LeanDNA

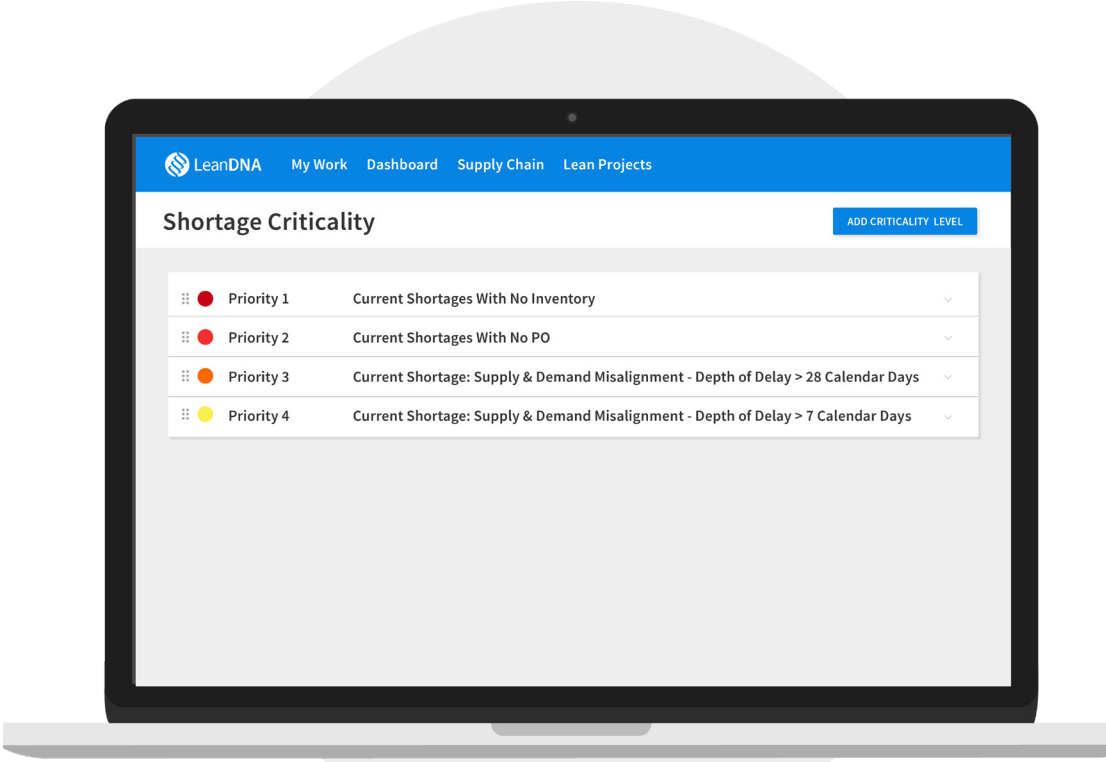
DATA SHEET

Shortage Management: Shortage Criticality and Prioritization

Not all shortages are created equal. Manufacturers need greater visibility into material shortages, as well as clear actionable insights to know which shortages are most impacting production. By prioritizing the most critical material shortages, procurement teams can be effective in mitigating production delays. But how do you know which shortages are most critical?

In order to help, LeanDNA offers flexible, out-of-the-box prioritization logic for categorizing shortages by criticality level and severity. These shortage criticality rule presets enable procurement teams and supply chain professionals to identify and tackle the most severe shortages first. Admin users can leverage these rules themselves, without the need to brainstorm or build complicated rules from scratch to ensure buyers and planners are working on the most impactful shortages first.

The preset rules are based on demand spikes, depth of delay, lead time and on-hand inventory exceptions, as well as ABC classification. LeanDNA updates ABC classifications daily to reflect current cost and demand forecasts, providing a standardized and scalable approach to making prioritization decisions that are based on continuously updated information.



LeanDNA enables customers to understand, prioritize and collaborate to resolve shortage disruptions.

32% *Average Reduction in Shortages for LeanDNA Customers*

84% *Up to 84% in Shortage Reduction*

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RULE OPTIONS

A PART: A purchased item that LeanDNA has determined should be an A item based on PQ (Product-Quantity) Analysis and ABC Classification.

B PART: A purchased item that LeanDNA has determined should be an B item based on PQ (Product-Quantity) Analysis and ABC Classification.

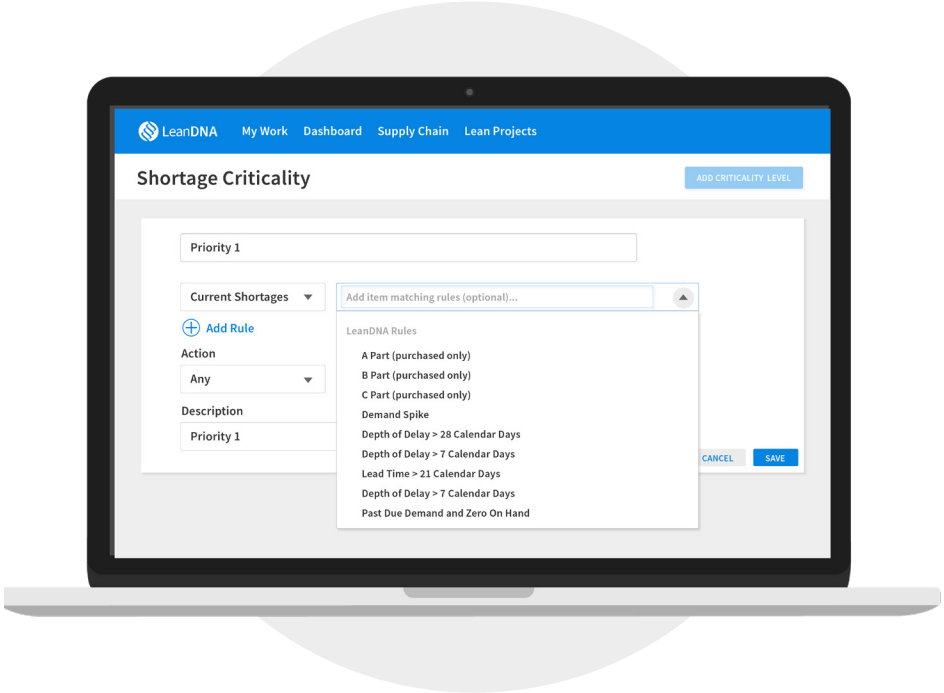
C PART: A purchased item that LeanDNA has determined should be an C item based on PQ (Product-Quantity) Analysis and ABC Classification.

DEMAND SPIKE: This is when requirements for 1 week are more than the average demand in a week + 2x the standard deviation.

PAST DUE DEMAND AND ZERO ON HAND: The item has demand with a requirement date in the past and equates to a current shortage as there is no inventory on hand.

DEPTH OF DELAY > X CALENDAR DAYS: For Purchased Items, when the difference between the Requested Delivery Date and the date the item is needed is greater than X calendar days. Default value options for X are 7 and 28 calendar days.

LEAD TIME > Y CALENDAR DAYS: The item's Lead Time in the ERP is greater than 21 calendar days. Default value options for Y are 7 and 21 calendar days.



Admin users can select if they want the rule to apply to a current shortage, future shortage or all types of shortages. These rules can be applied to open POs that LeanDNA recommends moving in to an earlier date, or items where a new PO needs to be placed to cover a requirement. Shortage Criticality Level rules are applicable across an entire organization, but rules can be created and configured for specific sites as well, allowing for entirely different rules or severity levels per manufacturing location.

Ready to see it in action?

Contact us for an in-depth demo of shortage management in LeanDNA: leandna.com/request-demo

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