

Latest 20 interview questions and answers on SAP MM (Materials Management):

1. What is SAP MM, and what are its key components?

Answer: SAP MM (Materials Management) is a core module in SAP ERP focused on procurement and inventory management. Key components include:

- **Procurement Process:** Includes requisitions, purchase orders, and vendor management.
- **Inventory Management:** Tracks stock levels, movements, and valuations.
- **Invoice Verification:** Ensures vendor invoices match purchase orders and goods receipts.
- **Material Master Data:** Central repository of all material-related information.

2. What are the differences between a Purchase Requisition and a Purchase Order?

Answer:

- **Purchase Requisition (PR):** Internal document created to request the procurement of materials or services.
- **Purchase Order (PO):** Formal document sent to a vendor, specifying quantities, prices, and delivery terms. A PR is a precursor to creating a PO.



3. Explain the concept of Material Master Data in SAP MM.

Answer: Material Master Data is a centralized database storing all information about materials, including:

- **Basic Data:** Description, unit of measure, and material group.
- **Purchasing Data:** Vendor, purchasing organization, and price.
- **Inventory Data:** Stock levels, valuation type, and storage location. This ensures consistency across procurement, inventory, and production processes.

4. What is a Valuation Class in SAP MM?

Answer: The Valuation Class groups materials with the same accounting properties, such as raw materials or finished goods. It determines which G/L accounts are updated during inventory transactions, facilitating financial reporting and cost control.

5. How does SAP MM support Automatic Account Determination?

Answer: Automatic Account Determination maps transactions to appropriate G/L accounts. It uses settings like Valuation Class, Valuation Area, and Account Modifier to determine accounts for goods movements, such as goods receipt, goods issue, or invoice posting.



6. What is the difference between Stock and Non-Stock Items in SAP MM?

Answer:

- **Stock Items:** Managed in inventory; goods receipts and issues update stock levels.
- **Non-Stock Items:** Not maintained in inventory; directly consumed by cost centers or projects.

7. What are Movement Types in SAP MM?

Answer: Movement Types represent different inventory transactions, such as:

- **101:** Goods receipt for a purchase order.
- **201:** Goods issue to cost center.
- **301:** Stock transfer between storage locations. They determine the transaction logic and update inventory accordingly.

8. How does SAP MM handle Consignment Stock?

Answer: In consignment, materials are owned by the vendor until consumed. SAP MM tracks consignment stock at the storage location level without affecting financial accounts. Payment is made only for consumed quantities, recorded using movement type 411 K.

9. What is a Source List, and why is it used?

Answer: A Source List is a list of approved vendors for a material. It ensures procurement consistency by specifying valid sources and



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optionally enforcing source selection through "source list requirement" settings.

10. What is the Procurement Cycle in SAP MM?

Answer:

1. **Requirement Identification:** Create Purchase Requisition.
2. **Vendor Selection:** Evaluate and select vendors using RFQs.
3. **Purchase Order Creation:** Send the purchase order to the vendor.
4. **Goods Receipt:** Accept and inspect delivered materials.
5. **Invoice Verification:** Match the invoice with the PO and GR.
6. **Payment Processing:** Settle vendor payments.

11. How does Invoice Verification Work in SAP MM?

Answer: Invoice Verification ensures that the vendor's invoice matches the purchase order and goods receipt. Discrepancies, such as price or quantity differences, are flagged for resolution before posting the invoice.

12. What is Split Valuation in SAP MM?

Answer: Split Valuation allows materials to be managed with different valuation types, such as origin, quality, or batch. This is useful for tracking and valuing materials procured at different costs or from various sources.



13. Explain Subcontracting in SAP MM.

Answer: Subcontracting involves sending materials to a vendor for further processing. In SAP MM:

- A Subcontracting Purchase Order is created.
- Components are issued to the vendor using movement type 541.
- The finished goods are received and consumed components adjusted using movement type 101.

14. What is the Difference Between a Contract and a Scheduling Agreement?

Answer:

- **Contract:** Long-term agreement specifying terms and conditions for future purchase orders.
- **Scheduling Agreement:** Long-term agreement with predefined delivery schedules and quantities, eliminating the need for separate POs.

15. What is Batch Management in SAP MM?

Answer: Batch Management tracks materials in batches to manage characteristics like production dates, expiration, and quality. It ensures traceability and compliance in industries such as pharmaceuticals and food.



16. What is the Function of a Purchase Info Record?

Answer: A Purchase Info Record links a material with a vendor, storing data like price, lead time, and delivery terms. It simplifies sourcing decisions and supports automatic source determination.

17. What is MRP in SAP MM, and How Does It Work?

Answer: Material Requirement Planning (MRP) ensures materials are available for production and other business processes. It considers demand, stock levels, and procurement lead times to generate purchase requisitions or production orders.

18. What is the Role of Material Type in SAP MM?

Answer: Material Type determines the characteristics and controls for materials, such as:

- Account Determination.
- Number Range Assignment.
- Valuation Method. Common material types include ROH (Raw Materials), FERT (Finished Goods), and HALB (Semi-finished Goods).

19. How Does SAP MM Integrate with Other Modules?

Answer: SAP MM integrates with:

- **FI/CO:** Updates financial accounts during procurement and inventory transactions.
- **PP:** Supplies materials for production orders.



- **SD:** Provides stock availability for sales orders.
- **WM:** Manages warehouse storage and movements.

20. What is Reservation in SAP MM?

Answer: A reservation in SAP MM ensures that materials are earmarked for specific future uses, such as production orders or projects. It guarantees material availability and prevents unintended consumption.



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