What’s next?

You have (or soon will) run out of finished goods to sell.
Time to produce more.
You have some raw materials in inventory—enough for _______ units of each current product.
This week’s focus: production without procurement.
Production planning and execution

Understanding production planning and execution

____________—can be created manually or during the MRP (Materials Requirement Planning) process.

- Has no initial consequences. Can be deleted or changed. Can be created manually via transaction _____. (See p. 4-11)
- This week: you have planned orders in place. Do not need to create.

____________ converted into a ________________.

- Systems checks whether raw materials needed to accomplish production are available. If not, conversion fails and can check for reason for conversion failure.
- If a planned order for x units exist, can edit that value if desired. (Not common in our scenario, but possible.)
Understanding production planning and execution

______________ instructs manufacturing to begin production. Cannot be cancelled.
Production order triggers movement of raw materials to shop floor.
Goods produced in order released.
Once production completed, ________________ records consumption of raw materials, production output, and storage of products in finished goods storage.

Create planned orders
Convert planned orders

Raw materials are reserved
Production is confirmed

Inventories are changed accordingly
Production Management and Strategy

**Production** by default is 21,000 units per day.

You can invest in production improvements to raise capacity.

I invested in Q1 to raise each team's capacity to 25,000/day.

Do not invest in further improvement for now.

When switching products, there is a 12 hour clean up and conversion cycle.

If you release too many production orders simultaneously, you will set your future production for many days.

Try to remain flexible. Release production orders for the next few days and keep an eye on the market to figure out what to do next.

Production Expense

You will be charged labor, factory overhead, and SG&A costs beginning this quarter.

*Table 18: Fixed costs per week*

<table>
<thead>
<tr>
<th>Cost</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Labor</td>
<td>€21,120</td>
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<tr>
<td>Factory overhead</td>
<td>€14,400</td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>€46,400</td>
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</tbody>
</table>

Costs are charged every 5th day and are automatically deducted from your bank account, reducing cash on hand.
Cash flow management  ZFF7B

Liquidity Planning

<table>
<thead>
<tr>
<th>Exception</th>
<th>Virtual Time</th>
<th>Customers</th>
<th>Vendors</th>
<th>Marketing</th>
<th>Overheads</th>
<th>Interest</th>
<th>Closing Balance</th>
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</thead>
<tbody>
<tr>
<td>8/20/09</td>
<td>8/3/09</td>
<td>172,658</td>
<td>24,000</td>
<td>152,290</td>
<td>32,892</td>
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<td>8/3/09</td>
<td>8/3/10</td>
<td>377,004</td>
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<td>8/3/20</td>
<td>152,290</td>
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<tr>
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<td>8/3/25</td>
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<td>24,000</td>
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