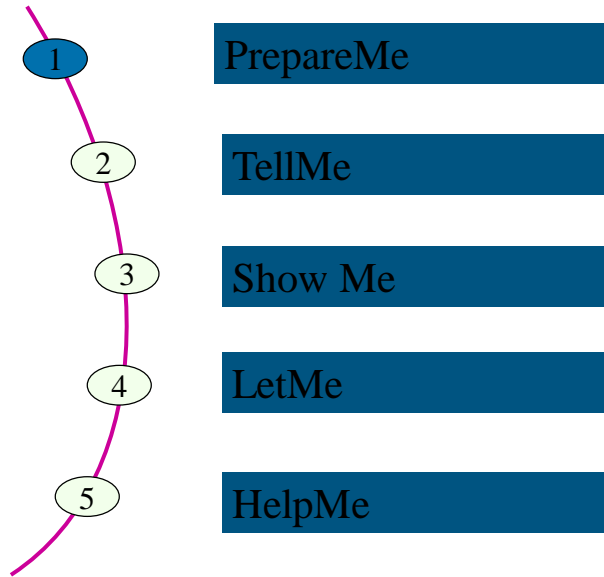


MM0007_MM_Special_Procurement_Process



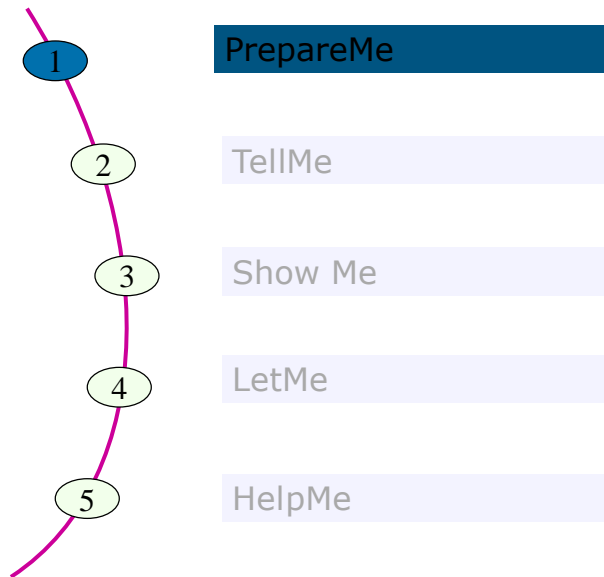


MM-IM Special Stocks





MM-IM Special Stocks





Course Objective

- Explain the procurement process with subcontracting
- Provide the components required for subcontracting to the subcontractor
- Change Post a goods receipt (GR) for a subcontract order (subcontract PO) and explain the effects
- Set Explain the procurement process with consignment
- List the settings relevant for vendor consignment
- Post goods movements for consignment stock
- Settle consignment withdrawals

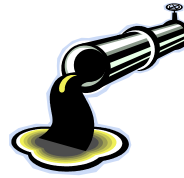


Course Objective (continued...)

- Display consignment stock
- Explain the procurement process with pipeline
- List the settings relevant for the pipeline process
- Post goods movements for pipeline stock
- Explain why a distinction is made between internal and external special
- List a few of the special stock types in the SAP system



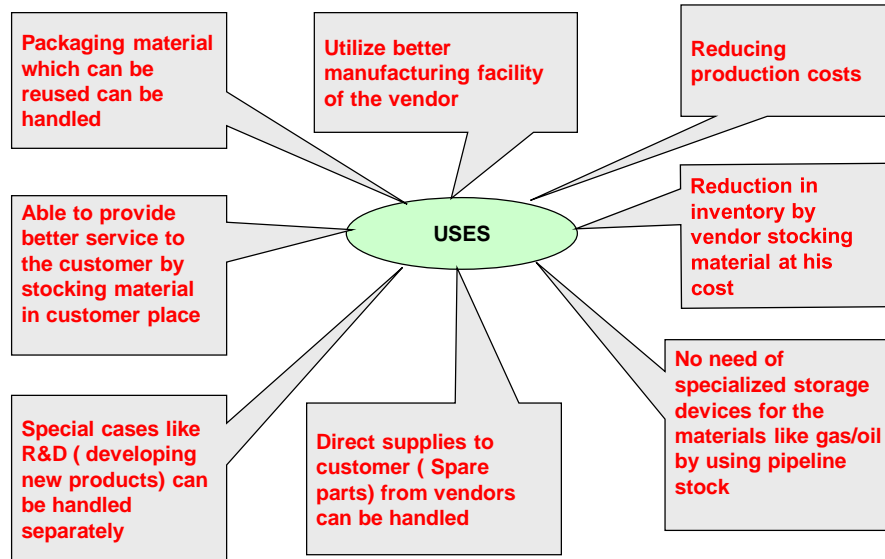
MM-IM-Special stock types



Special stocks are stocks that are managed separately either belonging to the company but not in the company premises stored in vendor or customer place (COMPANY'S OWN SPECIAL STOCKS) or physically stored in company premises but belongs to the vendor/customer premises (EXTERNALLY OWNED SPECIAL STOCK)

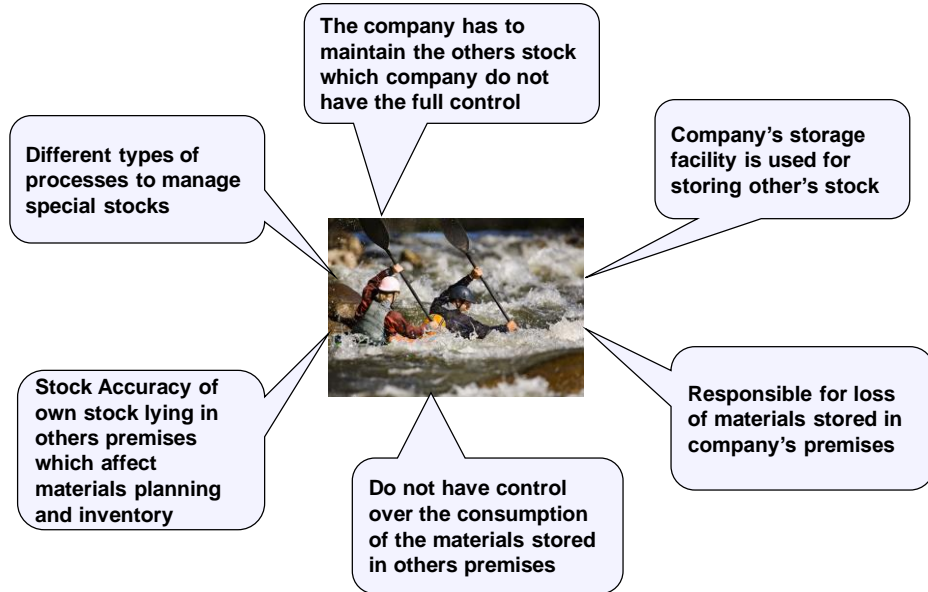


USES/PURPOSES



- Cost of production can be reduced and also use the better manufacturing facilities of vendor
- Having vendor stocking material in company's premises inventory can be minimized
- Packaging materials (ex. bottles and crates in beverages industries), which can be reused can be handled separately
- No need of specialized storage devices for the materials like gas/oil by using pipeline stock
- Able to provide better service to the customer by stocking material in customer place
- Direct supplies to customer (Spare parts) from vendors can be handled
- Special cases like R&D (developing new products) can be handled separately

CHALLENGES

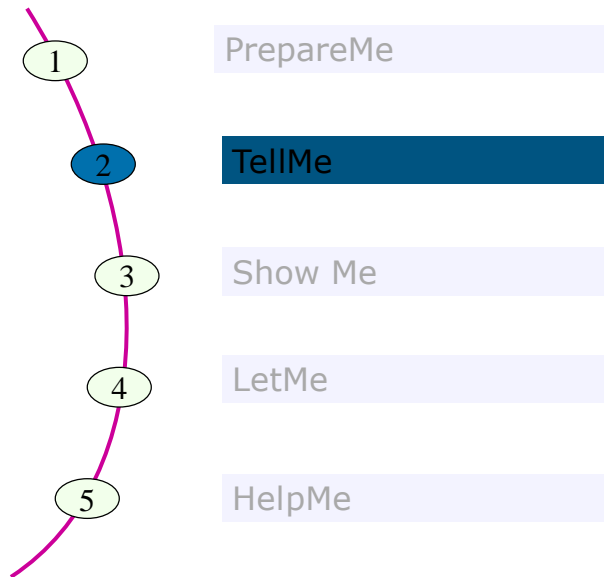


Some of the challenges in handling Special stocks

- Different types of processes to manage special stocks may lead to the volumes of data in managing inventory
- Accuracy of data about the company's own stock lying in others premises
- Has to provide space for others stock
- Has to maintain the others stock of which company is not liable for the material stored by vendor at company's premises the company is responsible for the loss of stock
- Do not have control over the consumption of the materials stored in others premises



MM-IM Special Stocks



TELL ME AGENDA



Vendor Consignment Stock

Subcontracting

Third Party Processing

Pipe line Material

Project Stock

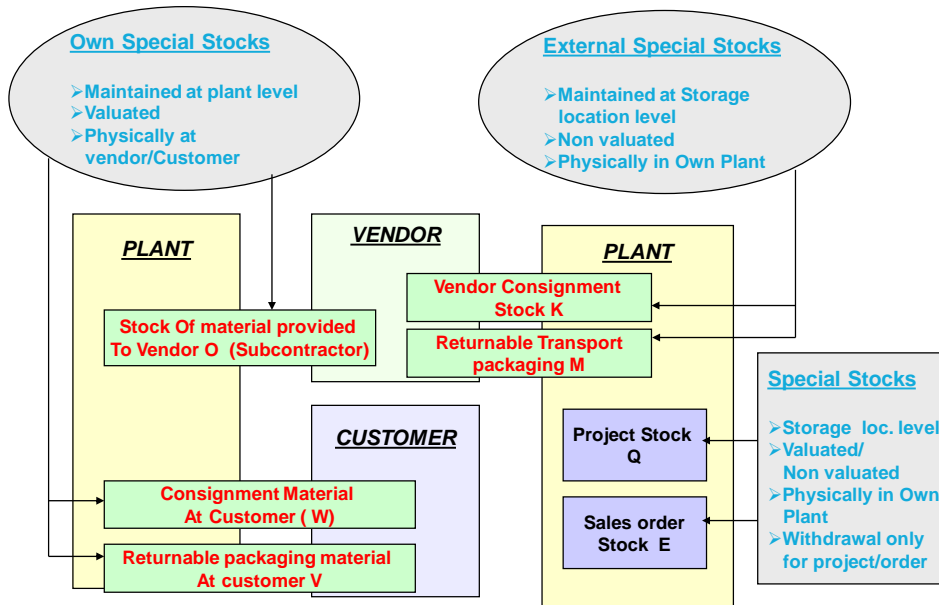
Sales Order Stock

Returnable transport Packaging

Consignment stock with Customer

Returnable Packaging with customers

Inventory Mgt. - Special Stocks



Special stocks

- Two types, Externally owned Special stock and Company's own special stock

Company's own Special Stocks

- Company's own stock Present in Vendor/customer location
- SUBCONTRACTING stock, CONSIGNMENT STOCK at VENDOR PLACE and RTP at customer location are the Own special stocks
- Physically at vendor/customer place
- Valuated
- Inventory managed at plant level

Externally owned Special stocks

- Stocks physically present at company's storage location but belongs to the vendor (Vendor consignment stock is example)
- Non evaluated stocks
- Maintained at storage location level
- Physically at company's premises
- There are other Special stocks like PIPELINE MATERIAL, THIRD PARTY PROCESSING, PROJECT STOCK and SALES ORDER STOCK are also dealt as special stocks



Vendor Consignment Stock

Subcontracting

Third Party Processing

Pipe line Material

Project Stock

Sales Order Stock

Returnable transport Packaging

Consignment stock with Customer

Returnable Packaging with customers

Vendor consignment Stock

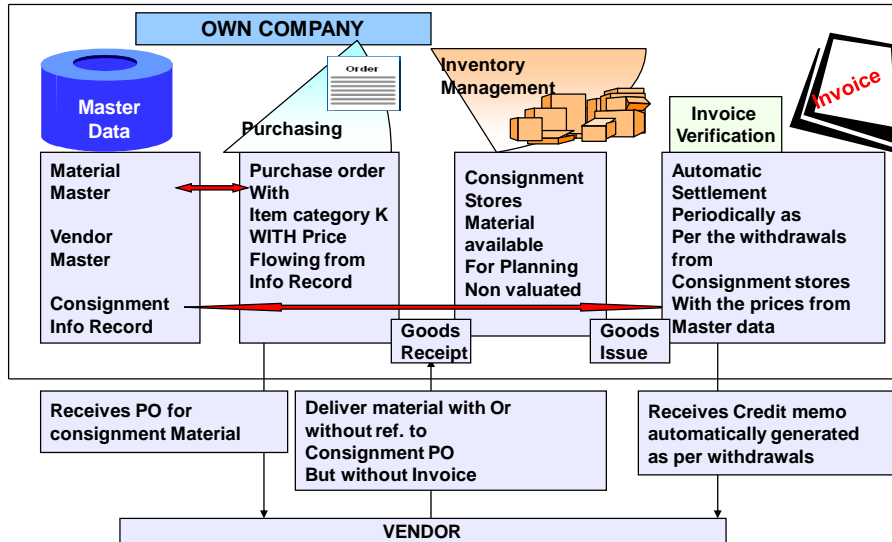


- The material made available to the company by a vendor , is stored in the company but belongs to the vendor
- The liability towards the vendor arises only when the material is drawn from the consignment stores for production or to cost centers or transferred to own stock
- Maintained at storage location level and distributed on vendor specific basis
- Non valuated and available for MRP
- Vendor delivers material with/without reference to Purchase order
- Stock is managed in a vendor related special stock K
- Goods receipt is non valuated and no Invoice receipt
- Vendor is paid through automatic settlement process as per the consumption

Process Flow



The process flow of the Vendor Consignment Stock is illustrated as below



The Business process of Vendor consignment process

- MATERIAL MASTER ,VENDOR MASTER and CONSIGNMENT INFO RECORD are the master data required
- ITEM CATEGORY K
- Vendor receives PO and send the materials
- Vendor may send the material without PO also based on the agreement
- No invoice sent from the vendor
- Materials are received in the consignment stores
- Materials are still vendor's property
- Material non valuate
- Withdrawn from consignment stores/transferred to own stock on requirement basis
- Liability starts on consumption
- Based on the consumption the company generates invoice and settles the vendor periodically



Vendor Consignment Stock

Subcontracting

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Project Stock

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Returnable transport Packaging

Consignment stock with Customer

Returnable Packaging with customers

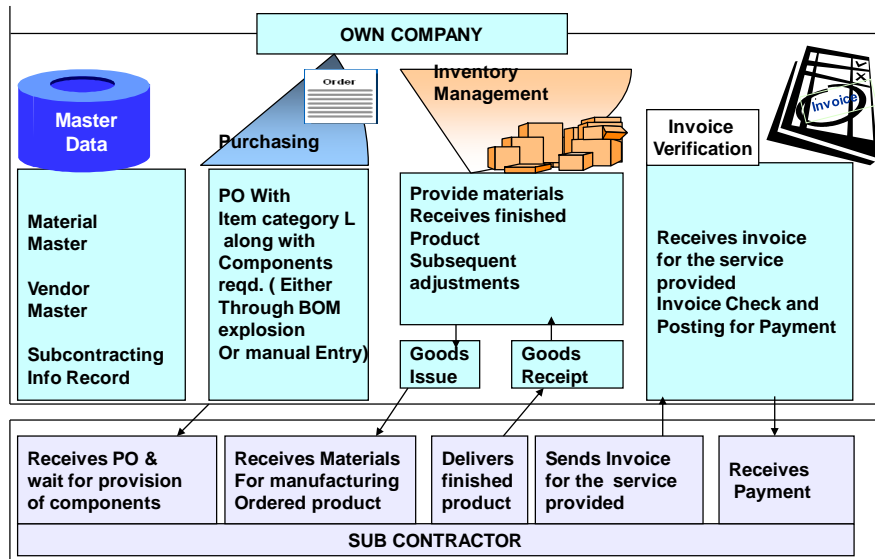
Special Stock -Subcontracting



- Subcontracting is the process in which the company orders for a product and provide the materials for making the ordered product
- Provide the material to the subcontractor which are posted to Materials provided to the vendor
- Vendor completes and delivers the ordered product along with invoice for the service provided
- During receipt GR is posted for the finished product and consumption is posted/updated for the materials provided to the vendor
- Excess consumption or under consumption reported by vendor can be corrected with a subsequent adjustment

Subcontracting - Process Flow

The process flow of the Subcontracting is illustrated as below



Business process

- MATERIAL MASTER, VENDOR MASTER and SUBCONTRACTING INFO RECORD are the reqd MASTER DATA
- ITEM CATEGORY L
- The materials used for manufacturing the ordered material have to be entered in the PO either by having the BOM or manual entry
- The vendor receives PO
- The materials are provided to the vendor through TRANSFER POSTING
- Vendor do the necessary service and produce the ordered material
- Vendor will send the material ordered along with the report on consumption of materials provided
- GOODS RECEIPT posted for the material ordered
- GOODS ISSUE posted for the materials provided
- The difference in the quantity of materials provided to the vendor will be posted in SUBSEQUENT ADJUSTMENTS
- INVOICE for the service provided will be sent
- Settlement for the vendor for the service provided



Vendor Consignment Stock

Subcontracting

Third Party Processing

Pipe line Material

Project Stock

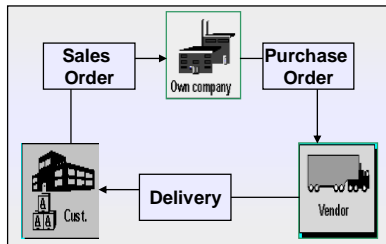
Sales Order Stock

Returnable transport Packaging

Consignment stock with Customer

Returnable Packaging with customers

Third Party Processing



In third-party processing, the company place a purchase order with a vendor to deliver goods or perform a service for a third party (for example, for a customer).

- The Customer orders for a material or service with the company
- The company does not delivers the material/service instead forward the order to an external vendor, who then sends the material/service directly to the customer and invoices the company
- Sales order to be created with third party item which creates purchase requisition
- PO to be generated with third party item w.r.t purchase requisition
- Vendor delivers the materials directly to the customer, can be posted as statistical Goods Receipt (not compulsory)
- Vendor sends invoice, entered in the LIV(Invoice receipt is not mandatory for generating billing documents to the customer in SD

Third Party Processing



In Sales

Third-party items in a sales order can be entered manually/created automatically

Resulting Activities in Purchasing

- A purchase requisition is created
- The number of the purchase requisition is updated in the sales order
- The item is scheduled automatically

Purchasing

- PR will be created automatically when salesorder with third party item is created
- Changes in PR is restricted (Qty, Delivery have to be changed in Sales order)
- PO can be created w.r.t PR
- If SD is not activated third party PR and PO can be created manually also

Inventory Management

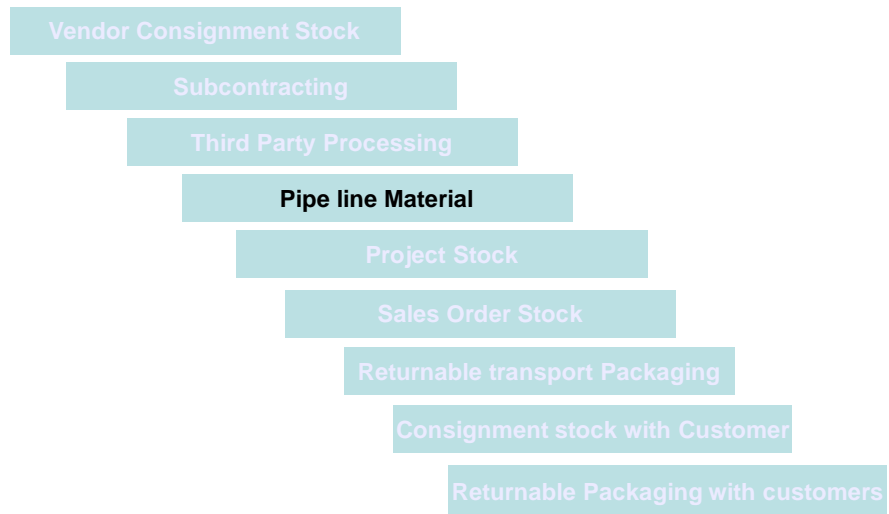
Entering goods receipt is optional

Results of the Goods Receipt

- No stock update is made
- Goods receipt is posted to consumption
- GR/IR clearing account is credited
- PO history gets updated

Invoice Verification

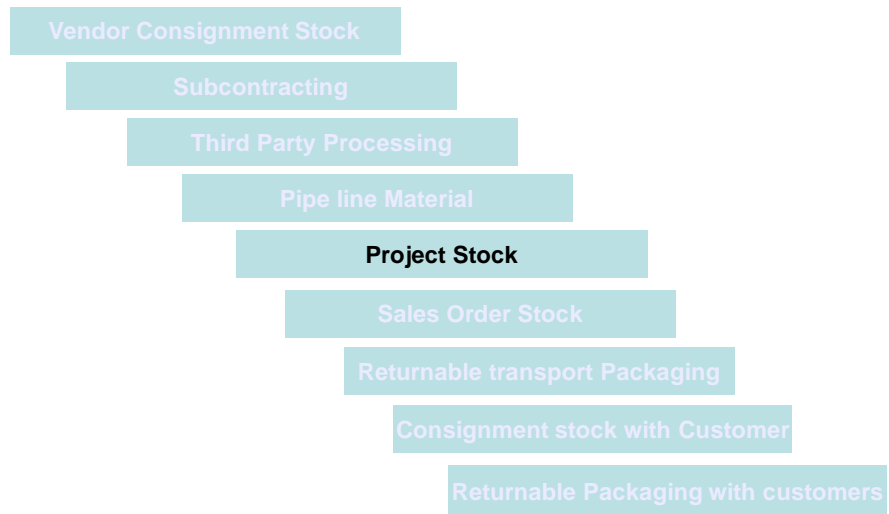
- Vendor delivers the material to customer and sends invoice to the company
- Invoice is posted in LIV
- Customer can be billed on the invoice qty
- Billing document will be created only after invoice is posted



Special Stock type- Pipeline Material



- Pipe Line material is material that flows directly into production process from a pipe(Gas, Oil, Water etc.) or another kind of conduit (Electricity) which are available ant any quantity at any time
- Pipeline Materials are not stored or not inventoried
- Cannot plan or procure this material
- Material master with Material type PIPE and the Pipeline info record are the required master data
- All the movement types should use special stock Indicator P
- The material can be used as a component with backflush in the production order
- For withdrawals settlements can be done through automatic settlement which is same as in the case of Vendor consignment stock



Special Stock- Project stock



- Quantity of a material which is held in stock for the completion of a project
- Allocated to a work breakdown structure (WBS) element. Components can only be withdrawn for the WBS element
- Available for MRP only for specified projects
- Can be managed either as valuated or non-valuated stock



Accounting
as a result

If not valuated

1. Managed via a cost collector
2. No invoice verification postings for goods
3. Obtain an overview of how the stock is valuated settlement period in Controlling



If valuated

1. Immediate access to its value in Financial
2. The assigned accounts are debited and credited of the valuated goods movements



Special Stock - Sales Order stock



»The quantity of a material which is directly allocated to a sales order

»Components can only be used to manufacture material ordered by the customer and the manufactured product can only be delivered to the customer as part of the sales order

»The material is available for MRP only for sales orders specified

»Can be managed either as valuated or non-valuated stock

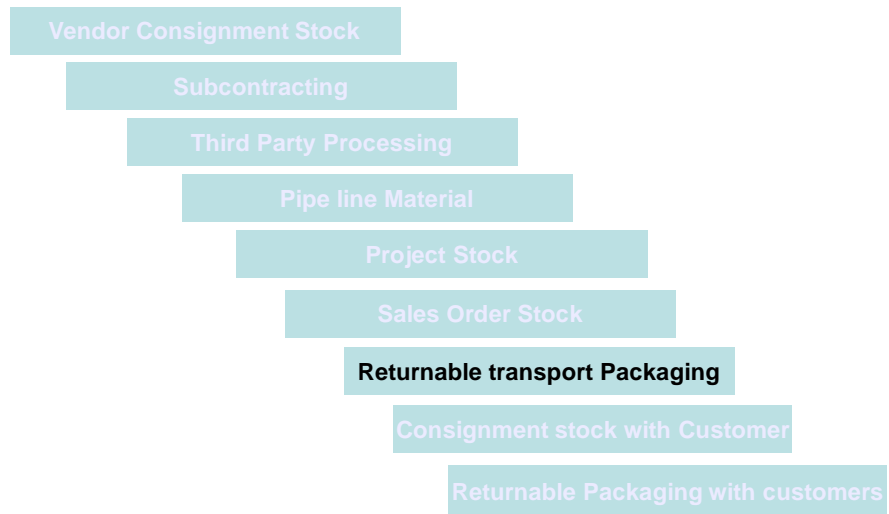
IF non valuated

1. Managed via a cost collector
2. No invoice verification postings for goods movements
3. Obtain an overview of how the stock is valuated at end of the settlement period in Controlling

IF valuated

1. Immediate access to its value in Financial Accounting
2. The assigned accounts are debited and credited as a result of the valuated goods movements





Special Stock – Returnable Transport Packaging (RTP)



» Consists of transportation aids and packaging materials

» Belongs to the vendor needed to be returned to Vendor

» Stored in Company's premises

» Stock managed on vendor specific basis

» Not a valuated stock

» Only managed in Unrestricted-use stock

» Can be inventoried



» Not a component of the Special Stock Indicator (S)





Vendor Consignment Stock

Subcontracting

Third Party Processing

Pipe line Material

Project Stock

Sales Order Stock

Returnable transport Packaging

Consignment stock with Customer

Returnable Packaging with customers

Other Special Stocks



Consignment stock with Customer

- This is consignment material belonging to the company and this is located on the customer's premises
- These stocks are managed on customer specific basis so that they can be monitored separately per customer.
- These materials are not available for materials planning
- The material movements are noted with respective movement types with special stock indicator W

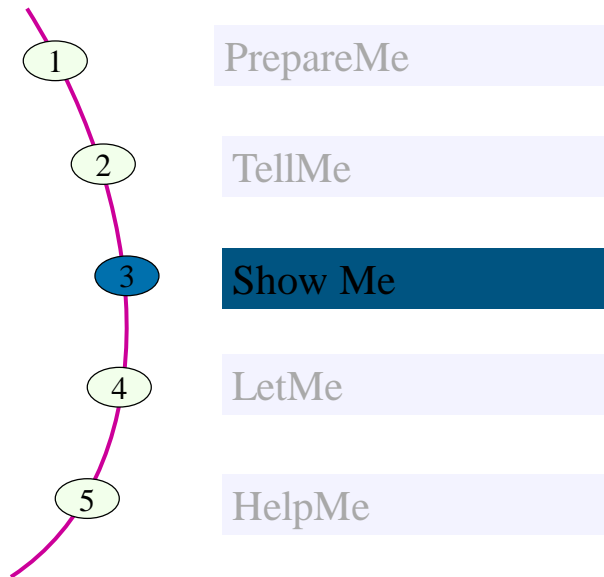
Returnable Packaging with customers



- This is packaging material belonging to the company delivered with the ordered material
- These stocks are physically located in customer's premises
- These materials are not available for materials planning
- The material movements are noted with respective movement types with special stock indicator V



MM-IM Special Stocks



SHOW ME AGENDA



Vendor Consignment Stock

Subcontracting

Third Party Processing

Pipe line Material

Project Stock

Sales Order Stock

Returnable transport Packaging

Consignment stock with Customer

Returnable Packaging with customers



Vendor Consignment Stock

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Returnable transport Packaging

Consignment stock with Customer


Returnable Packaging with customers

Vendor Consignment -Master Data- Consignment Info Record



**Menu Path: -Logistics→
Materials Management→
Purchasing → Master data→
Info record → create (ME11)**

INFO RECORD
Type: Consignment
Vendor
Material
Pur.Org -Standard PORG
Conditions Price



**Master
Data**

- Price in Foreign currency
- Time Dependent price
- Price in any unit of measure
- Discounts
- Price- Quantity scales

Info record Goto Extras Environment

Create Info Record: Initial Scr

Vendor: AGENCY02
Material: 1500-700
Purchasing Org.: 1000
Plant:
Info record:

Info category:
☐ Standard
☐ Subcontracting
☐ Pipeline
☒ Consignment

General data Conditions Tests

Info record:
Vendor: AGENCY02 Real Estate Agency Hamburg
Material: 1500-700 10W50 MOTOR OIL QT
Material group: 010 Consumables
Purchasing Org.: 1000 Consignment

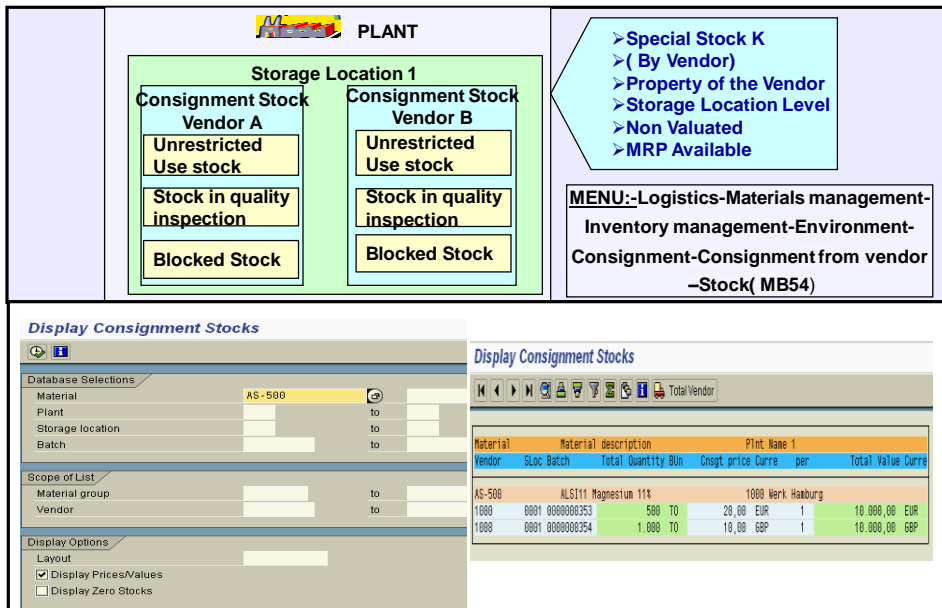
Control
 Pind delv time: ☐ Days Toi Underdel.: ☐ ☐ No MText
 Purch. group: ☐ ☐ ConfReq
 Standard qty: ☐ QT ☐ Unlimited Cost Ctr:
 Minimum qty: ☐ QT ☐ OR-Based IV Tax Code:
 Rem. shelf life: 0 No ERS
 Shp. Instr.:
 ExpImp proced.:
 Maximum qty: ☐ QT Round Prof.:
 Unit group:
 Conditions
 Net price: ☐ EUR / 1 QT Valid to:
 Effective price: 0.00 EUR / 1 QT ☐ No cash disc.
 Qty Conv.: 1 QT <-> 1 QT Cond. Grp:
 Pr. date cat.:
 Incoterms: No control

**Choose Info
type as
Consignment**

Master Data

- CONSIGNMENT INFO RECORD is mandatory
- CONDITIONS from the info record is necessary for the valuation and settlement of material withdrawals
- Consignment prices can be determined in foreign currency, periodic based, and in any unit of measure and the discounts and price/quantity scales can be included
- Material Master and Vendor master are the other master records
- No changes required in these master records For consignment stock

Vendor Consignment- Inventory mgt.



Inventory Management

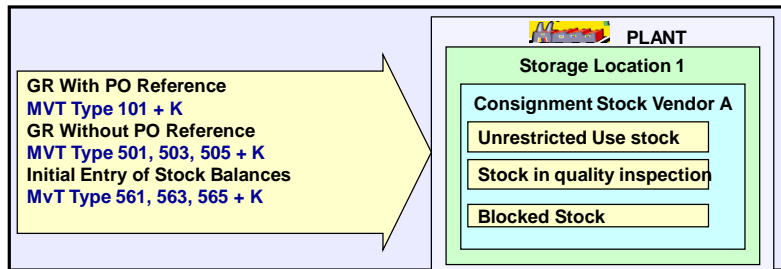
- Material procured using vendor consignment is managed in a vendor related special stock, K
- Maintained at STORAGE LOCATION LEVEL on Vendor specific basis
- Material is physically in the company premises
- Still belongs to the Vendor
- NON VALUATED
- Consignment stock can be in either of the following stock types UNRESTRICTED USE STOCK , QUALITY INSPECTION STOCK or BLOCKED STOCK

The Vendor consignment stocks on vendor basis (One or more materials at a time) can be viewed with Display consignment stock (MB54)

Logistics-Materials management-Inventory management-Environment-Consignment-Consignment from vendor-Stock(MB54)

The stock of several consignment materials can be viewed at the same time by using the below transaction *Display Consignment Stocks (MB54)*

Vendor Consignment–Goods Receipt



The screenshot shows the SAP 'Goods Receipt Other - SDTRAINER3' form. The 'General' tab is active. Fields include 'Document Date' (14.08.2013), 'Posting Date' (14.08.2013), 'Material Slp', 'Doc. Header Text', and 'GR/GS Slp No.'. A table with columns 'Line', 'Mat. Short Text', 'OK', 'Qty in Unit', 'E...', 'Slac', 'Batch', 'Valuation', 'M...', and 'D. Sh' is visible. At the bottom, there are fields for 'Qty in Unit of Entry' and 'Ent. Amount LC'.

Enter PO for GR with reference to PO Or Others for GR without PO reference and Initial entry of stock balances

Enter relevant MvT. type

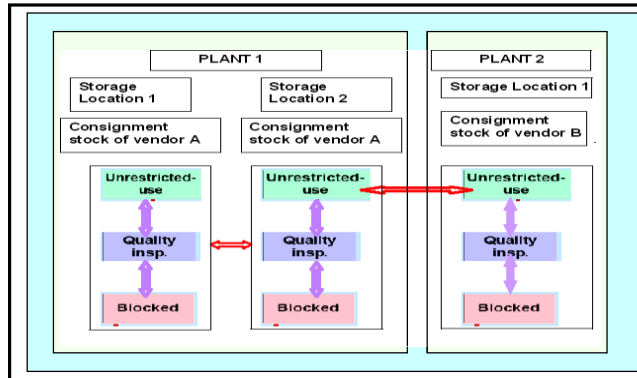
GOODS RECEIPT

- GOODS RECEIPT with PO is made with MOVEMENT TYPE “101+ K”
- The material can be posted to all the three stock types
- GOODS RECEIPT of material without PO (MVT. Type 501 K, 503 k, 505 K)
- GOODS RECEIPT to consignment stock through the INTIAL ENTRY OF STOCK BALANCES process (561 K, 563 K, 565 K)

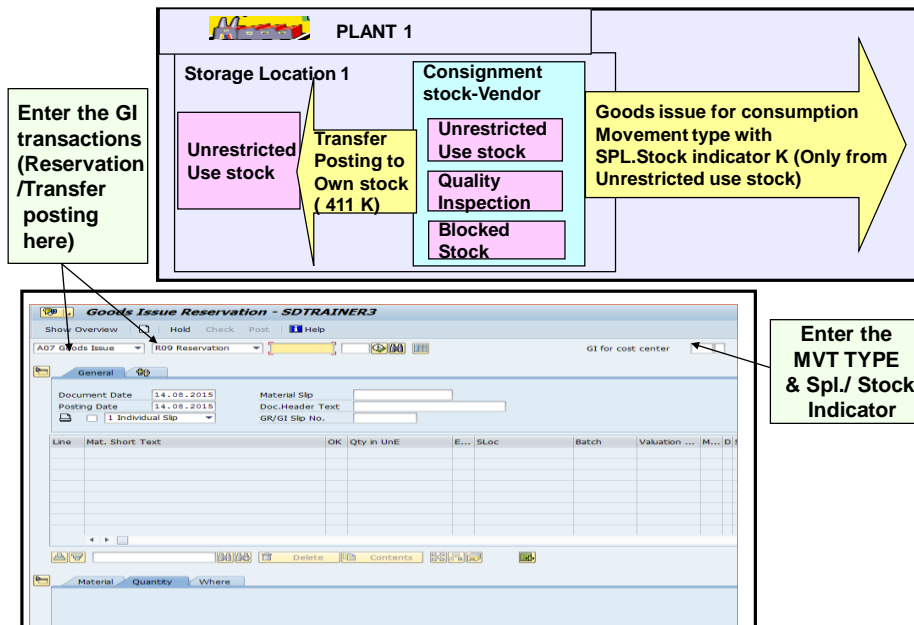
Vendor Consignment-Transfer Postings



Transfer postings and stock transfer can be executed for consignment stocks with same movement types as that of stock material with special stock indicator K . From storage location to storage location within a plant the stock transfer is allowed between all the three stock types. But between plant to plant the stock transfer should be between Unrestricted use to unrestricted



Vendor Consignment- Goods Issue

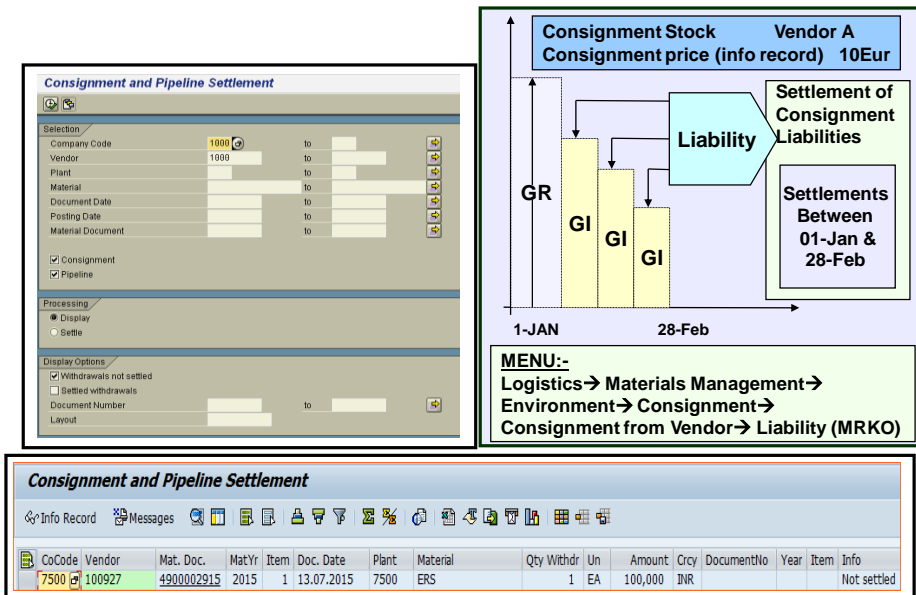


- Withdrawn from CONSIGNMENT STOCK for consumption or transfer to company's own stock
- All the movements should include the special stock indicator "K"

This transfer results in following effects

1. Consignment stock is reduced on a quantity basis.
2. There is a liability for the consignment vendors (Pricing conditions are taken from CONSIGNMENT INFO RECORD)
3. GOODS ISSUE can only be posted from consignment stock to consumption if the material belongs to UNRESTRICTED USE STOCK type. If the consignment material is in QUALITY INSPECTION or BLOCKED STOCK it must be first transferred to the UNRESTRICTED USE STOCK .
4. VENDOR CONSIGNMENT STOCK can be transferred to company's own stock by using MOVEMENT TYPE 411K

Invoice Verification–Automatic settlement



- Removing material from consignment stores or transferring material to company's own stock results in liabilities towards the vendor
- Consignment materials are settled without the vendor issuing an invoice
- The vendor can only manage its consignment stock by taking deliveries and payments into account
- Payments can be initiated for consignment withdrawals using the Logistics Invoice Verification Menu
- *Logistics-> Materials Management-> Environment-> Consignment-> consignment from Vendor-> Liability (MRKO)*
- Can be informed to the vendor about the settled withdrawals and the credit memo amount
- The system creates a message type KONS in addition to the settlement document



Vendor Consignment Stock

Subcontracting

Third Party Processing

Pipe line Material

Project Stock

Sales Order Stock

Returnable transport Packaging

Consignment stock with Customer

Returnable Packaging with customers

SUBCONTRACTING-PROCUREMENT



Purchase Order

>> **Header**

Vendor =Subcontractor

Item 10

Item Category L

Material 80-110C
Quantity 100 PC
Price 20 Eur

Components

Components

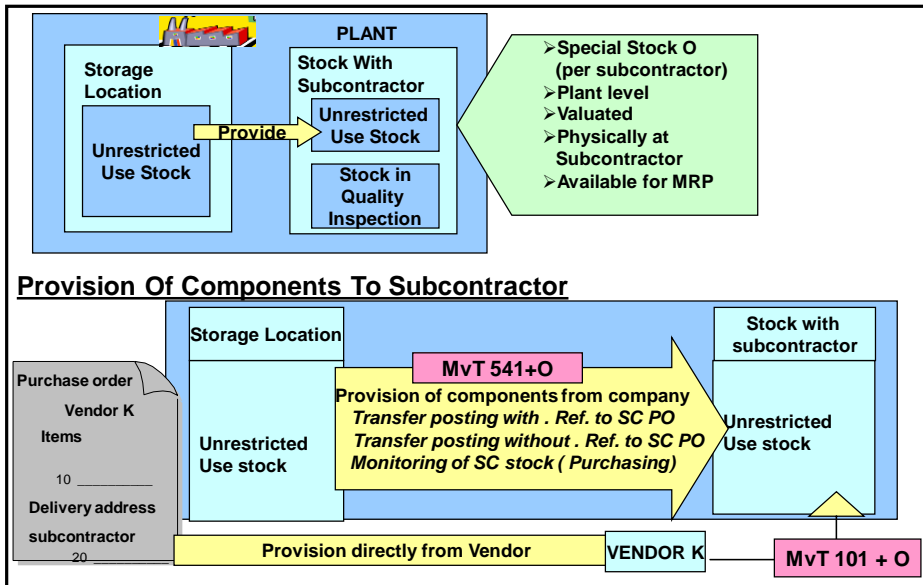
Material 100-251
200PC
Material AM2-400
100 PC

| Material | Description | Requirement qty | U... | Q. | Plant | Pr... | Supply Area | Reqmt Date | M/Item | I | Batch | Re... | B... | I. |
|----------|-----------------|-----------------|------|------|-------|-------|-------------|------------|--------|---|-------|-------|------|----|
| 2038 | Na_Campus ROH | 10 | EA | 7500 | | | | 07.05.2014 | 9999 | L | | 10 | EA | |
| 2039 | Na_Campus ROH 2 | 10 | KG | 7500 | | | | 07.05.2014 | 9999 | L | | 10 | KG | |
| 2040 | Na_Campus ROH 3 | 10 | KG | 7500 | | | | 07.05.2014 | 9999 | L | | 10 | KG | |

SUBCONTRACTING PROCUREMENT

- Purchasing documents with Special ITEM CATEGORY "L"
- Materials to be provided should be entered in the document either through BOM explosion or manually
- The pricing CONDITIONS should come from SUBCONTRACTING INFO RECORD or OUTLINE AGREEMENT with subcontracting item
- Subcontracting materials can be included in MRP for planning if it satisfies following prerequisites
 1. In MATERIAL MASTER special PROCYUREMENT KEY has to be set in MRP view.
 2. At least one SOURCE OF SUPPLY should exist (SUBCONTRACTING INFO RECORD or OUTLINE AGREEMENT with subcontracting item)
 3. MRP indicator should be set in SOURCE OF SUPPLY.
 4. A BOM should exist for the subcontracting material

Subcontracting-Inventory Management



Inventory Management in subcontracting includes

- Provision of components, SPECIAL STOCK to VENDOR (from UNRESTRICTED USE STOCK)
- Physically at Subcontractor either in UNRESTRICTED USE STOCK/QUALITY INSPECTION stock
- Materials provided to vendor are managed with vendor related special stock O
- Maintained at plant level, valuated and available for planning
- GOODS RECEIPT for finished product with consumption of components
- SUBSEQUENT ADJUSTMENTS in case of excess/under consumption of components
- TRANSFER POSTINGS(material to material, stock to stock, plant to plant) with respective MOVEMENT TYPE and SPECIAL STOCK INDICATOR "O"
- TRANSFER POSTINGS the components proposed in SC PO with reference to Purchase order (proposed qty can be changed) (MvT Type 541 + O)

Provision Of Components To Subcontractor

- TRANSFER POSTINGS the components without reference to Purchase order With MOVEMENT TYPE 541 by manually entering required components
- TRANSFER POSTINGS the components from the MONITORING SUBCONTRACTOR STOCK PLAN
- Directly send material to the subcontractor from the vendor by mentioning delivery address as subcontractor's address in the purchase order (101 + O)

Provision Of Components To Subcontractor



Transfer posting without . Ref. to SC PO

Transfer Posting Other - SDTRAINER3

Show Overview ☐ Hold ☐ Check ☐ Post ☐ Web

Add Transfer Post. -> R30 Other

General

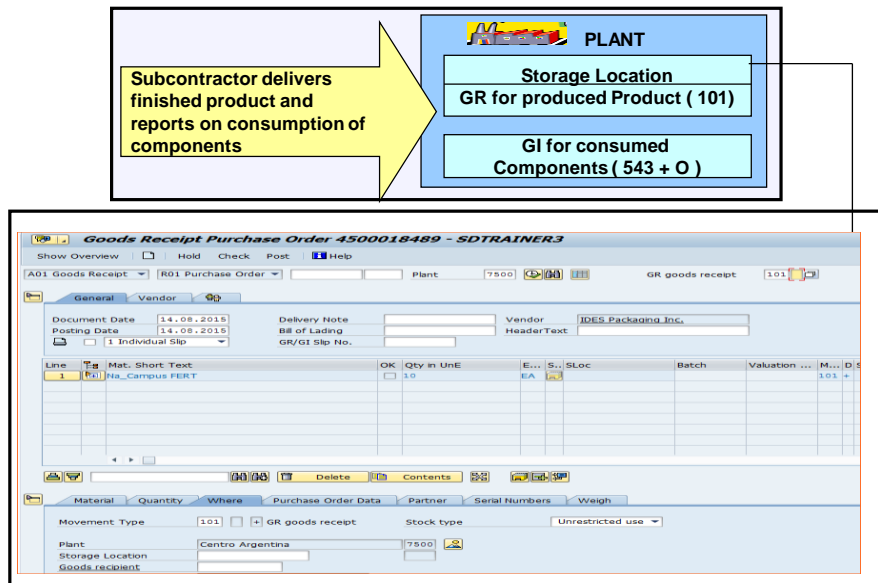
Document Date: 14.09.2015 Material Slip:
 Posting Date: 14.09.2015 Doc. Header Text:
☐ 2 Individual Slip wt. GR/CO Slip No.:

Transfer Posting Material Quantity Where Partner

From: Material: 100 Campus FERT Dest: 100 Campus FERT
 Plant: 2137 Plant: 2137
 Stock Loc.: Stock Loc.:
 Spec. Stock: ☐ ☐ Parts prov. vendor:

Qty in UNE:

Subcontracting Goods Receipt



GOODS RECEIPT

- Subcontractor delivers the product ordered with reports on consumption of materials provided
- Post GOODS RECEIPT with MOVEMENT TYPE 101 as per normal GR process
- Following items will be in the MATERIAL DOCUMENT
- GOODS RECEIPT for the material delivered (MVT Type 101)
- GOODS ISSUE for the components provided (MVT Type 543 + O)

SUBSEQUENT ADJUSTMENT

- Made when excess or under consumption is reported by subcontractor
- The difference in qty of consumption from the SC PO have to be entered with GOODS MOVEMENT transaction (MIGO) w.r.t Purchase order
- If any by products have been planned as a result of subcontracting process these can be included in the BOM with negative qty



Vendor Consignment Stock

Subcontracting

Third Party Processing

Pipe line Material

Project Stock

Sales Order Stock

Returnable transport Packaging

Consignment stock with Customer

Returnable Packaging with customers

Third Party Processing - Purchasing



Display Promotion Order 11361: Item Data

Sales Document item: 10 Item category: TAS Third Party item

Material: ZTHIRD Third Party

Fixed date and qty Order quantity: 10 EA Delivered qty: 0

Delivery time: Delivered qty: 0

| P | Deliv. date | Order quantity | Rounded qty | Confirmed qty | S... | Delivery block | Delivered qty | Sch. | Purchase r. |
|---|-------------|----------------|-------------|---------------|------|----------------|---------------|------|-------------|
| 0 | 14.08.2015 | 10 | 10 | 0 | EA | | | CS | 10012828 |
| 0 | 14.08.2015 | 0 | 0 | 10 | EA | | | CS | 10012828 |

Display Purch. requisition 10012828

Document overview on: 10012828 Personal setting

Header: 10012828

| SL | Item A | Material | Short text | Quantity | Unit C | Delivery date | Mat. group | Plant | Stor. loc. | POR | Requisnr. |
|----|--------|----------|-------------|----------|--------|---------------|--------------|------------|------------|-----|-----------|
| 1 | 10 | ZTHIRD | Third Party | 10 | EA | 14.08.2015 | Metall prod. | Werk Hamb. | | 601 | |

1 [10] ZTHIRD, Third Party

Material data Quantities/dates Valuation Account assignment Source of supply Status Contact person Texts Delivery address

Title: Company: Address details: Address details: Repeat address: Repeat address on:

Name: Eiko Teddlen Address: Customer: 2005 Vendor: SC vend:

Street/House number: Kirchstrasse 53 Address: Customer: 2005 Vendor: SC vend:

Postal Code/City: 55124 Mainz Address: Customer: 2005 Vendor: SC vend:

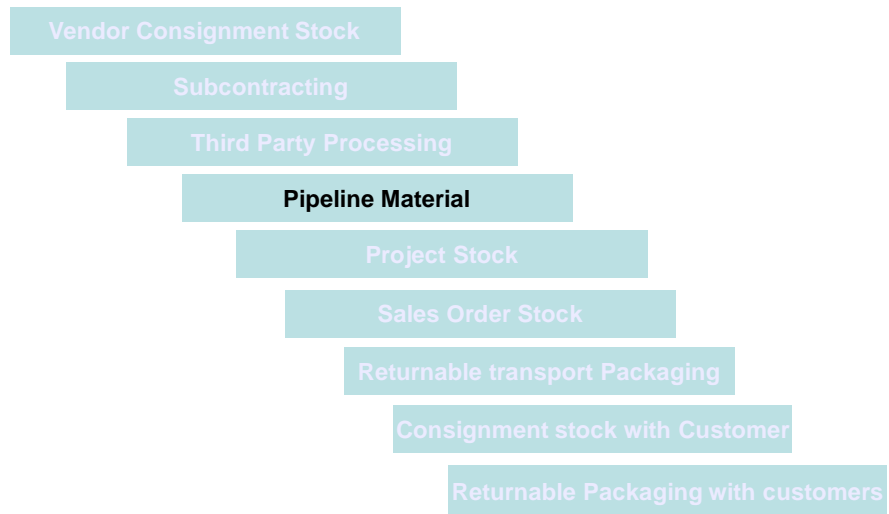
Country: DE Germany Address: Customer: 2005 Vendor: SC vend:

Third Part Processing in purchasing

- The Customer orders for a material or service with the company
- The company does not delivers the material/service instead forward the order to an external vendor, who then sends the material/service directly to the customer and invoices the company
- SALES ORDER to be created with third party item which creates PURCHASE REQUISITION with ITEM CATEGORY "S"

After SALES ORDER created

1. A purchase requisition is created automatically
2. The number of the PURCHASE REQUISITION is updated in the SALES ORDER
3. The item is scheduled automatically
4. The Delivery address in the PR will be of the customer



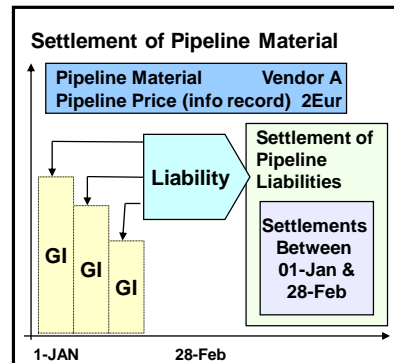
PIPELINE MATERIAL



Material Type PIPE

| | |
|--|---|
| Material type PIPE Pipeline material | |
| General data | |
| Field reference ROH | X-plant mat status |
| SRef material type ROH | Item category group |
| Authorization group | With Qty Structure |
| <input checked="" type="checkbox"/> External no. assignment info check | <input type="checkbox"/> Initial Status |
| Special material types | |
| <input type="checkbox"/> Material is configurable | User departments |
| <input type="checkbox"/> Material r. process | Status description |
| <input checked="" type="checkbox"/> Pipeline mandatory | Work scheduling |
| <input type="checkbox"/> Manufacturer part | Accounting |
| Internal/external purchase orders | Classification |
| Ext. purchase orders 0 | MRP |
| Int. purchase orders 0 | Purchasing |
| Classification | Production resource pools |
| Class type | Costing |
| Class | Basic data |
| Valuation | Storage |
| Price control V Moving average price/periodic unit price | Forecasting |
| Acct cat. reference 0001 | |
| <input type="checkbox"/> Price ctrl mandatory | |
| Quantity/value updating | |
| Quantity updating | Value updating |
| <input type="radio"/> In all valuation areas | <input type="radio"/> In all valuation areas |
| <input checked="" type="radio"/> In no valuation area | <input checked="" type="radio"/> In no valuation area |
| <input type="radio"/> By valuation area | <input type="radio"/> By valuation area |
| Retail-specific fields | |
| Material type ID General material type | |
| Time till deleted | |

- Flows directly into production process
- Pipeline movements are mandatory
- Cannot plan or procure
- Not stored or not inventoried

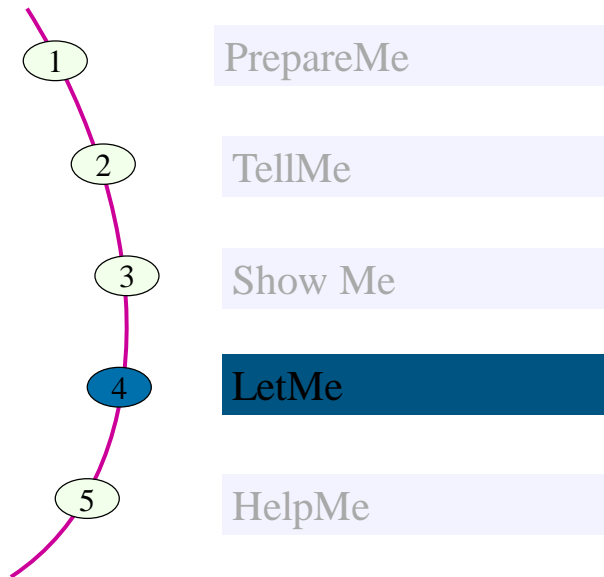


PIPELINE MATERIALS

- Material that flows directly into production process from a pipe(Gas, Oil, Water etc.) or another kind of conduit (Electricity)
- Available ant any quantity at any time
- The MATERIAL TYPE “PIPE” have to be maintained for PIPILINE MATERIALS
- Not stored or not inventoried
- Cannot plan or procure this material
- MATERIAL MASTER with MATERIAL TYPE “PIPE” and the PIPELINE INFO RECORD are the required MASTER DATA
- All the MOVEMENT TYPES should use special stock Indicator “P”
- The material can be used as a component with BACKFLUSH in the PRODUCTION ORDER
- For withdrawals settlements can be done through AUTOMATIC SETTLEMENT which is same as in the case of VENDOR CONSIGNMENT STOCK



MM-IM Special Stocks





| Input | Expected Result |
|---|--|
| Data Prerequisites:- Presumption :- Info records & Bill of Materials are created | |
| In the command field enter Transaction Code ME21N Or from Navigation Tree using following path Choose Logistics → Materials Management → Purchasing → Purchase Order → Create → Vendor/Supplying Plant Known. | System would display Create Purchase Order screen |
| Enter Vendor, Purchase Org, Purchasing Group, Item Category, Material, Qty, Delivery date, Plant, Storage Location Chose Save | System would create Purchase Order Document |
| Display PO and BOM choose with the quick-info text Other Purchase Order and then Other Document In the item details, choose the Material data tab and choose components | System would display Purchase order and Components |






| Input | Expected Result |
|---|---|
| Data Prerequisites:- Presumption :- Info records & Bill of Materials created | |
| In the command field enter Transaction Code MIGO Or from Navigation Tree using following path Choose Logistics→ Materials Management→ Inventory Management → Goods Movement → Goods Movement (MIGO) | System would display Goods receipt screen |
| Chose Transfer Postings, Reference other Enter mvt type 541, Enter Materials, Select the Item OK, Chose Post | System would create only material document. |
| Display Material doc Management→ Inventory Management → Goods Movement → Goods Movement (MIGO) Chose Display, click on Doc Info | No Account Documents are created |



| Input | Expected Result |
|---|---|
| Data Prerequisites:- You have created Sub-con PO and Provided components to Vendor | |
| In the command field enter Transaction Code MIGO Or path Choose Logistics→ Materials Management→ Inventory Management → Goods Movement → Goods Movement (MIGO) | System would display Goods receipt screen |
| Chose Transfer Postings, Reference Purchase Order chose Enter Set the Item OK indicator , chose Post | System would create Material Document |
| Display Material doc Management→ Inventory Management → Goods Movement → Goods Movement (MIGO) Check posted Goods movement | System would update stock of final assembly and components with different movement types |

Subcontracting – Subsequent Adjustment

| Input | Expected Result |
|--|--|
| Data Prerequisites:- You have made GR to the subcon PO. Vendor informed excess consumption of a component | |
| In the command field enter Transaction Code MIGO Or path Choose Logistics→ Materials Management→ Inventory Management → Goods Movement → Goods Movement (MIGO) | System would display Goods receipt screen |
| Chose Subsequent Adjustment, Reference Purchase Order Chose Set the Item OK indicator , chose Enter Material and excess consumption qty  Post | System would create Material Document |
| Display Material doc  Management→ Inventory Management → Goods Movement  → Goods Movement (MIGO) Check posted Goods movement & Finance documents | System would display the account postings |



| Input | Expected Result |
|---|---|
| Data Prerequisites:- Presumption :- Info records & Bill of Materials created | |
| In the command field enter Transaction Code MIGO Or from Navigation Tree using following path Choose Logistics→ Materials Management→ Inventory Management → Goods Movement → Goods Movement (MIGO) | System would display Goods receipt screen |
| Chose Transfer Postings, Reference other Enter mvt type 541, Enter Materials, Select the Item OK, Chose Post | System would create only material document. |
| Display Material doc Management→ Inventory Management → Goods Movement → Goods Movement (MIGO) Chose Display, click on Doc Info | No Account Documents are created |



| Input | Expected Result |
|---|---|
| Data Prerequisites:- Presumption :- Consignment Info records are created | |
| In the command field enter Transaction Code ME21N Or from Navigation Tree using following path Choose Logistics → Materials Management → Purchasing → Purchase Order → Create → Vendor/Supplying Plant Known. | System would display Create Purchase Order screen |
| Enter Vendor, Purchase Org, Purchasing Group, Item Category K, Material, Qty, Delivery date, Plant, Storage Location Chose Save | System would create Purchase Order Document |
| Display PO choose with the quick-info text Other Purchase Order and then Other Document | System would display Cosignment Purchase order and Components |



| Input | Expected Result |
|---|--|
| Data Prerequisites:- You have created Consignment PO | |
| In the command field enter Transaction Code MIGO Or path Choose Logistics→ Materials Management→ Inventory Management → Goods Movement → Goods Movement (MIGO) | System would display Goods receipt screen |
| Chose Transfer Postings, Reference Purchase Order chose Enter Set the Item OK indicator , chose Post | System would create Material Document |
| Display Material doc Management→ Inventory Management → Goods Movement → Goods Movement (MIGO) Check posted Goods movement | |



| Input | Expected Result |
|--|--|
| Data Prerequisites:- You have created consignment PO | |
| Create Reservation In the command field enter Transaction Code MB21 Or path Choose Logistics → Materials Management → Inventory Management → Reservation → Create. | System would display Create Reservation screen |
| Enter t Chose | System would display items screen for Creating Reservation |
| Enter the following data: Cost Center ,Material, Quantity 50 Storage Location Chose Save | System would create Reservation |
| Create Goods Receipt Choose Logistics→ Materials Management→ Inventory Management → Goods Movement → Goods Movement (MIGO) | System would display MIGO screen |

Goods Issue from Consignment Stock (contind..)

| Input | Expected Result |
|---|--|
| Choose Goods Issue and the reference Reservation Enter Reservation number, set item OK, On the Where tab, enter the Special stock indicator K and confirm entries. On the Partner tab enter Vendor Choose Post 🖨️ | System would create Goods Issue Document |
| Display Material doc Management → Inventory Management → Goods Movement → Goods Movement (MIGO) Chose Document info, Chose Fi Documents 📄, Chose Accounting Doc | System would display accounting documents. |

VENDOR CONSIGNMENT STOCK



| Vendor consignment processes | Transaction | Remarks |
|---|-------------|--|
| Maintain CONSIGNMENT INFO RECORD | ME11 | Same as Purchasing info record but select info type as CONSIGNMENT |
| Create Consignment Order | ME21N/ME23N | Enter Item category K. Observe that the conditions are flown from info record and no Manual entry is possible. NO IR for this PO |
| Create GOODS RECEIPT | MIGO | Create GOODS RECEIPT with PO with MvT Type 101 K |
| | | Create GOODS RECEIPT without PO reference with MvT Type 501,503,505 K or with Initial Entry of stock balances (561,563 and 565 K) |
| Move Consignment stock to our own stock | MIGO | Use MvT type 411 K |
| Try Consignment Settlement | MRKO | Settling Consignment Liabilities |

SUBCONTRACTING



| Subcontracting Process | Transaction | Remarks |
|---|--------------|--|
| Maintain Subcontracting Info record | ME11 | Same as Purchasing info record but select info type as SUBCONTRACTING |
| Create Subcontracting Order | ME21N/ME23 N | Enter Item category L. Enter the Components to be provided |
| Enter GOODS ISSUE to SUBCONTRACTOR | MIGO | Transfer postings (With/Without Reference to SC PO) to the sub contractor By using MvT Type 541 O |
| | ME2O | Transfer Posting to the subcontractor by monitoring Stock at subcontractor place |
| | MIGO | Enter GOODS RECEIPT for the materials which have been directly delivered to the subcontractor from the vendor By using MvT. Type 101 O |
| Enter GOODS RECEIPT for subcontracting material | MIGO | Observe the movement type 101 for the goods receipt and 543 O for the materials provided to the vendor |

THIRD PARTY PROCESSING



| THIRD PARTY PROCESSING | Transaction | Remarks |
|---------------------------------|-------------|--|
| Display Third Party Sales Order | VA03 | Display the sales order go to Schedule lines of Item details. Observe the PURCHASE REQUISITION number updated |
| Display Purchase Requisition | ME53N | Observe the Item category in the PR is "S" (Third party Item) And delivery address will be the customer address. |

REPORTS



| Special Stock | Report | Transaction | Description/Purpose |
|-----------------------|------------------------------|-------------|---|
| Vendor Consignment | Consignment Stock Per Vendor | MB54 | generates a list of consignment stocks |
| Subcontracting | SC Stocks Per Vendor | ME20 | To obtain a overview at any time of the current situation for stocks of material provided to vendor The report provides the following information > current stock situation >planned issues >planned receipts |
| | Stock With Subcontractor | MBLB | This report provides an overview of the stocks of material provided to vendor. Can select stocks both via the name of the vendor, plant, material, or company code |
| Project Stock | Valuated Special Stock | MBBS | Displays valuated project and sales order stock |
| Sales Order stock | | | |
| Stock Transport Order | Stock In Transit | MB5T | Displays Stock in transit |

Acc. Postings–Vendor consignment



| Transaction | Activity | Movement Type | Debit | Credit |
|---|---|--|---|---------------------------------------|
| MIGO | Goods Receipt With ref to Purchase order | 101 K | NO Account Postings done | NO Account Postings done |
| | Goods Receipt With ref to Purchase order | 501 K 503 K & 505 K | NO Account Postings done | NO Account Postings done |
| | Initial entry of stock balances | 561 K ,563 K & 565 K | NO Account Postings done | NO Account Postings done |
| | Goods Issue From Consignment stores | Respective movement type + Special stock indicator "K" | Consumption Of material | Accounts payable-Consignment sale |
| | Transfer postings to own stock | 411 K | Stock of the material | Accounts payable-Consignment sale |
| MRKO | Automatic Settlements | N/A | Accounts payable-Consignment sale | Vendor account |
| MI01(create)/MI04(Enter count)/MI11 (Recount)/MI07(Post difference) | Physical Inventory differences of the Vendor Consignment stocks | | <i>For Counted Qty Less than the Book Inventory</i> | |
| | | N/A | Consumption Of material | Expense from the Inventory Difference |
| | | | <i>For Counted more than the Book Inventory means larger withdrawals are posted than the actual. So the account postings will be of the reversal of the withdrawals</i> | |

Acc. Postings–Subcontracting



| Transaction | Activity | Movement Type | Debit | Credit |
|--|--|-----------------------------------|--------------------------------------|---------------------------------------|
| MIGO/ME2O | Transfer postings the stock to Vendor | 541 | NO Account Postings done | NO Account Postings done |
| MIGO | Initial entry of stock balances | 561 O | Stock/Inventory | Initial Entry of Stock balances |
| | Goods Receipt With ref to Purchase order | 101 | Stock Of Finished Goods | GR/IR Clearing account @ PO price |
| | | | Purchased Services @ PO price | INVENTORY/Stock Of materials provided |
| | | | Consumption Of materials provided | Cost of goods sold |
| | Materials Directly provided to Vendor | 101 O | Consumption Account | GR IR Clearing account |
| | subsequent adjustments over consumption | 543 O | Inventory/Stock of material provided | Consumption |
| | subsequent adjustments Under consumption | 544 O | Consumption | Inventory/Stock of material provided |
| | Scrapping | 551 O | Scarp Account | Stock |
| MI01(create)/MI04(Enter count)/ MI11(Recount)/MI07 (Posting the difference) | Inventory Adjustments | 701 (O) (Counted Qty-> Book Qty) | Stock | Inventory Differences |
| | | 702(O)(Counted Qty<Book Qty) | Inventory Differences | Stock |

Acc. Postings–Third Party Processing



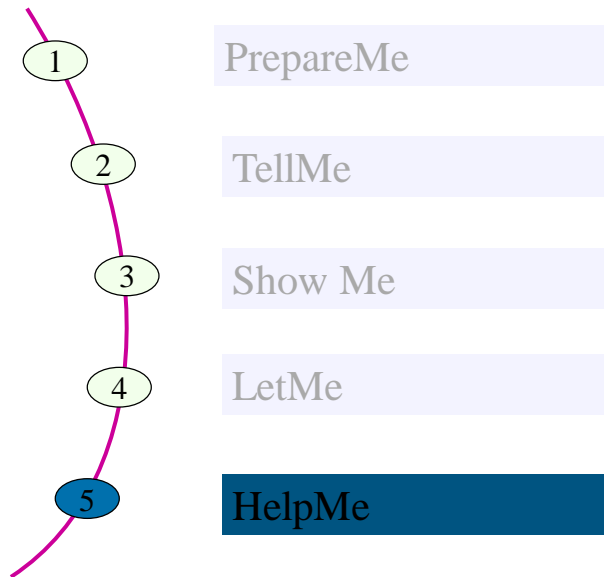
| Transaction | Activity | Movement Type | Debit | Credit |
|-------------|----------------------|---------------|--------------------|----------------|
| MIRO | INVOICE VERIFICATION | N/A | Cost of Goods Sold | Vendor Account |

Acc. Postings–Pipeline Material

| Transaction | Activity | Movement Type | Debit | Credit |
|-------------|-------------|--|-------------------------|-----------------------------|
| MIGO | GOODS ISSUE | Respective movement type + Special stock indicator "P" | Consumption Of Material | Accounts Payable - Pipeline |



MM-IM Special Stocks



MMBE - STOCK OVERVIEW



Stock Overview: Company Code/Plant/Storage Location/Batch

Database selections

| | | | |
|------------------|--------|----|--|
| Material | 16-500 | | |
| Plant | 1000 | to | |
| Storage location | | to | |
| Batch | | to | |

Stock Type Selection

☒ Also Select Special Stocks
☒ Also Select Stock Commitments

List Display

| | | | |
|-------------------------|---|----|--|
| Special Stock Indicator | | to | |
| Display Version | 1 | | |
| Display Unit of Measure | | | |

☒ No Zero Stock Lines
☐ Decimal Place as per Unit

Selection of Display Levels

☒ Company Code
☒ Plant
☒ Storage Location
☒ Batch
☒ Special Stock

MENU:-

Logistics-
Materials management-
Inventory management-
Environment-
Stock-
Stock Overview (MMBE)

- By selecting the Special stock type at the initial screen itself the stocks can be displayed
- Stocks can be displayed across all Organization Levels

MMBE Stock Over View is the Report available for Stock Overview of the Material across all the Organization level

This report can be used as a common report for displaying all the stock types at all Organization Levels



| Stock Overview: Basic List | | | Matr 1000 |
|--|--------|----------------------|--------------------|
| | | | Sloc 0001 |
| | | | SLoc |
| Selection | | | Stock Type |
| Material | AS-500 | ALSI11 Magnesium 119 | Unrestricted use |
| Matl Type | ROH | Raw material | Qual. inspection |
| Unit of Meas. | T0 | Base Unit of Meas. | Returns |
| Stock Overview | | | Transfer (SLoc) |
| Client/Company Code/Plant/Storage Location/Batch/Special Stock | | | Consigt unrestr. |
| Total | | | Consigt qual.insp. |
| 1000 IDES AG | | | Cust. inquiries |
| 1000 Werk Hamburg | | | Cust. quotations |
| 0001 Materiallager | | | Sales orders |
| 0000000354 | | | Cust.sched.agmts |
| Vendor Consignment | | | Cust. contracts |
| | | | Deliv. w/o charge |
| | | | Schd.for delivery |
| | | | Open order qty |
| | | | Consigt ordered |
| | | | Reserved |
| | | | Rcpt reservation |
| | | | Sales order unre. |
| | | | Sales order QI |
| | | | Blocked |
| | | | Sales order blkcd |
| | | | Consigt blocked |

With the stock over view (MMBE) menu the different stocks at different storage location can be viewed.

At storage location level a list total of stocks will be available. With a double click on this stock All the stock types Will be displayed.

Special Stock in MRP



If the special stock materials can be procured always with the special procurement process, the following settings can be done so that during MRP the purchase requisition with the specific requirements will be generated in the planning run.

| SPECIAL STOCK | PREREQUISITES FOR MRP |
|-----------------------|--|
| VENDOR CONSIGNMENT | In MRP2 View of the material master special procurement key for CONSIGNEMTN ("10") must be set |
| | CONSIGNEMTN INFO RECORD is must |
| SUBCONTRACTING | In MRP2 View of the material master special procurement key for SUBCONTRACTING ("30") must be set |
| | At least One source of supply (SUBCONTRACTING INFO RECORD or OUTLINE Purchase agreement with item category " L") should exist |
| | In SOURCE LIST MRP relevant indicator must be set |
| | A BOM for the subcontracting item should exist. |

Additional Information



SUBCONTRACTING

1. In SUB CONTRACTING Process By Products can be managed by maintaining by-products negative quantity. This means
 - In the provision of the components the system ignores the negative component items
 - In the goods receipt for the purchase order, the system automatically posts the receipt of the by-products with movement type 544
 - The receipt can still be corrected using the Subsequent Adjustment function
 - Due to the receipt of the by-products, the value of the manufactured material is reduced
2. In Subcontracting Orders the components to be provided have to be entered manually Or by having a BOM. But in the creation of outline agreements with Item category "L" The components are not entered. The components are entered during creation of RELEASE ORDER or SCHEDULE LINES ONLY
3. Materials can be provided directly to the subcontractor from the vendor. In the PO to the vendor the delivery address has to be the one of subcontractor. After the delivery is made to the subcontractor the goods receipt has to be posted with MOVEMENT TYPE "101 O"

Additional Information



THIRD PARTY PROCESSING

If SD component is not active in the system, third-party orders can be handled completely in Materials Management by entering a third-party order (or a purchase requisition) manually with the item category S and account assignment category X. In this procedure, the activities Entering a sales order and Creating a billing document for the customer are eliminated.

PIPELINE MATERIAL

Depending on the valuation area it can be decided for every MATERIAL TYPE the PIPELINE movements are mandatory or allowed in the valuation area. If the PIPELINE movements are allowed option is chosen then carrying out both inventory management and PIPELINE movements are possible.

Additional Information



➤ For Further information about handling special stocks refer the SAP Library under

SAP R/3 Application Components → Logistics → Materials Management → Inventory Management (MM-IM) → Managing Special Stocks → (Special stock Types)

➤ Certain Special stocks like Consignment stock with Vendor (W) and Returnable transport packaging with customers are handled extensively in Sales & Distribution module (SD-SLS)

➤ Refer the SAP Library for more details of the above stock types under

SAP R/3 Application Components → Logistics → Sales & Distribution → Sales (SD-SLS) → Handling Special Business Transactions in sales → Consignment Processing /Returnable transport Packaging

Test Your Knowledge



1. Which statements about the subcontracting process are correct:

Choose the correct answer(s).

- ☐ A You must set the special stock indicator O in the purchase order.
- ☐ B You order material for a customer, which is then delivered directly to the customer by the vendor.
- ☐ C The vendor must be entered in the material master record as an eligible manufacturer.
- ☐ D The vendor must be entered in the BOM as an eligible manufacturer.
- ☐ E In the purchase order, use item category L.
- ☐ F You deliver components of the ordered material to the subcontractor.

2. Which of the following statements is/are correct?

Choose the correct answer(s).

- ☐ A The vendor consignment stock is special stock K.
- ☐ B In a storage location with the *Consignment* indicator, you can only store consignment materials.
- ☐ C Consignment materials can be stored in all three stock types in each storage location.
- ☐ D For a consignment material order, use item category K.
- ☐ E The purchase price is credited to the vendors during the goods withdrawal from the warehouse in consignment processing.
- ☐ F Liabilities are not settled individually, but collectively over a time period agreed with the vendor.

Test Your Knowledge



3. Which of the following master data can/must you use for pipeline materials?

Choose the correct answer(s).

- ☐ A Material master record
- ☐ B Vendor master record
- ☐ C Purchasing info record
- ☐ D Source list
- ☐ E BOM (as component)
- ☐ F Customer master record

4. Which special stocks are managed in SAP systems?

Choose the correct answer(s).

- ☐ A Stock of material provided to vendor
- ☐ B Sales order stock
- ☐ C Returnable transport packaging
- ☐ D Stock of scrap materials
- ☐ E Stock in quality inspection
- ☐ F GR blocked stock

Test Your Knowledge



Answers

1. Which statements about the subcontracting process are correct:

Answer: E, F

For the components, you can use materials in the BOM.

2. Which of the following statements is/are correct?

Answer: A, C, D, E, F

3. Which of the following master data can/must you use for pipeline materials?

Answer: A, B, C, D, E

You must have created a material master record with a purchasing info record. To do this, you need a vendor master record. You can use the source list and BOM in connection with the pipeline material.

4. Which special stocks are managed in SAP systems?

Answer: A, B, C