

Module 2

Section C: Reconciling S&OP Plans

Term

Safety stock

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Stockout

A lack of materials, components, or finished goods that are needed. See: backorder.

1) In general, a quantity of stock planned to be in inventory to protect against fluctuations in demand or supply. 2) In the context of master production scheduling, the additional inventory and capacity planned as protection against forecast errors and short-term changes in the backlog. Overplanning can be used to create [this]. Syn.: buffer stock, reserve stock. See: hedge, inventory buffer.