Configuration of the SAP Safety Stock Parameter

No safety stock planning:
- If MTS strategy:
  - Low demand variability (and low lead time variability)
- If MTO strategy:
  - Low lead time variability
- OR: L/n-critical part (inventory holding costs too high due to volume and n-critical part)

Position in the product life cycle
- New/phase-in material (no demand history)
- Established material
- Old/phase-out material
- Seasonal material?
- Static or dynamic ss?

Static (fixed) ss (low planning effort, time-independent):
- C/N and C/M-parts
- B/X/M/non-critical, B/X/M/non-critical parts

Dynamic ss (higher planning effort, except for 'static ss', time-dependant, lower costs, higher target service level achievement):
- A-parts
- B/Y, B/Z and B/X/C critical

Range of coverage planning:
- X-part (low daily demand variability)
- AND: periodic/calendar-based ss-planning preferred (i.e. focus on protecting against lead time variability), in particular when demand-driven and protection against lead time variability necessary.

Combination of Max (Range of coverage and order cycle ss):
- same conditions as 'range of coverage planning'
- AND: medium/high variability of daily demand (order cycle ss gets adapted to range of coverage period and then compared to the 'SZ' ss)

Order cycle safety stock ('normal' ss):
- Protection against demand and/or lead time variability
- Use, when 'range of coverage' or 'combination' not applicable (as these methods make use of more information and therefore generally lead to a more adequate ss)

Statistic ss-planning (according to target service level):
- X or Y-part (coefficient of variation of demand <= 0.5)
- Protection against demand and lead time variability
- Minimal planning effort

Range of coverage planning:
- X-part (low daily demand variability)
- AND: periodic/calendar-based ss-planning preferred (i.e. focus on protecting against lead time variability), in particular when demand-driven and protection against lead time variability necessary.

Combination of Max (Range of coverage and order cycle ss):
- same conditions as 'range of coverage planning'
- AND: medium/high variability of daily demand (order cycle ss gets adapted to range of coverage period and then compared to the 'MZ' ss)

Order cycle safety stock ('normal' ss):
- Protection against demand and/or lead time variability
- Use, when 'statistic ss', 'range of coverage' or 'combination' not applicable.

Continuous review applicable
- technical and organizational
- Delivery at any date possible, no fixed intervals?

Periodic ss
- Stockout mainly cause stockout amount independent costs (fix costs, e.g. expedition)
- YES
- NO

Continuous ss
- Stockout mainly cause stockout amount independent costs (fix costs, e.g. expedition)
- YES
- NO

Taken from 'Automatic Parameter Configuration for Inventory Management in SAP ERP/APO' by David Bucher and Joern Meissner, available at: http://www.meiss.com