

SAP MM - QUICK GUIDE

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SAP MM - OVERVIEW

SAP ERP *EnterpriseResourcePlanning* is commercial software that will integrate all information altogether in a single software considering various factors like time and cost. Organizations can easily meet their business demands with the help of SAP.

SAP Business Process

SAP MM is known as SAP Material Management system. SAP MM role in business process is as follows:

- A business process in SAP is termed as “Module”.
- SAP Materials Management *MM* is a part of Logistics area and helps to manage the procurement activity of an organization from procurement.
- It supports all aspects of material management *planning, control etc.*
- It is the backbone of the Logistics area which incorporates modules like Sales and Distribution, Production Planning, Plant Maintenance, Project Systems, Warehouse Management which are extremely obsessed on Materials Management module.

Features of SAP MM

The features of SAP MM system are as follows:

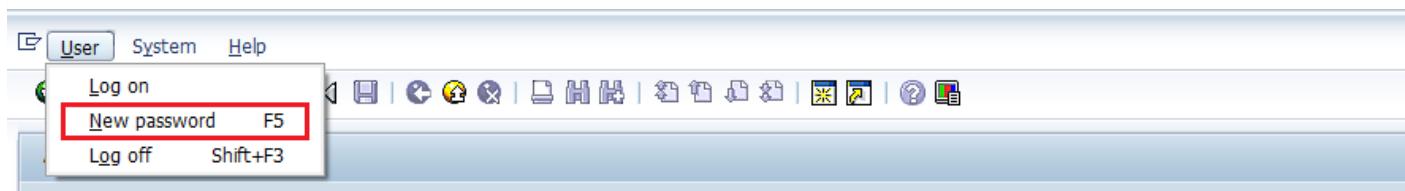
- SAP MM is one of the modules of SAP that deals with material management and inventory management.
- Material Management process ensures that there is never a shortage of materials or any gaps in the supply chain process of the organization. SAP MM speeds up the procurement and material management activities making the business run smoother with complete time and cost efficiency.
- It deals with managing the materials *products and services* resources of an organization with the aim of accelerating productivity, reducing costs and increase improvement and at a similar time be versatile to accommodate changes in day to day life.
- It deals with the Procurement Process, Master Data **Material & Vendor Master**, Account Determination & Valuation of Material, Inventory Management, Invoice Verification, Material Requirement Planning etc.

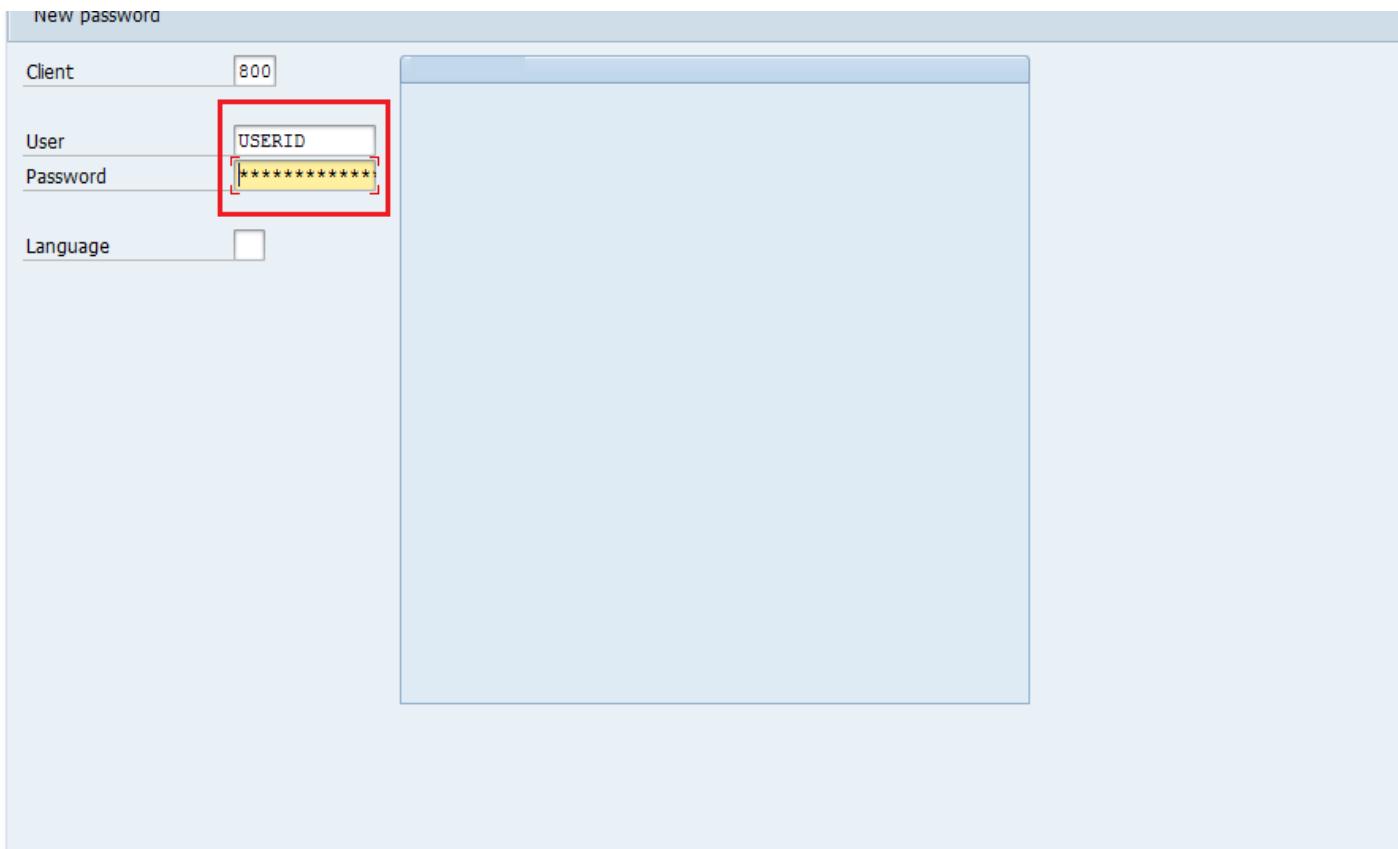
SAP MM - SCREEN NAVIGATION

The first step to understand SAP is to have basic knowledge of screens like Login screen, Logout screen and so on. Following screens will describes about the screen navigation and the functionalities of standard tool-bar.

Login Screen

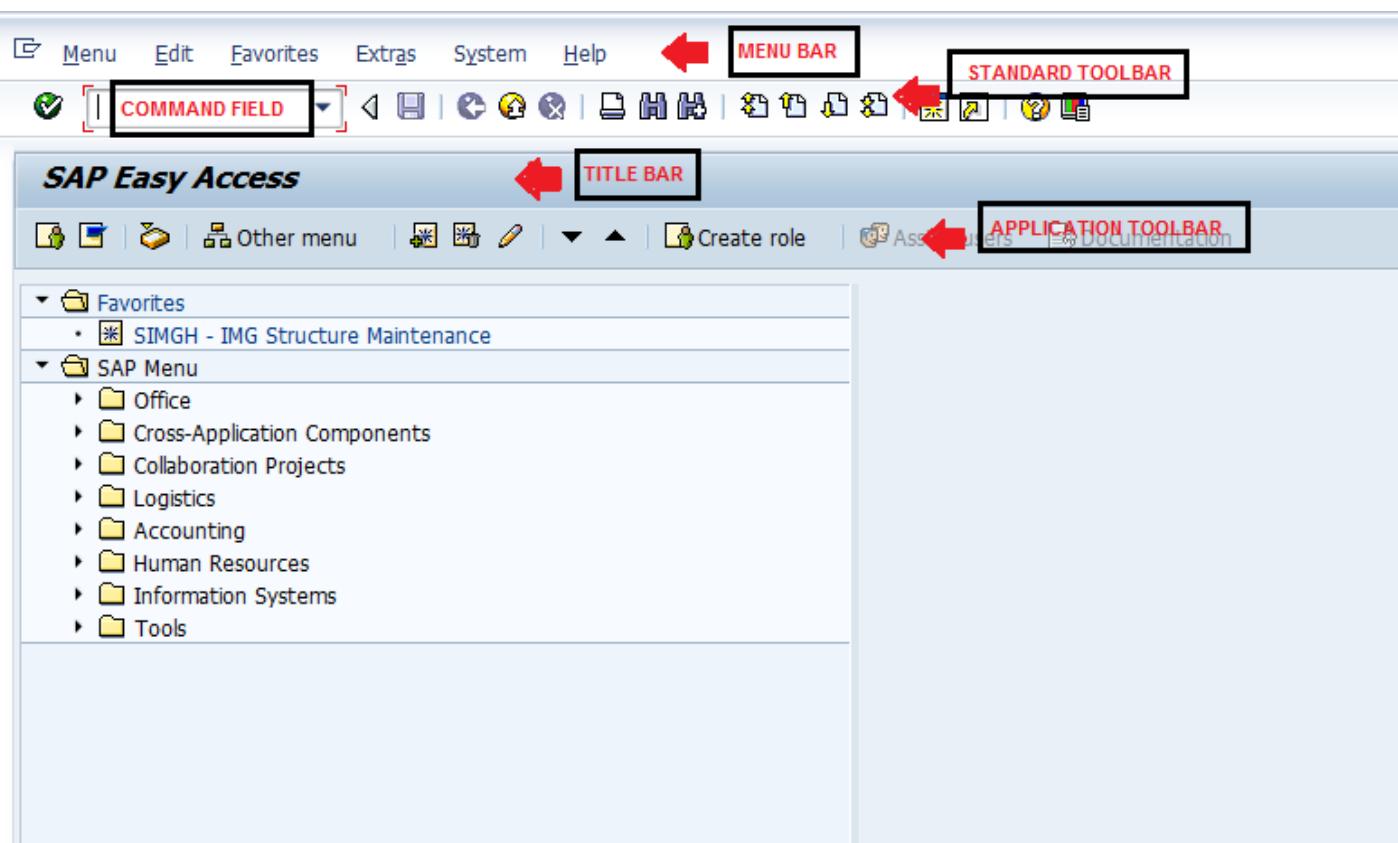
Log on to SAP ERP server. SAP login screen will prompt for User ID and Password. Provide the valid user ID and Password and press enter. The user id and password is provided by system administrator. Following is the login screen:





Standard Tool-bar Icon

SAP screens tool-bar are shown in the following image:



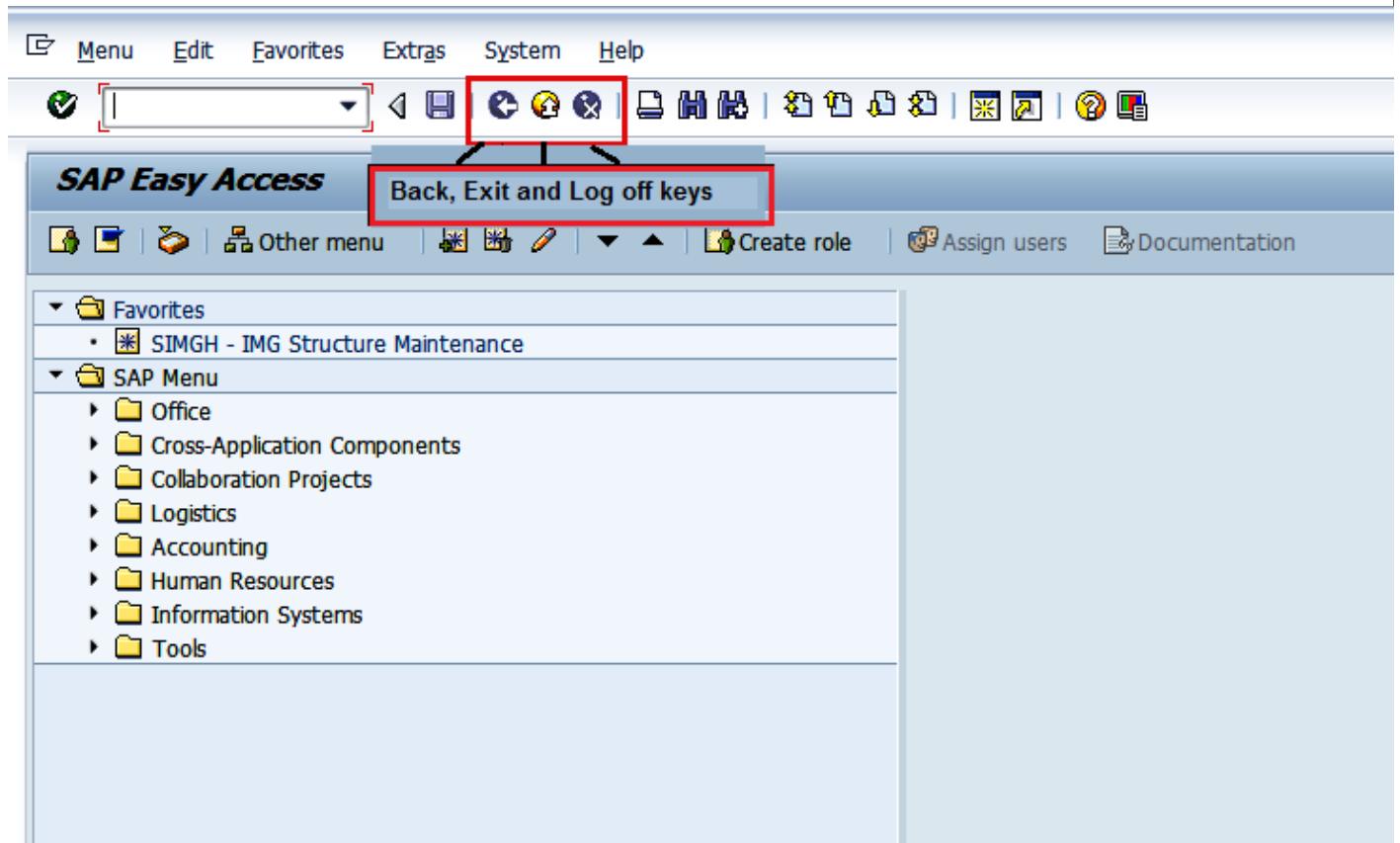
SAP screen tool-bars are briefly described as:

- **Menu Bar** - Menu bar is the top line of dialog window in the SAP system.
- **Standard Toolbar** - Standard functions like save, top of page, end of page, page up, page down, print, etc. are available in toolbar.

- **Title Bar** - Title Bar displays the name of the application/business process you are currently in.
- **Application Toolbar** - Application specific menu options are available on this toolbar.
- **Command Field** - To start a business application without navigating through the menu transaction, some logical codes are assigned to the business processes. Transaction codes are entered in the command field to directly start the application.

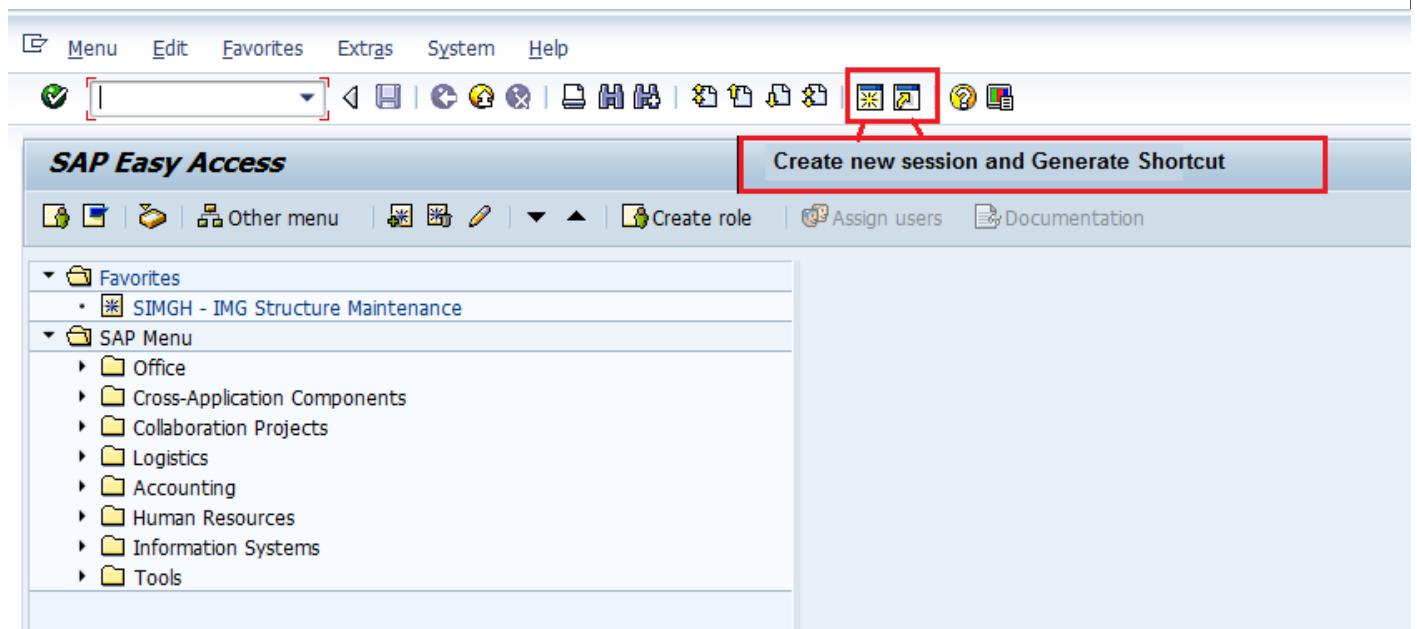
Standard Exit Keys

Exit keys are used to exit the module or to log off. They are used to go back to the last accessed screen. Following are the standard exit keys used in SAP:



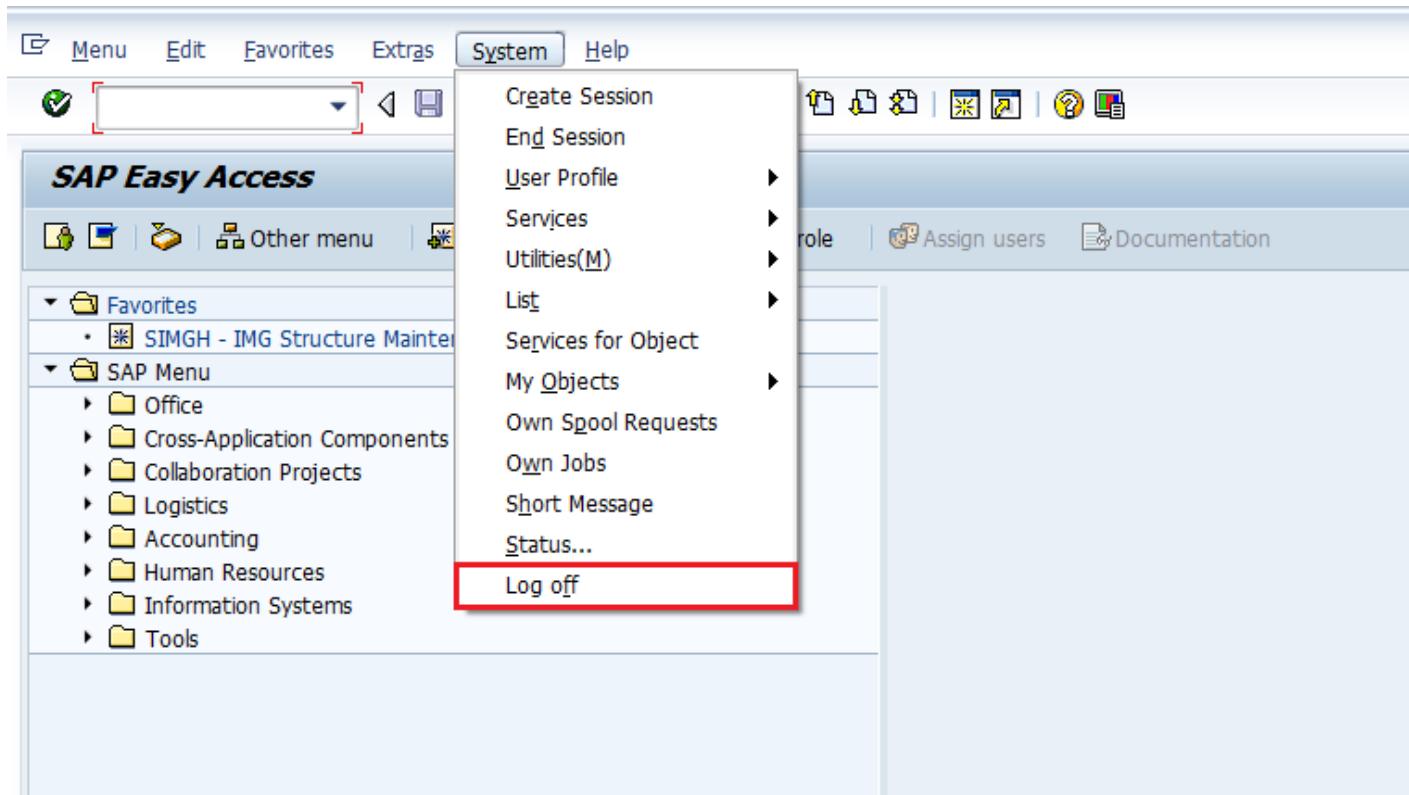
New Session Icon

For creating a new session we use the following keys shown in the below image:



Log Off

It is a good practice to log off from the SAP system when you finish your work. There are several ways of login off from the system but it can be done using following instructions as shown in image:



SAP MM - PROCUREMENT PROCESS

Every organization acquires material or services to complete its business needs. The process of buying materials and obtaining services from vendors or dealers is procurement. Procurement process should be done in such a way that it is ordered in correct quantity, with a proper value at the proper time. It is subdivided into following parts:

- Basic Procurement
- Special Procurement

Basic Procurement

It is a process of acquiring goods or services in the right amount, at the right price at the right time. So the method of getting services, supplies, and equipment from a vendor *seller*, at the right price at the right time in right amount is termed as Procurement. The quality of procurement is attempting to “get the right balance”, consider the following example:

- Organizations try and keep inventory levels at a minimum due to the prices associated with high levels of inventory; however at identical time it is very expensive to prevent production due to shortages in raw materials.
- Getting the minimum price for a product or service is often necessary, however the balance between product availability, quality, and vendor *seller* relations is also necessary.

Procurement Lifecycle

Most modern organizations procurement follow some sequential steps which are described below:

Requirement and Information Gathering

Procurement process starts with gathering information about product and its quantity. Then for required products and services, it is necessary to look for suppliers who can satisfy the requirements.

Supplier Contact

After gathering requirements one will look for the suppliers who can fulfill the requirements. Based on that quotation request or information request can be made to suppliers or direct contact can be made with them.

Background Review

Once the supplier is known product/service quality is checked, and any necessities for services such as installation, warranty and its maintenance are investigated. Some samples of the products can be obtained for quality examination.

Negotiation

Some negotiations with suppliers is made regarding price, availability and delivery schedule of the products/services. After this a contract is signed that is a binding legal document between supplier and ordering party. A contract will include all necessary information like price and quantity of material, delivery date, etc.

Order fulfillment

Ordered material will be shipped, delivered to the ordering party and supplier is paid accordingly. Training and Installation of product or services may also be included.

Consumption, Maintenance and Disposal

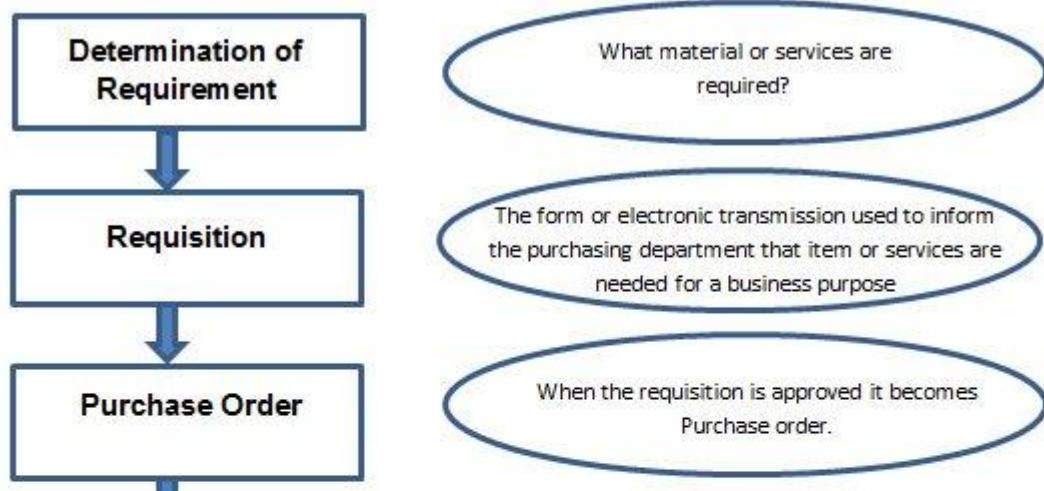
As the products/service is consumed the performance of the products or services is evaluated and any follow up service support if required is analyzed.

Contract Renewal

Once the product or services are consumed or contract expires and needs to be renewed, or the product or service is to be re-ordered, company experience with vendors and service provider is reviewed. If the products or services are to be re-ordered, the company decides whether to order from previous supplier or think about new suppliers.

Basic Procurement Activities

Basic Procurement activities flow is given in the following image:





A brief introduction of Procurement activities is given below:

Procurement Activities	Description
Determination of requirement	It is the logical subdivision where it is determined that what material or services are required to company, and which supplier can fulfill the requirement.
Creating Purchase Requisition	It is the phase in which purchasing department is informed about the requirement of items or services required for business purpose. A requisition is a internal document.
Creating Purchase Order	It is the phase when order is created from requisition and it is approved and assigned to a supplier.
Goods receipt/ Invoice Received	It is the phase in which the material is received by the company and the condition and quality are verified. In this phase Invoice is received from the vendor <i>seller</i> .
Invoice verification/ Vendor Payment	It is the phase in which the vendor <i>seller</i> is paid from the company and reconciliation of the invoice and PO is accomplished.

Type of Basic Procurement

There are 2 types of Basic procurement which are shown below:

- Procurement for Stock vs Consumption
- External vs Internal Procurement

Procurement for Stock vs Consumption

The following points show the difference of Procurement for Stock vs. Consumption:

- **Procurement for Stock** - A stock material is a material that is kept in stock. These materials are kept in stock once received from the vendor. The stock of this material keeps on increasing or decreasing based on amount of the quantity received or issued. To order a material for stock, the material **must** have a master record within the system.
- **Procurement for Direct Consumption** - When procurement is for direct consumption i.e. it will be consumed as soon as it is received, the user should specify the consumption purpose. To order a material for consumption, the material **may** have a master record within the system.

External vs Internal Procurement

The following points show the difference of External vs Internal Procurement:

- **External procurement** - It is the process of procuring goods or services from external vendors. There are 3 basic forms of external procurement generally supported by the Purchasing component of IT system.

One time orders are generally used for material and services that are ordered irregularly.

Longer-term contracts with the subsequent issue of release orders - For materials that are being ordered regularly and in large quantities, we can negotiate deal with the vendor *seller* for pricing or conditions & record them in a contract. In a contract you also specify the validity date.

Longer-term scheduling agreements and delivery schedules - If a material is ordered on an everyday basis and is to be delivered according to an exact time schedule, then you set up a scheduling agreement.

- **Internal Procurement** - Large corporate organizations may own multiple separate businesses or companies. Internal Procurement is the process of getting material and services from among identical companies. So, each of these companies maintains a complete bookkeeping system with separate Balance, Profit & Loss Statements so that when trade occurs between them it will be recorded.

Special Procurement

Special stocks are stocks that are managed differently as these stocks did not belong to company and these are being kept at some particular location. Special procurement and special stocks types are divided into the subsequent areas.

Consignment Stocks

Material that is available at our store premises, however it still belongs to the vendor *seller*/Owner of the material. If you utilize the material from consignment stocks, then you have to pay to the vendor.

Third-party processing

In third-party processing, a company passes on a sales order to associate external vendor *seller* who sends the goods directly to the customer. The sales order is not processed by your company, however by the vendor *seller*. Third-party items can be entered in purchase requisitions, purchase orders and sales orders.

Pipeline handling

In pipeline handling, the company needs not to order or store the material involved. It is obtainable as and when required via a pipeline *forexample, oil or water, or another style of cable such as electricity*. The material that is consumed is settled with the vendor *seller* on a regular basis.

Returnable Transport Stock

The company orders goods from a vendor *seller*. The goods are delivered with returnable transport packaging *pallets, containers* that belongs to the vendor *seller* and is stored on the customer premises until they return it to the company.

Subcontracting

The vendor *thesubcontractor* receives components from the ordering party with the help of which it produces a product. The product is ordered by your company through a purchase order. The components required by the vendor *seller* to manufacture the ordered product are listed in the purchase order and provided to the subcontractor.

Stock transfer using stock transport order

Goods are procured and supplied within a company. One plant order the goods internally from another plant *receivingplant/issuingplant*. The goods are procured with a special type of purchase order - the stock transport order. You'll be able to request and monitor the transfer of goods with a stock transport order.

SAP MM - ORGANIZATION STRUCTURE

Organization structure is the framework of company according to which business is conducted in every company .Organization structure consists of many levels which have relationship to one or another. Organization structure is also referred as enterprise structure. Enterprise structure is made up of many organizational units having relationship with one another.

SAP Implementation Guide

When client purchases SAP it comes in a CD in form of software. When SAP is first installed, SAP has its standard set up that needs to be configured according to the need of client i.e. organization.

Configuration of SAP software like add fields, to change field names, to modify drop down lists etc. to adjust according to working of your organization is done through implementation guide known as IMG. IMG is where we define enterprise structure and other settings that are required for functioning of SAP software according to need of an organization.

SAP IMG Path

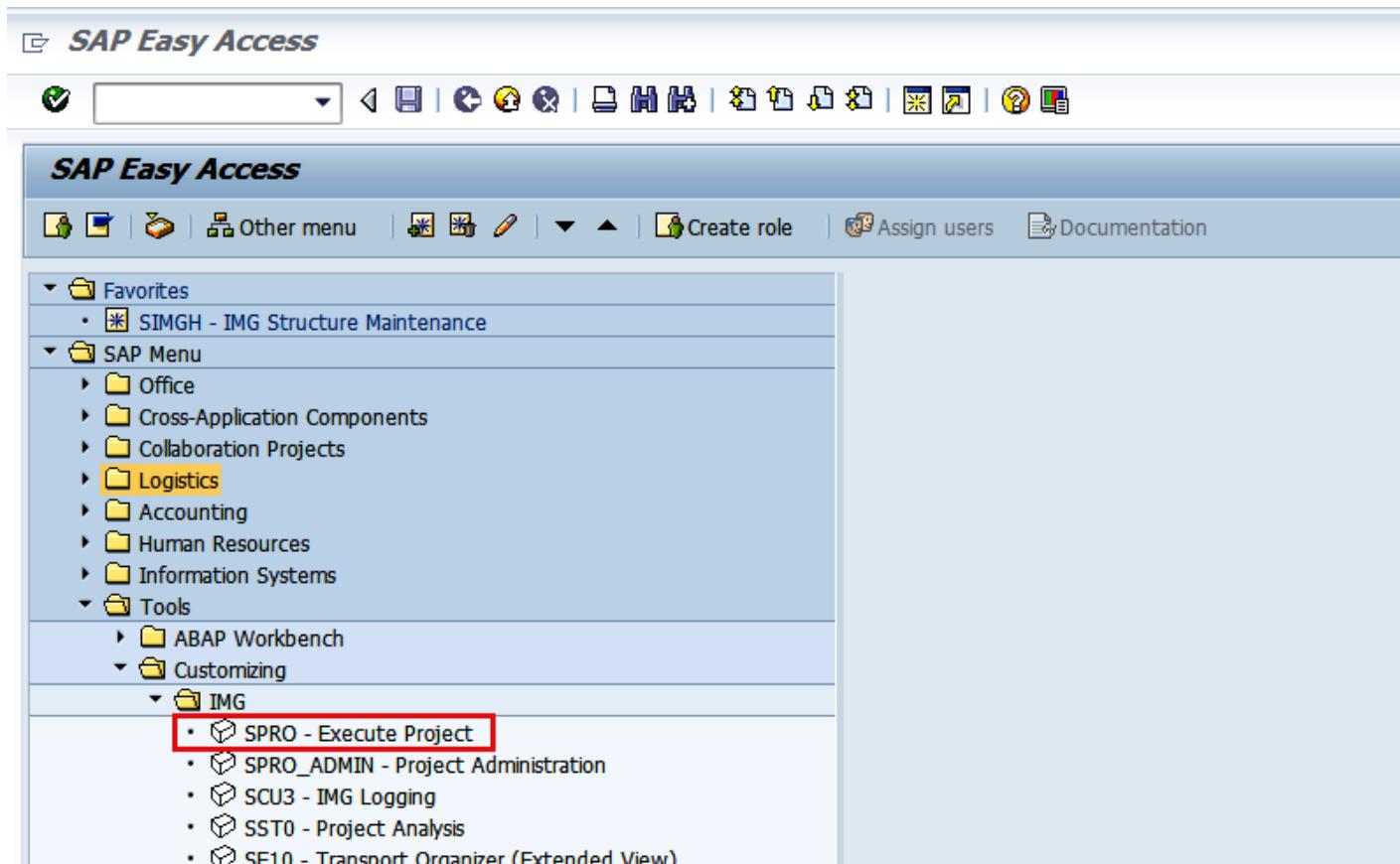
To do any type of configuration according to our organization need the first step is to reach the implementation *IMG* guide screen. We can reach implementation guide in 2 ways:

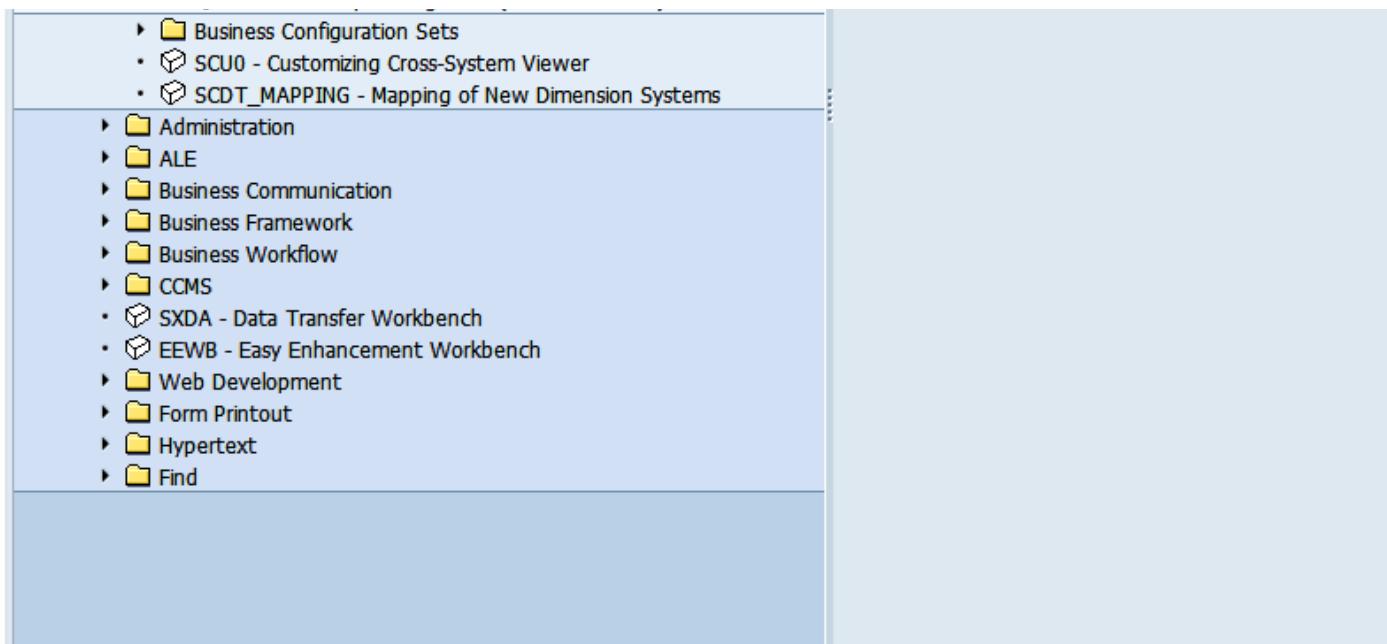
- Menu path
- Transactional code

Menu path

We can navigate through the following path to reach out to IMG:

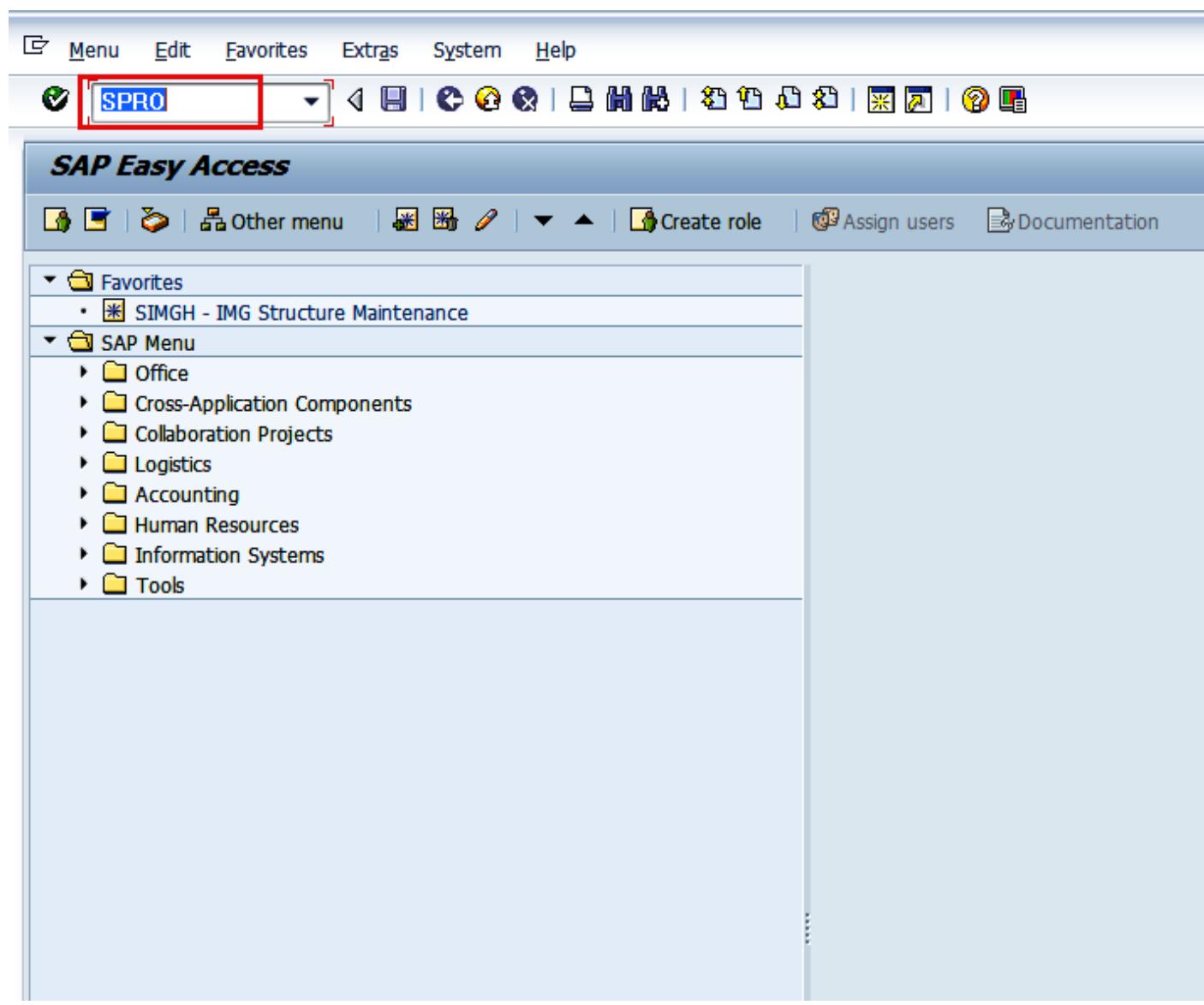
SAP Easy Access => Tools => Customizing => IMG => Execute Project





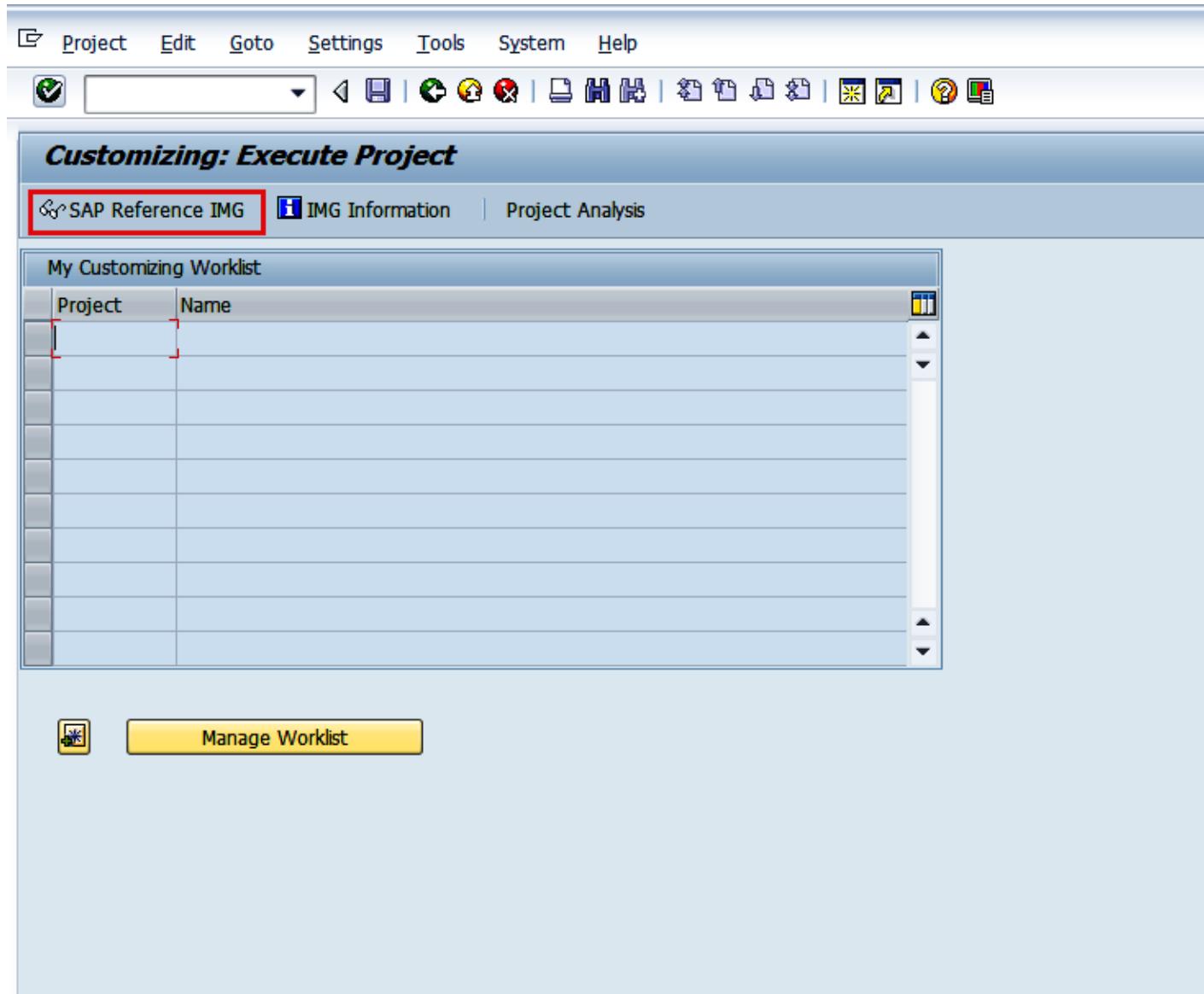
Transactional code

Best and simple way to reach out any SAP screen is TCode i.e. transactional code. Transactional code to reach out IMG: SPRO SAPProjectReferenceObject. Enter the Transaction code in command field and then click on enter.

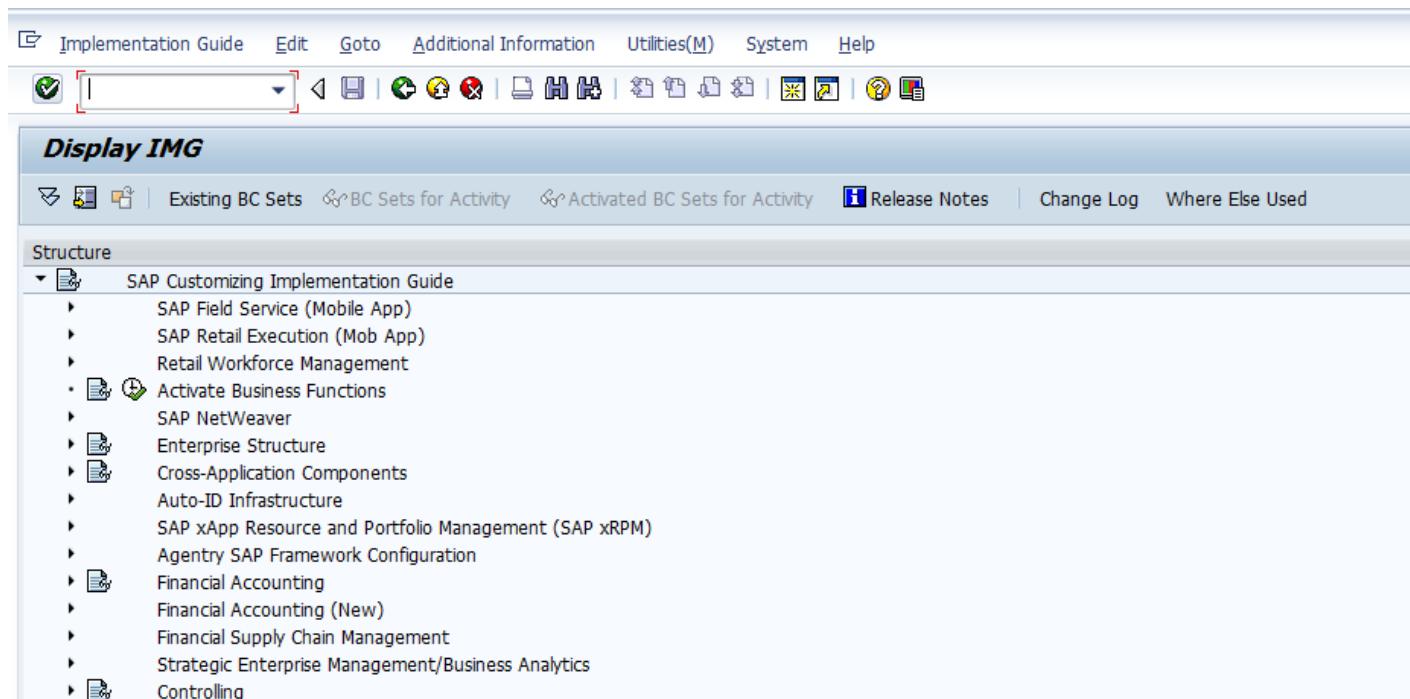


IMG screen can be reached out just by following the below steps:

After SPRO, on the next screen click on SAP Reference IMG.



Next Screen will appear as follows. This is the final screen from where we can do configurations.



- Investment Management
- Enterprise Controlling
- Real Estate
- Flexible Real Estate Management (RE-FX)
- Logistics - General
- Environment, Health & Safety
- Sales and Distribution
- Materials Management
- Logistics Execution
- Quality Management
- Plant Maintenance and Customer Service
- Customer Service
- Production
- Production Planning for Process Industries
- Project System
- Collaboration Projects
- Collaboration Folders
- Personnel Management
- Talent Management and Talent Development
- SAP E-Recruiting
- Time Management
- Payroll
- Training and Event Management
- SAP Global Trade Services
- GRC Process Control
- Management of Internal Controls
- GRC Risk Management

Menu path for MM Configuration

The main menu paths for MM area are as follows:

- SAP Customizing Implementation Guide *IMG* => Enterprise Structure => Definition
- SAP Customizing Implementation Guide *IMG* => Enterprise Structure => Assignment
- SAP Customizing Implementation Guide *IMG* => Logistics => General => Material Master
- SAP Customizing Implementation Guide *IMG* => Materials Management

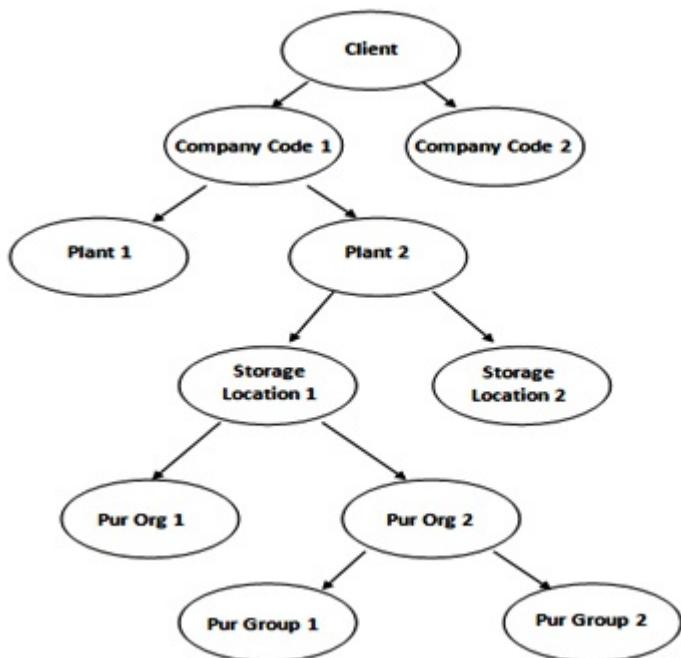
SAP MM - ENTERPRISE STRUCTURE

Every organization has some framework or some structure is defined according to which the whole business runs. Enterprise structure is the structure that represents an enterprise in SAP ERP system. It is subdivided into various organizational units which for legal reason or business related reason are grouped together.

Enterprise structure defines various levels in an organization. These levels are placed according to some hierarchy. Each level has some specific functionality associated with it, which in a combined way describes the working of an organization. Also enterprise structure defines various organizational units that are present in an enterprise. The Organizational Structure in MM consists of following Organizational Levels:

- Client
- Company Code
- Plant
- Storage Location
- Purchasing Organization
- Purchasing Group

Following diagram is one such organizational structure which describes the levels incorporated in an organization. Client being at the topmost, followed by multiple company code, followed by multiple plants, plants having multiple storage location with their own or centralized purchasing organizations.



Client

The fundamental explanation of Client is as follows:

- Client is a commercial organizational unit in R/3 system.
- It has its own set of master data with independent table sets.
- According to hierarchy, Client is at highest level in SAP system.
- Data that is maintained at client level is valid for all organizational levels.

Company Code

The fundamental explanation of Company Code is as follows:

- Within Client, Company code is the independent accounting unit.
- It is a legal entity that has its own profit, loss and balance statement.
- It is the smallest unit in organization for which a complete independent account set can be replicated.

Plant

The fundamental explanation of Plant is as follows:

- Plant is an organizational unit within a company where activities take place. A plant will produce goods and makes goods available for the company.
- It is unit having manufacturing facility, warehouse distribution center or a regional sales office within logistic. It subdivides an enterprise in different aspects.

Storage Location

The fundamental explanation of Storage Location is as follows:

- Storage location is an organizational unit which actually differentiates between different material stocks in a Plant.
- Storage location is a place where stock is kept physically.
- Plant can be consisting of multiple storage location. All data is stored at storage location level for a particular storage location.

Purchasing Organization

The fundamental explanation of Purchasing Organization is as follows:

- Purchasing Organization is an organizational unit under company or plant which is responsible for procurement activities according to requirements. It is responsible for external Procurement.
- Purchasing organization can be at client level i.e. centralized purchasing organization.
- Purchasing organization can be at company or plant level i.e. company specific or plant specific

Different forms of purchasing can be described as follows:

Centralized Purchasing

Purchasing organization is not assigned to any company code it procures for all company codes belonging to different client.

Company specific Purchasing

Purchasing organization is assigned to a company code only, Plant belonging to the company code can purchase through this Purchasing organization.

Plant specific Purchasing

Purchasing organization is assigned to a Plant, only this specific Plant can purchase through this Purchasing organization.

Purchasing Group

The fundamental explanation of Purchasing Group is as follows:

- Purchasing group is an organizational unit which is responsible for everyday procurement activities within an organization.
- It is a buyer or group of buyer responsible for procurement activities in a purchasing organization.

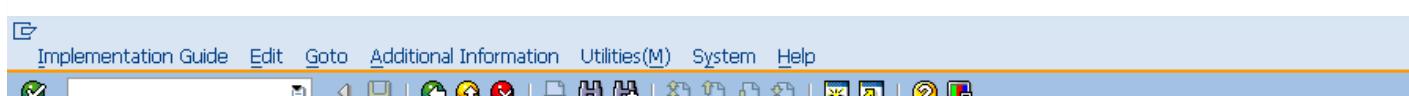
SAP MM - DEFINING ORGANIZATIONAL STRUCTURE

As discussed organization structure is the framework of company which describes the entire structure and functioning of a company. Organization structure is designed in a way that it is split into different levels and each level is placed according to hierarchy. These levels have relationship to one another. The various levels in a standard organization are as follows:

- Company
- Company code
- Plant
- Storage Location
- Purchasing Organization
- Purchasing Group

All the Definitions in SAP will be done through Display IMG screen as shown below:

Path to reach Definition: IMG => Enterprise Structure => Definition



Display IMG

The screenshot shows the SAP Display IMG interface. The top navigation bar includes links for Existing BC Sets, BC Sets for Activity, Activated BC Sets for Activity, Release Notes, Change Log, and Where Else Used. The main area displays the SAP Customizing Implementation Guide structure. A red box highlights the 'SAP Customizing Implementation Guide' node. Below it, the 'Enterprise Structure' node is also highlighted with a red box. Under 'Enterprise Structure', there is a sub-node 'Localize Sample Organizational Units' and a 'Definition' node, which is also highlighted with a red box. A blue arrow points from the 'Definition' node to a callout box containing the text 'Define organizational unit here'.

Create Company

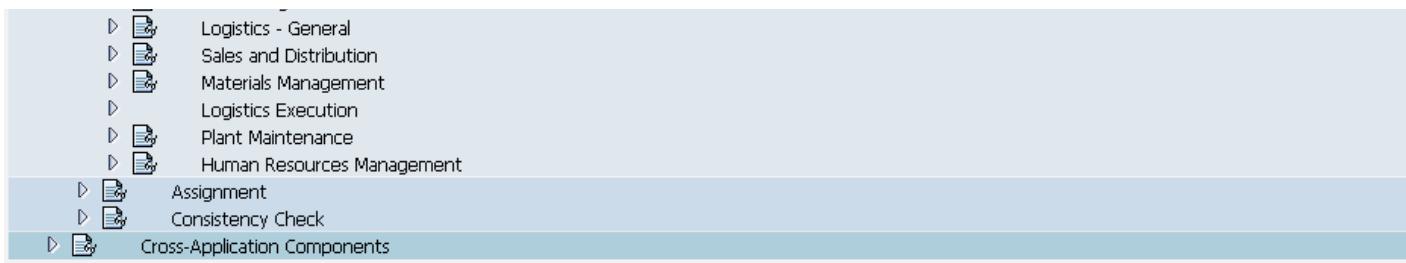
Company is the topmost organizational unit after client which incorporates individual financial accounting statements of several company codes. A company can have many company codes. In SAP it is optional to create company. Following steps will take you through the procedure of creating company.

Path to Create Company:

IMG => Enterprise Structure => Definition => Financial Accounting => Define Company
TCode: OX15

On display IMG screen select Define Company execute icon by following the above path.

The screenshot shows the SAP Display IMG interface. The top navigation bar includes links for Existing BC Sets, BC Sets for Activity, Activated BC Sets for Activity, Release Notes, Change Log, and Where Else Used. The main area displays the SAP Customizing Implementation Guide structure. A red box highlights the 'Definition' node under the 'Financial Accounting' node. Another red box highlights the 'Define company' execute icon under the 'Definition' node.



Select New Entries icon.

The screenshot shows the SAP interface for managing internal trading partners. The title bar reads "Change View 'Internal trading partners': Overview". The toolbar includes icons for New Entries (highlighted in red), Save, Copy, Paste, and others. The main area is a grid table with columns: Company, Company name, and Name of company 2. One row is selected, showing "1" in the Company column and "Gesells..." in the Company name column. At the bottom, there is a "Position..." button and the text "Entry 1 of 345".

Fill in all necessary details like name of company, address of company with street number, city, country and postal code. Click on save icon. A new company will be created.

The screenshot shows the SAP interface for adding new entries. The title bar reads "New Entries: Details of Added Entries". The toolbar includes icons for New Entries, Save, Copy, Paste, and others. There are three input fields at the bottom:

- Company (with a yellow highlight)
- Company name
- Name of company 2

Detailed information	
Street	
PO Box	
Postal code	
City	
Country	
Language Key	
Currency	

Create Company Code

A company code is the smallest organizational unit after company for which stand-alone financial accounting's, profit and loss statements can be withdrawn. Many company codes can be assigned to one company. Following steps will take you through the procedure of creating company code:

Path to create Company Code:

IMG => Enterprise Structure => Definition => Financial Accounting => Edit, Copy, Delete, Check Company Code
TCode: OX02

On display IMG screen select Edit, Copy, Delete, Check Company Code execute icon by following the above path.

The screenshot shows the SAP Display IMG interface. The top menu bar includes Implementation Guide, Edit, Goto, Additional Information, Utilities(M), System, and Help. Below the menu is a toolbar with various icons. The main area is titled "Display IMG" and shows a navigation tree. The tree structure is as follows:

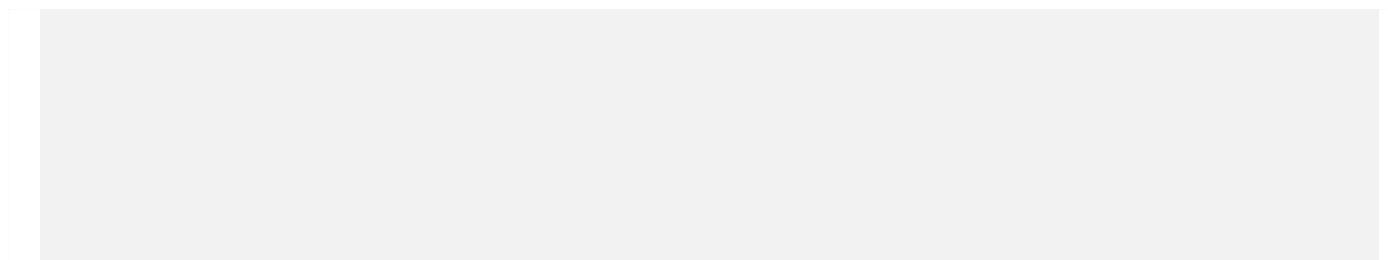
- SAP Customizing Implementation Guide
 - Custom Configuration
 - Activate Business Functions
 - SAP NetWeaver
 - Enterprise Structure
 - Localize Sample Organizational Units
 - Definition
 - Financial Accounting
 - Define company
 - Define Credit Control Area
 - Edit, Copy, Delete, Check Company Code** (highlighted with a red box)
 - Define Business Area
 - Define Functional Area
 - Maintain consolidation business area
 - Maintain FM Area
 - Define Segment
 - Define Profit Center
 - Controlling
 - Logistics - General
 - Sales and Distribution
 - Materials Management
 - Logistics Execution
 - Plant Maintenance
 - Human Resources Management
 - Assignment
 - Consistency Check
 - Cross-Application Components

Select New Entries icon.

The screenshot shows the SAP Change View "Company Code": Overview screen. The top menu bar includes Table View, Edit, Goto, Selection, Utilities(M), System, and Help. The toolbar contains various icons for navigation and data manipulation. The main title is "Change View \"Company Code\": Overview". Below the title, there is a toolbar with icons for edit, new, copy, paste, etc., and a button labeled "New Entries" which is highlighted with a red box. The central area is a table with two columns: "Company Code" and "Company Name". A single row is present with the value "0001" in the first column and "SAP A.G." in the second. At the bottom of the table is a toolbar with icons for position, search, and other functions. To the right of the table, it says "Entry 1 of 400".

Fill in all necessary details like Company code, company name along with city, country, currency, language. Click on save icon. A new company code will be created.

The screenshot shows the SAP New Entries: Details of Added Entries screen. The top menu bar and toolbar are identical to the previous screen. The main title is "New Entries: Details of Added Entries". Below the title is a toolbar with icons for edit, new, copy, paste, etc. The form consists of several input fields: "Company Code" with a yellow highlight and a save icon, "Company Name", "Additional data" section containing "City" (with a text input field), "Country" (with a dropdown menu), "Currency" (with a checked checkbox), and "Language" (with an empty input field). The "Additional data" section has a blue background.



Create Plant

Plant is an organizational unit within a company where activities take place. A plant will produce goods and makes goods available for the company. Following steps will take you through the procedure of creating Plant:

Path to create Plant:

IMG => Enterprise Structure => Definition => Logistic General => Define, Copy, Delete check plant

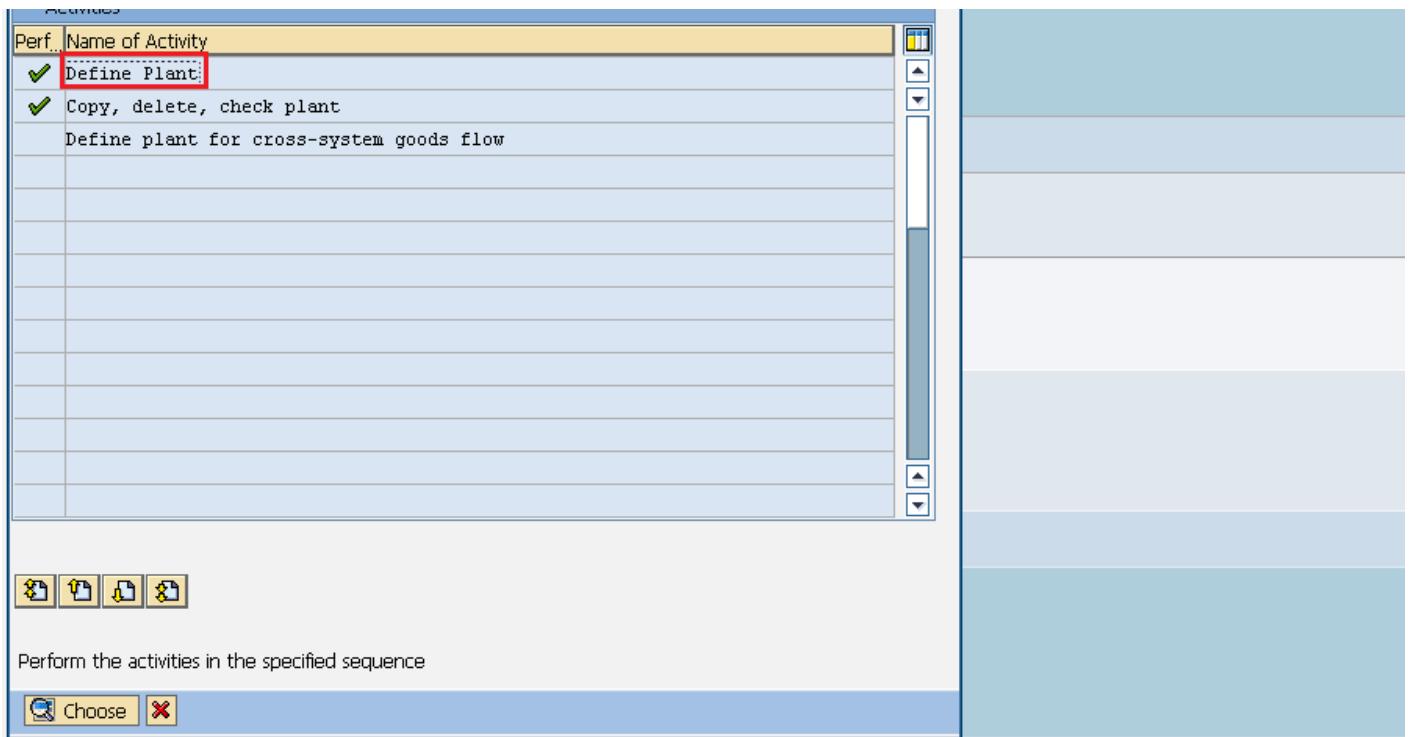
TCode: OX10

On display IMG screen select Define, Copy, Delete check plant execute icon by following the above path.

The screenshot shows the SAP Display IMG interface. The top menu bar includes Implementation Guide, Edit, Goto, Additional Information, Utilities(M), System, and Help. The toolbar below has various icons for search, refresh, and file operations. The main area is titled 'Display IMG' and shows a navigation tree under 'Structure'. The tree path is: SAP Customizing Implementation Guide > Custom Configuration > SAP NetWeaver > Enterprise Structure > Definition > Logistics - General. Under 'Logistics - General', there are three icons: 'Define valuation level', 'Define, copy, delete, check plant' (which is highlighted with a red box), and 'Define Location'. Further down the tree, under 'Sales and Distribution', there are icons for Financial Accounting, Controlling, and Logistics Execution. Other sections like 'Assignment' and 'Consistency Check' are also visible.

Select Define Plant icon to create a new plant.

The screenshot shows the SAP Display IMG interface with a 'Choose Activity' dialog box open. The dialog has a 'Activities' tab selected. The top menu bar and toolbar are identical to the previous screenshot. The main area shows the 'Choose Activity' dialog with a single tab labeled 'Activities'.



Select New Entries icon.

A screenshot of the SAP Plants overview screen. The title bar reads "Change View \"Plants\": Overview". The toolbar contains various icons, and the "New Entries" icon is highlighted with a red box. The main area is a table with columns "Plnt", "Name 1", and "Name 2". One row is selected, showing "0001 Werk". At the bottom, there is a navigation bar with arrows and a position input field "Position...".

Plnt	Name 1	Name 2
0001	Werk	

Position... Entry 1 of 1,369

Fill in all necessary details like plant name along with detailed information like Language, House no., city, region, postal code. Click on save icon. A new plant will be created.

New Entries: Details of Added Entries

Plant

Name 1

Name 2

Detailed information

Language Key	<input type="text"/>
House number/street	<input type="text"/>
PO Box	<input type="text"/>
Postal Code	<input type="text"/>
City	<input type="text"/>
Country Key	<input type="text"/>
Region	<input type="text"/>
County code	<input type="text"/>
City code	<input type="text"/>
Tax Jurisdiction	<input type="text"/>
Factory calendar	<input type="text"/>

Note: The address fields Name1 and Name2 are not copied from the address screen and you must maintain them separately.
All other addr. data can only be maintained in addr. screen.
The changes can only be seen in the overview and detail view after they have been saved.

Create Storage Location

Storage location is an organizational unit which actually differentiates between different material stocks in a Plant. Storage location is a place where stock is kept physically. Plant can be consisting of multiple storage location. All data is stored at storage location level for a particular storage location. Following steps will take you through the procedure of creating Storage location:

Path to Create Storage Location:

IMG => Enterprise Structure => Definition => Materials Management => Maintain Storage Location

TCode: OX09

On display IMG screen select Maintain Storage Location execute icon by following the above path.

Implementation Guide Edit Goto Additional Information Utilities(M) System Help

Existing BC Sets BC Sets for Activity Activated BC Sets for Activity Release Notes Change Log Where Else Used

Display IMG

Structure

SAP Customizing Implementation Guide
Custom Configuration

Custom Configuration

- Activate Business Functions
- SAP NetWeaver
- Enterprise Structure
 - Localize Sample Organizational Units
 - Definition
 - Financial Accounting
 - Controlling
 - Logistics - General
 - Sales and Distribution
 - Materials Management
 - Restrictions for the Industry Solution for Defense Forces & Public Security
 - Maintain storage location! **(This item is highlighted with a red box)**
 - Maintain purchasing organization
 - Logistics Execution
 - Plant Maintenance
 - Human Resources Management
 - Assignment
 - Consistency Check
- Cross-Application Components
- Financial Accounting (New)
- Financial Supply Chain Management
- Strategic Enterprise Management/Business Analytics
- Controlling
- Investment Management
- Enterprise Controlling

Enter the name of plant for which you want to create storage location.

Table Edit Goto System Help

Find Maintenance Dialog

Determine Work Area: Entry

Field Name	Work Area
Plant	<input type="button" value="New Entries"/>

Further select cond. Append

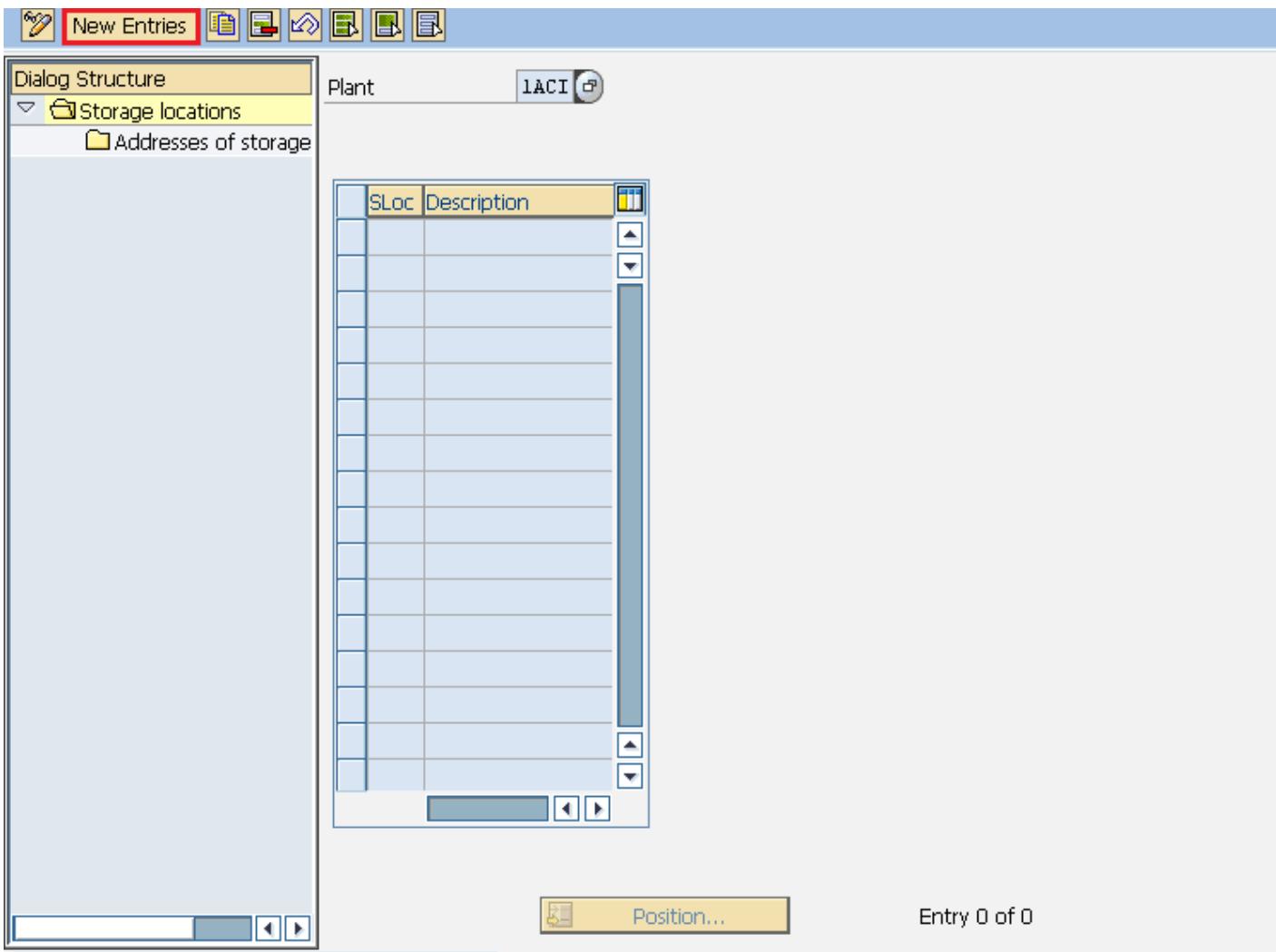
Change View "Storage locations": Overview

Select New Entries icon.

Table View Edit Goto Selection Utilities(M) System Help

New Entries

Change View "Storage locations": Overview



Enter the name of storage location along with the description of storage location. Click on save icon after filling required information. A new Storage Location will be created.

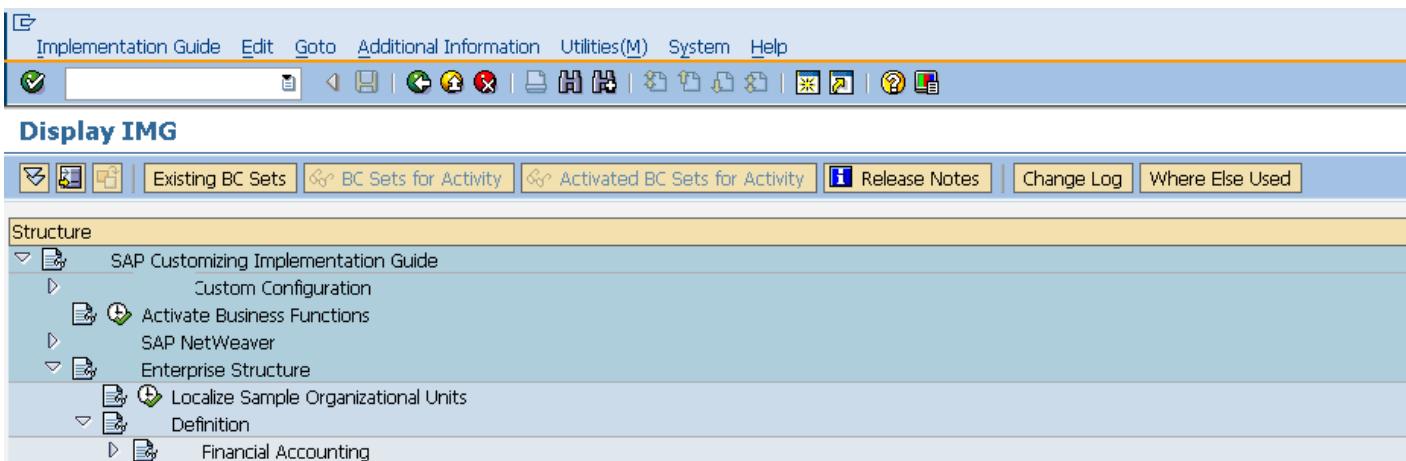
Create Purchasing Organization

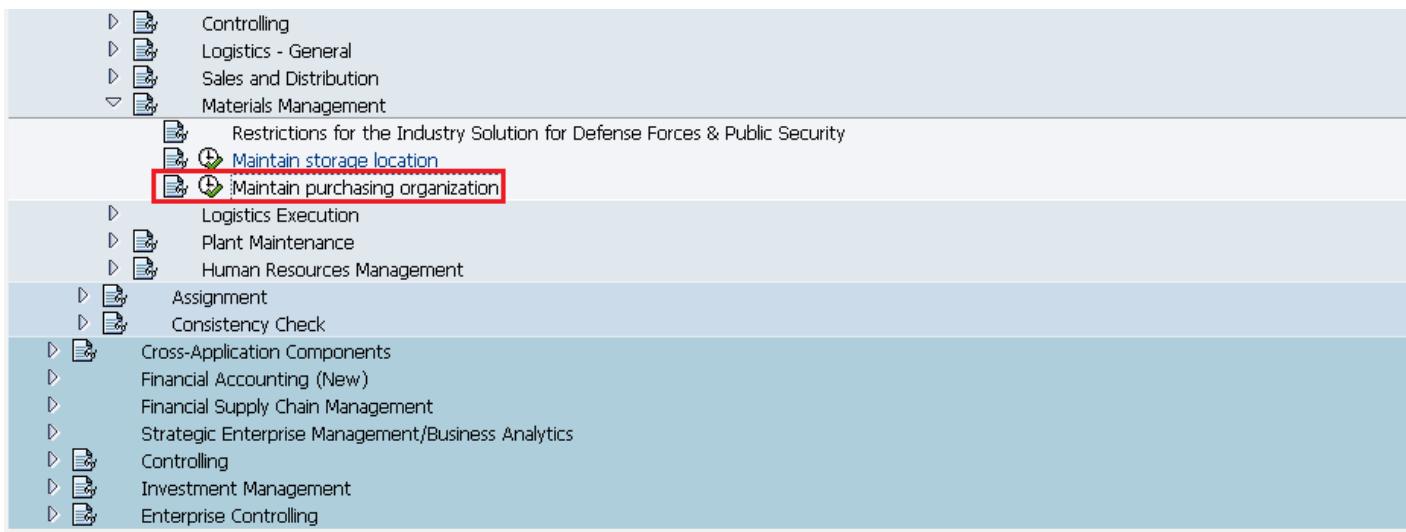
Purchasing Organization is an organizational unit under company or plant which is responsible for procurement activities according to requirements. It is responsible for external Procurement. Purchasing organization can be specific to plant or company. Following steps will take you through the procedure of creating Purchasing Organization:

Path to Create Purchasing Organization:

IMG => Enterprise Structure => Definition => Materials Management => Maintain Purchasing Organization
TCode: OX08

On display IMG screen select Maintain Purchasing Organization execute icon by following the above path.





Select New Entries icon.

The screenshot shows the SAP Change View "Purchasing Organizations": Overview screen. The toolbar has a 'New Entries' icon highlighted with a red box. The main area displays a table with one row:

Purch. Organization	Purch. Org. Descr.
P001	USA

At the bottom, there is a 'Position...' button and the text 'Entry 1 of 4'.

Enter the name of purchasing organization along with the description of it. Click on save icon after. A new Purchasing Organization will be created.

The screenshot shows the SAP Change View "Purchasing Organizations": Overview screen with a new entry being added. The 'Purch. Organization' field contains 'P002' and the 'Purch. Org. Descr.' field contains 'INDIA'. The 'Save' icon in the toolbar is highlighted with a red box.

New Entries: Overview of Added Entries

The screenshot shows a SAP Fiori application interface. At the top, there is a toolbar with several icons. Below the toolbar is a table with two columns: 'Purch. Organization' and 'Purch. Org. Descr.'. The first row of the table is highlighted in yellow. To the right of the table is a vertical scroll bar. At the bottom of the table area, there are navigation buttons for 'Position...', 'Entry 0 of 0', and arrows. The overall background is light gray.

Create Purchasing Group

Purchasing group is an organizational unit which is responsible for everyday procurement activities within an organization. Following steps will take you through the procedure of creating Purchasing Group:

Path to Create Purchasing Group:

IMG => Materials Management => Purchasing => Create Purchasing Group

TCode: OME4

On display IMG screen select Maintain Purchasing Group execute icon by following the above path.

The screenshot shows the SAP Implementation Guide (IMG) interface. At the top, there is a menu bar with links like 'Implementation Guide', 'Edit', 'Goto', 'Additional Information', 'Utilities(M)', 'System', and 'Help'. Below the menu bar is a toolbar with various icons. The main area is titled 'Display IMG' and shows a hierarchical structure under 'Structure'. The structure tree includes 'Enterprise Controlling', 'Real Estate', 'Flexible Real Estate Management (RE-FX)', 'Logistics - General', 'Environment, Health and Safety', 'Sales and Distribution', 'Materials Management', 'General Settings for Materials Management', 'Consumption-Based Planning', 'Purchasing', and 'Environment Data'. At the bottom of the screen, there are tabs for 'Existing BC Sets', 'BC Sets for Activity', 'Activated BC Sets for Activity', 'Release Notes', 'Change Log', and 'Where Else Used'.

- ▷ Material Master
- ▷ Vendor Master
- ▷ Restrictions for the Industry Solution for Defense Forces & Public Security
- ▷ Create Purchasing Groups**
- ▷ Purchasing Info Record
- ▷ Source List
- ▷ Quota Arrangement
- ▷ RFQ/Quotation
- ▷ Serial Numbers
- ▷ Purchase Requisition
- ▷ Purchase Order
- ▷ Order Optimizing
- ▷ Contract
- ▷ Scheduling Agreement
- ▷ Confirmations
- ▷ Maintain Search Helps for Purchasing Documents

Select New Entries icon.

The screenshot shows the SAP Fiori interface for managing purchasing groups. The title bar reads "Change View "Purchasing Groups": Overview". The toolbar includes icons for Table View, Edit, Goto, Selection, Utilities(M), System, Help, and a checkmark. Below the toolbar is a row of small icons. The main area displays a table titled "Purchasing Groups" with columns: Pu... (Purchase Group), Desc. Pur. Grp (Description Purchasing Group), Tel.No. Pur.Grp (Telephone Number), Fax number, and Telephone. A single entry "A01 MRO" is shown in the first row. At the bottom of the table are navigation arrows and scroll bars. Below the table is a search bar with a magnifying glass icon and the text "Position...", and a status message "Entry 1 of 57".

Enter the name of purchasing group along with the description of it with telephone no., fax no, etc. Click on save icon. A new Purchasing Group will be created.

The screenshot shows the SAP Fiori interface for viewing added entries. The title bar reads "New Entries: Overview of Added Entries". The toolbar is identical to the previous screenshot. The main area displays a table with several rows of data, each representing a new entry. At the bottom is a status message "Entry 1 of 57".

Purchasing Groups	Desc. Pur. Grp	Tel.No. Pur.Grp	Fax number	Telephone	



Entry 0 of 0

SAP MM - ORGANIZATIONAL UNITS

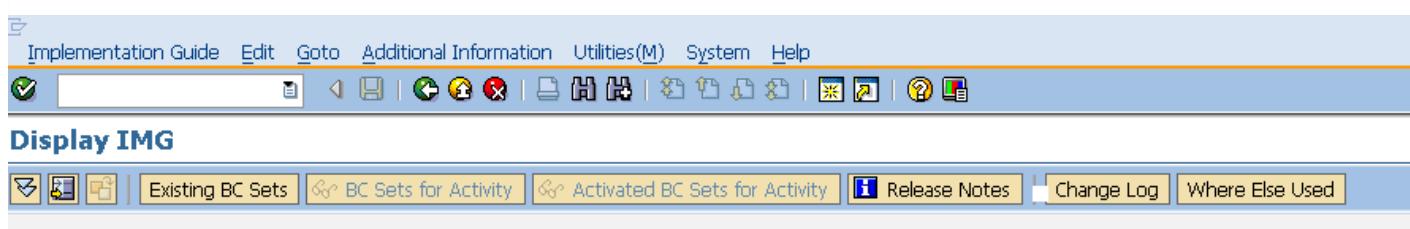
Organizational units combined altogether form the framework of company. These organizational units can be considered as different levels which describe the structure of an enterprise. Every level has some particular functionality associated with it. Also every level in one or other way is related to each other. These levels are placed according to some hierarchy company being at the top.

To establish relationship between these levels we have to assign them to one or other in such a way that they still lie in the same hierarchy. For Example: As Company is at top level and plant is below it, so it is necessary that plant has some relation with company

As plant is a subpart or smaller division of company, so plant will be assigned to company. Four basic and must assignments in standard SAP are:

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

All the assignments in SAP will be done through Display IMG screen as shown below.
Path to reach Assignment: IMG => Enterprise Structure => Assignment



The screenshot shows the SAP Customizing Implementation Guide structure. The path selected is:

- SAP Customizing Implementation Guide
- Enterprise Structure
- Assignment

A callout box points to the 'Assignment' node with the text 'Assign organizational unit here'.

Plant to Company Code

Plant is one level below company code. So we need to assign plant to company code. Following steps will take you through the procedure of assigning plant to company code:

Path to assign plant to company code:

IMG => Enterprise Structure => Assignment => Assign Plant to Company Code

TCode: OX18

On display IMG screen select Assign plant to company code execute icon by following above path.

The screenshot shows the Display IMG screen with the following path selected:

- Implementation Guide
- Enterprise Structure
- Assignment
- Logistics - General
- Assign plant to company code

The 'Assign plant to company code' node is highlighted with a red box and has a blue arrow pointing to it from the left.

▷	Materials Management
▷	Logistics Execution
▷	Plant Maintenance
▷	Human Resources Management
▷	Consistency Check
▷	Cross-Application Components
▷	Financial Accounting (New)
▷	Financial Supply Chain Management
▷	Strategic Enterprise Management/Business Analytics

Select New Entries icon.

Table View Edit Goto Selection Utilities(M) System Help

New Entries

Assignment Plant - Company Code

CoCd	Plnt	Name of Plant	Company Name	Status
0001	01	Werk 0001	SAP A.G.	

Enter name of plant and company code. Click on save. Plant is now assigned to company code.

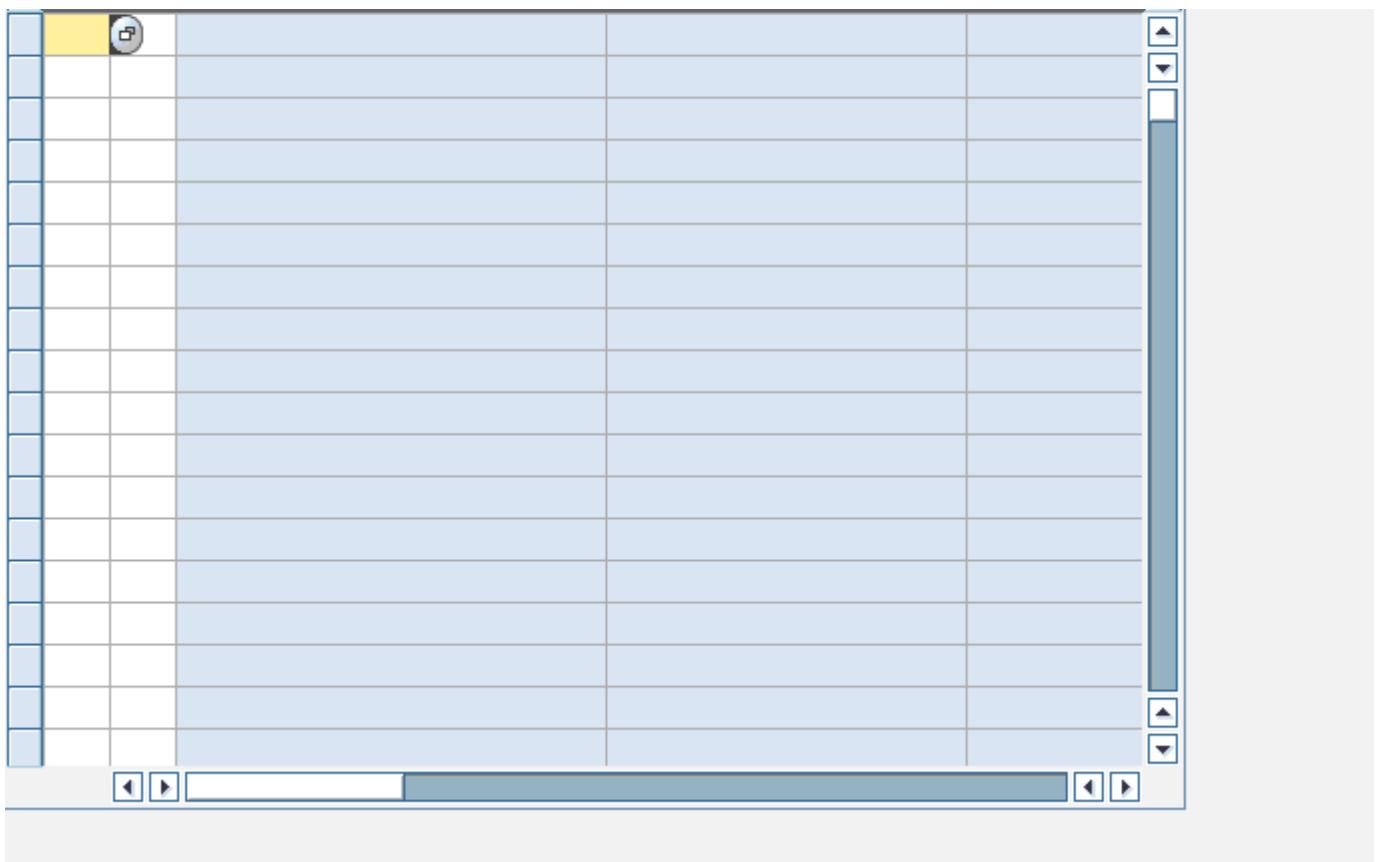
Table View Edit Goto Selection Utilities(M) System Help

New Entries: Overview of Added Entries

New Entries

Assignment Plant - Company Code

CoCd	Plnt	Name of Plant	Company Name	Status
0001	01	Werk 0001	SAP A.G.	



Purchasing Organization to Company Code

Purchasing organization can be at company code level i.e. centralized purchasing organization. So we need to assign this purchasing organization to company code. Following steps will take you through the procedure of assigning purchasing organization to company code:

Path to assign purchasing organization to company code:

IMG => Enterprise Structure => Assignment => Materials Management => Assign Purchasing Organization to Company Code

TCode: OX01

On display IMG screen select Assign Purchasing Organization to Company Code execute icon by following the above path.

The screenshot shows the SAP Display IMG interface. The top menu bar includes 'Implementation Guide', 'Edit', 'Goto', 'Additional Information', 'Utilities(M)', 'System', and 'Help'. The toolbar below has various icons for search, refresh, and navigation. The main area is titled 'Display IMG' and shows a hierarchical structure tree. The path selected is: SAP Customizing Implementation Guide > Enterprise Structure > Assignment > Materials Management. Under 'Materials Management', there are several icons, one of which is highlighted with a red box. This highlighted icon is labeled '(Assign purchasing organization to company code)'.

We can view existing assignment and also we can change accordingly. Click on save after making

changes. Purchasing organization is now assigned to company code.

The screenshot shows the SAP Change View titled "Assign Purchasing Organization -> Company Code". The table has columns: POrg, Description, CoCd, Company Name, and Status. There is one row with data: P001, NORTH AMERICA, and Company Code. The status is "does".

POrg	Description	CoCd	Company Name	Status
P001	NORTH AMERICA			Company Code does

Purchasing Organization to Plant

Purchasing organization can be at plant level i.e. plant specific. So we need to assign this purchasing organization to plant. Following steps will take you through the procedure of assigning purchasing organization to plant:

Path to assign purchasing organization to plant:

IMG => Enterprise Structure => Assignment => Materials Management => Assign Purchasing organization to Plant

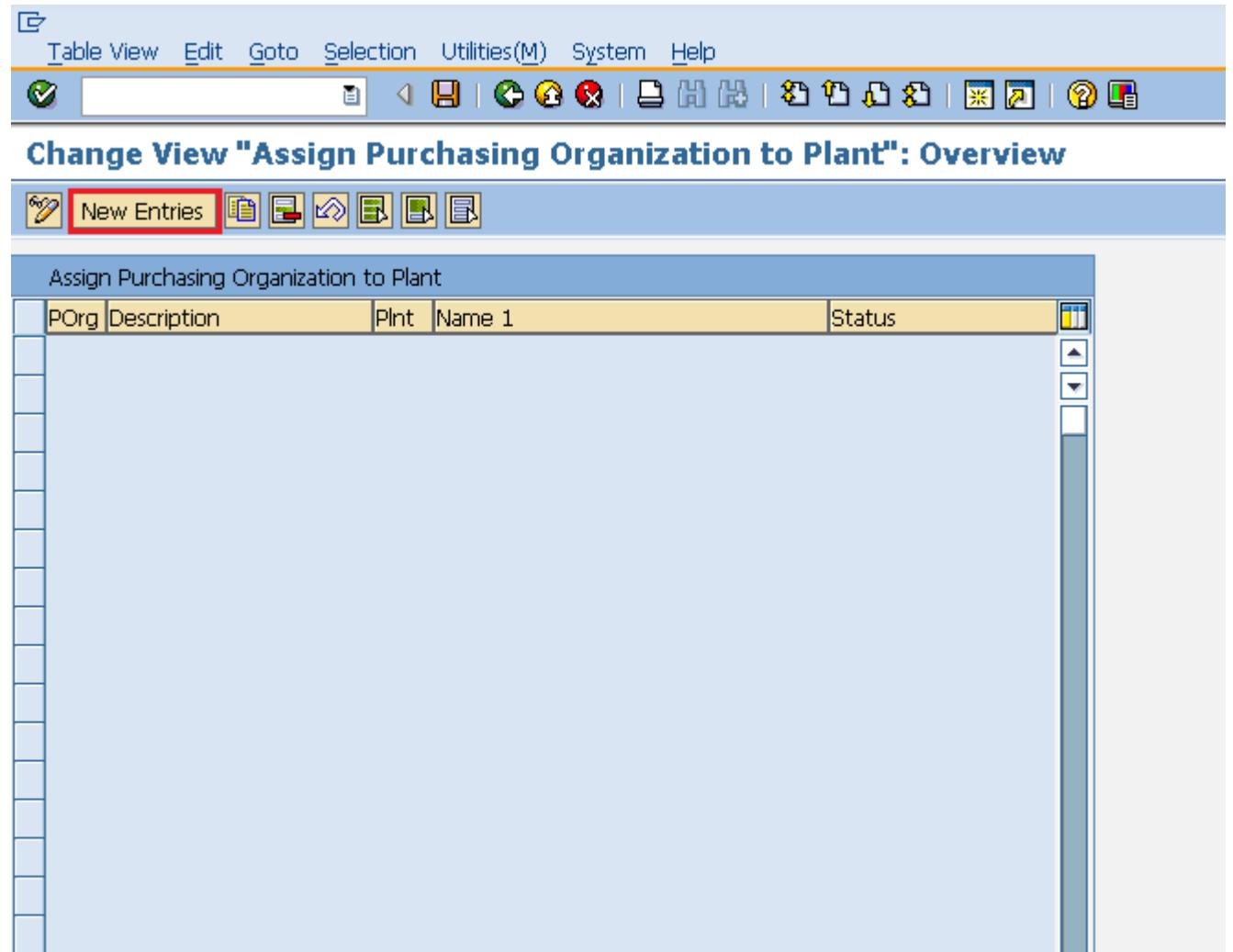
TCode: OX17

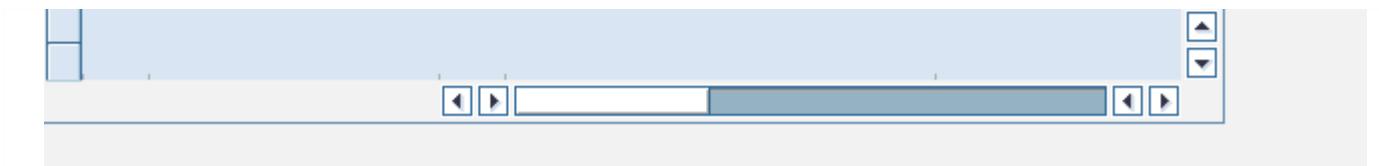
On display IMG screen select Assign purchasing organization to plant execute icon by following the above path.

The screenshot shows the SAP Display IMG screen. The menu bar includes: Implementation Guide, Edit, Goto, Additional Information, Utilities(M), System, Help. The toolbar includes icons for search, refresh, and various system functions. The main title is "Display IMG". Below the title are buttons for Existing BC Sets, BC Sets for Activity, Activated BC Sets for Activity, and Release Notes. The structure tree on the left shows "SAP Customizing Implementation Guide".

- ▷ Open Text Archiving and Document Access for SAP Solutions
 - ▷ Open Text Business Suite for SAP Solutions
 - ▷ Open Text ECMLink for SAP Solutions
 - ▷ Custom Configuration
 -   Activate Business Functions
 - ▷ SAP NetWeaver
 - ▷  Enterprise Structure
 -   Localize Sample Organizational Units
 - ▷  Definition
 - ▷  Assignment
 - ▷  Financial Accounting
 - ▷  Controlling
 - ▷  Logistics - General
 - ▷  Sales and Distribution
 - ▷  Materials Management
 -   Assign purchasing organization to company code
 -   Assign purchasing organization to plant
 -   Assign standard purchasing organization to plant
 -   Assign purch. organization to reference purch. o.
 - ▷  Logistics Execution
 - ▷  Plant Maintenance
 - ▷  Human Resources Management
 - ▷  Consistency Check
 - ▷  Cross-Application Components
 - ▷ Financial Accounting (New)
 - ▷ Financial Supply Chain Management

Select New Entries Icon.





Enter name of plant and purchasing organization. Click on save. Purchasing organization is now assigned to plant.

POrg	Description	Plnt	Name 1	Status

Standard Purchasing Organization to Plant

Standard purchasing organization is the default purchasing organization. We can sometimes assign standard purchasing organization to some specific plant if we want to have default purchasing organization for that plant. Following steps will take you through the procedure of assigning standard purchasing organization to plant:

Path to assign standard purchasing organization to plant:

IMG => Enterprise Structure => Assignment => Materials Management => Assign Standard Purchasing Organization to Plant

TCode: SPRO

On display IMG screen select Assign standard purchasing organization to plant execute icon by following above path.

Implementation Guide Edit Goto Additional Information Utilities(M) System Help

Display IMG

SAP Customizing Implementation Guide

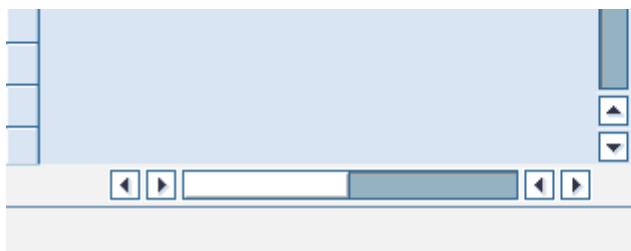
- Open Text Archiving and Document Access for SAP Solutions
- Open Text Business Suite for SAP Solutions
- Open Text ECMLink for SAP Solutions
- Custom Configuration
- Activate Business Functions
- SAP NetWeaver
- Enterprise Structure**
 - Localize Sample Organizational Units
 - Definition
 - Assignment**
 - Financial Accounting
 - Controlling
 - Logistics - General
 - Sales and Distribution
 - Materials Management
 - Assign purchasing organization to company code**
 - Assign purchasing organization to plant**
 - Assign standard purchasing organization to plant** (highlighted with a red box)
 - Assign purch. organization to reference purch. organization
 - Logistics Execution
 - Plant Maintenance
 - Human Resources Management
- Consistency Check
- Cross-Application Components
- Financial Accounting (New)
- Financial Supply Chain Management

We can view existing assignment and also we can change accordingly. Click on save after making changes. Standard purchasing organization is now assigned to plant.

Change View "Default Purchasing Organization": Overview

BC Set: Change Field Values

Plnt	POrg	Plant description
0001	0001	werk 0001



SAP MM - MASTER DATA

SAP R/3 works on real time data that is there is no time lag between data entry and data availability. The important thing while creating any data is to maintain data integrity. SAP R/3 data is categorized into two:

- **Master data** - Data that is created centrally and it is valid for all applications. It remains constant over the time but we need to update it on regular basis. For Example: Vendor is a type of master data that is used for creating purchase orders or contracts.
- **Transactional data** - Data that is associated with processing of business transaction is Transactional data.

SAP Master Data is of following two types:

- Material Master Data
- Vendor Master Data

Material Master Data

The key points about material master are as follows:

- This is the enterprise main source of material specific data. This data will include information on the materials that a company can procure, or produce, or store or sell.
- Since there are different departments in an enterprise and each department works on some specific material. So they will enter different information regarding their material. So each user department has its own view of material master record. So, the data screens that are used to create material master can be divided into two categories:

Main Data: This will include basic data *baseunitofmeasure*, *weight*, purchasing data *overtolerance* and *undertolerance*, accounting data *standardprice*, *movingprice*.

Additional Data: This will include additional information like short description about material, currency etc.

Material master has the four characteristics which will be discussing one by one in below context.

Material Types

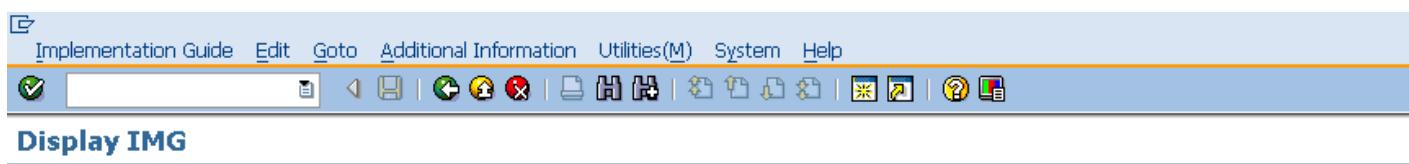
Materials with some common attributes are grouped together and they are assigned to a material type. This will differentiate materials and allow organization to manage different materials in systematic manner in accordance to company's requirement. For example: Raw Material, Finished Products are some of the material types. Material type can be created by following the below steps.

Path to create material type:

IMG >= Logistics General >= Material Master >= Basic Settings >= Material Types >= Define Attributes of Material Types

TCode: OMS2

On display IMG screen select Define Attributes of Material Types execute icon by following the above path.



Existing BC Sets BC Sets for Activity Activated BC Sets for Activity Release Notes Change Log Where Else Used

Structure

- ▷ Enterprise Controlling
- ▷ Real Estate
- ▷ Flexible Real Estate Management (RE-FX)
- ▷ Logistics - General
 - ▷ Portal
 - ▷ Material Master
 - ▷ Configuring the Material Master
 - ▷ Field Selection
 - ▷ Basic Settings
 - Define Output Format of Material Numbers
 - Make Global Settings
 - Maintain Company Codes for Materials Management
 - ▷ Material Types
 - Define Attributes of Material Types (highlighted with a red box)
 - Assign Material Types to Special "Create" Transactions
 - Define Number Ranges for Each Material Type
 - ▷ Define Attributes of System Messages
 - ▷ Settings for Key Fields
 - ▷ Tools
 - ▷ Enhancements
 - ▷ Global Data Synchronization
 - ▷ Enhanced Material Search with Material Creation
 - ▷ Material IDs
 - ▷ Quantity Optimizing and Allowed Logistics Units of Measure
 - ▷ Article Hierarchy
 - ▷ Assortment
 - ▷ Additions

Select New Entries icon.

Table View Edit Goto Selection Utilities(M) System Help

New Entries

Change View "Material types": Overview

New Entries

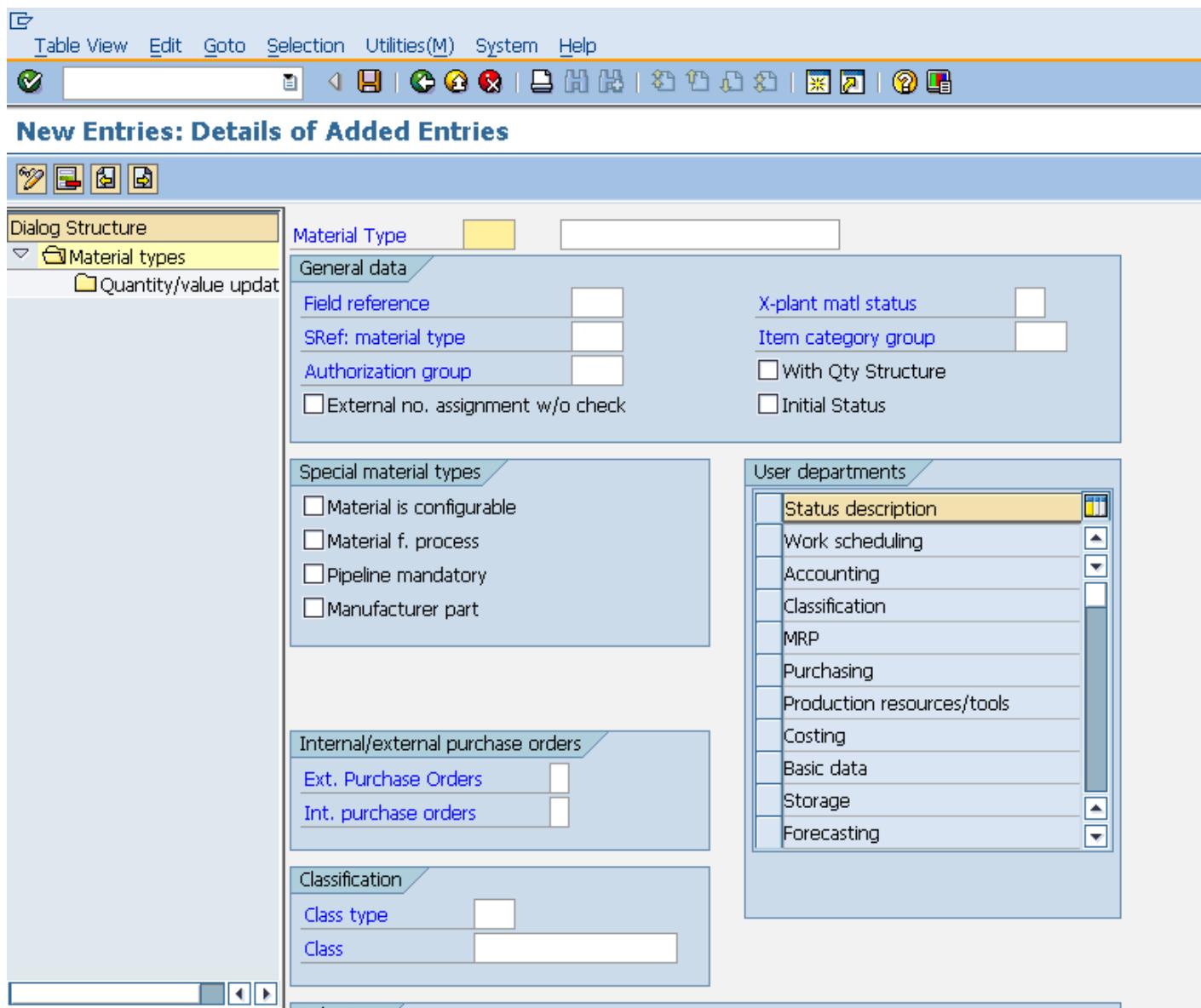
MTyp	Material type description
AB	Waste

Dialog Structure

- ▷ Material types
 - ▷ Quantity/value update

Position...

Fill in the required information like name of material type and description. Click on save. A new material type will be created.



The screenshot shows the SAP Material Type creation interface. The top navigation bar includes 'Table View', 'Edit', 'Goto', 'Selection', 'Utilities(M)', 'System', and 'Help'. Below the menu is a toolbar with various icons. The main title is 'New Entries: Details of Added Entries'. On the left, a 'Dialog Structure' tree shows 'Material types' selected under 'Quantity/value update'. The central area contains several input fields and checkboxes:

- General data**:
 - Field reference: [input field]
 - SRef: material type: [input field]
 - Authorization group: [input field]
 - External no. assignment w/o check
 - X-plant matl status: [input field]
 - Item category group: [input field]
 - With Qty Structure
 - Initial Status
- Special material types**:
 - Material is configurable
 - Material f. process
 - Pipeline mandatory
 - Manufacturer part
- Internal/external purchase orders**:
 - Ext. Purchase Orders: [input field]
 - Int. purchase orders: [input field]
- Classification**:
 - Class type: [input field]
 - Class: [input field]
- User departments**: A list of departments with scroll bars:
 - Status description
 - Work scheduling
 - Accounting
 - Classification
 - MRP
 - Purchasing
 - Production resources/tools
 - Costing
 - Basic data
 - Storage
 - Forecasting

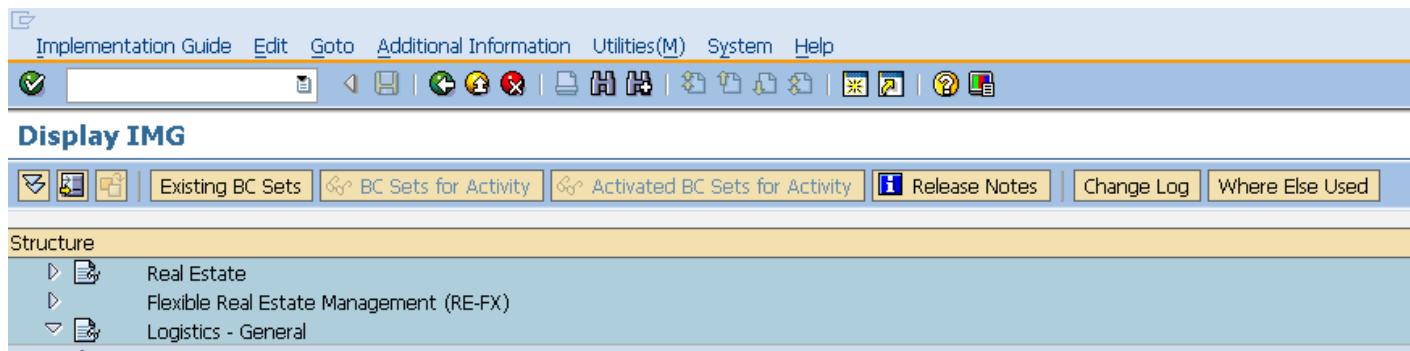
Material Groups

Material group is a wider range of material type. Materials with some common attributes are taken together and they are assigned to material group. For Example: Suppose we have some materials which need packaging, so there material type can be electrical or food products but we can group these material types and put them in packaged material group. Material Group can be created by following below steps:

Path to Create Material Group:

IMG => Logistic General => Material Master => Settings for Key Fields => Define Material Groups
TCode: OMSF

On display IMG screen select Define Material Groups execute icon by following the above path.



The screenshot shows the SAP Display IMG screen. The top navigation bar includes 'Implementation Guide', 'Edit', 'Goto', 'Additional Information', 'Utilities(M)', 'System', and 'Help'. Below the menu is a toolbar with various icons. The main title is 'Display IMG'. The interface includes a header bar with buttons for 'Existing BC Sets', 'BC Sets for Activity', 'Activated BC Sets for Activity', 'Release Notes', 'Change Log', and 'Where Else Used'. The main content area is titled 'Structure' and shows a hierarchical tree:

- Real Estate
- Flexible Real Estate Management (RE-FX)
- Logistics - General
- Rental

Portal

Material Master

- ▷ Configuring the Material Master
- ▷ Field Selection
- ▷ Basic Settings
- ▷ Settings for Key Fields
 - ▷ Define Material Groups**
 - ▷ Maintain External Material Groups
 - ▷ Define Divisions
 - ▷ Define Material Statuses
 - ▷ Extend ABC Indicator
 - ▷ Define Laboratories and Offices
 - ▷ Define Basic Materials
 - ▷ Define Storage Conditions
 - ▷ Define Temperature Conditions
 - ▷ Define Container Requirements
 - ▷ Define Units of Measure Groups
 - ▷ International Article Numbers (EANs)
 - ▷ Data Relevant to Sales and Distribution
- ▷ Tools
- ▷ Enhancements
- ▷ Global Data Synchronization
- ▷ Enhanced Material Search with Material Creation
- ▷ Material IDs

Select New Entries Icon.

Table View Edit Goto Selection Utilities(M) System Help

Change View "Material Groups": Overview

New Entries BC Set: Change Field Values

Matl Group	Material Group Desc.	Grp.	D...	Description 2 for the material group

Enter the name of material group along with its description. Click on Save. A new material group will be created.

Matl Group	Material Group Desc.	Grp.	D...	Description 2 for the material group
				Description 2 for the material group

Number Range

When we create material master record every material is recognized by a number, that number will be unique and known as material number. We can assign number to material through two ways:

- External number assignment - While creating material you have to enter your own number containing alphabets or digits, and that should be unique.
- Internal number assignment - While creating material you need not enter any number, system will automatically generate a unique number to that material.

Define Number Range:

Internal number range can be defined by following the below steps:

Path to Create Number Range:

IMG => Logistic General => Material Master => Basic Settings => Material Types => Define Number Range for Each material Type

TCode: MMNR

On display IMG screen select Define Number Range for Each material Type execute icon by following the above path.

Display IMG

Existing BC Sets BC Sets for Activity Activated BC Sets for Activity Release Notes Change Log Where Else Used

Structure

- Real Estate
- Flexible Real Estate Management (RE-FX)
- Logistics - General
 - Portal
 - Material Master
 - Configuring the Material Master
 - Field Selection
 - Basic Settings
 - Define Output Format of Material Numbers
 - Make Global Settings
 - Maintain Company Codes for Materials Management
 - Material Types
 - Define Attributes of Material Types
 - Assign Material Types to Special "Create" Transactions
 - Define Number Ranges for Each Material Type**
 - Define Attributes of System Messages
 - Settings for Key Fields
 - Tools
 - Enhancements
 - Global Data Synchronization
 - Enhanced Material Search with Material Creation
 - Material IDs
 - Quantity Optimizing and Allowed Logistics Units of Measure
 - Article Hierarchy
 - Assortment
 - Additionals
 - Retail Pricing

Select Intervals Icon.

Number range object Edit Goto Group Interval System Help

Material Master Number Ranges

Groups Groups

Intervals Status

Intervals

We can define number range here and EXT external tab, if it is checked then external number assignment can be done in that material. Click on save. Number Range is now defined for the material.

Number range object Edit Goto Interval System Help

Maintain Number Range Intervals

Assignment of Number Range:

After defining we need to assign it to material group. Number range can be assigned by following the below steps.

In the same screen as shown above select Groups tab.

Material Master Number Ranges

Groups Groups

Intervals Status

Intervals

For a particular material group we can assign number range here. Click on save. Number range is now assigned to material group.

Maintain Number Range Intervals

NR Object	Material master
Group.....	Multi-Purpose Material

Intervals			
From number	To number	Current number	Ext
00000000001100000000	00000000001999999999	110013629	<input type="checkbox"/>

Material Master Creation

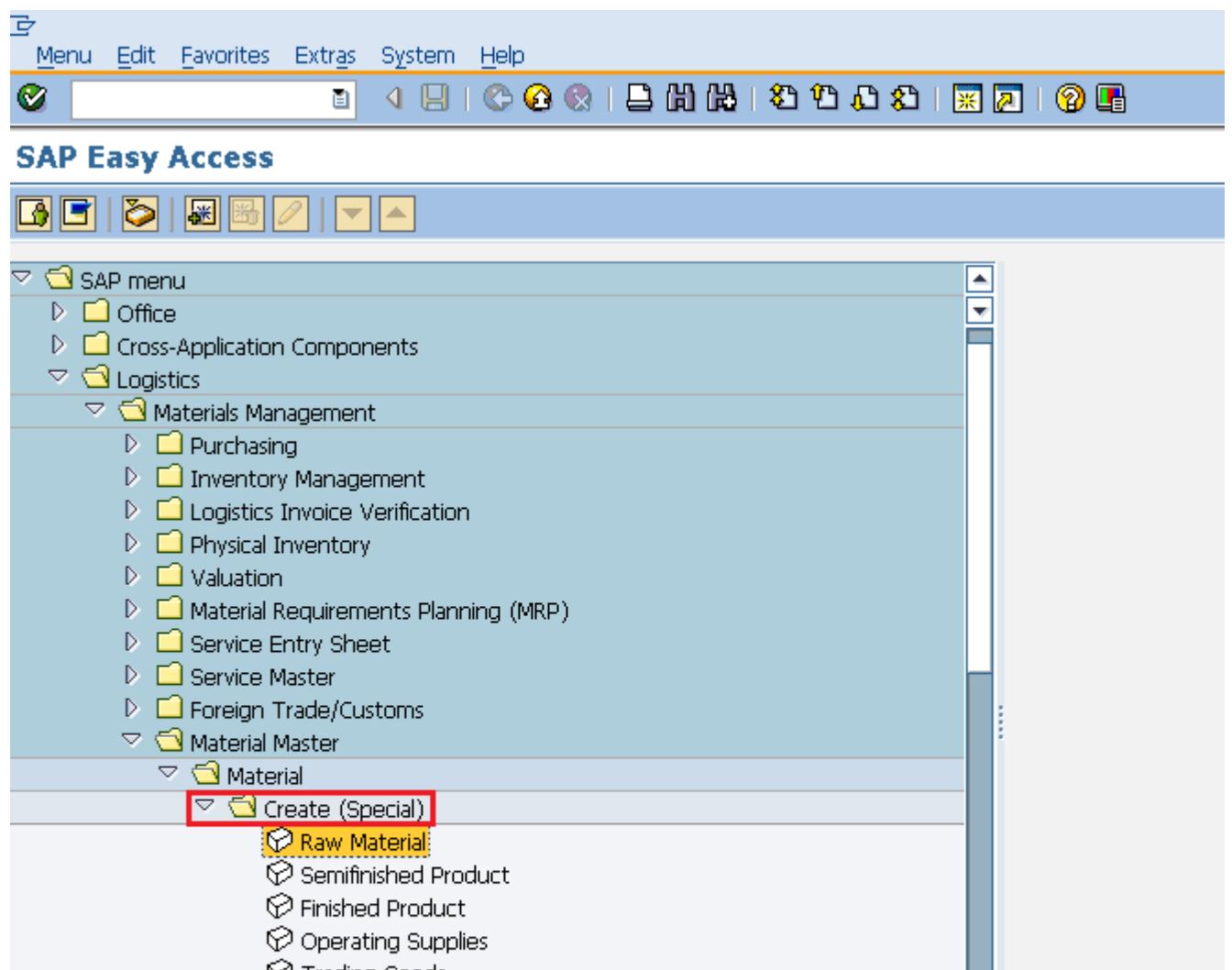
Material master contains all materials that a company procures produces or sells. Material Master is a central data that is available at all the levels. Material can be created by following the below steps:

Path to create Material Master:

Path to Create Material Master:
Logistics => Materials Management => Material Master => Material => Create Material
TCode: MM01

Note: For any create transaction we use 01, for edit 02, for display 03 as suffix.

On SAP Menu screen select create icon by following the above path.



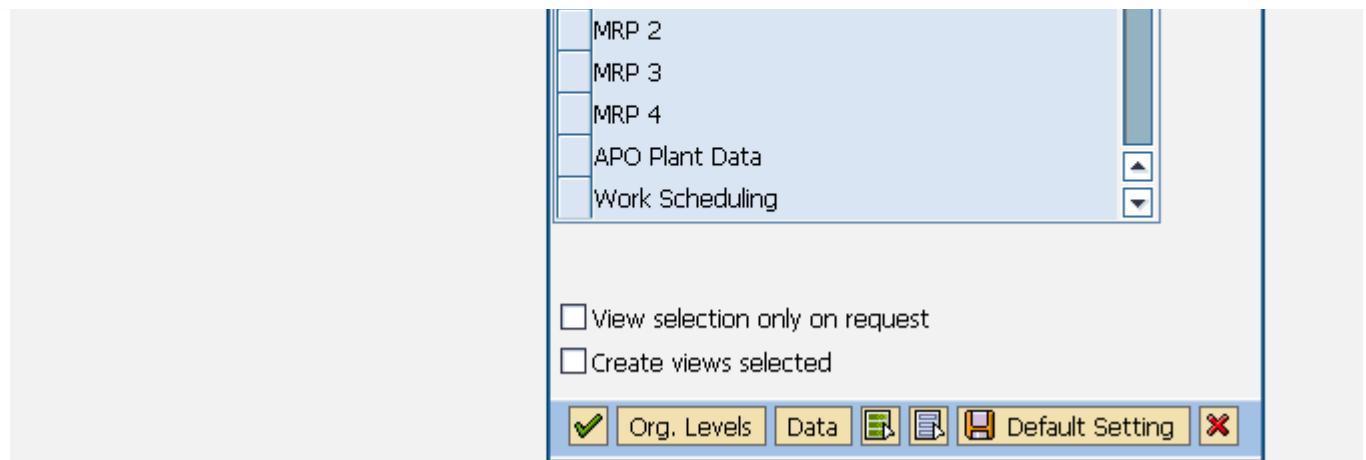


Fill in all required details like material number *ifexternalnumberassignment*, material type, industry sector.

This screenshot shows the 'Create Material (Initial Screen)' dialog box. It includes fields for 'Material' (with a yellow background), 'Industry sector', 'Material Type', 'Change Number', and a 'Copy from...' section with a 'Material' field. Below the dialog is a message: 'Select the views you want to maintain for your material.'

Select the views you want to maintain for your material.

This screenshot shows the 'Create Material (Initial Screen)' dialog box with a 'View Selection' overlay window. The dialog contains fields for 'Material' (1000000615), 'Industry sector' (Z), 'Material Type' (MULTI-PURP ...), 'Change Number', and a 'Copy from...' section. The 'View Selection' window lists various views: Basic Data 1, Basic Data 2, Classification, Sales: Sales Org. Data 1, Sales: Sales Org. Data 2, Sales: General/Plant Data, Foreign Trade: Export, Sales and Distribution Text, Purchasing, Foreign Trade: Import, Purchase Order Text, and MRP 1. A vertical scroll bar is visible on the right side of the 'View Selection' window.



Enter name of plant and storage location.

Material Edit Goto Defaults System Help

Material 100000 OrganizationalLevels

Industry sector Z

Material Type

Change Number

Copy from...

Material

Organizational levels

Plant

Stor. Location

Valuation type

Sales Org.

Distr. Channel

Warehouse No.

Storage Type

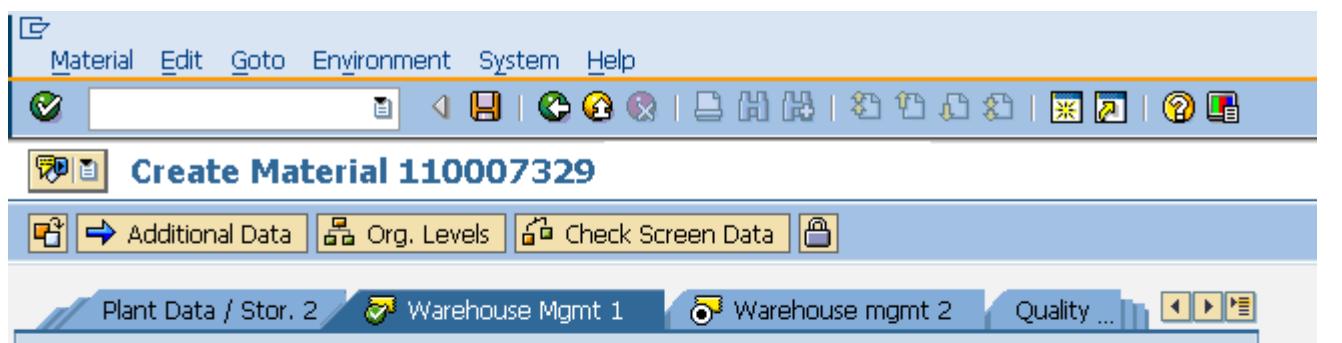
Profiles

MRP profile

Org. levels/profiles only on request

Select View(s) Default Setting

Enter the required information in your material views like unit of measure, currency, standard price, moving price etc. Click on save. A new material will be created.



Material	110007329																					
Plant	2ADG																					
General data <table border="1"> <tr> <td>Base Unit of Measure</td> <td>EA</td> <td>Haz. material number</td> <td></td> </tr> <tr> <td>Unit of issue</td> <td></td> <td>Gross Weight</td> <td>66.000 LB</td> </tr> <tr> <td></td> <td></td> <td>Volume</td> <td>2.320 FT3</td> </tr> <tr> <td colspan="4" style="text-align: center;"><input type="checkbox"/> Appr.batch rec. req.</td> </tr> <tr> <td colspan="4"><input checked="" type="checkbox"/> Batch management</td> </tr> </table>			Base Unit of Measure	EA	Haz. material number		Unit of issue		Gross Weight	66.000 LB			Volume	2.320 FT3	<input type="checkbox"/> Appr.batch rec. req.				<input checked="" type="checkbox"/> Batch management			
Base Unit of Measure	EA	Haz. material number																				
Unit of issue		Gross Weight	66.000 LB																			
		Volume	2.320 FT3																			
<input type="checkbox"/> Appr.batch rec. req.																						
<input checked="" type="checkbox"/> Batch management																						

Vendor Master Data

The key points about vendor master are as follows:

- This is the enterprise main source of vendor specific data. This data will include information on vendors from which a company can procure or it can sell.
- Vendor Master Record will contain information like vendor's name, address.
- Data in vendor master record is divided into three categories:
General Data: General data is maintained at client level and it is valid for all organizational levels.
Accounting Data: Accounting data is maintained at company level and it is valid for all plants belonging to that company.
Purchasing Data: Purchasing data is maintained at purchasing organization level.

Vendor master has the three characteristics which will be discussing one by one in below context.

Vendor Account Group

Vendors are categorized according to requirements and some of the vendors having similar characteristics are grouped together and placed in one category. For Example: All local vendors can be placed under one account group. Vendor Account group can be created by following the below steps.

Path to create Vendor Account Group:

IMG => Logistic General => Business Partner => Vendors => Control => Define Account group and field selection *vendor*
TCode: OBD3

On display IMG screen select Define Account group and field selection *vendor* execute icon by following the above path.

Implementation Guide	Edit	Goto	Additional Information	Utilities(M)	System	Help
Display IMG						
Existing BC Sets Activated BC Sets for Activity Release Notes Change Log Where Else Used						
Structure <ul style="list-style-type: none"> Investment Management Enterprise Controlling Real Estate Flexible Real Estate Management (RE-FX) Logistics - General <ul style="list-style-type: none"> Portal Material Master 						

Quantity Optimizing and Allowed Logistics Units of Measure
Article Hierarchy
Assortment
Additionals
Retail Pricing
Price Planning
Demand Management Integration
Business Partner

- Analyze Partner Relationships
- Identify Origin of Partner Data
- Agreement with Other Applications re Partners
- Work Out Quantity Framework for Partners
- Customers
- Vendors
- Control

Define Account Groups and Field Selection (Vendor)

Select New Entries icon.

Table View Edit Goto Selection Utilities(M) System Help

New Entries

Group	Description
0001	Vendor

Fill in all necessary details like name of account group, general data, and field status. Click on save. A new Vendor Account Group will be created.

Table View Edit Goto Selection Utilities(M) System Help

New Entries: Details of Added Entries

Expand Field Status	Delete	Previous Entry	Next Entry	Print Standard List
Account Group 				
General Data				
Name	<input type="text"/>			
Number Range	<input type="checkbox"/>			
One-Time Account	<input type="checkbox"/>			
Field Status		Data Retent. Levels: Purchasing		
General Data		<input type="checkbox"/> Vendor sub-range relevant		
Company Code Data		<input type="checkbox"/> Plant level relevant		
Purchasing Data				
Purchasing Sub-Range				
Purchasing Plant				
Default Values				
<input type="checkbox"/> Do not transfer any data				
PartnerDetermProced.				
Partner schema, purch. org.	<input type="checkbox"/>			
Partner schema, sub-range	<input type="checkbox"/>			
Partner schema: plant level	<input type="checkbox"/>			

Number Range

When we create vendor master record every vendor is recognized by a number, that number will be unique and known as vendor number. As discussed in material master, in similar way we have external as well as internal number assignment for vendor master.

Define Number Range:

Number range can be defined by following the below steps:

Path to create Number Range:

IMG => Logistic General => Business Partner => Vendors => Control => Define Number Range for Vendor master record

TCode: XDN1

On display IMG screen select Define Number Range for Vendor master record execute icon by following the above path.

The screenshot shows the SAP Implementation Guide (IMG) interface. The top menu bar includes links for Implementation Guide, Edit, Goto, Additional Information, Utilities(M), System, and Help. Below the menu is a toolbar with various icons. The main title is "Display IMG". A navigation bar at the bottom has links for Existing BC Sets, BC Sets for Activity, Activated BC Sets for Activity, Release Notes, Change Log, and Where Else Used. The central area displays a tree structure under "Structure" with nodes like Article Hierarchy, Assortment, Additionals, Retail Pricing, Price Planning, Demand Management Integration, Business Partner, Analyze Partner Relationships, and Identify Origin of Partner Data.

Agreement with Other Applications re Partners
Work Out Quantity Framework for Partners
Customers
Vendors
Control
Define Account Groups and Field Selection (Vendor)
Define Screen Layout Specific to Purchasing Organization
Define Transaction-Dependent Screen Layout
Define Number Ranges for Vendor Master Records
Change Message Control for Vendor Master Data
Develop Enhancements for Vendor Master Data
Define Industries
Maintain Matchcodes
Define Field Groups for Vendor Master Records
Group Fields for Vendor Master Records
Settings for Central Address Management
Adoption of Customer's Own Master Data Fields
Reporting: Vendor Master

Select change Interval icon. It will create number range for customer account.

Maintenance object Edit Goto System Help

Vendor Number Ranges

Process the objects in the specified sequence

Intervals

Number range

Select the Insert Interval Icon.

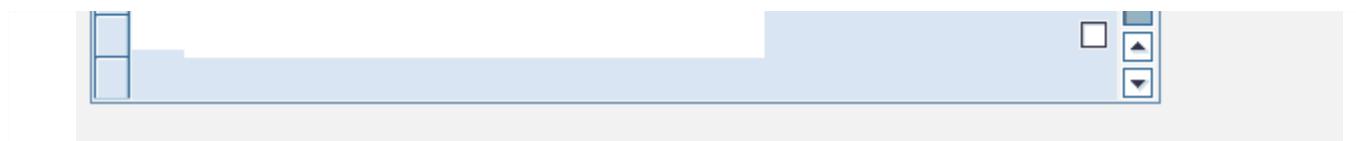
Number range object Edit Goto Interval System Help

Maintain Number Range Intervals

Interval

NR Object Vendor

Intervals				
No.	From number	To number	Current number	Ext
	9650000000	9699999999		<input checked="" type="checkbox"/>



We can define number range here and EXT external tab, if it is checked then external number assignment can be done in that vendor. Click on save. A new Number Range will be created.

No	From number	To number	Current number	Ext
			0	<input type="checkbox"/>

No	From number	To number	Number Range Status	Ext
M	9650000000	9699999999	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Z	6000000000	6999999999	<input type="checkbox"/>	<input type="checkbox"/>

Assignment of Number Range

After defining we need to assign it to vendor group. Number range can be assigned by following the below steps.

On the same screen as shown above select Number Range tab.

Process the objects in the specified sequence

Intervals
Number range

For a particular vendor group assign number range here. Click on save. Number range is now assigned to vendor group.

The screenshot shows the SAP ERP interface with the title bar "Change View 'Assign Vendor Account Groups->Number Range': Overview". Below the title bar is a toolbar with various icons. The main area contains a table with three columns: "Group", "Name", and "Number range". A single row is visible, showing "0001" in the Group column and "Vendor" in the Name column. The "Number range" column is empty and highlighted in yellow. On the right side of the table, there are several small icons for navigating and saving changes. At the bottom of the table is a horizontal scroll bar.

Creation of Vendor Master

Vendor Mater contains list of vendors from which a company can procure or it can sell. Vendor Master can be created by following the below steps:-

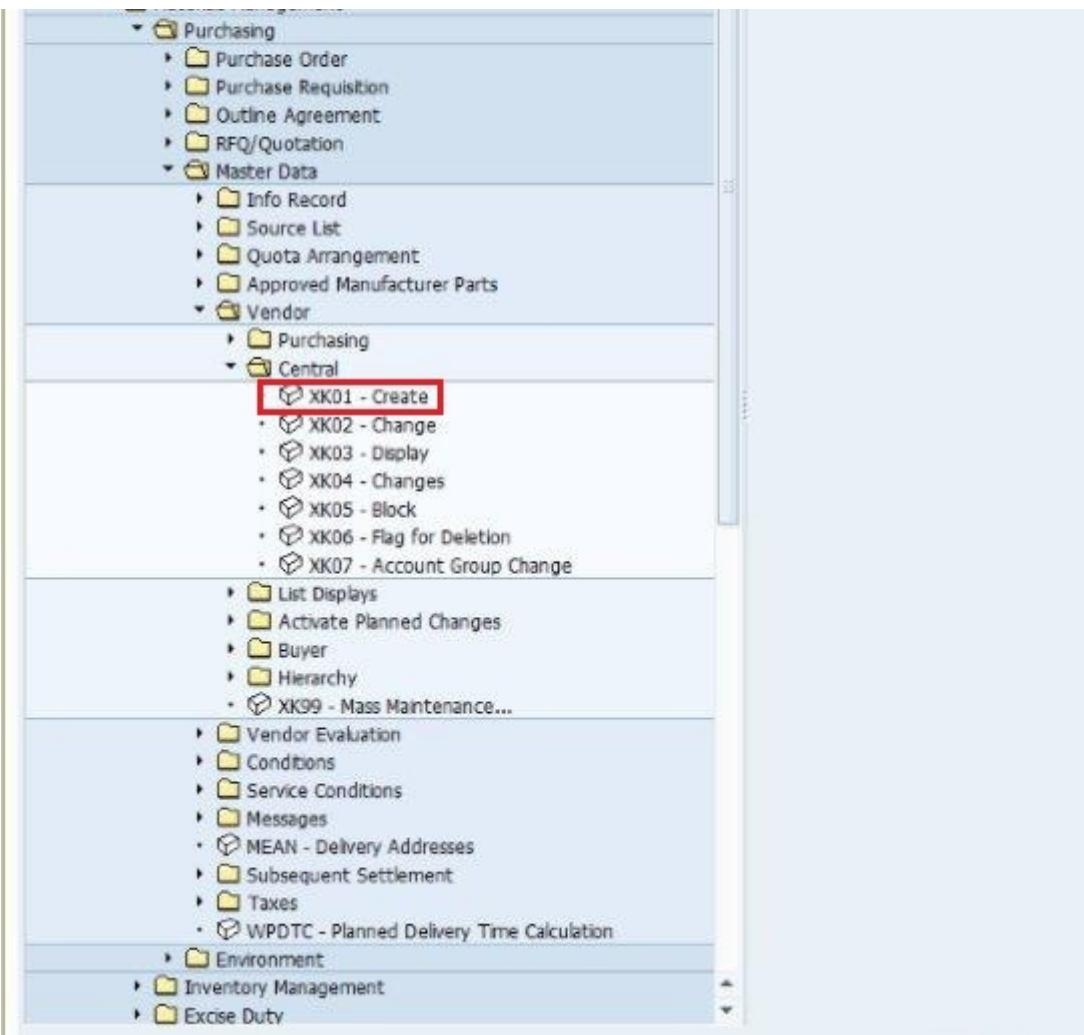
Path to create Vendor Master:

SAP Menu => Logistics => Material Management => Purchasing => Master Data => Vendor => Central => Create

TCode: XK01

On SAP Menu screen select create for central vendor data execute icon by following the above path.

The screenshot shows the SAP Easy Access menu. The title bar says "SAP Easy Access". Below the title bar is a toolbar with various icons. The main area shows a tree view of menu items. The "SAP Menu" node is expanded, showing "Office", "Cross-Application Components", "Collaboration Projects", and "Logistics". The "Materials Management" node under "Logistics" is also expanded. The "Create role" icon is highlighted in the toolbar. Other menu items shown include "Other menu", "Create role", "Assign users", and "Documentation".



Fill in all required details like company code, purchasing org, vendor no.*If external number assignment.*

This screenshot shows the 'Create Vendor: Initial Screen' in SAP Fiori. The top navigation bar includes 'Vendor', 'Edit', 'Goto', 'Extras', 'Environment', 'System', and 'Help'. Below the navigation is a toolbar with various icons. The main area is titled 'Create Vendor: Initial Screen'. It contains four input fields: 'Vendor' (with a yellow highlight), 'Company Code', 'PurchasingOrganization', and 'Account group'. Below these is a 'Reference' section with three more input fields: 'Vendor', 'Company code', and 'PurchasingOrganization'.

Fill in all details of vendor's address like street name, postal code, country.

This screenshot shows the 'Create Vendor: Address' screen in SAP Fiori. The top navigation bar and toolbar are identical to the previous screen. The main area is titled 'Create Vendor: Address'. It contains several input fields for address details, though they are not explicitly labeled in the screenshot. The overall layout is clean and modern, typical of SAP Fiori user interfaces.

The screenshot shows a SAP Fiori application for creating a vendor. The top navigation bar includes icons for back, forward, and search. The vendor type is set to 'INTERNAL'. Below the header, there are tabs for 'Preview' and 'Internat. versions', with 'Internat. versions' being active. The main form fields include:

- Name**: Title is 'Company', Name is 'XYZ limited'.
- Search Terms**: Search term 1/2 is 'XYZ'.
- Street Address**: Street/House number is 'Hosur Road', Postal Code/City is '560100 Bangalore', Country is 'IN', Region is '10'.
- PO Box Address**: PO Box and Postal code fields are empty.
- Communication**: Language is 'English', Telephone is '09123976585', Fax is empty, E-Mail is 'xyz@mail.com', Data line and Telebox are empty.

Fill in the necessary bank details of vendor.

The screenshot shows the 'Create Vendor: Payment transactions' screen. The top navigation bar includes icons for back, forward, and search. The vendor information is displayed as 'Vendor INTERNAL XYZ limited Bangalore'. The main area contains two sections:

- Bank Details**: A table with columns: C... Bank Key, Bank Account, Acct holder, A. IBAN, IBANValue, and BT... Refe. The 'IBAN' column contains five yellow edit buttons. The 'Bank Key' column has a red-bordered input field.
- Payment transactions**: Fields include Alternative payee, DME Indicator, Instruction key, ISR Number, and a 'Bank Data...' button. To the right, there is an 'Alternative payee in document' section with checkboxes for 'Individual spec.' and 'Spec. per reference', and a 'Permitted Payee' button.

Fill in the necessary accounting information of the vendor.

Vendor Edit Goto Extras Environment System Help

Create Vendor: Accounting information Accounting

Vendor INTERNAL XYZ limited Bangalore
Company Code 4300 India

Accounting information

Recon. account	Sort key
Head office	Subsidy indic.
Authorization	Cash mgmnt group
Minority indic.	Release group
	Certificatn date

Interest calculation

Interest indic.	Last key date
Interest freq.	Last interest run

Withholding tax

W. Tax Code	Exemption number
WH Tax Country	Valid until
Recipient type	Exempt.authority

Reference data

Prev.acct no.	Personnel number
---------------	------------------

Fill in the terms of payment that are defined between company and vendor. Click on save. A new vendor master will be created.

Vendor Edit Goto Extras Environment System Help

Create Vendor: Payment transactions Accounting

Vendor INTERNAL XYZ limited Bangalore
Company Code 4300 India

Payment data

Palyt Terms	Tolerance group
Chk cashing time	Chk double inv.

Automatic payment transactions

Payment methods	Payment block	Free for payment
Alternat.payee	House Bank	
Individual prmnt	Grouping key	
B/exch.limit	INR	
Pmt adv. by EDI		

Invoice verification

Tolerance group	
-----------------	--

SAP MM - PURCHASE INFO RECORD

SAP R/3 works on all real time data that include material master and vendor master. Material and vendor master are separate data records for keeping information of materials and vendors from which material is procured. The combined information of material and vendor altogether is kept in a record that we call as purchase info record. The key points about purchase info record are as follows:

- Purchasing info record stores information on material and vendor supplying that material. For Example: Vendors current price of a particular material is stored in info record.
- Purchase info record can be maintained at plant level or at purchasing organization level.
- Info record can be maintained for four procurement types which are as follows:
Standard: Standard info record has information on standard orders *orders included details of vendor and material*. This info record will include vendors price for supplying the particular material.
Subcontracting: Subcontracting info record has information on subcontract orders. This info record will include price for assembling the raw material that is supplied by the ordering party.
Pipeline: Pipeline info record has information on material that is provided by vendor through pipes. For Example: like water, electricity.
Consignment: Consignment info record has information on material that is kept at ordering party premises. This info record contains vendors price that is to be paid for withdrawing material from consignment stock.

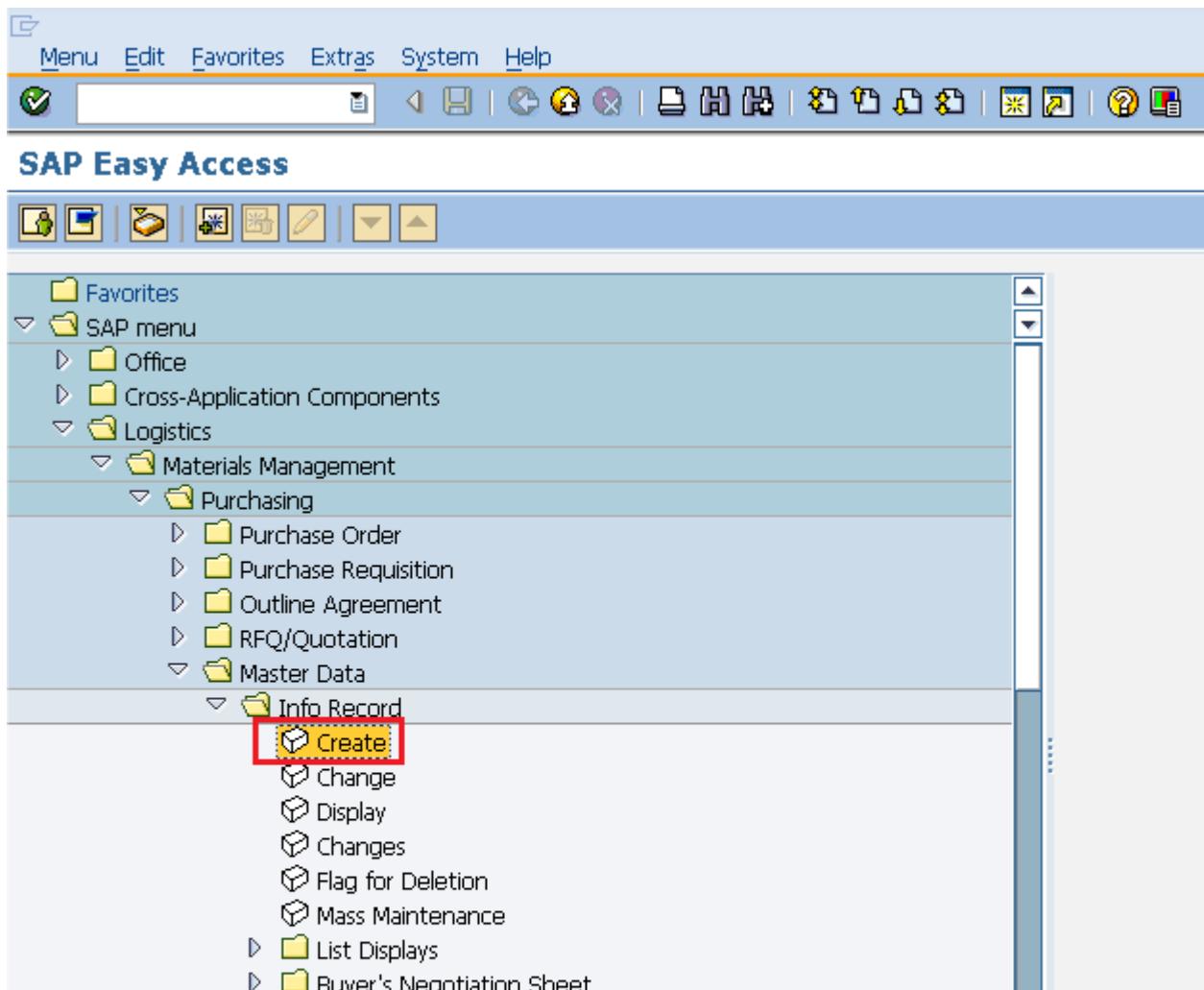
Creation of Purchase Info Record

Purchase info record can be created by following the below steps:

Path to create Info Record:

Logistics => Material Management => Purchasing => Master Data => Info Record => Create
TCode: ME11

On SAP Menu screen select Create icon by following the above path.





Enter the vendor number and in info category select standard or subcontracting or pipeline or consignment according to the requirement.

SAP GUI - Create Info Record: Initial Screen

Vendor	<input type="text" value="1000000000"/>
Material	<input type="text"/>
Purchasing Org.	<input type="text"/>
Plant	<input type="text"/>
Info Record	<input type="text"/>

Info category

Standard

Subcontracting

Pipeline

Consignment

Fill in required details like material group, 1st/2nd/3rd reminder, vendor material number, personal details, order unit, origin data and sort term.

SAP GUI - Create Info Record: General Data

Texts	
Info Record	<input type="text"/>
Vendor	<input type="text" value="1000000000"/> XYZ limited
Material Group	<input type="checkbox"/>
Vendor Data	
1st Rem./Exped.	<input type="text"/> Days
Origin Data	
Certif. Cat.	<input type="text"/>

2nd Rem./Exped.	<input type="text"/>	Days	Certificate	<input type="text"/>
3rd Rem./Exped.	<input type="text"/>	Days	Valid to	<input type="text"/>
Vendor Mat. No.	<input type="text"/>		Ctry of Origin	<input type="button" value="IN"/>
Vendor Subrange	<input type="text"/>		Region	<input type="button" value="10"/>
VSR Sort No.	<input type="text"/>		Number	<input type="text"/>
Vendor Mat. Grp	<input type="text"/>		Manufacturer	<input type="text"/>
Points	<input type="text"/>	<input type="text"/>	/ 1	<input type="text"/>
Salesperson	<input type="text"/>		Supply Option	
Telephone	<input type="text" value="09123976585"/>		Available from	<input type="text"/>
Return Agmt	<input type="text"/>		Available to	<input type="text"/>
Prior Vendor	<input type="text"/>			
Purchase Order Unit of Measure				
Order Unit	<input checked="" type="checkbox"/>		Sorting	
			Sort Term	<input checked="" type="checkbox"/>

Provide the info record note that can be called as info record description. Click on save. A new info record will be created.

The screenshot shows the SAP Info Record creation interface. The top navigation bar includes links for Info Record, Edit, Goto, Extras, Environment, System, and Help. Below the menu is a toolbar with various icons. The main title is "Create Info Record: Text Overview". Under "General Data", there is a field for "Info Record" containing "Info record" and a "Language" dropdown set to "EN". The "Info record texts" section contains a table with columns: TxtType, Text, More text, and Status. A checkbox labeled "Info record note" is checked, and its corresponding text area is highlighted with a yellow background and red dashed borders. There are also several empty text input fields below it.

AP MM - SOURCE DETERMINATION/LIST

The combined information of material and vendor altogether is kept in a record that is known as purchase info record. But a particular material can be ordered from different vendors in different time intervals. This information can be maintained in a list that is called as source list. The key

points about source list are as follows:

- Source list include list of possible sources of supply for a material over a given framework of time.
- Source list specifies the time period of ordering of a particular material from a given vendor.
- Source list can be copied from one plant to another plant.

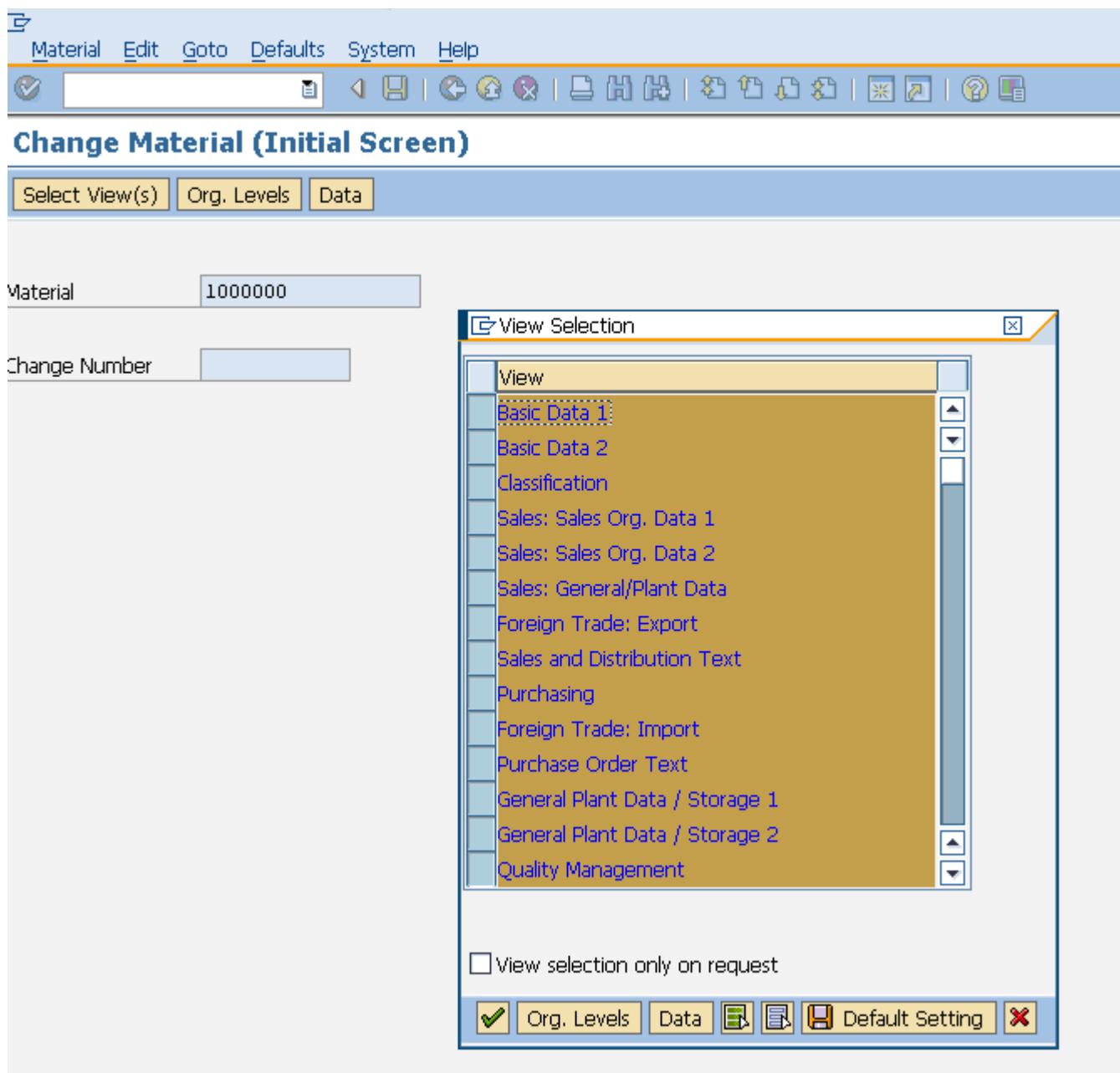
Source list can be created by following two ways:

- Automatically
- Manually

Automatic Creation of Source List

Source list can be automatically created by doing some setting in material master. Automatic source list can be created by following the below steps.

Go to MM02 *Edit mode of material master for which you want to create source list automatically*. Select all the views.



In purchasing view check the box for source list. Click on save. Source list will be created automatically for the material.

SAP GUI - Change Material 1000000

Purchasing

Purchasing Group	E1	Material Group	1200
Plant-sp.matl status		Valid from	
Tax ind. f. material	1	Qual.f.FreeGoodsDis.	
Material freight grp		<input type="checkbox"/> Autom. PO	
<input checked="" type="checkbox"/> Batch management			

Purchasing values

Purchasing value key	6	Shipping Instr.	
1st Reminder/Exped.	0 days	Underdel. Tolerance	10.0 percent
2nd Reminder/Exped.	0 days	Overdeliv. Tolerance	10.0 percent
3rd Reminder/Exped.	0 days	Min. Del. Qty in %	0.0 percent
StdValueDelivDateVar	0 days	<input type="checkbox"/> Unltd Overdelivery	<input type="checkbox"/> Acknowledgment Reqd

Other data / manufacturer data

GR Processing Time	days	<input type="checkbox"/> Post to insp. stock	<input type="checkbox"/> Critical Part
Quota arr. usage		<input checked="" type="checkbox"/> Source list	JIT Sched. Indicator
Mfr Part Number		Mfr Part Profile	Manufact.

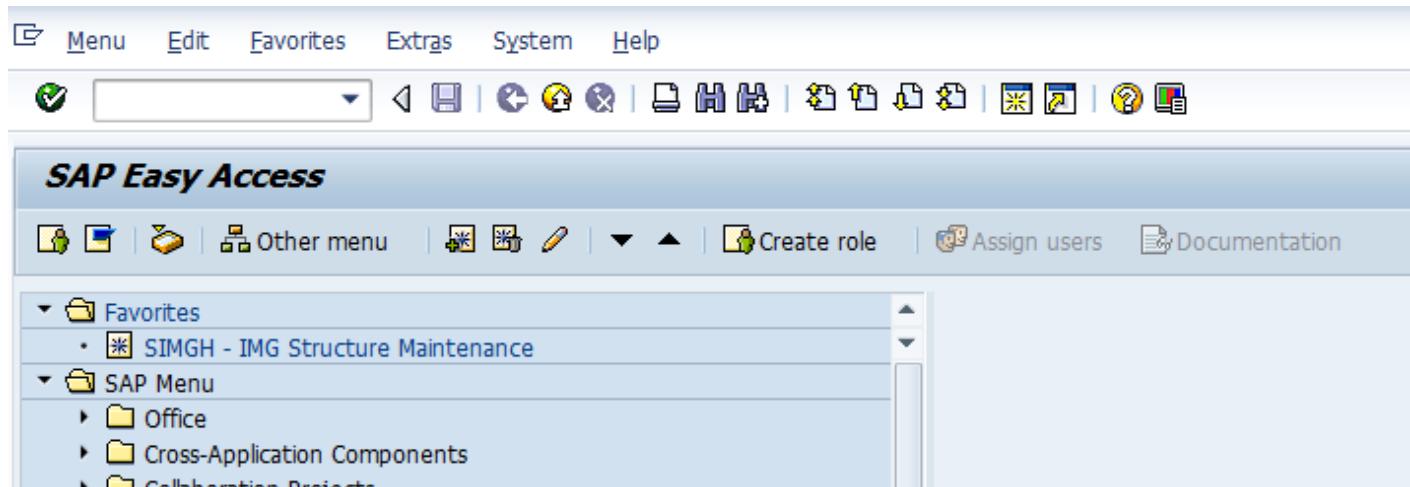
Manual Creation of Source List

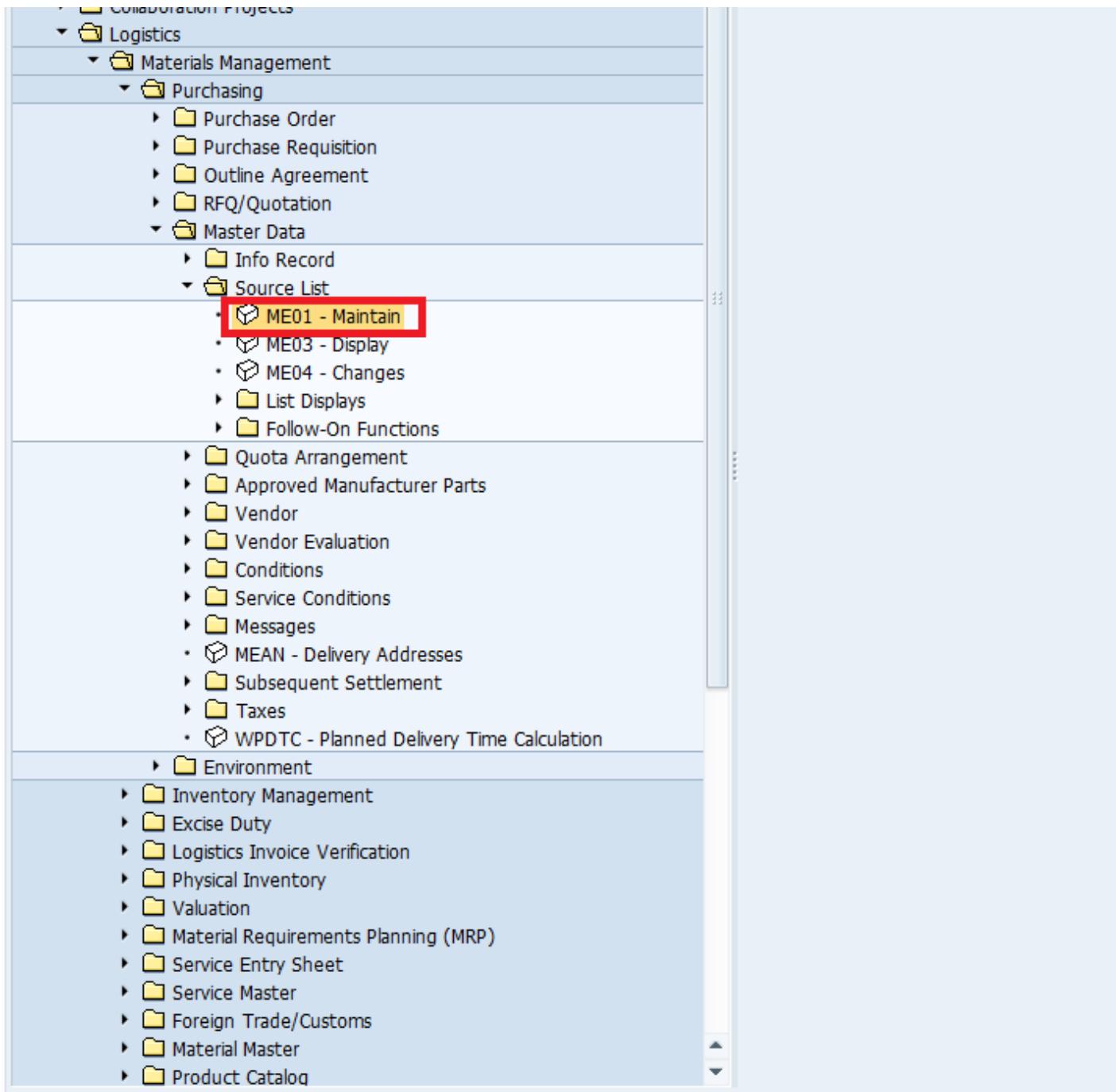
Source list can be created manually by following the below steps:

Path to maintain Source list:

Logistics => Material Management => Purchasing => Master Data => Source List => Maintain TCode: ME01

On SAP Menu screen select Maintain execute icon by following the above path.



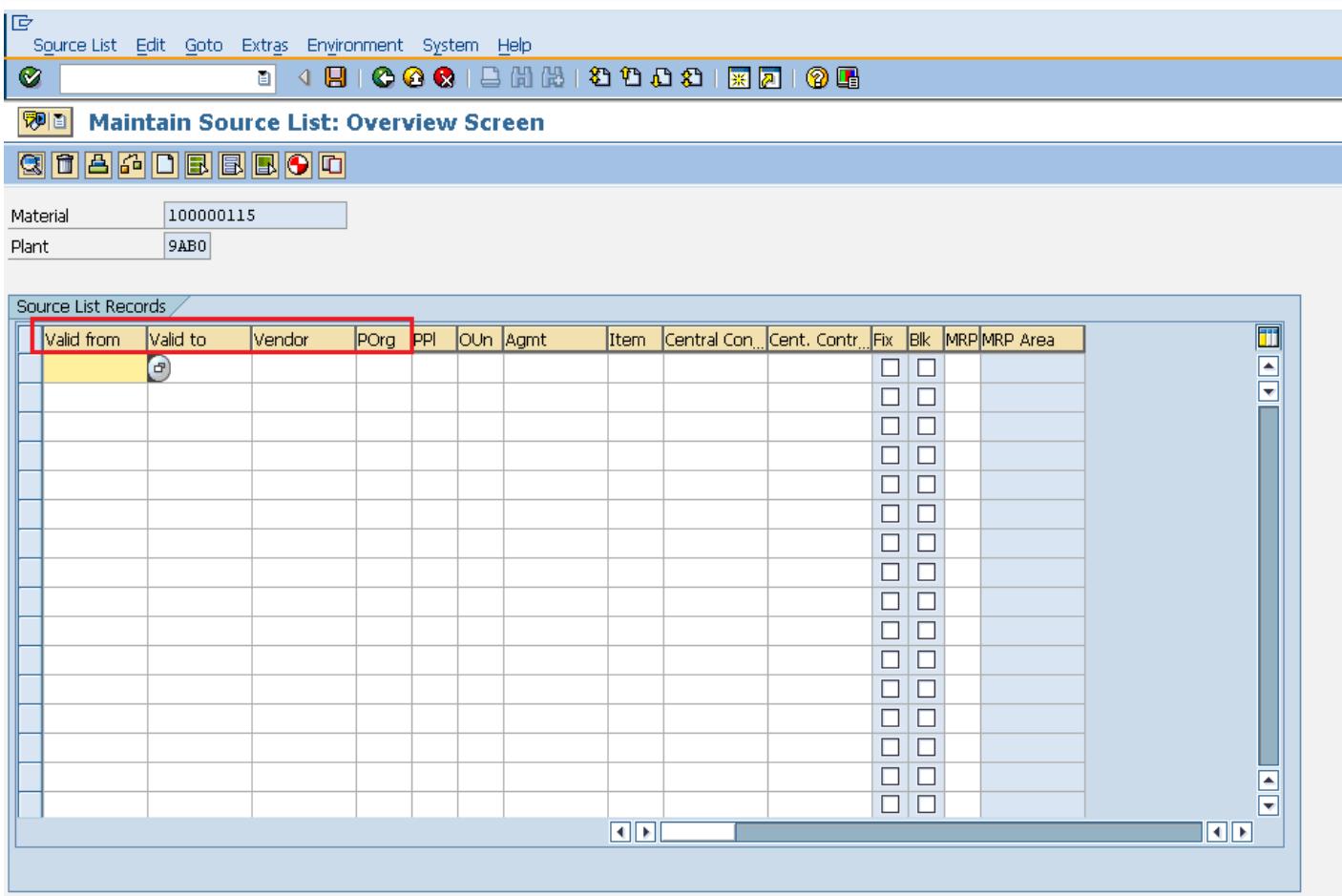


Enter the material number for which you want to maintain source list and respective plant details.

Maintain Source List: Initial Screen

Material	1000000115	
Plant	9AB0	

Fill in all necessary details like valid periods, name of vendor, purchasing organization. Click on save icon. Source list for the material is now maintained.



SAP MM - PROCUREMENT CYCLE

Every organization acquires material or services to complete its business needs. The process of buying materials and obtaining services from vendors or dealers is procurement. The steps which are required to procure a material forms the procurement cycle. Every organization performs some common sequential steps so that a material can be procured in right quantity at the right price. The important steps in procurement cycle are as follows:

- Determination of Requirement
- Creating Purchase Order
- Posting Goods Receipt
- Posting Invoice

Determination of Requirement

This is the first step in procurement cycle. It is the logical subdivision where it is determined that what material or services are required by company, and which supplier can fulfill the requirement. A list of requirements is made and then it is approved by senior authority within the organization. After approval, formal list is made that is known as purchase order with one more level of approval which is sent to the vendor.

Creating Purchase Order

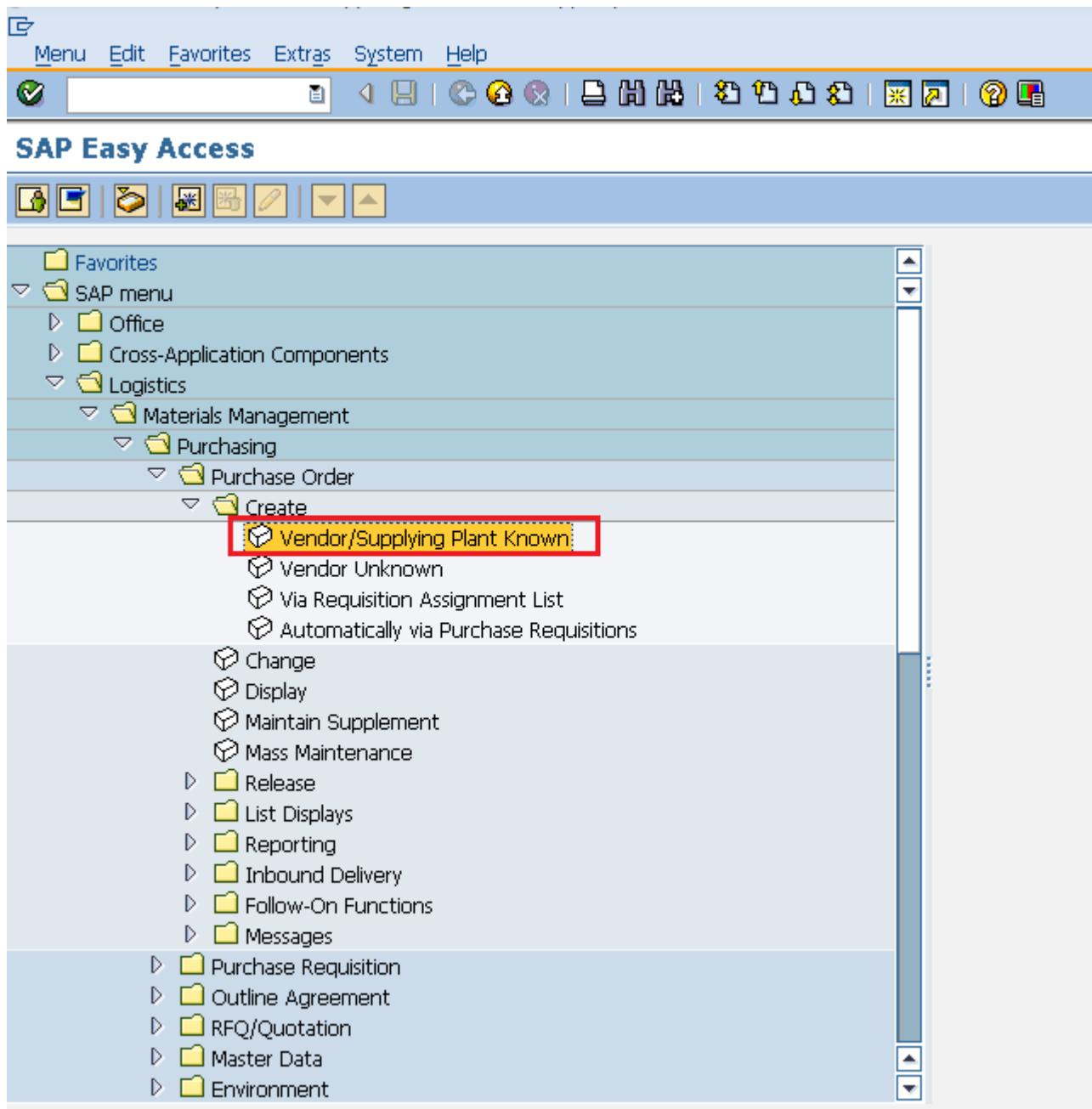
Purchase order is the formal and final confirmation of the requirements which is sent to vendor to supply material or services. Purchase order will include important information like name of material with its corresponding plant, details of purchasing organization with its company code, name of vendor, and date for delivery of material. Purchase order can be created by following the below steps:

Path to create Purchase Order:

Logistics => Materials Management => Purchasing => Purchase Order => Create => Vendor/
Supplying Plant Known

TCode: ME21N

On SAP Menu screen select Create Vendor/Supplying Plant Known execute icon by following the above path.



Fill in all necessary details like name of vendor, purchasing organization, purchasing group, company code, details of material like material number, price, currency, plant.

The screenshot shows the SAP Purchase Order creation interface. The top navigation bar includes 'Purchase Order', 'Edit', 'Goto', 'Environment', 'System', and 'Help'. Below the menu is a toolbar with various icons. The main title is 'Create Purchase Order'. A toolbar below the title includes 'Document Overview On', 'Hold', 'Print Preview', 'Messages', 'Personal Setting', 'Save As Template', and 'Load from Template'. The main area has tabs: 'NB Standard PO' (selected), 'Vendor' (highlighted with a red box), 'Doc. date' (set to 10/13/2014), and 'Delivery/Invoice', 'Texts', 'Address', 'Communication', 'Partners', 'Additional Data', 'Org. Data', 'Status', 'Confirmation', and 'Payment Processing'. On the left, there are fields for 'Purch. Org.' (with a dropdown and a red box around it), 'Purch. Group' (with a dropdown), and 'Company Code' (with a dropdown). At the bottom, there is a table with columns: S..., Itm, A, I, Material, Short Text, PO Quantity, O..., C, Deliv. Date, Net Price, Curre..., Per, O..., Matl Group, Plnt, Stor. Location, B. The first three rows of the table are highlighted with a red box.

Fill in all necessary details under Item by selecting the tabs like Invoice/Delivery Tab
Provide the tax code, Payment terms and conditions, and incoterms, Assignment Tab (Provide the valid G/L code, business area, and WBS element. Click on save. A new Purchase Order will be created.

Posting Goods Receipt

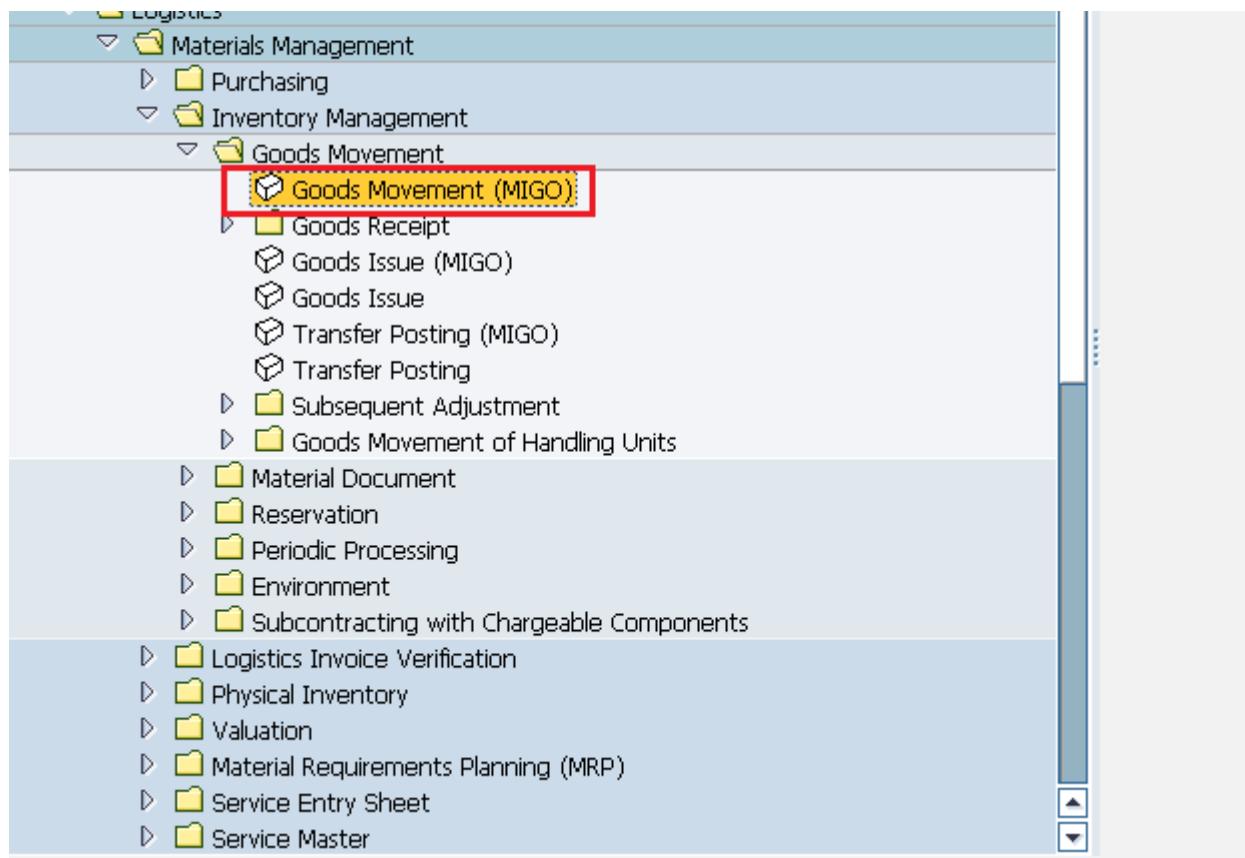
After processing of purchase order by vendor, material is delivered to ordering party and this process is called as goods receipt. So, goods receipt is the phase in which the material is received by the ordering party and the condition and quality are verified. Once material is verified against quality then goods receipt is posted. Goods receipt can be posted by following the below steps.

Path to post Goods Receipt:

Logistics => Materials Management => Inventory management => Goods movement => Goods movement

TCode: MIGO

On SAP Menu screen select Goods movement *MIGO* execute icon by following the above path.



Fill in all necessary details like movement type 101 for goods receipt, name of material, quantity received, detail of storage location and plant in which the material will be placed. Click on save. Goods Receipt is now posted for the material.

The screenshot shows the SAP Goods Receipt Order screen with the following details:

- Header: Goods Receipt, Settings, System, Help
- Toolbar: Various icons for document management and validation.
- Title: Goods Receipt Order
- Buttons: Show Overview, Hold, Check, Post, Help.
- Document Type: A01 Goods Receipt, R08 Order
- Movement Type: GR goods receipt, 101
- General Tab (selected): Document Date (10/14/2014), Delivery Note, Posting Date (10/14/2014), Doc. Header Text, Individual Slip checkbox.
- Table View: A grid for entering receipt lines, columns include Line, Mat. Short Text, OK, Qty in UnE, EUn, SLoc, Batch, Valuation T, M, Stock Type, Plnt, Sp., Sales Order.
- Buttons at the bottom: Save, Delete, Contents, Print.
- Material Tab: Material, Quantity, Where.

Posting Invoice

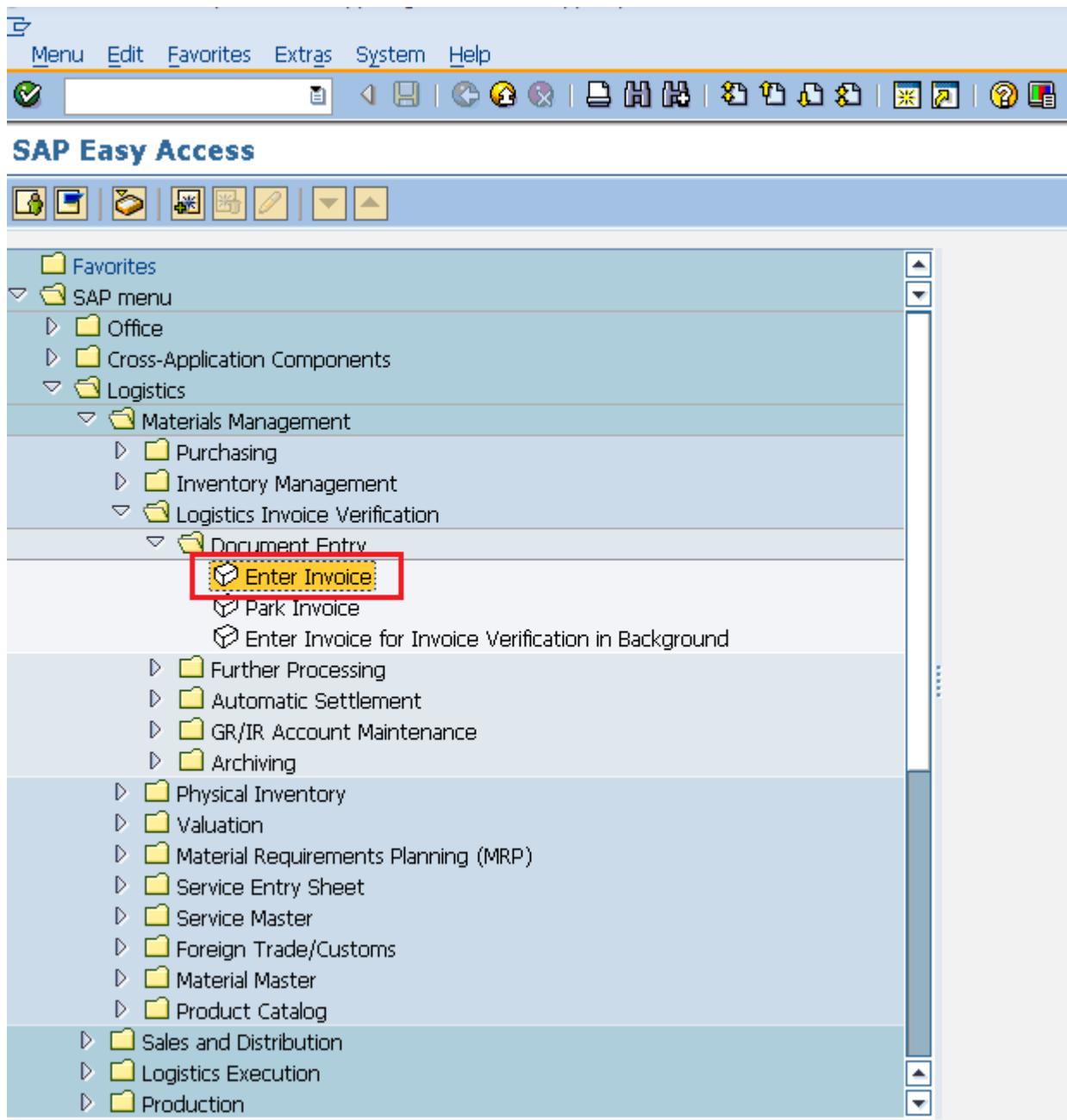
Invoice is received from the vendor after goods receipt, and then invoice is verified by the ordering party. So, this is the phase in which the vendor *seller* is paid from the company and reconciliation of the invoice and PO is accomplished. Invoice can be posted by following the below steps:

Path to post Invoice:

Logistics => Materials Management => Logistic Invoice verification => Document Entry => Enter

Invoice
TCode: MIRO

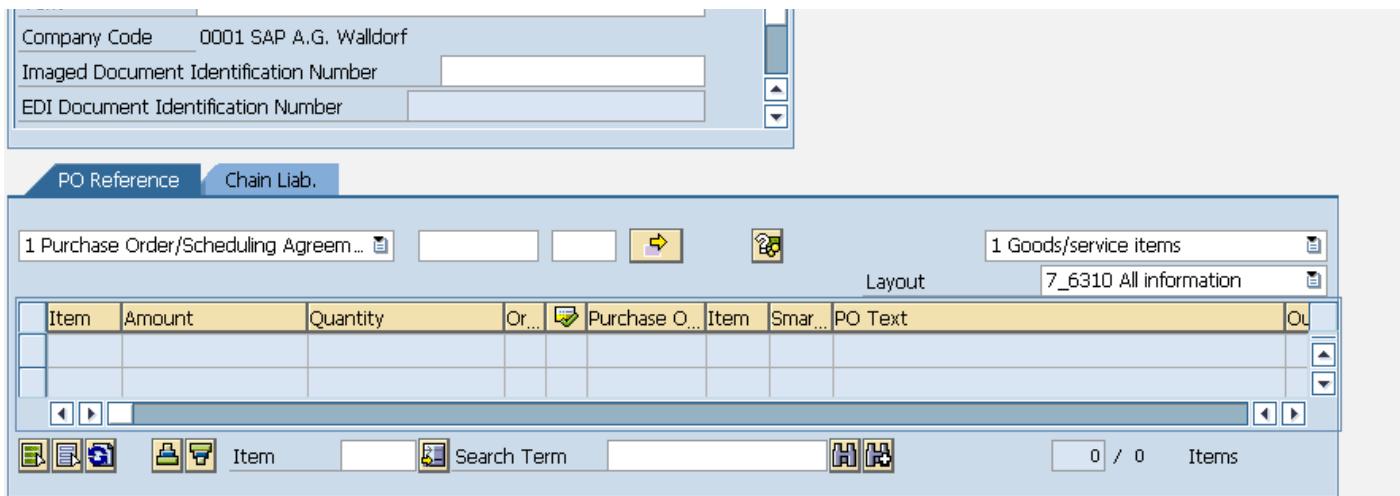
On SAP Menu screen select Enter Invoice execute icon by following the above path.



Fill in all necessary details like invoice posting date, amount that is paid to vendor along with quantity for which amount is paid. Click on save. Invoice is now posted for the goods receipt.

The screenshot shows the 'Enter Incoming Invoice: Company Code 0001' screen. The transaction code '1 Invoice' is selected in the transaction field. The 'Basic data' tab is active, showing the following fields:

Invoice date	10/14/2014	Reference	
Posting Date	10/14/2014	Calculate tax <input type="checkbox"/>	
Amount		V1	
Tax amount			
Text			



SAP MM - PURCHASE REQUISITION

Procurement in every organization starts with gathering requirements. Once requirements are gathered we need to inform the purchasing organization. Purchase Requisition is a document that will contain list of requirements. The key points about purchase requisition are as follows:

- Purchase requisition is a request that is made to purchasing organization to procure certain list of material.
- Purchase requisition is an internal document; specifically it remains within the organization.
- Purchase requisition needs approval from purchasing organization.
- If purchase requisition is approved then changes are possible only to limited extent.
- Purchase requisition can be created for the following procurement types:
Standard: Getting finished material from vendor.
Subcontracting: Providing raw material to vendor and getting finished material.
Consignment: Procuring material that is kept in company's premises and paying to vendor for that.
Stock transfer: Getting material from within the organization.
External service: Getting services like maintenance from third party vendor.

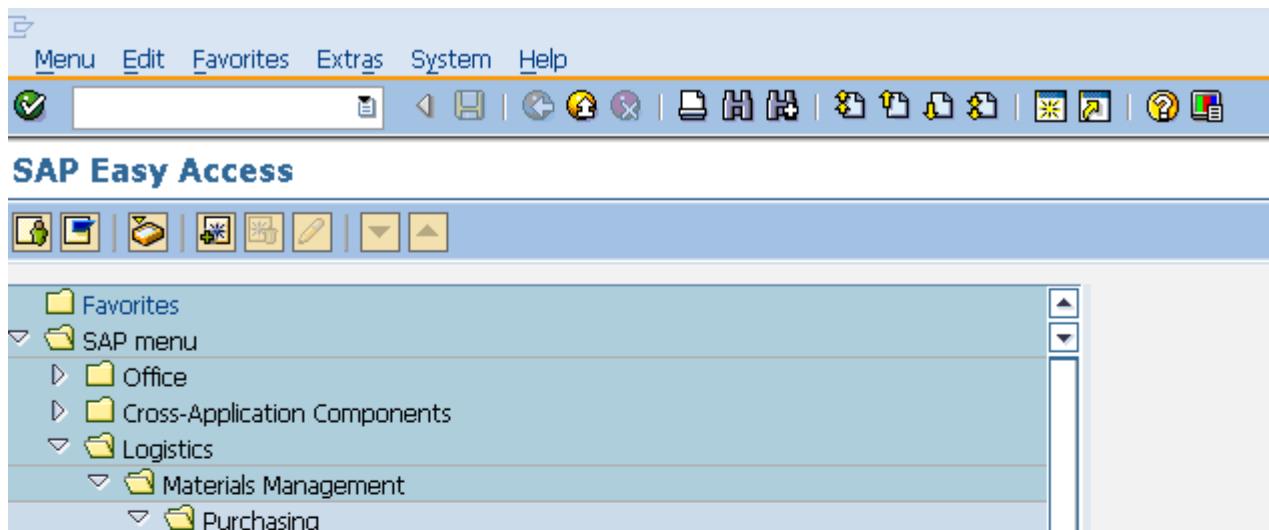
Create Purchase Requisition

Purchase Requisition can be created by following below steps:

Path to Create Purchase requisition:

Logistics => Materials Management => Purchasing => Purchasing Requisition => Create
TCode: ME51N

On SAP Menu screen select Create execute icon by following the above path.





Fill in all required details like name of material, quantity, delivery date, material group, plant. Click on save. A new Purchase Requisition will be created.

The screenshot shows the SAP Create Purchase Requisition screen. The header contains fields for Document Overview On, Personal Setting, Save As Template, and Load from Template. The main area shows a table for Header and Item details. The Item table has columns: St..., Item A, I, Material, Short Text, Quantity, Unit, C, Delivery Dat..., Matl Group, Plant, Stor. Loc., PGr, Requisnr., Tracking..., Des.Vendor, Fixed Vend. An example row is shown with Item A: 10, Material: 1100120, Short Text: INT BRINE, Quantity: 4.000, Unit: KG, C: D, Delivery Date: 10/22/20..., Matl Group: 12 PREF, Plant: HERI, Stor. Loc.: E12, PGr: , Requisnr: , Tracking: , Des.Vendor: , Fixed Vend: . Below the table, there are tabs for Material Data, Quantities/Dates, Valuation, Source of Supply, Status, Contact Person, Release strategy, Texts, and Delivery Address. Under Material Data, fields are filled with Material: 110012098, Short Text: INT BRINE, Batch: , Revision Level: , Material Group: 120040, and Vendor Mat: .

After creating purchase requisition, we need to send our requirements to vendor. Requirements to vendor are sent through a document that is known as purchase order. Purchase order can be directly created from purchase requisition.

Creating Purchase Order from Purchase Requisition

Purchase Order from purchase requisition can be created by following below steps:

TCode: ME21N

Enter TCode to go to purchase order home screen. Select Purchase requisition as shown in below image.

SAP Create Purchase Order screen. The left sidebar shows navigation options like Purchase orders, Requests for quotations, Contracts, Scheduling agreements, General purchasing documents, and Purchase Requisitions (which is selected). The main area shows a table for creating purchase orders, with the 'NB Standard PO' reference selected in the cart next to the 'PO Reference' field. The table includes columns for Item, Material, Short Text, PO Quantity, Deliv. Date, Net Price, Curr., Mat Group, and Stor. Loc.

Provide purchase requisition number for which you want to create purchase order. Then select execute icon.

SAP Purchase Requisitions screen. The left sidebar shows General selections (Max. no. of hits: 5000) and Program selections. In the Program selections section, the 'Purchase Requisition Number' field contains '46315433' and is highlighted with a red box. To its right is a 'to' field with a yellow arrow icon.

Drag the standard reference Purchase requisition to the cart next to NB Standard PO.

SAP Create Purchase Order screen. The 'Purchase Requisition Number' field now contains '46315433', indicating it has been moved from the previous screen. The rest of the interface is similar to the first screenshot.

This screenshot shows the SAP MM - Purchase Order interface. The top navigation bar includes tabs like Delivery/Invoice, Conditions, Texts, Address, Communication, Partners, Additional Data, Org. Data, Status, Confirmation, and Payment Processing. The document date is set to 10/15/2014. The main area displays a requisition (Purch.Req./PReq. Item) with ID #6315433. A table below lists purchase items with columns for S..., Itm, A, I, Material, Short Text, PO Quantity, O..., C, Deliv. Date, Net Price, Curre..., Per, O..., Matl Group, Pint, and Stor. Lc. A toolbar at the bottom contains icons for search, print, and planning.

Verify the details of purchase order and do the necessary changes as per requirement. Click on save. Purchase order from purchase requisition will be created.

This screenshot shows the SAP MM - Create Purchase Order interface. The top navigation bar includes tabs like Document Overview Off, Hold, Print Preview, Messages, Personal Setting, Save As Template, and Load from Template. The document date is set to 10/16/2014. The main area displays a requisition (Purch.Req./PReq. Item) with ID #6315433. A table below lists purchase items with columns for S..., Itm, A, I, Material, Short Text, PO Quantity, O..., C, Deliv. Date, Net Price, Curre..., Per, O..., Matl Group, Pint, and Stor. Lc. One item row is highlighted with a red border. A toolbar at the bottom contains icons for search, print, and planning. A button labeled "Item Detail" is visible at the bottom left.

SAP MM - REQUEST FOR QUOTATION

Vendor selection is an important process in procurement cycle. Once requirements are gathered we will look for possible suppliers who can fulfill the requirements at the best possible price. So a request is made to vendors to submit their quotations indicating the price of material along with their terms and conditions. This request is known as request for quotation. The key points about request for quotation are as follows:

- Request for quotation is a form of invitation that is sent to vendors to submit quotation indicating pricing and their terms and conditions.
- RFQ contains details about goods or services, quantity, date of delivery and date of bid on which it is to be submitted.
- Quotation is a reply by a vendor in response to request for quotation.

RFQ can be created by following two ways:

- Manually
- Automatically from Purchase Requisition

Manual Creation of RFQ

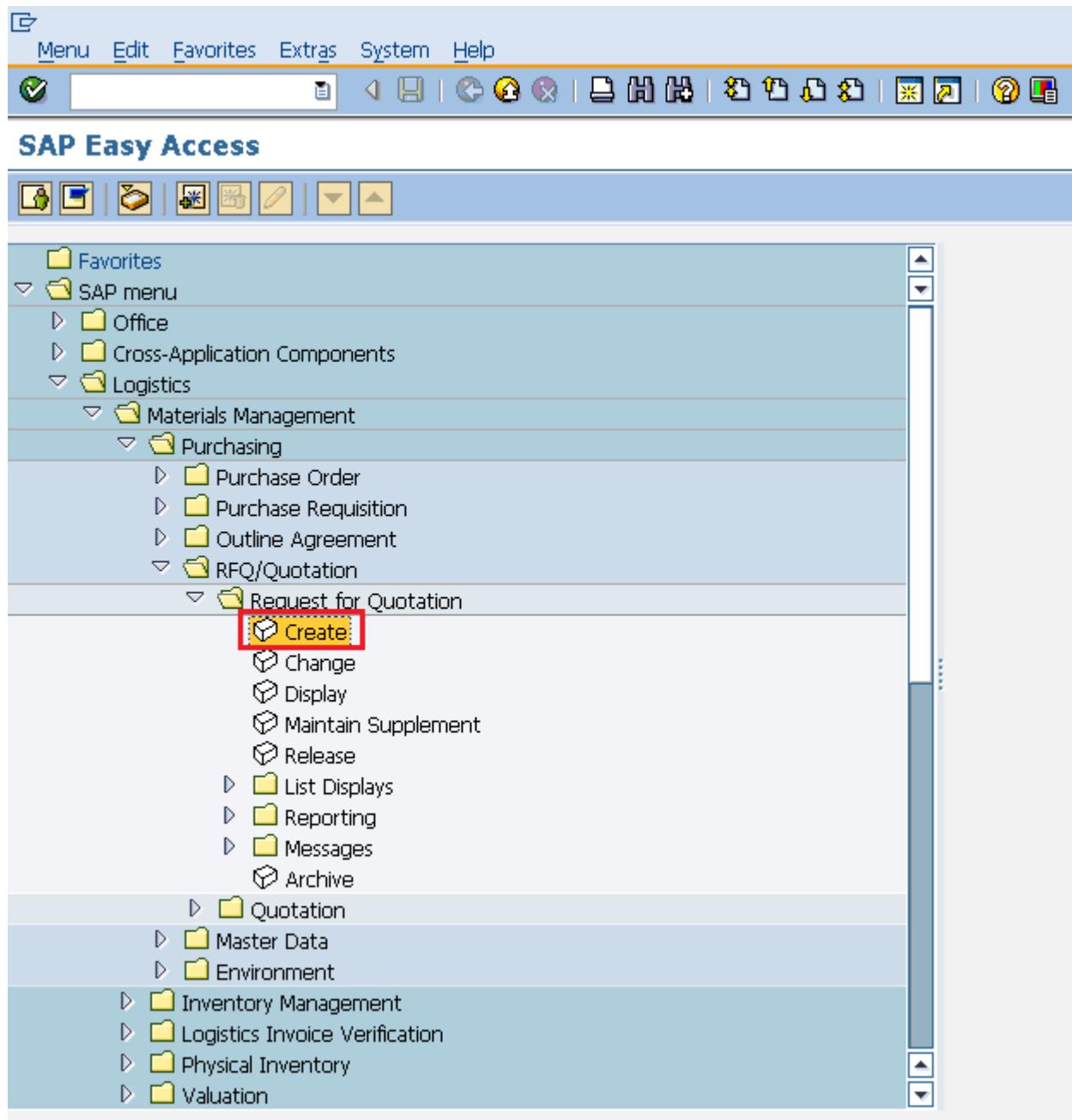
RFQ can be created manually by following the below steps:

Path to create RFQ:

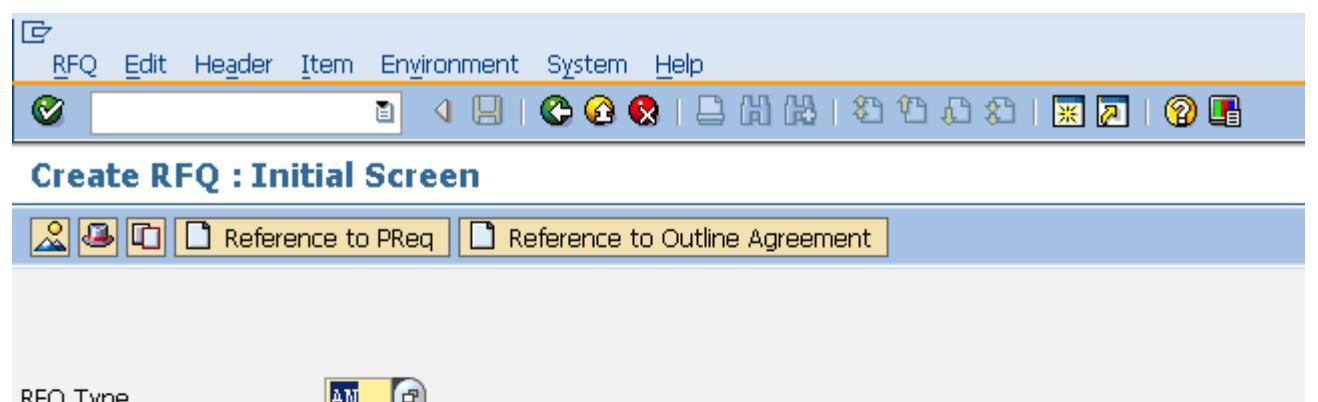
Logistics => Materials Management => Purchasing => RFQ/Quotation => Request for Quotation => Create

TCode: ME41

On SAP Menu screen select Create execute icon by following the above step.



Fill in all required details like type of RFQ if standard then AN, language, date of RFQ, purchasing organization and group.



Language Key	EN
RFQ Date	10/17/2014
Quotation Deadline	<input checked="" type="checkbox"/>
RFQ	

Organizational Data

Purch. Organization	P003
Purchasing Group	A01

Default Data for Items

Item Category	<input type="text"/>
Delivery Date	T <input type="text"/>
Plant	IAC <input type="text"/>
Storage Location	<input type="text"/>
Material Group	<input type="text"/>
Req. Tracking Number	<input type="text"/>

Provide the name of material, quantity of material, material group and quotation deadline date.

RFQ Edit Header Item Environment System Help

RFQ Type AN RFQ Date 10/17/2014
Vendor QuotDdlIn 10/24/2014

RFQ Items

Item	I	Material	Short Text	RFQ Quantity	O...	C	Deliv. Date	Mat. Grp	Plnt	SLoc	D	Te...
10		1000000001		10.000	KG	D	11/07/2014	120028	IAC			
20						D						
30						D						
40						D						
50						D						
60						D						
70						D						
80						D						
90						D						
100						D						
110						D						
120						D						
130						D						
140						D						
150						D						
160						D						

Navigation icons: Back, Forward, Home, etc.

Provide the quantity and delivery date for the material.

RFQ Edit Header Item Environment System Help

Navigation icons: Back, Forward, Home, etc.

Create RFQ : Item 00010

Item	10	ItCat.		Plant	IAC
Material	100000001	Mat. Grp	1200	Stor. Loc.	
Short Text					
Quantity and Date					
RFQ Quantity	10.000	KG	QuotDdlIn	10/24/2014	
Delivery Date	D	11/07/2014	<input type="button" value=""/>		
Deadline Monitoring					
1st Rem./Exped.		TrackingNo			
2nd Rem./Exped.		V. Mat.			
3rd Rem./Exped.					
No. Exped.	0				

Provide the vendor address *streetnumber, city, country, pincode* to which you are addressing the RFQ.
Click on save. A new Request for Quotation will be created.

RFQ	Header	Item	Environment	System	Help
<input checked="" type="checkbox"/>	<input type="button" value=""/>				
Create RFQ : Vendor Address					
RFQ	Company Code	1015	Purch. Group	A0	
RFQ Date	10/17/2014	RFQ Type	AN	Purchasing Org.	P001
Vendor	<input type="button" value=""/>	Supplying Plant	9AD		
Name					
Title	<input type="text"/>			<input type="button" value=""/>	
Name	CML_1085			<input type="button" value=""/>	
Search Terms					
Search term 1/2	<input type="text"/> V2			<input type="button" value=""/>	
Street Address					
Street/House number	EVERT VAN		378	<input type="button" value=""/>	
Postal Code/City	1118 CZ	SCHIPHOL			<input type="button" value=""/>
Country	NL	Region		<input type="button" value=""/>	
Time zone	CE..	<input type="button" value=""/>			
PO Box Address					
PO Box	758..		<input type="button" value=""/>		
Postal code	1118		<input type="button" value=""/>		

Company postal code



Automatic Creation of RFQ from Purchase Requisition

RFQ can also be created with reference to purchase requisition by following the below steps:

On the home screen of RFQ select Reference to PReq tab.

Create RFQ : Initial Screen

Reference to PReq Reference to Outline Agreement

RFQ Type	AN
Language Key	EN
RFQ Date	10/17/2014
Quotation Deadline	<input checked="" type="checkbox"/>
RFQ	

Organizational Data

Purch. Organization	P001
Purchasing Group	A01

Default Data for Items

Item Category	
Delivery Date	T
Plant	1AC
Storage Location	
Material Group	
Req. Tracking Number	

Enter the requisition number for which you want to create RFQ. Click on save. A new Request for Quotation will be created with reference to Purchase Requisition.

Create RFQ : Initial Screen

Reference to PReq Reference to Outline Agreement

RFQ Type	Selection of Purchase Requisitions	
Language	Purchase Req.	<input type="button" value="..."/>
RFQ Date	Requisit Item	
Quotation	Purch. Group	A01

RFQ	Document Type	<input type="text"/>
	Material	<input type="text"/>
Organization	MPN Material	<input type="text"/>
Purch. Order	Plant	<input type="text"/>
Purchasing	Item Category	<input type="text"/>
	Acct Assgt Cat.	<input type="text"/>
Default Delivery	Tracking Number	<input type="text"/>
Item Category	Supplying Plant	<input type="text"/>
Delivery Point	<input checked="" type="checkbox"/> Assigned <input checked="" type="checkbox"/> Stock material <input checked="" type="checkbox"/> Open only	
Plant		
Storage Location		
Material Category		
Req. Transaction	  	

SAP MM - OUTLINE AGREEMENT

Vendor selection is an important process in procurement cycle. Vendors can be selected by quotation process. Once vendors are short-listed by organization, it enters into agreement with a certain vendor to supply certain items with certain conditions and typically when agreement is reached a formal contract is signed with the vendor. So, outline agreement is a long term purchasing agreement with vendor. The key points about outline agreement are as follows:

- Outline agreement is a long term purchasing agreement with vendor containing terms and conditions regarding the material that is supplied by vendor.
- Outline agreement are valid up to certain period of time and cover a certain predefined quantity or value.

Outline agreement is of following two types.

- Contract
- Scheduling Agreement

Contract

Contract is a long term outline agreement between vendor and ordering party over predefined material or services over certain framework of time. There are two types of contract:

Quantity Contract: In this type of contract overall value is specified in terms of total quantity of material to be supplied by vendor.

Value Contract: In this type of contract overall value is specified in terms of total amount to be paid for that material to the vendor.

Contract can be created by following the below steps:

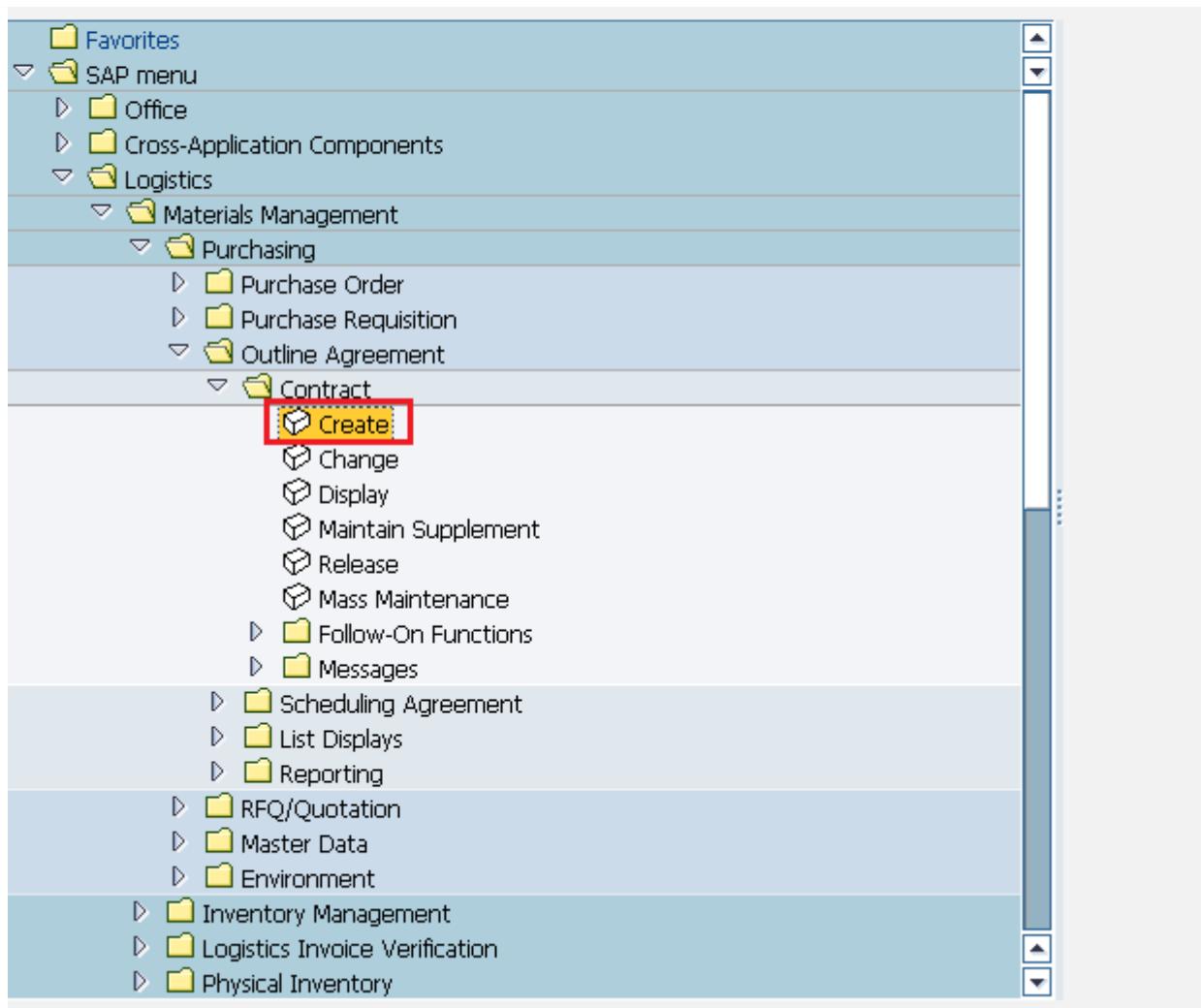
Path to create Contract:

Logistics => Materials Management => Purchasing => Outline Agreement => Contract => Create

TCode: ME31K

On SAP Menu screen select Create execute icon by following the above path.





Provide name of vendor, type of contract, purchasing organization, purchasing group and plant along with agreement date.

The screenshot shows the 'Create Contract : Initial Screen' dialog. The main area contains fields for Vendor (65000000), Agreement Type (P001), Agreement Date (10/17/2014), and Purchasing Group (SR). To the right, a modal dialog titled 'Restrict Value Range (1) 5 Entries found' displays a list of contract types:

Type	Doc. Type Descrip.
MK	Quantity Contract
WK	Value Contract

Vendor Subrange	<input type="text"/>
<input type="checkbox"/> Acknowledgment Reqd	

Fill in all necessary details like agreement validity start date, end date, pay terms*i. e.* terms of payment.

Create Contract : Header Data

<input type="checkbox"/>	Contract	Edit	Header	Item	Environment	System	Help	
Create Contract : Header Data								
Agreement		<input type="text"/>	Company Code	1015	Purchasing Group			<input type="text"/> SR
Supplying Plant		<input type="text"/> 9AD	Agreement Type	MK	Purch. Organization			<input type="text"/> P001
Vendor		<input type="text"/> PV9A						
Administrative Fields								
Agreement Date		<input type="text"/> 10/17/2014	Item Number Interval	<input type="text"/> 10	Subitem Interv.	<input type="text"/> 1		
Validity Start		<input type="text"/> 10/17/2014	Validity End	<input type="text"/>	Language	<input type="text"/> EN		
<input type="checkbox"/> GR Message								
Terms of Delivery and Payment								
Payt Terms		<input type="text"/> DI	Targ. Val.	<input type="text"/>	EUR			
Payment in		<input type="text"/> Days	<input type="text"/>	Exch. Rate	<input type="text"/> 1.26490	<input type="checkbox"/> Ex.Rate Fx		
Payment in		<input type="text"/> Days	<input type="text"/>	Incoterms	<input type="text"/> FO			
Payment in		<input type="text"/> Days Net						
Reference Data								
Quotation Date		<input type="text"/>	Quotation	<input type="text"/>				
Your Reference		<input type="text"/>	Salesperson	<input type="text"/>				
Our Reference		<input type="text"/>	Telephone	<input type="text"/>				
Suppl. Vendor		<input type="text"/> PV9A	Invoicing Party	<input type="text"/>				

Provide material number along with target quantity if quantity contract or net price if value contract and material group. Click on save. A new Contract will be created.

Create Contract : Item Overview

<input type="checkbox"/>	Contract	Edit	Header	Item	Environment	System	Help								
Create Contract : Item Overview															
Agreement		<input type="text"/>	Agreement Type	MK	Agmt Date	<input type="text"/> 10/17/2014									
Vendor		<input type="text"/> PV9A				Currency	<input type="text"/> EUR								
Supplying Plant		<input type="text"/> 9AD													
Outline Agreement Items															
Item	<input type="text"/> I	A	Material	Short Text	Targ. Qty	O...	Net Price	Per	O...	Mat. Grp	Plnt	SLoc	I.SL...	D	Te...

10	
20	
30	
40	
50	
60	
70	
80	
90	
100	
110	
120	
130	
140	
150	
160	

Scheduling Agreement

Scheduling agreement is a long term outline agreement between vendor and ordering party over a predefined material or service which are procured on predetermined dates over a framework of time. Scheduling agreement can be created by following two steps:

- Creating scheduling agreement
- Maintain scheduling lines for the agreement

Creating scheduling agreement

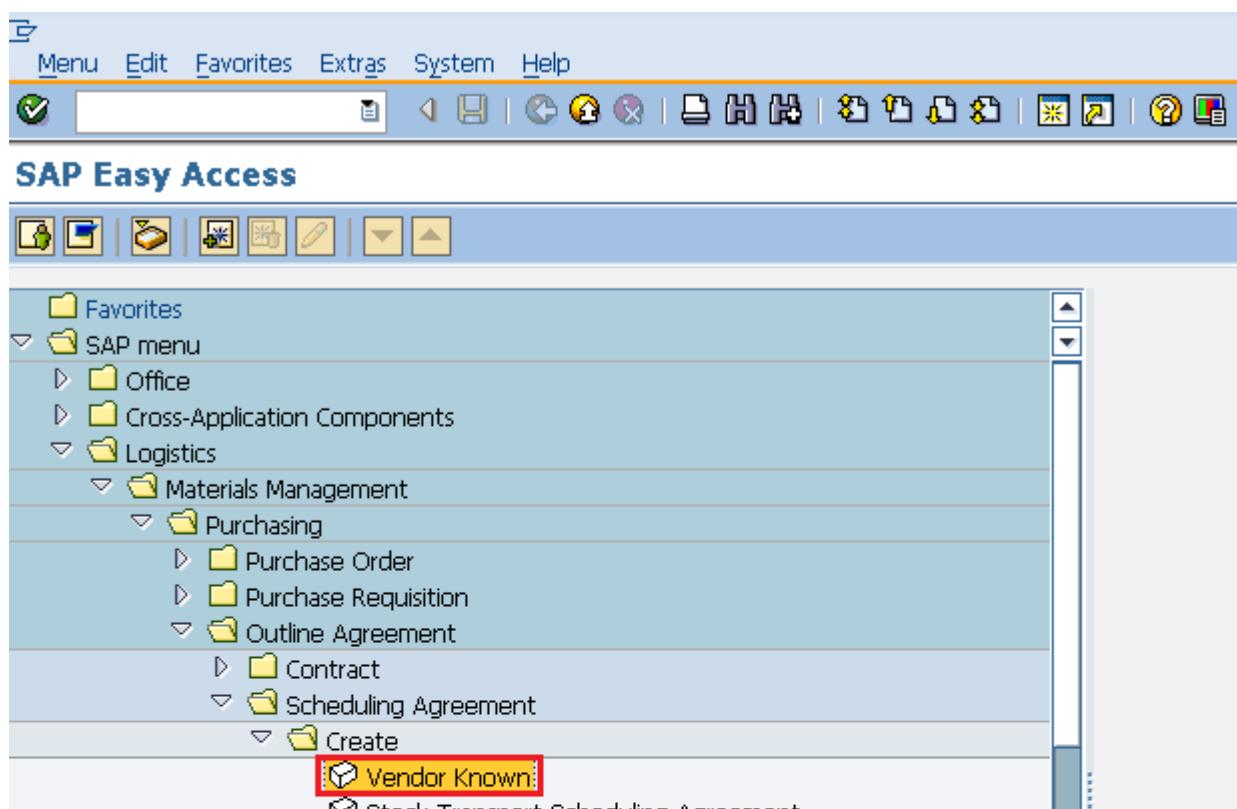
Scheduling agreement can be created by following the below steps.

Path to create Scheduling Agreement:

Logistics => Materials Management => Purchasing => Outline Agreement => Scheduling Agreement => Create => Vendor Known

TCode: ME31L

On SAP Menu screen select Create execute icon by following the above step.





Provide name of vendor, agreement type *LP* for scheduling agreement, purchasing organization, purchasing group, plant along with agreement date.

Create Scheduling Agreement : Initial Screen

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Reference to PReq	<input type="checkbox"/> Reference to RFQ	<input type="checkbox"/> Reference to Contract											
Vendor	8500002	<input type="button" value="Restrict Value Range (1)"/> 4 Entries found <table border="1"> <thead> <tr> <th>Type</th> <th>Doc. Type Descrip.</th> </tr> </thead> <tbody> <tr> <td>LP</td> <td>Scheduling Agreement</td> </tr> <tr> <td>LPA</td> <td>Scheduling Agreement</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td></td> </tr> </tbody> </table>					Type	Doc. Type Descrip.	LP	Scheduling Agreement	LPA	Scheduling Agreement				
Type	Doc. Type Descrip.															
LP	Scheduling Agreement															
LPA	Scheduling Agreement															
Agreement Type	LP															
Agreement Date	10/17/2014															
Agreement																
Organizational Data																
Purch. Organization	P001															
Purchasing Group	SR															
Default Data for Items																
Item Category																
Acct Assignment Cat.																
Plant	IAC															
Storage Location																
Material Group																
Req. Tracking Number																
Vendor Subrange																
<input type="checkbox"/> Acknowledgment Reqd																

Fill in all necessary details like agreement validity start date, end date, pay-terms i.e. terms of payment.



Create Scheduling Agreement : Header Data



Agreement		Company Code	1015	Purchasing Group	A0
		Agreement Type	LP	Purch. Organization	P001

Vendor 65000021

Administrative Fields

Agreement Date	10/17/2014	Item Number Interval	10	Subitem Interv.	1
Validity Start	10/17/2014	Validity End		Language	EN
<input type="checkbox"/> GR Message					

GR Message

Terms of Delivery and Payment

Payt Terms	NO	Targ. Val.		USD
Payment in	30	Days	<input type="text"/>	Exch. Rate <input type="text"/> <input checked="" type="checkbox"/> Ex.Rate Fx
Payment in		Days	<input type="text"/>	Incoterms <input type="text"/> <input type="text"/> ORIGIN
Payment in		Days Net		

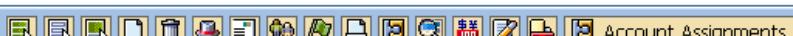
Reference Data

Quotation Date	<input type="text"/>	Quotation	<input type="text"/>
Your Reference	<input type="text"/>	Salesperson	<input type="text"/>
Our Reference	<input type="text"/>	Telephone	<input type="text"/>
Suppl. Vendor	<input type="text"/>	Invoicing Party	<input type="text"/>

Provide material number along with target quantity, net price, currency and material group. Click on save. A new Scheduling Agreement will be created.



Create Scheduling Agreement : Item Overview



Agreement		Agreement Type	LP	Agmt Date	10/17/2014
Vendor	6500002	Currency	USD		

Outline Agreement Items

Item	I	A	Material	Short Text	Targ. Qty	O...	Net Price	Per	O...	Mat. Grp	Plnt	SLoc	D	Te
10			1000000	.	50.000	KG	65.00	1	KG	1200
20										
30										
40										
50										
60										
70										
80										
90										
100										
110										
120										
130										
140										
150										
160										

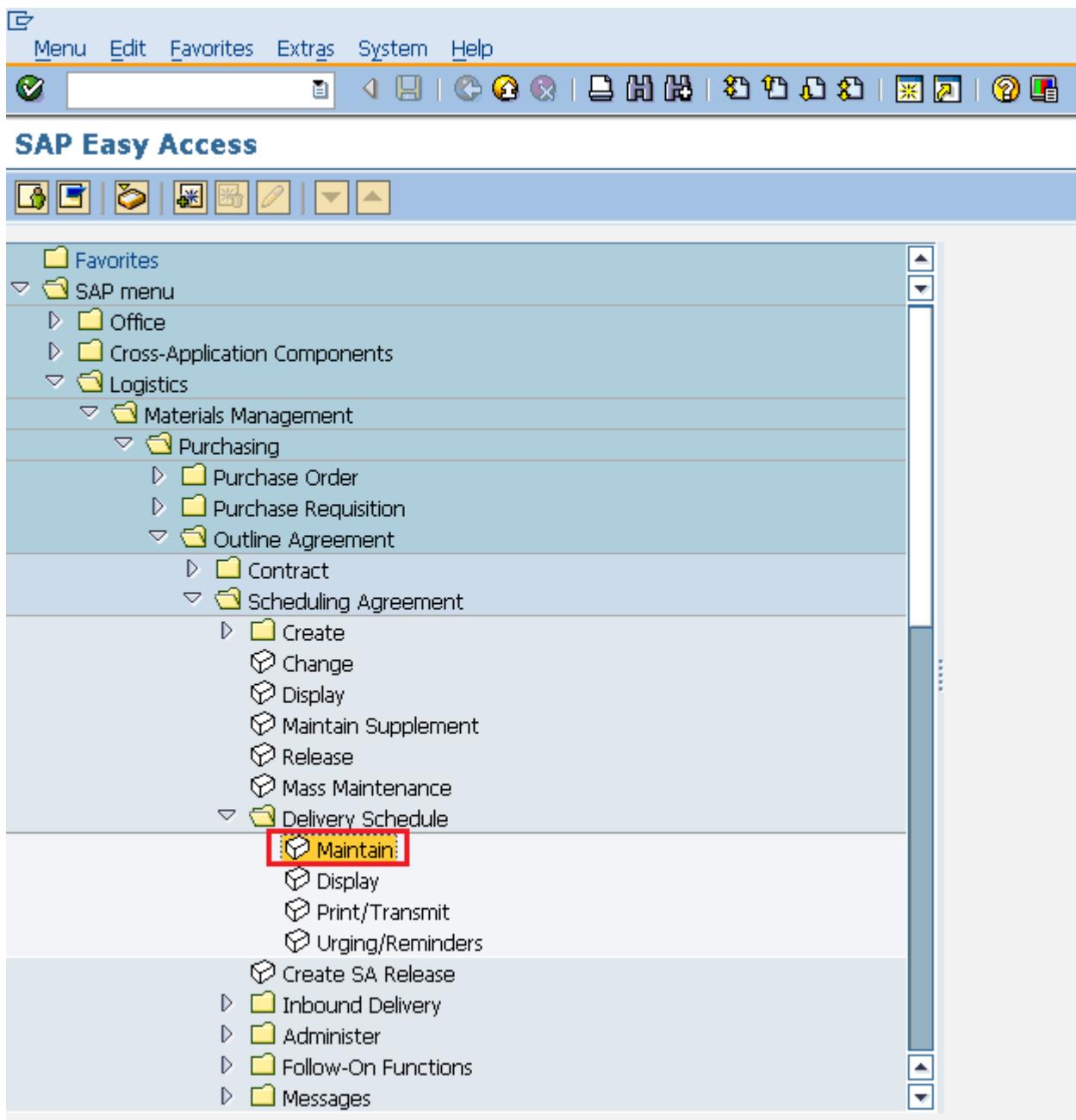
Maintain scheduling lines for the agreement

Schedule lines can be maintained for scheduling agreement by following the below steps.

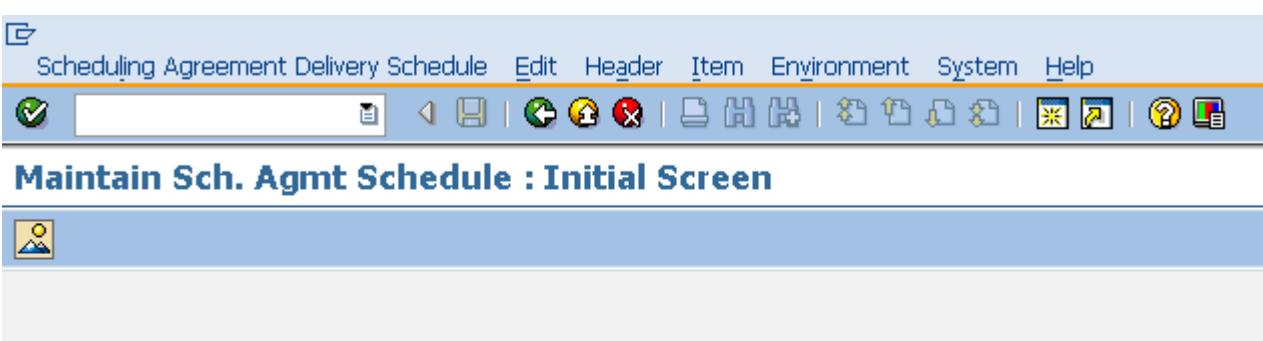
Path to maintain Schedule Lines:

Logistics => Materials Management => Purchasing => Outline Agreement => Scheduling Agreement => Delivery Schedule => Maintain

On SAP Menu screen select Maintain execute icon by following the above step.



Provide the scheduling agreement number.



Agreement **55000000** 

Select line item. Go to Item tab. Select delivery Schedule.

Provide delivery schedule date, target quantity. Click on save. Schedule lines are now maintained for the scheduling agreement.

SAP MM - QUOTA ARRANGEMENT

A particular material can be procured from different vendors depending upon the requirement. So, total requirement of a material is distributed to different vendor's i.e. quota is assigned to each source of supply. This is known as quota arrangement. The key points about quota arrangement are as follows:

- Quota arrangement divides the total requirement of material among certain sources of supply i.e. vendors and then assigns quota to each source.
- This particular quota specifies the portion of material that is to be procured from assigned vendor or source.
- Quota rating is used to determine the amount of material that is to be assigned to particular source or vendor. The source with lowest quota rating represents the valid source.
- Quota rating can be calculated by following formula:
Quota rating = $QuotaAllocatedQuantity + QuotaBaseQuantity / Quota$
Where Quota Allocated Quantity is total quantity from all orders that is procured from a particular source. Quota Base Quantity is quantity from new source of supply. Quota is total requirement of material that is given to a particular source of supply.
- The mandatory setting before creating quota is info record and source list should be maintained for the particular material. Also in material master, source list and quota arrangement usage check box should be checked. This setting can be made in material master by going to TCode MM03. In purchasing view check the quota arrangement usage and source list. Setting is now maintained for quota arrangement.

The screenshot shows the SAP MM03 screen for changing material 1100126. The top navigation bar includes Material, Edit, Goto, Environment, System, and Help. The toolbar contains various icons for file operations. The main title is "Change Material 1100126". Below the title, there are tabs for Additional Data, Org. Levels, Check Screen Data, and a lock icon. The Purchasing tab is selected. The screen displays several data fields and checkboxes:

Purchasing Group	N12	Material Group	120016
Plant-sp.matl status		Valid from	
Tax ind. f. material	1	Qual.f.FreeGoodsDis.	
Material freight grp		<input type="checkbox"/> Autom. PO	
<input checked="" type="checkbox"/> Batch management			
Purchasing values			
Purchasing value key	6	Shipping Instr.	
1st Reminder/Exped.	0 days	Underdel. Tolerance	10.0 percent
2nd Reminder/Exped.	0 days	Overdeliv. Tolerance	10.0 percent
3rd Reminder/Exped.	0 days	Min. Del. Qty in %	0.0 percent
StdValueDelivDateVar	0 days	<input type="checkbox"/> Unltd Overdelivery	<input type="checkbox"/> Acknowledgment Reqd
Other data / manufacturer data			
GR Processing Time	days	<input type="checkbox"/> Post to insp. stock	<input type="checkbox"/> Critical Part
Quota arr. usage	<input type="checkbox"/>	<input checked="" type="checkbox"/> Source list	JIT Sched. Indicator
Mfr Part Number		Mfr Part Profile	
Manufact.		Manufact.	



Create Quota Arrangement

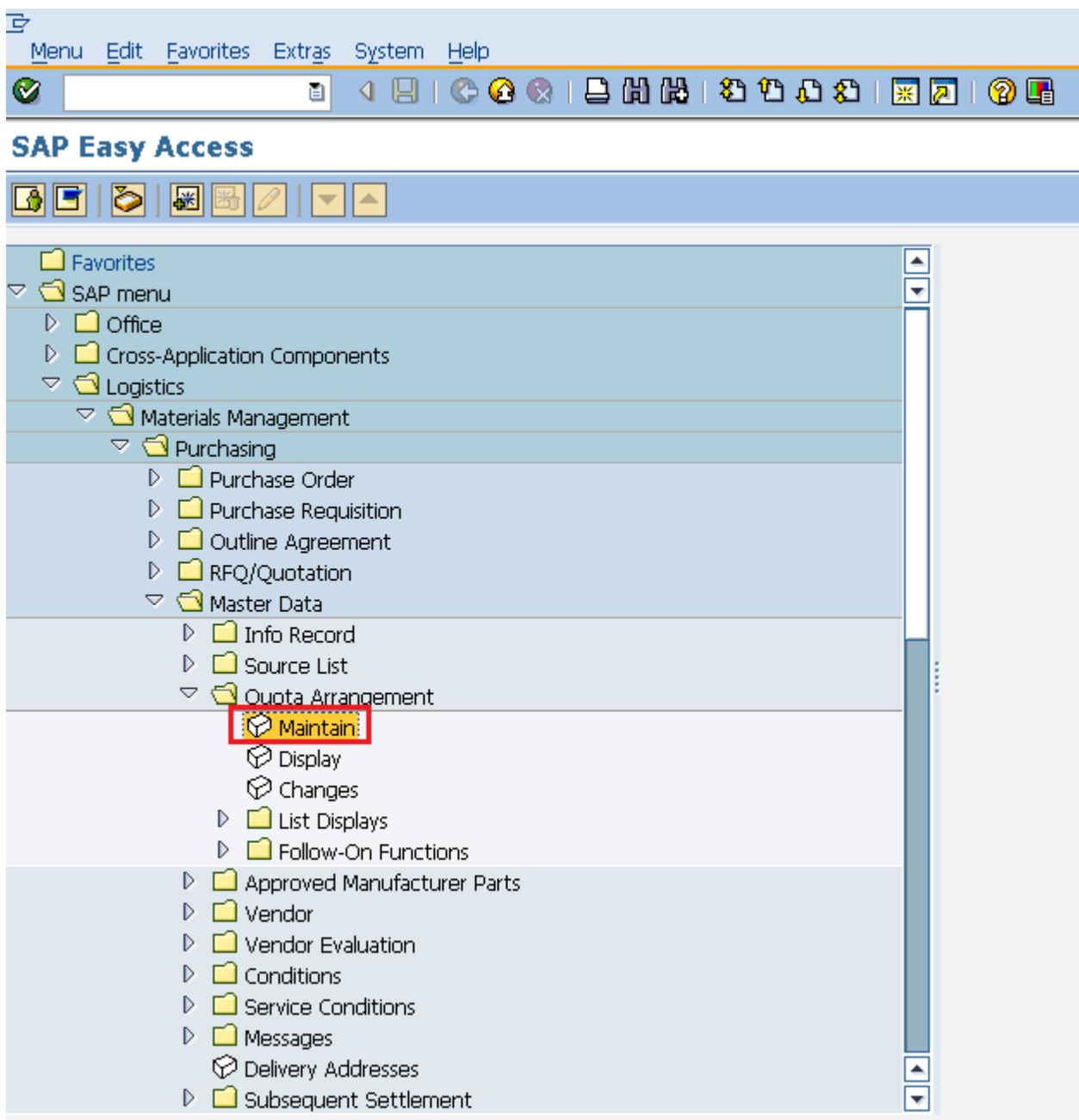
Quota arrangement divides the total requirement of a material among certain sources of supply i.e. vendors. Quota arrangement can be created by following the below steps.

Path to create Quota Arrangement:

Logistics => Materials Management => Purchasing => Master Data => Quota Arrangement => Maintain

TCode: MEQ1

On Sap Menu screen select Maintain execute icon by following the above step.



Enter the material number and plant for which quota arrangement needs to be maintained.



 Header		
Material	1100126	
Plant	2AD	

Provide the dates like valid from and valid to and also quantity split.

Enter the name of vendor's and assigned allocated quantity to them. Click on save. Quota arrangement is now maintained for the particular material.

Maintain Quota Arrangement: Overview of Quota Arr. Items 21

Material	1100126		
Plant	2AD		
Quota Arr.	21	Base Unit	EA
Valid from	10/20/2014	Valid to	10/27/2014

Created by	N072141	Minimum Qty	3.000															
Created on	10/21/2014																	
Quota Arr. Items																		
QAI	P	S	Vendor	PPI	PVer	Qu.	In %	Allocated Qty	Maximum Quantity	Quota Base Qty	Max. Lot Size	Min. Lot Size	RPro	1x	Max. Rel. Qty	N.	P	Pr
1			CV10			3	100.0	0.000	3.000					<input type="checkbox"/>				
						</												

Fields

Ledger

Fiscal Year and Posting Periods

- Maintain Fiscal Year Variant (Maintain Shortened Fisc. Year)**
- Assign Company Code to a Fiscal Year Variant
- Posting Periods
- Parallel Accounting
- Real-Time Integration of Controlling with Financial Accounting

Global Parameters for Company Code

Document

Tax on Sales/Purchases

Withholding Tax

Inflation Accounting

Correspondence

Check in SAP GTS for FI

Authorizations

Tools

General Ledger Accounting (New)

Accounts Receivable and Accounts Payable

Contract Accounts Receivable and Payable

Select New Entries Icon.

Table View Edit Goto Selection Utilities(M) System Help

New Entries

Dialog Structure

Fiscal year variants

FV	Description	Year-depend...	Calendar yr	Number of posting ...	No.of special period
24	Half periods	<input type="checkbox"/>	<input type="checkbox"/>	24	

Provide the name of fiscal year variant along with the description and number of posting. Click on save. A new Fiscal Year Variant will be created.

Table View Edit Goto Selection Utilities(M) System Help

New Entries: Overview of Added Entries

The screenshot shows the SAP Fiori dialog structure for maintaining fiscal year variants. On the left, there's a tree view under 'Dialog Structure' with nodes like 'Fiscal year variants', 'Periods', 'Period texts', and 'Shortened Fiscal Year'. The main area is titled 'Fiscal year variants' and contains a table with columns: FV, Description, Year-depend..., Calendar yr, Number of posting ..., and No.of special period. The 'FV' column has a yellow header, and the 'Description' column has a yellow header. There are 20 rows in the table.

FV	Description	Year-depend...	Calendar yr	Number of posting ...	No.of special period

Assign Company Code to Fiscal Year Variant

Fiscal year variant needs to be assigned to company code. Fiscal year variant can be assigned to company code by following the below steps.

Path to Assign Company Code to Fiscal Year Variant:

Financial accounting => Financial Accounting Global Settings => Ledgers => Fiscal Year and Posting Periods => Assign Company Code to Fiscal Year Variant

TCode: OB37

On display IMG screen select Assign Company Code to Fiscal Year Variant execute icon by following the above path.

The screenshot shows the SAP Display IMG interface. The top navigation bar includes 'Implementation Guide', 'Edit', 'Goto', 'Additional Information', 'Utilities(M)', 'System', and 'Help'. Below the navigation bar is a toolbar with various icons. The main area is titled 'Display IMG' and shows a hierarchical structure of business functions. The path highlighted in red is: 'Activate Business Functions' > 'Financial Accounting (New)' > 'Financial Accounting Global Settings (New)' > 'Ledgers' > 'Fiscal Year and Posting Periods' > 'Assign Company Code to a Fiscal Year Variant'. This last item is highlighted with a red box.

- ▷ Tax on Sales/Purchases
- ▷ Withholding Tax
- ▷ Inflation Accounting
- ▷ Correspondence
- ▷ Check in SAP GTS for FI
- ▷ Authorizations
- ▷ Tools

- ▷ General Ledger Accounting (New)
- ▷ Accounts Receivable and Accounts Payable
- ▷ Contract Accounts Receivable and Payable

We can view existing assignment and also we can change accordingly. Click on save. Fiscal Year Variant is now assigned to company code.

CoCd	Company Name	Fiscal Year Variant	Description
0001	SAP A.G.	K4	Calendar year, 4 spec. periods

Define Variants for Open Posting Periods

Variants for open posting periods can be defined by following the below steps.

Path to Define Variants for Open Posting Periods:

Financial accounting => Financial Accounting Global Settings => Ledgers => Fiscal Year and Posting Periods => Posting Periods => Define Variants for Open Posting Periods
TCode: OBBO

On display IMG screen select Define Variants for Open Posting Periods execute icon by following the above path.

Structure

- Activate Business Functions
- SAP NetWeaver
- Enterprise Structure
- Cross-Application Components
- Financial Accounting (New)
 - Financial Accounting Global Settings (New)
 - Ledgers
 - Fields
 - Ledger
 - Fiscal Year and Posting Periods
 - Maintain Fiscal Year Variant (Maintain Shortened Fisc. Year)
 - Assign Company Code to a Fiscal Year Variant
 - Define Variants for Open Posting Periods** (highlighted with a red box)
 - Assign Variants to Company Code
 - Open and Close Posting Periods
 - Posting Periods
 - Parallel Accounting
 - Real-Time Integration of Controlling with Financial Accounting
- Global Parameters for Company Code
- Document
- Tax on Sales/Purchases
- Withholding Tax
- Inflation Accounting
- Correspondence
- Check in SAP GTS for FI
- Authorizations
- Tools

Select New Entries Icon.

Table View Edit Goto Selection Utilities(M) System Help

New Entries

Variant	Name
0001	Variant 0001

Enter the name of variant. Click on save. A new Variant will be created for open posting periods.

The screenshot shows the SAP Fiori interface for managing variants. The title bar reads "New Entries: Overview of Added Entries". Below the title bar is a toolbar with icons for search, refresh, and various system functions. The main area is a table with two columns: "Variant" and "Name". The "Variant" column has a yellow header, and the "Name" column has a blue header. There are several rows of data in the table, each consisting of a variant name and its corresponding name. The table includes standard SAP navigation buttons at the bottom.

Assign Variant to Company Code

Variant needs to be assigned to company code. Variant can be assigned to company code by following the below steps.

Path to assign Variant to Company Code:

Financial accounting => Financial Accounting Global Settings => Ledgers => Fiscal Year and Posting Periods => Posting Periods => Assign Variants to Company Code

TCode: OBBP

On display IMG screen select Assign Variants to Company Code execute icon by following the above path.

The screenshot shows the SAP Display IMG screen. The title bar reads "Display IMG". Below the title bar is a toolbar with icons for search, refresh, and various system functions. The main area is a structure tree under the heading "Structure". The tree shows the following hierarchy:

- Activate Business Functions
 - SAP NetWeaver
 - Enterprise Structure
 - Cross-Application Components
- Financial Accounting (New)
 - Financial Accounting Global Settings (New)
 - Ledgers

The screenshot shows the SAP Fiori Launchpad with the following navigation path:

- Fields
- Ledger
- Fiscal Year and Posting Periods
 - Maintain Fiscal Year Variant (Maintain Shortened Fisc. Year)
 - Assign Company Code to a Fiscal Year Variant
 - Assign Variants to Company Code** (highlighted with a red box)
 - Open and Close Posting Periods
- Parallel Accounting
- Real-Time Integration of Controlling with Financial Accounting
- Global Parameters for Company Code
- Document
- Tax on Sales/Purchases
- Withholding Tax
- Inflation Accounting
- Correspondence
- Check in SAP GTS for FI
- Authorizations
- Tools

We can view existing assignment and also we can change accordingly. Click on save. Variant is now assigned to company code.

The screenshot shows the SAP Fiori application titled "Change View 'Assign Comp.Code -> Posting Period Variants': Overview". The application interface includes a toolbar with various icons and a table with the following data:

CoCd	Company Name	City	Variant
0001	SAP A.G.	Walldorf	

Open and Close Posting Periods

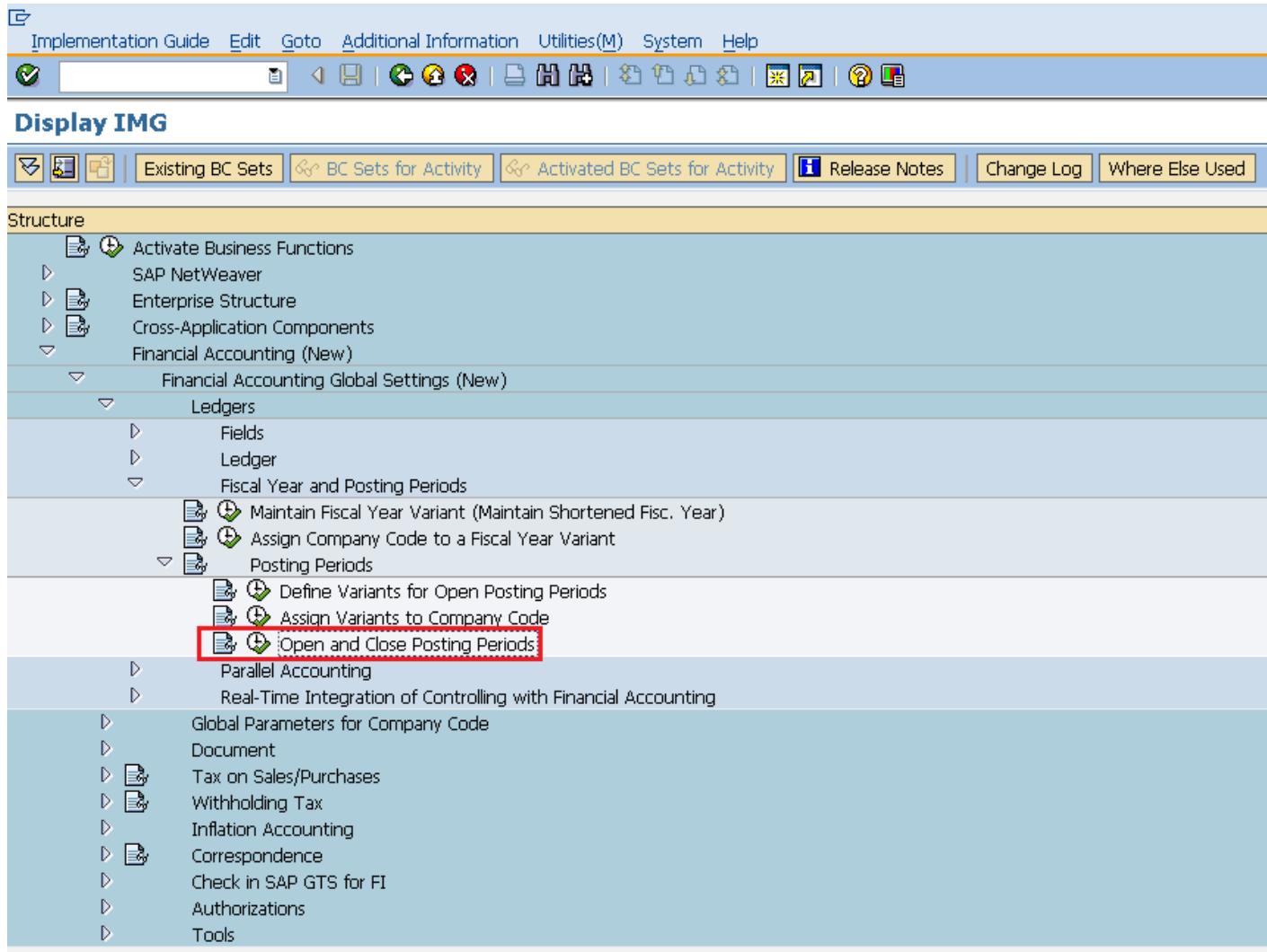
Posting period means it will allow you to post and make changes in the documents only in a specific time period. Open and close posting periods can be maintained by following the below steps.

Path to Open and Close Posting Periods:

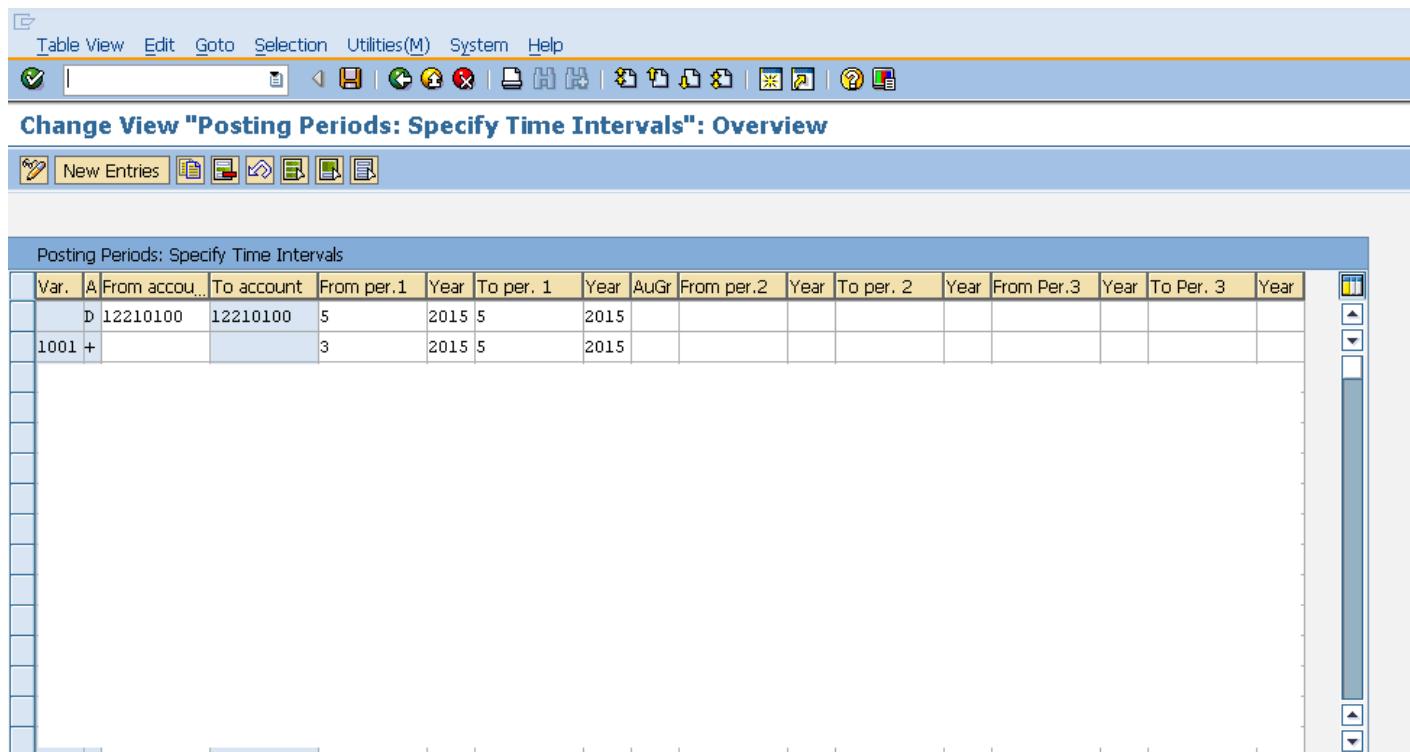
Financial accounting => Financial Accounting Global Settings => Ledgers => Fiscal Year and

Posting Periods => Posting Periods => Open and Close Posting Periods
TCode: OB52

On display IMG screen select Open and Close Posting Periods execute icon by following the above path.



Select New Entries Icon.



Provide name of variant, account details and year allowed for posting. Click on save. Posting Period is now maintained for the variant.

The screenshot shows the SAP MM module interface for managing posting periods. The title bar reads "New Entries: Overview of Added Entries". Below it is a toolbar with various icons. The main area is titled "Posting Periods: Specify Time Intervals" and contains a grid table with columns for Var., A, From account, To account, From per.1, Year, To per. 1, Year, AuGr, From per.2, Year, To per. 2, Year, From Per.3, Year, To Per. 3, and Year. A yellow row highlighter is visible over the first row. On the right side of the grid, there is a vertical scroll bar. At the bottom of the grid, there are navigation buttons (left, right, up, down) and a "Save" button.

SAP MM - PURCHASE ORDER TYPES

SAP ERP was introduced so that procurement can be done efficiently in terms of time and cost. Procurement can be done for various types of goods and services. Procurement starts with creating purchase order that is a formal document given to vendors and it include list of goods and materials that are to be procured. So, accordingly purchase order can be created for different types of procurement. The type of procurement can be maintained in a field that is known as item category as shown below.

The screenshot shows the SAP MM module interface for creating a purchase order. The title bar reads "Create Purchase Order". The main area has tabs for Delivery/Invoice, Conditions, Texts, Address, Communication, Partners, Additional Data, Org. Data, and Status. The "Delivery/Invoice" tab is selected. In the "Purch. Org." field, a dropdown menu is open, showing a list of categories: Standard, Text for Item C..., Standard, B Limit, K Consignment, L Subcontracting, S Third-party, T Text, U Stock transfer, and D Service. The "Text for Item C..." option is highlighted with a red border. On the left, there is a "Hierarchy" tree view showing "No variant defined". The bottom part of the screen shows a table with columns for Item, Net Price, Curr..., Per, O..., Matl Group, and Print.

The screenshot shows a SAP Fiori application interface. At the top, there's a navigation bar with icons for search, refresh, and other functions. Below the navigation bar is a large grid area. In the top-left corner of the grid, a message box displays "8 Entries found". The grid itself has several columns, though their labels are not clearly visible. A vertical toolbar on the left side contains five yellow square icons. At the bottom of the screen, there's a toolbar with various icons and buttons, including "Default Values" and "Add Planning". The overall layout is clean and modern, typical of SAP's mobile and web-based user interfaces.

For different procurement types, there are four types of purchase order which are as follows:

- Subcontracting Purchase Order
 - Consignment Purchase Order
 - Stock Transfer Purchase Order
 - Service Purchase Order

Subcontracting Purchase Order

In subcontracting the vendor *thesubcontractor* receives components from the ordering party with the help of which it produces a product. The product is ordered by your company through a purchase order. The components required by the vendor *seller* to manufacture the ordered product are listed in the purchase order and provided to the subcontractor. Subcontracting purchase order can be created by following the below step.

TCode to create Purchase Order: ME21N
Subcontracting Item Category: L

Provide the TCode in command field. It will take you to purchase order screen. Provide all necessary details like name of vendor, item category, name of material, plant for which material is procured and date of delivery. Click on save. Subcontracting Purchase order will be created.

Consignment Purchase Order

In consignment material is available at organization store premises, however it still belongs to the vendor *seller/Owner* of the material. If you utilize the material from consignment stocks, then you have to pay to the vendor. So, consignment purchase order can be created by following the below step.

TCode to create Purchase Order: ME21N

Consignment Item Category: K

Provide the TCode in command field. It will take you to purchase order screen. Provide all necessary details like name of vendor, item category, name of material, plant for which material is procured and date of delivery. Click on save. Consignment Purchase order will be created.

The screenshot shows the SAP 'Create Purchase Order' interface. In the top navigation bar, 'Create Purchase Order' is selected. The main area displays a table for entering purchase order details. The 'Standard PO' tab is active. The vendor is listed as '5550 IDES Consumer'. The document date is set to '10.11.2014'. The purchase organization is '2000 IDES U', the purchase group is '008 Zuse,K.', and the company code is '2000 IDES U'. The table below lists items, with the first row showing '10' as the quantity, 'K88' as the material number, and 'AS-100 T-shirt' as the short text. The table has columns for S., I., A., I., Material, Short Text, PO Quantity, O..., C, Deliv. Date, Net Price, Curr..., Per, O..., Matl Group, Plnt, and St. The 'I.' column for the first row contains a red box around the value 'K'. At the bottom of the screen, there are buttons for 'Default Values' and 'Addl Planning', and a link to 'Item Detail'.

Stock Transfer Purchase Order

In stock transfer goods are procured and supplied within a company. One plant order the goods internally from another plant *receiving plant/issuing plant*. The goods are procured with a special type of purchase order - the stock transport order. So, stock transfer purchase order can be created by following the below step.

TCode to create Purchase Order: ME21N

Stock Transfer Item Category: U

Provide the TCode in command field. It will take you to purchase order screen. Provide all necessary details like name of vendor, item category, name of material, plant for which material is procured and date of delivery. Click on save. Stock Transfer Purchase order will be created.

The screenshot shows the SAP 'Create Purchase Order' interface. The top navigation bar has 'Create Purchase Order' selected. The main area displays a table for entering purchase order details. The 'Standard PO' tab is active. The vendor is listed as '5550 IDES Consumer'. The document date is set to '10.11.2014'. The purchase organization is '2000 IDES U', the purchase group is '008 Zuse,K.', and the company code is '2000 IDES U'. The table below lists items, with the first row showing '10' as the quantity, 'U' as the material number, and 'AS-100 T-shirt' as the short text. The table has columns for S., I., A., I., Material, Short Text, PO Quantity, O..., C, Deliv. Date, Net Price, Curr..., Per, O..., Matl Group, Plnt, and St. The 'I.' column for the first row contains a red box around the value 'U'. At the bottom of the screen, there are buttons for 'Default Values' and 'Addl Planning', and a link to 'Item Detail'.

The screenshot shows the SAP 'Create Purchase Order' interface. At the top, there's a toolbar with various icons and a menu bar. Below the toolbar, the title 'Create Purchase Order' is displayed. The main area is divided into several sections:

- Header Information:** Shows 'Stock Transp. Order' selected, 'Supplying Plant' as '0001 Werk 0001', 'Doc. date' as '10.11.2014', and tabs for 'Delivery/Invoice', 'Texts', 'Address', 'Communication', 'Partners', 'Additional Data', 'Org. Data', and 'Status'.
- Vendor Details:** Displays 'Purch. Org.' as '1000 IDES Deutschland', 'Purch. Group' as '008 Zuse,K.', and 'Company Code' as '3000 IDES US INC'.
- Item Table:** A grid where a row for item '1009' has been entered. The table columns include S.. (row), Item (1009), I (U), Material (1009), Short Text (Acsis Demo Product), PO Quantity (2 EA), O... (C), Deliv. Date (D 14.11.2014), Matl Group (Pharmaceuti...), Plnt (New York), Stor. Location (0001), Batch, and Reqmt No. The 'I' column cell for item 1009 is highlighted with a red box.
- Buttons:** Below the table are several standard SAP buttons for saving, canceling, and exiting.
- Delivery Schedule Tab:** An open tab showing delivery details for item 1009. It includes columns for S.. (row), C (Delivery D...), Sched. Qty (2), Time (14.11.2014), Stat. Del. ... (14.11.2014), GR Qty, Purchase ... (Req...), Req... (N...), Open Quantity (21), Sc... (P...), and P... (EUR). The 'C' column cell for delivery date is highlighted with a red box.

Service Purchase Order

In service third party will provide the services to company. These services will include maintenance like electricity, oiling of machines. So, service purchase order can be created by following the below step.

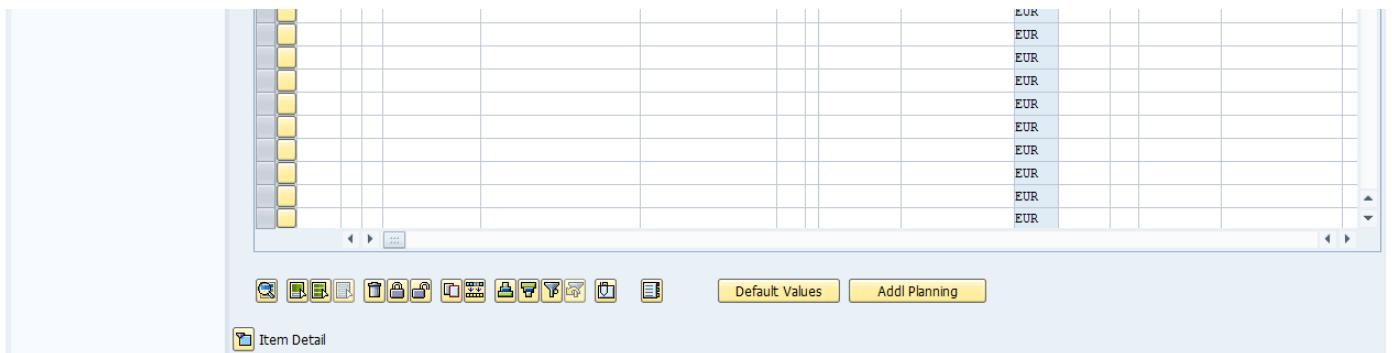
TCode to create Purchase Order: ME21N

Service Item Category: D

Provide the TCode in command field. It will take you to purchase order screen. Provide all necessary details like name of vendor, item category, name of material, plant for which material is procured and date of delivery. Click on save. Service Purchase order will be created.

The screenshot shows the SAP 'Create Purchase Order' interface, similar to the previous one but with different vendor and item details. The main sections are:

- Header Information:** Shows 'Standard PO' selected, 'Vendor' as '1003 Gusswerk US', 'Doc. date' as '10.11.2014', and tabs for 'Delivery/Invoice', 'Conditions', 'Texts', 'Address', 'Communication', 'Partners', 'Additional Data', 'Org. Data', and 'Status'.
- Vendor Details:** Displays 'Purch. Org.' as '1000 IDES Deutschland', 'Purch. Group' as '008 Zuse,K.', and 'Company Code' as '3000 IDES US INC'.
- Item Table:** A grid where a row for item '1157' has been entered. The table columns include S.. (row), Item (1157), A (D), I (K), Material (1157), Short Text (170DS55001C-184M - te...), PO Quantity (1 EA), O... (C), Deliv. Date (D 10.11.2014), Net Price (0.00 EUR), Curr... (EUR), Per (0 EA), O... (Matl Group Steels), Matl Group (Steels), Plnt (0007), and St (EUR). The 'I' column cell for item 1157 is highlighted with a red box.



SAP MM - INVENTORY MANAGEMENT

Procurement process starts with gathering requirements and ends with procuring goods from vendors. Once goods are procured from vendor they need to be placed in company's premises in correct place so that they can be consumed when required. This introduces the term known as inventory management. Inventory management deals with placing and handling stock received from vendors in correct place within company's premises. The key points about inventory management are as follows:

- Inventory management deals with management of stock either on value or quantity basis.
- Planning, entry and keeping records of all goods movement comes under inventory management.
- Goods movement will create a document that will update all stock quantity and value in inventory that is known as material document.
- Material document will be referred by a document number and document year.

Inventory management deal with the following terms which are as follows:

- Movement Type
- Goods Receipt
- Reservation
- Goods Issue

Movement Type

Movement type describes the type of stock posting in inventory. It represents the posting in stock is due to which type of order like whether stock is posted against goods receipt or goods issue. The important movement types in sap mm are as follows:

- 101 - Goods receipt for purchase order or order
- 103 - Goods receipt for purchase order into GR blocked stock
- 201 - Goods issue for a cost centre
- 261 - Goods issue for an order
- 301 - Transfer posting plant to plant in one step
- 305 - Transfer posting plant to plant in two steps - placement in storage
- 311 - Transfer posting storage location to storage location in one step
- 313 - Stock transfer storage locations to storage location in two steps - removal from storage.

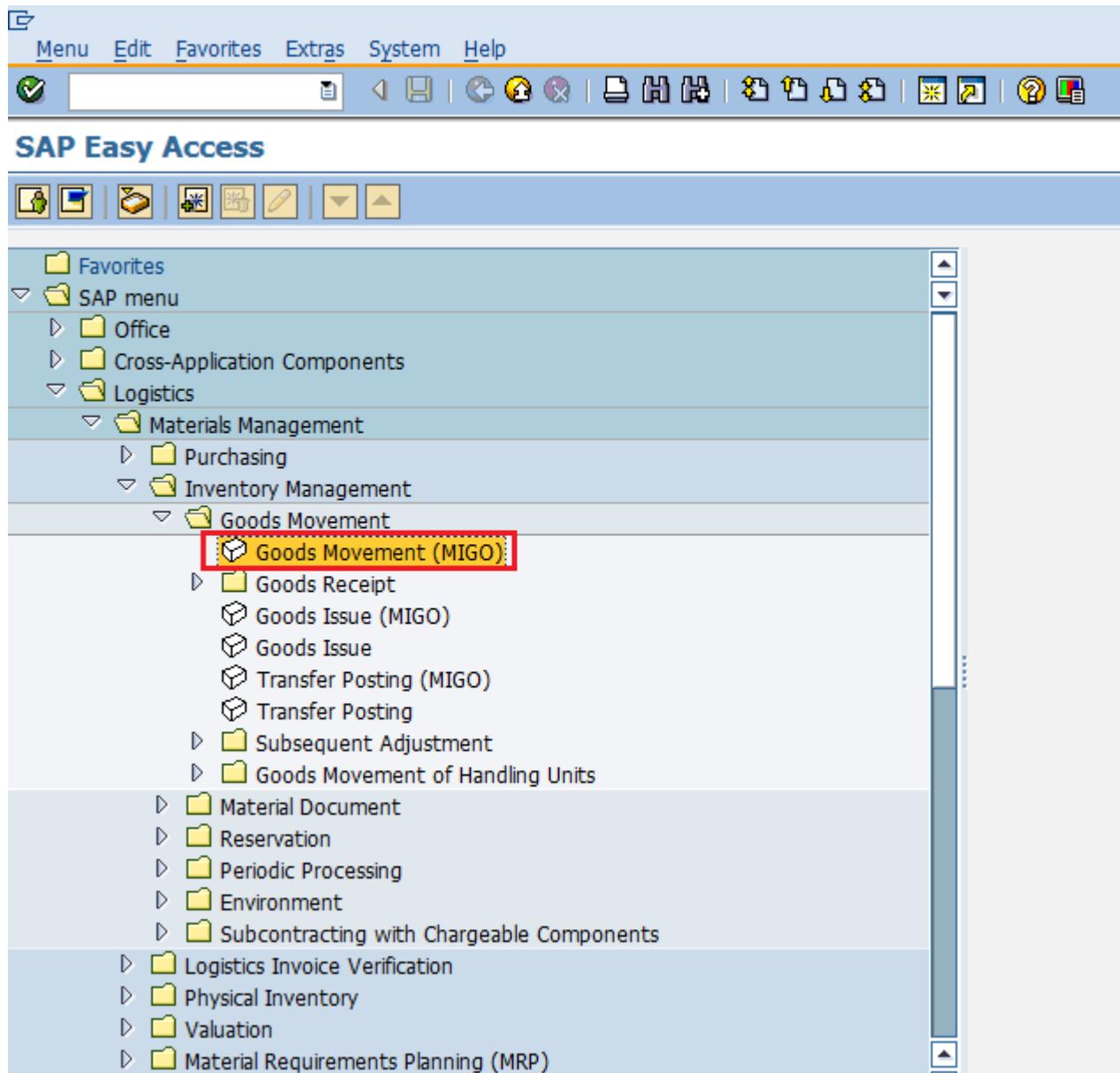
Movement types can be reached out by following the below steps:

Path to reach Movement Type:

Logistics => Materials Management => Inventory Management => Goods Movement => Goods

Movement MIGO
TCode: MIGO

On SAP Menu screen select Goods Movement *MIGO* execute icon by following the above path.



Select GR Goods Receipt drop-down. You will get a lot of standard movement types and you can choose one according to your requirement.

The screenshot shows the 'Goods Receipt Order' screen. On the right, a dropdown menu titled 'Movement Type (Inventory Management) (1) 334 Entries found' is open, listing various movement types. One entry is highlighted:

Movement Type	Description
101	Goods receipt for purchase order into warehouse/stores
102	Goods receipt for purchase order into warehouse - reversal
103	Goods receipt for purchase order into GR blocked stock
104	Goods receipt for purchase order -> GR bldk stock - reversal
105	Release GR blocked stock for warehouse
106	Release GR blocked stock for warehouse - reversal
107	Goods receipt to valued blocked stock
108	Goods receipt to valued blocked stock - reversal
109	Goods receipt from valued blocked stock
110	Goods receipt from valued blocked stock - reversal
122	Return delivery to vendor
123	Reversal of ret. delivery
124	Return delivery from GR blocked stock
125	Return delivery from GR blocked stock - reversal
161	Returns for purchase order
201	Consumption for cost center from warehouse
201 K	Consumption for cost center from consignment stores
201 P	Consumption for cost center from pipeline
202	Consumption for cost center from warehouse - reversal
202 K	Consumption for cost center from consignment - reversal
202 P	Consumption for cost center from pipeline - reversal
221	Consumption for project from warehouse
221 K	Consumption for project from consignment
221 Q	Consumption for project from project
222	Consumption for project from warehouse - reversal

222 K Consumption for project from consignment - reversal
222 Q Consumption for project from project - reversal
221 Consumption for sales order from warehouse
334 Entries found

Goods Receipt

Goods receipt is the phase in which the material is received by the ordering party and the condition and quality are verified. Depending upon the movement type stock is posted in inventory with the help of goods receipt. Goods receipt will show increase in warehouse stock. Goods receipt has two scenarios which are as follows.

- Creation of Goods Receipt
- Cancellation of Goods Receipt

Creation of Goods Receipt

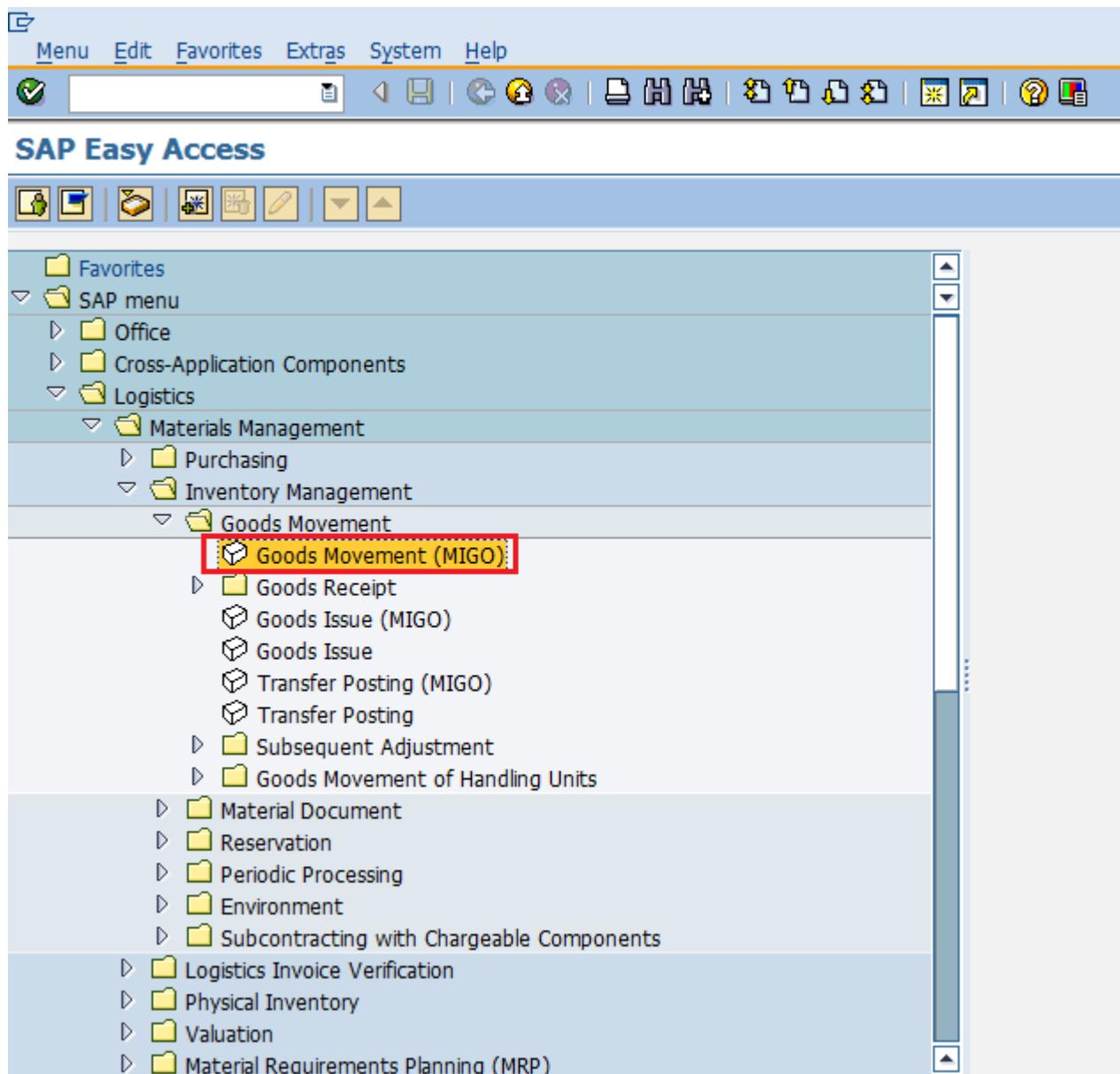
Goods receipt can be posted by following the below steps.

Path to post Goods Receipt:

Logistics => Materials Management => Inventory Management => Goods Movement MIGO

TCode: MIGO

On SAP Menu screen select Goods Movement *MIGO* execute icon by following the above path.



Goods receipt can be posted against various documents. Select the required document from the

drop-down. For example in this case we are selecting purchase order. Select the movement type according to the requirement.

The screenshot shows the SAP Goods Receipt Purchase Order interface. In the top left, there's a dropdown menu labeled 'Movement Type' with several options: 'Purchase Order', 'Inbound Delivery', 'Material Document', 'Order', 'Other', 'Outbound Delivery', and 'Delivery Note'. The 'Purchase Order' option is highlighted with a red box. At the top right, there are buttons for 'GR goods receipt' and a field containing '101'. Below the header, there's a table with columns for Line, Mat. Short Text, OK, Qty in UnE, EUn, SLoc, Batch, Valuation T..., M..., D..., Stock Type, Plnt, Sp..., and Customer. A large blue area below the table contains tabs for Material, Quantity, Where, and Purchase Order Data. At the bottom, there are buttons for Item OK, Line, and a number '1'.

It will fetch all the details from the selected reference document like material, quantity, plant. Select check tab to check the document. Then click on save. A material document number will be generated. Goods receipt is now posted against a purchase document.

The screenshot shows the SAP Goods Receipt Purchase Order screen after a receipt has been posted. The title bar indicates the document number '45019735'. The table below shows three lines of receipted items. The first item is checked (indicated by a red box). The table has columns for Line, Status, Mat. Short Text, OK, Qty in UnE, EUn, SLoc, Cost Center, Profit Center, G/L Account, Batch, Valuation T..., M..., D..., and Stock Type. The last column shows values like '101 + U'. Below the table, there are tabs for Material, Quantity, Where, Purchase Order Data, Partner, and Account Assignment. Under the Material tab, fields show 'NSYS3X3215 S/STEEL' in the Material field, and '010011' in the Material Group field. At the bottom, there are buttons for Item OK, Line, and a number '1'.

Cancellation of Goods Receipt

Sometimes goods receipt is not posted correctly. So goods receipt needs to be cancelled and it can be cancelled by following the below steps.

Path to cancel Goods Receipt:

Logistics => Materials Management => Inventory Management => Goods Movement => Goods Movement MIGO

TCode: MIGO

On the same MIGO screen select from drop-down Cancellation against a material document number. Provide the material document number.

The screenshot shows the SAP MIGO interface for canceling a material document. The top menu bar includes 'Goods Receipt', 'Settings', 'System', and 'Help'. The title bar says 'Cancellation Material Document'. Below the title bar are buttons for 'Show Overview', 'Hold', 'Check', 'Post', and 'Help'. A toolbar with various icons is at the top. On the left, a vertical menu has 'Cancellation' selected. The main area shows a table for 'Scraping' with columns for Delivery Note, Bill of Lading, HeaderText, OK, Qty in UnE, EUn, SLoc, Batch, Valuation T..., M..., D..., Stock Type, PInt, Sp..., and Customer. The table has one row with values. At the bottom are buttons for 'Delete' and 'Contents'.

It will fetch all the details from the material document. Select check tab to check the document. Then click on save. A material document number will be generated. Goods receipt is now cancelled.

The screenshot shows the SAP MIGO interface for canceling a material document. The title bar says 'Cancellation Material Document 50126655'. The main area shows a table with one row. The table has columns for Line, Sta..., Mat. Short Text, OK, Qty in UnE, EUn, SLoc, Cost Center, Profit Center, G/L Account, Batch, Valuation T..., M..., D..., and S... . The row contains values: Line 1, STA 100, Mat. Short Text NSYS3X3215 S/STEEL, OK checked, Qty in UnE 1, EUn EA, SLoc, Cost Center 103600095, Profit Center A200, G/L Account 66210012, Batch, Valuation T..., M..., D..., and S... . At the bottom are buttons for 'Delete' and 'Contents'.

Reservation

Sometimes, stock need to be blocked in advance so that it can be available at a particular point of time. This is known as reservation. Reservation ensures that stock is available and it can be used when required. Reserved quantity can be viewed by TCode MMBE. Provide the material number and plant. Reserved quantity can be seen in the reserved tab as shown below.

The screenshot shows the SAP Stock Overview: Basic List screen. In the Selection area, Material is set to 4000003, Material Type to ZLAG, and Unit of Measure to EA. The Base Unit of Measure is also EA. The Stock Overview table has columns for Client/Company Code/Plant/Storage Location/Batch/Special Stock, On-Order Stock, Stock in transit, Reserved, Schd.for delivery, Returns, and Rcpt reservation. A red box highlights the 'Reserved' column for the entry under Client/Company Code/Plant/Storage Location/Batch/Special Stock.

Client/Company Code/Plant/Storage Location/Batch/Special Stock	On-Order Stock	Stock in transit	Reserved	Schd.for delivery	Returns	Rcpt reservation
Full	0.000					
10		0.000				
1AC		10.000				

Reservation can be created by following the below steps.

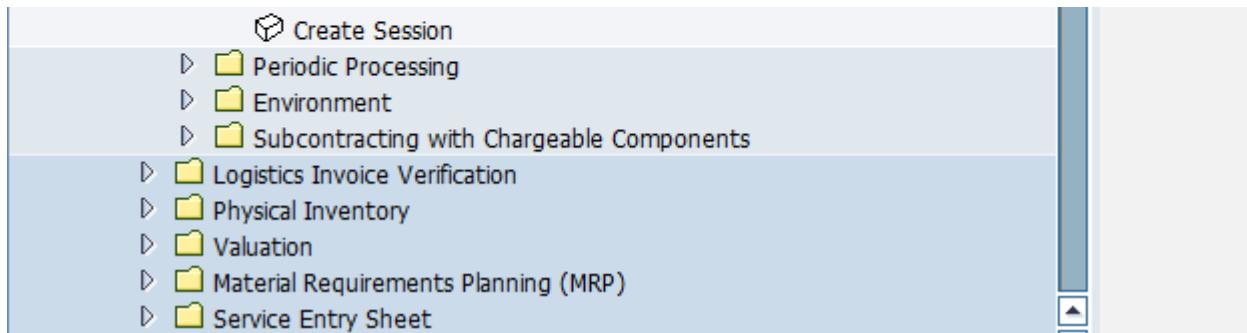
Path to create Reservation:

Logistics => Materials Management => Inventory Management => Reservation => Create
TCode: MB21

On SAP Menu screen select Create execute icon by following the above path.

The screenshot shows the SAP Easy Access menu. The path to create a reservation is highlighted with a red box around the 'Create' icon in the Reservation submenu under Materials Management.

- Favorites
- SAP menu
 - Office
 - Cross-Application Components
 - Logistics
 - Materials Management
 - Purchasing
 - Inventory Management
 - Goods Movement
 - Material Document
 - Reservation
 - Create
 - Change
 - Display
 - Administer
 - Picking
 - Reservation List



Enter the date, movement type and plant for which reservation is to be made.

This screenshot shows the initial screen for creating a reservation. It includes fields for 'Base date' (11/14/2014), 'Movement Type' (261), 'Plant' (1AC), and a 'Reference' section for 'Reservation'.

Base date	11/14/2014	<input checked="" type="checkbox"/> Check against cal.
Movement Type	261	
Plant	1AC	

Reference

Reservation	<input type="text"/>
-------------	----------------------

Enter the order number against which you want to make reservation. Provide the details of material and quantity that is to be reserved. Click on save. Reservation is now made for the order.

This screenshot shows the 'New Items' screen for creating a reservation. It includes fields for 'Movement Type' (261 GI for order), 'G/L Account', 'Cost Center', and 'Order' (highlighted in yellow).

Items

F	Item	Material	Quantity in	UnE	Plnt	SLoc	Batch	RU	RP	M
1								0		<input checked="" type="checkbox"/>
2								0		<input checked="" type="checkbox"/>
3								0		<input checked="" type="checkbox"/>
4								0		<input checked="" type="checkbox"/>
5								0		<input checked="" type="checkbox"/>
6								0		<input checked="" type="checkbox"/>

7							
8							
9							
10							

0	<input checked="" type="checkbox"/>

Goods Issue

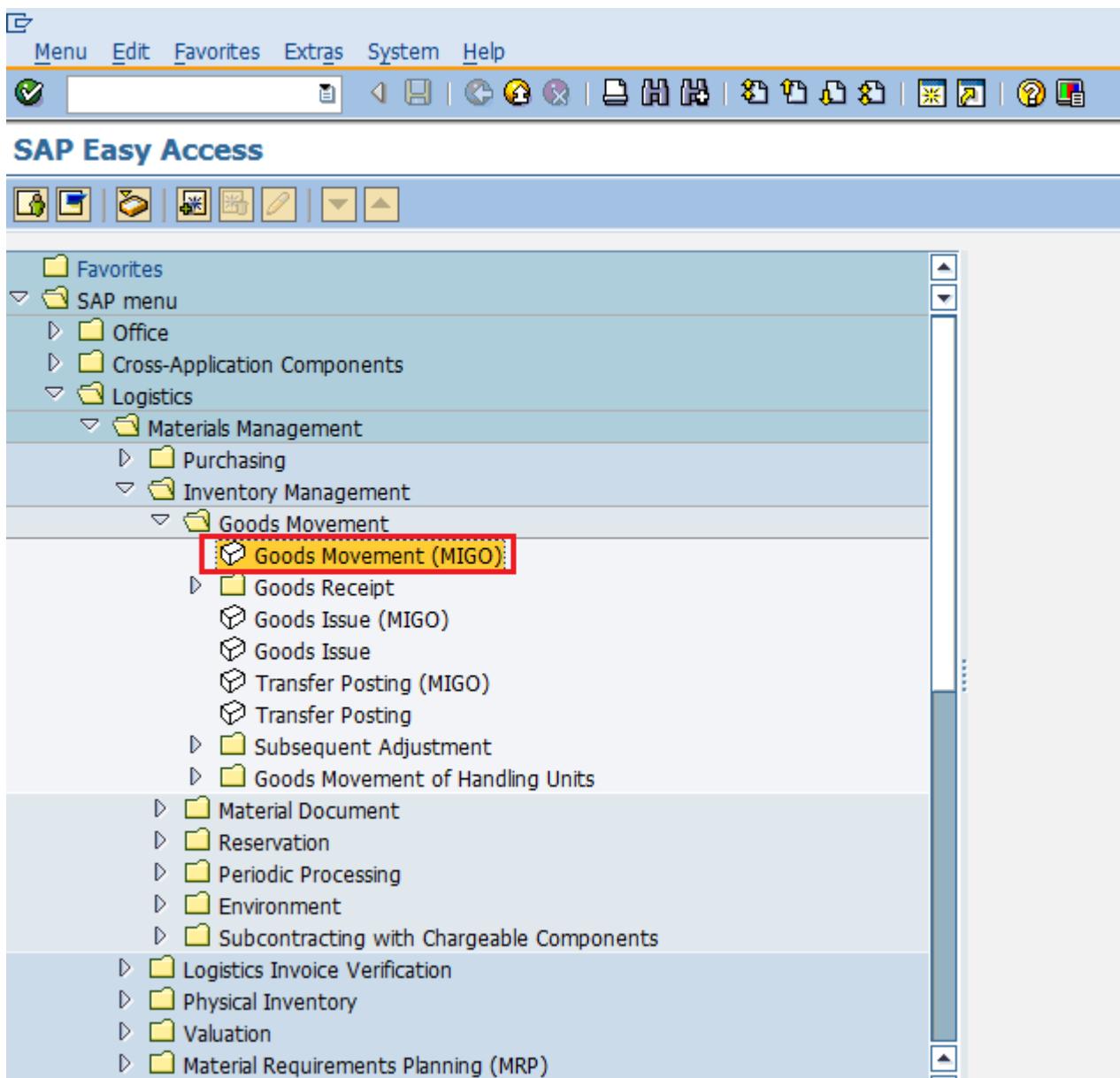
Goods issue means moving stock out of inventory that may be due to several reasons like withdrawing of material for sampling or returning the goods back to vendor. So, goods issue will result in decrease in quantity in warehouse. Goods issue can be done by following the below steps.

Path to post Goods Issue:

Logistics => Materials Management => Inventory Management => Goods Movement => Goods Movement MIGO

TCode: MIGO

On SAP Menu screen select Goods Movement MIGO execute icon by following the above path.



Select goods issue from drop-down. Goods issue can be posted against various documents. Select the required document from the drop-down. For example in this case we are selecting purchase order. Select the movement type according to the requirement.

Goods Issue Purchase Order

Show Overview | Hold | Check | Post | Help

Goods Issue | Purchase Order | TF to stock in trans. 351

Goods Issue
Transfer Posting
Cancellation
Display
Goods Receipt
Place in Storage
Release GR Blocked Stock
Remove from Storage
Return Delivery
Subsequent Adjustment
Subsequent Delivery

Scraping

14/2014	Material Slip										
14/2014	Doc.Header Text										
OK	Qty in UnE	EUn	SLoc	Batch	Valuation T...	M...	D	Stock Type	PInt	Sp...	Customer

Material | Quantity | Where | Delete | Contents | Print

It will fetch all the details from the selected reference document like material, quantity, plant. Select check tab to check the document. Then click on save. A material document number will be generated. Goods Issue is now posted against a purchase document.

Goods Receipt Settings System Help

Goods Issue Purchase Order 45019731:

Show Overview | Hold | Check | Post | Help

Document Date 11/14/2014 Material Slip
Posting Date 11/14/2014 Doc.Header Text
Individual Slip

Line	Mat. Short Text	OK	Qty in UnE	EUn	SLoc	Batch	Valuation T...	M...	D	Stock Type	PInt	Sp...	Customer
1	ROCK MED TSFR	<input type="checkbox"/>	100.000	LB					351	- Unrestrict...	<input type="checkbox"/>	AVERY ISLA...	

Material | Quantity | Where | Purchase Order Data | Stock Transfer

Movement Type 351 | - TF to stock in trans. | Stock type | Unrestricted use

Plant AVERY ISLAND | 1AC | Storage Location | Goods recipient | Unloading Point

SAP MM - INVOICE VERIFICATION

Every organization acquires goods or services to complete its business needs. Once goods are procured from vendor and placed in company's premises through goods receipt then we need to pay to vendor for acquired goods and services. The amount to be paid along with details of material is provided by vendor in form of document that is known as invoice. Before paying to vendor we need to verify the invoice. This process of verifying invoice and paying to vendor is known as invoice verification. The key points about invoice verification are as follows.

- Invoice verification marks the end of procurement after purchase order and goods receipt.
- Invoice posting will update all related documents in financial and accounting.
- Blocked invoice that vary from actual invoice can be processed through invoice verification.

Invoice verification deals with the following terms which are as follows.

- Posting of Invoice
- Blocked Invoice
- Evaluated Receipt SettlementERS

Posting of Invoice

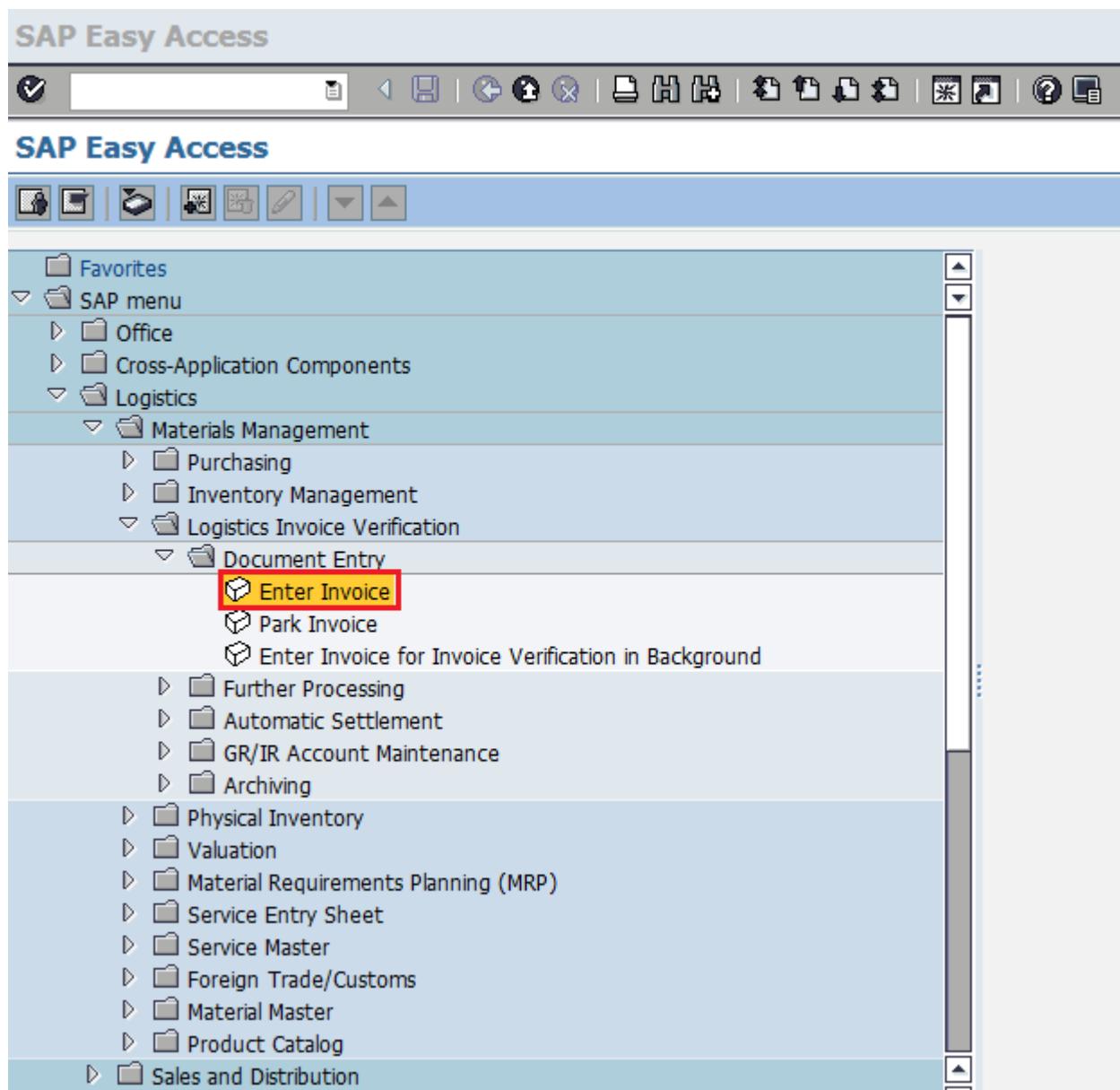
Posting of invoice is done after goods are received from vendor and goods receipt is done. Invoice received from vendor is verified against cost, quantity and quality by ordering party and then invoice is posted against that purchase order. So, this is the phase in which the vendor *seller* is paid from the company and reconciliation of the invoice and PO is accomplished. Invoice can be posted by following the below steps.

Path to post Invoice:

Logistics => Materials Management => Logistic Invoice Verification => Document Entry => Enter Invoice

TCode: MIRO

On SAP Menu screen select Enter Invoice execute icon by following the above path.



Fill in all necessary details like invoice posting date, amount that is paid to vendor along with quantity for which amount is paid. Click on save. Invoice is now posted for the goods receipt.

Invoice Document Edit Goto System Help

Enter Incoming Invoice: Company Code 001

Show PO structure Show worklist Hold Simulate Messages Help

Transaction Invoice Balance 0.00

Basic data Payment Details Tax Contacts Note

Invoice date	<input type="text"/>	Reference	<input type="text"/>
Posting Date	<input type="text" value="11/21/2014"/>		
Amount	<input type="text"/>	<input type="checkbox"/> Calculate tax	
Tax amount	<input type="text" value="V1"/>		
Text			
Company Code 0001 SAP A.G. Walldorf			
Imaged Document Identification Number			
EDI Document Identification Number			

PO Reference Chain Liab.

Purchase Order/Scheduling Agreement		<input type="text"/>	<input type="text"/>	<input type="button" value="→"/>	<input type="button" value="?"/>	Layout	All information
Item	Amount	Quantity	Or...	<input type="button" value="Purchase O..."/>	Item	Smar...	PO Text

Blocked Invoice

Sometimes accounting department is unable to pay the invoice to vendor. This may happen when you try to post an invoice, system expect certain default value against purchase order or goods receipt and posted invoice differs from default value. This may lead to invoice blocking. Some of the reasons for invoice blocking are as follows.

- Variance in amount at item level
- Variance in quantity at item level

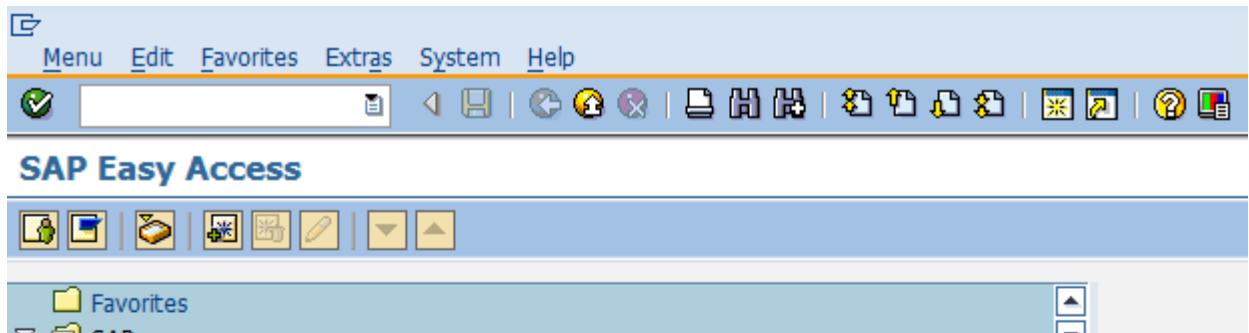
It is also difficult to analyse the small variances in invoice. So, tolerance limits are set up in the system and if variance in invoice is within the tolerance limit then system accepts the invoice. If variance limit is exceeded then it may lead to blocking of invoice. Then we need to manually unblock or release that invoice if we want to process the invoice. Invoice can be unblocked by following the below steps.

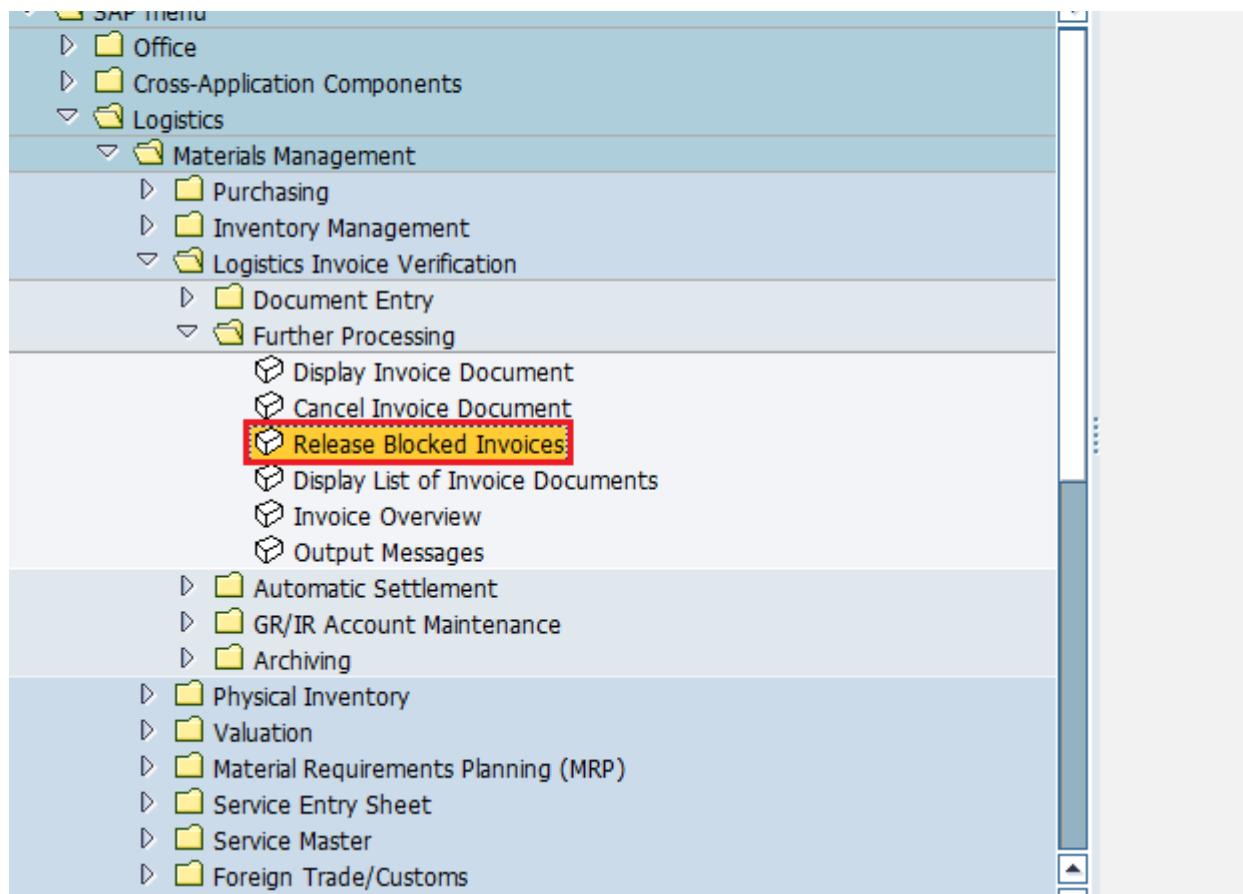
Path to Release Blocked Invoice:

Logistics => Materials Management => Logistic Invoice verification => Further Processing => Release Blocked Invoice

TCode: MRBR

On SAP Menu screen select Release Blocked Invoices execute icon by following the above path.





Provide the necessary details like company code, invoice document number, vendor, posting date, purchasing group. Then select execute icon. Blocked invoice will be released.

The screenshot shows the SAP 'Release Blocked Invoices' dialog box. The window title is 'Release Blocked Invoices'. The interface includes a toolbar with various icons and several tabs for configuration.

Selection of Blocked Invoices tab (selected):

Company Code	0001	to	[button]
Invoice Document	[button]	to	[button]
Fiscal Year	[button]	to	[button]
Vendor	[button]	to	[button]
Posting Date	[button]	to	[button]
Due Date	[button]	to	[button]
Purchasing Group	[button]	to	[button]
User	[button]	to	[button]

Processing tab:

Release Manually Release Automatically
 Move Cash Disc. Date

Blocking Procedure tab:

Blocked Due to Variances
 Manual Payment Block
 Stochastically Blocked

Display Options tab:

Variant: /ZCMMRBR

Evaluated Receipt Settlement ERS

Evaluated Receipt Settlement *ERS* is an easy method of settling goods receipt automatically. If ordering party has agreed with vendor on all financial terms and condition, then ordering party need not verify the invoice. Invoice will be posted automatically from the information present in purchase order and goods receipt. The various advantages of ERS are as follows.

- Purchase orders can be settled and closed quickly.
- It reduces human efforts as no need to verify the invoice.
- Amount and quantity variances in invoice can be avoided with the help of ERS.

To implement ERS some mandatory setting needs to be done in vendor master which is described in below context.

Go to XK02 *Changemodeofvendormaster*. Select Control data tab. Check the AutoEvalGRSetmt Del. and AutoEvalGRSetmt Ret box. Click on save. Now the particular vendor is enabled for ERS.

The screenshot shows the SAP Fiori interface for 'Change Vendor: Purchasing data'. The top navigation bar includes 'Vendor', 'Edit', 'Goto', 'Extras', 'Environment', 'System', and 'Help'. Below the navigation is a toolbar with various icons. The main title is 'Change Vendor: Purchasing data'. Underneath, there are tabs for 'Bidders' and 'Trade Integration'. The 'Sales data' section contains fields for 'Salesperson', 'Telephone', and 'Acc. with vendor'. The 'Control data' section is expanded, showing several checkboxes. Three checkboxes are highlighted with a red border: 'AutoEvalGRSetmt Del.' and 'AutoEvalGRSetmt Ret'. Other visible checkboxes include 'GR-Based Inv. Verif.', 'Acknowledge Reqd', 'Automatic purchase order', 'Subsequent settlement', 'Subseq. sett. index', 'B.vol.comp./ag.nec.', 'Doc. index active', 'Returns vendor', 'Srv.-Based Inv. Ver.', 'ABC indicator', 'ModeOfTrnsprt-Border', 'Office of entry', 'Sort criterion', 'PROACT control prof.', 'Revaluation allowed', 'Grant discount in kind', 'Relevant for Price Det. (Vendor Hierarchy)', 'Relevant for agency business', and 'Shipping Conditions'. The 'Default data material' section includes 'Purchasing group' and 'Planned deliv. time Day(s)'. A status bar at the bottom indicates 'Data loaded'.

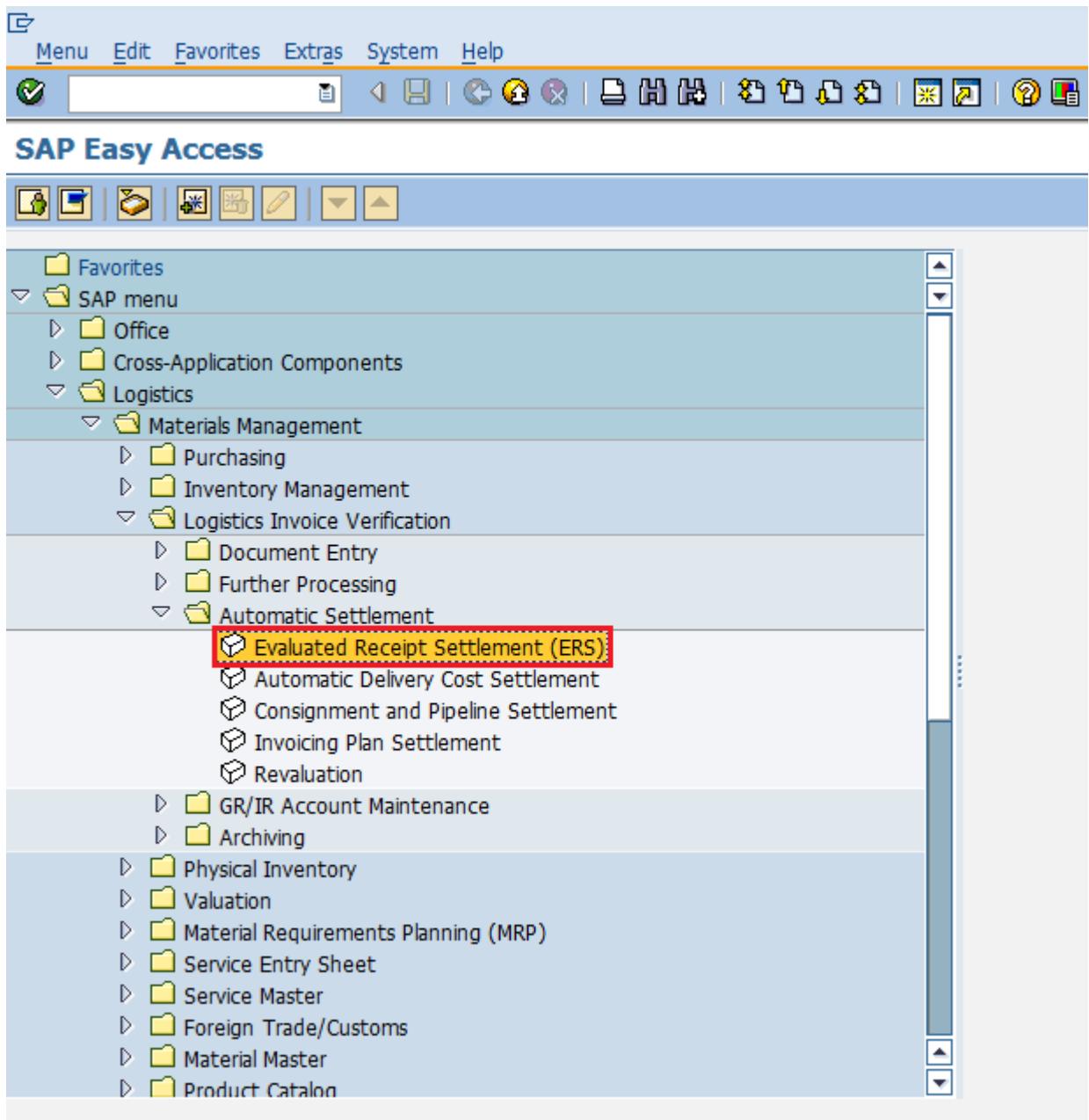
ERS can be created by following the below steps.

Path to create ERS:

Logistics => Materials Management => Logistic Invoice verification => Automatic Settlement => Evaluated Receipt Settlement *ERS*

TCode: MRRL

On SAP Menu screen select Evaluated Receipt Settlement *ERS* execute icon by following the above path.



Fill in all necessary details like company code, plant, goods receipt document number and date, vendor, purchasing document. Click on save. ERS will be created for the corresponding purchase order and goods receipt.

The screenshot shows the "Evaluated Receipt Settlement (ERS) with Logistics Invoice Verification" dialog box. The "Document Selection" tab is active, displaying the following fields:

Field	Value	Action
Company Code	0001	to []
Plant	[]	to []
Goods Receipt Posting Date	[]	to []
Goods Receipt Document	[]	to []
Fiscal Year of Goods Receipt	[]	to []
Vendor	[]	to []
Purchasing Document	[]	to []

Item	<input type="text"/>	to	<input type="text"/>	<input type="button" value=""/>
Processing Options				
Doc. selection	<input checked="" type="checkbox"/> 3	Document Selection per Order Item		
Test Run	<input checked="" type="checkbox"/>			
<input type="checkbox"/> Settle Goods Items + Planned Delivery Costs				
Display Options				
Layout	<input type="text"/>			
Transportation Management				
<input type="checkbox"/> Settle Documents				

SAP MM - SERVICE MANAGEMENT

Every organization acquires goods to complete its business needs. Besides these goods procurement, an organization may require occasionally some kind of services. These services will include small maintenance task like changing the lights, painting and housekeeping. These services are carried out by external contractors and hence the whole process of procurement of services is known as service management. The key points about service management are as follows.

- Services are meant for direct consumption instead of keeping them in inventory.
- Service description along with unit of measure is stored as master data in a record that is known as service master record.
- System stores the services that have been procured as a record in a sheet called as service entry sheet.
- Service procurement is of following two types:
Planned Services - In planned services at the time of procurement specifications like quantity and price are known in advance. It means nature and scope of service is clear before procurement.
Unplanned Services - In unplanned services at the time of procurement specifications like quantity and price are not known in advance. It means nature and scope of service is not clear before procurement. These services can be extended as per the requirement.

Service management deals with the following terms which are as follows.

- Service Master Record
- Service Purchase Order
- Service Entry Sheet

Service Master Record

Service master record contains the detail of all the services that can be procured from external vendor within an organization. Service master record contains description of services along with the unit of measure. This master record serves as a reference for creating service purchase order but it is not necessary, service purchase order can also be created manually without reference. Service master record can be created by following the below steps.

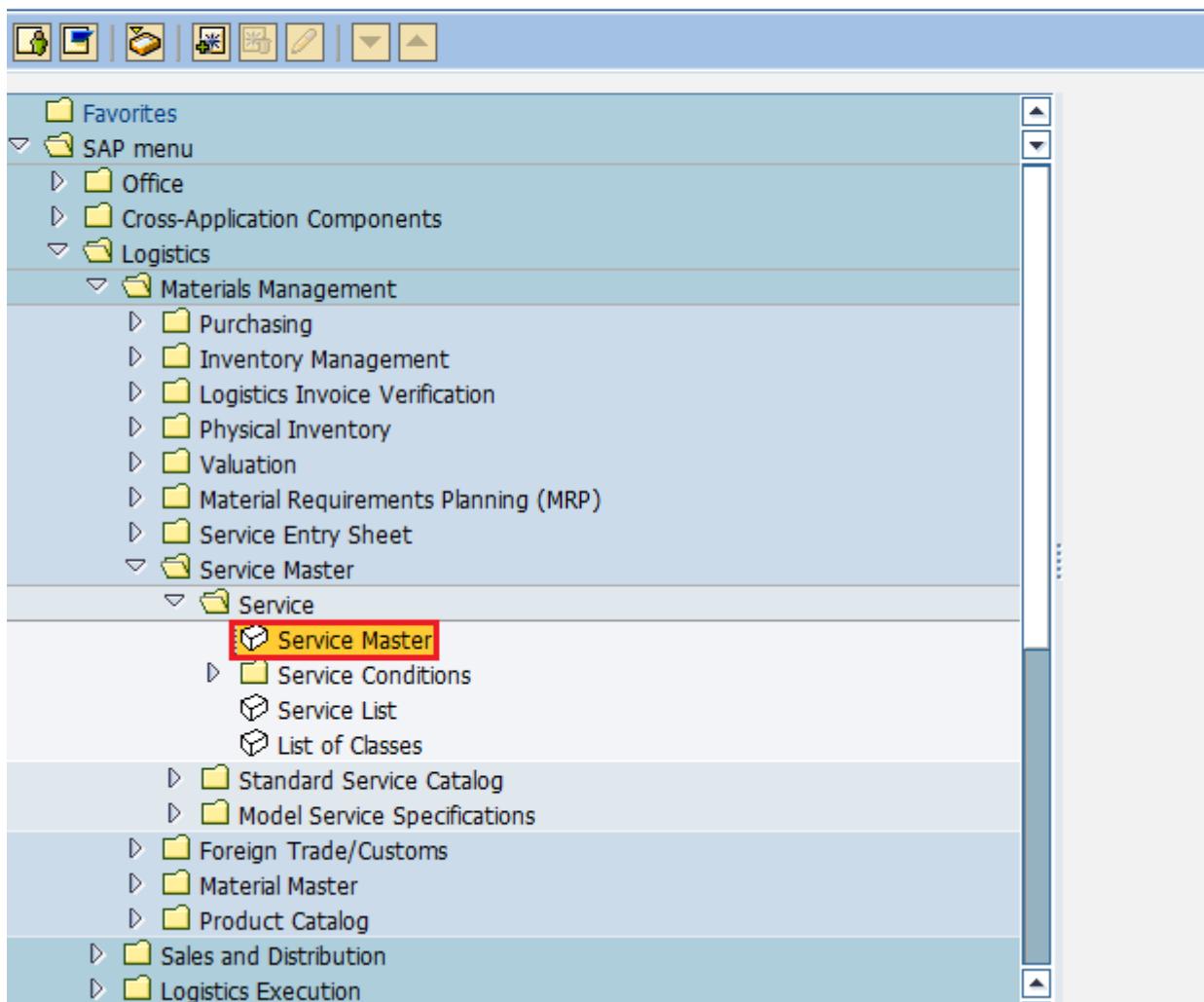
Path to Create Service Master Record:

Logistics => Materials Management => Service Master => Service => Service Master
TCode: AC03

On SAP Menu screen select Service Master execute icon by following the above path.



SAP Easy Access

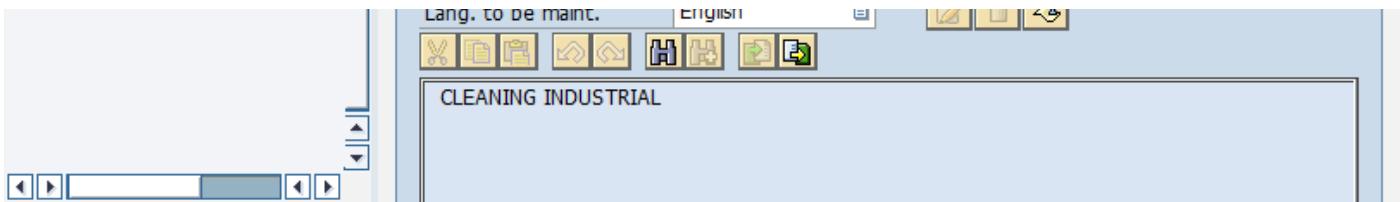


Select Create New Service icon as shown below.

The screenshot shows the SAP Service Master screen. The title bar displays "Display Service 30010". The toolbar includes a "Create New Service (F5)" button, which is highlighted with a red box. The main area contains the following data:

Activity Number	3001020	CLEANING INDUSTRIAL
Service Category	Service: purchasing	<input type="checkbox"/> Short Txt Change Allowed
Base Unit of Measure	AU	<input type="checkbox"/> Deletion Indicator
Basic Data		
Mat/Srv.Grp	020033	Authorization Group
Division	01	Tax Indicator
Valuation Class		
Formula		
Graphic		

On the left, there is a tree view with nodes like "Other Service", "Short Text", and "Chassis Fee". A sidebar on the right lists categories such as "Standard Serv. Cat.", "Time Mgmt", "Purch. Data", "Internal Work", and "Long Txt".

A screenshot of the 'Create Service Master Record' dialog box. It has tabs for 'Basic Data', 'Standard Serv. Cat.', 'Time Mgmt', 'Purch. Data', 'Internal Work', and 'Long Txt'. The 'Basic Data' tab is selected, showing fields for Activity Number (S-1), Service Category (selected), Short Text (DO NOT USE), Base Unit of Measure, Mat/Srv.Grp (selected), Division (selected), Valuation Class, Formula, Graphic, Authorization Group, Tax Indicator, Purchasing Status, EAN/UPC, Valid from, EAN Category, and Internal Work.

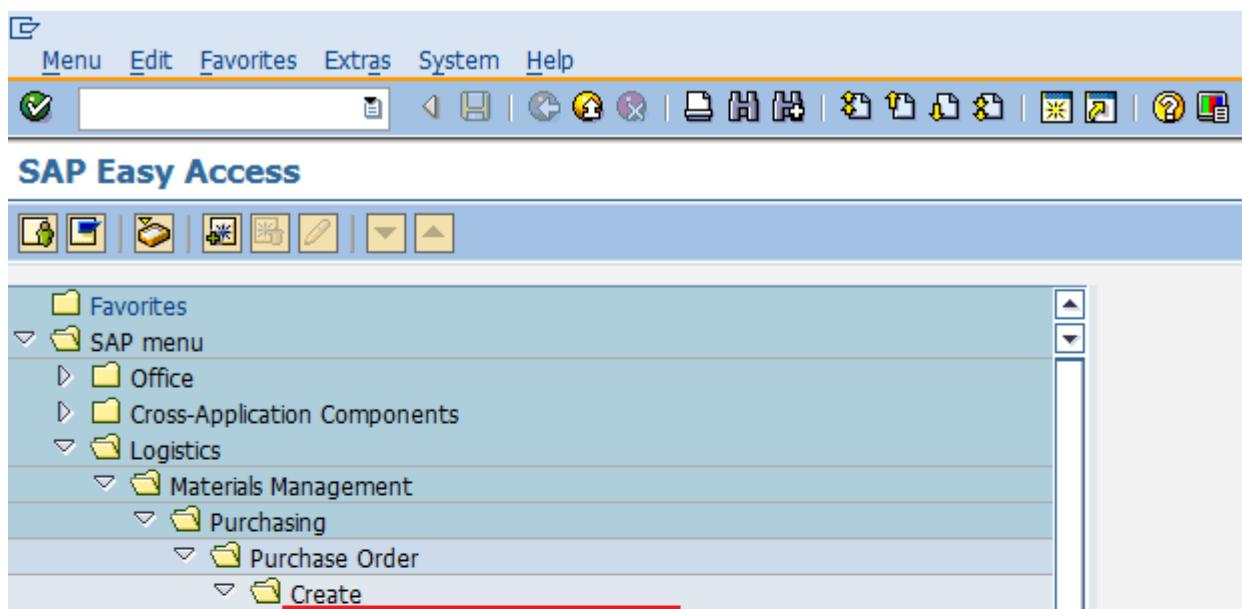
Service Purchase Order

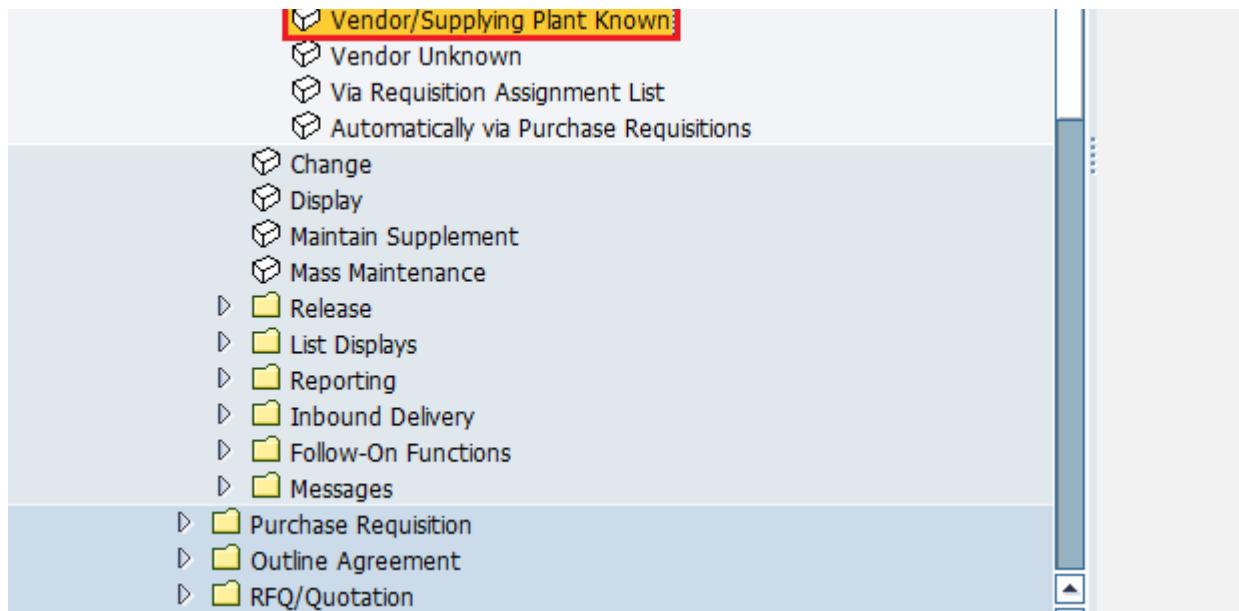
In SAP MM services are accomplished with the help of service purchase order. The requirement of service with its description along with quantity is given to third party in form of service purchase order. In service purchase order important field is item category. For service, item category will be D. So, service purchase order can be created by following the below steps.

Path to create Purchase Order:

Logistics => Materials Management => Purchasing => Purchase Order => Create => Vendor/ Supplying Plant Known
TCode: ME21N
Service Item Category: D

On SAP Menu screen select Vendor/ Supplying Plant Known execute icon by following the above path.





Provide all necessary details like name of vendor, item category, name of material, plant for which material is procured and date of delivery. Click on save. Service Purchase order will be created.

The screenshot shows the 'Create Purchase Order' screen. The header information includes 'Standard PO' selected, 'Vendor' set to '6500002', and 'Doc. date' set to '12/03/2014'. The main area displays a grid for entering purchase order items. The first row shows an item with Material number '100000456'. The grid has columns for S..., Item, A, I, Material, Short Text, PO Quantity, O..., C, Deliv. Date, Net Price, Curre..., Per, O..., Matl Group, Plnt, Stor. Location, and B... . The 'Material' column for the first item contains the value '100000456'.

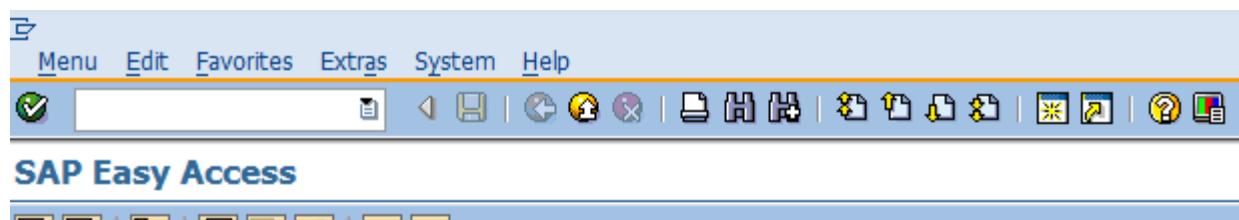
Service Entry Sheet

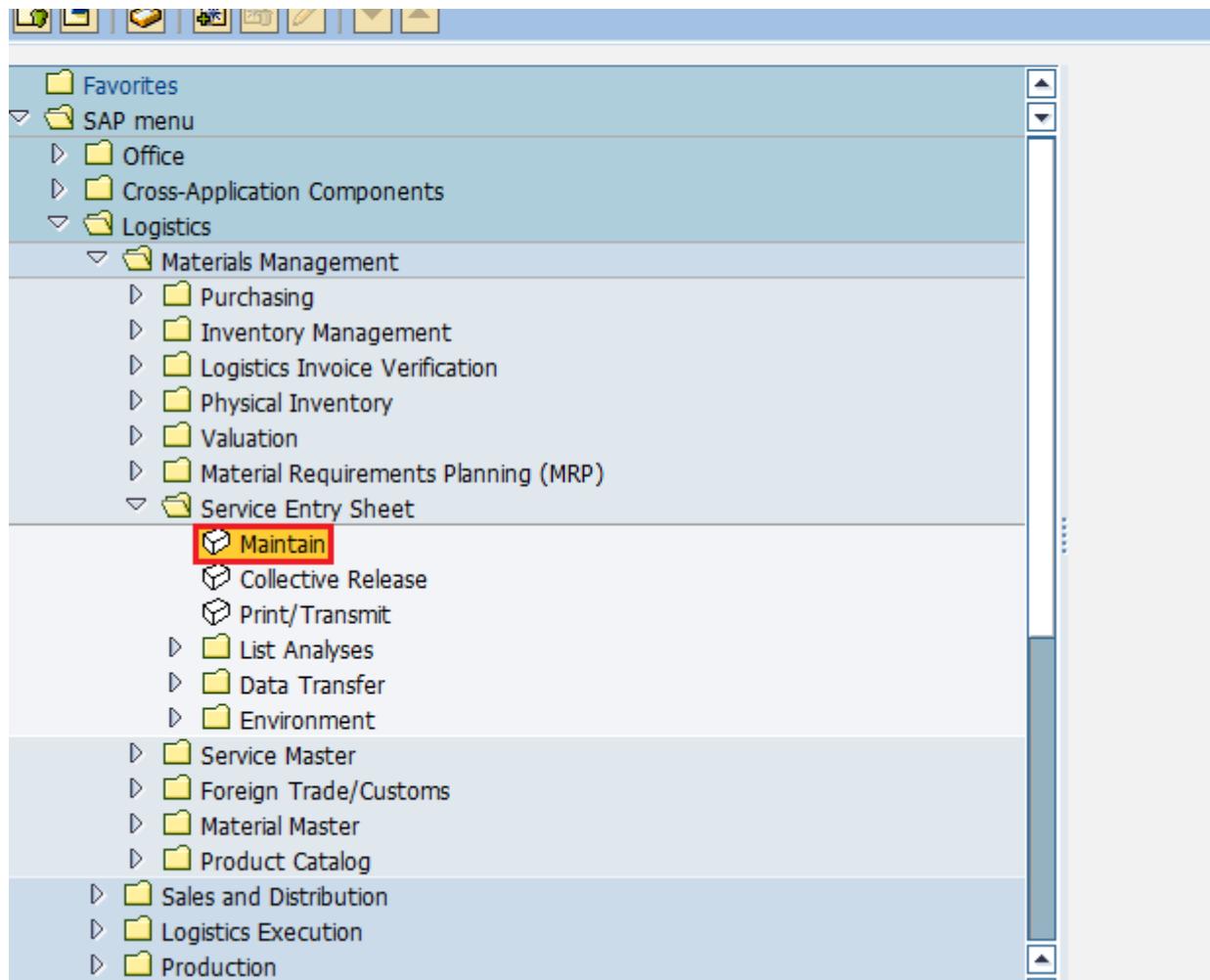
System stores the services that have been procured as a record in a sheet called as service entry sheet. In case of services instead of creating goods receipt document we will create service entry sheet. Service entry sheet will accommodate the charges that we need to pay to the vendor. Service entry sheet can be created by following the below steps.

Path to create Service Entry Sheet:

Logistics => Materials Management => Service Entry Sheet => Maintain
TCode: ML81N

On SAP Menu screen select Maintain execute icon by following the above path.





Provide all necessary details like purchase order number, service number, quantity, price. Click on save. A new Service Entry Sheet will be created for the corresponding purchase order.

The screenshot shows the Service Entry Sheet dialog box. The top section includes fields for Entry Sheet, For Purchase Order (with a dropdown menu), Short Text, and Returns Indicator. Below this is a tabbed area with tabs: Basic Data, Accept. Data, Vals, Long Txt, and History. The Basic Data tab contains fields for Acct Assgt Cat., External Number, Service Loc., Price Ref., PRSp. Intern., and Period. The bottom section is a grid table for entering service details:

Line	D...	P	C	U	Service No.	Short Text	Quantity	Un	Gross Price	Crcy	Cost Center	Order
10							0.000		0.00	GBP		
20							0.000		0.00	GBP		
30							0.000		0.00	GBP		
40							0.000		0.00	GBP		
50							0.000		0.00	GBP		
60							0.000		0.00	GBP		
70							0.000		0.00	GBP		

At the bottom, there are toolbar icons for Save, Cancel, and Help, and a status bar showing Line 10.

SAP MM - VALUATION

Procurement process starts with creating purchase order and ends with invoice verification. In the whole process one of the important parts is material valuation. In procurement process while creating purchase orders material price is a mandatory field and it is automatically determined. This happens because material valuation is maintained in SAP system in material master. Material

valuation represents integration between MM & FI *Financial Accounting* modules since it updates the general ledger accounts in financial accounting. The key points about material valuation are as follows.

- Material valuation helps to determine the price of material and for which general ledger account it needs to be posted in financial accounting.
- Material valuation can happen at company code level or plant level.
- Material can be valued based on different types of procurement and this is known as split valuation. Normally split valuation is used to value material in same valuation area *companyorplant* differently. Split valuation is described in detail in below context.

Split Valuation

Split valuation enables you to value stocks of a material in the same valuation area *companyorplant* differently. Some of the examples where split valuation is required are as follows.

- Stock that is procured externally from vendor has a different valuation price than the stock of in-house production.
- Stock obtained from one vendor is valued at a different price than stock obtained from another vendor.
- Same material having different batch may have different valuation prices.

Split Valuation needs to be activated before setting any other configuration. Split valuation can be activated by following the below steps.

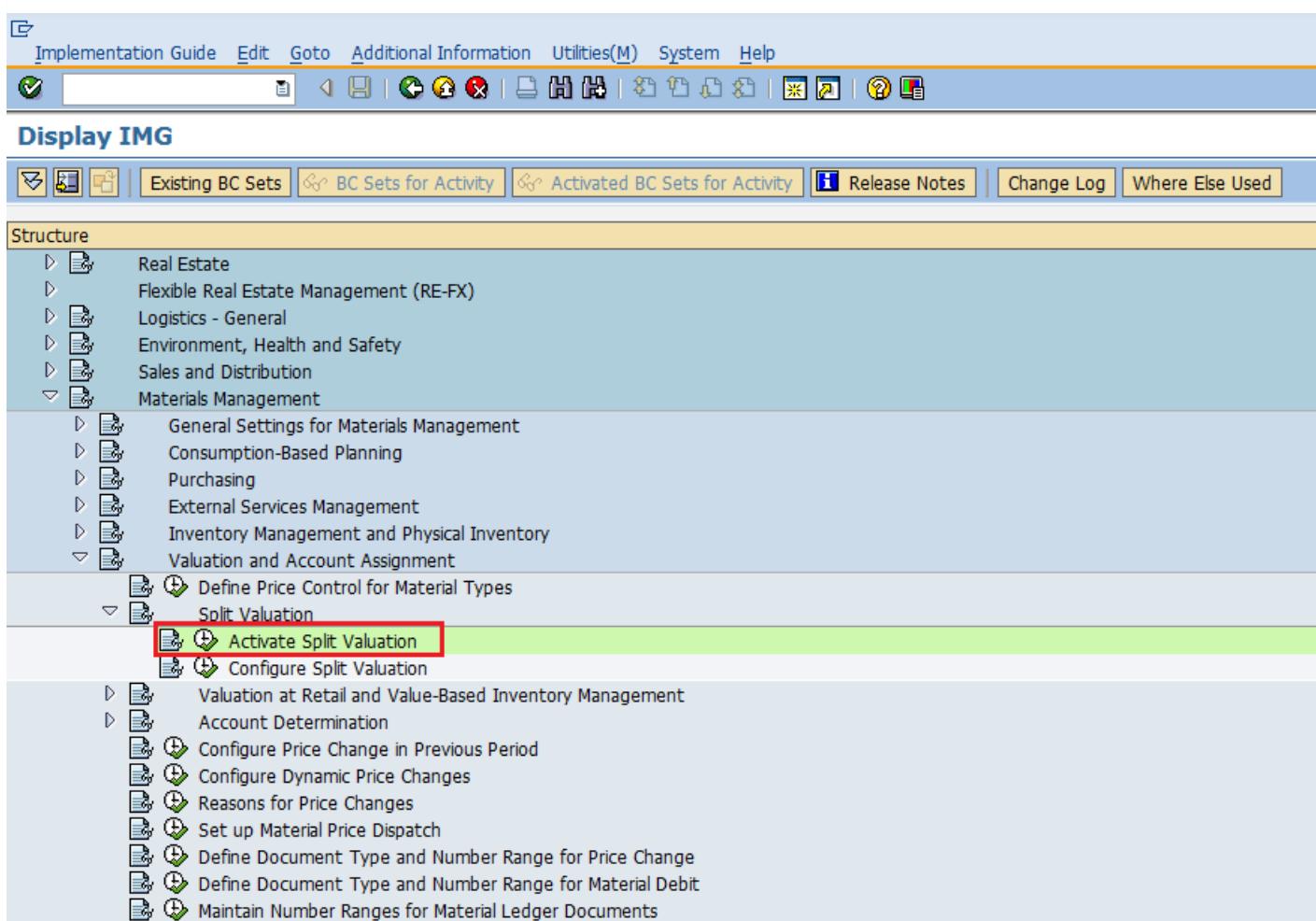
Path to Activate Split Valuation:

IMG => Materials Management => Valuation and Account Assignment => Split Valuation =>

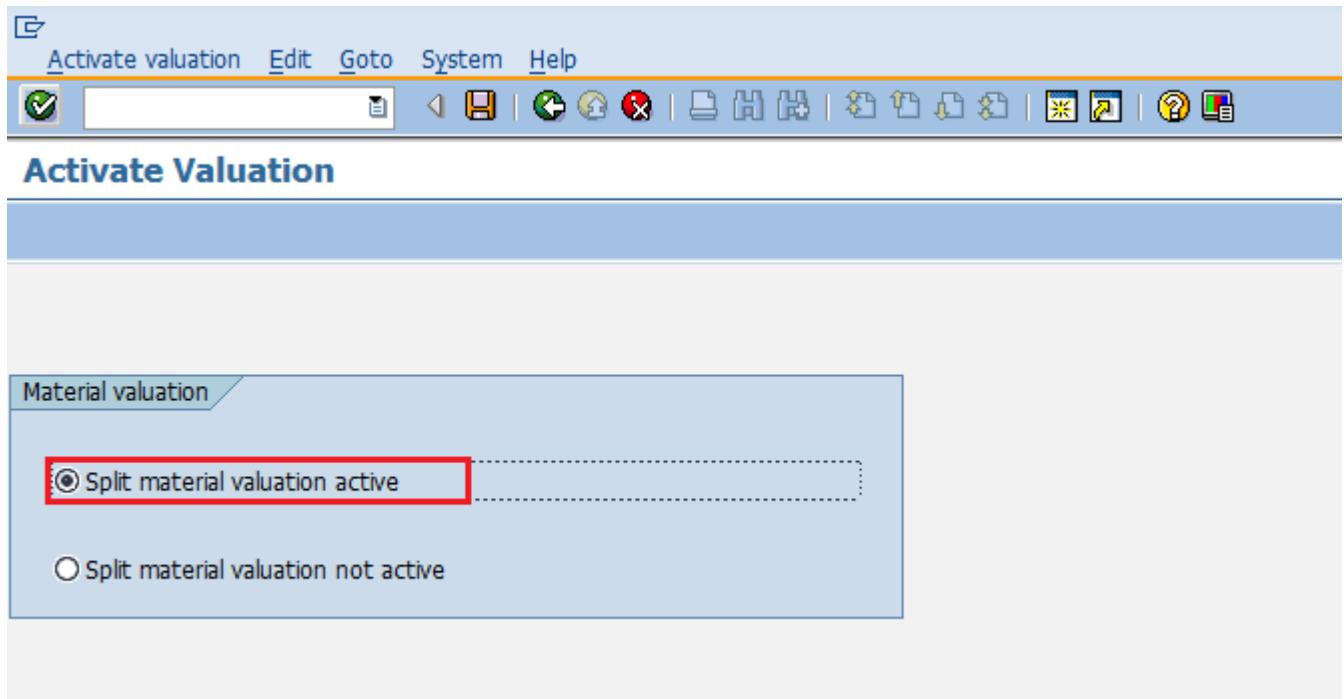
Activate Split Valuation

TCode: OMW0

On Display IMG screen select Activate Split Valuation execute icon by following the above path.



Select Split material valuation active tab. Click on save. Split valuation is now activated.



Some important terms under split valuation are as follows.

- **Valuation Area:** Material may be valued at plant level or at company code level. The level at which materials are valued is known as valuation area.
- **Valuation Category:** Valuation category is the criteria on which material is split valued.
- **Valuation Type:** Valuation type specifies the features of a valuation category.

Split valuation configurations like defining valuation category, valuation type are described in below context.

Split Valuation Configuration

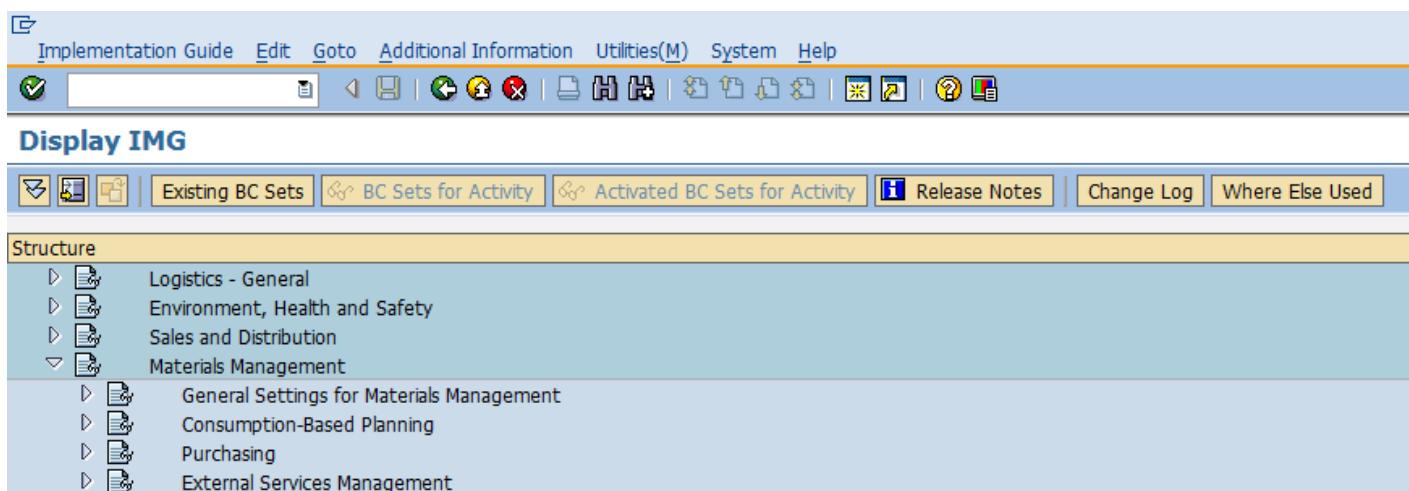
Split valuation configurations like defining valuation category, valuation type can be done by following the below steps.

Path to Configure Split Valuation:

IMG => Materials Management => Valuation and Account Assignment => Split Valuation => Configure Split Valuation

TCode: OMWC

On Display IMG screen select Configure Split Valuation execute icon by following the above path.



The screenshot shows the SAP menu structure under 'Inventory Management and Physical Inventory'. The 'Valuation and Account Assignment' section is expanded, showing 'Define Price Control for Material Types', 'Split Valuation', 'Activate Split Valuation', and 'Configure Split Valuation'. The 'Activate Split Valuation' and 'Configure Split Valuation' items are highlighted with red boxes.

Select Global Types tab to create valuation type.

The screenshot shows the 'Split Valuation of Materials' screen. The top navigation bar includes 'Definitions', 'Goto', 'System', and 'Help'. Below the navigation bar is a toolbar with various icons. The main title is 'Split Valuation of Materials'. At the bottom of the screen, there are three tabs: 'Global Types' (highlighted with a red box), 'Global Categories', and 'Local Definitions'.

Select Create icon.

The screenshot shows the 'Global Valuation Types' screen. The top navigation bar includes 'Types', 'Edit', 'Goto', 'System', and 'Help'. Below the navigation bar is a toolbar with various icons. The main title is 'Global Valuation Types'. At the bottom of the screen, there are three buttons: 'Create' (highlighted with a red box), 'Change', and 'Delete'.

Valuation Type	Ext. POs	Int. POs	ARef	Description
01	0	2	0001	Reference for raw materials
02	2	0	0001	Reference for raw materials

Provide name of valuation type. Click on save. A new Valuation Type will be created.

The screenshot shows the 'Create Valuation Type' screen. The top navigation bar includes 'Types', 'Edit', 'Goto', 'System', and 'Help'. Below the navigation bar is a toolbar with various icons. The main title is 'Create Valuation Type'. There is a text input field for entering the valuation type name, and a green checkmark icon followed by a save icon (disk) are visible on the toolbar.

Create Valuation Type**Create Account Cat. Ref.**

Valuation Type

**Attributes**

Ext. Purchase Orders



Int. purchase orders



Acct cat. reference



Now go to same screen and select Global Categories tab to create valuation category.

The screenshot shows the SAP interface for 'Split Valuation of Materials'. The top navigation bar includes 'Definitions', 'Goto', 'System', and 'Help'. Below the bar are standard SAP icons. The main title is 'Split Valuation of Materials'. At the bottom of the screen, there are three tabs: 'Global Types' (selected), 'Global Categories' (highlighted with a red border), and 'Local Definitions'.

Select Create icon.

The screenshot shows the SAP interface for 'Global Valuation Categories'. The top navigation bar includes 'Categories', 'Edit', 'Goto', 'System', and 'Help'. Below the bar are standard SAP icons. The main title is 'Global Valuation Categories'. At the bottom of the screen, there are four buttons: 'Create' (highlighted with a red border), 'Change', 'Delete', and 'Types -> Cat.'.

Valuation Cat.	DVT ExtPr	ExP	DVT InhPr	Inh	DVT Promo.	PrM	Autom.VTy
B Inhse/Ext.Proc.	02	<input checked="" type="checkbox"/>	01	<input checked="" type="checkbox"/>			
C Status	C1	<input type="checkbox"/>	C2	<input type="checkbox"/>			
H Origin		<input type="checkbox"/>		<input type="checkbox"/>			

Provide name of valuation category. Click on save. A new Valuation Category will be created.

The screenshot shows the SAP interface for 'Create Valuation Category'. The top navigation bar includes 'Categories', 'Edit', 'Goto', 'System', and 'Help'. Below the bar are standard SAP icons. The main title is 'Create Valuation Category'. At the bottom of the screen, there is a single button: 'Create'.

Valuation Category

Attributes

Description	<input type="text"/>
Default:ext.procure.	<input type="text"/>
<input type="checkbox"/> Ext.procurement mand	
Default: in-house	<input type="text"/>
<input type="checkbox"/> In-house prod. mand.	
<input type="checkbox"/> Val. type automatic	

Now go to same screen and select Local Definitions tab to map valuation type and valuation category.

Definitions Goto System Help

Global Types Global Categories Local Definitions

Split Valuation of Materials

Select Cats. -> OU tab.

Definitions Goto System Help

Cats. -> OU Local Types Local Categories

Local Definitions: Select Plant

Plant	Organizational unit name	City
0001	Werk	Walldorf
1AA	GBR	MONT

Provide valuation type, valuation category and set status as active and then select Activate tab. Valuation category and valuation type are now mapped and both are activated.

Definitions Edit Goto System Help

Plant 001: Allocate Valuation Categories

Local Types		Local Categories	
Allocation of Valuation Categories			
Status	Valuation Cat.	DVT ExtPr	ExP DVT InhPr
Active	B Inhse/Ext.Proc.	02 <input checked="" type="checkbox"/>	01 <input checked="" type="checkbox"/>
Active	C Status	C1 <input type="checkbox"/>	C2 <input type="checkbox"/>
<input type="button" value="Activate"/> <input type="button" value="Deactivate"/> Entry 1 of			

After maintaining valuation type and valuation category you can mention them in material master as shown below.

Go to mm02 Changescreenformaterialmaster. Here you can maintain the valuation category and valuation class in accounting view. On this basis material will be valued in a purchase order.

Material Edit Goto Environment System Help

Change Material 10000054

Additional Data Org. Levels Check Screen Data

Quality Management Accounting 1 Accounting 2 Cost Estima...

General Valuation Data			
Total Stock	0.000	Base Unit	KG kilo gram
Division	01	Valuation Cat.	<input type="text"/>
Valuation Class	7900 <input type="text"/>	Valuated Un	<input type="checkbox"/>
VC: Sale Ord. Stk	<input type="text"/>	ML act.	<input checked="" type="checkbox"/>
Project Stock VC	<input type="text"/>	Price Determ.	<input type="text"/> Mat. Price Analysis
			3 Single-/Multilevel
Prices and values			
Currency	USD	Company code currency	USD
Standard Price	3.67	Group currency	3.67
Per. unit price	3.87		3.87
Price Unit	1		1
Prc. Ctrl	S	S	S

Inventory Value	0.00	0.00	0.00
Value/per.unit pr	0.00	0.00	0.00
Future price			
Future price from			

SAP MM - ACCOUNT DETERMINATION

In SAP MM, procurement process involves cost of goods and services that needs to be paid to vendor by an organization. The cost being paid must be posted in an organization necessarily in a correct general ledger *G/L* account. Every time during procurement to remember the correct *G/L* account is an impossible thing. So, in SAP system some configuration for account determination is done so that system will automatically determine the correct *G/L* account that needs to be posted. *G/L* account is posted when goods receipt is done as well as during clearing invoice verification. Account determination deals with the following terms which are as follows.

- Define Valuation Control
- Group together Valuation Areas
- Define Valuation Classes
- Configure Automatic Posting

Define Valuation Control

Valuation areas can be grouped together and can be assigned to one grouping code if they belong to same *G/L* account. For example different plants under one company code can be assigned same valuation grouping code and vice versa. Before this, valuation grouping code must be activated and this can be done by following the below steps.

Path to Activate Valuation Grouping Code:

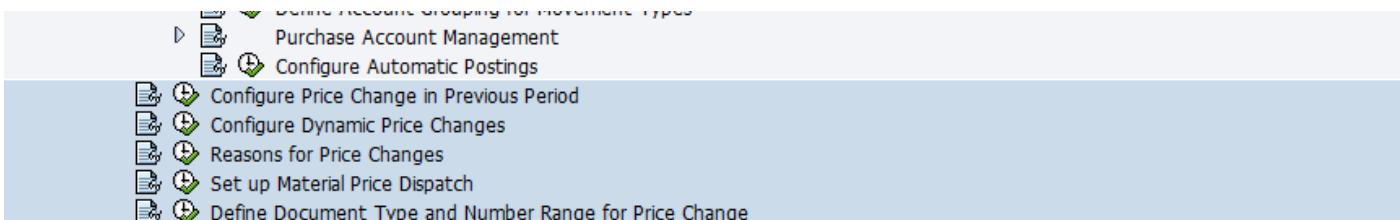
IMG => Materials Management => Valuation and Account Assignment => Account Determination => Account Determination without Wizard => Define Valuation Control

TCode: OMWM

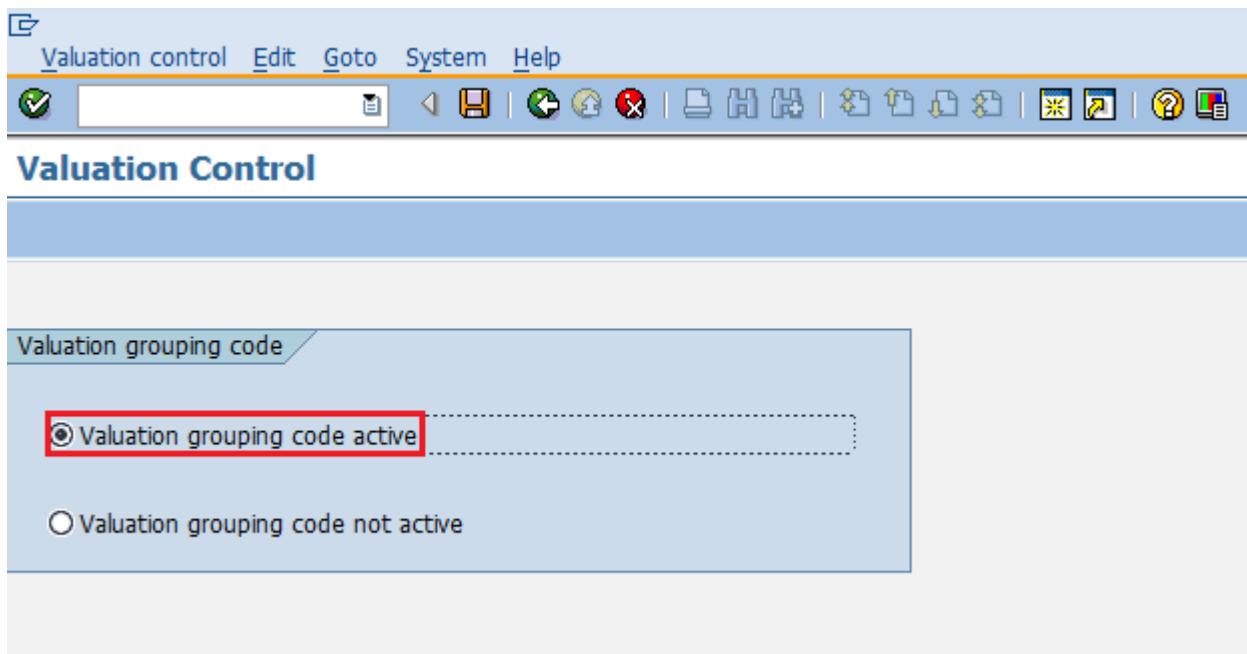
On Display IMG screen select Define Valuation Control execute icon by following the above path.

The screenshot shows the SAP Display IMG interface. The top menu bar includes Implementation Guide, Edit, Goto, Additional Information, Utilities(M), System, and Help. Below the menu is a toolbar with various icons. The main area is titled "Display IMG" and contains a breadcrumb trail and a structure tree. The structure tree shows the following hierarchy:

- Structure
 - Environment, Health and Safety
 - Sales and Distribution
 - Materials Management
 - General Settings for Materials Management
 - Consumption-Based Planning
 - Purchasing
 - External Services Management
 - Inventory Management and Physical Inventory
 - Valuation and Account Assignment
 - Define Price Control for Material Types
 - Split Valuation
 - Valuation at Retail and Value-Based Inventory Management
 - Account Determination
 - Account Determination Wizard
 - Account Determination Without Wizard
 - Define Valuation Control** (highlighted with a red box)
 - Group Together Valuation Areas
 - Define Valuation Classes
 - Define Account Grouping for Movement Types



Select Valuation grouping code active tab. Click on save. Valuation grouping code is now activated.



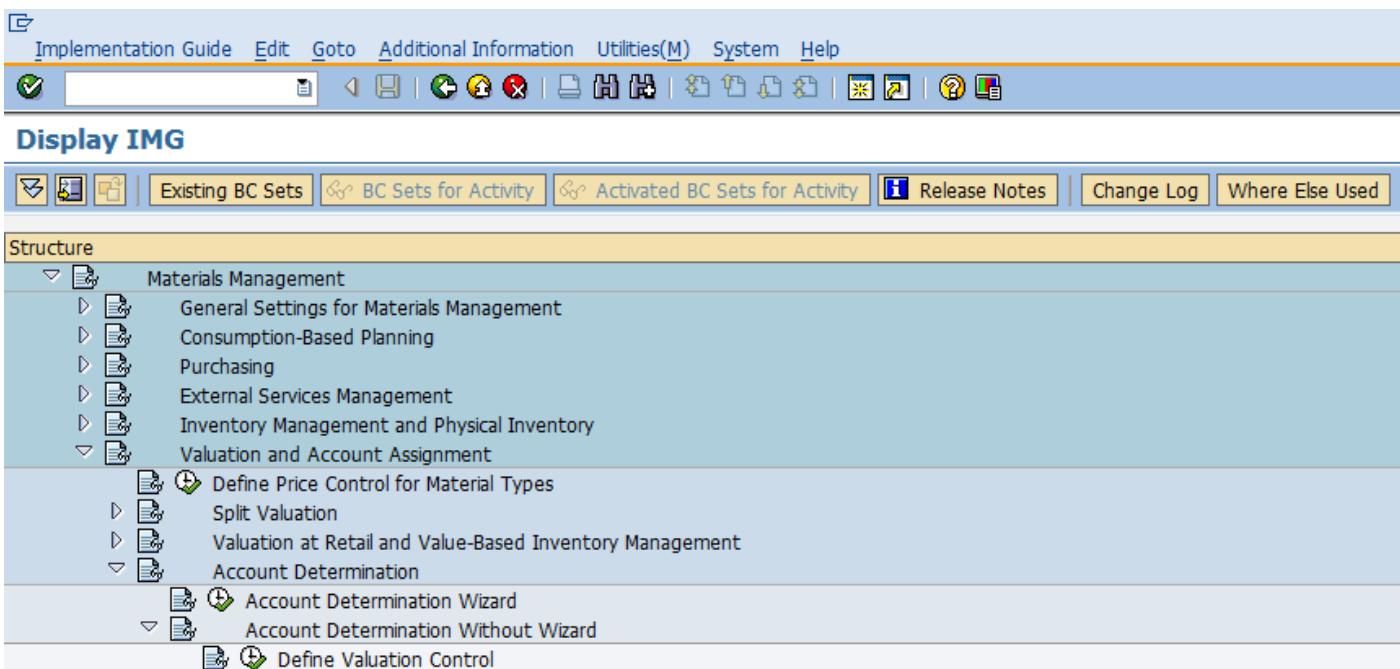
Group together Valuation Areas

In valuation grouping, valuation area and valuation grouping code are assigned to company code. This can be done by following the below steps.

Path to Define Valuation Area and Valuation Grouping Code:

IMG => Materials Management => Valuation and Account Assignment => Account Determination => Account Determination without Wizard => Group Together Valuation Areas
TCode: OMWD

On Display IMG screen select Group Together Valuation Areas execute icon by following the above path.



- iGroup Together Valuation Areas**
- Define Valuation Classes
- Define Account Grouping for Movement Types
- Purchase Account Management
- Configure Automatic Postings
- Configure Price Change in Previous Period
- Configure Dynamic Price Changes
- Reasons for Price Changes
- Set up Material Price Dispatch
- Define Document Type and Number Range for Price Change
- Define Document Type and Number Range for Material Debit
- Maintain Number Ranges for Material Ledger Documents

Here you can define valuation area with grouping code and assign them to a company code. Click on save. Valuation area and valuation grouping code are now defined for a company code.

Val. Area	CoCode	Company Name	Chrt/Accts	Val.Grp Code
0001	0001	P A.G.	INT	2001

Define Valuation Classes

Valuation class categorizes the G/L account on the basis of material type. For example raw material will have different G/L account than the finished material as the cost will be different in both the cases. Account reference is also maintained along with valuation class. Account reference and valuation class can be defined by following the below steps.

Path to Define Account Reference and Valuation Class:

IMG => Materials Management => Valuation and Account Assignment => Account Determination => Account Determination without Wizard => Define Valuation Classes

TCode: OMSK

On Display IMG screen select Define Valuation Classes execute icon by following the above path.

Display IMG

Existing BC Sets BC Sets for Activity Activated BC Sets for Activity Release Notes Change Log Where Else Used

Structure

- Materials Management
 - General Settings for Materials Management
 - Consumption-Based Planning
 - Purchasing
 - External Services Management
 - Inventory Management and Physical Inventory
 - Valuation and Account Assignment
 - Define Price Control for Material Types
 - Split Valuation
 - Valuation at Retail and Value-Based Inventory Management
 - Account Determination
 - Account Determination Wizard
 - Account Determination Without Wizard
 - Define Valuation Control
 - Group Together Valuation Areas
 - Define Valuation Classes**
 - Define Account Grouping for Movement Types
 - Purchase Account Management
 - Configure Automatic Postings
 - Configure Price Change in Previous Period
 - Configure Dynamic Price Changes
 - Reasons for Price Changes
 - Set up Material Price Dispatch
 - Define Document Type and Number Range for Price Change
 - Define Document Type and Number Range for Material Debit
 - Maintain Number Ranges for Material Ledger Documents

Select Account Category Reference tab.

Maintenance object Edit Goto System Help

Account Category Reference/Valuation Classes

Process the objects in the specified sequence

- Account category reference**
- Valuation Class
- Material type/account category reference

Select New Entries icon.

Table View Edit Goto Selection Utilities(M) System Help

Change View "Account Category Reference": Overview

New Entries

Account Category Reference

ARef	Description
0001	Reference for raw materials

Provide name of ARef *Account reference* along with its description.

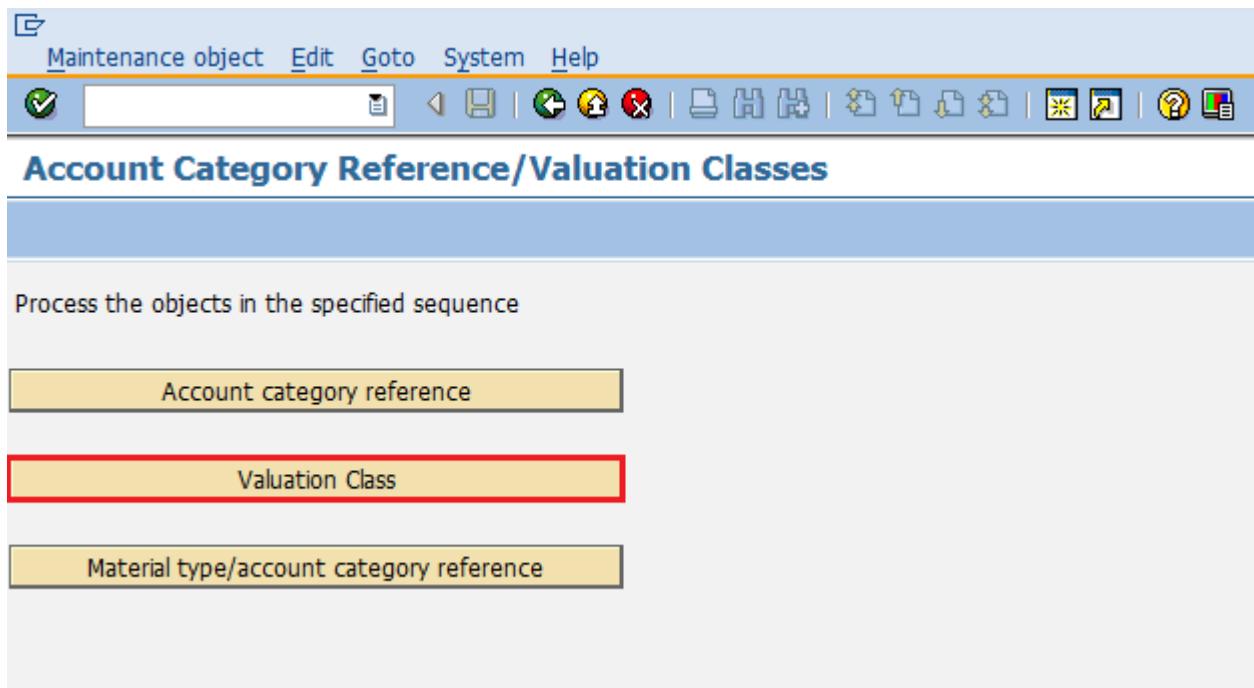
Table View Edit Goto Selection Utilities(M) System Help

New Entries: Overview of Added Entries

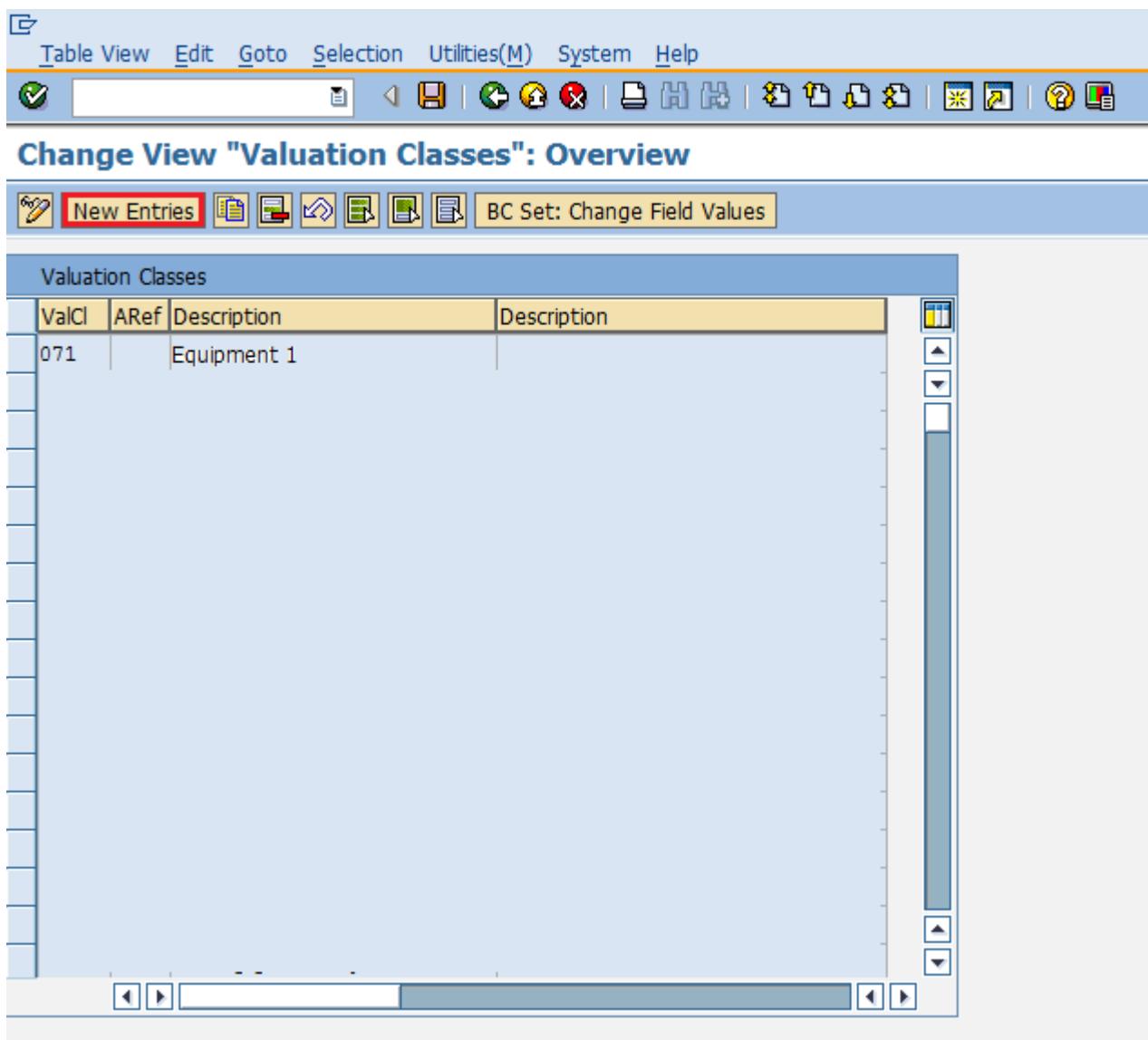
Account Category Reference

ARef	Description

Now go to same screen and select Valuation Class tab.



Select New Entries icon.



Provide name of valuation class, ARef*Account reference* and description of valuation class.

Now go to same screen and select Material Type/Account Category Reference.

Maintenance object Edit Goto System Help

Account Category Reference/Valuation Classes

Process the objects in the specified sequence

Account category reference

Valuation Class

Material type/account category reference

Here you can map material type with ARefAccountreference. Click on save. G/L account can be now posted for different material types.

The screenshot shows the Topaz software interface. The menu bar at the top includes 'File', 'Table View', 'Edit', 'Goto', 'Selection', 'Utilities(M)', 'System', and 'Help'. Below the menu bar is a toolbar with various icons: a checkmark, a save icon, a left arrow, a right arrow, a magnifying glass, a plus sign, a minus sign, a red circle, a file icon, a double arrow, a double right arrow, a double left arrow, a double minus sign, a double plus sign, a double magnifying glass, a double right arrow with a question mark, and a double left arrow with a question mark.

Change View "Account Category Reference/Material Type": Overview

MTyp	Material type descr.	ARef	Description
AB.	Waste	007	Ref. for nonvaluated
CB.	Compatible Unit		

Configure Automatic Posting

G/L account is automatically determined for each of the transaction. This happens because automatic posting are configured in SAP system. Automatic posting can be configured by following the below steps.

Path to Configure Automatic Posting:

IMG => Materials Management => Valuation and Account Assignment => Account Determination => Account Determination without Wizard => Configure Automatic Postings
TCode: OMWB

On Display IMG screen select Configure Automatic Postings execute icon by following the above path.

The screenshot shows the SAP Display IMG interface. The menu bar includes: Implementation Guide, Edit, Goto, Additional Information, Utilities(M), System, Help. The toolbar has various icons for search, refresh, and navigation. The title bar says 'Display IMG'. The main area shows a navigation tree under 'Structure': Materials Management > Valuation and Account Assignment > Account Determination > Account Determination Wizard. There are also tabs for Existing BC Sets, BC Sets for Activity, Activated BC Sets for Activity, Release Notes, Change Log, and Where Else Used.

ACCOUNT DETERMINATION WITHOUT WIZARD

- Define Valuation Control
- Group Together Valuation Areas
- Define Valuation Classes
- Define Account Grouping for Movement Types
- Purchase Account Management
- Configure Automatic Postings!**
- Configure Price Change in Previous Period
- Configure Dynamic Price Changes
- Reasons for Price Changes
- Set up Material Price Dispatch
- Define Document Type and Number Range for Price Change
- Define Document Type and Number Range for Material Debit
- Maintain Number Ranges for Material Ledger Documents

Select Account Assignment.

Autom. Posting Edit Goto Options System Help

Automatic Posting

Account Assignment Simulation G/L Accounts

Here you can maintain the transaction for which automatic account determination is there. Click on save. Automatic posting is now configured for the transactions.

Posting Transaction Edit Goto Extras Utilities(M) System Help

Configuration Accounting Maintain : Automatic Posts - Procedures

Group RM

Description	Transaction	Account determ.
Rev.from agency bus.	G1	<input checked="" type="checkbox"/>
Sales fr.agency bus.	G2	<input checked="" type="checkbox"/>

SAP MM - CONFIGURATION

In Sap MM, some settings are done in background according to business need of an organization. These are known as configurations. Configurations help in making custom enhancements in the structure according to the business needs of an organization. Some of the important configurations in SAP MM are described in detail in below context.

Assign Fields to Field Selection Groups

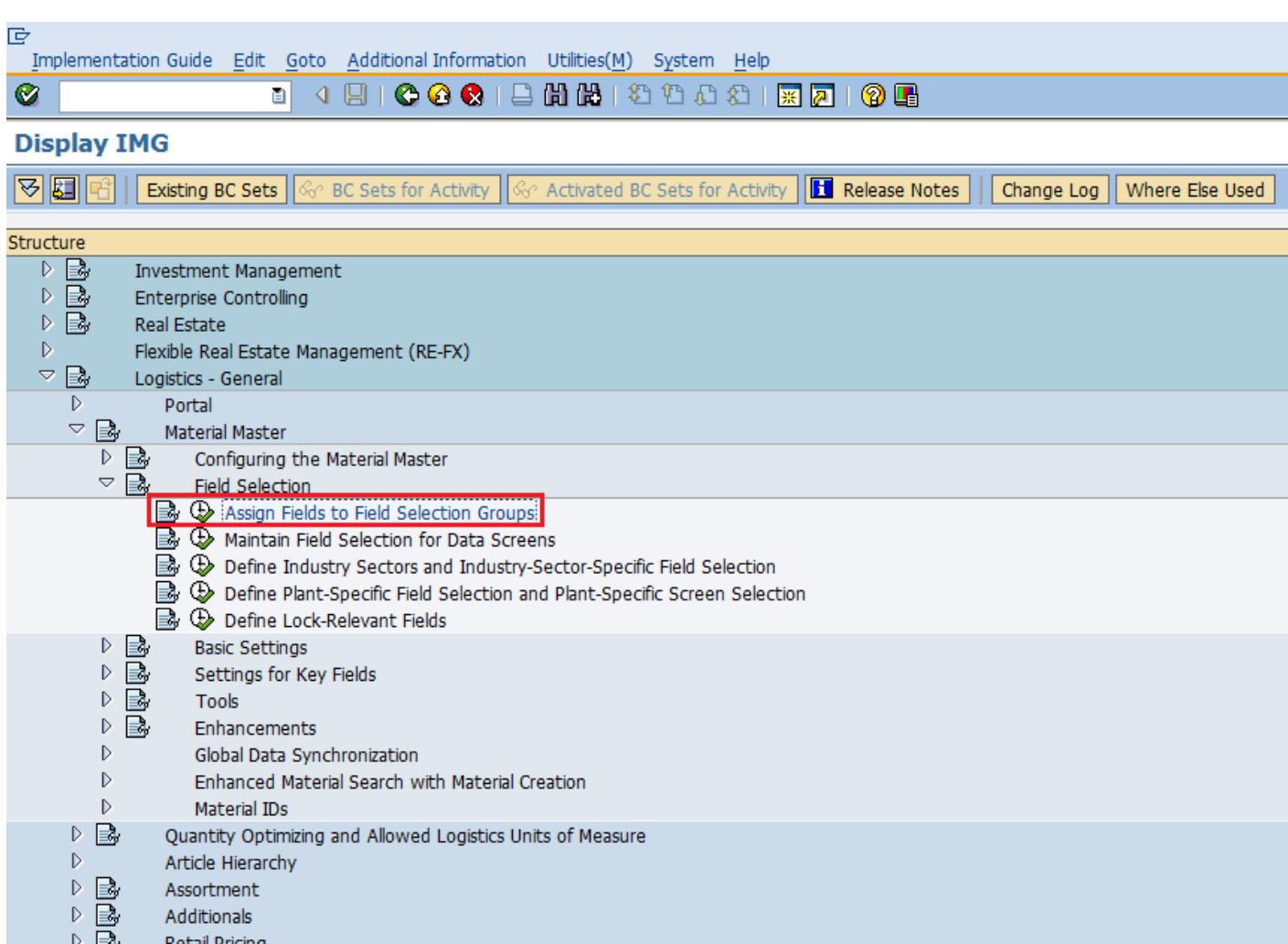
This configuration will allow you to make some fields as optional, or as hidden or some as mandatory in master record. This configuration can be set up by following the below steps.

Path to Assign Fields to Field Selection Groups:

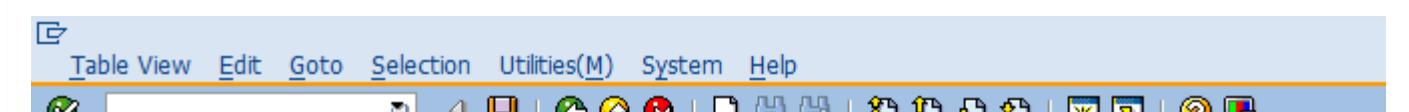
IMG => Logistic General => Material Master => Field Selection => Assign Fields to Field Selection Groups

TCode: OMSR

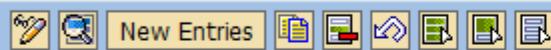
On Display IMG screen select Assign Fields to Field Selection Groups execute icon by following the above path.



Select the entry in which you want to make the changes.



Change View "Field Groups": Overview



Field name in full	Short Description	Sel. gro...	
*TC25T	.	66	
			<img alt="Copy

Field selection (Field selection group 66)					
Field ref.	Hide	Display	Reqd Entry	Opt. entry	
0001		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
0002		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Sort Entries...		Position		Entry 1 of 44	
<input checked="" type="radio"/> by field references				Position...	
<input type="radio"/> by field selection					

Maintain Field Selection for Data Screens

This configuration will allow you to make some data screens in master data as optional, or as hidden or some as mandatory. This configuration can be set up by following the below steps.

Path to Maintain Field Selection for Data Screens:

IMG => Logistic General => Material Master => Field Selection => Maintain Field Selection for Data Screens
TCode: OMS9

On Display IMG screen select Maintain Field Selection for Data Screens execute icon by following the above path.

The screenshot shows the SAP Display IMG interface. The top menu bar includes Implementation Guide, Edit, Goto, Additional Information, Utilities(M), System, and Help. The toolbar contains various icons for navigation and system functions. The main area is titled "Display IMG" and shows a hierarchical structure under "Structure". The path selected is: Investment Management > Enterprise Controlling > Real Estate > Flexible Real Estate Management (RE-FX) > Logistics - General > Portal > Material Master > Field Selection > Maintain Field Selection for Data Screens. The "Maintain Field Selection for Data Screens" icon is highlighted with a red box. Below this, other options like Assign Fields to Field Selection Groups, Define Industry Sectors, Define Plant-Specific Field Selection, and Define Lock-Relevant Fields are listed. The bottom part of the screen shows additional sub-options for Material Master and other material management areas.

Select field selection group in which you want to make changes. Here you can do changes in field reference as hidden, display, required entry or optional entry. Click on save. Field selection for data screens is now maintained.

Table View Edit Goto Selection Utilities(M) System Help

New Entries BC Set: Change Field Values

Field sel. group 1 [] < < > >

Fields (Field selection group 1)

Field name	Short Description
MARA	Base Unit of Measure

Field selection (Field selection group 1)

Field ref.	Hide	Display	Reqd Entry	Opt. entry
0001	<input checked="" type="checkbox"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
0002	<input checked="" type="checkbox"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Sort Entries... Position... Position...

Maintain Company Codes for Materials Management

This configuration will allow you to maintain company codes with period along with fiscal year. This configuration can be set up by following the below steps.

Path to Maintain Company Codes for Materials Management:

IMG => Logistic General => Material Master => Basic Settings => Maintain Company Codes for Materials Management

TCode: OMSY

On Display IMG screen select Maintain Company Codes for Materials Management execute icon by following the above path.

Implementation Guide Edit Goto Additional Information Utilities(M) System Help

Existing BC Sets BC Sets for Activity Activated BC Sets for Activity Release Notes Change Log Where Else Used

Structure

- > Investment Management
- > Enterprise Controlling
- > Real Estate
- > Flexible Real Estate Management (RE-FX)
- > Logistics - General
 - > Portal
 - > Material Master

The screenshot shows the SAP Implementation Guide (IMG) navigation path. The selected node is 'Maintain Company Codes for Materials Management', which is highlighted with a red border. The path includes:

- Configuring the Material Master
- Field Selection
- Basic Settings
 - Define Output Format of Material Numbers
 - Make Global Settings
 - Maintain Company Codes for Materials Management**
 - Material Types
 - Define Attributes of System Messages
- Settings for Key Fields
- Tools
- Enhancements
- Global Data Synchronization
- Enhanced Material Search with Material Creation
- Material IDs
- Quantity Optimizing and Allowed Logistics Units of Measure
- Article Hierarchy
- Assortment
- Additionals
- Retail Pricing

Provide details like name of company code, along with fiscal year and period for that. Click on save. Company code is now maintained for materials management.

The screenshot shows the SAP Change View "Materials Management View on Company Codes": Overview screen. The interface includes a toolbar with various icons (Table View, Edit, Goto, Selection, Utilities(M), System, Help) and a menu bar with a checkmark icon. The main area displays a table titled "Change View 'Materials Management View on Company Codes': Overview". The table has columns for CoCd, Company Name, Year, Pe, FYr, MP, FYr, LM, ABp, and DBp. A single row is visible, showing 0001 SAP A.G. with values 1998, 3, 1998, 2, 1997, 12, checked, and unchecked checkboxes for ABp and DBp. Navigation buttons (first, last, previous, next) are at the bottom of the table.

CoCd	Company Name	Year	Pe	FYr	MP	FYr	LM	ABp	DBp
0001	SAP A.G.	1998	3	1998	2	1997	12	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Define Attributes of System Messages

Sometimes when information is incomplete in any document, system will not allow us to save the document. So, system will issue some messages to indicate the field left or may be due to wrong entry in field. These system messages can be set up by following the below path.

Path to Define Attributes of System Messages:

IMG => Logistic General => Material Master => Basic Settings => Define Attributes of System Messages

TCode: OMT4

On Display IMG screen select Define Attributes of System Messages execute icon by following the above path.

The screenshot shows the SAP Implementation Guide (IMG) navigation bar. The selected item is "Additional Information". Other items include Implementation Guide, Edit, Goto, Additional Information, Utilities(M), System, and Help.

Display IMG

Existing BC Sets BC Sets for Activity Activated BC Sets for Activity Release Notes Change Log Where Else Used

Structure

- ▷ Investment Management
- ▷ Enterprise Controlling
- ▷ Real Estate
- ▷ Flexible Real Estate Management (RE-FX)
- ▷ Logistics - General
 - ▷ Portal
 - ▷ Material Master
 - ▷ Configuring the Material Master
 - ▷ Field Selection
 - ▷ Basic Settings
 - ▷ Define Output Format of Material Numbers
 - ▷ Make Global Settings
 - ▷ Maintain Company Codes for Materials Management
 - ▷ Material Types
 - ▷ Define Attributes of System Messages
 - ▷ Settings for Key Fields
 - ▷ Tools
 - ▷ Enhancements
 - ▷ Global Data Synchronization
 - ▷ Enhanced Material Search with Material Creation
 - ▷ Material IDs
 - ▷ Quantity Optimizing and Allowed Logistics Units of Measure
 - ▷ Article Hierarchy
 - ▷ Assortment
 - ▷ Additionals
 - ▷ Retail Pricing

Here you can maintain type of message *warning* or *error* in version tab, message number along with description of message. Click on save. System messages are now maintained.

Table View Edit Goto Selection Utilities(M) System Help

BC Set: Change Field Values

Change View "System Messages": Overview

Version	Appl.A.	No.	Message text	Cat
00	M3	128	Check the data for the purchasing value key	W
00	M3	132	With price control S, enter a standard price	W
00	M3	148	Price unit not allowed since valuation price would be zero	W

Define Number Ranges - Purchase Requisition

When we create purchase requisition every requisition is recognized by a number, that number will be unique and known as purchase requisition number. We can define number range manually otherwise system can automatically assign. So, number range for purchase requisition can be defined by following the below steps.

Path to Define Number Ranges:

IMG => Materials Management => Purchasing => Purchase Requisition => Define Number Ranges
TCode: OMH7

On Display IMG screen select Define Number Ranges execute icon by following the above path.

The screenshot shows the SAP Display IMG interface. The top menu bar includes 'Implementation Guide', 'Edit', 'Goto', 'Additional Information', 'Utilities(M)', 'System', and 'Help'. Below the menu is a toolbar with various icons. The main area is titled 'Display IMG' and contains a breadcrumb trail: 'Existing BC Sets' > 'BC Sets for Activity' > 'Activated BC Sets for Activity' > 'Release Notes' > 'Change Log' > 'Where Else Used'. A 'Structure' tree view on the left lists categories under 'Materials Management' and 'Purchasing', with 'Purchase Requisition' expanded to show sub-options like 'Define Number Ranges' (which is highlighted with a red box), 'Define Document Types', 'Processing Time', 'Release Procedure', 'Define Screen Layout at Document Level', 'Texts for Purchase Requisitions', 'Define Tolerance Limit for Archiving', and 'Set up Stock Transport Requisition'.

Select edit mode of Intervals tab.

The screenshot shows the 'Number range object' screen. The top menu bar includes 'Edit', 'Goto', 'Interval', 'System', and 'Help'. Below the menu is a toolbar with various icons. The main title is 'Number Ranges for Purchase Requisitions'. At the bottom, there are three tabs: 'Intervals' (highlighted with a red box), 'Status', and another 'Intervals' tab located in a separate box. The 'Intervals' tab contains a small icon and some descriptive text.

Here you can maintain number range accordingly. Then click on save. Number range for purchase requisition is now maintained.

The screenshot shows the SAP interface for maintaining number range intervals. The title bar reads "Number range object Edit Goto Interval System Help". Below the title bar is a toolbar with various icons. The main area is titled "Maintain Number Range Intervals" and has tabs "Interval" and "Purchase requisition" (which is selected). A sub-header "NR Object" is also present. The central part of the screen displays a table titled "Intervals" with columns: No., From number, To number, Current number, and Ext. There are two entries: 01 (From 1000000000 To 1999999999 Current 0) and 02 (From 2000000000 To 2999999999 Current 0). The "Ext" column contains icons for edit, delete, and other actions. The "Ext" column for entry 01 is empty, while for entry 02 it has a checkmark and a small blue bar.

Define Document Types - Purchase Requisition

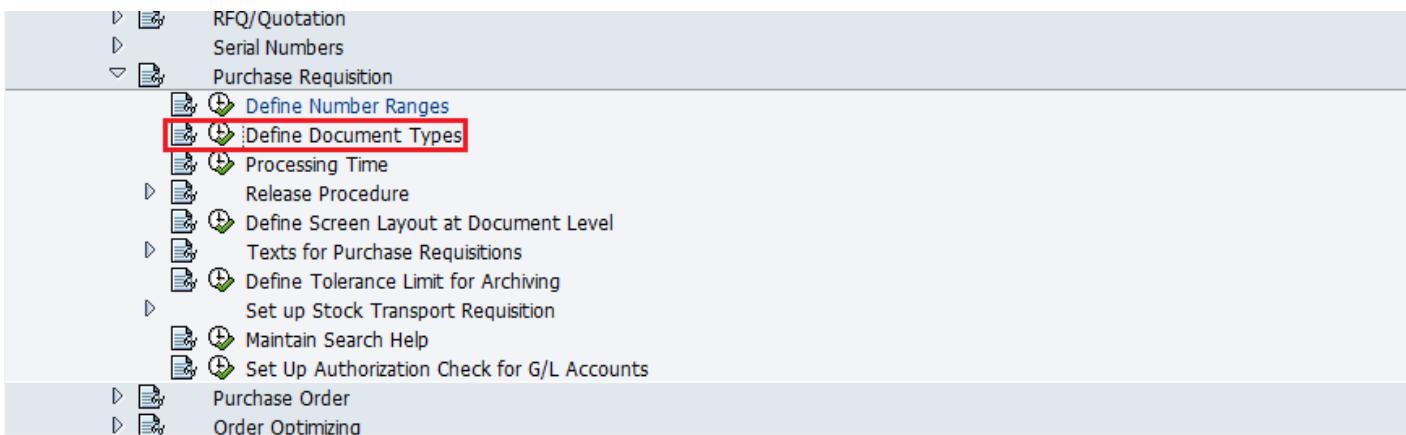
There are different types of document created for purchase requisition. So document types for purchase requisition can be maintained as shown below by following the below steps.

Path to Define Document Types:

IMG => Materials Management => Purchasing => Purchase Requisition => Define Document Types

On Display IMG screen select Define Document Types execute icon by following the above path.

The screenshot shows the SAP interface for defining document types. The title bar reads "Implementation Guide Edit Goto Additional Information Utilities(M) System Help". Below the title bar is a toolbar with various icons. The main area is titled "Display IMG" and has tabs "Existing BC Sets", "BC Sets for Activity", "Activated BC Sets for Activity", "Release Notes", "Change Log", and "Where Else Used". A "Structure" tree view is on the left, showing categories like General Settings for Materials Management, Consumption-Based Planning, Purchasing (expanded), Environment Data, Material Master, Vendor Master, Restrictions for the Industry Solution for Defense Forces & Public Security, Create Purchasing Groups, Purchasing Info Record, Source List, and Quota Arrangement.



Select New Entries icon.

This screenshot shows the 'Document Types Purchase requisition Change' screen. The 'New Entries' button in the toolbar is highlighted with a red box. The main area displays a table of document types:

Type	Doc. Type Descript.	ItmInt.	NoRgeInt	NoRge Ext
ECPO	SRM Purchase Request	1	01	02
FO	Framework Requis	10	01	02
NB	Purchase Requisition	10	01	02

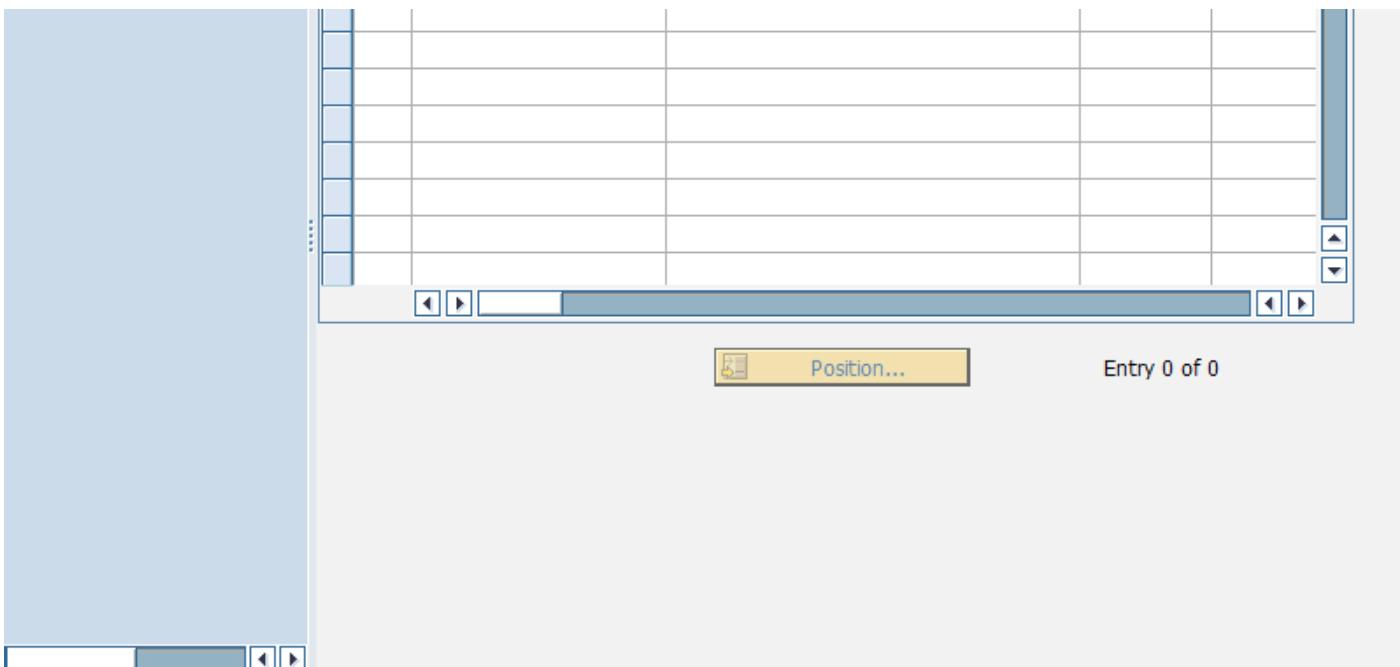
Below the table, there is a 'Position...' button and a message 'Entry 1 of 5'.

Provide details like name of document type with its description. Click on save. Document types for purchase requisition are now defined.

This screenshot shows the same screen after adding a new document type. A new row is present in the table:

Type	Doc. Type Descript.	ItmInt.	NoRgeInt	NoRge Ext

The 'Dialog Structure' sidebar shows the 'Document types' node is expanded, and the 'Allowed item catego' node is also expanded.



Define Number Ranges - RFQ/Quotation

When we create RFQ/Quotation every quotation is recognized by a number, that number will be unique and known as quotation number. We can define number range manually otherwise system can automatically assign. So, number range for RFQ/Quotation can be defined by following the below steps.

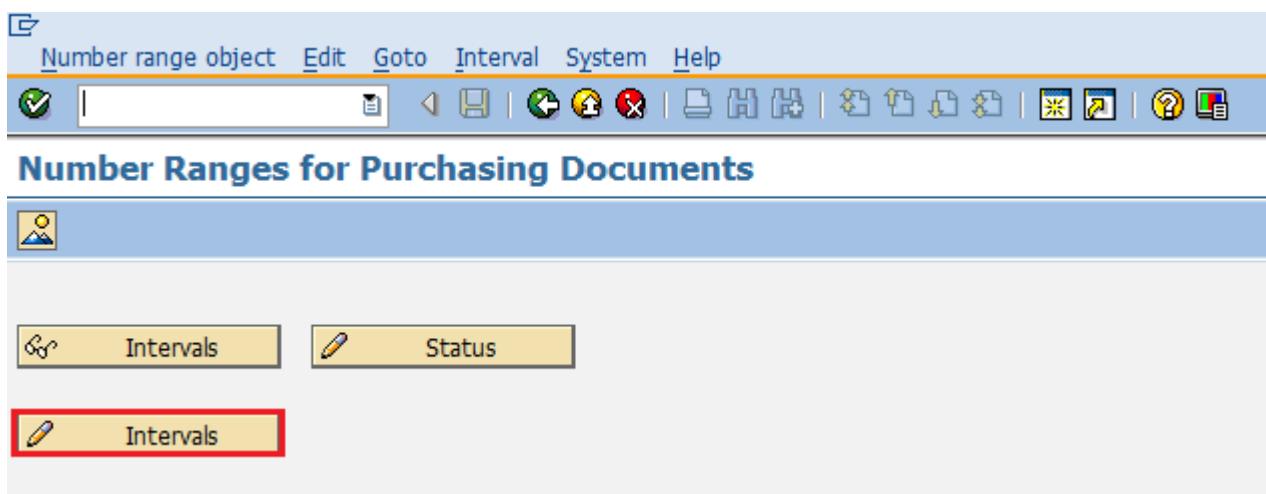
Path to Define Number Ranges:

IMG => Materials Management => Purchasing => RFQ/Quotation => Define Number Ranges
TCode: OMH6

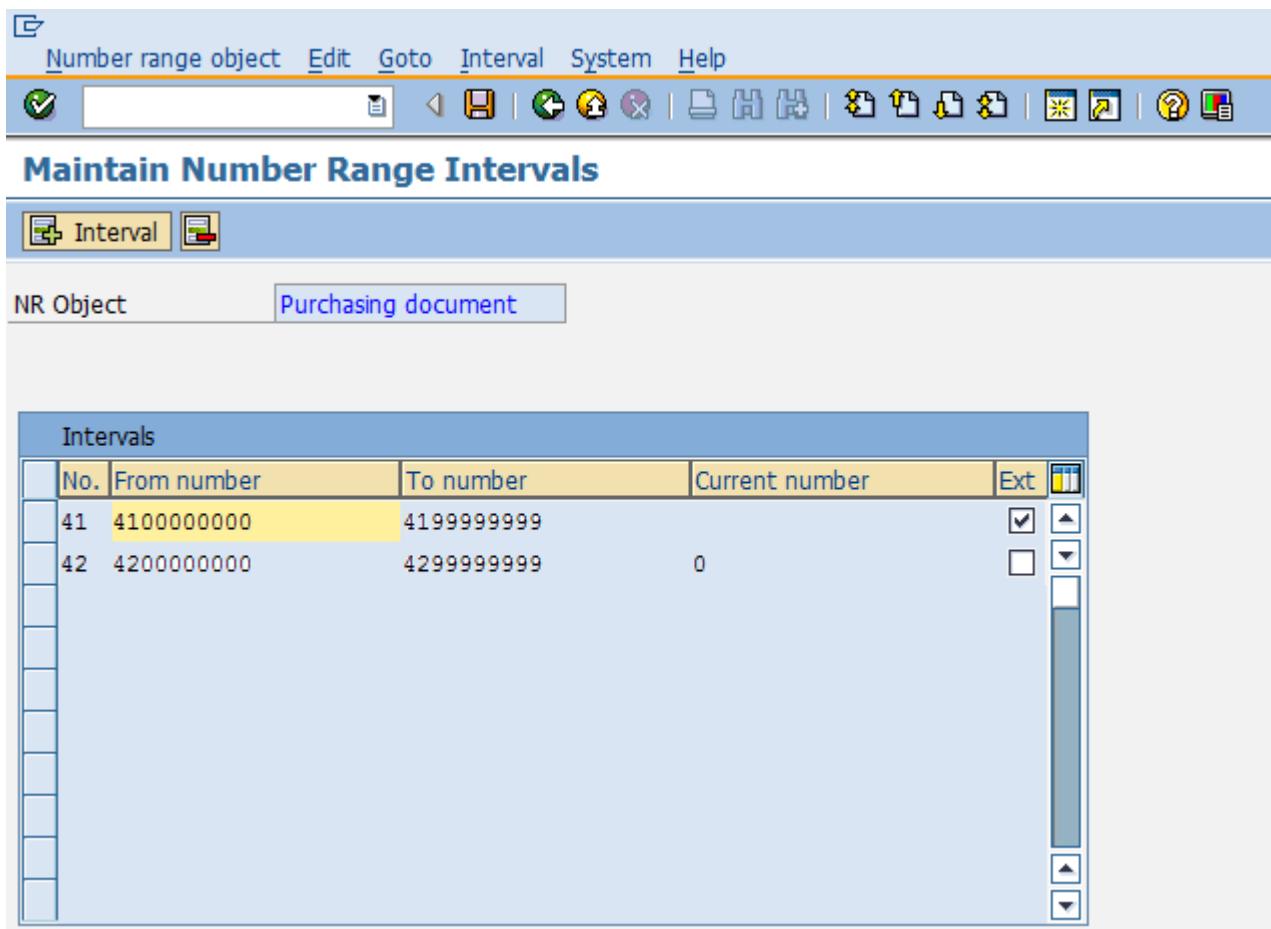
On Display IMG screen select Define Number Ranges execute icon by following the above path.

The screenshot shows the SAP Display IMG interface. The top menu bar includes 'Implementation Guide', 'Edit', 'Goto', 'Additional Information', 'Utilities(M)', 'System', and 'Help'. Below the menu is a toolbar with various icons. The main area is titled 'Display IMG' and contains a 'Structure' tree. The tree path is: Materials Management > Purchasing > RFQ/Quotation > Define Number Ranges. The 'Define Number Ranges' node is highlighted with a red dashed border. Other nodes in the tree include Logistics - General, Environment, Health and Safety, Sales and Distribution, General Settings for Materials Management, Consumption-Based Planning, Environment Data, Material Master, Vendor Master, Restrictions for the Industry Solution for Defense Forces & Public Security, Create Purchasing Groups, Purchasing Info Record, Source List, Quota Arrangement, and Serial Numbers, Purchase Requisition, Purchase Order.

Select edit mode of Intervals tab.



Here you can maintain number range accordingly. Then click on save. Number range for RFQ/Quotation is now maintained.



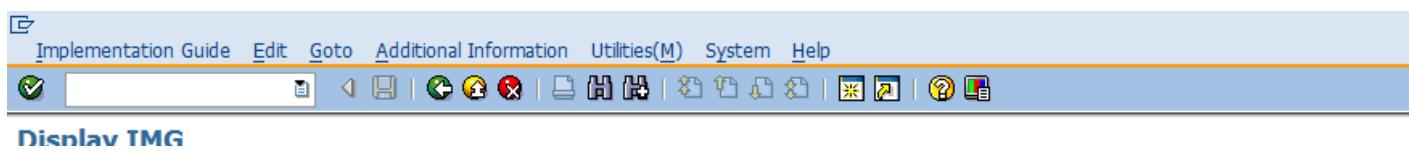
Define Document Types - RFQ/Quotation

There are different types of document created for RFQ/Quotation. So document types for RFQ/Quotation can be maintained as shown below by following the below steps.

Path to Define Document Types:

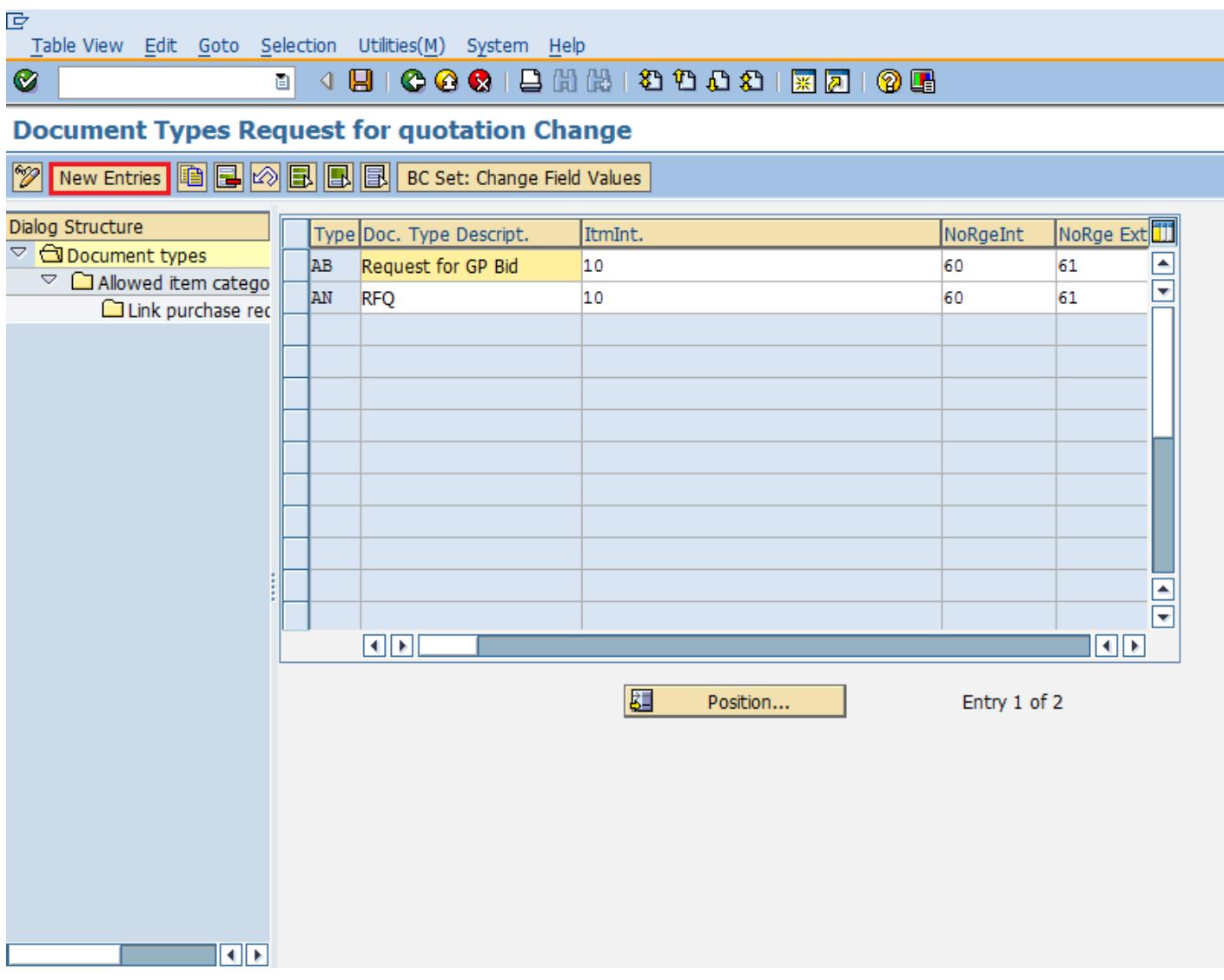
IMG => Materials Management => Purchasing => RFQ/Quotation => Define Document Types

On Display IMG screen select Define Document Types execute icon by following the above path.





Select New Entries icon.



Provide details like document type with its description. Click on save. Document types for RFQ/Quotation are now defined.

The screenshot shows the SAP MM - Transaction Codes interface. At the top, there is a menu bar with options: Table View, Edit, Goto, Selection, Utilities(M), System, and Help. Below the menu is a toolbar with various icons. The main title is "Document Types Request for quotation Change". On the left, there is a "Dialog Structure" tree view with nodes like "Document types" and "Allowed item categories". The central part of the screen is a table with columns: Type, Doc. Type Descript., ItmInt., NoRgeInt, and NoRge Ext. The table currently has one row selected, indicated by a yellow background. At the bottom of the table area, there are navigation buttons and a status message "Entry 0 of 0".

SAP MM - TRANSACTION CODES

In SAP MM some short-cut codes are provided to save time and effort. These are known as transaction codes. Transaction codes are the short-cut codes that will directly take us to the screen desired. This will help in eliminating long path that we go through implementation guide to reach a desired screen. These codes are provided in command field. Some of important transaction codes are as follows.

T-Code Description

OX15	Create Company
OX02	Create Company Code
OX10	Create Plant
OX09	Create Storage Location
OX08	Create Purchasing Organization
OME4	Create Purchasing Group
OX18	Assign Plant to Company Code
OX01	Assign Purchasing Organization to Company Code

OX17	Assign Purchasing Organization to Plant
MM01	Create Material
MM02	Change Material
MM03	Display Material
MB51	Material Document List
MMDE	Delete All Materials
MMNR	Define Material Master Number Ranges
XK01	Create Vendor
XK02	Change Vendor
XK03	Display Vendor
ML33	Create Vendor Conditions
ME11	Maintain Purchasing Info Record
ME01	Maintain Source List
ME51N	Create Purchase Requisition
ME52N	Change Purchase Requisition
ME53N	Display Purchase Requisition
ME41	Create RFQ/Quotation
ME42	Change RFQ/Quotation
ME43	Display RFQ/Quotation
ME31L	Create Scheduling Agreement
ME32L	Change Scheduling Agreement
ME33L	Display Scheduling Agreement
MEQ1	Create Quota Arrangement
MEQ2	Change Quota Arrangement
MEQ3	Display Quota Arrangement
ME21N	Create Purchase Order
ME22N	Change Purchase Order
ME23N	Display Purchase Order
ME29N	Release Purchase Order
ME59N	Automatic generation of Purchase Order
MIGO	Post Goods Movement
MB1A	Goods Withdrawal
MB1B	Transfer Posting
MB1C	Post Other Goods Receipts
MB01	Post Goods Receipt for Purchase Order

OMJJ	Customizing: Define New Movement Types
MIRO	Enter Incoming Invoice
MIRA	Fast Invoice Entry
MR8M	Cancel Invoice Document
MRBR	Release Blocked Invoices
OMR6	Tolerance limits: Invoice Verification
MIR5	Display List of Invoice Documents
MIR6	Invoice Overview
MIR7	Park Invoice
MRIS	Settle Invoicing Plan
AC02	Service Master
ML81N	Create Service Entry Sheet
MRRL	Evaluated Receipt Settlement
MMB1	Create Semi Finished Product
MMF1	Create Finished Product
MMG1	Create Returnable Packaging
MMH1	Create Trading Goods
MMI1	Create Operating Supplies
MMK1	Create Configurable Material
MMN1	Create Non-Stock Material
MMBE	Stock Overview
MB52	List of Warehouse Stocks on Hand
MB21	Create Reservation
MBST	Cancel Material Document
MB5T	Stock in Transit

SAP MM - INTERVIEW QUESTIONS

Dear readers, these **SAP-MM Interview Questions** have been designed especially to get you acquainted with the nature of questions you may encounter during your interview for the subject of **SAP-MM**. As per my experience, good interviewers hardly planned to ask any particular question during your interview, normally questions start with some basic concept of the subject and later they continue based on further discussion and what you answer:

Q: What do you know about SAP?

A: SAP stands for “Systems, Applications and Products in data processing”. Amongst the software provider, SAP comes up as the world’s third largest. 5 IBM employees founded SAP in 1972 in Walldorf, Germany.

Q: What are Features of SAP ERP?

A: SAP is an enterprise resource planning software which is produced by the German corporation. SAP is a enterprise information software that was basically designed to manage resources, information and activities that are required to complete business processes like procurement and managing orders, billing of orders and management of human resources.

Q: What are the organizational levels in SAP R/3?

A: The top level of the organizational structure is the client, followed by company code, which represents a unit with its own accounting unit. The next level down is plant where procurement activities take place. A plant will produce goods and makes goods available for the company. The purchasing organization is the legally responsible for procurement transactions. This group is further subdivided into purchasing groups.

Q: What are important steps in procurement life cycle?

A: Procurement Process starts with gathering requirements, then creating a purchase requisition and then we create a formal document that has to be sent to vendor i.e. purchase order. After this goods will be supplied by vendor and goods receipt is done along with invoice verification. Then vendor is paid for supplied goods and services.

Q: What do you mean by special stocks?

A: Special stocks are stocks that are managed differently as these stocks did not belong to company and these are being kept at some particular location.

Q: How stock is being transferred from one plant to another plant?

A: Stock within plants is transferred with the help of stock transport order. One plant order the goods internally from another plant *receiving plant/issuing plant* with the help of stock transport order.

Q: What are some of the movement types for stock transport order?

A: One step transfers of materials can be posted using movement type 301. Other movement types are 303, 351, 641, or 643 in the stock transport order.

Q: What is difference between purchase requisition and purchase order?

A: Purchase requisition is an internal document and it is a request that is made to purchasing organization to procure certain list of material while purchase order is formal document that is given to vendor containing list of items to be procured from vendor.

Q: What is a RFQ and how it is different from quotation?

A: RFQ is request for quotation and it is a form of invitation that is sent to vendors to submit quotation indicating pricing and their terms and conditions while quotation is a reply by a vendor in response to request for quotation.

Q: What are transactions that will cause change in stock?

A: Goods receipt and goods issue will cause change in stock as goods receipt will increase warehouse stock and goods issue will decrease warehouse stock.

Q: What do you mean by reservation?

A: Sometimes, stock need to be blocked in advance so that it can be available at a particular point of time. This is known as reservation. Reservation ensures that stock is available and it can be used when required. Reserved quantity can be viewed by tcode MMBE.

Q: Can you manually create purchase requisition with reference to documents such as purchase order or scheduling agreement?

A: No, purchase requisition cannot be created with either of these as it is an internal document which is controlled by purchase organization.

Q: Is material and vendor data available at all organizational levels?

A: Yes, material and vendor data is available at all levels as it is normally created for company and it is valid for the levels below company.

Q: What do you mean by release procedure?

A: Release procedure means approval of documents like purchase orders and purchase requisition manually by the criteria defined in the configuration.

Q: If you have multiple line items in purchase order, can you release line by line that purchase order?

A: No, release is done only at header level in a combined way for all line items in case of purchase order.

Q: What do you mean by material type?

A: Materials with some common attributes are grouped together and they are assigned to a material type. This will differentiate materials and allow organization to manage different materials in systematic manner in accordance to company's requirement.

Q: What is a source list?

A: Source list include list of possible sources of supply for a material over a given framework of time. A particular material can be ordered from different vendors in different time intervals. This information can be maintained in a source list.

Q: What do you mean by consignment stock?

A: In Consignment, material is available at our store premises, however it still belongs to the vendor/seller/Owner of the material. If you utilize the material from consignment stocks, then you have to pay to the vendor.

Q: What is invoice verification?

A: Once goods are procured from vendor and placed in company's premises through goods receipt then we need to pay to vendor for acquired goods and services. The amount to be paid along with details of material is provided by vendor in form of document that is known as invoice. Before paying to vendor we need to verify the invoice. This process of verifying invoice and paying to vendor is known as invoice verification.

Q: What do you mean by outline agreement?

A: Outline agreement is a long term purchasing agreement with vendor containing terms and conditions regarding the material that is supplied by vendor. Outline agreement are valid up to certain period of time and cover a certain predefined quantity or value.

Q: What is difference between contract and scheduling agreement?

A: Contract is a long term outline agreement between vendor and ordering party over predefined material or services over certain framework of time whereas scheduling agreement is a long term outline agreement between vendor and ordering party over a predefined material or service which are procured on predetermined dates over a framework of time.

Q: What is difference between planned and unplanned services?

A: In planned services at the time of procurement specifications like quantity and price are known in advance. It means nature and scope of service is clear before procurement whereas in unplanned services at the time of procurement specifications like quantity and price are not known in advance. It means nature and scope of service is not clear before procurement. These services can be extended as per the requirement.

Q: What is quota arrangement?

A: A particular material can be procured from different vendors depending upon the requirement. So, total requirement of a material is distributed to different vendor's i.e. quota is assigned to each source of supply. This is known as quota arrangement.

Q: What do you understand by posting period?

A: Various documents like purchase order, request for quotation, goods receipt are essential

documents in a business. These documents need security i.e. if any of documents is posted incorrectly then business can be affected at various concern levels. So, to secure these documents we have a concept of posting period. Posting period means it will allow you to post and make changes in the documents only in a specific time period.

What is Next?

Further, you can go through the examples which you have practised with the subject and make sure you are able to speak confidently on them. If you are fresher then interviewer does not expect you will answer very complex questions, rather you have to make your basics concepts very strong.

Second it really doesn't matter much if you could not answer few questions but it matters that whatever you answered, you must have answered with confidence. So just feel confident during your interview. We at tutorialspoint wish you best luck to have a good interviewer and all the very best for your future endeavour. Cheers :-)