

SD Organization Structure



Lesson Objectives

- Organization Structure
 - Purpose
 - Use
 - Challenges
- Definition of Organizational Units
 - Client
 - Company Code
 - Sales Organization
 - Distribution Channel
 - Division
 - Sales Office
 - Sales Group
 - Plant
 - Storage Location
 - Shipping Point

Lesson Objectives

- Assignment of Organizational Units
 - Configuration
 - Define Sales Organization
 - Assign Sales Organization to Company Code
 - Sales Organization – Uses
 - Define Distributional Channel
 - Assign Distribution channel to Sales Organization
 - Define Division
 - Assign Division to Sales Organization
 - Set-up Sales Area
 - Sales Organization & Master Data
 - Define Sales Office
 - Assign Sales Office to Sales Area
 - Sales Group
 - Assign Sales Group to Sales Office

Lesson Objectives

- Assign Sales Organization and Distributional Channel to Plant
- Shipping Point
- Assign Shipping Point to Plant
- Attributes & Application
- Transaction Codes
- Tips and Tricks
- Additional Information

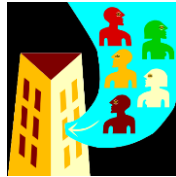


Enterprise Structure

Organization...?



- An organized group of people with a particular purpose, such as a business or government department



- The word itself is derived from the Greek word **organon** meaning tool

Organization Structure



- An organizational structure depicts the structure of an organization in terms of relationships among personnel or departments
- An organizational chart also represents lines of authority and responsibility
- An organizational chart indicates the formal structure of a business or company



- Organization is a Group of people with specific responsibilities acting together for achieving specific purpose determined by the organization
- Any organization needs proper co-ordination within all its departments
- Link between departments is maintained in form of a hierarchy
- Organizational Structure facilitates proper flow of information, division of responsibilities & effective reporting

A logical hierarchy is called as an Organizational Structure

Challenges



- Large business houses need specialized work force to focus on specific areas of business. Different units within an Organization operate in different environments and hence develop their own specialized knowledge base, procedures, tools & techniques and policies
- It is a challenge to create a hierarchical structure that will cater to the needs of individual units yet integrate the effort to meet the common objectives
- In any business it becomes increasingly difficult to ensure proper coordination, proper exchange of information, ability to react quickly and collate information required to form a big picture if the Org structure is too complex or too layered
- A balanced and simple structure can optimize this need for autonomy for various units and coordinate the efforts effectively

Definition of Organizational units



- Organizational Units defined in SAP SD are:

- Sales Organization
- Distributional Channel
- Division
- Sales Office
- Sales Group



- Other important Organizational Units that are necessary are Client, Company Code, Plant, Storage Location and Shipping Point

Client



- Highest level of Organizational unit, with its own data, master records and set of tables.
- Examples for Client specific data:
 - User Master data: Authorization and User Groups
 - Application data: Business transaction data and Material Master data
- From the business prospective a client forms a corporate group

Company Code



- Represents an independent legal Accounting entity
- Example: Company with a corporate group
- Balance sheet & Profit & Loss statements required by law, can be created at the company code level. Therefore, a company code is the minimum structure necessary in R/3 FI
- In an international business, operations are often scattered across many countries. Since most government & tax authorities require the registration of a legal entity for every company, a separate Company code is usually established per country

Sales Organization



- The sales organization is an organizational unit within logistics, that structures the company according to its sales requirements. It is responsible for the sale and distribution of goods and services. It represents the selling unit as a legal entity. It is responsible for product guarantees and other rights to recourse

Distributional Channel



- Represents the channel through which saleable materials or services reach customers
- Within a sales organization a customer can be supplied through several distribution channels. In addition, the material master data relevant for sales, such as prices, minimum order quantity, minimum quantity to be delivered and delivering plant, can differ for each sales organization and distribution channel
- Typical distribution channels include wholesale, retail and direct sales
- A single distribution channel can be assigned to one or more sales organizations

Division



- Division is a collection of Product groups. A material belongs to exactly one division only
- You can define sales offices for a division
- You can define for each sales document type that all items of a sales document must belong to the same division

Sales Office



- Defines Geographical aspects of the organization in business development and sales
- Establishes contact between the firm and the regional market

Sales Group



- The staff of a sales office may be subdivided into sales groups
- Responsible for all items in a sales document however items in a delivery or a billing document can belong to different sales groups
- Sales group is a selection criterion for lists of sales documents
- For each sales group, you can determine the printer for output differently on the basis of the sales documents

Plant



- An organizational unit where important business functions like Delivery Processing, Production, Procurement, Inventory Management, are carried out
- Plant plays an important role in following areas:
 - Sales Org/Gen Plant Data view is maintained at Plant Level
 - Materials can be valued at Plant Level
 - A Factory Calendar is controlled at Plant Level
 - User level authorization can be controlled at Plant Level

Storage Location



- An organizational unit that allows the differentiation of material stocks within a plant
- Stock of a material always belongs to a Storage location. Thus at least one storage location is necessary for in-bound & out-bound delivery processing

Shipping Point



- Part of the company responsible for the type of shipping, the necessary shipping materials and the means of transport
- For example, a Shipping Point can be a company's mail depot or plant rail station

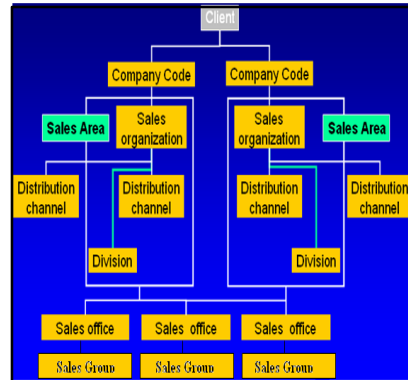
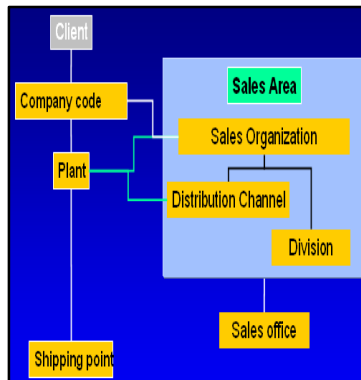
Assignment of Organizational units



- In SAP R/3 you represent Organizational Structure as legal and logical representing the hierarchy of your company by assigning the organizational units which represent individual departments
- This assignment forms the base for all Sales activities in SAP, without which no transaction can be executed
- Also, it is generally necessary to interact with other organizational units such as Plants or Shipping points



Assignment of Organizational units`



Organizational Units are logically assigned to create a hierarchical structure

Environment

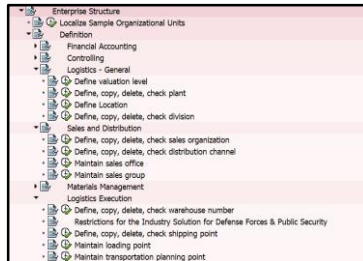


- The current scenario explains about organizational structure in R/3 system version ECC 5.0
- Some of the functionalities explained are version dependent. For example, upto version 4.x it was possible to derive Credit Control Area from the company code only, which is now possible from Sales Area

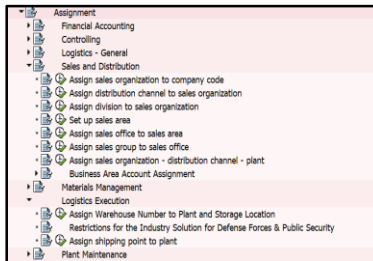
Configuration



Defining



Assigning



Menu Path for Configuration:

Display IMG→ Enterprise Structure→ Definition

Display IMG→ Enterprise Structure→ Assignment

Define Sales Organization



Change View "Sales organizations": Details

New Entries

Sales Organization: 0001 Sales Org. 001

Detailed information

Statistics Currency: B R

Address text name: ADI SS TEXT

Letter header text: R

Footer lines text: ADRS OUTER

Greeting text name: ADRS SIGNATURE

Text SDS sender:

RefSorg.SalesDocType:

Cust.Inter-Co.Bill:

Sales Org.Calendar: 01

☐ Rebate proc.active

ALE : Data for purchase order

Purch. organization:

Purchasing Group:

Vendor:

Order Type:

Plant:

Storage locat.:

Movement Type:

Define the Currency for the sales organization.

Assign Customer for Inter-company billing

Define the working days for the sales organization.

Select the check box if you need Rebate processing to be active.

Sales Org.'code (can be alpha numeric)

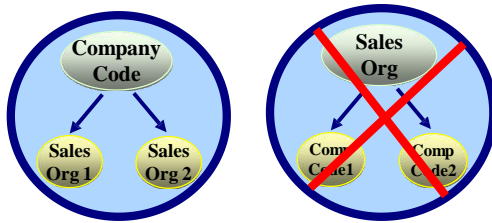
Address details

Define Sales Organization



Display IMG → Enterprise Structure → Definition → Sales & Distribution

Assign Sales Organization to Company Code



Change View "Assignment Sales Organization - Company Code": Overview

Assignment Sales Organization - Company Code

SOrg.	Name	CoCd	Company Name	Status
0001	Sales Org. 001	0001	SAP A.G.	
0003		0003	SAP US (IS-HT-SW)	Text Missing

Display IMG → Enterprise Structure → Assignment → Sales and Distribution

A Sales Organization is assigned to one and only one Company Code

Sales Organization - Uses



- A Sales Organization is the highest level of organizational Unit in SD
- A new Sales Organization should always be created by copying an existing one
- Sales Organization has address, calendar, statistical currency and controls Rebate Processing and Inter Company Sales
- Assigning Sales Org to Company Code establishes the link between SD and FI
- Reports can be generated at Sales Organization Level

Define Distributional Channel



Alpha
numeric codes

Change View "Distribution channels": Overview

New Entries

Distr. Channel	Name	Hide in
01	Distribtn Channel 01	<input type="checkbox"/>

Display IMG → Enterprise Structure → Definition → Sales and Distribution

A Distribution Channel is just a text value and has no controls behind

Assign Distribution channel to Sales Organization



Change View "Assignment Sales Organization - Distribution Channel": Ov

New Entries

Assignment Sales Organization - Distribution Channel					
SOrg.	Name	DChl	Name	Status	Hide In
0001	Sales Org. 001	01	Distribtn Channel 01		<input type="checkbox"/>
0003		01	Distribtn Channel 01	Text Missing	<input type="checkbox"/>



A Distribution Channel can be assigned to one or many Sales Organizations and visa versa

Display IMG → Enterprise Structure → Assignment → Sales and Distribution

Define Division



Alpha
numeric codes

Change View "Divisions": Overview		
New Entries		
Division	Name	Hide in
01	Product Division 01	<input type="checkbox"/>

Display IMG → Enterprise Structure → Definition → Logistics - General

A Division is just a text value and has no controls behind

Assign Division to Sales Organization

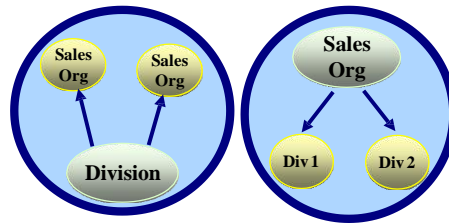


Change View "Assignment Sales Organization - Division": Overview

New Entries

Assignment Sales Organization - Division					
SOrg.	Name	Dv	Name	Status	Hide in
0001	Sales Org. 001	01	Product Division 01		<input type="checkbox"/>
0003		01	Product Division 01	Text Missing	<input type="checkbox"/>

A Division can be assigned to one or many Sales Organizations and visa versa



Display IMG → Enterprise Structure → Assignment → Sales and Distribution

Set-up Sales Area



Change View "Assignment Sales Org. - Distribution Channel - Division":						
New Entries						
Assignment Sales Org. - Distribution Channel - Division						
SOrg.	Name	DChl	Name	Dv	Name	Status
0001	Sales Org. 001	01	Distribtn Channel 01	01	Product Division 01	
0002		01		01		Elmnt + Text Mis.
0003		01	Distribtn Channel 01	01	Product Division 01	Text Missing

- Sales Area is the set-up that combines sales organisation, distributional channel and division
- By setting up Sales Area:
 - You can define materials belonging to which divisions can be sold thorough specific Distribution Channels such as Whole-sale or Retail
 - You can control specific transactions based on allowed document types

Set-up Sales Area



Display IMG → Enterprise Structure → Assignment → Sales and Distribution

Sales Organization & Master Data



- Sales Organization Controls Master Data Creation, where Common Distribution Channel and Common Division is combined with respective Sales Organization to reduce master data creation work
- In such a case Condition Master records, Customer Master Records and Material Master records are created only once for one sales area and need not be extended to each and every sales area

Sales Organization & Master Data



Change View "Assignment Sales Organization - Distribution Channel": Ov					
New Entries					
Assignment Sales Organization - Distribution Channel					
SOrg.	Name	DChl	Name	Status	Hide In
0001	Sales Org. 001	01	Distribtn Channel 01		<input type="checkbox"/>
0003		01	Distribtn Channel 01	Text Missing	<input type="checkbox"/>

Change View "Assignment Sales Organization - Division": Overview					
New Entries					
Assignment Sales Organization - Division					
SOrg.	Name	Dv	Name	Status	Hide In
0001	Sales Org. 001	01	Product Division 01		<input type="checkbox"/>
0003		01	Product Division 01	Text Missing	<input type="checkbox"/>

Display IMG→ Sales and Distribution → Master Data

Define Sales Office



Change View "Sales offices": Overview

New Entries

Sales office	Created by	Description	Hide in
0001	RAP	Sales Office South	<input type="checkbox"/>

Click to maintain address

SP-Edit Address: 0001

Name
Title
Company

Search Terms
Search term 1/2

Street Address
Street/House number
Postal Code/City
Country DE Region

PG Box Address
PG Box
Postal Code
Company Postal Code

Communication
Language En English
Telephone
Extension
Mobile Phone
Other Communication...

Display IMG → Enterprise Structure → Definition → Sales and Distribution

A Sales Office is just a text value and has no controls behind

Assign Sales Office to Sales Area

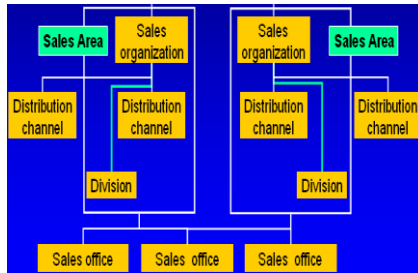


Change View "Assignment Sales Office - Sales Area": Overview

New Entries

Assignment Sales Office - Sales Area

SOrg.	Name	DCH	Name	Dv	Name	SOFF.	Description	Status
0001	Sales Org. 001	01	Distribtn Channel 01	01	Product Division 01	0001	Sales Office South	



Display IMG → Enterprise Structure → Assignment → Sales and Distribution

Sales Group



Enter a 3
digit alpha-
numeric key

Change View "Sales Groups": Overview		
New Entries		
Sales group	Description	Hide in
001	Sales Group 001	<input type="checkbox"/>

Display IMG → Enterprise structure → Definition → Sales & Distribution → Maintain Sales Groups

A Sales Group is just a text value and has no controls behind

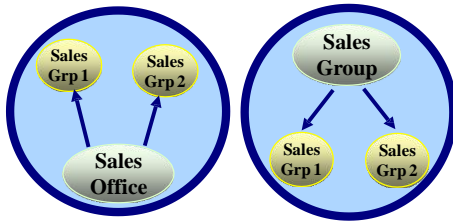
Assign Sales Group to Sales Office



Change View "Assignment Sales Office - Sales Groups": Overview

New Entries

Assignment Sales Office - Sales Groups					
SOff.	Description	SGrp	Description	Status	Hide In
0001	Sales Office South	001	Sales Group 001		<input type="checkbox"/>



- More than one sales group can be assigned to one sales office and one sales group can belong to several sales offices

Display IMG → Enterprise structure → Assignment → Sales & Distribution → Assign Sales Group to Sales Office

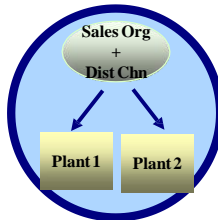
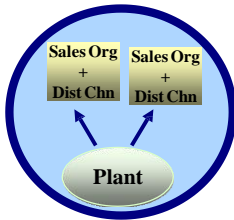
Assign Sales Organization and Distributional Channel to Plant



Change View "Assignment Sales Organization/Distribution Channel - Plant"

New Entries

Assignment Sales Organization/Distribution Channel - Plant					
SOrg.	Name	DChCust/Mt	Name	Plant	Name 1
0001	Sales Org. 001	01	Distribtn Channel 01	0001	Werk 0001
0003		01	Distribtn Channel 01	0003	Plant 0003 (is-ht-sw)



- More than one Plant can be assigned to combination of Sales Organization and Distributional Channel and vice-versa
- When plant of one company code is assigned to the combination of Sales Organization and Distributional Channel belonging to another company code the scenario results into Inter-company Sales

Display IMG → Enterprise structure → Assignment → Sales & Distribution → Assign Sales Group to Sales Office

Shipping Point



Change View "Shipping Points": Details

New Entries

Shipping Point: 0003 **Shipping Point 0003**

Location:

Country: US Departure Zone: 000

Times

Factory Calendar: 01 Germany (Standard)

Working Times:

Determine Times

Determine Load. Time: **Lead time maintained is used for delivery proposal**

Det.Pick/Pack Time: ☐ Pick/pack time not determined

Rounding Work Days: 0,20

Form Text Names

Address Text Name	ADRS_SENDER
Letter Header Text	ADRS_HEADER
Text Name Foot.Lines	ADRS_FOOTER
Text Name Greeting	ADRS_SIGNATURE
Text Name SDB Sender	<input type="text"/>

Print Picking List

Output Type	EK00
Message Language	EN
Number of Messages	1
Send Time	3
Transmission Medium	1
Subsystem	<input type="text"/>

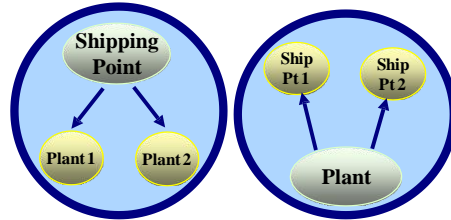
A Shipping point has its own working days & timings

Display IMG → Enterprise structure → Definition → Logistics Execution → Define Shipping Point

Assign Shipping Point to Plant



Shipping Points -> Plants: Overview	
Assign	Analyze error(s) Delete Select/Deselect Deselect
Plant	Shipping Points
0001	Werk 0001
0001	Shipping Point 0001
0003	Plant 0003 (is-ht-sw)
0001	Shipping Point 0001
0003	Shipping Point 0001



- More than one Shipping Point can be assigned to a Plant and vice versa
- Though it is possible to one Assign Shipping to several Plants, generally it is avoided. Creating & assigning a unique Shipping Point to each plant helps in Authorization Control & differentiating delivery documents belonging to a unit.

Assign Shipping Point to Plant



Display IMG → Enterprise structure → Assignment → Logistics Execution →
Assign Shipping Point to Plant

Attributes & Application



Org Units	Attributes	Application
Sales Organization	<ul style="list-style-type: none"> Name and Address Language and Currency Factory Calendar 	<ul style="list-style-type: none"> Rebate Processing Intercompany Sales Account Determination User Level Authorization
Distribution Channel	<ul style="list-style-type: none"> Name 	<ul style="list-style-type: none"> Controls Material Master Sales View (along with Sales Org) Other master data such as Conditions User Level Authorization
Division	<ul style="list-style-type: none"> Name 	<ul style="list-style-type: none"> Master Data creation such as Customer & Conditions A Material belongs to exactly one Division
Sales Area	<ul style="list-style-type: none"> Assignment Only 	<ul style="list-style-type: none"> Pricing Free Goods Output Determination Partner Determination Document Types

Attributes & Application



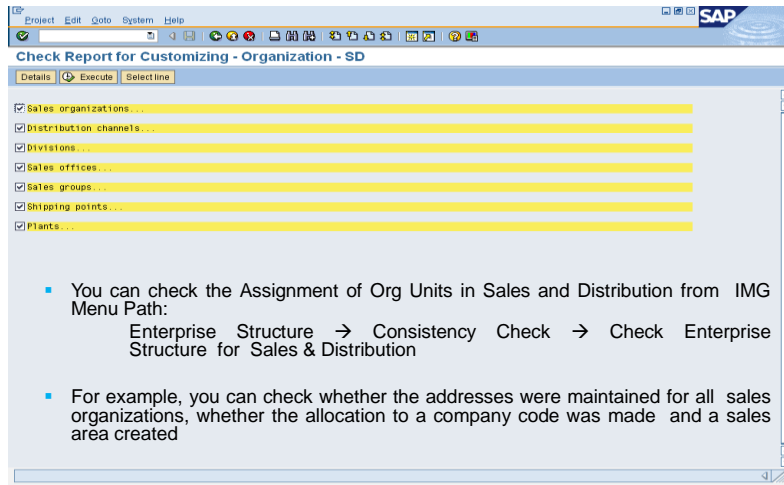
Org Units	Attributes	Application
Company Code	<ul style="list-style-type: none"> Name and Address Language and Currency 	<ul style="list-style-type: none"> Balance Sheet & Profit & Loss statement. Transfers financial Information to Controlling Revenue Accounting Credit Policies User Level Authorization
Plant	<ul style="list-style-type: none"> Name and Address Language and Currency Factory Calendar 	<ul style="list-style-type: none"> Taxation Inter-company Sales Master data maintenance User Level Authorization
Storage Location	<ul style="list-style-type: none"> Name and Address 	<ul style="list-style-type: none"> Physical Inventory Delivery Processing Reporting
Shipping Point	<ul style="list-style-type: none"> Name and Address Factory Calendar Working hours Lead Time 	<ul style="list-style-type: none"> Delivery Processing Transportation

Transaction Codes



OVX5	Define Sales Organization
OVXI	Define Distributional Channel
OVXB	Define Division
OVX1	Define Sales Office
OVX4	Define Sales Group
OVX3	Assign Sales Organization to Company Code
OVXK	Assign Distribution Channel to Sales Organization
OVXA	Assign division to sales organization
OVXG	Set up sales area
OVXM	Assign sales office to sales area
OVXJ	Assign sales group to sales office
OVX6	Assign sales organization - distribution channel - plant

Tips and Tricks



Check Report for Customizing - Organization - SD

Details Execute Select line

- ☒ Sales organizations...
- ☒ Distribution channels...
- ☒ Divisions...
- ☒ Sales offices...
- ☒ Sales groups...
- ☒ Shipping points...
- ☒ Plants...

- You can check the Assignment of Org Units in Sales and Distribution from IMG Menu Path:
Enterprise Structure → Consistency Check → Check Enterprise Structure for Sales & Distribution
- For example, you can check whether the addresses were maintained for all sales organizations, whether the allocation to a company code was made and a sales area created

Additional Information



- The definition of organization units is a fundamental step in your project. It is a critical factor in how the project will be structured. You should not use more organization units than necessary. Once you have decided on an organizational structure it is not easy to change it
- In order to simplify master record and document entry, the organizational units can be stored as user parameters in the user master record. It is not necessary to specify the organizational units since the values are proposed automatically. The following are examples of IDs defined for user parameters:
 - SPA – Division
 - VKO-Sales Organization
 - VTW - Distribution channel
 - WRK – Plant



People matter, results count.

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