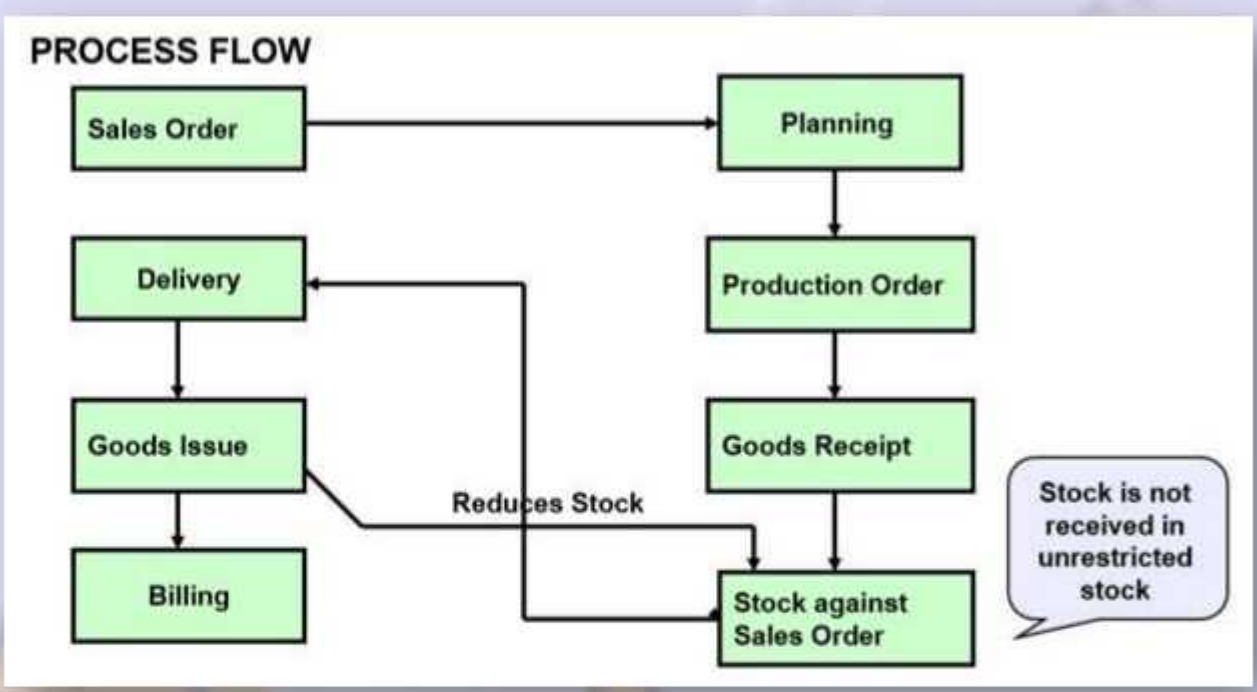
3. Requirements Validation:
Before initiating a production order, requirements are subjected to validation via Material Requirements Planning (MRP).

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

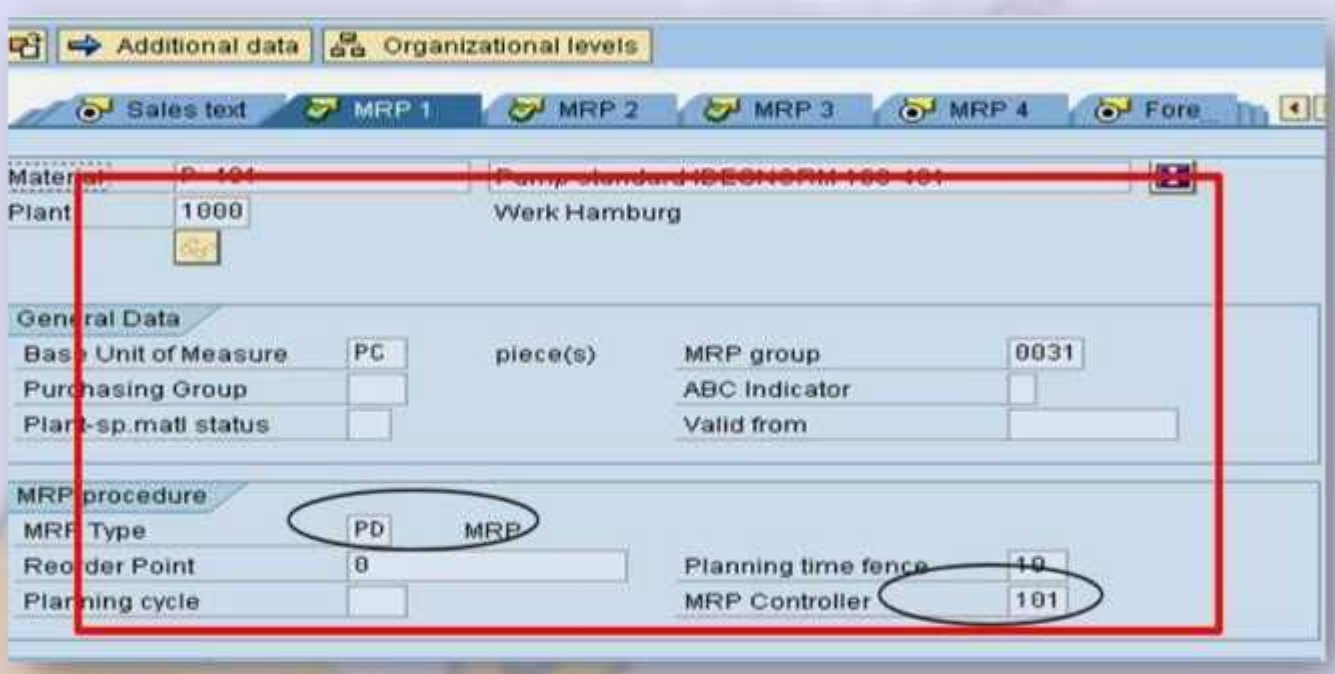


Make to Order Process flow.

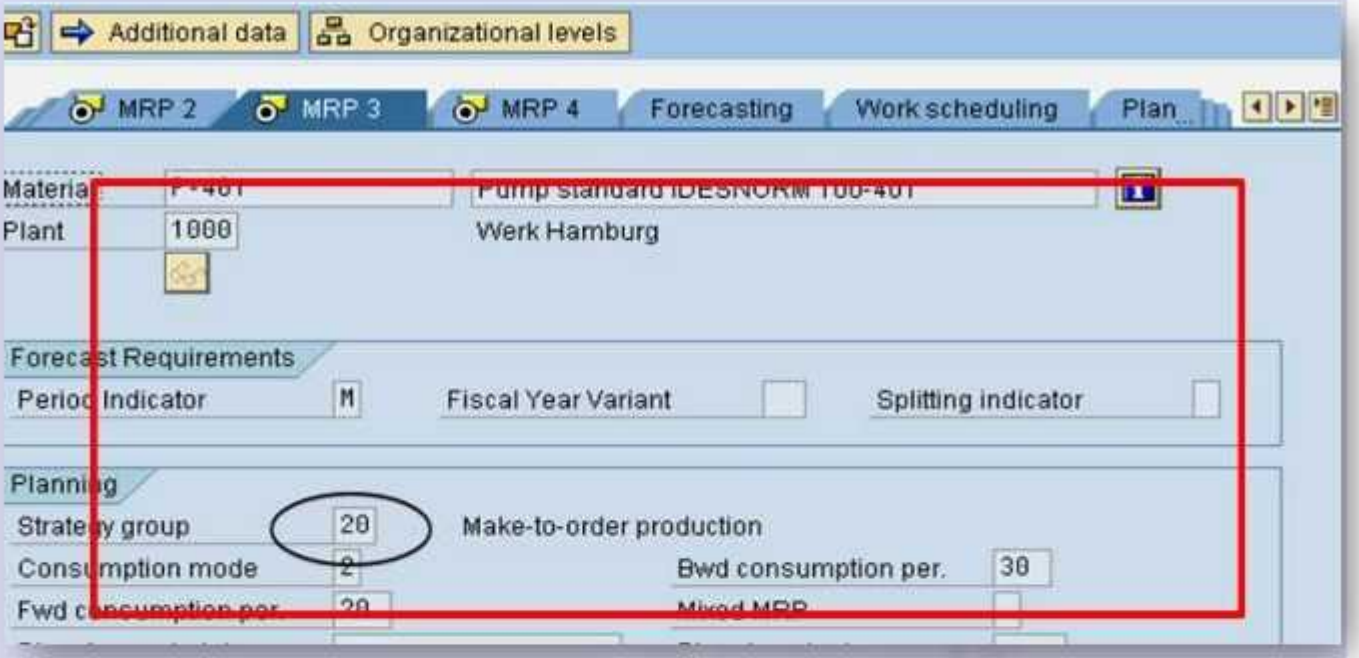
Let's understand the configuration behind make to order process.

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

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.



Material Master -MRP type
Now in MRP 3-Strategy group must be mentioned.

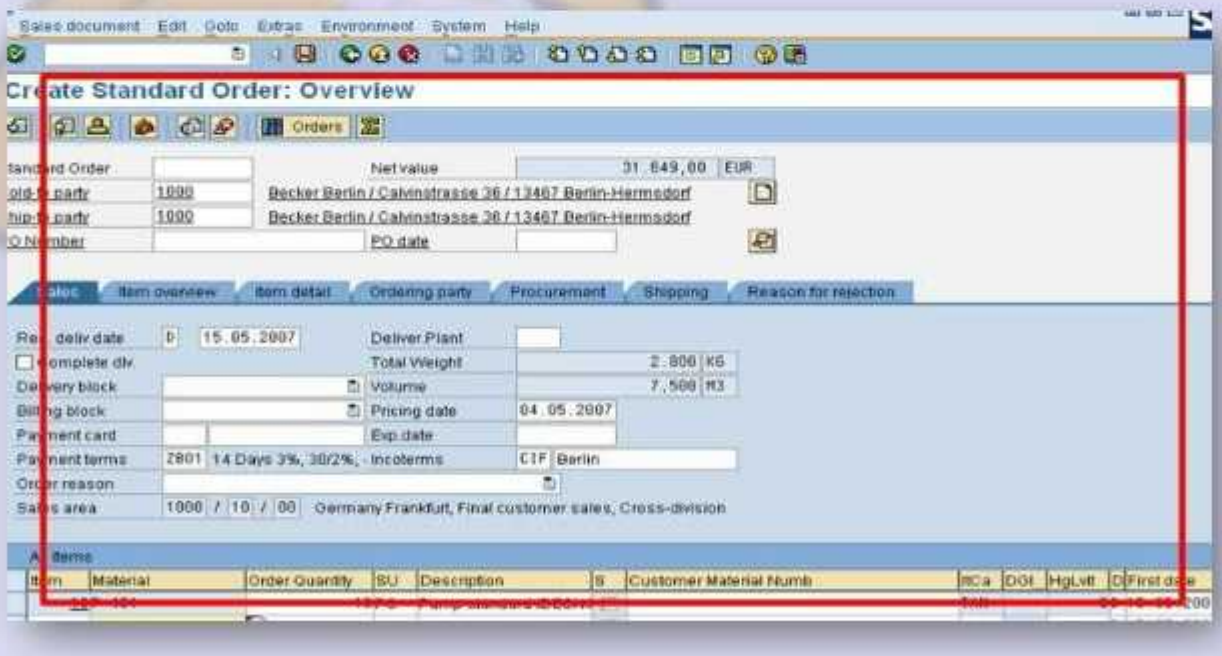


Material Master -Strategy Group

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)



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

Requirements Planning

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

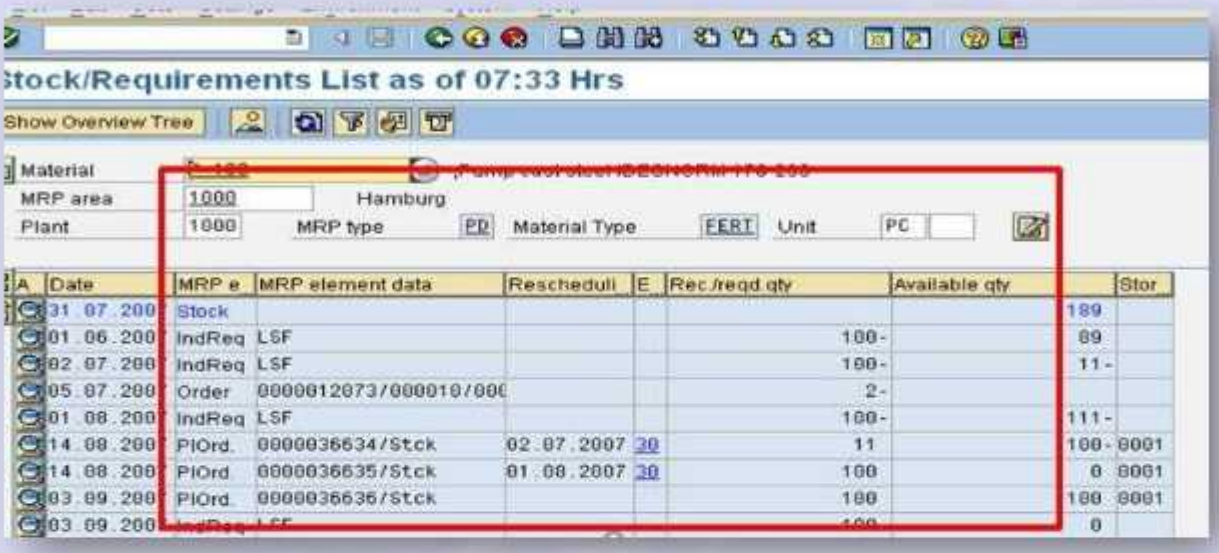
SAP Easy Access ->Logistics -> Production ->MRP ->Planning -> Single-Item, MultiLevel (MD02)

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)

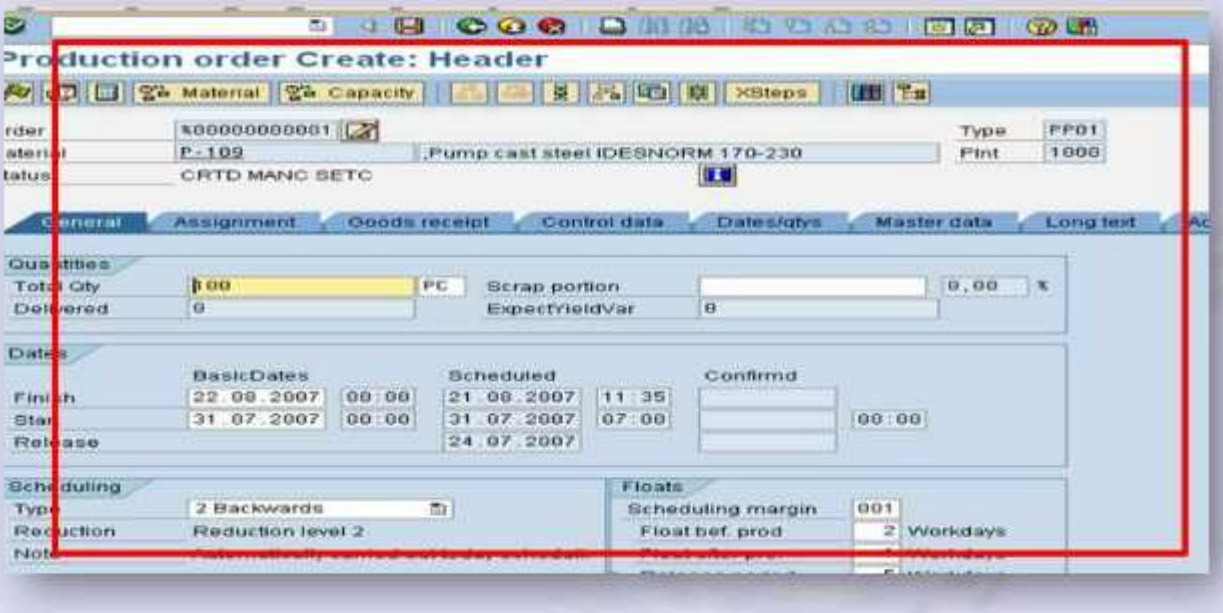


Convert Planned Order to Production Order

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

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.

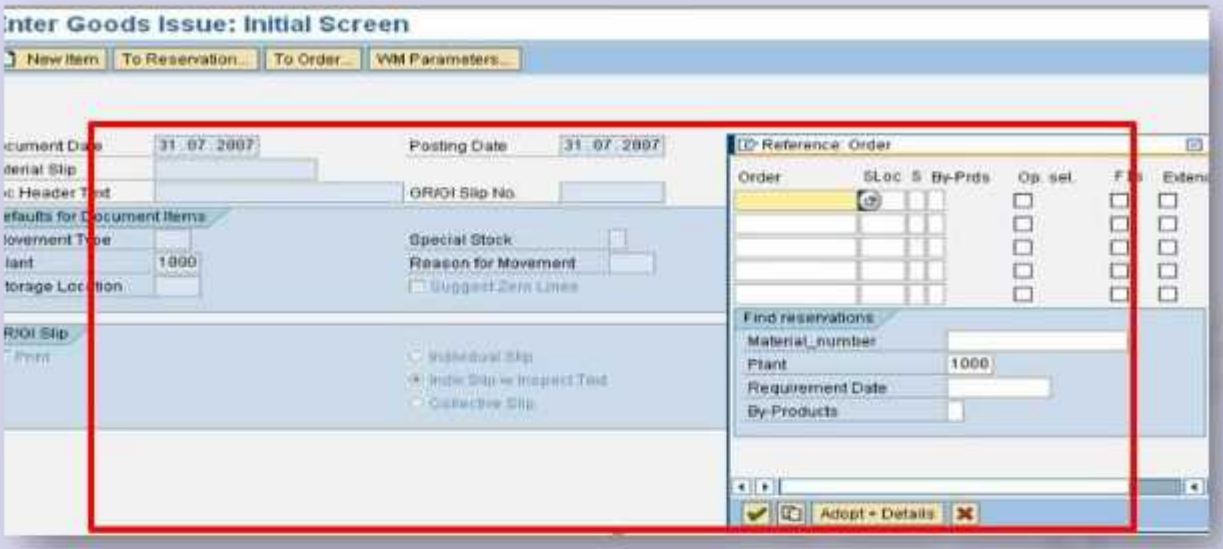


Convert Planned Order to Production Order

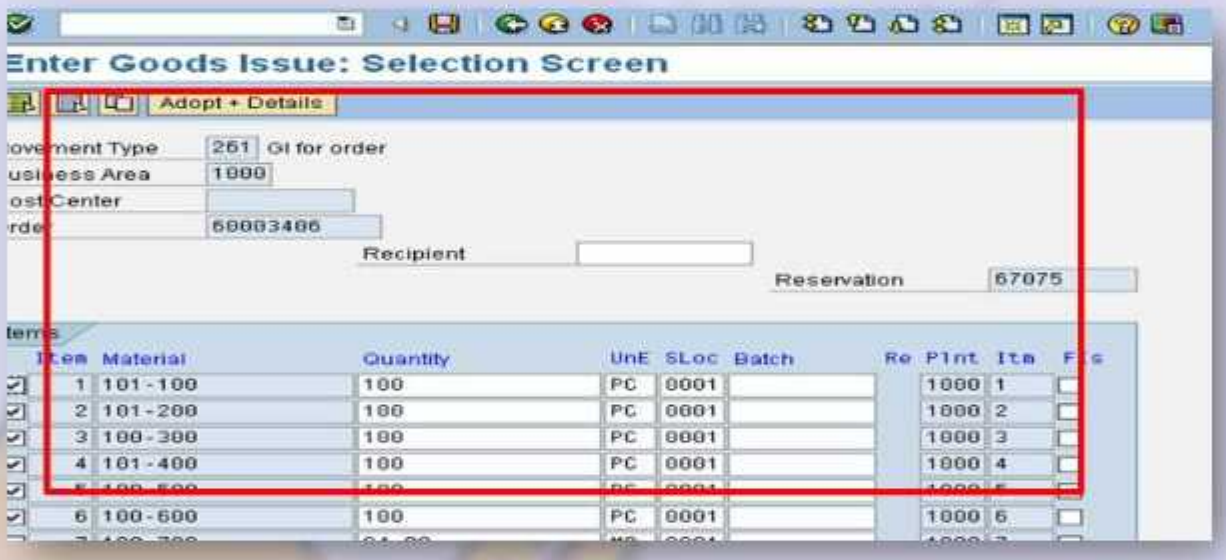
Withdrawing the Material for the Production Order

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.



Withdrawing the Material for the Production Order



Withdrawing the Material for the Production Order

Confirming Production Order

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

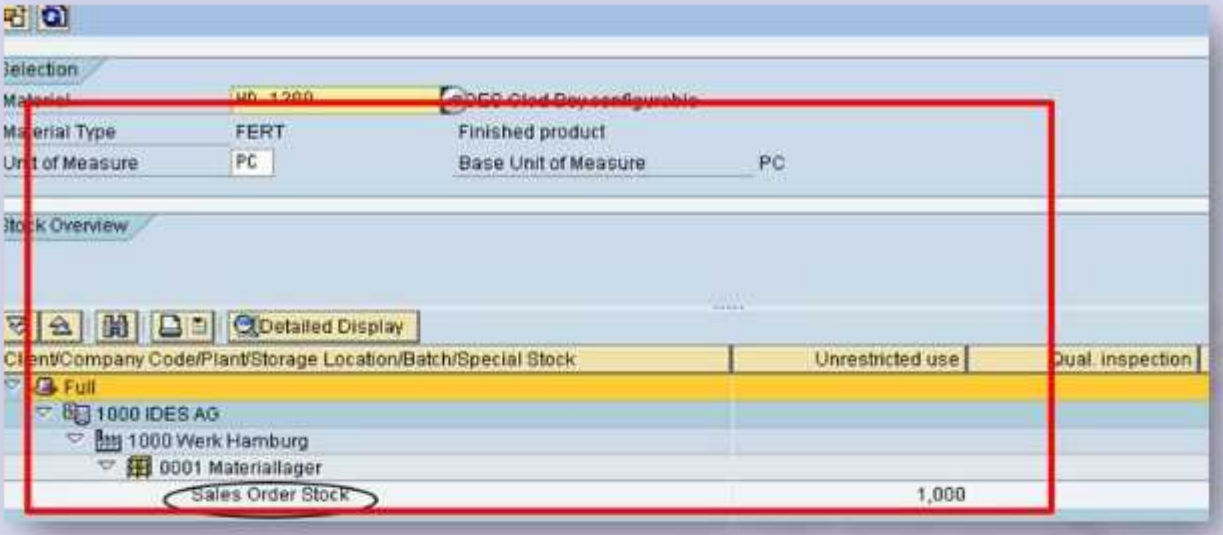
SAP Easy Access ->Logistics à Production ->Production Control -> Confirmation -> Enter->For Operation -> Time Ticket (CO11N)

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

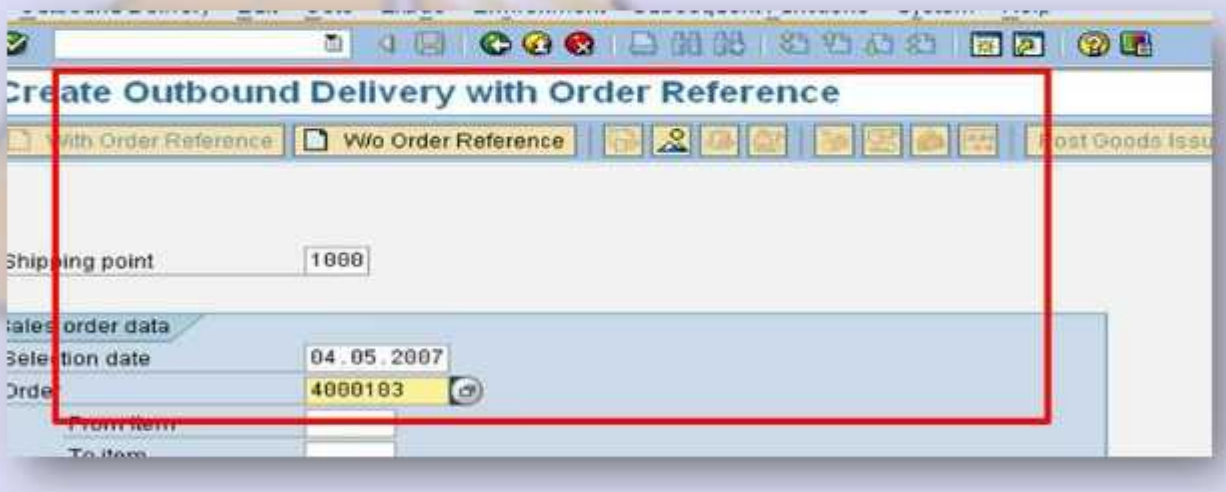
Stock overview
Check stock overview using Transaction code MMBE which Indicates material against Sales Order Stock.



Stock Overview

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

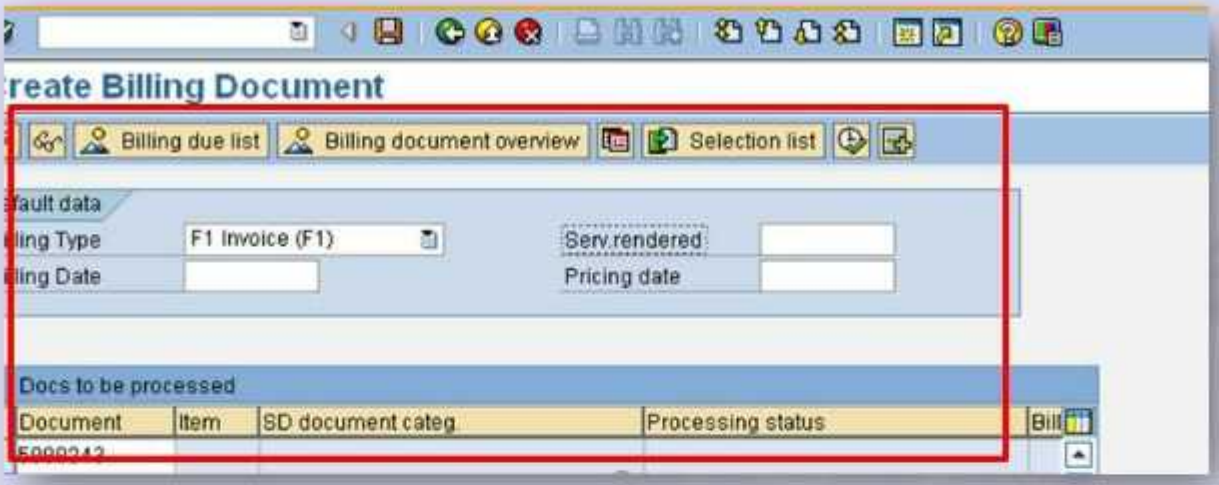
SAP Easy Access -> Logistics -> Sales and Distribution -> Shipping and Transportation -> Outbound Delivery ->Create (VL01N)



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!

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