

Lab 2 Summary – Materials Management Process

Objective : In this lab, I learned how to carry out the full procurement process in SAP S/4HANA using the Global Bike dataset. The goal was to experience what happens from the moment a company needs materials until the vendor is fully paid. This included creating a vendor, making a purchase order, receiving the goods, checking the invoice, and completing the payment. It helped me see how the Materials Management module connects directly with Financial Accounting in one system.

1. Create Vendor Master

I started by creating a new vendor called Mid-West Supply using the Business Partner transaction. I filled in the basic details such as address, company code, payment terms, and reconciliation account so that the vendor could be used for both purchasing and accounting.

2. Create Material Master

Next, I created a new material called Chain Lock. I entered information like base unit of measure (EA), valuation class, material group, and a standard price. This allowed the system to recognize the item as a trading good that could be ordered and stored.

3. Extend Material to Another Plant

I extended the same Chain Lock material to another plant with a different price so that both locations could buy and sell the same product.

4. Check Stock and Create Purchase Requisition

I checked the stock overview and confirmed there was no inventory for the Chain Lock. Then I created a purchase requisition for 200 units to make sure enough stock would be available in the future.

5. Request for Quotation and Evaluation

I created RFQs for three vendors and entered the prices they offered. After comparing them, Mid-West Supply had the best price, so I selected them as the vendor.

6. Create Purchase Order

Based on the accepted quotation, I created a purchase order for 200 Chain Locks. I split the delivery into two lots of 100 each and verified all the details before saving it.

7. Post Goods Receipt

When the first batch arrived, I posted a goods receipt. The system automatically increased the inventory and generated an accounting document showing the stock value.

8. Invoice Receipt and Payment

After the invoice from the vendor arrived, I recorded it in the system and later posted the outgoing payment for the total amount. This cleared the open items for the vendor and completed the financial part of the process.

9. Check Vendor and G/L Accounts

Finally, I reviewed the vendor line items and general ledger accounts to make sure the invoices and payment were correctly posted and balanced.

Result & Reflection

This lab gave me hands on experience with the complete procurement cycle in SAP. At first, I had to go back and forth between steps because I wasn't sure about some of the account settings, but repeating the process helped me understand how purchasing affects both inventory and accounting. I also realized how useful it is that SAP automatically links every transaction from purchase order to payment without having to re-enter data. By the end of this lab, I could clearly see how SAP keeps the materials and financial records synchronized in real time, which is essential for smooth operations in any business.