

SAP MM Interview Questions

1) Explain what is SAP MM?

SAP MM (Material Management) is a functional module in SAP that deals with procurement handling and material management. The MM module contains master data, system configuration and transactions to complete the procure to pay process.

2) What are the essential components in SAP MM?

- Determine requirements
- Source determination
- Vendor Selection
- Order Processing
- Order follow up
- Goods receipts and Inventory management
- Invoice Verification

3) Mention what are the types of special stock available?

The types of special stock available are subcontracting, consignment, project, pipeline, sales order, stock transfer, returnable packaging with customer, etc.

4) List out important field in purchasing view?

The critical fields in purchasing view are

- Base unit of measure
- Order unit
- Purchasing group
- Material group
- Valid from
- Tax indicator for material
- Manufacturer part number
- Manufacturer, etc.

5) Explain the importance of the batch record?

A batch tells about a quantity of a particular product, which is processed or produced at the same time with the same parameters. The materials produced in such batch have the same values and characteristics. While, the batch record gives the information about a particular batch product and helpful in knowing whether the product has gone through GMP (Good Manufacturing Process).

6) Explain how you can link a document to a vendor master record?



To link the document with the vendor master record by using the XK01 transaction code or by using the following menu path

- SAP Menu > Logistics > Material Management > Purchasing > Master Data > Vendor > Central > XK01- Create.

7) Mention what are the major purchasing tables? List the transaction codes for them?

- Purchase requisition > EKBN
- Purchase requisition account assignment > EBKN
- Release documentation > EKAB
- History of purchase documents > EKBE

8) Mention what are the data contained in the information record?

The information record contains data related to the units of measurement, such as the products, vendor price, materials used by specific vendors, etc. It also contains information on the tolerance limit of the under delivery of data, vendor evaluation data, planned delivery time, availability status for goods.

9) Mention what is the transaction code to delete a batch?

The transaction code MSC2N is used to delete a batch. By flagging the batch master record, you can delete a batch record alternatively.

10) Mention what is the transaction code used to extend the material view?

To extend the material view transaction, code MM50 is used.

11) Explain how you can change the standard price in the master material?

The standard price for the material data cannot be updated or changed directly. However, to change the standard price you can perform the following steps

- Fill in the future fields price (MBEW-ZKPRS) and the effective data (MBEW-ZKDAT) for the materials
- Select Logistics > Material Management > Valuation > Valuation Price Determination > Future Price

12) What is Source List and what is the transaction code for creating Source List?

To identify sources of supply for materials a source list is used. To create a source list the transaction code used is ME01.

13) For creating a purchasing info record what are the pre-requisites?



The pre-requisites for creating a purchase info record are

- Material Number
- MPN (Manufacturer Part Number)
- Vendor Number
- Organizational level code

14) Explain the terms Planned delivery and GR processing time?

Planned delivery means number of calendar days required to obtain the material, and GR processing means number of workdays required after receiving the material for inspection and placement into storage.

15) What is purchase requisition as related to SAP? Mention the document types that are used in purchase requisition?

Purchase requisition in SAP determines both stock and non-stock items to the purchasing department. It can be done either manually or automatically, the document types used in purchase requisition are

- RFO (Request For Quotation)
- Outline Agreement
- PO (Purchasing Order)

16) Explain how consignment stocks are created?

In the normal purchase order or requisition, consignment stocks are created. While creating consignment stocks things to be considered is that you must enter K category for the consignment item. As a result, the goods issued are posted to consignment stores and invoice receipt is not generated.

17) Explain how is the vendor return processed without a purchase order reference?

First you have to observe the return column and then select — Item Detail > MIGO_GR > Goods Receipt for Purchase Order. Use movement type 161 if the intention is to deduct the stock otherwise, 162 is used to undo the changes. In the end, you have to ensure that the document is a return purchase order, and then the document is saved.

You can also use transaction code M21N for this purpose

18) Explain how you can create a vendor account group in SAP?

To create vendor account group in SAP

- Select display IMG > Financial Accounting > Accounts Payable/Receivable > Vendor Accounts > Master Records > Preparation of creating vendor master records > Define Accounts groups with Screen Layout

19) Explain what are the accounts created in SAP MM?

Assignment of account is necessary for the purchase order item, it is important in SAP MM as it determines following things



TagSkills

- Account assignment type
- Account that will be charged when you post the invoice or goods receipt
- Account assignment data that you should provide

20) Explain what MRP (Material Requirement Planning) list is and what is the transaction code to access MRP list?

MRP list is the initial working document from which the MRP controller starts working, and it consists of planning results information for the material. For an individual item, you can access the MRP list by using the transaction code MD05. You can also access the MRP list by navigation path

SAP Menu > Logistics > Materials Management > MRP > Evaluations > MRP List- Material

21) Explain what is CBP? What is the difference between CBP and MRP?

CBP is the past consumption values of stock; it is used to forecast future requirements. On the basis of past consumption values, the net requirement of goods is calculated.

The difference between CBP and MRP is that when you plan materials using MRP, you have to predict the materials requirement based on sales and operations planning (SOP). While in CBP you have to predict the material requirement based on historical demand for materials.

22) What are the key advantages of SAP MM or SAP Material Management?

SAP MM is one of the largest functional modules in SAP. This module mainly deals with the Procurement Process, Master Data (Material & Vendor Master), Inventory Management, Valuation of Material & Account Determination, Material Requirement Planning, Invoice Verification, etc.

Following are the main key advantages of SAP MM or SAP Material Management:

- SAP MM reduces material costs by avoiding stocking unnecessary or obsolete materials.
- In SAP MM, inventory losses are minimized because it provides multi-location inventory.
- SAP MM reduces direct labor costs, and labor can be used efficiently.
- It can improve the delivery time and increase transparency across the organization.
- It provides the lot and serial traceability.
- It also provides bin management, scheduling, and resourcing.
- It reduces the manufacturing cycle times and can be controlled effectively.
- It provides effective inventory management and reduces expenditure on unwanted material storage.
- It also provides inventory replenishment and product life cycle management.

23) What do you understand by goods receipt and post goods receipt?



Goods Receipt: In SAP MM, goods receipt is the physical inbound transfer for goods or material into the warehouse. It specifies the transfer of goods used to post goods received from external vendors or in-plant production. All goods receipts result in an increase in stock in the warehouse.

Post-Goods Receipt: The Post Goods Receipt specifies the reference to the purchase order with which the goods were ordered. It is used to post the receipt of goods with reference orders after purchase. If the material is delivered for some purchase order, it is important for all departments involved that the goods receipt entry in the system references this purchase order.

24) What are the different types of stocks used in SAP MM?

Following are the three different types of stocks used in SAP MM:

- Valuated Stock
- Non-Valuated stock
- Special Stock

Here, the valuated stock is further divided into three parts:

1. Unrestricted stock
2. Blocked stock
3. Quality Inspection Stock

The Special Stock is classified as follows:

1. Stock Transport Order
2. Subcontracting
3. Consignment
4. Returnable Transport Packaging
5. Stock Transport Order
6. Pipeline Handling
7. Third-Party Processing

25) What are the different info record types in SAP MM?



The different info record types in SAP MM are:

- Standard
- Pipeline
- Subcontracting
- Consignment

26) What do you understand by an internal procurement?

The big corporate organizations own multiple separate businesses or companies. Here, internal procurement is a process of getting material and services from identical companies. So, each of these companies maintains a complete bookkeeping system with separate Balance, Profit & Loss Statements so that when a trade occurs between them, it will be recorded.

27) What do you understand by Special Procurement in SAP MM?

In SAP MM, Special Procurement is used to specify those stocks that do not belong to a company, and these are kept at different locations.

28) What are some common assignment types in the SAP Material Management system?

Following is a list of some common assignment types in the SAP Material Management system:

- Purchasing organization to company code
- Standard purchasing organization to plant
- Plant to Company code
- Purchasing organization to Plant

29) What is the importance of the batch record in SAP MM?

In SAP MM, a batch is used to specify the quantity of a particular product, which is processed or produced simultaneously with the same parameters. The materials produced in these batches have the same values and characteristics. On the other hand, the batch record is used to give information about a particular batch product and is mainly used in knowing whether the product has gone through GMP (Good Manufacturing Process).

30) How can you link a document to a vendor master record?



We can link a document to a vendor master record by using the XK01 transaction code or by using the following menu path:

1. SAP Menu > Logistics > Material Management > Purchasing > Master Data > Vendor > Central > XK01 - Create.

31) What transaction code is used to delete a batch in SAP MM?

In SAP MM, the transaction code MSC2N is used to delete a batch. There is an alternate way to delete a batch record which we can do by flagging the batch master record.

32) How can you release a purchase order? Which Transaction Code is used to display and reset the release of a purchase order?

We can release a purchase order at the header level. It is not possible to release a single item in the purchase order, and we have to release all the items at a time. The ME29N Transaction Code is used to display and reset the release of a purchase order.

33) What is the transaction code used to extend the material view in SAP MM?

In SAP MM, the transaction code MM50 is used to extend the material view.

34) What do you understand by Source List? What is the transaction code used for creating the Source List?

The Source List is used to identify the sources of supply for materials. The transaction code ME01 is used for creating the Source List.

35) What is the full form of ERS in the context of SAP MM?

In SAP MM, ERS stands for Evaluated Receipts Settlement. It refers to the process of settling down receipts of the goods automatically. In the ERS process, an agreement between the vendor and the user that vendors do not prepare an invoice for the goods ordered. Rather, the system would automatically generate and post the invoice document based on the purchase order and goods receipts.

36) How can you change the standard price in the SAP master material?

There is no way to update or change the standard price for the material data directly. However, we can perform the following steps to change the standard price:

- Fill in the future fields price (MBEW-ZKPRS) and the materials' effective data (MBEW-ZKDAT).
- Select Logistics > Material Management > Valuation > Valuation Price Determination > Future Price.

37) What is the purpose of the material valuation?

In SAP MM, material valuation is a module necessary to determine the stock value of materials.



38) What is the use of document type in the SAP system?

In the SAP system, the document type indicates different procedures for a transaction within the system.

39) What are the different Procurement types that we can establish Purchase requisition in SAP MM?

We can create a purchase requisition for the following procurement types:

- **Stock transfer:** It is used to specify a transfer of material within the organization.
- **Subcontracting:** It is used for sending raw material to the seller and getting back finished material.
- **Standard:** It is used for getting back finished material from the seller.
- **External service:** It is used to specify the availing services from third-party sellers like maintenance.
- **Consignment:** It is used to pay the seller regarding the procuring material available on the company's premises.



40) What do you understand by a transaction code in SAP MM?

A transaction code is made of letters, numbers, or both. It is entered in the command field at the top of an SAP GUI screen. **Each function in SAP ERP has an associated SAP transaction code that facilitates you to access any function in SAP directly. A transaction code is also called t-code.**

41) What do you understand by the Master Production Schedule (MSP) in SAP MM?

In SAP MM, MSP stands for Master Production Schedule. It is used to plan for individual commodities that need to produce in each time, such as production, inventory, staffing, etc. It is linked to manufacturing, where the plan shows how much and when each product will be demanded.

42) What is the use of the Confirmation Control Key (CCK)?

The Confirmation Control Key or CCK is used to specify whether a notification for shipping is an expected purchase order item or not.

43) What are the different accounts used in Invoicing?

Following are the different accounts used in Invoicing:

- Vendor accounts
- Stock accounts
- GR/IR clearing accounts
- Tax account
- Price differences account, Cash difference clearing account, Freight clearing account.



44) What do you understand by the Lot Size in SAP MM?

In SAP MM, the Lot Size is the number of materials used for re-ordering. It can be static, periodic, optimum, or fixed in attributes.

45) What do you understand by release group in SAP MM?

In SAP MM, the release group is a two-digit code assigned with a class and contains one or more release strategies. For example, release group 01 is defined for purchase requisitions, and release group 02 is defined for the purchase order.

46) What is the use of 'Split Valuation' in SAP MM?

In SAP MM, the Split Valuation is used in cases where we need to evaluate various material stocks separately. It can be because of different origins, quality, status, etc. In Split Valuation, the material is managed at several partial stocks, which are sub-stocks of main material stock. Any transaction relevant for valuation is carried at this partial stock level. In the accounting view, we define if we need a split valuation for any material.

47) How is Material Valuation associated with Financial Accounting?

In SAP MM, Material valuation is directly associated with Financial Accounting. If you make any changes in the stock value, it also updates the G/L account in Financial Accounting.

48) How is the list of all reservations in the system displayed?

The list of all reservations can be displayed by running the RM07RESL report in SAP MM.

To change a batch record, we can use the transaction code MSC2N. Following is the navigation path of changing the batch record:

1. SAP Menu -> Logistics -> Materials Management -> Material Master -> Batch ->> Change

49) Under What Conditions Are Planned Orders Created? What May Planned Orders Be Converted To And How Is That Conversion Accomplished?

Planned orders are always created when the system creates an internal procurement proposal. In the case of vendor procurement, the MRP Controller may create a planned order or directly create a PR. The next step for a planned order is to be converted to a PR so it goes to purchasing and is to eventually become a PO. A planned order can be converted to a PR using transaction code MD14.

50) What Are The Organizational Levels Of The Enterprise Structure In R/3?

The top level of the organizational plan is the Client, followed by Company Code, which represents a unit with its own accounting, balance, P&L, and possibly identity (subsidiary). The next level down is Plant, an



operational unit within a company (HQ, Assembly Plant, Call Center, etc.). The Purchasing Organization is the legally responsible group for external transactions. This group is further subdivided into Purchasing Groups.

51) What Are The Different Ways To Organize Purchasing Organizations?

A Purchasing Organization may be responsible for multiple plants and this is referred to as “Distributed Purchasing”. On the other hand, “Centralized Purchasing” features one Purchasing Organization per Plant. A Purchasing Organization doesn’t necessarily need to be assigned to a Company Code. This would enable procurement for every company code as long as buyers are acting for an individual Plant, and that Plant is assigned to the Purchasing Organization. Hence, a plant may be assigned to more than one Purchasing Organization.

52) What Are Some Of The Options Available To Transfer Materials From One Plant To Another?

Although it is possible to transfer materials from one plant to another without a Stock Transport Order, many advantages are lost including entering a vendor number, planning a goods receipt in the receiving plant, monitoring process from PO history, and the ability to create STO directly from a MRP PR.

53) What Is An Indirectly Created Purchase Requisition?

An indirectly created Purchase Requisition has been initiated by CBP, the PS Project System, PM Maintenance, and Service Management, or PP Production Planning and Control. The “directly created” Purchase Requisition, on the other hand, is created by a person manually in the requesting department specifying what materials/services, units, and a delivery date.

54) What Are The Transactions That Will Result In A Change Of Stock?

A Goods Receipt is a posting acknowledging the arrival of materials from a vendor or production, which results in an increase in warehouse stock, a Goods Issue which results in a reduction in stock, or a Stock Transfer moving materials from one location to another.

55) What Is A Reservation?



A Reservation is a document used to make sure that the warehouse keeps a certain amount of a material or materials ready for transfer at a later date. It contains information on what, quantity, when, where from and to. Reservations help effective procurement by utilizing the MRP system to avoid out of/lack of stock situations.

56) Can You Manually Generate A Purchase Requisition Referencing A Purchase Order Or A Scheduling Agreement?

A Purchase Requisition cannot be created with reference to either of these, as they are documents controlled by the purchasing organizations.

Requirements can be automatically generated with MRP that reference a Scheduling Agreement if the source list is maintained for item-vendor combination.

57) How Is GR/IR Account Related To Inventory?

If you are involved with inventory, then you need the GR/IR account (Inventory Account) when the IR is posted. If you are not involved about inventory, then the system does not need the GR/IR account when the IR is posted; the system needs a G/L instead of the GR/IR account.

58) What Are Departmental Views?

All functional areas of the system use the same material master data. The material master data is defined in individual screens (departmental views) that can be added as needed. Thus a material can be created with only basic data and other departments can add other information later as it becomes available.

59) Is Material Data Valid For All Organizational Levels?

Control of master data depends largely on how each company sets up its Organizational levels - centralized or decentralized. Some material data is valid for all organizational levels while other data is valid only at certain levels. (I.e.: client, plant, sales org., etc.)

60) What Is The Difference Between A Blanket Purchase Order And The Framework Order?

In general, the Blanket POs are used for consumable materials such as office paper with a short text, with item category B. There need not be a corresponding master record, for the simplicity of the procurement. The FO, Framework Order, document type is used. Here, the PO validity period as well as the limits are to be mentioned. The GR, or Service Entry for the PO are not necessary in the case of Blanket POs. One need not mention the account assignment category during creation of the PO. It can be U, or unknown and be changed at the time of IR.

61) What Is Release Procedure?

Release Procedure is approving certain documents like PRs or POs by criteria defined in the configuration. It is sensible to define separate release procedures for different groups of materials for which different departments are responsible, and to define separate procedures for investment goods and consumption goods.

62) How Do You Display Parked Documents?

There are two possible transactions to use here. They are FB03 and FBV3. The first shows all posted document types. This is the best choice if you think the document has been posted to your actual balance. The later shows only parked documents that have not yet posted to your expenditure balance. These documents are still encumbrances. It is the best choice if you are trying to find which documents are still awaiting completion or approval. This transaction is very similar to the FBV2 transaction used with P-Card reconciliation and marking parked documents complete.

63) How Do You Perform An Invoice Verification?

If the Invoice refers to an existing document (PO, etc.), then the system pulls up all of the relevant information like Vendor, Material, Quantity, Terms of Delivery, and Payment Terms etc. When the Invoice is entered, the system will find the relevant account. Automatic posting for Sales Tax, Cash Discount, Corrections etc. When the Invoice is posted, certain data such as Average Price of Material and Price History are updated. Use Transaction MIRO.



64) How Will Items Be Returned To The Vendor?

When you are posting a Goods Receipt for a PO, you can also enter items that you want to return to the vendor. To do this, you no longer have to reference the purchase order with which the goods were originally delivered. From the item overview, choose 161 (Return for PO) as the default value for the Movement Type. Enter the data for the return item(s) and post the document.

65) How Do We Get A Proper List Of Vendors To Send An Rfq?

Either use the Information Record to see who has sold a particular material to the organization in the past, or go through the Source List.

66) What Are The Components Of The Master Data That Details A Companys Procurement Used By, Vendor Evaluation For Example?

The key components of Master Data are: Info Record (ME11), Source List (ME01), Quota Arrangement (MEQ1), Vendor (MK01), Vendor Evaluation (ME61), and Condition Type (MEKA).

67) What Is Vendor Evaluation And How Do You Maintain It?

Vendor Evaluation helps you select the Source of Supply by a score assigned to a particular vendor. The scores are on a scale of 1 to 100 and are based on differing criteria. Use Transaction ME61 and enter the Purchasing Organization and Vendor Number.

68) Can You Change A Purchase Requisition After It Has Been Created?

Yes. Use Transaction ME52N. Check to see if the PR has already had a PO issued against it. If so, you must inform the Purchasing Group. Check if the PR has been approved. If so, you may only make changes to a limited extent and may be subject of approval. Check if the PR was created by MRP. In this case, you don't have much control over the modification process.

All changes to items are logged and stored. Information stored includes when the information was changed,

who changed it, what the changes were, etc. Select the desired item in the item overview and choose Go To Statistics Changes.

69) What Is The Difference Between A PR With A Master Record And Without A Master Record For The Material Being Ordered?

If the master record exists, then all of the information about the Source List, Information Record, and Vendor Evaluation already exist in the system. If we don't have a Master record for the material we are ordering, the material is generally being ordered for direct usage or consumption. You can specify which consumption account is to be charged which is also known as Account Assignment. For example, we assign the purchase costs associated with a requisition to our sales order or cost center.

If the first situation exists, many times purchasing enters into a longer-term purchasing agreement with a Vendor, which is called an "Outline Agreement". If the Outline Agreement is done, then Purchasing cannot issue a purchase order against a PR. It can only set up such an agreement (either a "Contract" or a "Scheduling Agreement").

70) How Do We Know If A Po Has Been Issued?

Bring the Requisition up by using Material Management, Purchasing, Purchase Requisition, Display. Where the requisition overview screen is displayed, select an item by clicking on the selection box to the left of the item. Click on the General Statistics icon on the application tool bar. Select item. General Statistics icon. The screen appears, in the middle, under Order Statistics, in the field Purchase Order, if there is no number the PO has not been issued.

71) Where Is Material Master Data Saved?

Tables MARA and MARC.

72) Where Is The Header Level And Item Level Data Saved In A Po?

In SE11, we can see this information in table EKKO and EKP0 respectively.



73) How Do You Generate An Automatic Po After Creating A Pr Using A Particular Material?

In MMR and VMR check Auto PO (MM02/XK02).

Maintain the Source List and select the indicator for the source list record as MRP relevant (ME01). If more than one source list record is generated, make one of them fixed. Run MRP and the PRs generated will be pre-assigned with the source of supply (MD01). Enter ME59 for automatically creating POs from PRs.

74) How Can You Disable A Reservation In MRP?

Use Transaction Code OPPI to check “block stock”.

75) If You Have Created A Custom Movement Type And You Get A Not Allowed Error, Where Should You First Look For The Cause?

Using Transaction Code OMJJ, check “Allowed Transactions” for the customized Movement Types.

76) How Can You Post A Goods Receipt If The Po Number Is Not Known?

If you selected PO Number Not Known in Transaction MIGO, you can specify search criteria for the POs on the initial screen. The system then displays a list of purchase orders. Select and copy the required PO items.

77) How Do You Perform A Goods Receipt?

Use Transaction MIGO. Enter the Header Data, select the Movement Type, Enter the PO Number, select the PO items to be copied, and then post the document.

78) How Can an Invoice Be Verified?

Transaction Code OLMR may be utilized.

79) What Are Some Of The Initial Configuration Steps For Physical Inventory? Define Default Values for Physical Inventory Document, Batch Input Reports, Tolerances for Physical Inventory Differences, and Inventory Sampling. Cycle Counting should be configured as well.

80) What Are Some Of The Initial Configuration Steps For Inventory Management?

Plant Parameters, Define System Message Attributes, Number Assignment (Allocate document type FI to transactions), Goods Issues, Transfer Postings, Define Screen Layout, Maintain Copy Rules for Reference Documents, Setup Dynamic Availability Check, Allow Negative Stocks ().

81) When, In Initial Configuration, Why Would You Have To Setup Stock Transport Order?

If it is required to carry out an inter-plant Stock Transfer through SD, then this configuration is required and must be carried out.

82) What Are Some Of The Initial Configuration Steps For Purchase Requisitions?

Define Document Types, Processing Time, Release Procedure (with and without classification), Setup Authorization Check for G/L Accounts, Define Number Range.

83) How Do You Create A Vendor?

Use Transaction Code XK01. Add the Vendor name, Company Code, Purchasing Organization, Account Group, and the Vendor address. Next add the country, Bank Key, Bank Account, Account Holder (an actual name), and then save the data.

84) What Are Some Of The Data Points Provided By Purchasing For A Material?

Some of the key inputs when creating a material are Base Unit of Measure, Purchasing Group, Reminder days, tolerance levels, shipping instructions, GR processing time, JIT schedule indicator, Critical part (), etc.

85) How Do You Create A Material?

Use Transaction Code MM01. Name the material, choose an industry sector, choose a material type, create or copy the views, add a basic description, give it's attributes/values, MRP information, reorder point, accounting valuation, warehouse management information and then save the data.



86) What Are The Key Fields For The Material Master?

Material Groups, External Material Groups, Divisions, Material Status, Labs & Offices, Basic Materials, Storage Conditions, Temperature Conditions, Container Requirements, and Units or Measure Groups.

87) Will ROH Have A Sales View? Will Fert Have A Purchasing View?

They shouldn't because ROH type materials are procured from the outside not sold and FERT type materials are created inside and aren't procured.

In some special cases, we have to sell raw materials (ROH) and buy finished goods (FERT) from outside sources. The views must be extended in these cases using transactions OMS2 and MM50.

88) What Needs To Be Present In Order For Material Type To Be Automatically Copied From One View To Another?

When creating any view, the Industry Sector and Material type will be automatically copied from an existing view, so long as at least one view exists.

89) How Are The Various Mm Configuration Transactions Accessed?

OLMD → MM-CBP

OLMB → MM-IM

OLME → MM-PUR

OLML → MM-Warehouse Management

OLMS → Material Master Data

OLMW → Valuation and account assignment.

90) How Do You Set Price Control For Receipts (goods/invoice) Telling The System How To Value Stocks?

Transaction Code OMW1 allows you to set price control to S (Standard Price) or V (Moving Average Price).

Under Standard Price (S), the materials and accounting documents are both valid. The one with the lower value will be posted with a price variance entry.

91) Why Would An Organization Need To Allow Negative Stocks?

Negative Stocks are necessary when Goods Issues are entered necessarily (business process reasons) prior to the corresponding Goods Receipts and the material is already located physically in the warehouse.

92) What Are The Various Steps In The Mm Cycle From Material Creation Through Invoice?

The following creates a rough picture of the MM Cycle. Create material, create vendor, assign material to vendor, procure raw material through PR, locate vendor for certain material, processing GR, goods issue, and invoice verification.

93) What Is A Price Comparison?

Perform a price comparison using ME49 and one may compare quotations from different vendors.

94) If You Have A Multi-lineitem Po, Can You Release The Po Item By Item?

No, a PO is released at the header level meaning a total release or “With Classification”.

PRs, on the other hand, have two release procedures possible. “With Classification” as described above, and “Without Classification” where it is only possible to release the PR item by item.

95) What Is Sap? How Is It Used In Industries?

SAP is the most popular Enterprise Resource Planning (ERP) software application used to provide enterprise business solutions. It was first introduced in 1972 in Mannheim, Germany. SAP stands for Systems Applications and Products in Data Processing.

- SAP provides complete business solutions by integrating various business tasks, such as sales, purchase, and production. It takes information from one business process and incorporates the same into another business process, thereby speeding up business processes. For example, the information about the raw material in stock is used by the production department to prepare products.
- It is most widely used in industries, because it automates business processes and provides real-time solutions for them, that is, it updates and processes the data very quickly.

96) What Are The Core Functionalities Of The Sap System?



The core functionalities of the SAP system consists of Sales and Distribution (SD), Materials Management (MM), Financial Accounting (FI), and Production Planning (PP). In the first phase, the companies implement the SAP software with these core functionalities and later in the second and third phase, they may also introduce other functionalities, such as Controlling (CO), Warehouse Management (WM), Human Resource (HR). However the type of modules and the phasing of implementation solely depends on the type of industry the client works as well as the organization's readiness and urgency for the need to adopt integrated enterprise system such as SAP.

97) How Is The Mm Module Integrated With Other Modules Of Sap?

- The MM module deals with material procurement on the basis of the production required; therefore, it is linked with the Purchasing Planning (PP) module.
- The Sales and Distribution (SD) module is proportionally related to the MM module, because it uses information about the quantity of material sent for production.
- The MM module is related to the Warehouse Management (WM) module, because the MM module maintains information about the material storage and material transfer inside an organization.
- The MM module is also related with the Financial Accounting (FI) module, because every operation performed in the MM module directly impacts the financial process of the organization.

98) How Many Charts Of Accounts Can Be Assigned In A Company?

In a company, only one chart of accounts can be assigned.

99) How Many Company Codes Can Be Assigned In One Chart Of Accounts?

You can assign many company codes in a chart of accounts.

100) How Many Company Codes Can Be Assigned To A Company?

You can assign one or more company codes to a company.

101) How Many Company Codes Can Be Assigned To A Plant?

You can assign only one company code to a plant.



102) Can A Company Code Be Assigned To Many Plants?

Yes, you can assign a company code to many plants.

103) Can Storage Locations Be Created Automatically? How Can They Created Automatically?

Storage locations can be created automatically when an inward goods movement for a material is performed. In order to create a storage location automatically, open the Sap implementation guide and then follow this path: Materials Management->Inventory Management and Physical Inventory->Goods Receipt->Create Storage Location Automatically.

104) What Is The Menu Path To Configure The Storage Location?

You can configure the storage location by navigating the following menu path:

Select Display IMG ->Enterprise structure ->Definition->Maintain storage location

105) What Are The Different Ways Of Organizing Purchasing Organizations?

The different ways to organize purchasing organizations is distributed purchasing and centralize purchasing. Distributed purchasing represents multiple purchasing organization for multiple plants and centralized purchasing represents one purchasing organization per plant.

106) What Is The Reference Purchasing Organization In Sap?

The reference purchasing organization can be defined as an organization whose conditions or contracts are linked to other purchasing organizations. This organization can make conditions or contracts that can easily be used in other purchasing organizations.

107) What Is Master Data In Mm Module?

Master data in MM module acts as a reference data defining various business entities and plays a key role in the core operation of a business

108) How Is Master Data Important In Mm Module?

A Master Data in MM module contains all the basic information needed to manage a material. The data is stored and sorted on the basis of different criteria, such as the descriptive nature of the material (size, dimension, and weight), control function of the material (material type and industry sector). Apart from the data maintained by the user, it also stores data that is automatically updated by the system (such as stock levels).

109) What Data In Material Master Is Maintained At The Client Level?

The general data, that is, the data applicable to the company as a whole is stored at the client level

110) What Are The Data In Material Master That Are Maintained At The Company Code Level?

The data that is specific to a particular company and the plant and storage areas assigned to the company is maintained at the company code level.

111) What Are The Plant-specific Data In Material?

The MRP data and forecast data are the plant-specific data in material.

112) What Is A Batch?

A batch is a group of materials combined together quantity-wise for various reasons. Very often, the materials with the same characteristics and values are grouped into a batch. For example, in a chemical industry, a certain number of containers of a specific product may be considered a batch as these products were produced at the same time and have the same physical and chemical characteristics.



113) How To Create A Batch?

You can create a batch record manually by using the transaction code MSC1N. The navigation path of creating a batch is: SAP Menu -> Logistics -> Materials Management -> Material Master -> Batch -> Create.

114) What Is Batch Information Cockpit?

The Batch Information Cockpit (BIC) is the main switching point having a wide range of options for scrutiny and control. It stores all the information related to the analysis of a particular batch at a single location.

115) What Is A Serial Number?

A serial number is provided to an item to identify it and to store information about it. A serial number is mostly used to refer to equipments such as motors, drills, or vacuums. In MM, an item of a material contains serial number as well as a material number. This combination of the material number and serial number helps to uniquely identify an item of a material.

116) State The Importance Of Classification Data.

The classification data allows you to search for the materials on the basis of the characteristics values entered into the classes. This feature is very important when the customer wants to search for a particular vendor and batches.

117) What Are The Main Master Files Used In Mm?

The following are the main master files used in MM:

- Material master file
- Inventory master file
- Vendor master file

118) Give Some Example Of Master Data In Material Management (mm).

Material master, material master general data (MARA), tax classification material (MLAN), info records, source list, and vendor master are the examples of master data in MM

119) What Is Vendor Master Data?

Vendor master data contains details of each vendor who supplies materials or services to an enterprise. The vendor master data is stored in individual vendor master records consisting data, such as vendor's name vendor's address currency used for the transaction payment terms and contact person's name sales staff.

120) What Are The Different Fields In A Vendor Master Data?

The different fields in a vendor master data are as follows:

- The name and address of the vendor
- The currency in which the transaction would be done
- The terms and conditions of payment
- The names of important contact persons
- The different accounting information, such as the reconciliation account in the general ledger

121) What Is The Transaction Code To Access The Materials Management Configuration Menu?

The OLMS transaction code is used to access the Materials Management Configuration menu

122) Can Purchasing Info Record Be Created Without A Material Number?

Yes, you can create a purchasing info record without a material number. If the material is without the material number, you need the following information for creating the purchasing info record:

- Material short text
- Order unit
- Material group
- Short term key

123) What Do You Mean By Material Numbers In Sap?

Material numbers are unique numbers used to identify a material.

124) Can We Change The Industry Sector Of An Existing Material?

No, once assigned you cannot change the industry sector of an existing material.

125) What Does The Material Type Control?

The material type controls the materials stock management, which implies:

- If there is a change in the quantity of the material, it should be updated in the material master record.
- Along with the change in the material master record, there should be changes in the stock accounts also.

126) What Is The Menu Path To Define Material Type Attributes?

Logistics Master Data: Material Master -> Material -> Control data -> Define material type attributes

127) Can We Change The Material Type Of A Material?

Yes, we can change the material type of a material. T code MMAM.

128) How Are User Defaults Set For Views?

You can set user defaults for views by selecting Defaults->Views.

129) List The Steps To Create A Profile.

1. Select Profile -> MRP Profile from the Menu screen to display the Initial Create Profile screen.
2. Enter the value in the key file that you want to assign in the profile.
3. Select Goto -> Selection to display the Selection screen.
4. Enter a profile description and select the fields that you want to include in the profile.
5. Select Goto -> Data to display the Data screen.
6. Enter your data in the Data screen and save the profile by selecting Profile -> Save.

130) How Are The Characteristics Changed?

The characteristics are the properties that describe the length, color, and other related features of an object.

Perform the following steps to change the characteristics of an object:

Select SAP Menu->Gross App. Components->Classification System->Master Data->Characteristics

Alternatively, the CT04 transaction code is used to change the characteristics.

131) How Is A Class Created?

A class is a collection of the group of the characteristics for a particular object. You need to enter the class name and a description for it and then select the group. After saving the details, the class is created. Alternatively, you can use CL01 T-code for this purpose.

132) Can You Include AnRoh (raw Material) Type In The Sales View?

Usually, the raw materials cannot be included in the sales view. However, the raw materials can be included in the sales view only when they are sold to procure finished products in return.

133) List The Key Fields Of The Material Master Table.

The key fields of the material master table are material groups, material status, divisions, storage conditions, labs and offices, basic materials, container requirements, measure groups, container requirements, and temperature.

134) What Is Non-valuated Material?

The material that is maintained on the basis of the quantity rather than its value is called the non- valuated material. The non-valuated material can only be withdrawn from the stores or warehouses only when it is transferred to "valuated" stock.

135) How Can You Access The Additional Data Screen?

You can access the additional data screen in a material master record from any view by selecting additional data in the standard material master.

136) How To Move A Material Master Record From One Sap System To Another?

1. Using direct input
2. Using Application Link Enabling (ALE)

137) What Is The Purchasing Value Key?

It is the key, which determines the following:

- Reminder keys— Keys that help determine the number of the days before or after the vendor has to be reminded for the material procurement
- Under delivery tolerance limit & Over delivery tolerance limit
- Order acknowledgement requirements in purchase order

138) How Can You Configure The Purchasing Value Key?

You can configure the purchasing value key by performing the following steps:

1. Open the SAP implementation guide.
2. Click Materials Management->Purchasing->Material Master->Define Purchasing Value Keys.

This opens the Change View "default Values: Material Master": Overview page.

3. Enter the New Entries button. This opens the New Entries: Details of Added Entries page.
4. Enter the appropriate values in the fields.
5. Click the Save button on the toolbar.

139) What Is Vendor Sub-range?

The vendor sub-range is defined as a subdivision of the total range of products provided by a vendor. Vendor sub-ranges are required when you create or maintain Material Master data.

140) What Is A One-time Vendor?

A one-time vendor is the vendor who rarely or only once supplies the materials or articles to your company. For such vendors, you do not need to create a separate master record because the master records have no use after the business transaction is completed. Therefore, you can collectively create a master record for all the one-time vendors.

141) Why Is Negative Stock Needed In An Organization?

Negative stock is needed in an organization when a material is shipped to a customer and the production is not confirmed or there is not enough stock to satisfy the requirement. The system allows issuing the material and inventory shows a negative quantity of stock, until the product of material is confirmed.

142) How Is Consignment Material Procured?

The consignment material is procured through purchase requisitions, purchase orders, and outline agreements.

143) What Is The Difference Between Planned And Unplanned Consumption?

The difference between planned consumption and unplanned consumption is that planned consumption is updated if goods are withdrawn due to reservation, whereas unplanned consumption is updated, if goods are withdrawn from stock without a reservation.

144) How Do You Attach A Document In The Purchase Order?

A document can be manually attached to a purchase order by using the document management system in SAP. In case when the purchase order is prepared using the T-code ME21N, then no attachment can be added. You need to save the purchase order and re-open with the T-code ME22N. Click the service for object button, select Service Object Button-> Create-> Create Attachment, and then select the file to be attached.

145) How Is Stock Transferred In A Cross-company Scenario?

Stocks can be transferred between plants that belong to different company codes. Such a stock transfer process can be done in any of the following ways:

- One-step plant-to-plant stock transfer
- Two-steps plant-to-plant stock transfer
- STO without delivery through shipping
- STO with delivery through shipping

146) How Can A Stock Transfer Be Monitored In Purchasing?

A stock transfer can be monitored in Purchasing by using the following stock documents:

- Purchase requisition
- Stock transport order (STO)
- Stock transport scheduling agreement

147) Can A Purchase Requisition Be Generated Automatically?

You can generate a purchase requisition automatically only in case where a material is sent out for external processing, for example subcontracting work. Another situation where you may need to generate a purchase requisition automatically is when the bill of materials is for a material other than a non-stock item.

148) State The Configuration Steps For Purchase Requisition?

The steps for the purchase acquisition are as follows:

1. Defining of document type
2. Processing Time
3. Release Procedure
4. Authorization Check
5. Defining of the number ranges

149) What Is A Purchase Order? What Does A Purchase Order Contain?

A purchase order is a document issued by a buyer to a seller which consists of the type and quantity of the goods or services the seller will provide to the buyer at a specified date.

A purchase order consists of:

- **Document Header** — Relates to the entire purchase order
- **Number of Items** — Relates to the number of items to be provided by the seller to the buyer.

150) Where Do We Define Payment Terms In Po?

The payment terms in PO represent the agreements of customers and vendors. You can define the payment terms in PO in the master records of customers and vendors.

151) What Are The Document Types Used In Po?

The document types used in PO are:

- Standard Purchase Order (NB)
- Stock Transport Order (TB)
- Framework Order

152) What Is The Difference Between Blanket Purchase Order And The Service Order?

The blanket purchase order is used for consumable materials, such as office paper with a sort text. In case of blanket purchase order, no Good Receipt (GR) is required for the purchase order. In framework order, the document type is used for purchase order and GR and Service Entry (SE) are required for purchase order.

153) What Are The Document Types Used In Schedule Agreement?

The document types used in SA are:

- LP for standard scheduling agreements
- LT for stock transport scheduling agreements
- LPA for scheduling agreements with release documentation

154) What Are The Document Types Used In Contract?

The document types used in Contract are:

- MK
- WK

155) What Is A Contract?

A contract is an agreement between a customer and a vendor that states that the vendor will supply material to the customer at an agreed price for a specified period of time. It can be based on either a total quantity or a total price. A contract avoids the need to create a new purchase order each time the material or service is required.

156) What Are The Different Types Of Contracts?

A contract can be one of the following two types:

- **Quantity contract** — In this type of contract, the purchasing department agrees with the vendor for supply of a specified quantity of material, or services.
- **Value contract** — In this type of contract, the purchasing department can limit the total spending for a material with a vendor. The release orders are valid only till the total spending for the value contract equals the total agreed upon value.

157) What Is The Difference Between A Scheduling Agreement And A Contract?

A scheduling agreement contains the details of a delivery schedule whereas a contract contains only quantity and price information and does not contain any details of specific delivery dates.

158) What Is The Difference Between Release Procedure In Internal Documents And External Documents?

The release procedure differs for internal and external documents. **The internal document and the purchase requisition** can be released either at the **item level or at the header level**. Additionally, the **internal document** can be released either with **classification or without classification**. The **external document, such as the purchase order or the request for quotation**, can only be released at the **header level** by the **classification method**.

159) What Are The Main Documents Used In Mm?

The following are the main documents used in MM:

- Purchase requisitions
- Purchase orders
- Goods transfers
- Goods receipts
- Goods issues

160) What Is The Definition Of Procurement?

Procurement can be defined as the purchase of goods or services at the best possible total cost in correct amount and quality. It is the process of acquiring goods and services that covers both acquisitions from third parties and from in-house providers.

161) What Is An Account Assignment Category In A Po Document?

The Account assignment category field plays an important role in the purchasing documents. **It contains many control functions that help to determine the objects that are charged in case of an ordered material**. The ordered material must be procured for direct usage or consumption. **With the help of account assignment category in the purchasing documents, the cost of the material can be allocated to a single Controlling object or it can be allocated among various Controlling objects**.

162) What Is The Creation Indicator?

The creation indicator defines whether or not the planned orders, purchase requisitions, or schedule lines must be created for materials that are procured externally. It also defines whether or not MRP lists need to be created.

163) What Is Quotation?

Quotation is offered by a vendor to a purchasing organization that contains the details regarding the supply of materials or performance of services subject to specified conditions. A quotation is a legal document that binds the vendor for a certain period. The quotation is created by the vendor in response to a request for a quotation issued by a purchasing organization. A quotation consists of all the details, such as the total quantity and delivery date of a material or service offered.

164) What Is Request For Quotation (rfq)?

A request for quotation (RFQ) is a document sent to a vendor by a purchasing organization and the vendor sends quotations with prices in response. An RFQ consists of two parts:

- **RFQ header**— Contains general information, for example, the name and address of the vendor
- **Items** — Contain information about the total quantities and delivery dates for the materials or services specified in the RFQ

165) How RFQ's And Quotations Are Processed In Sap?

The RFQs and quotations are processed in the following manner in SAP:

1. RFQ is created either manually or by using an already existing RFQ, requisition, or outline purchase agreement by the company.
2. Company creates the list of vendors who are to receive the RFQ. For this purpose, a separate document is created for each vendor.
3. Company enters the prices and conditions set out in the quotation submitted by the vendor into the RFQ document.
4. Company carries out a comparative appraisal of all of the vendor quotations by means of the price comparison list. The quotations given by each vendor are compared item by item. The mean value quotation represents the average value of the individual quotes.
5. Company enters the most favorable quotation in an info record and sends rejection letters to the other unsuccessful bidders.
6. Finally, company monitors the status of follow-on activities related to the RFQ and quotation (e.g. a contract is set up or a purchase order issued).

166) What Are The Ways A RFQ Can Be Created?

RFQs can be created in either of the following ways:



- **Using manual approach** — Data for an RFQ is entered manually for the materials for which you wish prices to be quoted.
- **Using copying approach** — An RFQ is copied from an existing RFQ.
- **Using referencing approach** — An RFQ is created by using reference requisitions or an outline purchase agreement.
- **Using automatic approach** — An RFQ is created automatically by using a requisition.

167) What Are The RFQ Types?

The RFQ type is a two-character field used in the configuration of RFQ document types. It helps the company to differentiate between the different types of RFQs that they can send out.

168) List The Important Key Fields For RFQ?

Different important key fields for RFQ are as follows:

- RFQ Date
- Quotation Deadline
- RFQ Document Number
- Organizational Data
- Default data for Items
- Collective Number
- Validity Start/Validity End
- Application By
- Binding Period
- Reference Data or RFQ Item detail
- RFQ Delivery Schedule
- Additional Data
- Vendor Selection

169) What Is Rfq Delivery Schedule?

RFQ delivery schedule refers to the information entered by the purchaser that comprises date, time, and amount required on that date. You can access the delivery scheduling screen by pressing the SHIFT+F5 key combination from the keyboard in the SAP interface.

170) How Can The List Of Vendors Be Found To Send A Request For Quotation (rfq)?

You can use the information record to find the list of the materials to find out the vendors from whom the goods have been purchased in the past. Thereafter, the request for purchase requisition is issued. Alternatively, you can go for a source list.

171) What Is The Purchasing Document Category For Rfq?

The Purchasing Document Category for RFQ is the single character A, and for other documents such as for Purchase Orders, the category is F, for Contracts it is K, and for Scheduling Agreements it is L.

172) What Is Purchasing Document?

A purchasing document is a document type used by the purchasing department to procure materials or services.

173) How Does The Sap System Differentiate Between Purchasing Documents?

Document type is the unit to differentiate between different kinds of purchasing documents in the SAP system. Each document consists of a unique number, which determines the significant number range and the fields that are offered to you for data maintenance purposes

174) How Are Purchasing Documents Numbered?

In the SAP system, each document is assigned a unique number. These numbers can be alphanumeric also. You can assign these numbers in two ways, either internally or externally, depending on the policy of your company or enterprise. An internal number depicts that the SAP system assigns the number automatically, whereas an external number depicts that the person creating the document must supply manually. Alphanumeric assignment of numbers is only possible in the latter case.

175) Can A Line Item In A Purchase Order Be Blocked After It Has Been Created?

Yes, a line item in a purchase order can be blocked after it has been created. Blocking a line item stops acceptance of any goods receipts related to that line item.

176) Can Multiple Accounts Be Assigned To A Purchase Order Line?

Yes, you are allowed to assign multiple accounts to one purchase order line. Multiple account assignments may be required in a situation where the cost of the item to be purchased is divided among multiple people.

177) What Are The Different Types Of An Item Category?

An Item Category is a field in purchase requisition that specifies the category of purchase requisition. The following are the different types of Item Categories:

- Blank-Standard
- K-Consignment
- L-Subcontracting
- S-Third party
- D-Service

178) What Is The Difference Between Procurement For Stock And Procurement For Consumption?

In procurement for stock, when you order a material, the system does not require an account assignment because the posting to the appropriate stock and consumption occurs automatically every time the transaction related to goods takes place.

In procurement for consumption, you need to enter the account assignment (such as cost center) that specifies the purpose of consumption. On the receipt of goods, the material or service is shown as it has been consumed.

179) What Is A Document Type?

A document type is used to differentiate between different kinds of purchasing documents. In other words, different purchasing documents are distinguished on the basis of their document types. Document types are defined for RFQs, purchase orders, and contracts.

180) What Are The Ways Of Converting Planned Orders Into Purchase Requisitions?

You can convert the Planned Orders into Purchase Requisitions either by converting them individually or by collectively converting all the planned orders (MD15).

181) How Is Framework Order Different From Standard Po?

Framework Order (FO) is a purchasing document used for procuring materials or services. This type of purchase order has an extended validity period instead of a stipulated delivery date as in case of the Standard Purchase Order (PO).

182) How Are Free Items Managed In A Po?

Mark the item as FREE in the Purchase order. The price for such PO items will be zero.

183) Which Documents Are Used As References When We Create Po?

At the time of creating PO, we take the reference of Purchase Requisition, Request for Quotation, and any other Purchase orders. However, it is not necessary to take the reference of these documents as most of the values are automatically taken by the SAP R/3 system.

184) What Is The Transaction Code To Set Price Control For Receipts (goods/invoice)?

The transaction code OMW1 is used to set price control for receipts (goods/invoice).

185) What Is A Centrally Agreed Contract?

A centrally agreed contract type is created without specifying the name of the plant. The plant specification is provided at the time of creating the contract release order. In centrally agreed contract, different conditions for individual plants can be maintained easily. Moreover, different ordering addresses or goods suppliers in the vendor master record can also be specified in this type of centrally agreed contract. The centrally agreed contract is useful in the enterprises that have a central purchasing department and the materials are required to be bought for different plants. In this case, they create a high-level contract used by the other department-specific purchase organizations within the enterprise. The use of such centrally agreed contracts usually results in more favorable conditions of purchase and helps maintain consistency in process of purchasing throughout the enterprise.

186) List The Important Fields Of A Service Master Record?

The important fields of a Service Master Record are as follows:

- Service number— Defined for external or internal numbering of the service
- Service Category— Distinguishes between the types of services
- Descriptive text— Contains a short or long description of the service
- Base unit of measurement— Contains the unit in which you can measure the service
- Material/Service group— Allows the service to be selected for grouping purpose
- Valuation class— Finds the general ledger accounts that are related with the service

187) In What Cases Item Category M (material Unknown) And Item Category W (material Group) Can Be Used In Contract?

The Item category M is used when the material issued is unknown. The item category W is used when the value and quantity of material are unknown.

188) What Are Schedule Lines?

Schedule Lines — The Schedule lines are generally created adjacent to the schedule agreements. For example, you have a material that is procured through a subcontract and you are required to ensure the delivery of this material on specific days. For this, you can create a schedule line for the schedule agreement of that material. In the source list of the schedule line, you have to provide information regarding the vendor and schedule agreement along with the validity dates of delivery and also specify the agreement, which is relevant for MRP.

189) What Is Tax Code?

The tax code defines how the tax will be calculated and posted in SAP R/3 System. Each item on which the tax is applicable is allocated to a tax code. The R/3 System reads this tax code for each item and calculates tax for it. This tax and tax code is a part of Purchase order.

190) What Is Material Requirement Planning (mrp) In Sap?

Material requirement planning guarantees the procurement and production of the required quantities of materials on time. The MRP helps a company to determine which materials are to be produced and in what quantity they are to be produced.

191) List The Types OfMrp?

The three types of MRP are as follows:

- **Reorder-point planning** — In this type of MRP, the procurement starts when the existing stock and the receipts fall below the reorder point.
- **Forecast-based planning** — In this type of MRP, the forecast values and the future requirements of the material is decided by the forecasting program.
- **Time-based planning**— In this type of MRP, the date of the planned requirement should match with a known date, such as the date when the vendor delivers. If the vendor delivers the material on the same date, then you can start the planning procedure from that date itself.

192) What Is The Difference Between Material Requirement Planning (mrp) And Consumption- Based Planning?

MRP and Consumption-based planning are two types of SAP planning used to determine a product's requirements. When you plan materials by using MRP, you need to plan the materials requirement based on Sales and Operations Planning (SOP). When you follow the consumption-based planning approach to plan the



materials, you need to plan the future demand of the product. This can be done by using the historical demand of materials.

193) What Is A Procurement Proposal? What Are The Types Of Procurement Proposal?

Procurement proposals are created by the system and are based on the settings defined by the purchasing department. They help in ascertaining the required materials.

The different types of procurement proposals are:

- Purchase requisitions: Required for a material that is procured externally.
- Schedule lines: Required when a material is procured externally and the material has an identifiable source and scheduling agreement.
- Planned orders: Required for materials that are procured internally.

194) What Are The Different Types Of Forecast Model?

The following are the different types of forecast model:

- Constant
- Trend
- Seasonal
- Seasonal trend

195) Define Time-phased Planning.

Time-phased planning is an MRP procedure, where materials are planned to be delivered in a particular time interval. In the time-phased planning technique, there is a planning file that contains an MRP date to plan the delivery of materials. When the material master is created and is reset for each running plan, then MRP date is set. If you need to plan the delivery of a material earlier than the specified MRP date, you can enter an MRP date while running the plan. For example, if the running plan is set to Wednesday, you can get it forwarded to Monday.

196) What Is The Condition To Create The Planned Orders?

The condition to create planned orders is that the system creates an internal procurement proposal and then planned orders are created. In the case of vendor procurement, a planned order is created by the MRP Controller.

197) What Tasks Are Covered Under Inventory Management?

The inventory management is an important part of the material management. The optimal inventory management not only ensures the uninterrupted supply of the material at the required time, but also prevents wastage of the items. The material management covers the following tasks:

- Material stock management
- Planning, entry and documentation of goods transfers from/to the inventory
- Physical stocking of items

198) What Is Physical Inventory?

Physical inventory is a process in which all the transactions related to the movement of goods are stopped and the company physically counts inventory. It is required in financial accounting rules or for regulating taxes by placing an accurate value on the inventory.

199) With Which Modules In Sap Is The Inventory Management Integrated?

The inventory management is an important constituent in the SAP MM module. The business activity of an organization revolves around the inventory of materials that serves as the input for the manufacturing process or the inventory of prepared goods for delivery or selling. The material is purchased from the concerned vendors on the basis of request from the Material Requirement Planning (MRP) module. The delivered items are recorded in the inventory management as the goods receipt. The material are then stored either for delivery to the customer or for manufacturing processes. Inventory management is integrated with other modules, such as FI, SD, PP, PS and QM.

200) How Is The Inventory Management Integrated With Mm?

The inventory management is directly linked with the material management module because any movement of goods to/from the inventory comes under the MM module. The material requirement planning, purchasing, and invoice verification are some of the MM components that are also linked with inventory management. After the ordering of the material it is posted as a goods receipt with reference to the purchase order. The actual data of the quantities are checked in the vendor's invoice.

201) What Is Goods Movement? What Type Of Documents Is Created After Goods Movement?



Goods movement refers to the movement of stock. This movement of stock could be either inbound from the vendor, outbound to a customer, between different plants, or even between different stocks within a plant. After goods movement, the SAP system creates two types of documents: material document and accounting document.

202) Why Is Goods Receipt Important To A Company?

Goods receipt indicates a receipt or inward movement of stock of materials or goods. When an external vendor provides stock to the company, the goods receipt is generated as a purchase order and when the material is produced in-house, the goods receipt is generated as a production order. A goods receipt is important to a company as using a goods receipt moves material into stock, updates the stock levels, and thereby indirectly enables the production process.

203) How Do You Post The Goods If The Po Number Is Not Known?

If the PO number is not known, you must enter the search criteria for the PO in the initial screen. As a result, the list of purchase orders is displayed. The desired PO items can then be copied.

204) How Can A Goods Receipt Be Posted When Purchase Order Number Is Unknown?

If the goods receipt does not have a purchase order, some companies do not accept the goods receipt and refuses to accept the delivery. On the other hand, other companies accept the delivery of materials and keep the materials into the quality or blocked stock till the situation is resolved. For obtaining the goods receipt without a purchase order number, the companies use the MIGO transaction. After entering the required details of the material, the goods receipt is posted and the material becomes a part of the plant stock.

205) How Do We Receive Goods From Production?

The goods from the production can be posted either to the warehouse or consumption. They are posted with the same movement type.

206) What Are The Ways Of Receiving Goods?

The goods can be received as per the reference to inbound delivery. The following are the different ways of receiving the goods:



- Order
- Others
- Outbound Delivery
- Purchase Order
- Reservation
- Transport
- Transport ID code

207) What Is Movement Type?

While implementing the goods movement in an organization, the movement type is required to be entered. It is a three-digit identification key that is entered as per the movement type. The following are the common movement types that are used in SAP:

- 102: Goods that are receipt against a purchase order
- 201: Goods that are issued
- 321: Goods released from quality inspection stock

208) What Does A Movement Type Control?

The movement acts as a controlling factor in inventory management. It handles the following activities:

- Updating of quantity
- Updating of consumption and stock
- Displaying of particular fields in a document

209) List The Movement Types For Unplanned Goods Received?

The following are the movement types used for unplanned goods received:

- 501
- 561
- 531

210) What Is Goods Issue Reversal?

The process of issuing the material back to the stock of material is known as a goods issue reversal. For example, if goods issued to the production order are 500 kg of material and only 300 kg is consumed, then the rest 200 kg is returned to stock.

211) Name The Documents That Are Created When A Goods Issue Is Posted?

The following documents are created when a goods issue is posted:

- Material document



- Accounting document
- Goods issue slip
- Stock changes
- General ledger account changes

212) What Are The Different Ways Of Stock Transfer?

A stock transfer can be made physically or logically. In other words, when you move material from one storage location to another it is said that the stock transfer is done physically. Whereas when you move stock from the quality inspection status to the unrestricted status, it is said that the stock transfer is done logically. The different ways of stock transfer are as follows:

- From storage location to storage location
- From plant to plant
- From company code to company code

213) What Is Transfer Posting?

The physical and logical stock transfers are collectively called the transfer posting. The stock transfers typically change the stock type, batch number, or material number. The transfer posting is related to the documentation of the stock changes resulting from a stock transfer.

214) How Is The Value Of The Cross-company-code Stock Displayed?

You need to perform the following steps to display the value of the cross-company-code stock in transit:
Select Environment-> Stock-> Stock in transit (mb5t).

215) What Is Sales Order Stock?

- The stocks assigned to a sales order but still available in the company premises is called the sales order stock.
- The raw material ordered by the customer for processing a specific order and finished goods are the type of materials that come under the category of sales order stock.

216) What Is Project Stock?

The stock available in the company premises to execute a project is called the project stock. It is allotted to a work breakdown structure element and is specific to the project only. All accounting treatment in MM is done for the specific project head.

217) What Are The Different Types Of Invoice Verification?

The different types of invoice verification are as follows:

- Invoices based on purchase orders
- Invoices based on goods receipts
- Invoices without an order reference

218) Name The T Code For Invoice Verification?

An invoice is verified by using the OLMR T code.

219) What Are The Benefits Of Document Parking?

The benefit of document parking is that you can modify the invoice in a parked status whereas the invoice that is placed on hold cannot be modified.

220) How Do You Display The Parked Document?

You can display the parked documents by using either FB03 or FBV3. The FB03 transaction code displays all the posted documents; whereas, the FBV3 code shows only the parked documents that have not been posted to the expenditure balance.

221) What Is Stochastic Block?

Stochastic Blocking is the process of checking the incoming invoices. In this process, blocking of the invoices is done randomly. Invoices with high value have the highest probability to get blocked. It is set for the whole invoice instead at the item level. When posting of the invoice is done, an R is set in the Payment Block field in the document header data.



222) What Are The Different Accounts Used In Invoicing?

Different accounts used in invoicing are as follows:

- Vendor accounts
- Stock accounts
- GR/IR clearing accounts
- Tax account
- Price differences account
- Cash difference clearing account
- Freight clearing account

223) What Is The Difference Between Gr-based Iv And Po-based Iv?

GR-based IV means Goods Receipt based Invoice Verification. In this process, each receipt of the individual goods is invoiced separately.

On the other hand, PO-based IV means Purchase Orders based Invoice Verification. In this process, all the items that are in the purchase order list are arranged and are placed together. It is not taken into consideration whether the item is received in a single delivery or multiple deliveries. After all the items are collected, these items are then posted in the form of one single item.

224) What Is The Purpose Of Material Valuation?

Material valuation in SAP MM module is necessary to determine the stock value of materials.

225) How To Determine Stock Value?

The stock value of the materials is calculated using the following formula:

Stock value = Stock quantity * Material price.

226) How Material Valuation Is Associated With Financial Accounting?

Material valuation in MM module is associated with Financial Accounting as any change in the stock value also updates the G/L account in Financial Accounting.

227) What Is Valuation Area?

Valuation area is the organizational level at which the material valuation is carried out.

228) Define Valuation Class?



Valuation class is a group of different materials that share some common properties. This group is defined so that you do not have to manage a separate account for each material.

229) What Are The Different Types Of Account Assignment Categories?

The different types of account assignment categories are:

1. Single account assignment: Specifies one account assignment for an item in the purchase order
2. Multiple account assignment: Allocates the costs associated with the purchase order item

230) What Is The Release Procedure?

The release procedure allows you to create condition records for the planning process. It is used to creating Purchase Requisitions (PR), Purchase Orders (PO), Request for Quotation (RFQ), Outline Agreements, and Service Entry Sheets.

231) What Is Release Strategy? How Many Release Points Can Be Involved In A Release Process?

The release strategy specifies the release codes with which a purchase document must be released and the sequence in which the release must be used. You can define a maximum of eight release codes with their respective release strategies. You can involve 8 release points in a release process.

232) How Many Procedures Are Available To Release Purchase Requisition?

There are two types of procedures available to release purchase requisition:

- With classification: In this procedure, you can release the purchase requisition both at item level and in total.
- Without classification: In this procedure, you can release the purchase requisition only at item level.

233) How To Release Purchase Order? Which Transaction Code Is Used To Display As Well As Reset The Release Of Po?

You can release a purchase order at header level. You cannot release a single item in purchase order. You need to release all the items at a time. The ME29N transaction code is used to display as well as reset the release of purchase order.

234) How Many Types Of Release Procedure Are Available For Po?

There are two types of release procedures available for PO:



- Individual release: In this type of release procedure, you can release only one item at a time.
- Collective release: In this type of release procedure, you can release all the items at a time but using the release code.

235) What Is A Release Criterion?

The release criterion defines the strategy with which a purchase requisition or an external purchase document is released. The release criteria contains the characteristics and the values of the characteristics which determine the status of the document, that is, either blocked or not blocked (a characteristic can be the total value of the document, say greater than \$100,000). The criterion can be based on any one of the following or a combination of these:

- Account assignment category
- Material group
- Plant
- Total value

236) What Is Release Code?

The release code is a two-character field or ID that represents the person responsible for the approval of the release procedure.

237). What is the difference between CBP and MRP?

The main difference between CBP and MRP

CBP	MRP
When the materials are planned using this, the prediction for the required materials is done by past demand of the same materials.	When the materials are planned using this, the prediction for the required materials is done by SOP which is sales & operation planning .
Forecasting, planning which is time-phased and reorders point are used here	Since this is used for the planning of the future everything depends on the size of the lot that was previously given .



238). What do you know about SAP MM?

SAP has a functional module which is known as SAP MM. It looks after the management of the material and obtaining handling. The module consists mainly of master data, the configuration of the system, and transactions to complete the procurement to pay process.

239). Can you elaborate on SAP and how it is useful in Industries?

SAP stands for Systems, Applications, and Products in Data Processing. It is the most popular software application used to provide enterprise business solutions. This ERP software application was first introduced in Germany (Mannheim) in the year 1972. ERP stands for Enterprise Resource Planning.

It provides solutions by incorporating various business tasks like sales, purchase, and production. SAP obtains details from one business process and integrates them into another business process, thus speeding up the business process.

It is broadly used in industries since it updates and processes important data very quickly and is used by the department to determine how to prepare the products and also it can program business process and provide real-time solutions for business.

240). Can you explain the essential components in SAP MM?

To define the requirements, determination sources, selection of vendors, order processing, follow up with the clients, receipts of goods and inventory management, verification of bills, payment systems, etc.

241). Do you know about organizational structure in the MM module?

The structure in the MM module is a ladder in which various organizational units are arranged designed according to the functions and tasks of each of them. The units that make the structure of the organization are as given below.

The first is the client and this unit is independent. This unit has a different record system and well as its own table sets. The second is the company code. This is one of the smaller units of the organization. For the need for external reports, one can make a self-reliant account set for the unit of company code. The third is the plan.

This is where the supplies are formed and the services and goods are given. The industry can be broken down into different plants based on maintenance, supplies, production, procurement, etc. The next is the location of the storage. The produced goods are kept in this unit. The next is the number of the warehouse this shows the system of the warehouse.

It is different for every area of storage and organization. After that is the storage type which tells one the different areas such as issuing area, area for picking up the goods, etc. The next is the organization of the purchasing which is the unit that negotiates with others for purchasing and also obtains the services and the material.

The next is group purchasing which is a code for an individual buyer or a group who actually purchases the materials. This unit is also partially involved in negotiating and obtaining the goods.

242). Explain in detail the order of purchase?

This is a final and formal confirmation of the essential materials to be supplied by the vendor to the industry. This will involve all the names of the essential materials with the equivalent plant. The details of the purchase would include the code of the company, the vendor's name, the delivery date of the materials.

243). Why is the record of the information of purchase (PIR) useful?

It is essential because it collects various information on the vendor and the materials supplied by them. For instance, the current price at which the vendor is selling the material is recorded in the purchase record.

244). What are the important criteria (view) in purchasing?

The important criteria in purchasing include the following the unit of the order, the group of material, the base unit, the group of purchasing, the validity, the indicator of tax for that material, the part number of the manufacturer, and the manufacturer.

245). Elaborate on the receipt of the goods in the SAP System?

Once the purchase is processed by the vendor the material and goods are delivered to the party that ordered it and this process is known as the receipt of the goods. During this time when the material is delivered the party that acquires checks for the quality and the condition of the materials and goods. After the verification, the receipt is finally posted.

246). What is the code used for the extension of the view of material?

The code used for the transaction of the material view is MM50.

247). What is the code for deleting a particular batch?

The code for deleting a batch is MSC2N. Alternatively, if one flags the batch of the master record then the batch record can be deleted completely.

248). How is a receipt posted?

The goods receipt can be posted by going to the option of logistics and then to the materials management and then the inventory management and the choosing the goods movement and then choosing the T code which is MIGO.

249). What do you mean by source list and what is the code of the source list?

The source list is to identify the home of the supply from where the materials come. The code for creating the source list: ME01.



250) What are the pre-requisites for creating a purchasing info record in SAP MM?

- Material Number
- MPN (Manufacturer Part Number)
- Vendor Number
- Organizational level code

251). What is the planned delivery and GR processing time?

The meaning of planned delivery is the number of business days in which the person is expected to receive the materials and goods. The GR processing time is the number of business days in which the person has to inspect and place the material in the storage, after obtaining the goods and materials.

252). What is the Material Requirement Panning and mention the code to access this list?

Material Requirement Planning is the first working manuscript from where the controller of MRP starts the work and it includes the planning of the information of the goods and materials. For accessing a single item one can use the code MD05.

253). What is known as RFQ?

RFQ is an abbreviation for Request For Quotation. It is a kind of a form that is given to the vendors for them to submit any quotation which is indicative of the terms and conditions and the price of the goods and materials. It has details of the quantity of the goods, information about the goods, the delivery date of when the form is to be submitted.

254). Explain what is the reservation?

Reservation is the blocking of the stock beforehand so that its availability is ensured later in time. It ensures that the stock is made available and can be used as per requirement.

255). What is the code used for reservation?

The Transactional code used for reservation is MB21.

256). Tcode for a Stock overview?

MMBE.

257). What is CBP?

CBP essentially means the consumption value of the materials in the past. It is used to know about the requirements in the future. Based on the consumption of the services in the past, the average requirement of the goods can be calculated.



258). What is the type for the reversal of the issue of the goods?

The transactional type for the reversal of the issue of the goods is the number 262.

259). How is quota rating checked?

The formula for checking the quota rating is the addition of the base quantity of the quota and the allocated quantity quota and divides it by the overall quota.

260). Mention the last stage in the cycle of procurement?

The last stage of the procurement cycle is the verification of the invoice. This also updates the documents which are related to the accounts and finances. There is a difference between the real invoice and the blocked one the real invoice can be handled by verification of the invoice.

261). Mention, for the stock transport order, some movement types.

Some of the movement types are 351, 641, 643 for the stock order. Another one is 301 which can be used as an easy way for transferring materials.

262). What is the point of difference between the purchase order and the purchase requisition?

A purchase requisition is said to an internal sheet and it is an appeal that is done to the organization which is going to purchase the services and send the list of the goods. But purchase order is the formal sheet that is sent to the vendor which has the list of the essential items that need to be taken from the vendor.

263). How does one do a verification of the invoice?

When the invoice is related to an existing sheet then every information which is relevant is taken out by the system. This includes material, vendor, delivery, and its terms, payment, etc. One has to enter the invoice and the system takes out the account, tax, discount, and corrections that are relevant. If the invoice is been posted data like the average of the price are reorganized.

264). How are parked documents shown?

Parked documents are shown with the codes FBV3 and FB03. FBV3 displays the parked sheets whereas FB03 shows all the posted sheets. It is useful to use FBV3 if one needs to know if any documents still need approval or if they still need completion.

265). What are the different types of ERPs?

Different types of ERPs are as follows: SAP, Microsoft dynamics, People Soft, Oracles, Siebel, BAAN. These are some of the different types of Enterprise Resource Planning.



266). What is NetWeaver?

NetWeaver is an incorporated technology in which every product in the MySAP group can be used in a single go of a server which is known as SAP Web Application Server. This technology is very useful and helps the user efficiently. One of the advantages of using this is that the data related to SAP can be accessed by the enterprise through or even through mobile. This is not only cost-effective but also time-effective. If one uses this a lot of money is saved which could otherwise go into training a new user in the SAPclient.

267). Explain Metadata, Transaction data, and master data? Can SAP be called a type of database?

Metadata: Metadata informs a person about the information of a data. This gives a person in-depth information about the hierarchy of the information or it is also called Meta Objects. There are many types of metadata. Some of the metadata are structural metadata, descriptive metadata, reference metadata, statistical metadata, and administrative metadata. Each of these types has a different kind of function in a system.

Next is the transaction data. This is nothing but the information pertaining to the transactions which happen on the day to day basis. After that comes the master data. Data provides essential information about the materials, the employees, and even information related to the customer of that service. One can also call it the data of reference.

For instance: the person orders a product which is 20 units. So instead of asking for the customer's address 20 times, the same information can be used from the master data of the customer.

SAP cannot be called a database. Since it is an application it uses the databases which are provided by other retailers. These retailers include Server, Oracle, SOL, and many other retailers.