P13
Riding with SAP

E331 – Supply Chain Management

Diploma in Supply Chain Management

E331 Module Overview

SAP Sales & Distribution(SD) Module
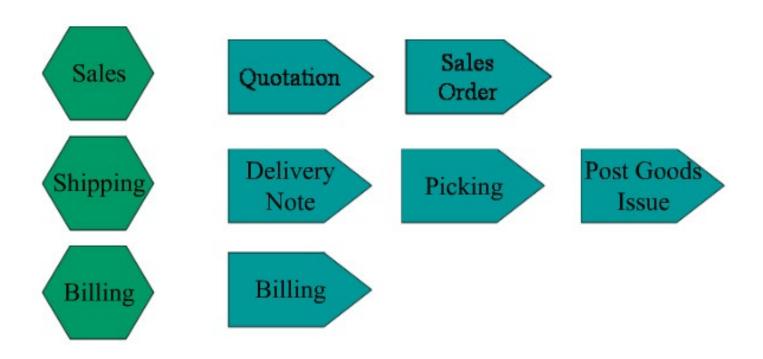
SD module is used to support the selling, shipping and billing of products or services.

Sales Processes in SD

- SD module handles **sales** activities and **Distribution**.

- The main activities are **sales order handling** and **distribution of Shipment to the Customers**. Also the **billing process**, customer **invoice**, **delivery** and **risk management** are handled from SD.

SD Organizational Units

- Client

- Company Code

- Sales Organization: Responsible for negotiating sales terms and conditions with business partners

- Distribution Channel: Defines how different goods and services reach the customer (Direct, Wholesale, Internet sale, etc.)

- Sales Division: Subdivision of a distribution channel and segments a business into product lines
  - Motorcycle
  - Accessories

- Sales Area: A unique combination of Sales Organization, Distribution Channel and Sales Division (product related)
  - Used for reporting and pricing

- Shipping Point: A fixed location within a plant that carries out shipping activities
  - Each delivery is processed by only one shipping point

Sales Organization

- Responsible for:
  - o **Distributing** goods and services
  - o **Negotiating** sales terms and conditions with business partners
- Is also used to take, for example, a regional, national or international subdivision of the market into account
- Is <u>uniquely</u> assigned to a **company code**. *More than one sales organization can be assigned to a company code*.
- If you use the Sales and Distribution module, you need at least <u>one</u> sales organization.
- In the sales statistics, the sales organization is the <u>highest</u> summation level. All items in a sales and distribution document, that is, all items of an order, an outbound delivery or a billing document, belong to a sales organization.

Distribution Channel

- Is a <u>means</u> through which sales materials reach the customer
- Represents the <u>strategies</u> to distribute goods and/or services to customers
- For example: wholesale trade, retail trade, internet trade, etc.
- Several distribution channels can be assigned to a sales organization.
- If you use the Sales and Distribution module, you need at least <u>one</u> distribution channel.
- For example, it is used to:
  - o Define responsibilities
  - o Achieve flexible pricing
  - o Differentiate sales statistics

Sales organization

Distribution Channel 1

Distribution Channel 2
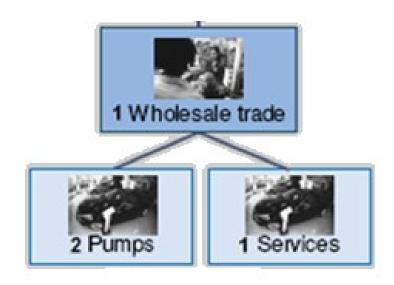
Division
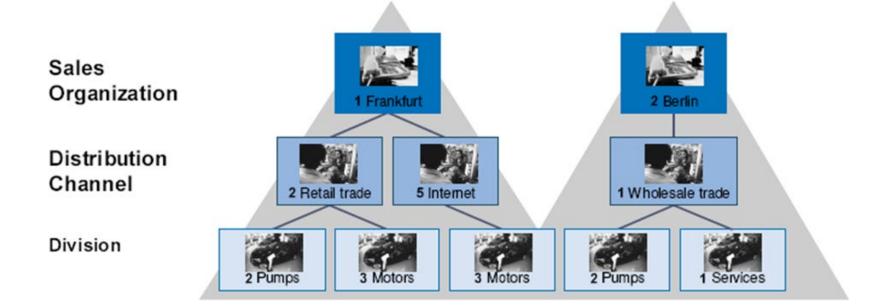
- Represents a **product line**, such as pumps, motors, services, etc.

- A division is used to <u>group</u> materials and services

- A sales organization can have several divisions assigned to it, for which it is responsible. If you use the Sales and Distribution module, you need at least <u>one</u> division.

- A division can, for example, represent a **product group**. Therefore, you can restrict price agreements with a customer to a certain division

SD Organisation Overview

Organizational Structure for GBI

```
                          Client
                          (GBI)

                      Company Code
                         (GBI)                              Organizational units

    Plant          HQ          Plant       Sales              Descriptions
   (West)      (Central)      (East)    Organization
                                       (Headquarters)

  Storage        Storage      Storage   Distribution   Distribution
  Location       Location     Location    Channel        Channel
(Raw Materials) (Finished   (Spare parts)(Retail Stores)(Internet Sales)
                  Goods)

                                          Division      Division      Division
                                        (Touring bikes)(Off-road bikes)(Riding
                                                                      accessories)
```
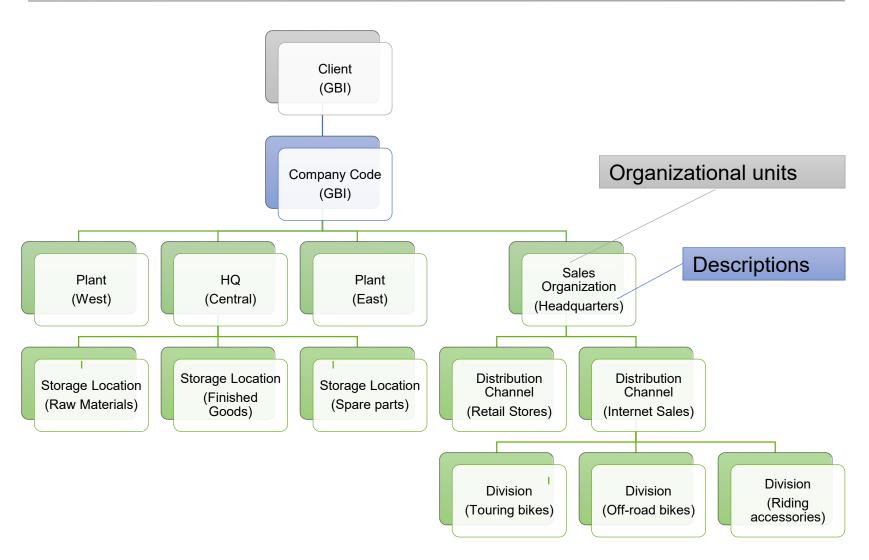
Data in a Sales Order

- Master Data:
  - Customer Master
  - Material Master
  - Condition Master
    - Prices, Surcharges, Discounts, Taxes etc.
- Customer-related
  - Sold-to Party, Ship-to Party, Bill-to Party, addresses (Retrieved from Customer Master)
- Order-related
  - Material (Retrieved from Material Master)
  - Conditions (Retrieved from Condition Master)
  - Order quantity
  - Delivery date
  - Customer PO Number, etc.

Customer Master

- Contains all the customer related data necessary for processing orders, deliveries, invoices and customer payments
- Customer Master contains all relevant data regarding business partners

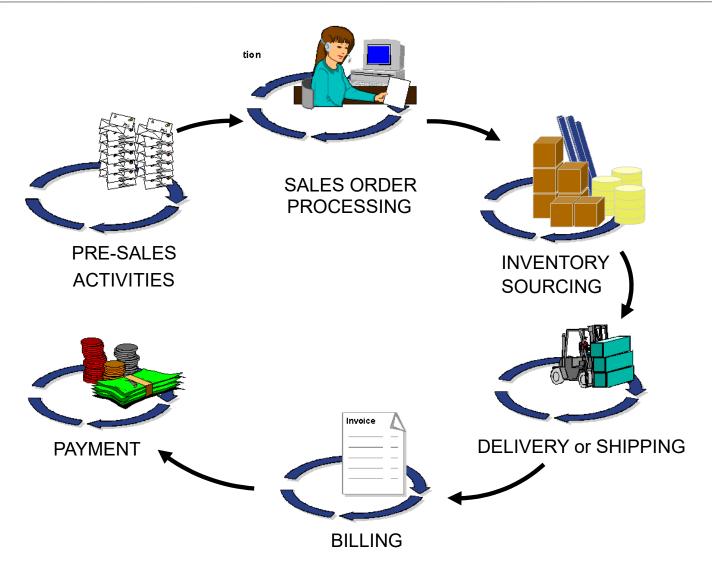| Business Partner	Function
Sold-to Party	• *Places an order* for goods or services. • *Contains data on sales*
Ship-to Party	• *Receives goods* • *Contains data for shipping, such as unloading point and goods receiving hours*
Bill-to Party	• *Receives the invoice* for a delivery or service
Payer	• *Pays the bill* • *Contains data on billing and bank details*

Sales Order Structure

| Display | Propose Items | Header Output Preview | Reject Document | Loading Units and Aggregation Categories | More ⌄ |

Customer Master applied here

SO Header

Standard order: _____   Net Value: 0,00 USD

Sold-To Party: 25165   The Bike Zone / Orlando FL 99999

Ship-To Party: 25165   The Bike Zone / Orlando FL 99999

Cust. Reference: 999   Cust. Ref. Date: 30.01.2020

| Sales | Item Overview | Item detail | Ordering party | Procurement | Shipping | Reason for rejection |

SO Overview

Req. Deliv.Date:* D 06.02.2020   Deliver.Plant: ____

Complete Dlv.: ☐   Total Weight: 0,000

Delivery Block: _____ ⌄   Volume: 0,000

Billing Block: _____ ⌄   Pricing Date: 30.01.2020

Pyt Terms: NT30 Net due in 30 days

Inco. Version: ____

Incoterms: FOB

Inco. Location1: Miami

SO Item

All Items

	Item	Material	Req. Segment	Order Quantity	Un	S	Item Description
☐		DXTR1000		20		☐	

Material Master applied here

Order-to-Cash Cycle

SALES ORDER PROCESSING

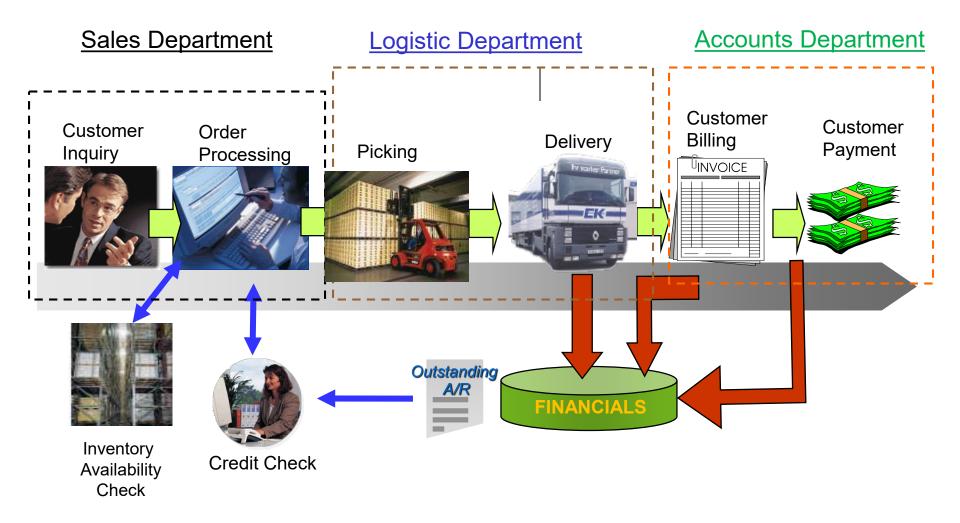INVENTORY SOURCING

PRE-SALES ACTIVITIES

DELIVERY or SHIPPING

PAYMENT

BILLING

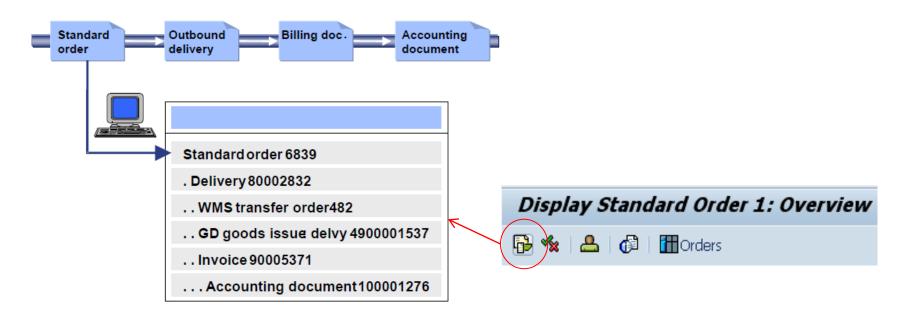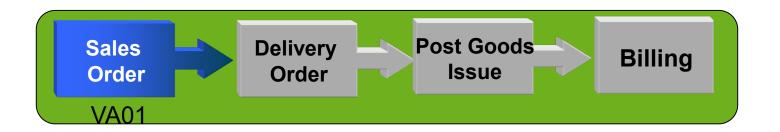# Departments involved in Order-to-Cash Cycle

Document Flow

- The documents in a sales process are linked to each other using the **document flow**.

- It is a powerful tool to track the entire sales transaction process from beginning to end.

- This enables you to access the **history and current status** of your sales processes at any time.

- Any of the referenced documents can be recalled and easily reviewed in detail (drilling down) from the document flow

Sales Order

```
Sales Order  →  Delivery Order  →  Post Goods Issue  →  Billing
```
VA01

Sales Department

Customer Inquiry   **Order Processing**

Availability Check   **Credit Check**

Tasks carried out:

- Pricing
- Inventory availability check
- Credit check

Information required:

- Customer number
- Material number
- Quantity
- Delivery date
- Etc.

Pricing

- Standard price – 1 price for all customers
- Discounts
  - Customer price – Special price for a particular customer
  - Discount – Specific Value / Percentage discounted based on
    - Customer status
    - Order quantity
    - Order value
  - Free gifts

Inventory Availability Check

- If item is in stock, determine shipping details and delivery dates

- If item is partially available, check if <u>partial delivery</u> is acceptable to customer

  - YES - split customer request into multiple deliveries
  - NO - maintain as one delivery with proposed shipment date

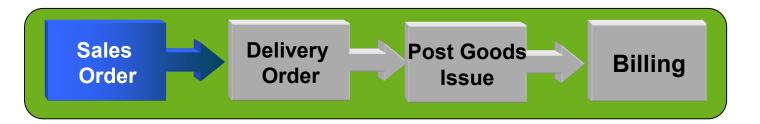- If item is not available, determine shipment date and contact customer
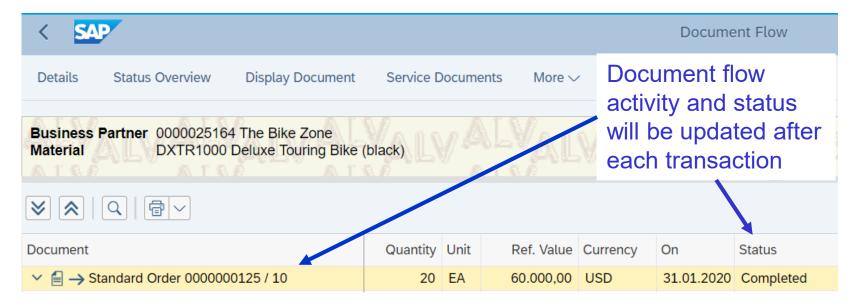
Credit Check

- Allows your company to manage its credit exposure and risk for each customer by specifying <u>credit limits</u>.

- During the sales order process the system will alert through SAP about the customer's credit status and, if necessary, the system can be configured to block orders and deliveries.

Sales Order- Document Flow

Delivery Order

Sales Order → Delivery Order → Post Goods Issue → Billing
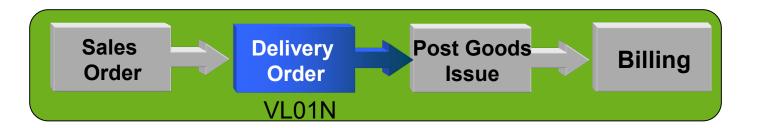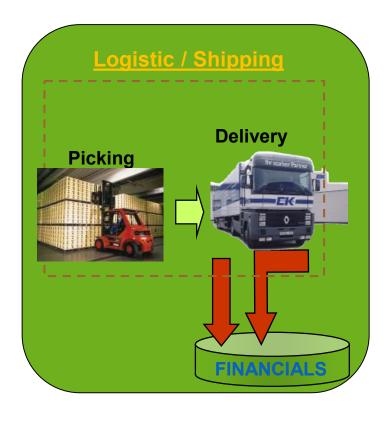
VL01N

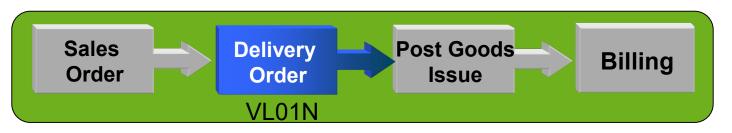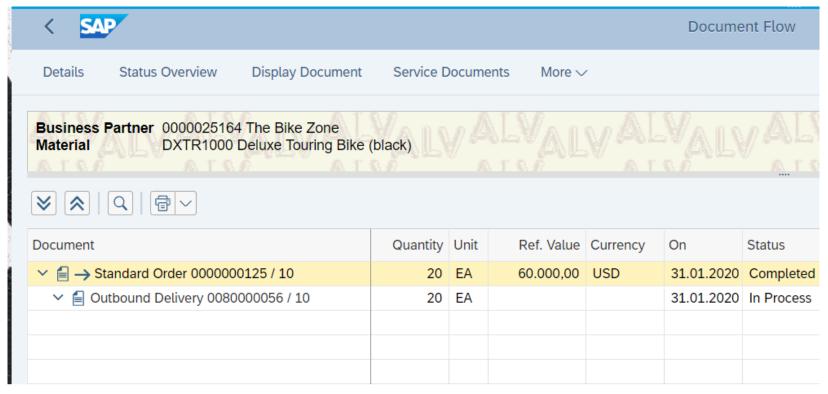Logistic / Shipping

Picking

Delivery

FINANCIALS

- Delivery Order is a document used to instruct Logistics to perform delivery
- It is usually initiated by Sales and sent to Warehouse
- To inform Warehouse of the materials and quantities to deliver

Delivery Order Before Picking - Document Flow


```
Sales Order  →  Delivery Order  →  Post Goods Issue  →  Billing
                    VL01N
```

Document	Quantity	Unit	Ref. Value	Currency	On	Status
Standard Order 0000000125 / 10	20	EA	60.000,00	USD	31.01.2020	Completed
Outbound Delivery 0080000056 / 10	20	EA			31.01.2020	In Process

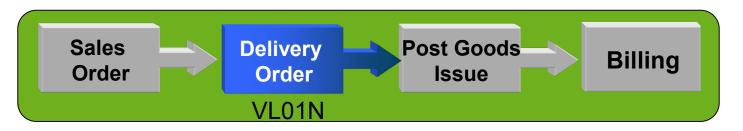**Business Partner** 0000025164 The Bike Zone
Material DXTR1000 Deluxe Touring Bike (black)

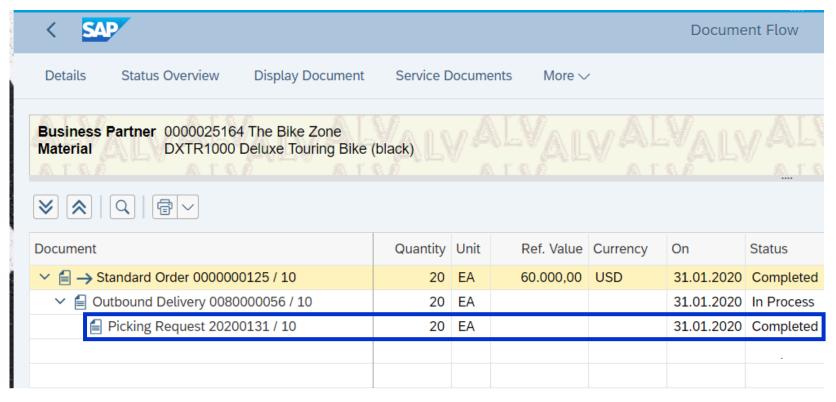# Delivery Order After Picking - Document Flow

Document	Quantity	Unit	Ref. Value	Currency	On	Status
Standard Order 0000000125 / 10	20	EA	60.000,00	USD	31.01.2020	Completed
Outbound Delivery 0080000056 / 10	20	EA			31.01.2020	In Process
Picking Request 20200131 / 10	20	EA			31.01.2020	Completed

Post Goods Issue

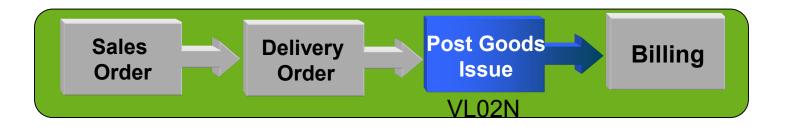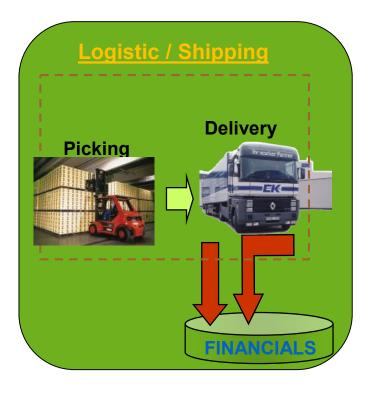| Sales Order	→	Delivery Order	→	Post Goods Issue	→	Billing

VL02N

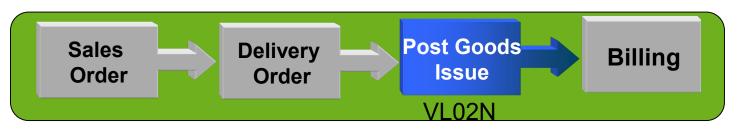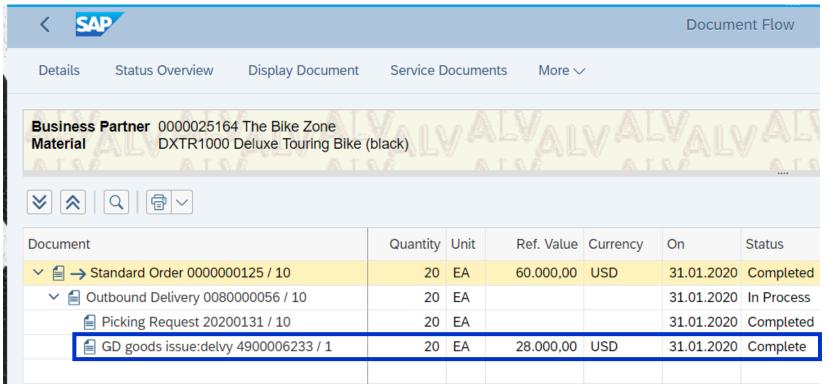**Logistic / Shipping**

Picking   Delivery

FINANCIALS

- Perform Post Goods Issue (PGI) when the products leave the warehouse for delivery to customer.
- The Post Goods Issue will
  - reduce inventory on-hand
  - increase cost of goods sold

Post Goods Issue - Document Flow

Billing

```
┌──────────┐    ┌──────────┐    ┌──────────┐    ┌──────────┐
│  Sales   │ →  │ Delivery │ →  │Post Goods│ →  │ Billing  │
│  Order   │    │  Order   │    │  Issue   │    │          │
└──────────┘    └──────────┘    └──────────┘    └──────────┘
                                                    VF01
```

Accounts Department
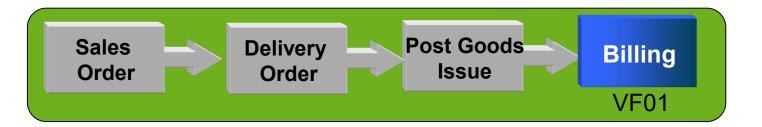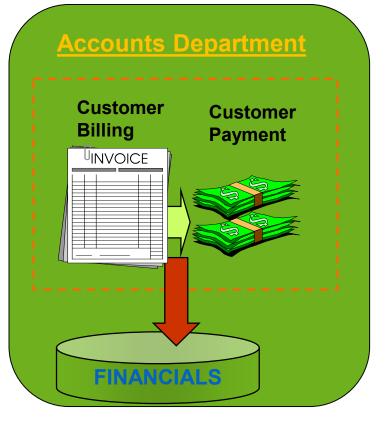
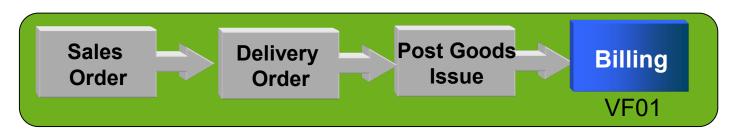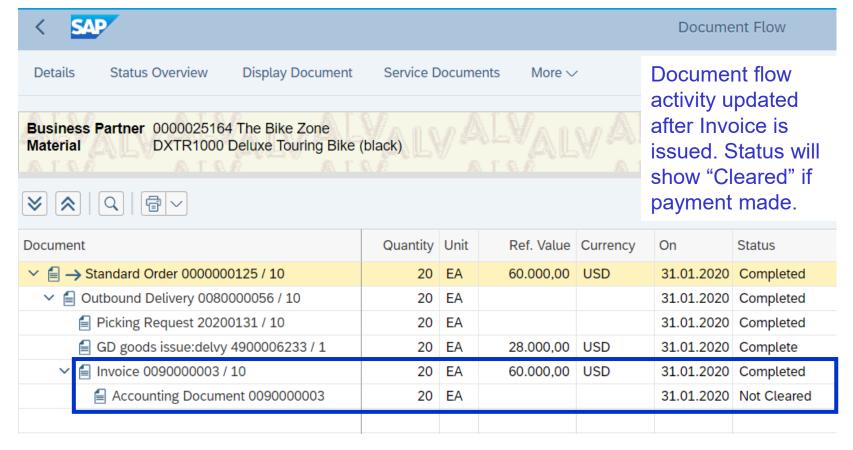Customer Billing

Customer Payment

INVOICE

FINANCIALS

- Billing document serves as a data source:
  - to generate invoice
  - for financial accounting to monitor and process customer payments

Billing - Document Flow

Document	Quantity	Unit	Ref. Value	Currency	On	Status
⌄ ▤ → Standard Order 0000000125 / 10	20	EA	60.000,00	USD	31.01.2020	Completed
⌄ ▤ Outbound Delivery 0080000056 / 10	20	EA			31.01.2020	Completed
▤ Picking Request 20200131 / 10	20	EA			31.01.2020	Completed
▤ GD goods issue:delvy 4900006233 / 1	20	EA	28.000,00	USD	31.01.2020	Complete
⌄ ▤ Invoice 0090000003 / 10	20	EA	60.000,00	USD	31.01.2020	Completed
▤ Accounting Document 0090000003	20	EA			31.01.2020	Not Cleared

Document flow activity updated after Invoice is issued. Status will show "Cleared" if payment made.

Learning Outcomes

- Overview of SAP SD module

- Describe the SD specific organizational units

- Understand the Master Data relevant to Sales and Distribution (Customer Master)

- Describe the Order-to-Cash cycle in SD

- Create Sales Order/ Delivery Order/ Post Goods Issue

- Understand the Document Flow in SD