

Organizational Structures

A company is made up of a variety of operational groups. These groups or organizational units can include sales, purchasing, accounting, distribution, and so forth. SAP's R/3 System is designed to support each of these groups. Different software applications in the R/3 System can be linked to these organization units to create a completely integrated company structure.

Flexible organizational units in the R/3 System let you represent your organization with a comprehensive company structure. The combination and integration of organizational units form the legal and structural basis of a company. For example, organizational units can interface with materials management, sales and distribution, and financial accounting. Different application areas in the R/3 System can be linked through organizational units to create a completely integrated company structure.

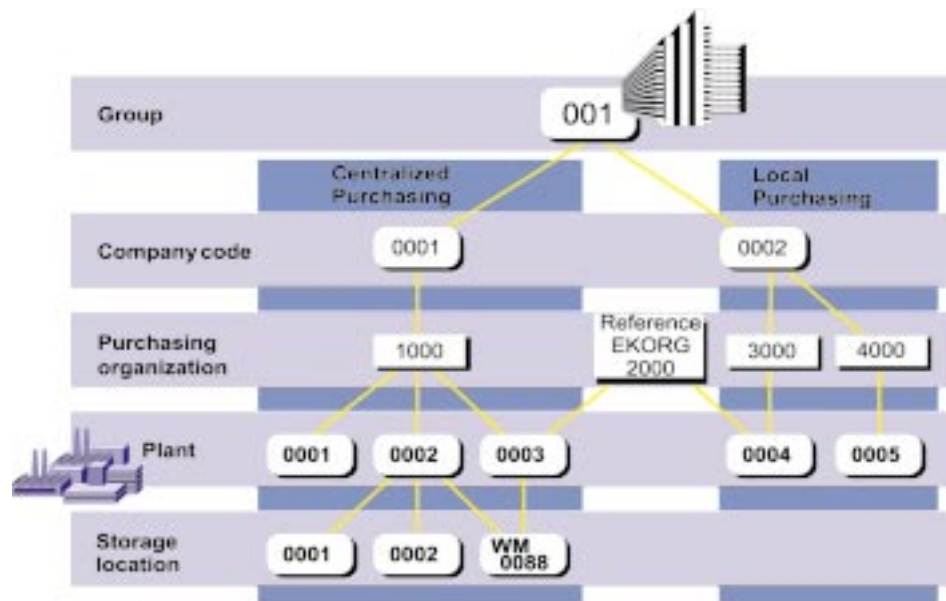


Fig. 2-1: Organizational Units in Materials Management

Purchasing Organisation

A purchasing organization is an organizational unit that procures materials or services. It negotiates purchasing conditions for plants to which it has been assigned.

The system can be set up flexibly to support Purchasing. For example, for a company with centralized purchasing where a single purchasing organization is responsible for the different company codes and plants within a corporate group. The system also supports decentralized purchasing where different purchasing organizations are responsible for certain company codes and plants.

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| | A mixture of organizations and responsibilities is also possible using references between purchasing organizations. In this way, a certain purchasing organization can access more advantageous terms and conditions. |
| Purchasing Group | A purchasing organization is divided into purchasing groups (groups of buyers) that are responsible for operational tasks. A purchasing group can also be responsible for several purchasing organizations. |
| Company Code | Company code is the smallest organizational unit for which a complete self-contained set of accounts can be drawn up for purposes of external reporting. |
| Plant | This involves recording all relevant transactions and generating all supporting documents for the legally-required financial statements such as balance sheets and profit and loss statements. A plant is an operating unit concerned with production and planning, or a combination of locations with material stocks, known as storage locations. It is a central organizational unit in materials management. |
| Storage Location | A storage location is the total of all storage bins in a plant that are managed together. |

What are the advantages of the SAP organizational structure?

- ☐ It supports complex company structures with flexible organizational units.
- ☐ It gives you group/company structures with many different views.