

# Introduction

Material requirements planning (MRP) is a system for calculating the materials and components needed to manufacture a product. It consists of three primary steps: taking inventory of the materials and components on hand, identifying which additional ones are needed and then scheduling their production or purchase.

## Business process

MRP, which is done primarily through specialized software, helps ensure that the right inventory is available for the production process exactly when it is needed and at the lowest possible cost. As such, MRP improves the efficiency, flexibility and profitability of manufacturing operations. It can make factory workers more productive, improve product quality and minimize material and labor costs. MRP also helps manufacturers respond more quickly to increased demand for their products and avoid production delays and inventory stockouts that can result in lost customers, which in turn contributes to revenue growth and stability.

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