

Advantages of the MRP

- Assurance that materials and components will be available when needed
- Minimized inventory levels and costs associated
- Optimized inventory management
- Reduced customer lead times
- Increased manufacturing efficiency by using accurate production, planning, and scheduling to optimize the use of labour and equipment
- Increased labour productivity
- Ensure capacity utilization
- Increased overall customer satisfaction

Disadvantages

- MRP systems can often be difficult and expensive to implement
- Lack of flexibility when it comes to the production schedule as MRP highly depends on having accurate information about key inputs, especially demand, inventory, and production. If one or two inputs are inaccurate it can magnify errors at later stages.
- While MRP is designed to ensure adequate inventory levels at the required times, companies can be tempted to hold more inventory than is necessary thereby increasing inventory costs.

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