Aggregate Planning

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Sales and operations planning is considered as a critical process that aims to fulfill the demands of customers through production, distribution, and purchasing. Consideration of sales and operations planning is an effective way to maintain a balance between demand and supply (Tuomikangas & Kaipia, 2014). It also ensures that various operations are conducted with efficiency and speed.

It is notable to mention that sales planning include certain decisions regarding competitive priorities and market share. It is highly considerate for an organization to establish a business plan and achieve its objectives. Sales planning allow an organization to achieve its objectives in terms of critical decisions about customer service levels and profit margins in the served markets (Oliva & Watson, 2011). The frequency of sales planning varies from company to company depending upon the nature of business. However, a period of 6 to 18 months is usually required by an organization to conduct its sales planning. On the other hand, operation planning includes certain decisions regarding hiring, firing, staffing levels, inventory levels, aggregate production rate, use of overtime, under time, and backorders. These decisions are made to comply with the sales or marketing plan of an organization. It is important to mention that the frequency of operations planning varies from company to company, but a period of 6 to 18 months is usually required to conduct operations planning.

Aggregate planning (sales and operations planning) provides an effective opportunity for an organization to improve inventory management and accuracy in budget forecasting. It provides an extensive framework for an organization to manage its business strategy to optimize resources (Türkay, Saraçoğlu, & Arslan, 2016). Incorporation of sales and operations planning enables an organization to maintain a balance between supply and demand through better collaboration among departments. It is notable to mention that timely customer service is possible through improved inventory and backlog management.

**References**

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