**Organization structure**

Definition of organization levels

1. Client
2. Company code
3. Plant
4. Storage location
5. Purchase organization
6. Purchase group

**Client**: top most commercial organization unit in R/3 system.

**Company code**: - company code is independent account unit.

- Legal entity that has its own profit, loss and balance statement.

**Plant**: Plant is an organizational unit within a company where procurement activities take

place.

**Storage location**: Storage location is a place where stock is kept physically.

Differentiates between material stocks in a plant

**Purchase organization**: -Organizational unit under company or plant which is responsible for

procurement activities.

-Purchase organization is linked to reference purchase organization

which is used for making contract for better negotiation.

**Purchase group**: Organizational unit which is responsible for everyday procurement

activities within an organization.