

SAP MM - QUICK GUIDE

http://www.tutorialspoint.com/sap_mm/sap_mm_quick_guide.htm

Copyright © tutorialspoint.com

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, controletc.*
- 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 *productsandorservices* 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:



New password

Client

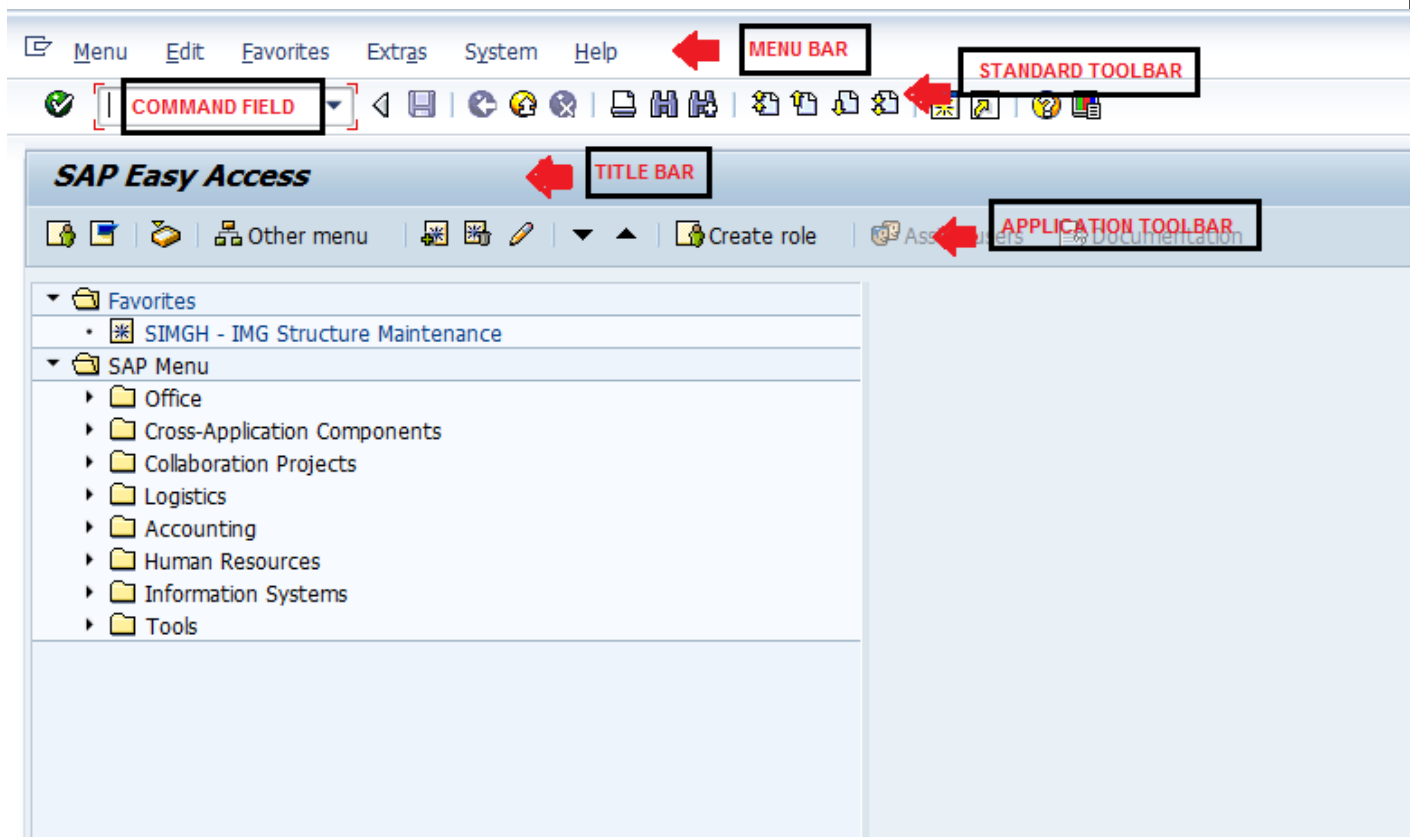
User

Password

Language

Standard Tool-bar Icon

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



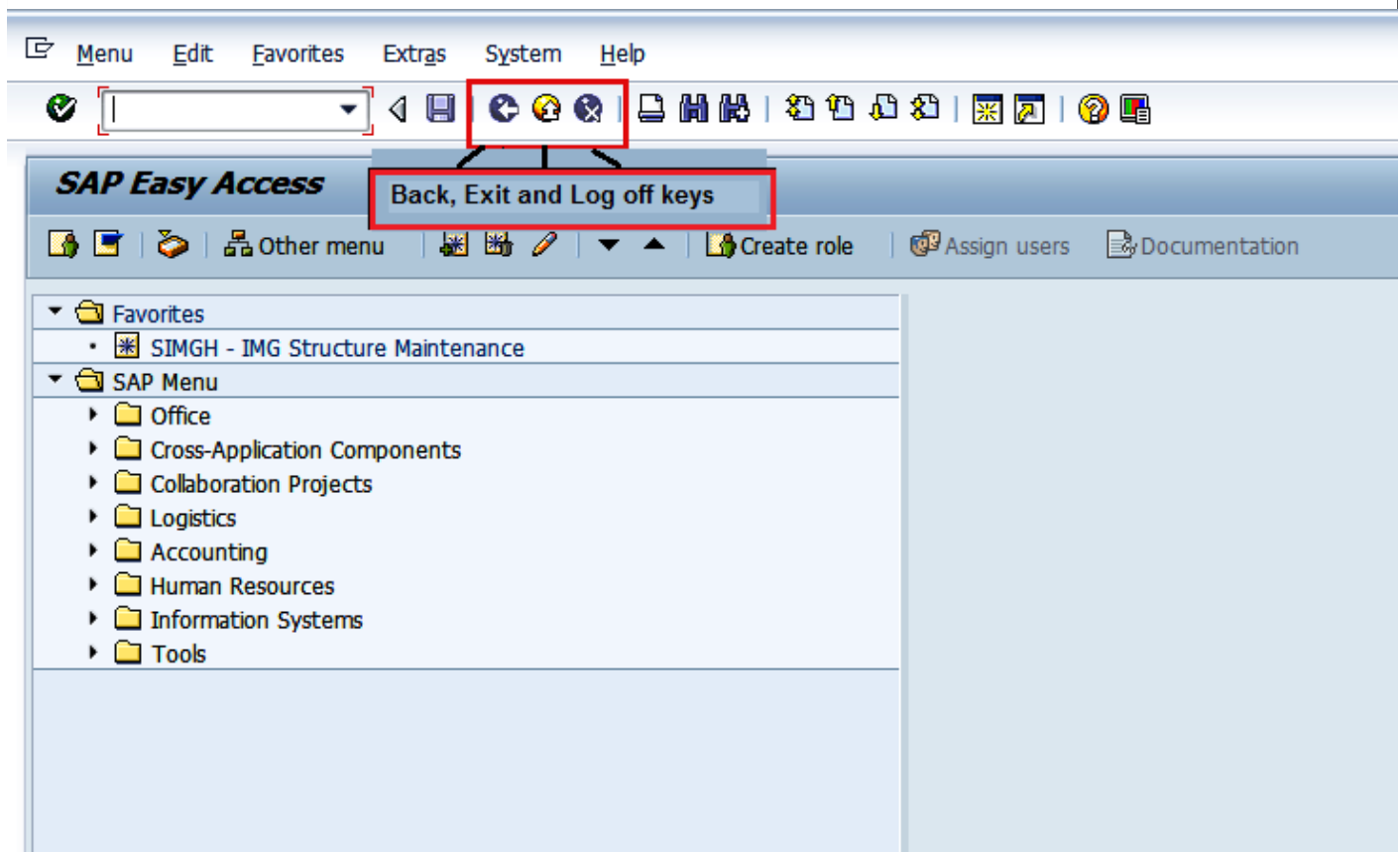
SAP screen tool-bars are briefly described as:

- **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.

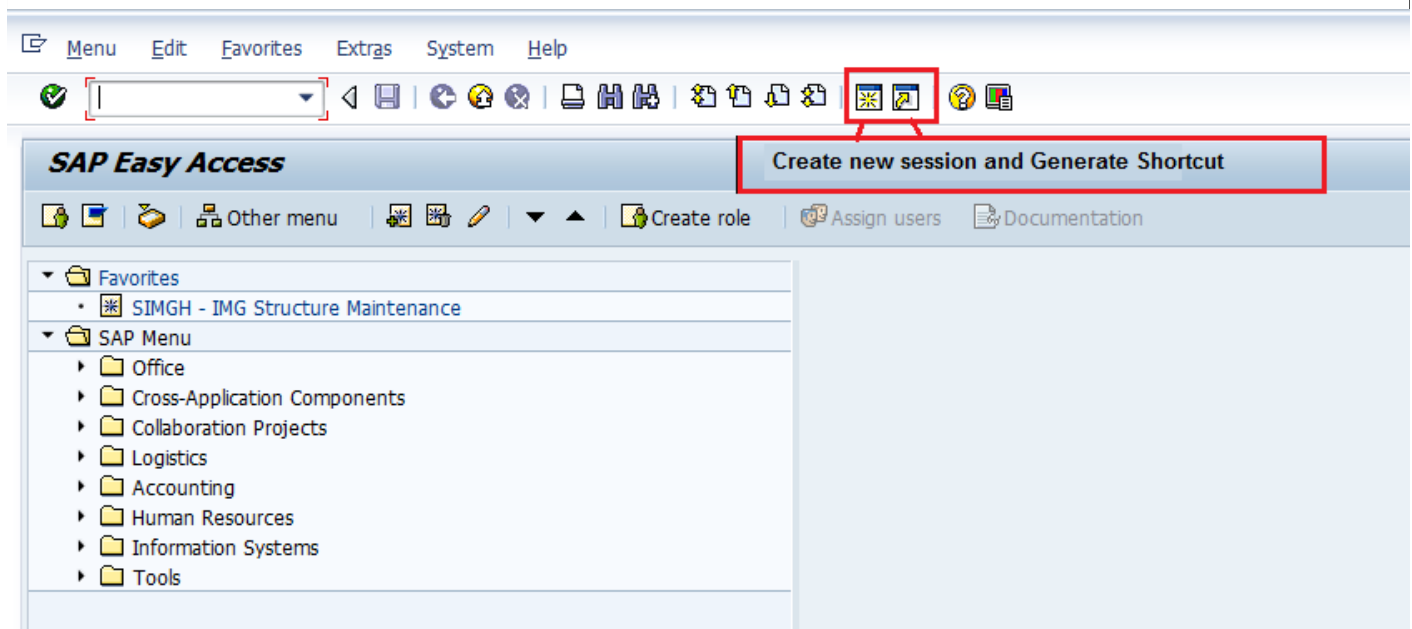
Standard Exit Keys

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:



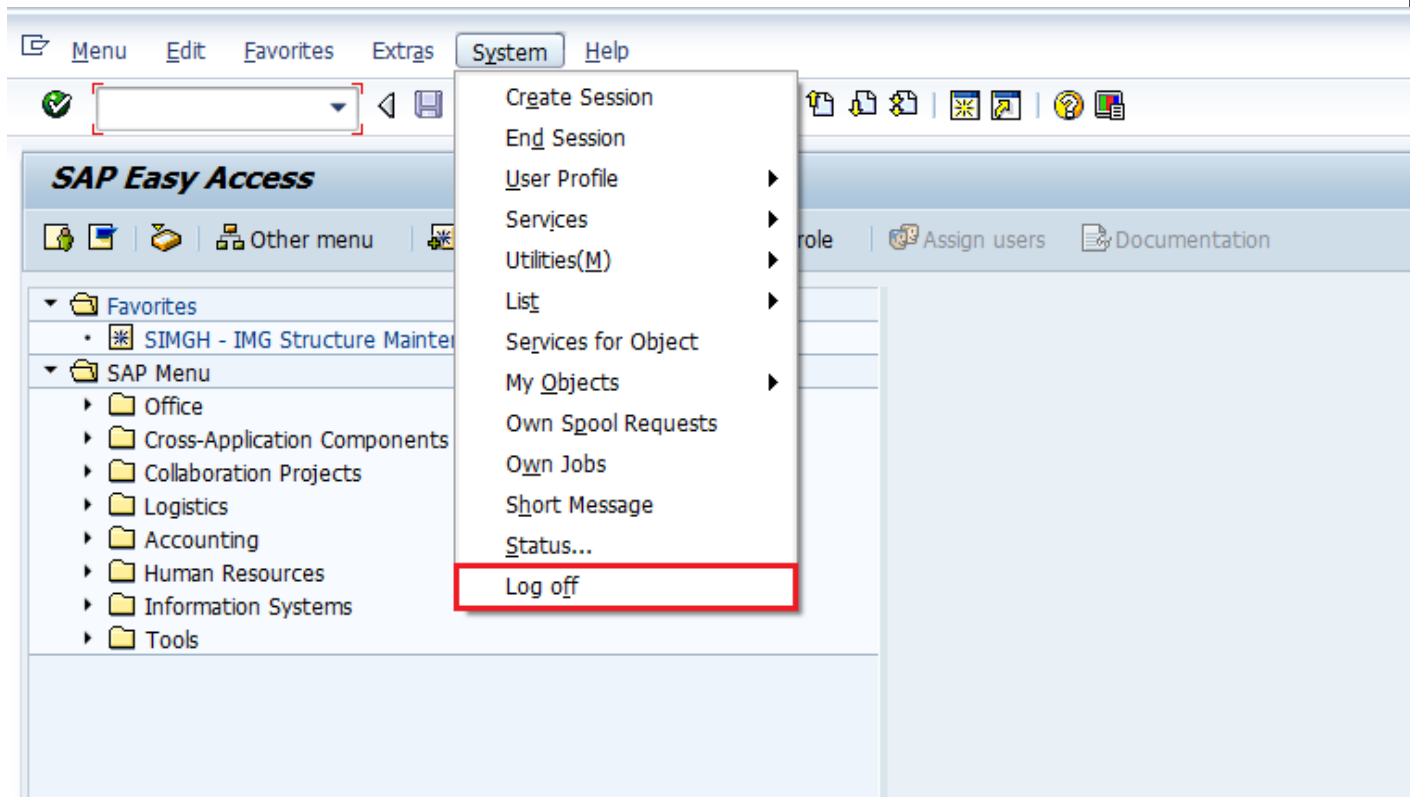
New Session Icon

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

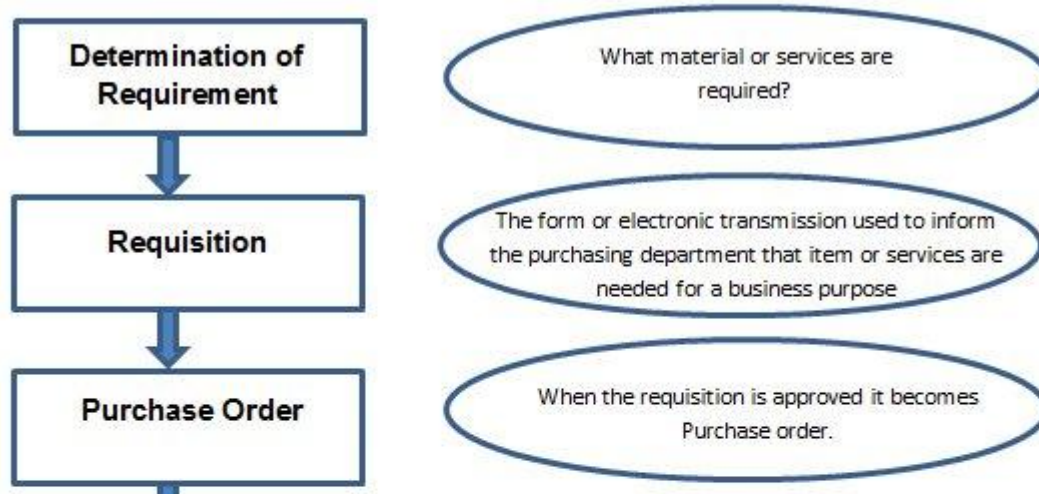
As the products/service is consumed the performance of the products or services is evaluated and any follow up service support if required is analyzed.

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 then 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 process of getting material and services from among identical company. 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 *the subcontractor* 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

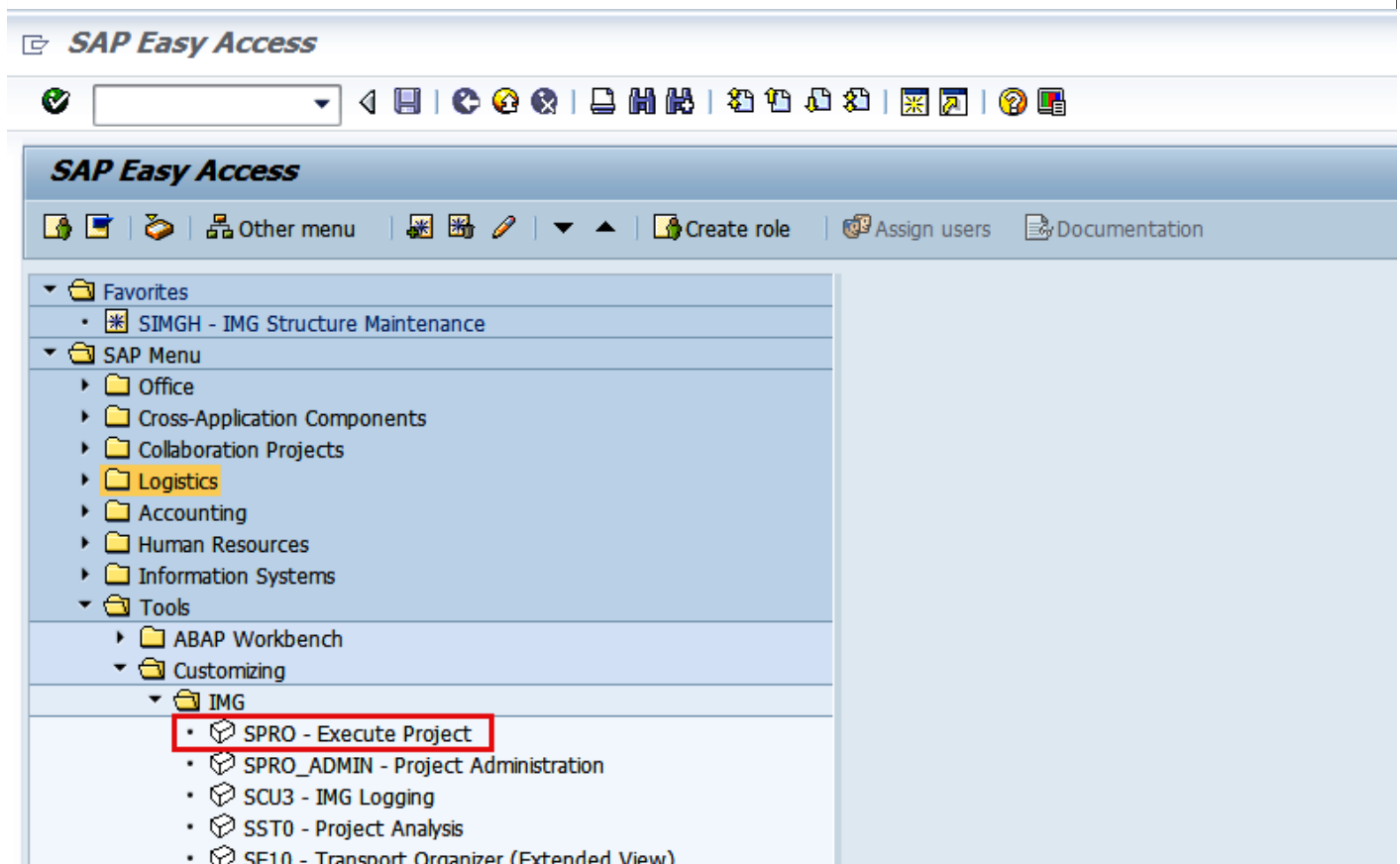
To do any type of configuration according to our organization need the first step is to reach the implementation *IMG* guide screen. We can reach implementation guide in 2 ways:

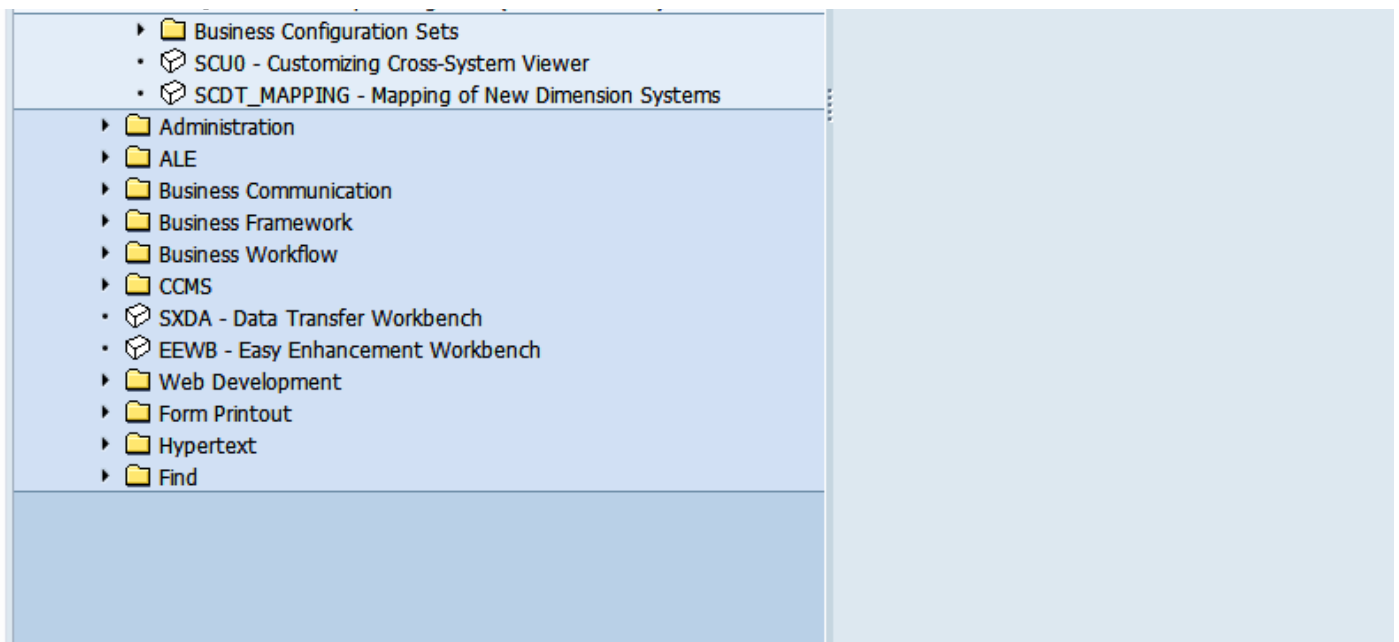
- Menu path
- Transactional code

Menu path

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

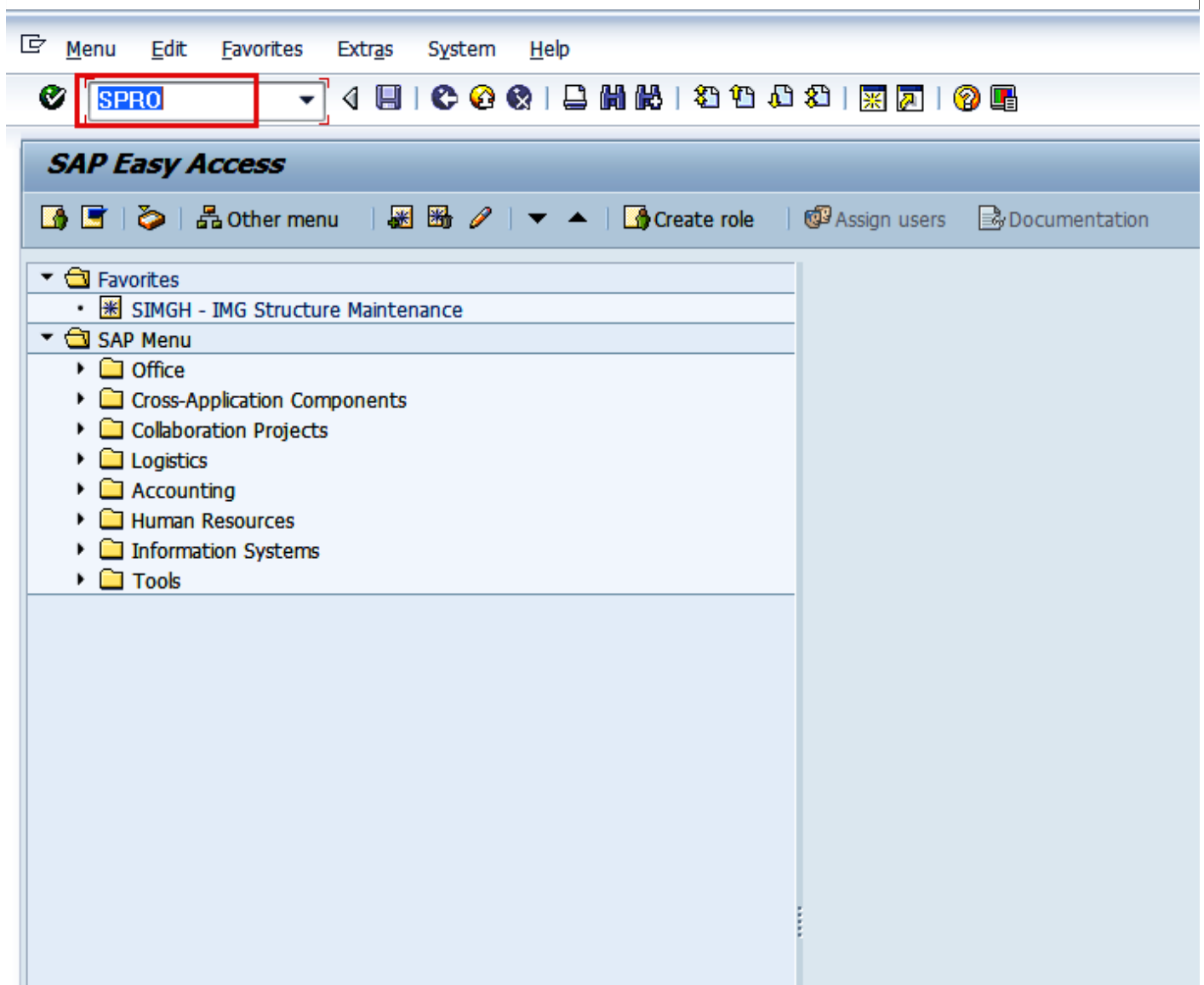
SAP Easy Access => Tools => Customizing => IMG => Execute Project





Transactional code

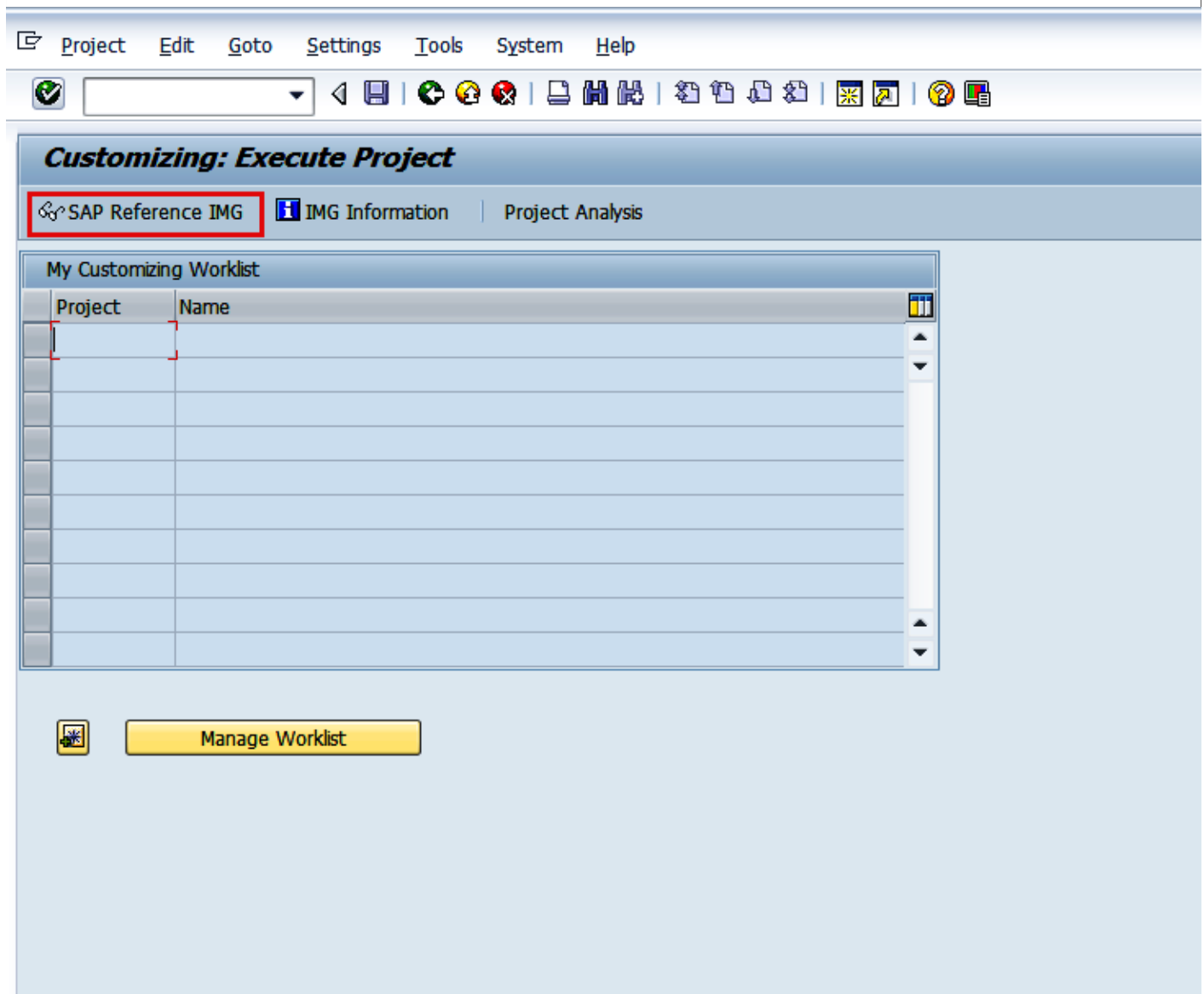
Best and simple way to reach out any SAP screen is TCode i.e. transactional code. Transactional code to reach out IMG: SPRO *SAPProjectReferenceObject*. Enter the Transaction code in command field and then click on enter.



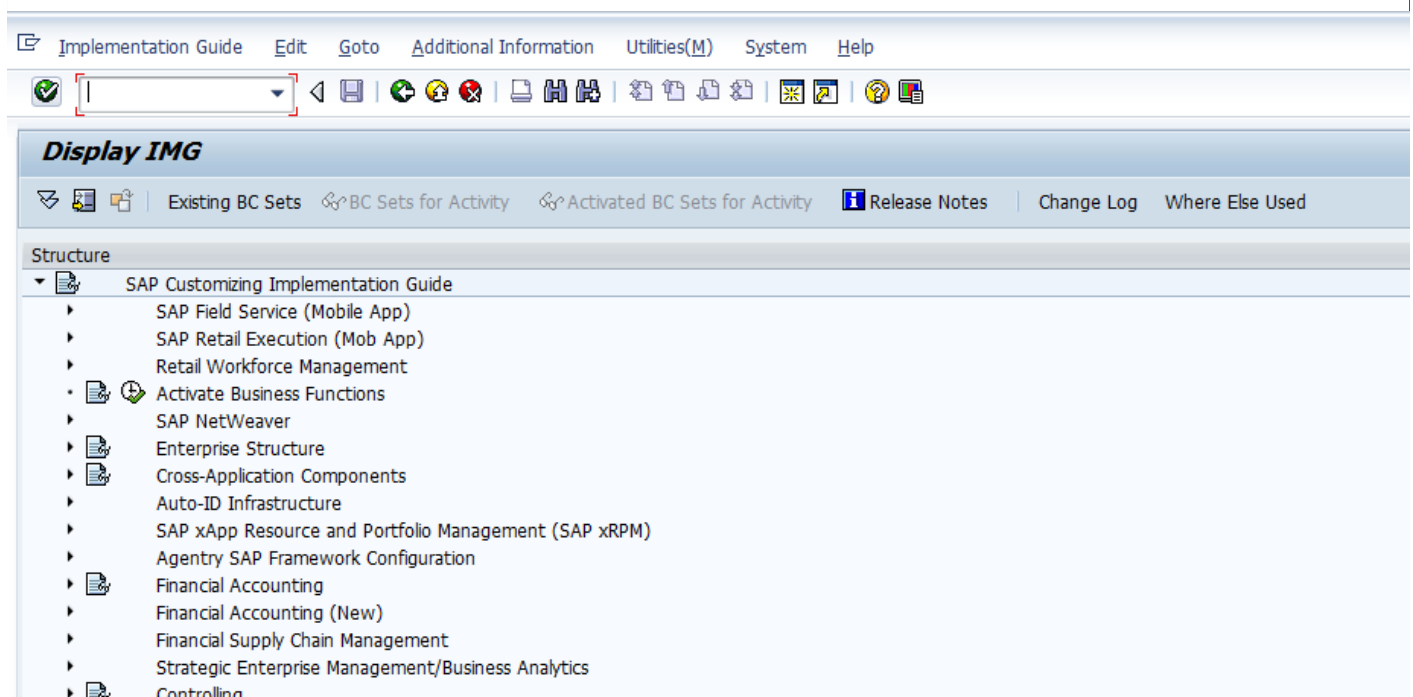
SAP IMG

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

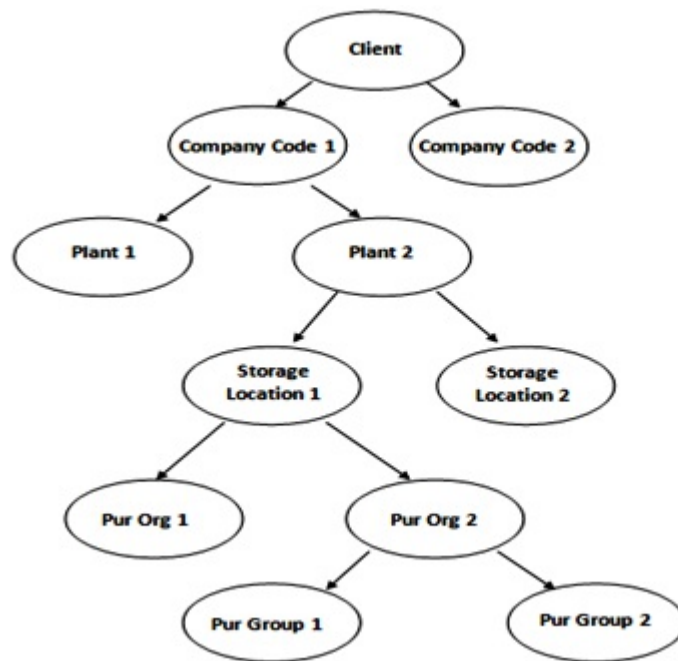
SAP MM - ENTERPRISE STRUCTURE

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.

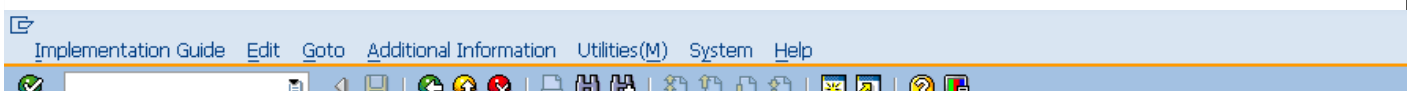
SAP MM - DEFINING ORGANIZATIONAL STRUCTURE

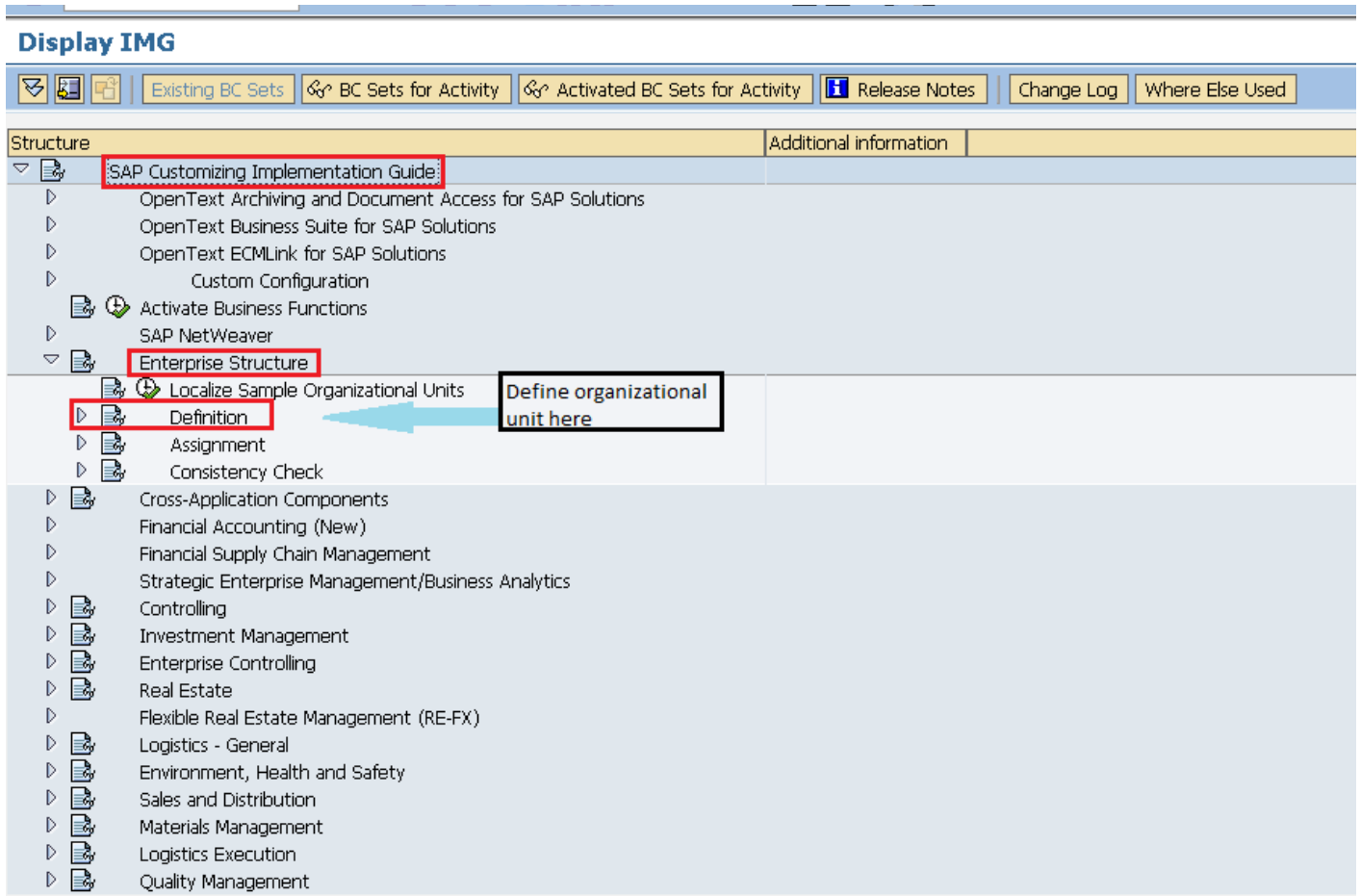
As discussed organization structure is the framework of company which describes the entire structure and functioning of a company. Organization structure is designed in a way that it is split into different levels and each level is placed according to hierarchy. These levels have relationship to one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





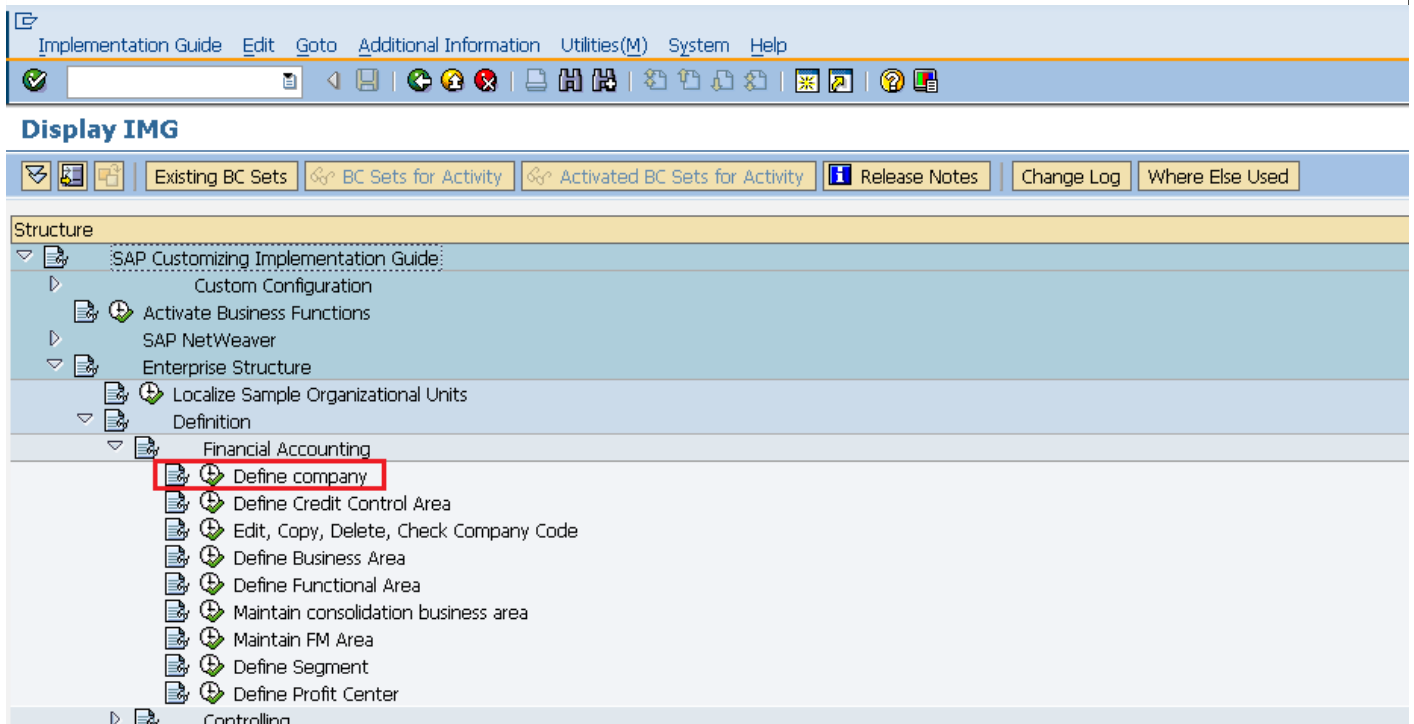
Create Company

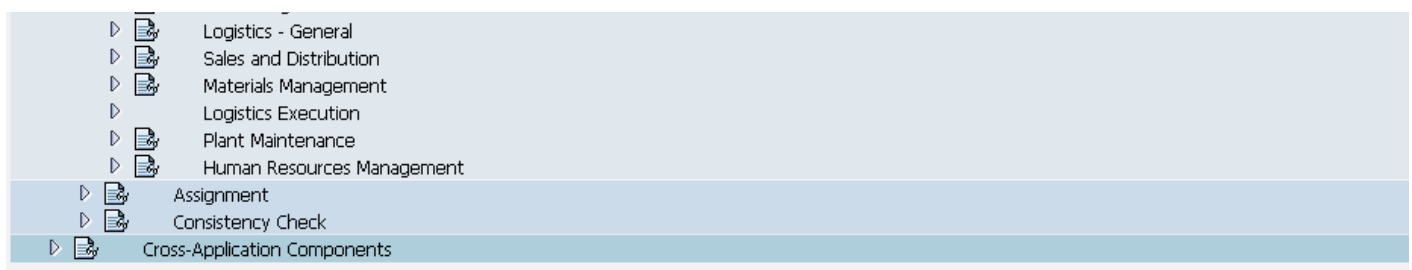
Company is the topmost organizational unit after client which incorporates individual financial accounting statements of several company codes. A company can have many company codes. In SAP it is optional to create company. Following steps will take you through the procedure of creating company.

Path to Create Company:

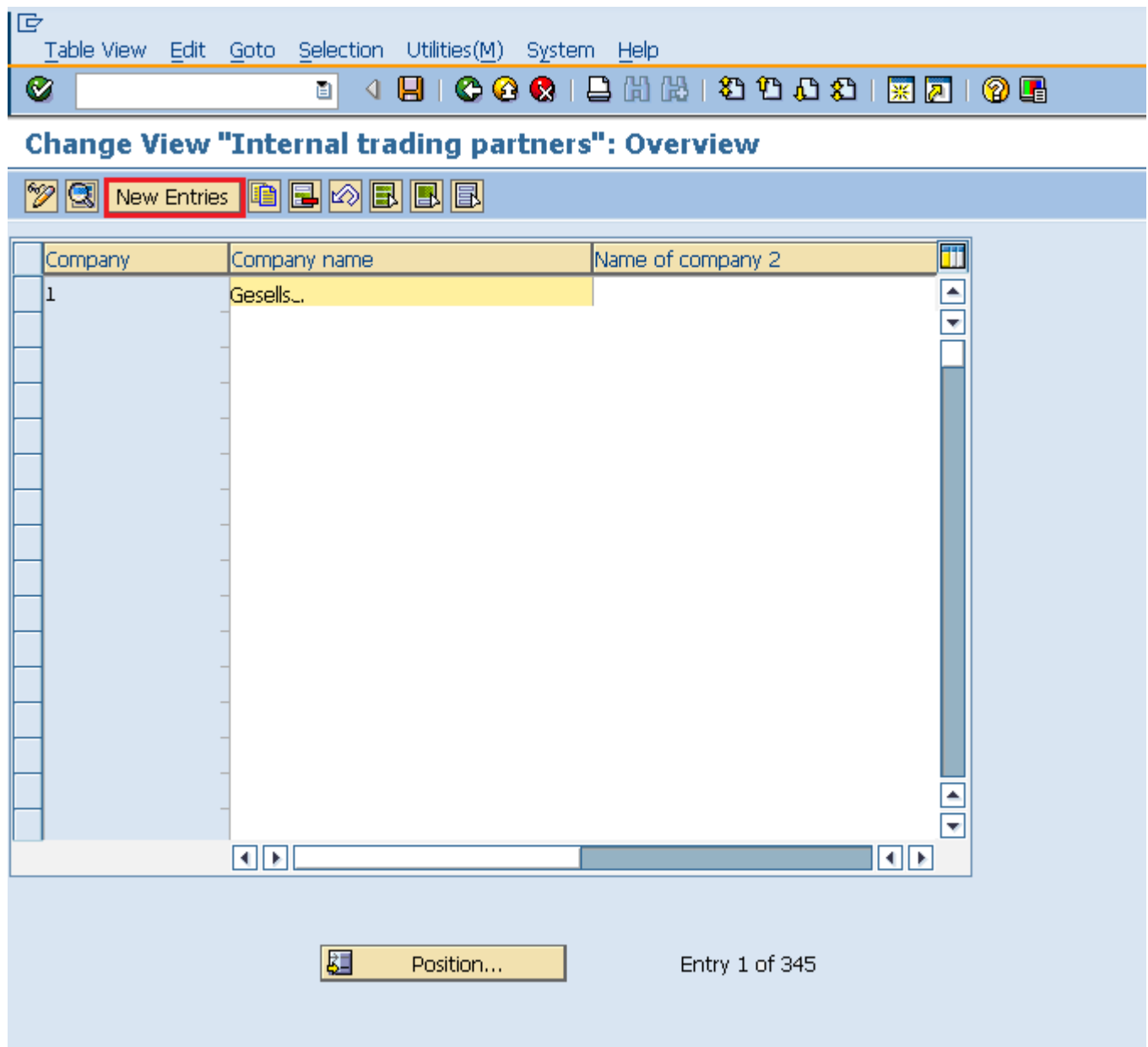
IMG => Enterprise Structure => Definition => Financial Accounting => Define Company
TCode: OX15

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

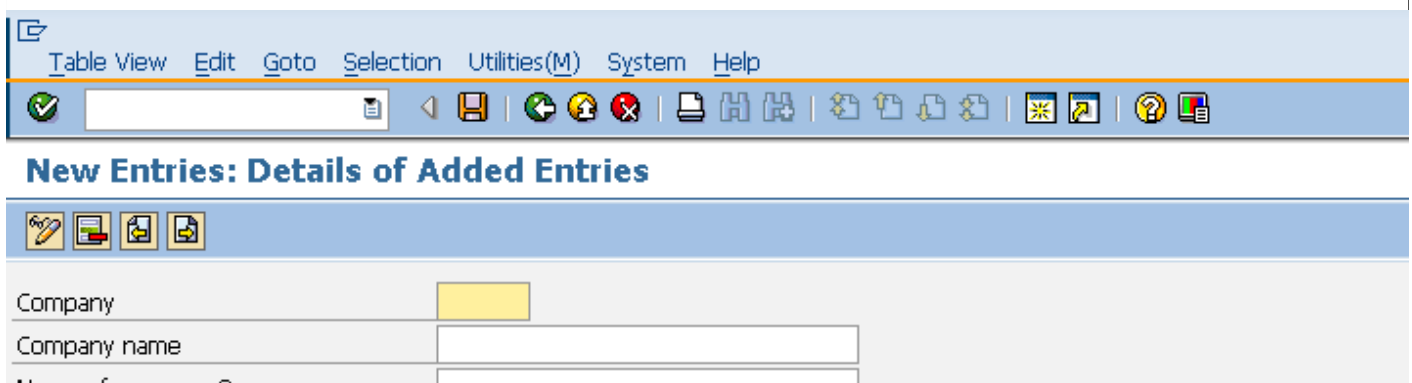




Select New Entries icon.



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.



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.

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

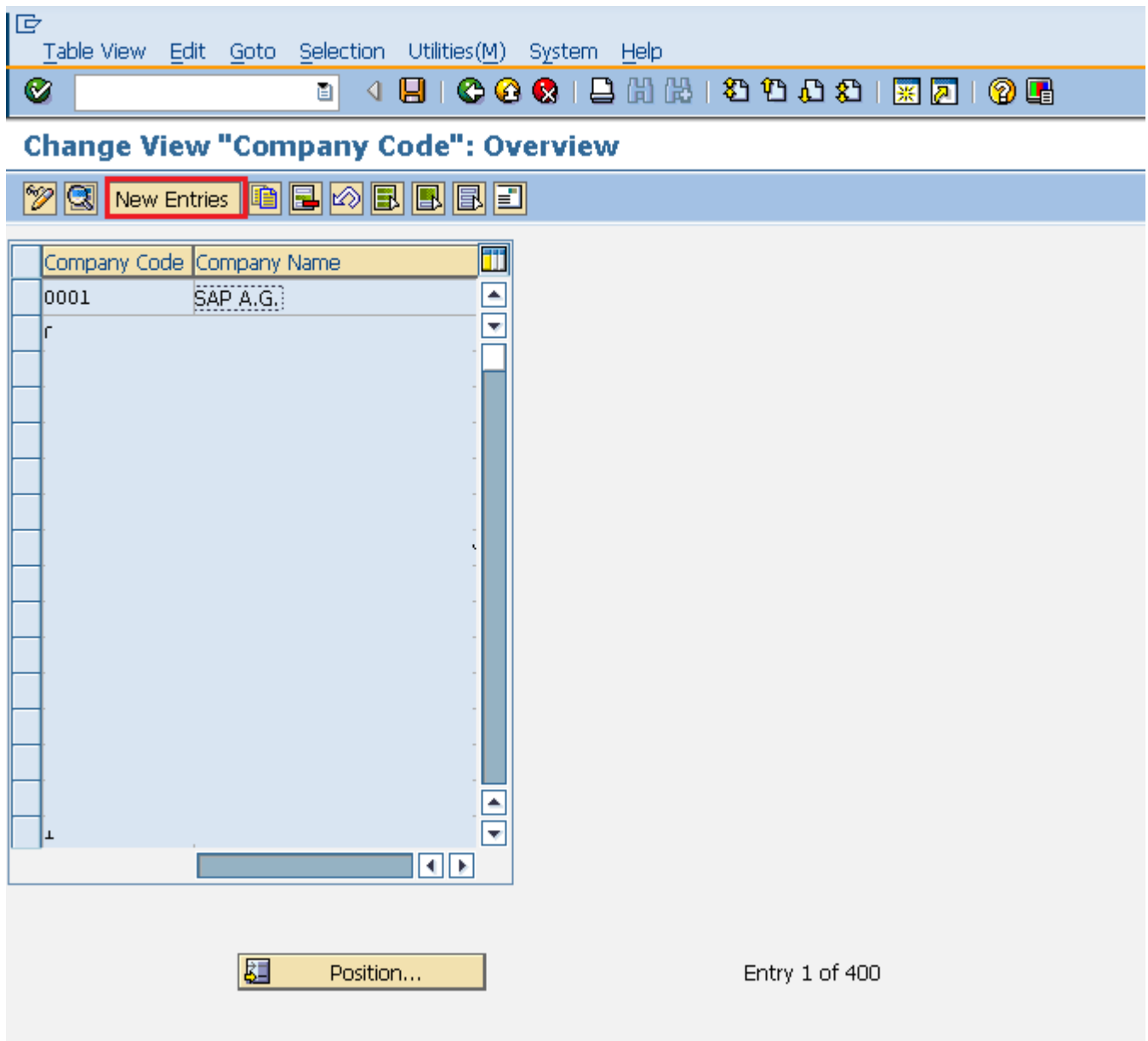
Display IMG

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

Structure

- 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**
 - 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

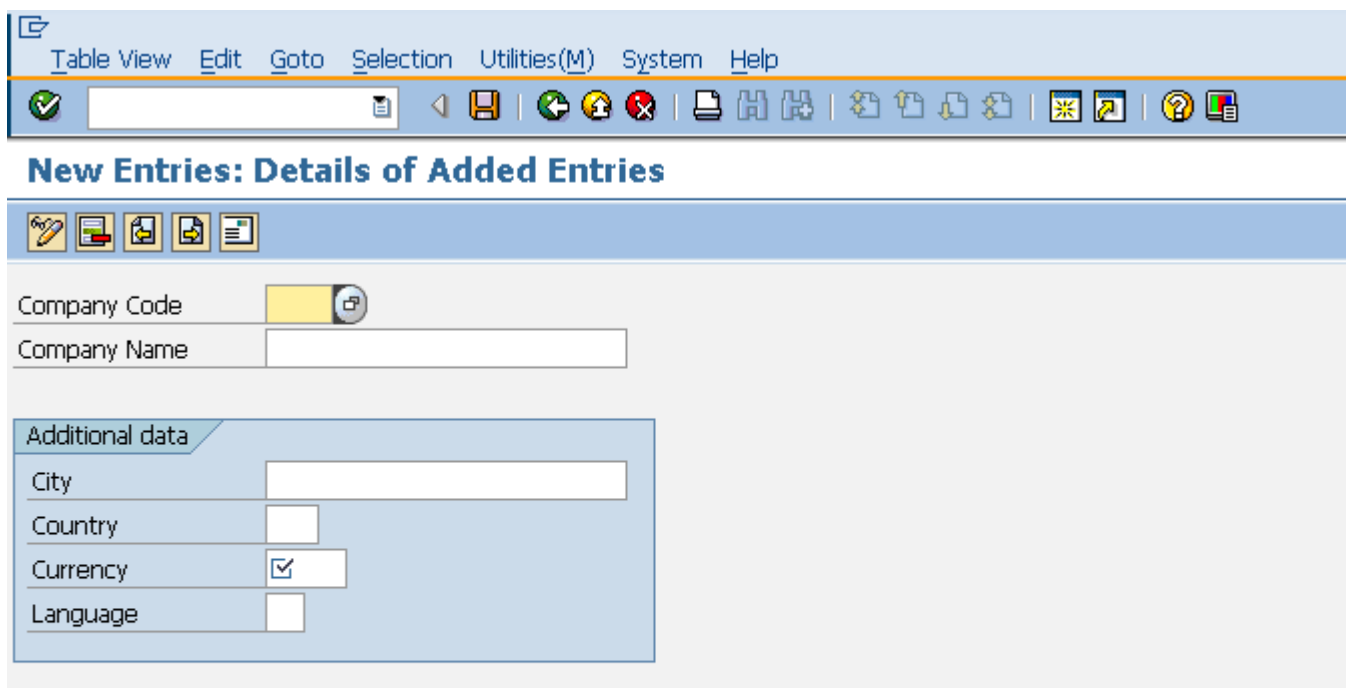
Select New Entries icon.



The screenshot shows the SAP 'Change View "Company Code": Overview' window. The menu bar includes 'Table View', 'Edit', 'Goto', 'Selection', 'Utilities(M)', 'System', and 'Help'. The toolbar contains various icons, with the 'New Entries' icon (a document with a plus sign) highlighted by a red rectangle. Below the toolbar, a table lists company codes. The first entry is '0001' with the name 'SAP A.G.'. The table has columns for 'Company Code' and 'Company Name'. At the bottom, there is a 'Position...' button and a status bar indicating 'Entry 1 of 400'.

Company Code	Company Name
0001	SAP A.G.

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' window. The menu bar is the same as the previous window. The toolbar contains icons for saving and other actions. Below the toolbar, there are input fields for 'Company Code' and 'Company Name'. The 'Company Code' field has a yellow background and a lock icon. Below these fields is a section titled 'Additional data' with a tabbed interface. It contains input fields for 'City', 'Country', 'Currency' (with a checked checkbox), and 'Language'.

Company Code: [Yellow field with lock icon]

Company Name: [Text field]

Additional data

City: [Text field]

Country: [Text field]

Currency: ☒

Language: [Text field]

Create Plant

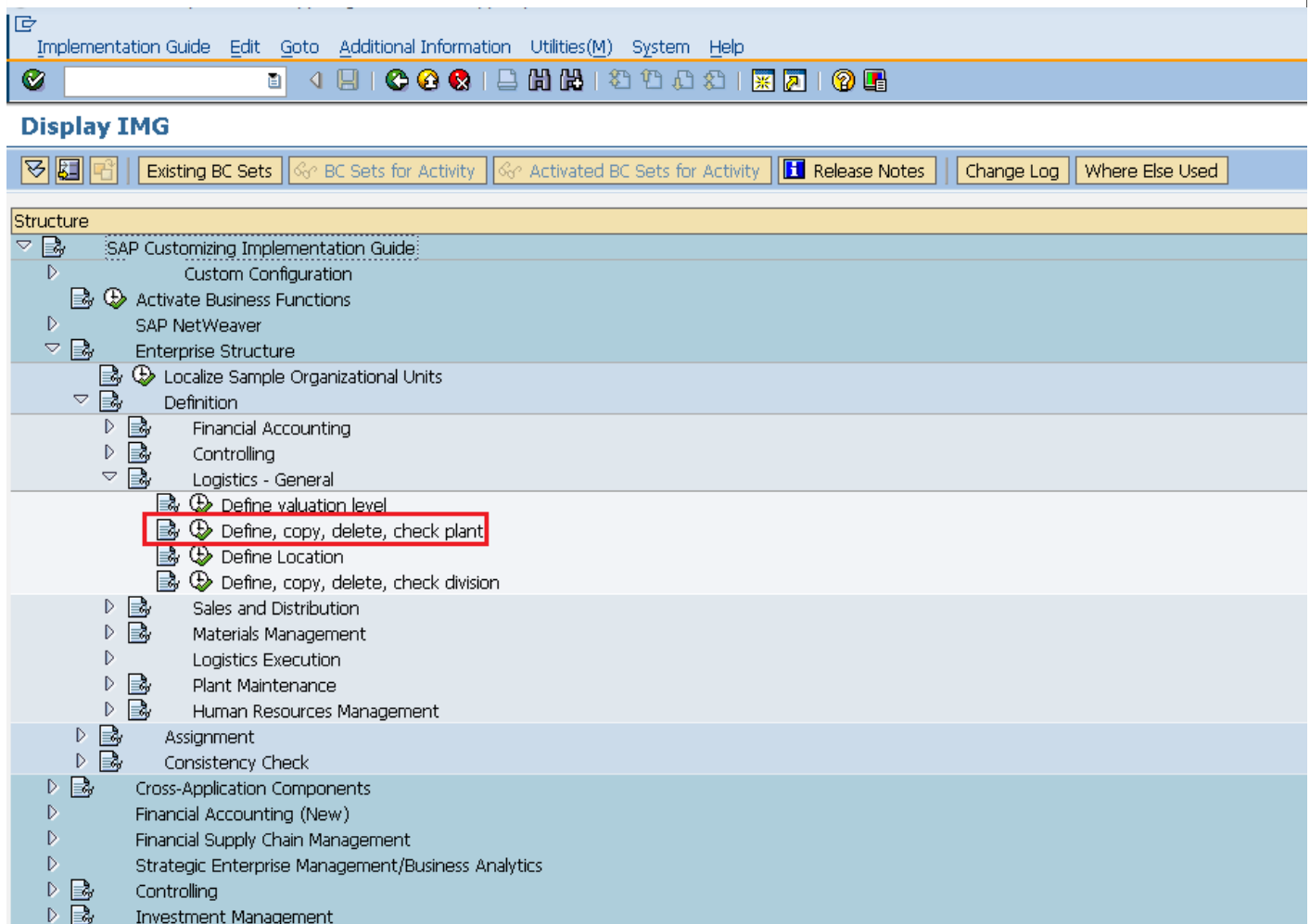
Plant is an organizational unit within a company where activities take place. A plant will produce goods and makes goods available for the company. Following steps will take you through the procedure of creating Plant:

Path to create Plant:

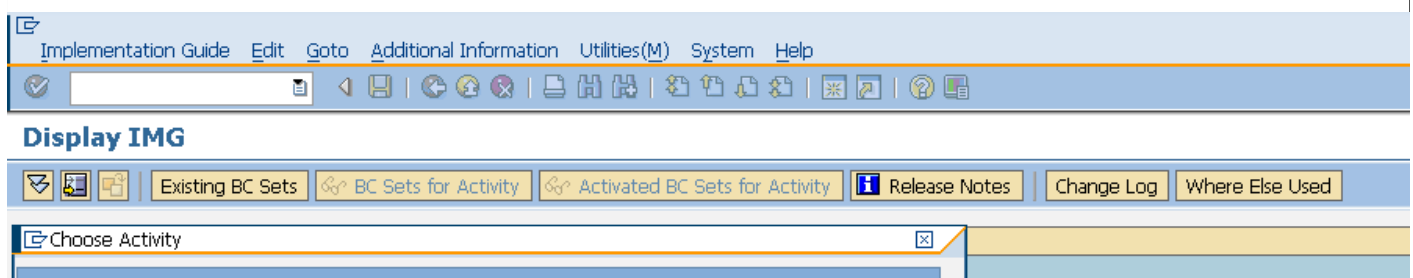
IMG => Enterprise Structure => Definition => Logistic General => Define, Copy, Delete check plant

TCode: OX10

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



Select Define Plant icon to create a new plant.



Fill in all necessary details like plant name along with detailed information like Language, House no., city, country, 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	
House number/street	
PO Box	
Postal Code	
City	
Country Key	
Region	
County code	
City code	
Tax Jurisdiction	
Factory calendar	

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.

Display IMG

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

Structure

- ▼ SAP Customizing Implementation Guide
 - Custom Configuration



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



View Cluster Maintenance: Initial Screen

Find Maintenance Dialog

Determine Work Area: Entry

Field Name	Work Area
Plant	

☒ Further select cond.

Select New Entries icon.



Change View "Storage locations": Overview

New Entries: Overview of Added Entries

[illegible]

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.

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

Display IMG

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
- Environment, Health and Safety
- Sales and Distribution
- Materials Management
 - General Settings for Materials Management
 - Consumption-Based Planning
 - Purchasing
 - 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
- ▷ RFQ/Quotation
- ▷ Serial Numbers
- ▷ Purchase Requisition
- ▷ Purchase Order
- ▷ Order Optimizing
- ▷ Contract
- ▷ Scheduling Agreement
- ▷ Confirmations
- ▷ Maintain Search Helps for Purchasing Documents

Select New Entries icon.

Table View Edit Goto Selection Utilities(M) System Help

Change View "Purchasing Groups": Overview

New Entries

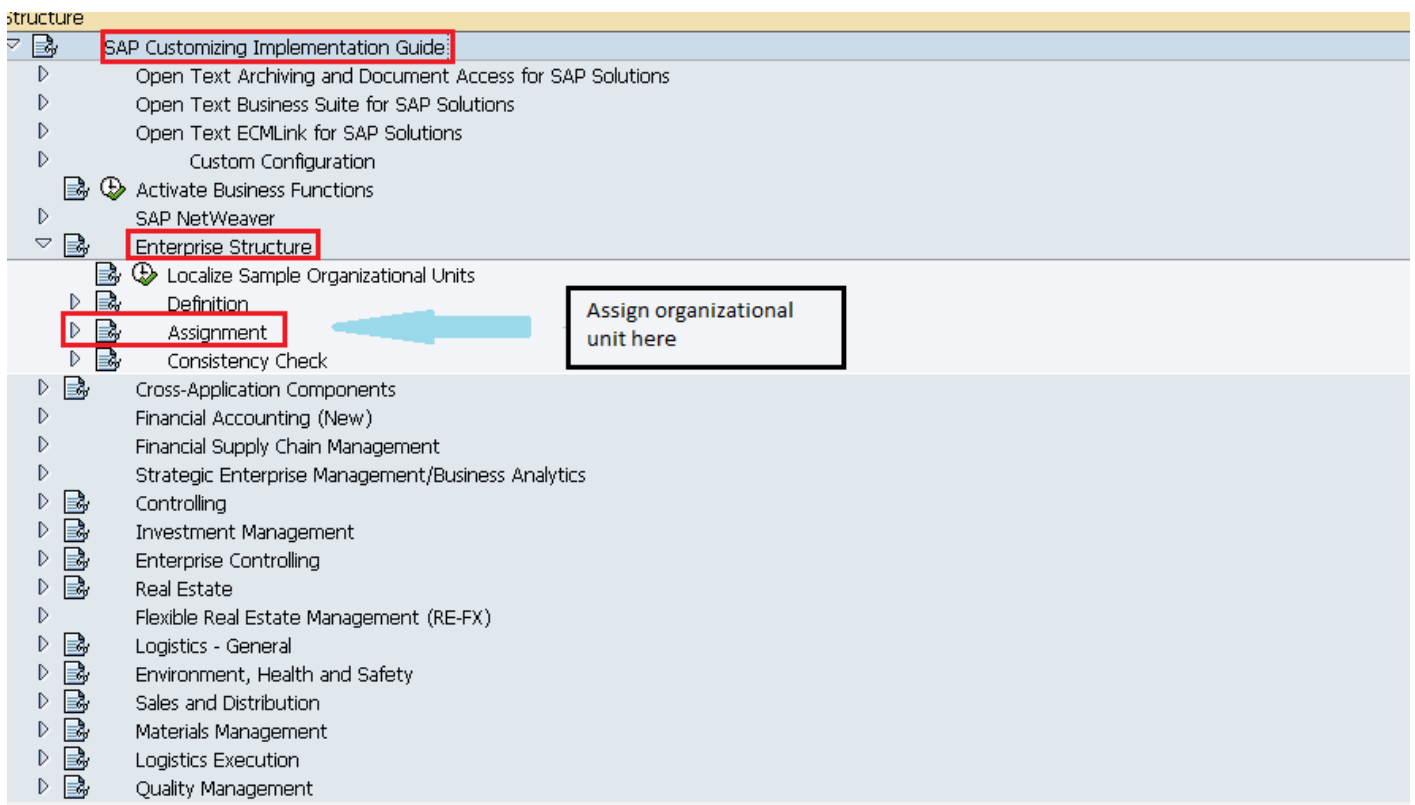
Pu...	Desc. Pur. Grp	Tel.No. Pur.Grp	Fax number	Telephone
A01	MRO			

Position... 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.

Table View Edit Goto Selection Utilities(M) System Help

New Entries: Overview of Added Entries



Plant to Company Code

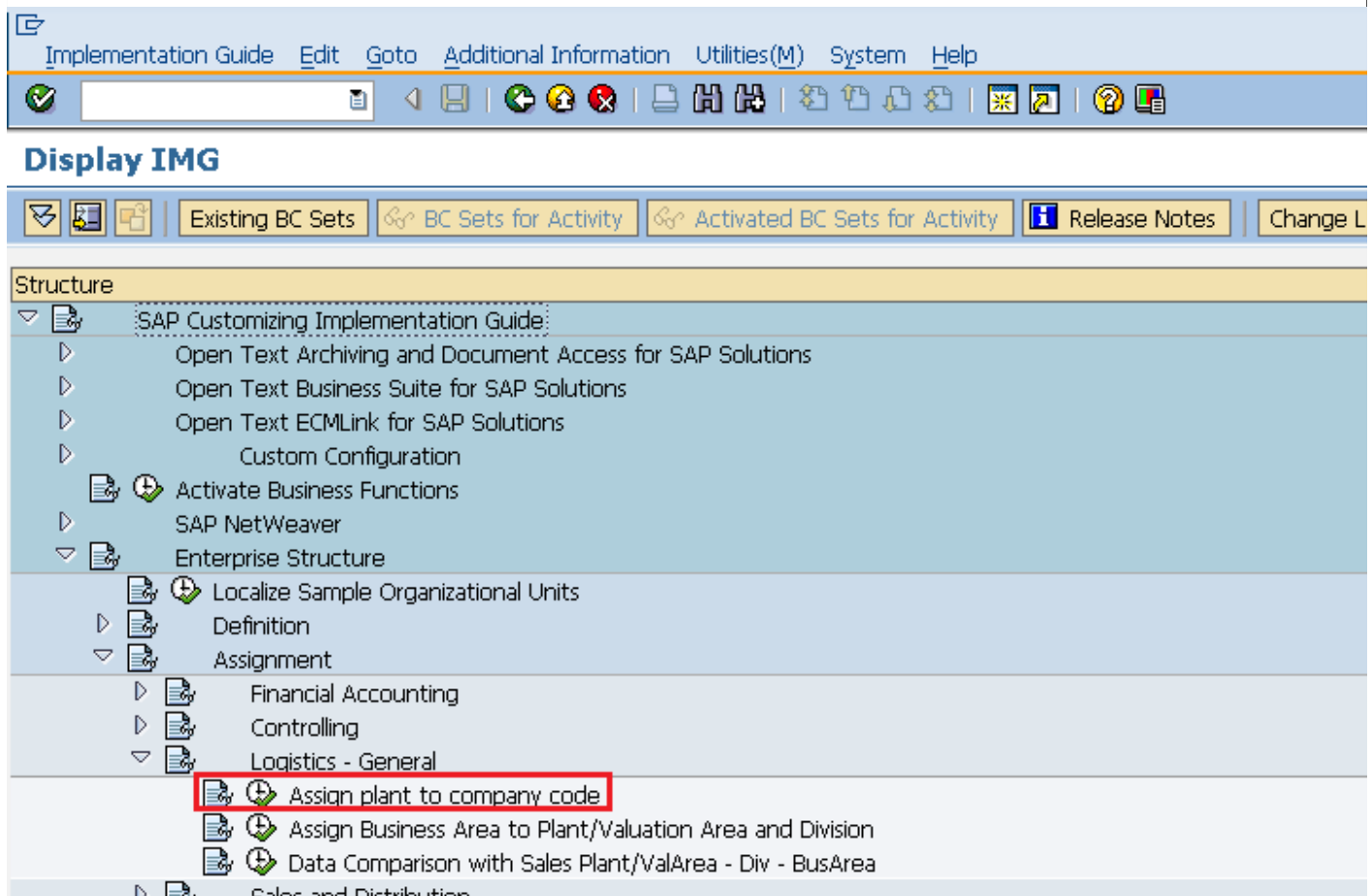
Plant is one level below company code. So we need to assign plant to company code. Following steps will take you through the procedure of assigning plant to company code:

Path to assign plant to company code:

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

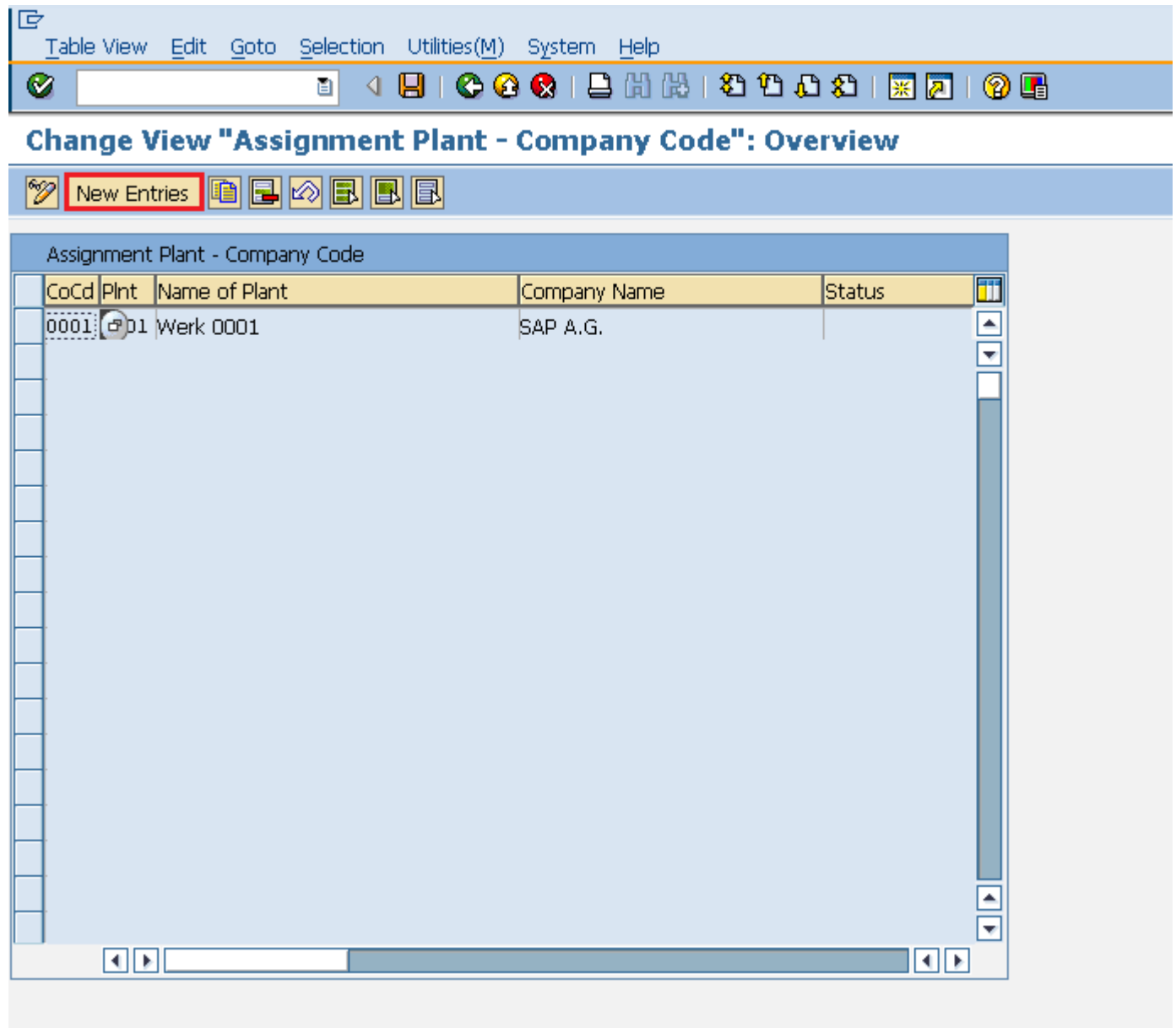
TCode: OX18

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

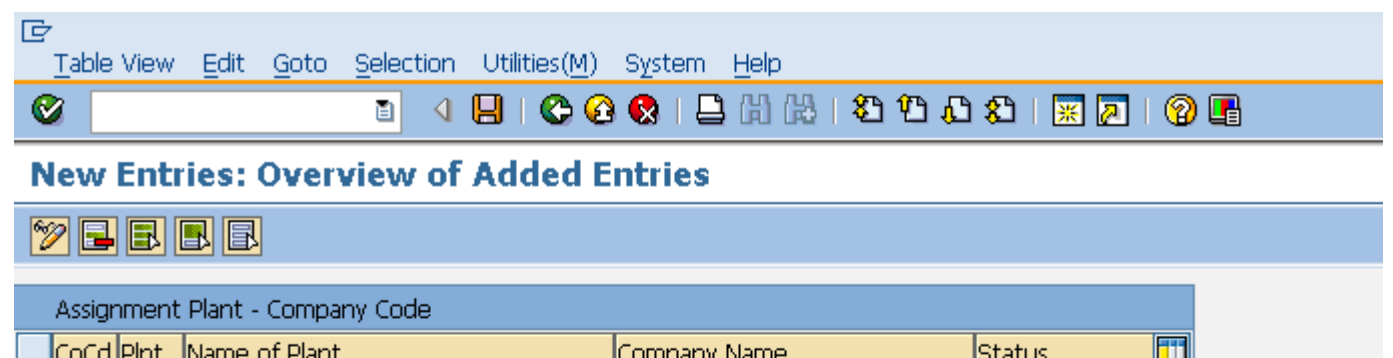


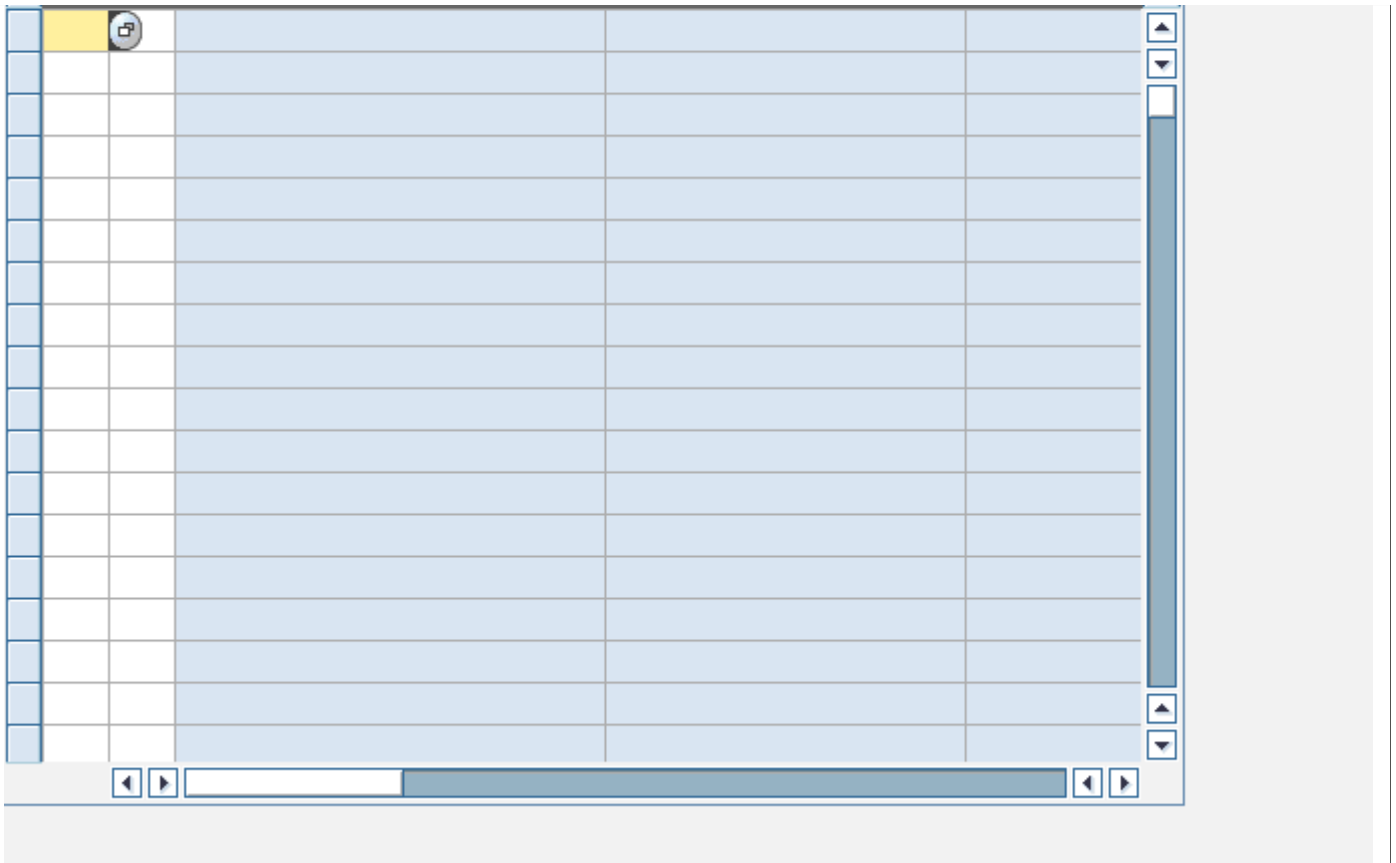


Select New Entries icon.



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





Purchasing Organization to Company Code

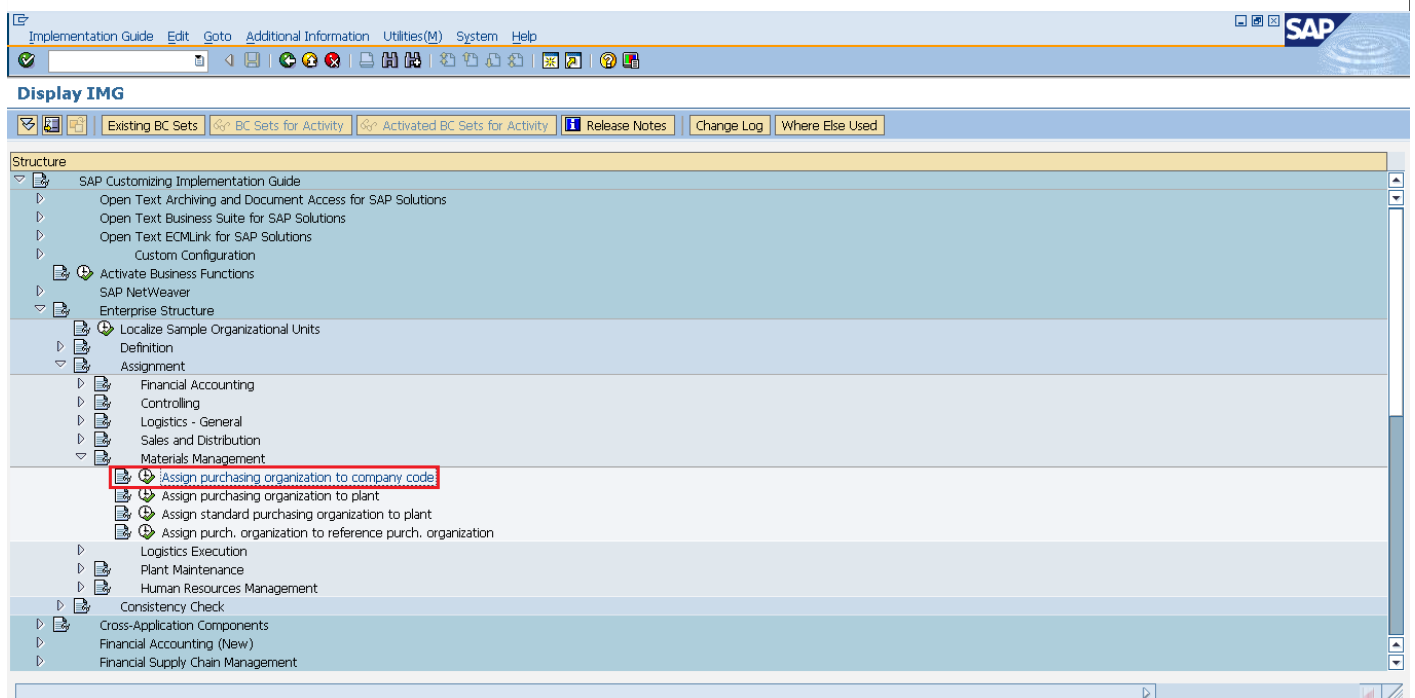
Purchasing organization can be at company code level i.e. centralized purchasing organization. So we need to assign this purchasing organization to company code. Following steps will take you through the procedure of assigning purchasing organization to company code:

Path to assign purchasing organization to company code:

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

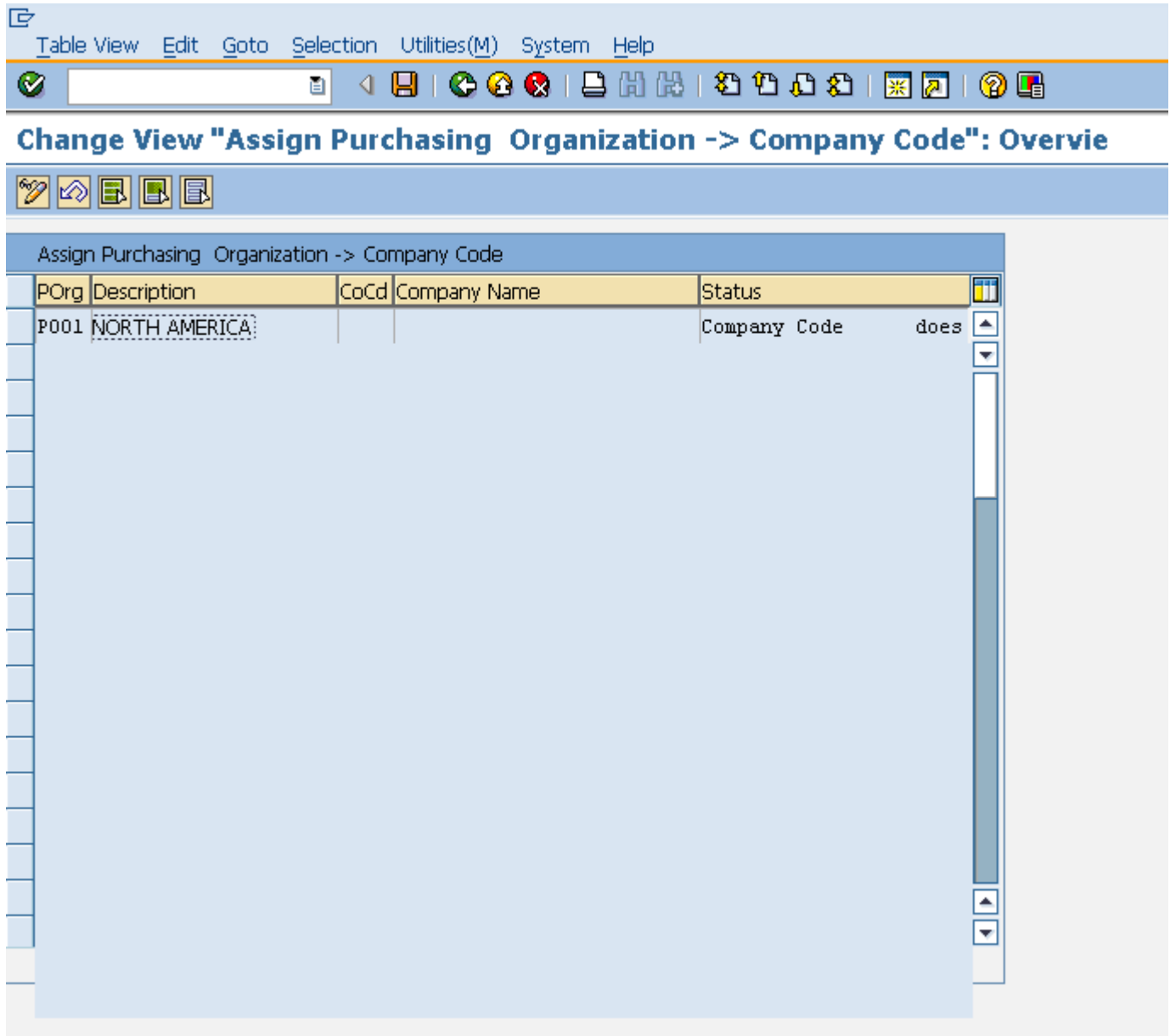
TCode: OX01

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



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.



Purchasing Organization to Plant

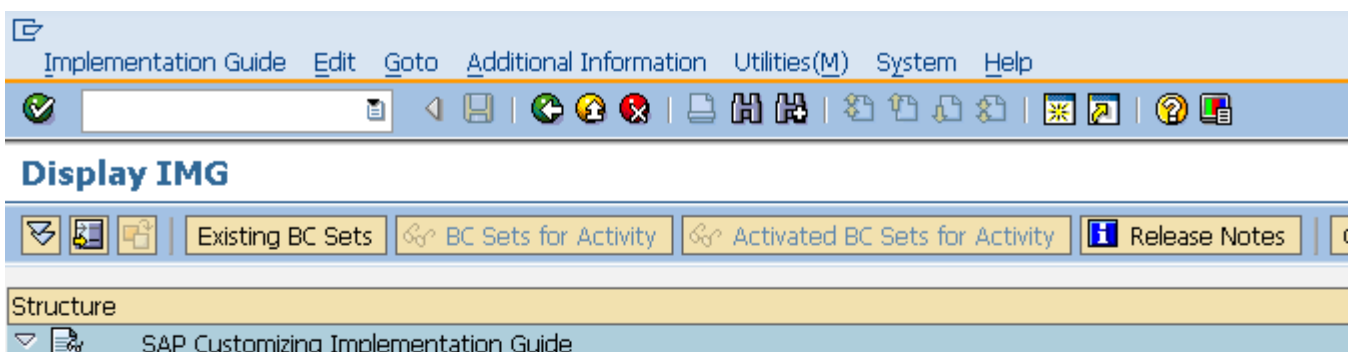
Purchasing organization can be at plant level i.e. plant specific. So we need to assign this purchasing organization to plant. Following steps will take you through the procedure of assigning purchasing organization to plant:

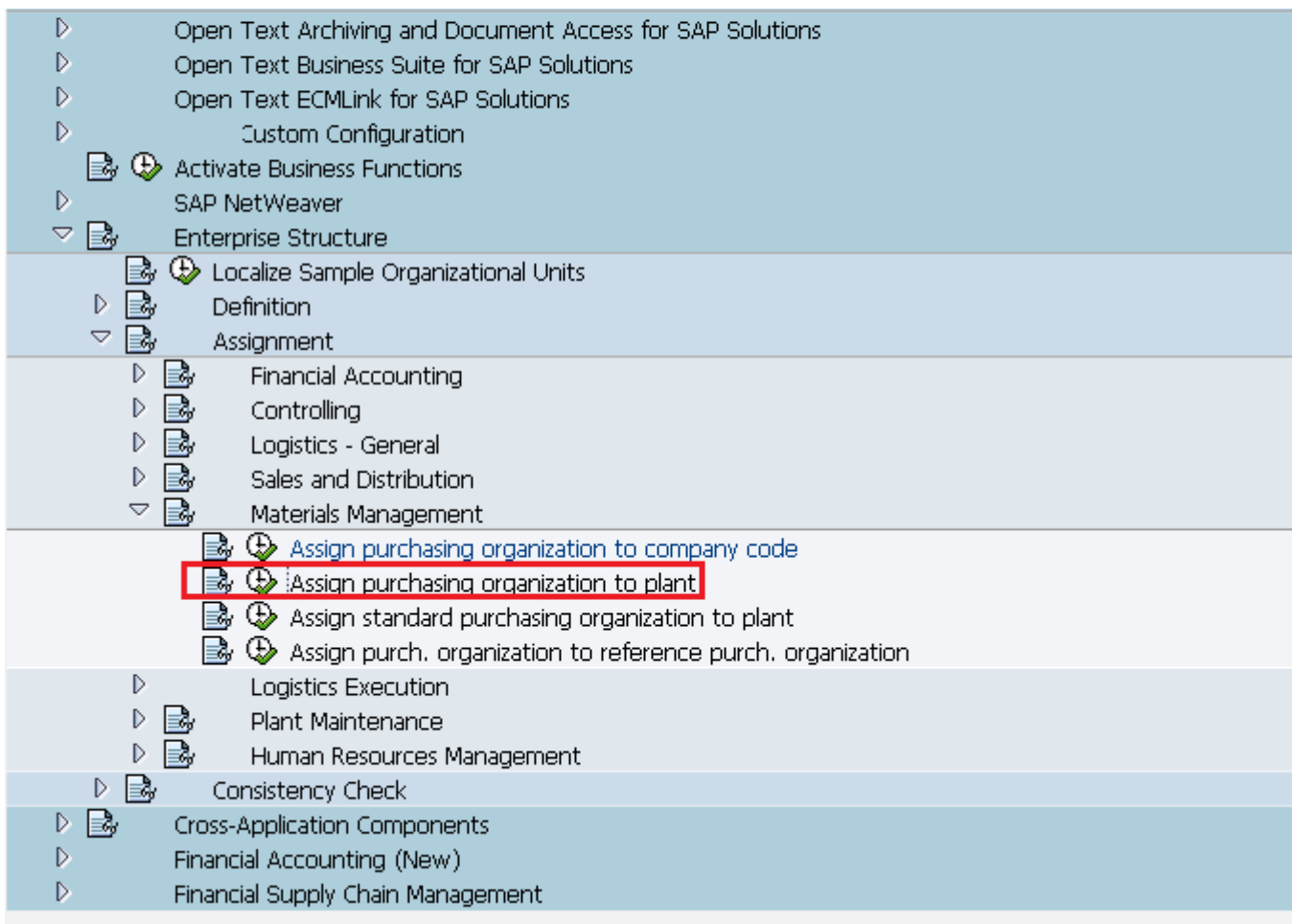
Path to assign purchasing organization to plant:

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

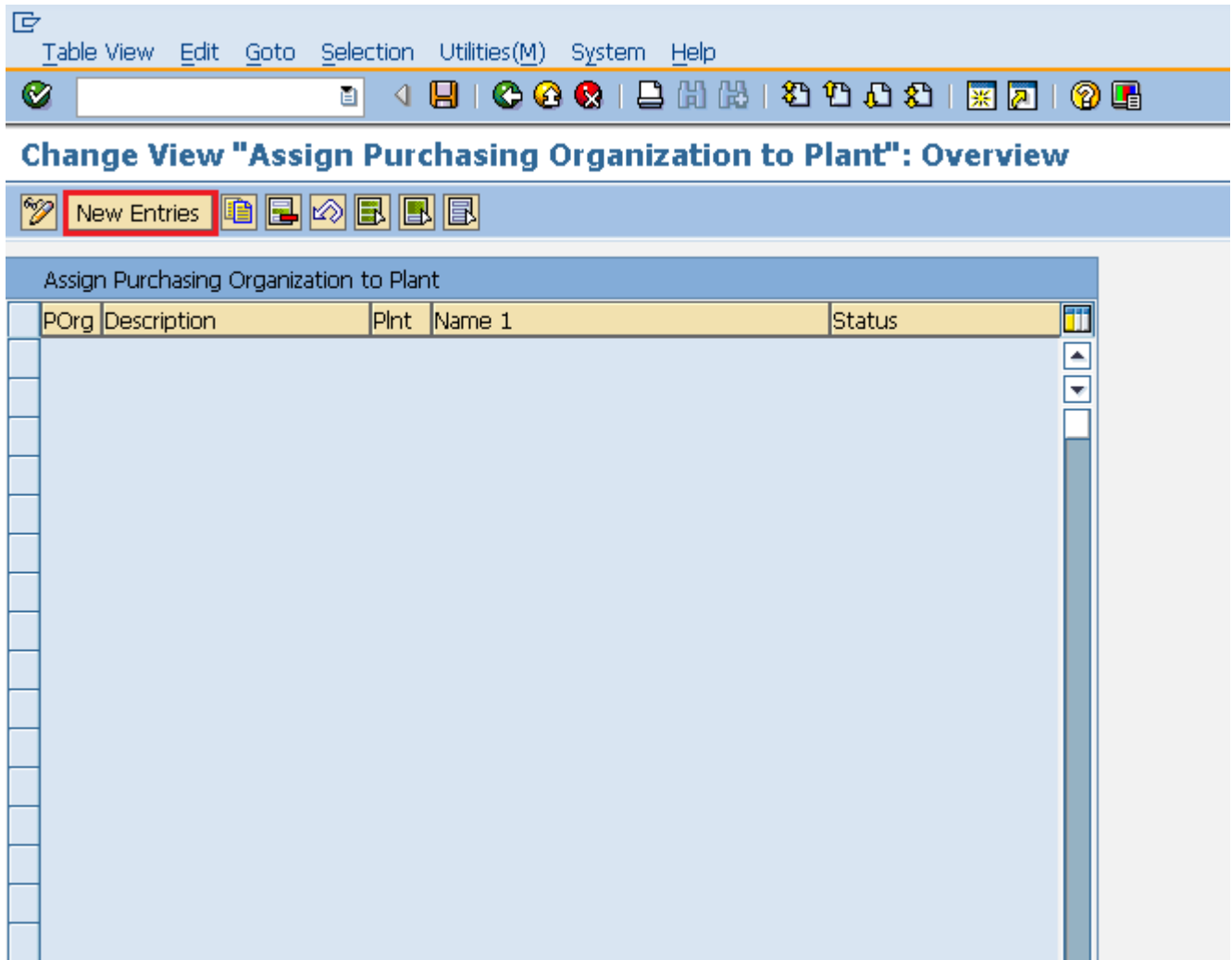
TCode: OX17

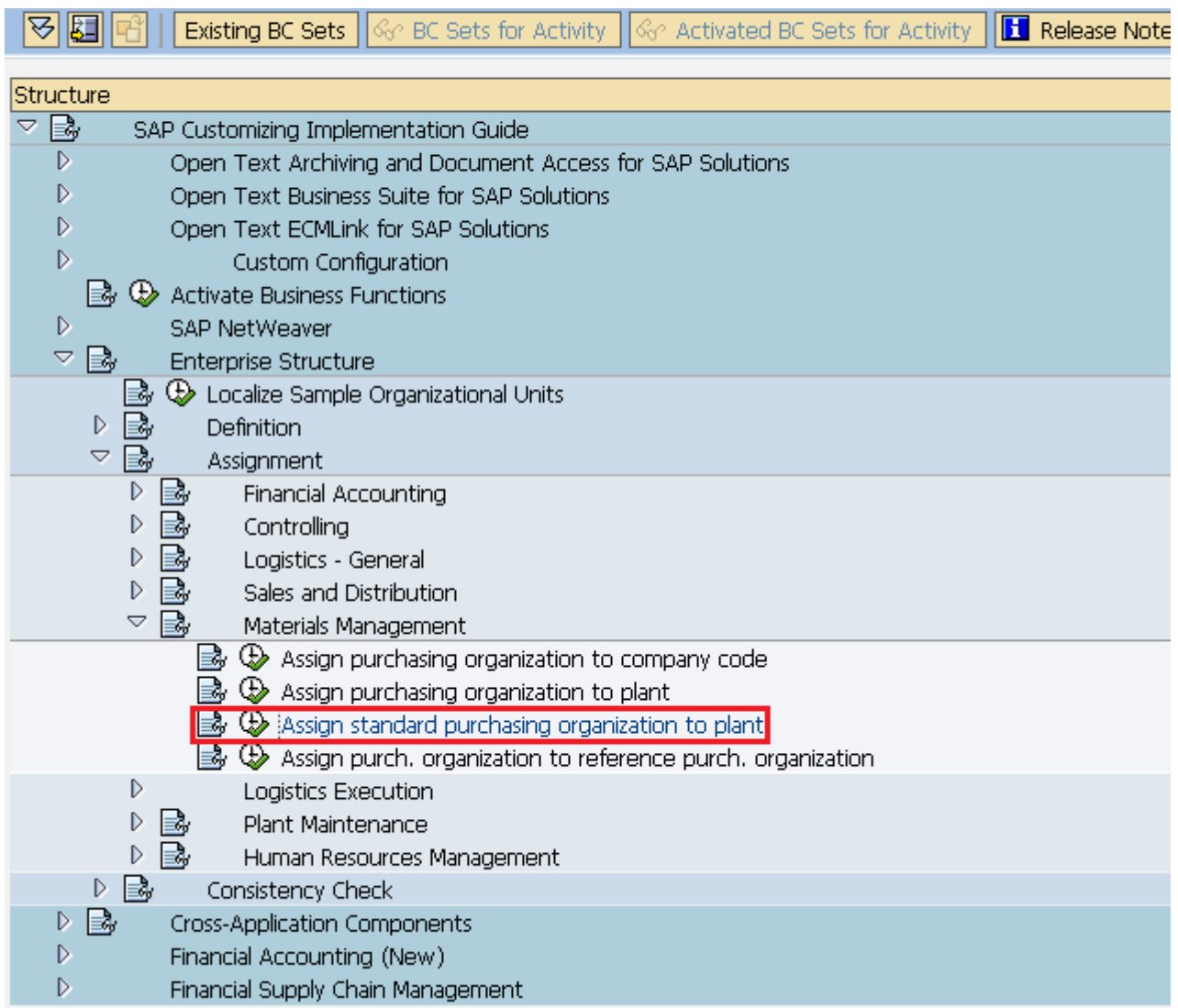
On display IMG screen select Assign purchasing organization to plant execute icon by following the above path.



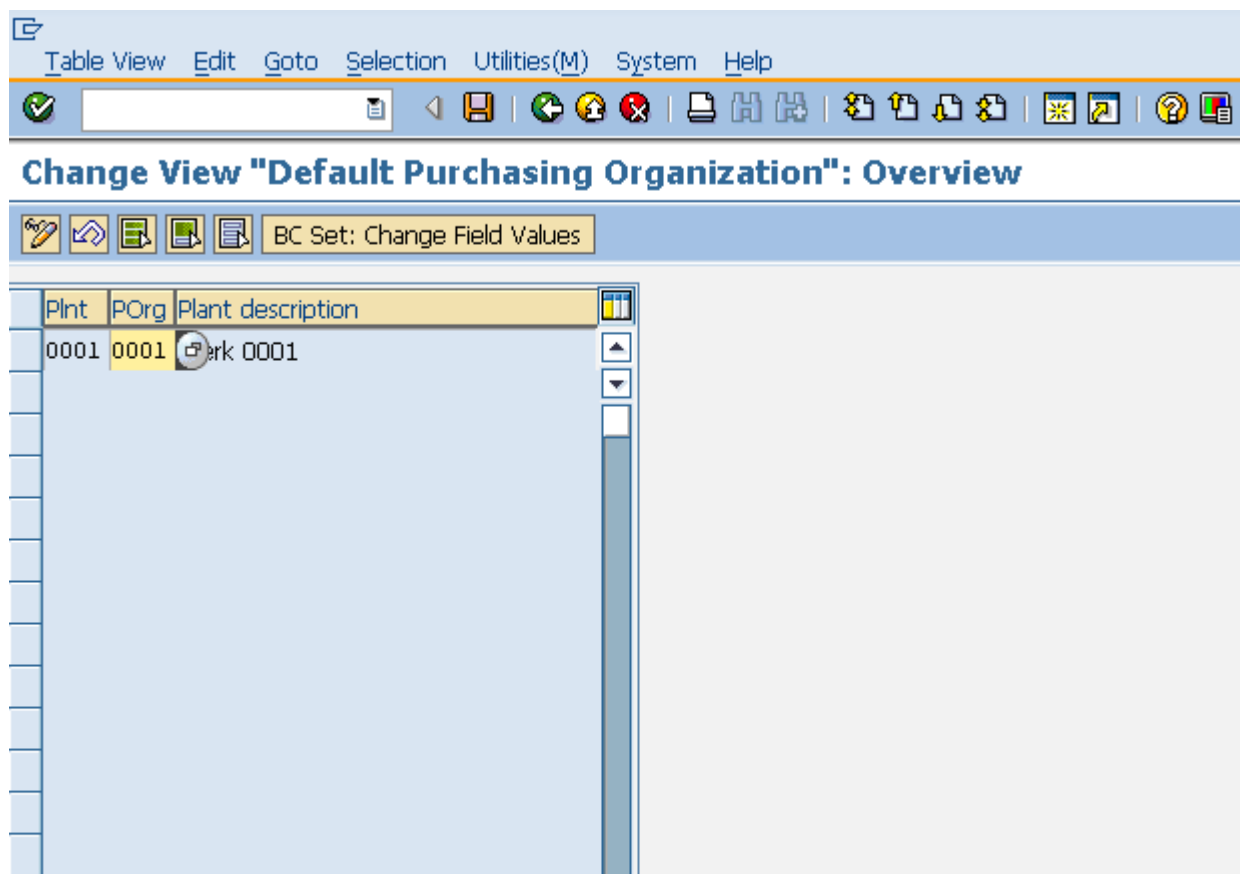


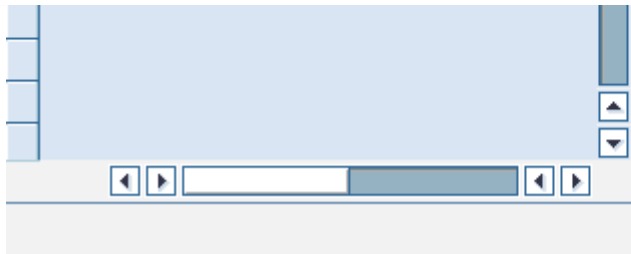
Select New Entries Icon.





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.





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 overtoleranceandundertolerance, 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

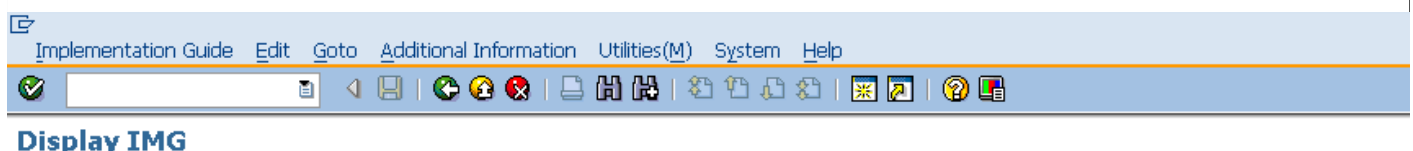
Materials with some common attributes are grouped together and they are assigned to a material type. This will differentiate materials and allow organization to manage different materials in systematic manner in accordance to company's requirement. For example: Raw Material, Finished Products are some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

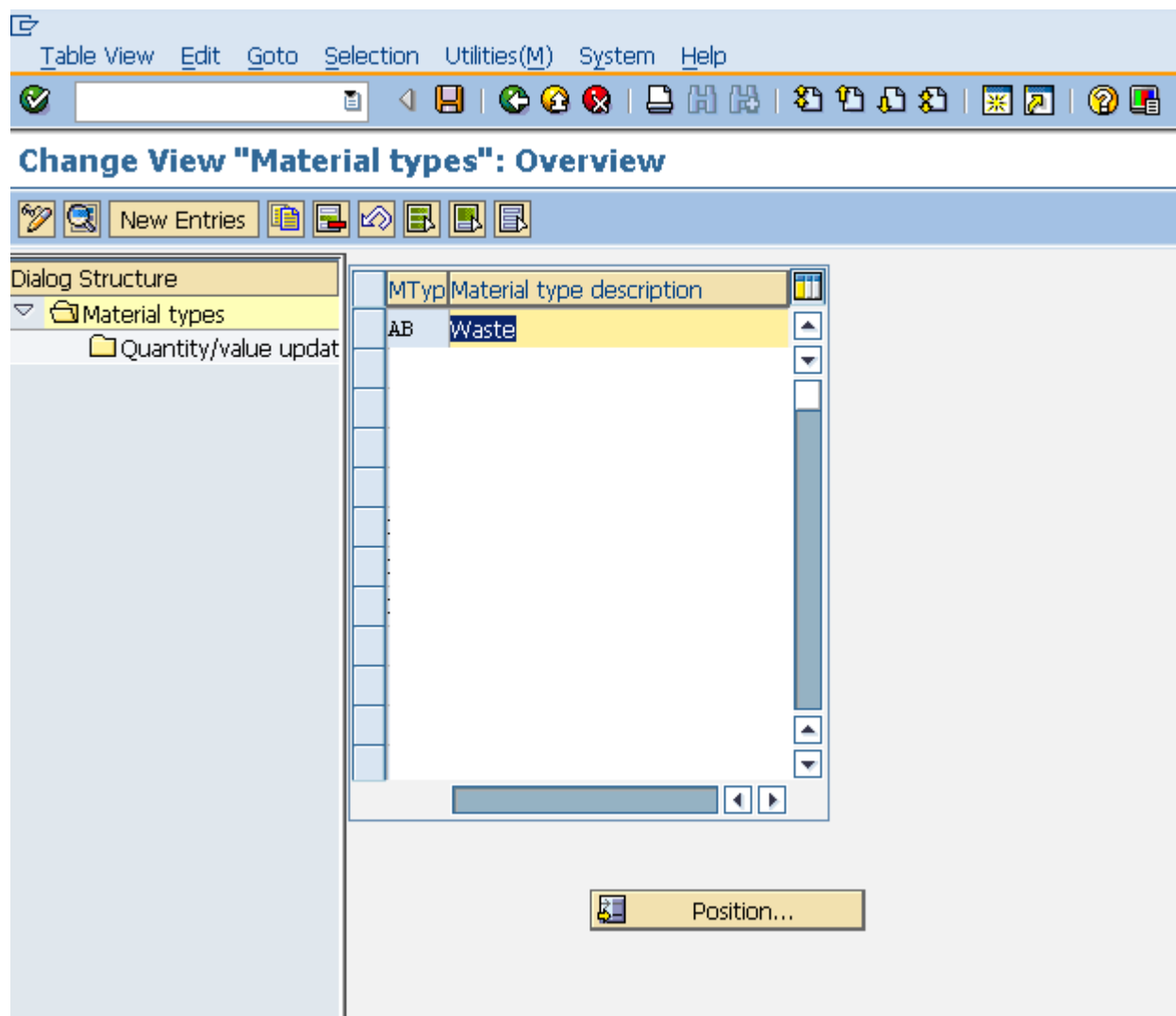
TCode: OMS2

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





Select New Entries icon.



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 'New Entries: Details of Added Entries' dialog in SAP. The 'Material Type' field is highlighted in yellow. The 'General data' section includes fields for 'Field reference', 'SRef: material type', 'Authorization group', and 'External no. assignment w/o check'. The 'Special material types' section has checkboxes for 'Material is configurable', 'Material f. process', 'Pipeline mandatory', and 'Manufacturer part'. The 'Internal/external purchase orders' section has checkboxes for 'Ext. Purchase Orders' and 'Int. purchase orders'. The 'Classification' section has fields for 'Class type' and 'Class'. The 'User departments' section is a list box containing 'Status description', 'Work scheduling', 'Accounting', 'Classification', 'MRP', 'Purchasing', 'Production resources/tools', 'Costing', 'Basic data', 'Storage', and 'Forecasting'. The 'Dialog Structure' pane on the left shows 'Material types' and 'Quantity/value update'.

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:

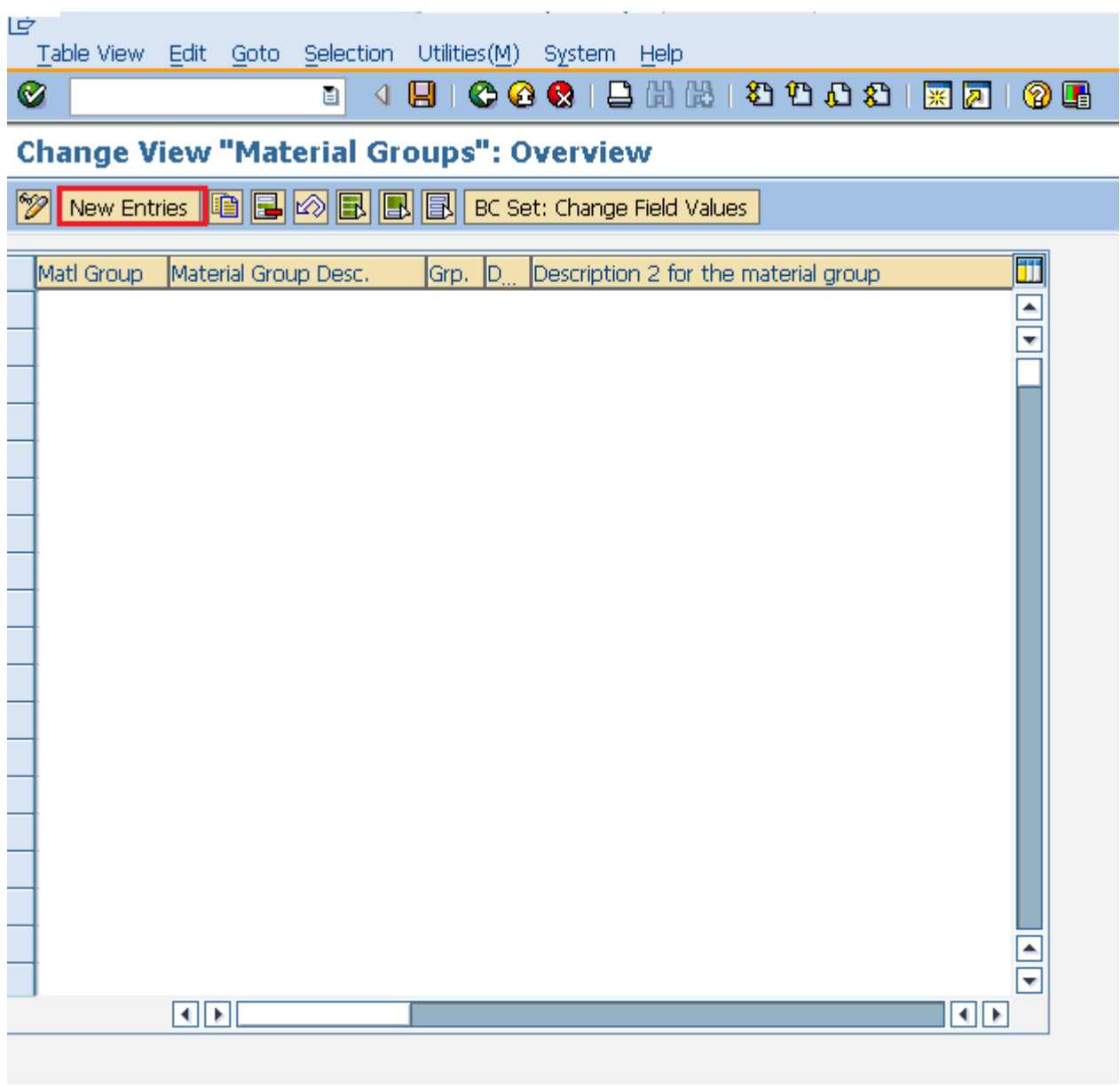
IMG => Logistic General => Material Master => Settings for Key Fields => Define Material Groups
TCode: OMSF

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

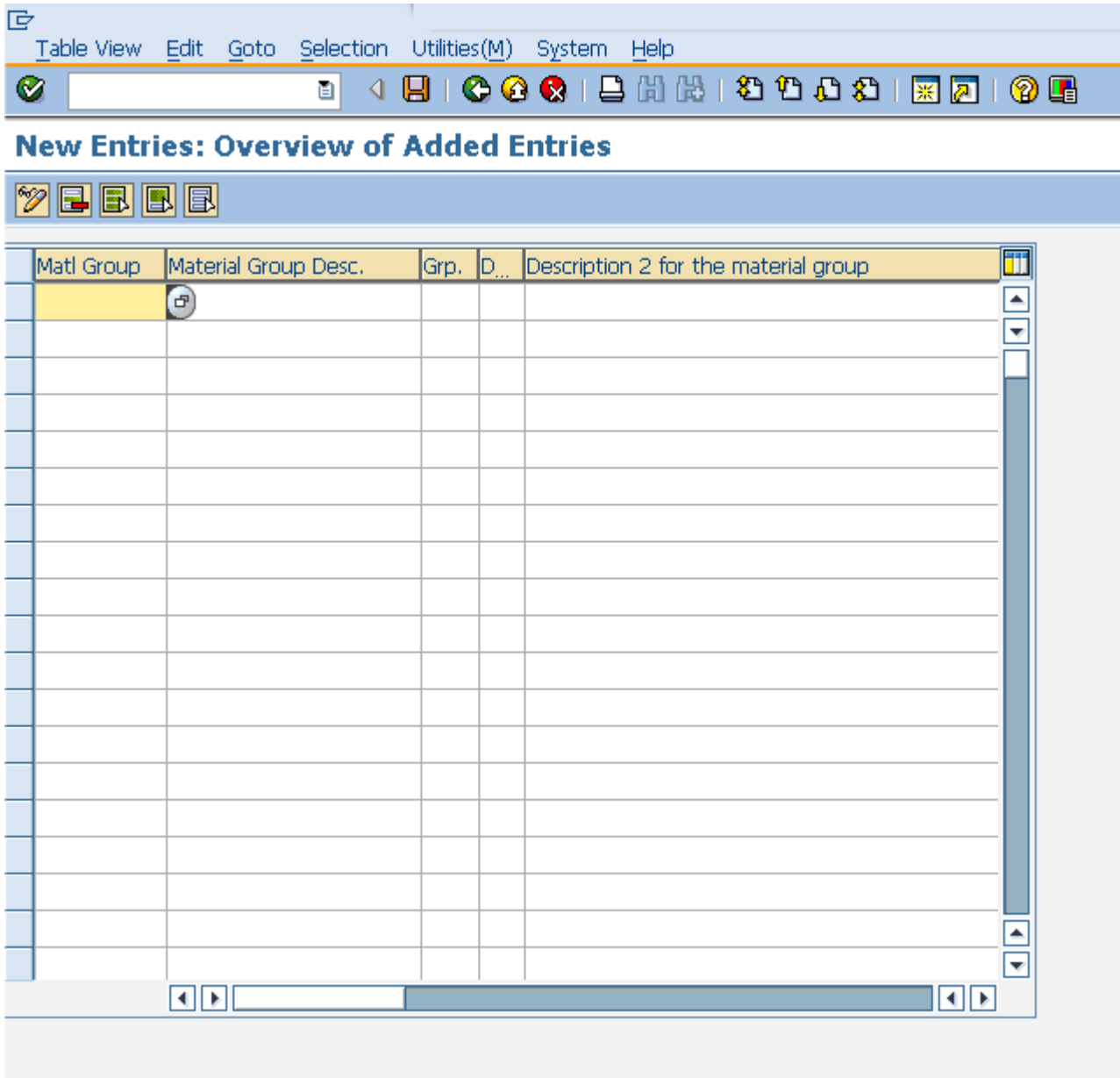
The screenshot shows the 'Display IMG' screen in SAP. The 'Implementation Guide' menu is open, showing 'Edit', 'Goto', 'Additional Information', 'Utilities(M)', 'System', and 'Help'. The 'Structure' pane on the left shows a tree view with 'Real Estate', 'Flexible Real Estate Management (RE-FX)', and 'Logistics - General'. The main area displays 'Existing BC Sets', 'BC Sets for Activity', 'Activated BC Sets for Activity', 'Release Notes', 'Change Log', and 'Where Else Used'.



Select New Entries Icon.



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



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:

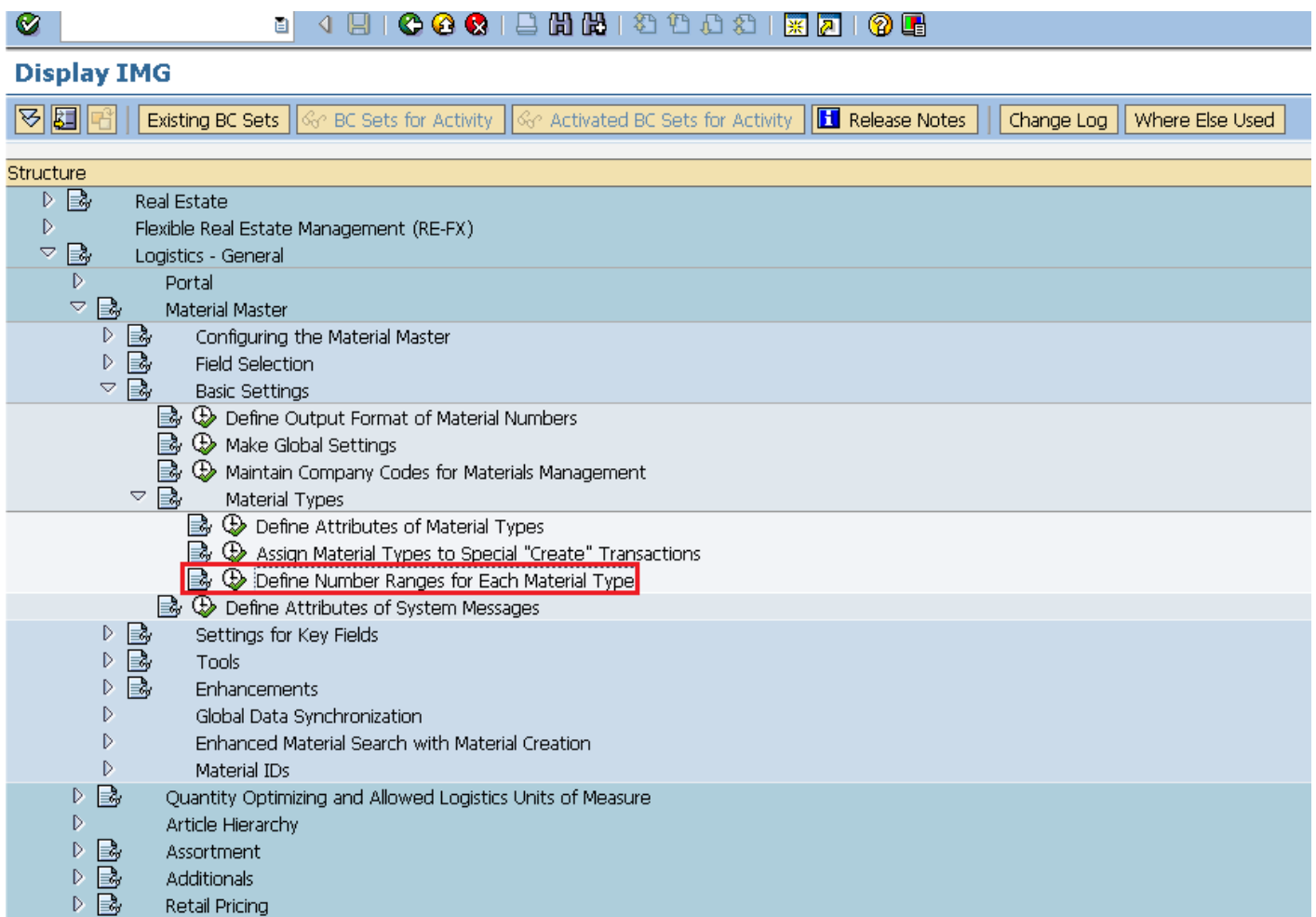
Internal number range can be defined by following the below steps:

Path to Create Number Range:

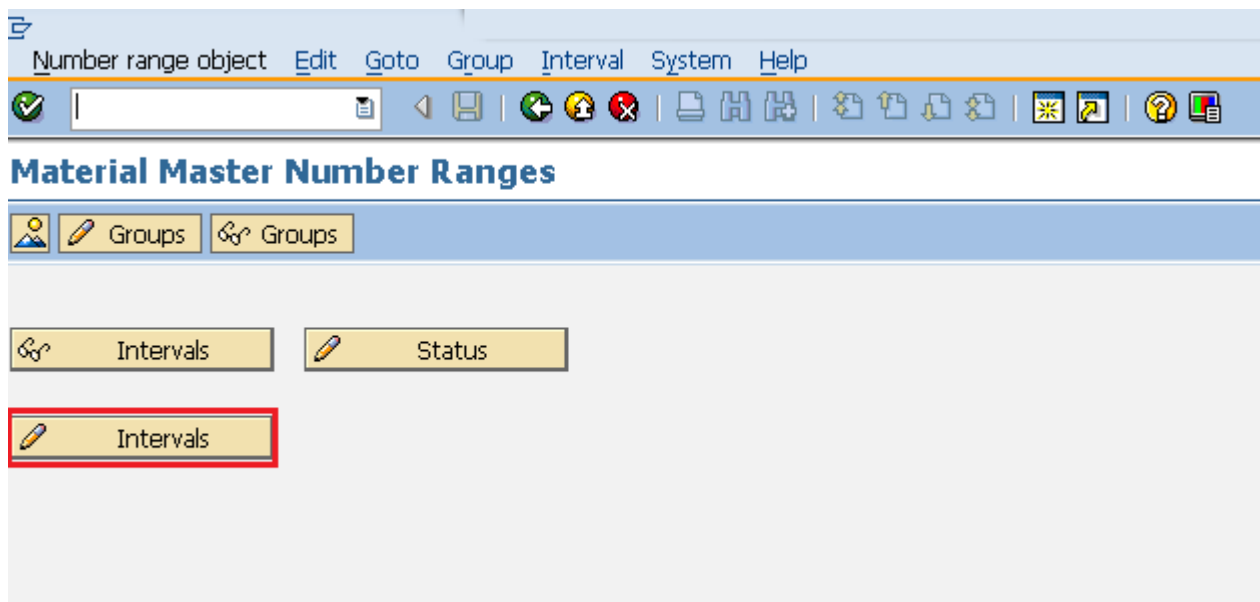
IMG => Logistic General => Material Master => Basic Settings => Material Types => Define Number Range for Each material Type

TCode: MMNR

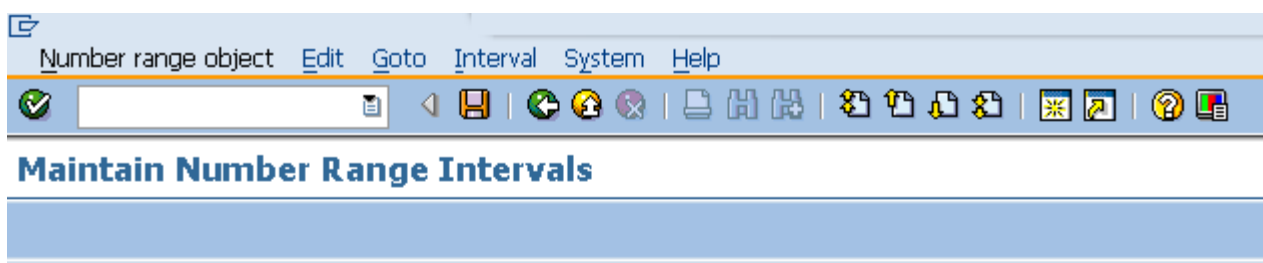
On display IMG screen select Define Number Range for Each material Type execute icon by following the above path.



Select Intervals Icon.



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.



Intervals			
From number	To number	Current number	Ext
000000000110000000	000000000199999999	110013629	☐

Material Master Creation

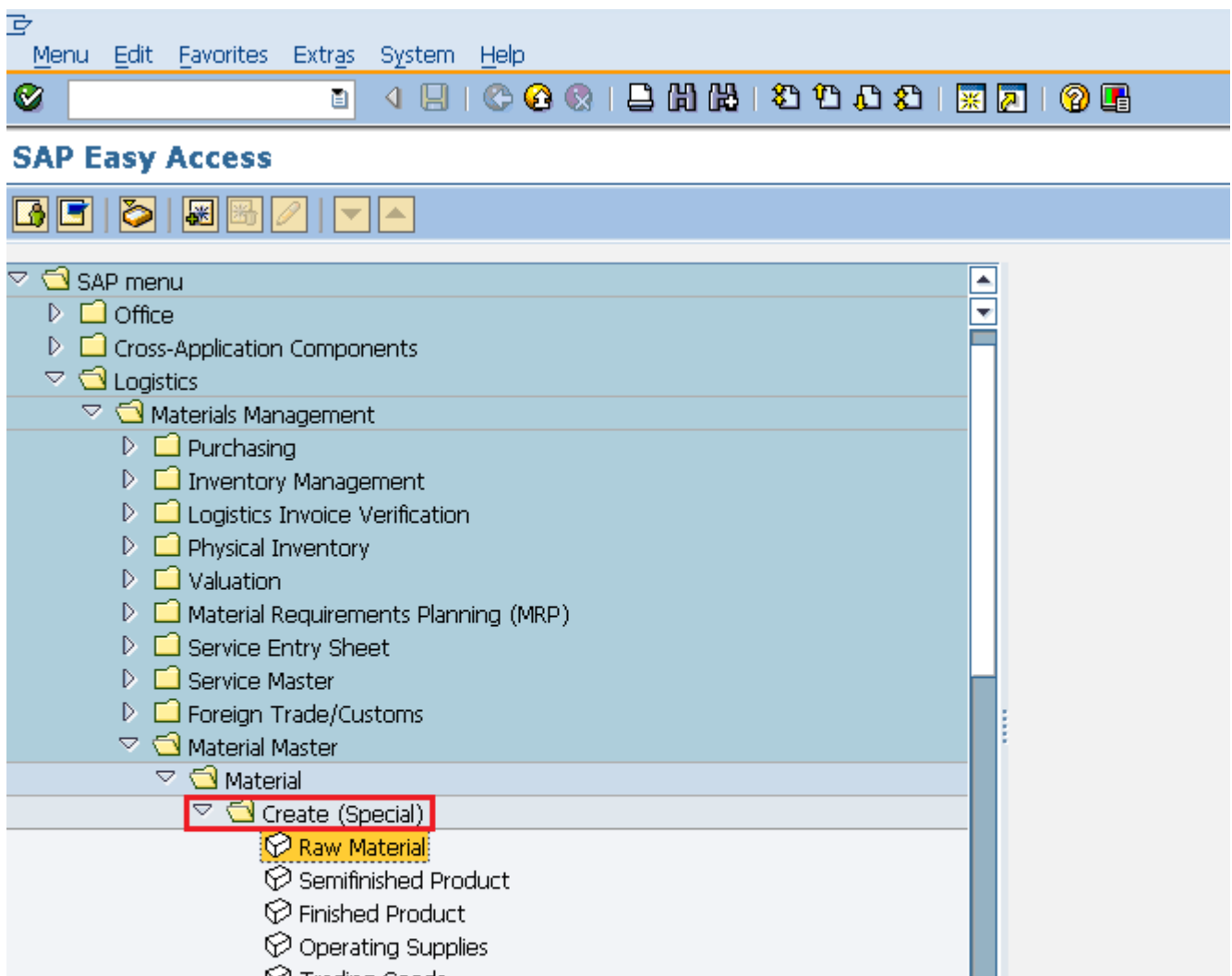
Material master contains all materials that a company procures produces or sells. Material Master is a central data that is available at all the levels. Material can be created by following the below steps:

Path to create Material Master:

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.



- ☒ Trading Goods
- ☐ Non-Valuated Material
- ☐ Non-Stock Material
- ☐ Packaging
- ☐ Empties
- ☐ Service(s)
- ☐ Configurable Material

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

Create Material (Initial Screen)

Select View(s) Org. Levels Data

Material

Industry sector

Material Type

Change Number

Copy from...

Material

Select the views you want to maintain for your material.

Create Material (Initial Screen)

Select View(s) Org. Levels Data

Material

Industry sector

Material Type

Change Number

Copy from...

Material

View Selection

- ☐ View
- ☐ 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
- ☐ MRP 1

MRP 2

MRP 3

MRP 4

APO Plant Data

Work Scheduling

View selection only on request

Create views selected

Org. Levels

Data

Default Setting

Enter name of plant and storage location.

Material

Edit

Goto

Defaults

System

Help

Create Material (Initial Screen)

Select View(s)

Org. Levels

Data

Material

100000

Industry sector

Z

Material Type

Change Number

Copy from...

Material

OrganizationalLevels

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

Edit

Goto

Environment

System

Help

Create Material 110007329

Additional Data

Org. Levels

Check Screen Data

Plant Data / Stor. 2

Warehouse Mgmt 1

Warehouse mgmt 2

Quality ...

Material	110007329			
Plant	2ADG			
General data				
Base Unit of Measure	EA	Haz. material number		
Unit of issue		Gross Weight	66.000	LB
		Volume	2.320	FT3
		/		
		☐ Appr. batch rec. req.		
☒ 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.

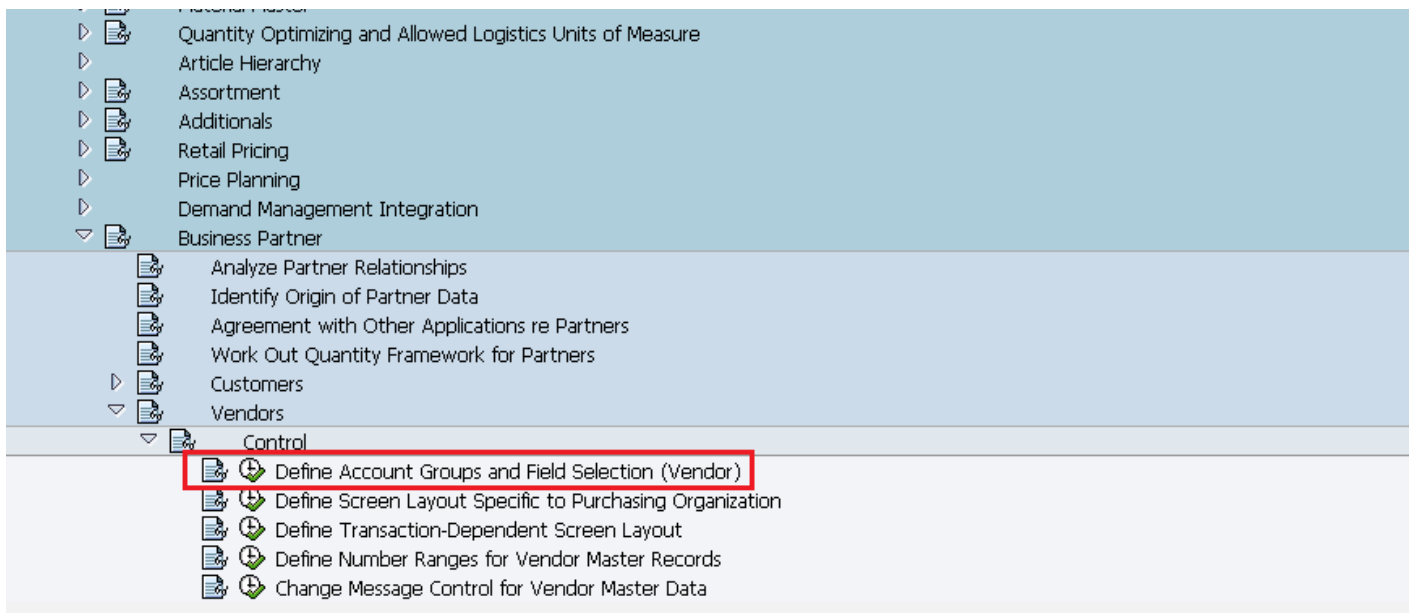
Path to create Vendor Account Group:

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

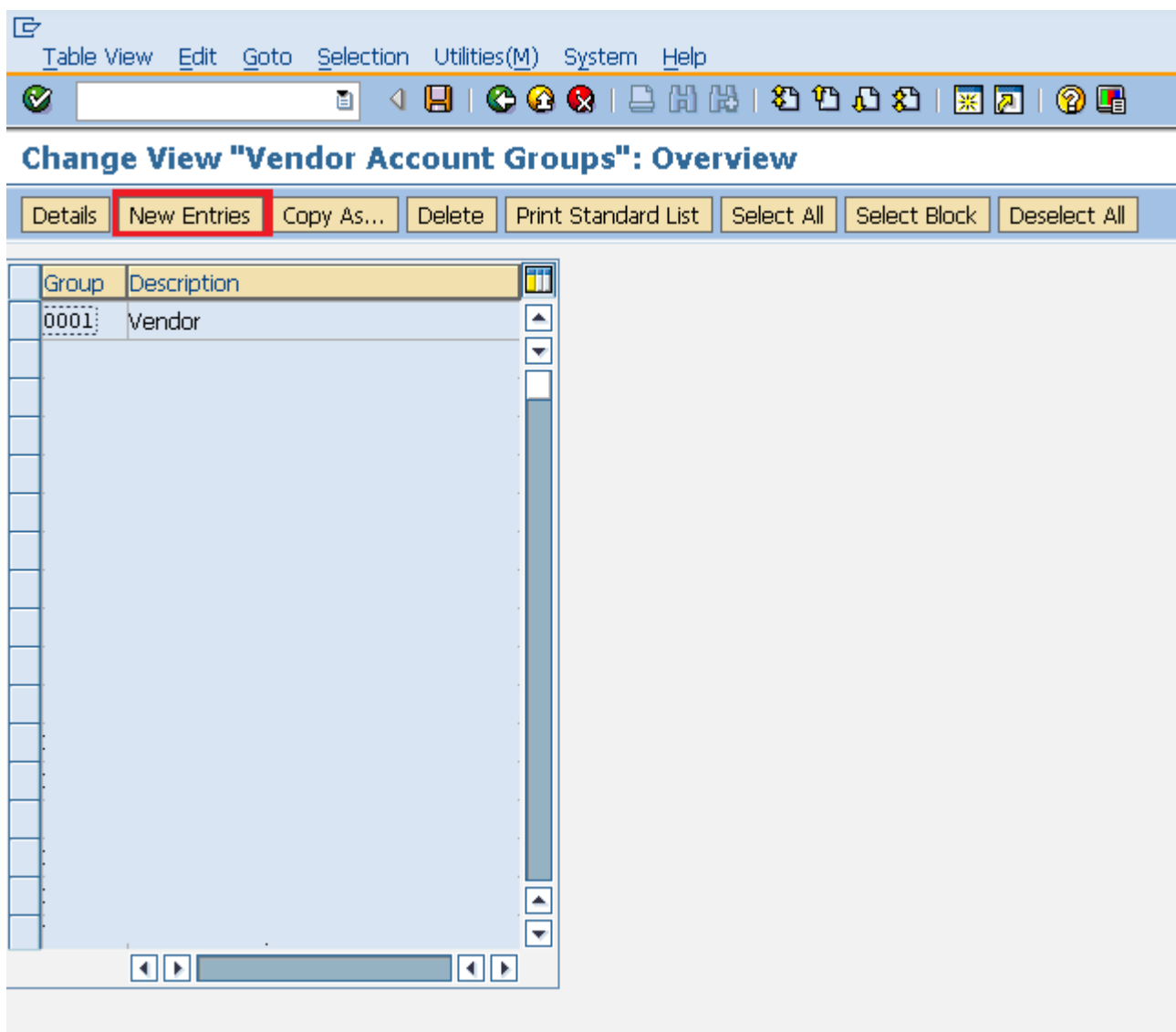
TCode: OBD3

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

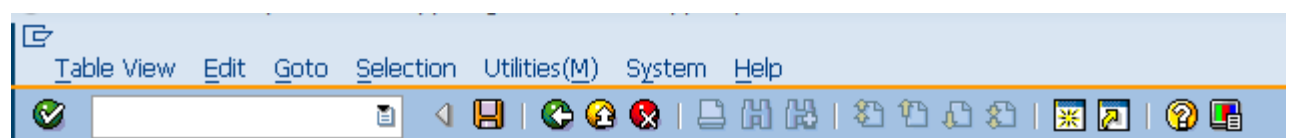
Implementation Guide Edit Goto Additional Information Utilities(M) System Help	
Display IMG	
Existing BC Sets BC Sets for Activity Activated BC Sets for Activity Release Notes Change Log Where Else Used	
Structure	
▶ Investment Management ▶ Enterprise Controlling ▶ Real Estate ▶ Flexible Real Estate Management (RE-FX) ▼ Logistics - General ▶ Portal ▶ Material Master	



Select New Entries icon.



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.



New Entries: Details of Added Entries

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

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:

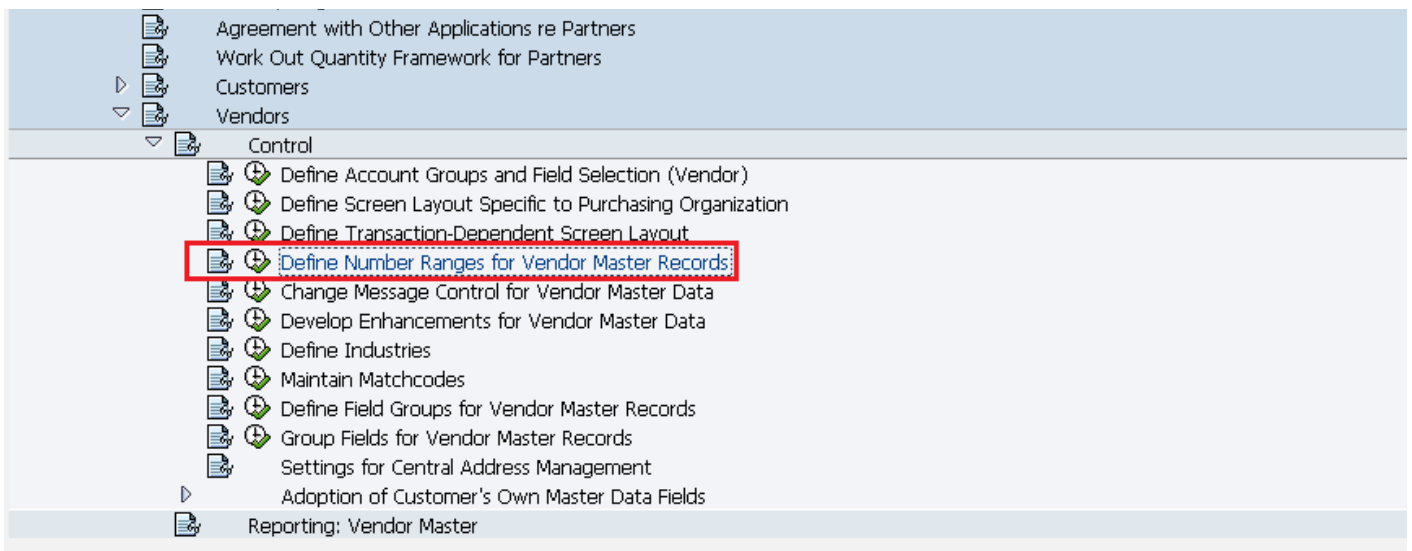
Path to create Number Range:

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

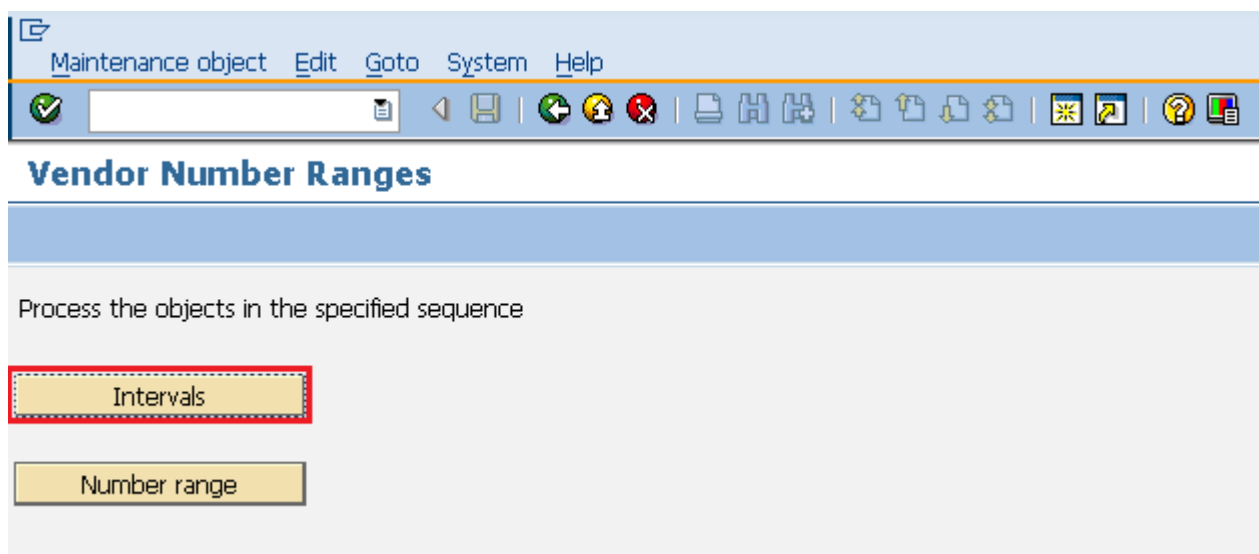
TCode: XDN1

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

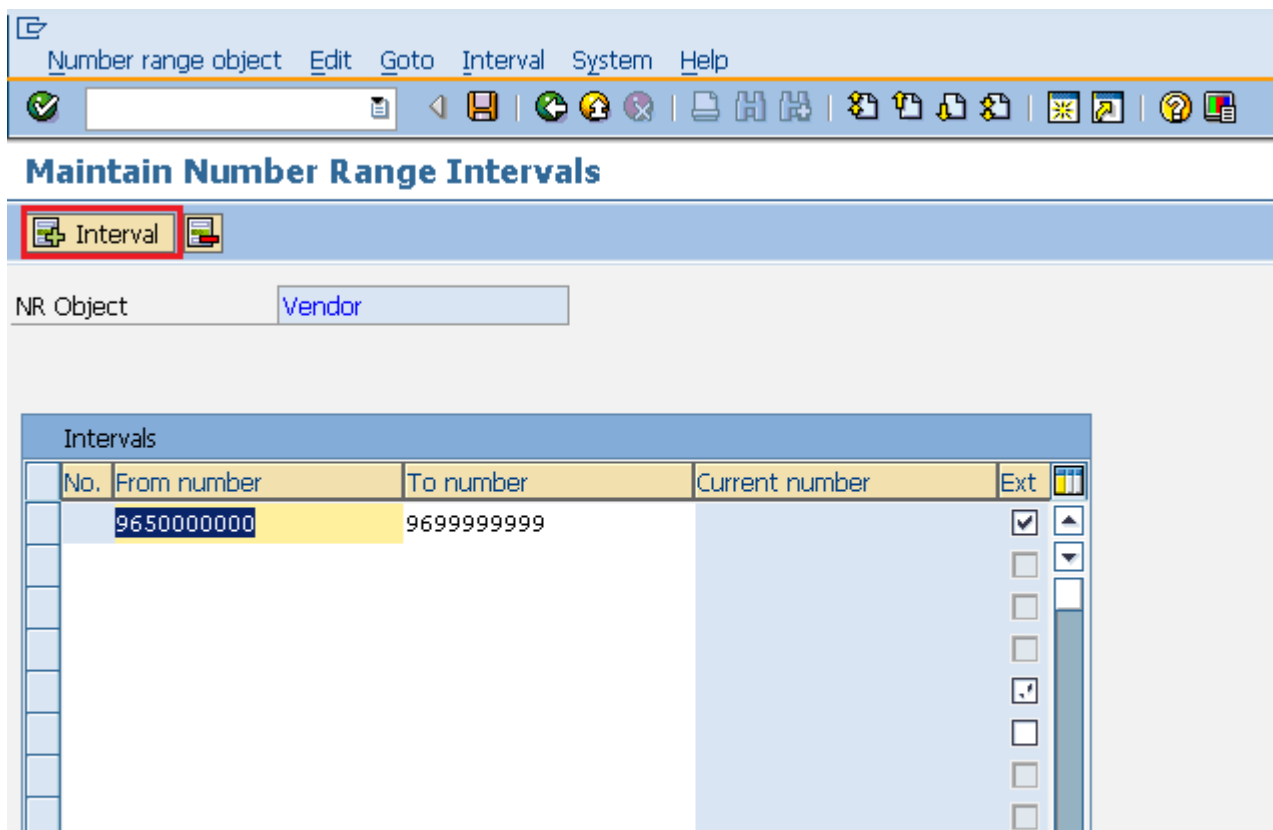
Implementation Guide Edit Goto Additional Information Utilities(M) System Help	
Display IMG	
Existing BC Sets BC Sets for Activity Activated BC Sets for Activity Release Notes Change Log Where Else Used	
Structure	
▶ Article Hierarchy	
▶ Assortment	
▶ Additionals	
▶ Retail Pricing	
▶ Price Planning	
▶ Demand Management Integration	
▼ Business Partner	
▶ Analyze Partner Relationships	
▶ Identify Origin of Partner Data	



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



Select the Insert Interval Icon.



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.

Number range object Edit Goto Interval System Help

Maintain Number Range Intervals

Interval

NR Object Vendor

Insert Interval

New Interval				
No	From number	To number	Current number	Ext
			0	☐

Existing Number Ranges				
No	From number	To number	Number Range Status	Ext
M	9650000000	9699999999		☒
Z	6000000000	6999999999	6000000054	☐

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.

Maintenance object Edit Goto System Help

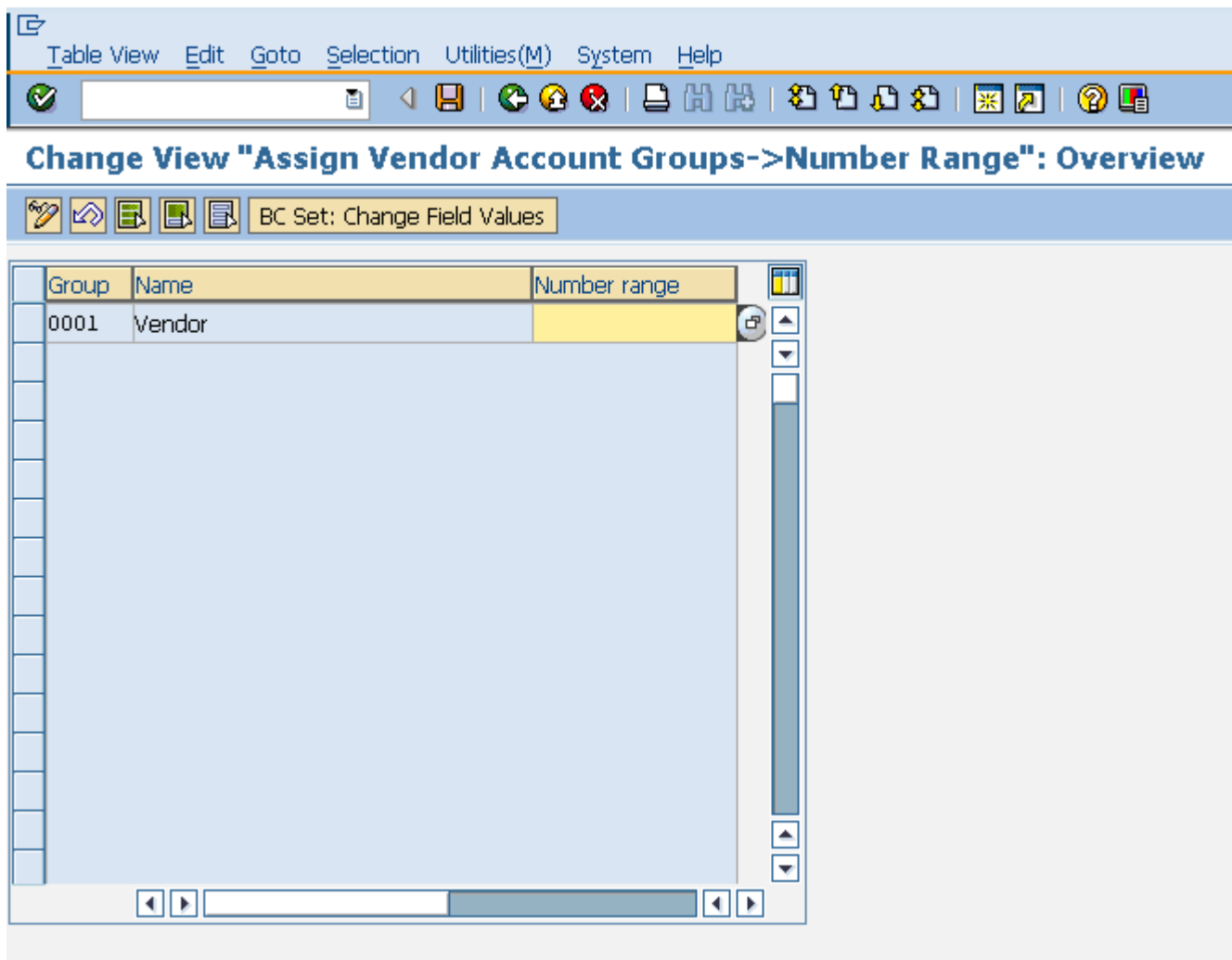
Vendor Number Ranges

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.



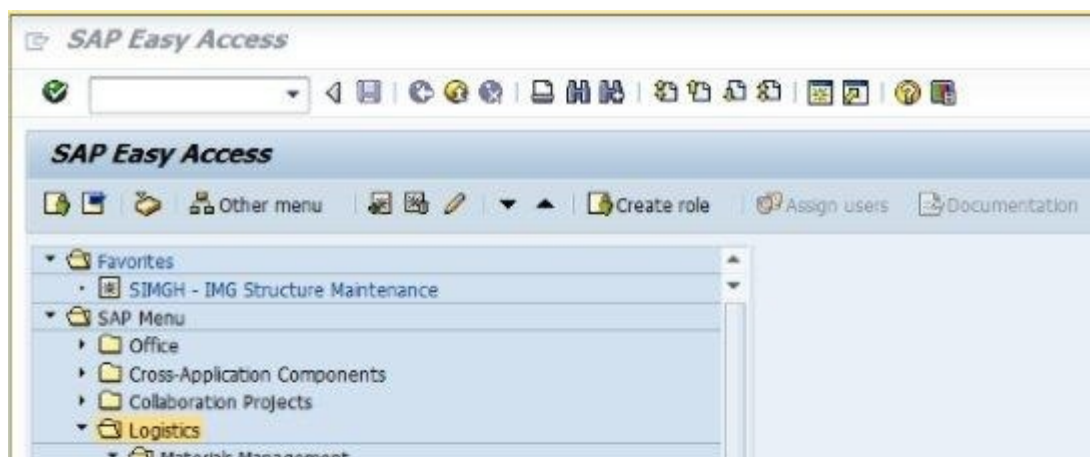
Creation of Vendor Master

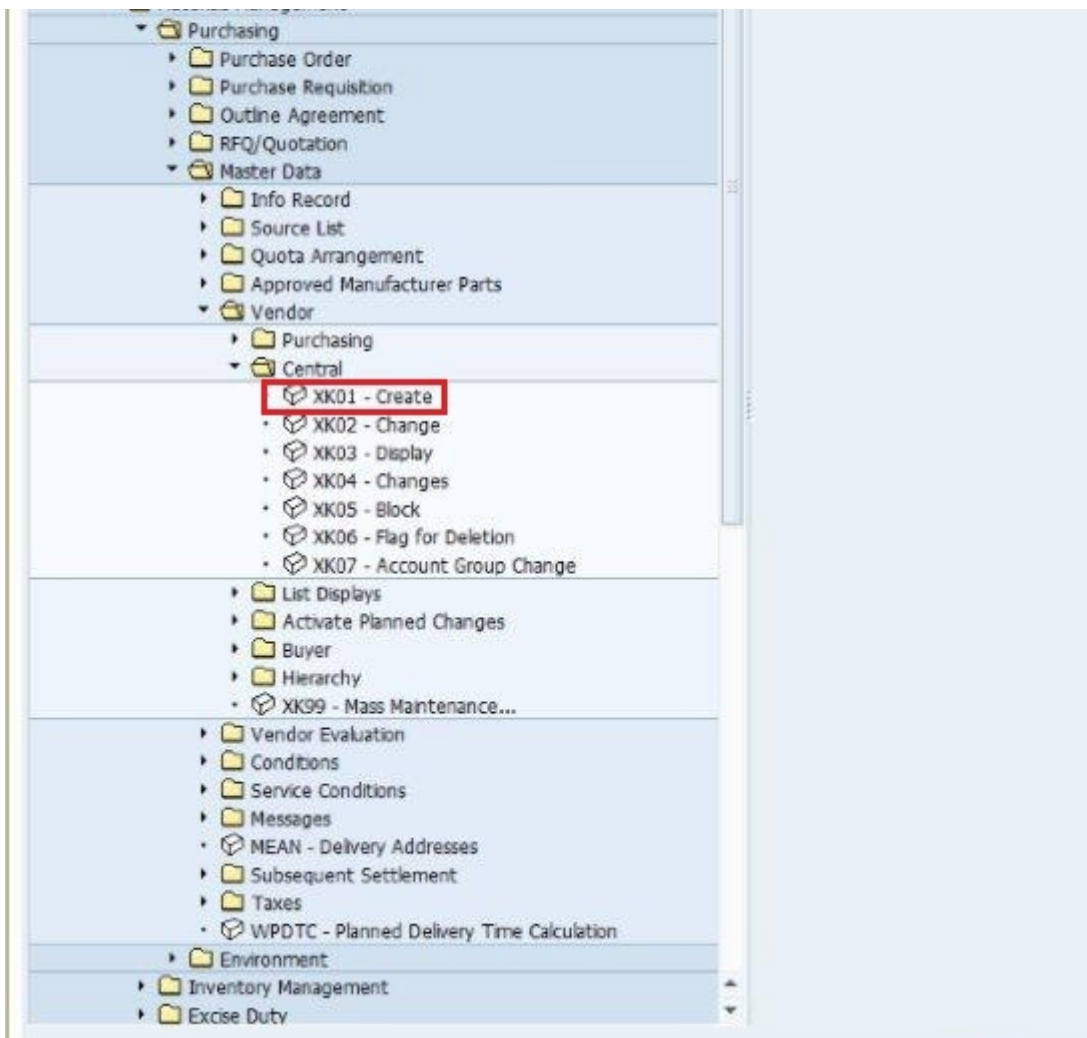
Vendor Mater contains list of vendors from which a company can procure or it can sell. Vendor Master can be created by following the below steps:-

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.





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

 A screenshot of the SAP 'Create Vendor: Initial Screen' form. The form has a menu bar (Vendor, Edit, Goto, Extras, Environment, System, Help) and a toolbar. The main area contains several input fields:

- Vendor:** A text field with a yellow highlight and a magnifying glass icon.
- Company Code:** A text field.
- Purchasing Organization:** A text field.
- Account group:** A text field.
- Reference:** A section containing:
 - Vendor:** A text field.
 - Company code:** A text field.
 - Purchasing Organization:** A text field.

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

 A screenshot of the SAP 'Create Vendor: Address' form. The form has a menu bar (Vendor, Edit, Goto, Extras, Environment, System, Help) and a toolbar. The main area contains several input fields:

- Vendor:** A text field.
- Company code:** A text field.
- Purchasing Organization:** A text field.
- Address:** A text field.
- Postal code:** A text field.
- Country:** A text field.

Vendor: INTERNAL

Preview Internat. versions

Name

Title: Company

Name: XYZ limited

Search Terms

Search term 1/2: XYZ

Street Address

Street/House number: Hosur Road

Postal Code/City: 560100 Bangalore

Country: IN Region: 10

PO Box Address

PO Box:

Postal code:

Communication

Language: English

Telephone: 09123976585 Extension:

Fax: Extension:

E-Mail: xyz@mail.com

Data line:

Telebox:

Fill in the necessary bank details of vendor.

Vendor: INTERNAL XYZ limited Bangalore

Create Vendor: Payment transactions

C...	Bank Key	Bank Account	Acct holder	A.	IBAN	IBANValue	BT...	Refe

Bank Data... Delete Bank Detail IBAN

Payment transactions

Alternative payee:

DME Indicator:

Instruction key:

ISR Number:

Alternative payee in document

☐ Individual spec.

☐ Spec. per reference

Permitted Payee

Fill in the necessary accounting information of the vendor.

Vendor Edit Goto Extras Environment System Help

✓ [Dropdown] [Icons]

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	Exmpt.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

✓ [Dropdown] [Icons]

Create Vendor: Payment transactions Accounting

Vendor: INTERNAL XYZ limited Bangalore
Company Code: 4300 India

Payment data	
Payt Terms	Tolerance group
Chk cashng time	Chk double inv.

Automatic payment transactions	
Payment methods	Payment block
Alternat.payee	House Bank
Individual pmnt	Grouping key
B/exch.lmit	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.

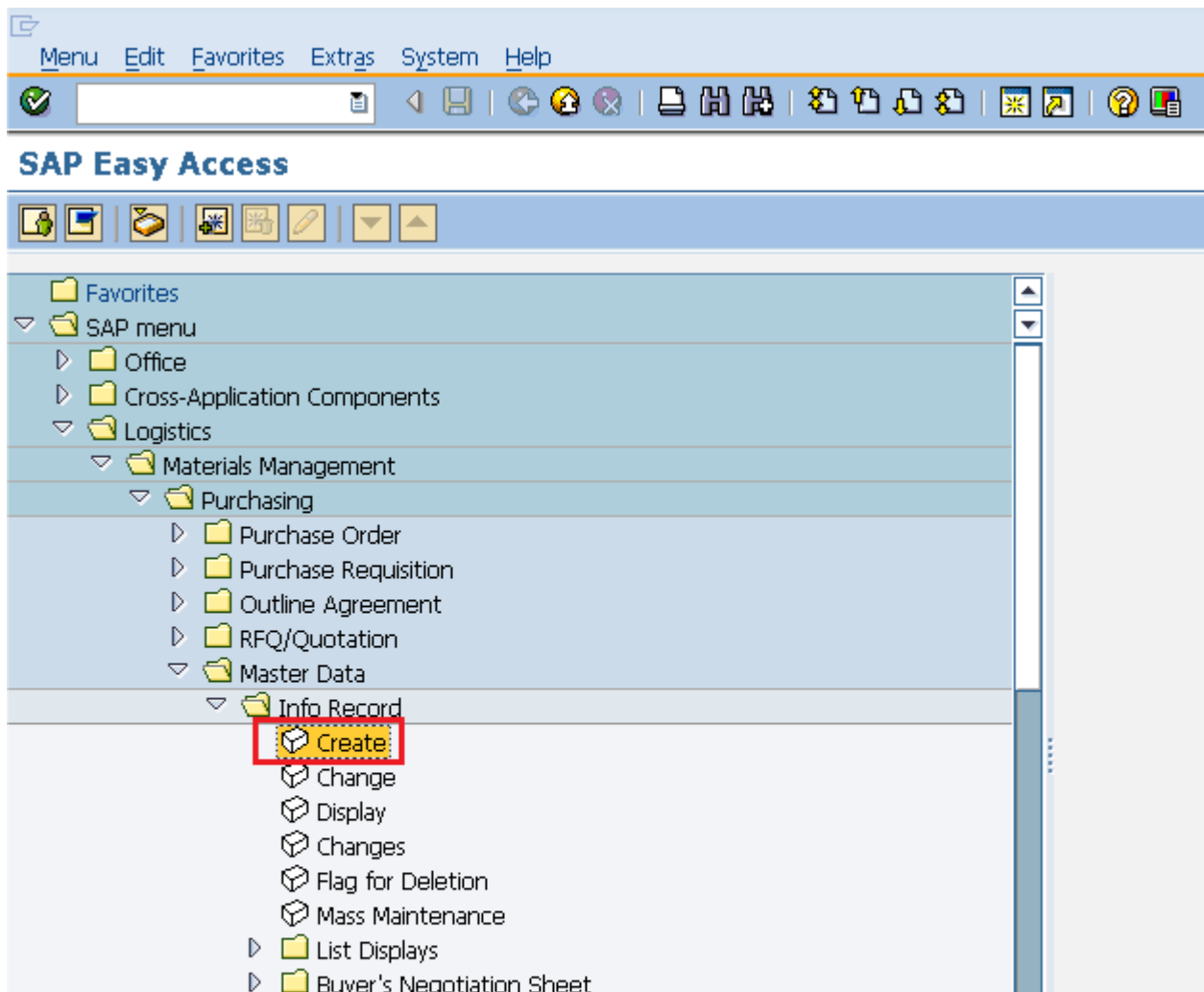
Creation of Purchase Info Record

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.



- ▷ Follow-On Functions
- ▷ Source List
- ▷ Quota Arrangement
- ▷ Approved Manufacturer Parts
- ▷ Vendor
- ▷ Vendor Evaluation
- ▷ Conditions

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

Info Record Goto Extras Environment System Help

✓ [Dropdown] [Icons]

Create Info Record: Initial Screen

Vendor: 1000000000 [Icon]

Material: [Text Box]

Purchasing Org.: [Text Box]

Plant: [Text Box]

Info Record: [Text Box]

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.

Info Record Edit Goto Extras Environment System Help

✓ [Dropdown] [Icons]

Create Info Record: General Data

Texts

Info Record: [Text Box] [Text Box]

Vendor: 1000000000 XYZ limited

Material Group: ☒

Vendor Data	Origin Data
1st Rem./Exped. [Text Box] Days	Certif. Cat. [Text Box]

2nd Rem./Exped.		Days	Certificate	
3rd Rem./Exped.		Days	Valid to	
Vendor Mat. No.			Ctry of Origin	IN
Vendor Subrange			Region	10
VSR Sort No.			Number	
Vendor Mat. Grp			Manufacturer	
Points		/ 1		
Salesperson			Supply Option	
Telephone	09123976585		Available from	
Return Agmt			Available to	
Prior Vendor				

Purchase Order Unit of Measure		Sorting	
Order Unit	☒	Sort Term	☒

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

Info Record Edit Goto Extras Environment System Help



Create Info Record: Text Overview

General Data

Info Record Info record

Language

Info record texts

TxtType	Text	More text	Status
☐ Info record note			

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.

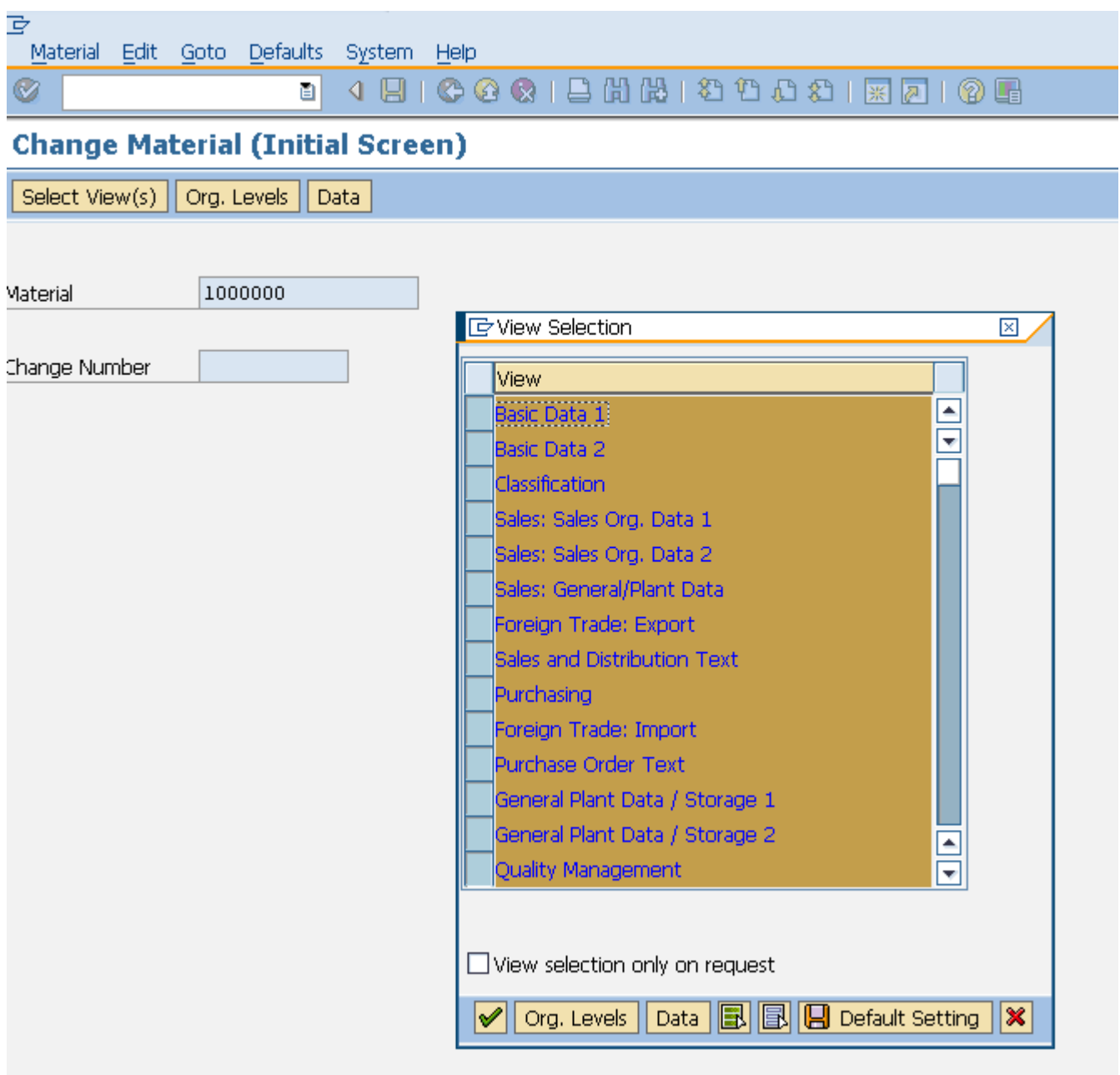
Source list can be created by following two ways:

- 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.

Material Edit Goto Environment System Help

Change Material 1000000

Additional Data Org. Levels Check Screen Data

Sales & Distr. Text Purchasing Foreign Trade:Import Purchase Ord...

Purchasing Group	E1	Material Group	1200
Plant-sp.matl status		Valid from	
Tax ind. f. material	1	Qual.f.FreeGoodsDis.	
Material freight grp		☐ Autom. PO	
☒ 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	☐ Unltd Overdelivery	☐ Acknowledgment Reqd

Other data / manufacturer data

GR Processing Time		days	☐ Post to insp. stock	☐ Critical Part
Quota arr. usage			☒ Source list	JIT Sched. Indicator
Mfr Part Number				Mfr Part Profile
				Manufact.

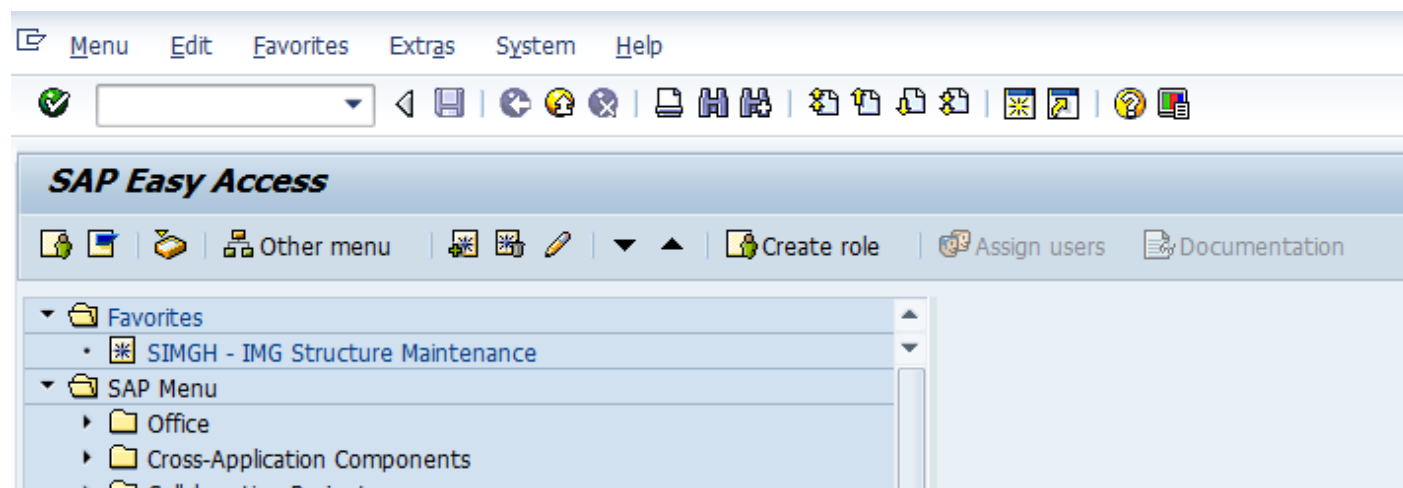
Manual Creation of Source List

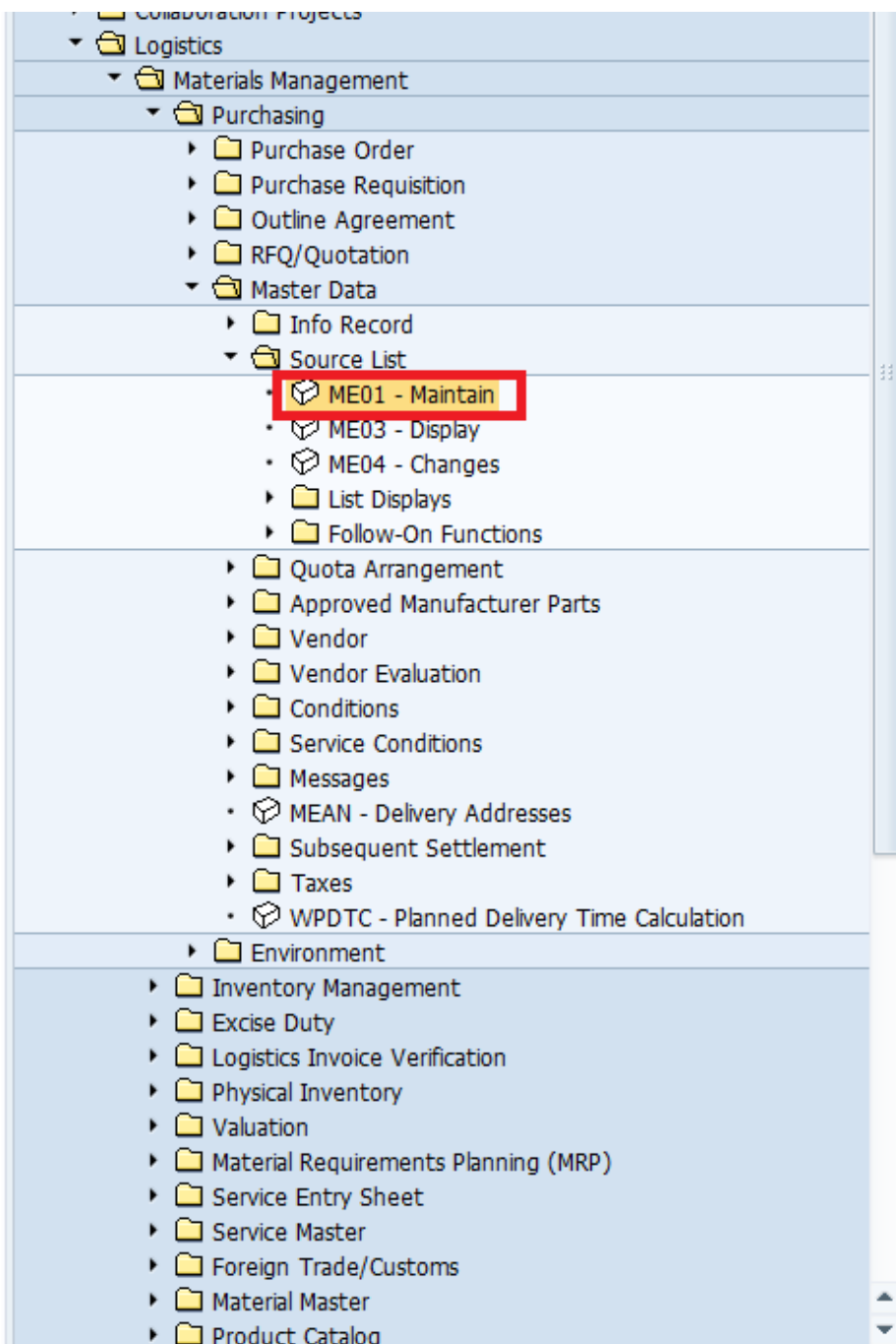
Source list can be created manually by following the below steps:

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.

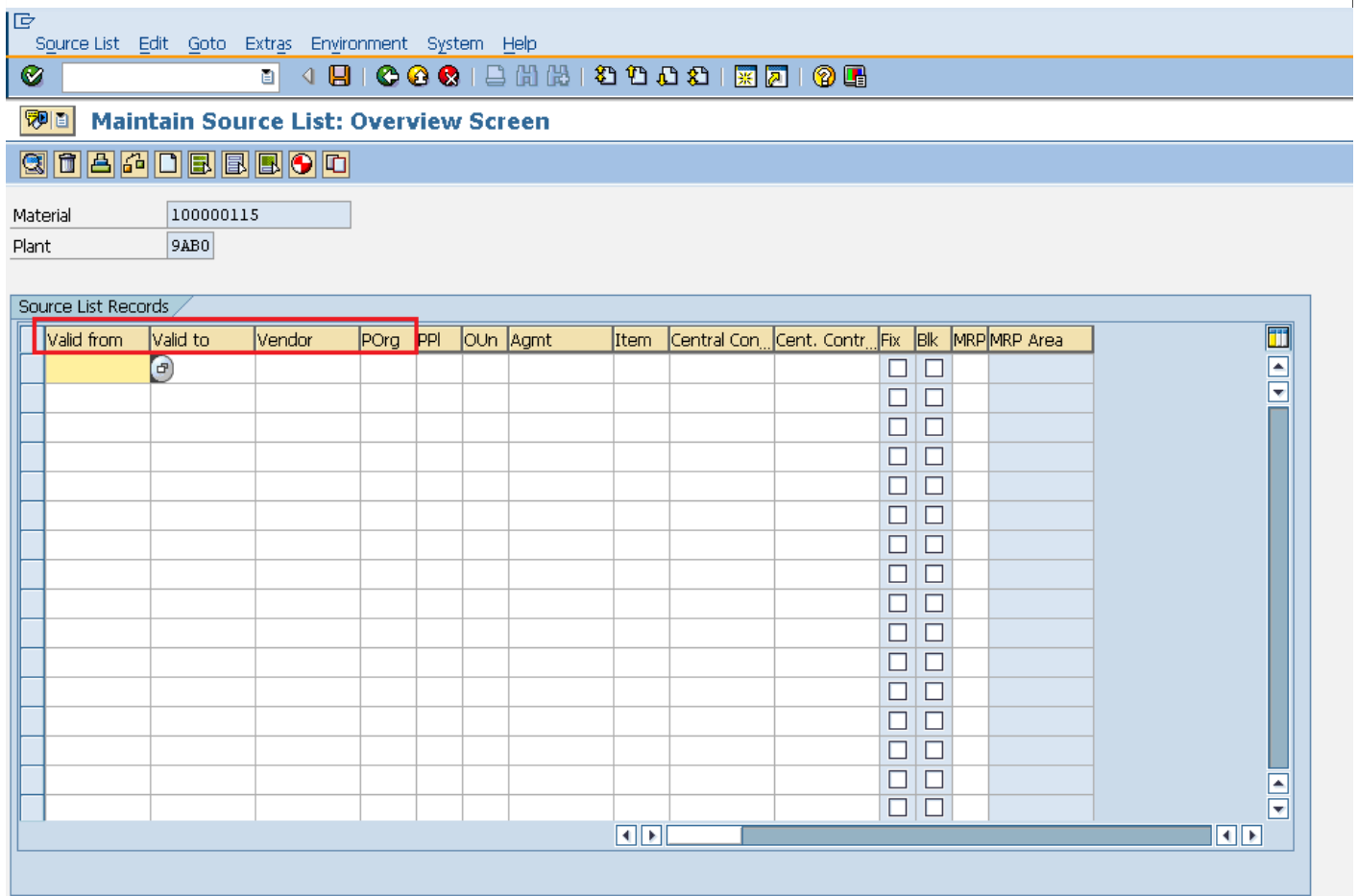




Enter the material number for which you want to maintain source list and respective plant details.

A screenshot of the SAP 'Maintain Source List: Initial Screen' dialog box. The title bar shows 'Source List Edit Goto Extras Environment System Help'. Below the title bar is a toolbar with various icons. The main area has a light blue header 'Maintain Source List: Initial Screen'. Below this, there are two input fields: 'Material' with the value '100000115' and 'Plant' with the value '9AB0'. The 'Material' field has a small icon to its right.

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

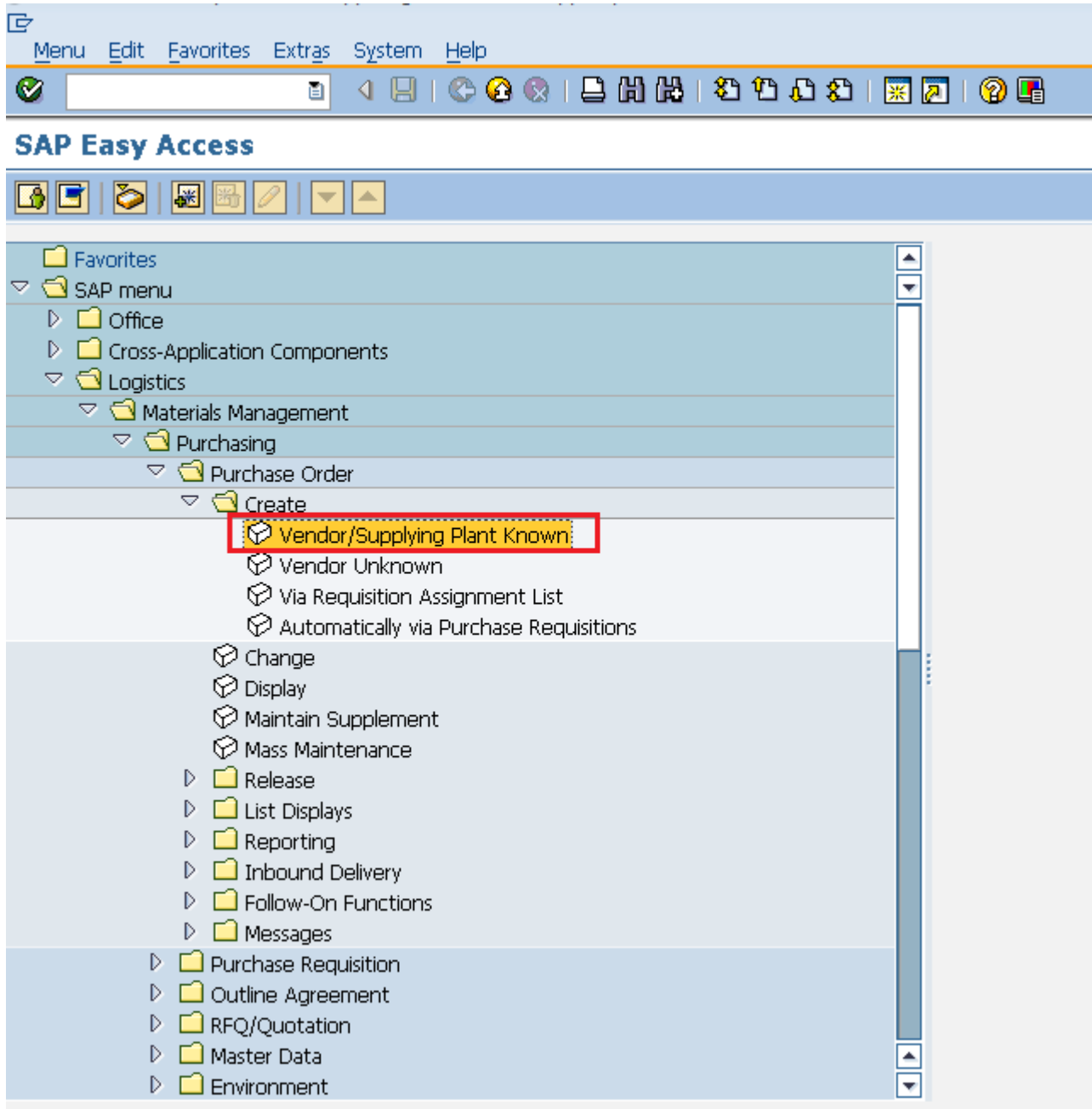
Purchase order is the formal and final confirmation of the requirements which is sent to vendor to supply material or services. Purchase order will include important information like name of material with its corresponding plant, details of purchasing organization with its company code, name of vendor,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

Path to create Purchase Order:

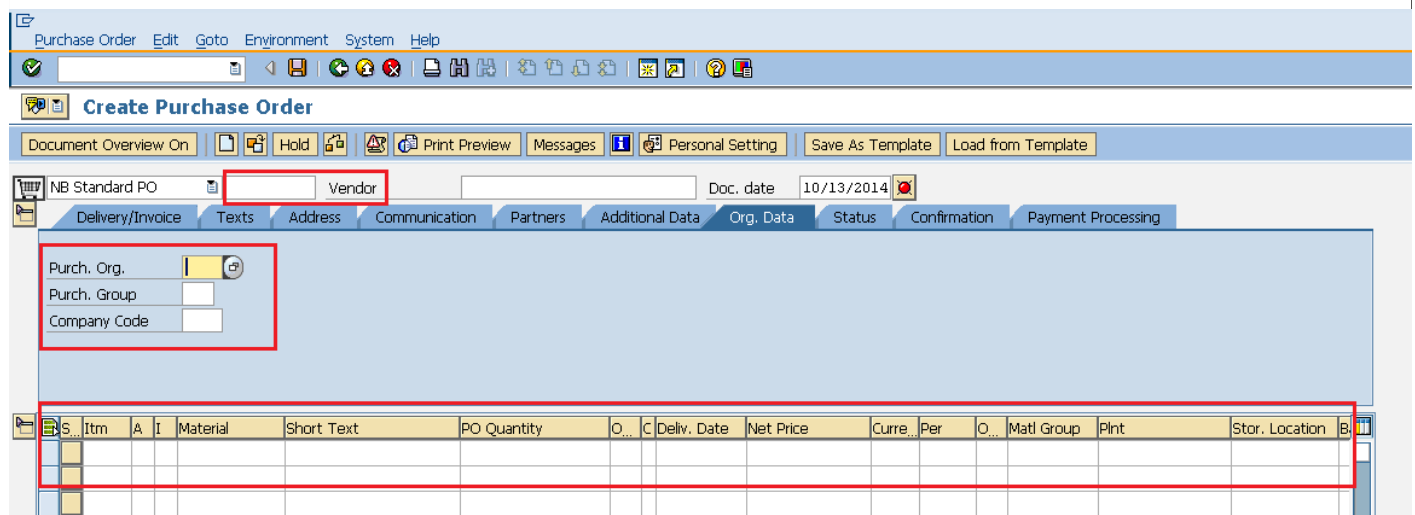
Logistics => Materials Management => Purchasing => Purchase Order => Create => Vendor/
Supplying Plant Known

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.



Item: 1 New Item

Buttons: Default Values, Add Planning

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

Standard PO 4501973546

Document Overview On | Print Preview | Messages | Personal Setting | Save As Template

NB Standard PO | 4501973546 | Vendor: 1116 FRE... | Doc. date: 10/14/2014

Tabs: Delivery/Invoice, Conditions, Texts, Address, Communication, Partners, Additional Data, Org. Data, Status, Confirmation, Payment Processing

Purch. Org.: P001
Purch. Group: N1
Company Code: 101

S	Item	A	I	Material	Short Text	PO Quantity	O	C	Delv. Date	Net Price	Curre	Per	O	Matl Group	Plnt	Stor. Location	B
	10			100043451		3	EA	D	10/21/2014	78.00	USD	1	EA	12 BEEF PR...	MANT		

Buttons: Add Planning, Save As Template

Item: 1 [10] 100043451, CRB SC BF INS-RND HRT D

Tabs: Material Data, Quantities/Weights, Delivery Schedule, Delivery, Invoice, Conditions, Additional Data, Texts, Delivery Address, Confirmations, Co...

Material group: 120016 | Revision Level: | Vendor mat. no.: | EAN/UPC: | Vendor sub-range: | Batch: | Vendor Batch: | InfoUpdate: ☒

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.

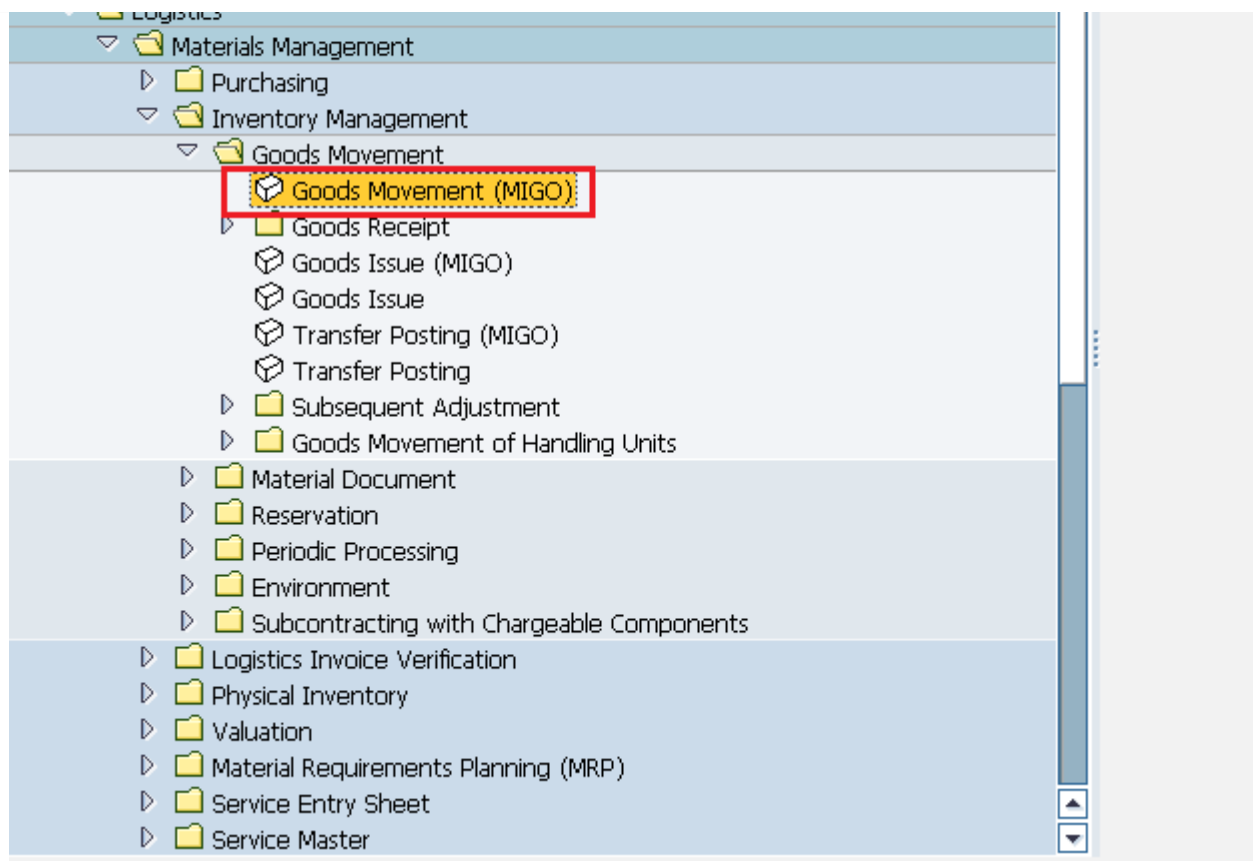
SAP Easy Access

Menu | Edit | Favorites | Extras | System | Help

Buttons: [Icons]

Favorites

- SAP menu
 - Office
 - Cross-Application Components
 - Logistics
 - Goods movement
 - Inventory management



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.

Line	Mat. Short Text	OK	Qty in UnE	EUn	SLoc	Batch	Valuation T.	M...	D	Stock Type	Plant	Sp.	Sales Order

Posting Invoice

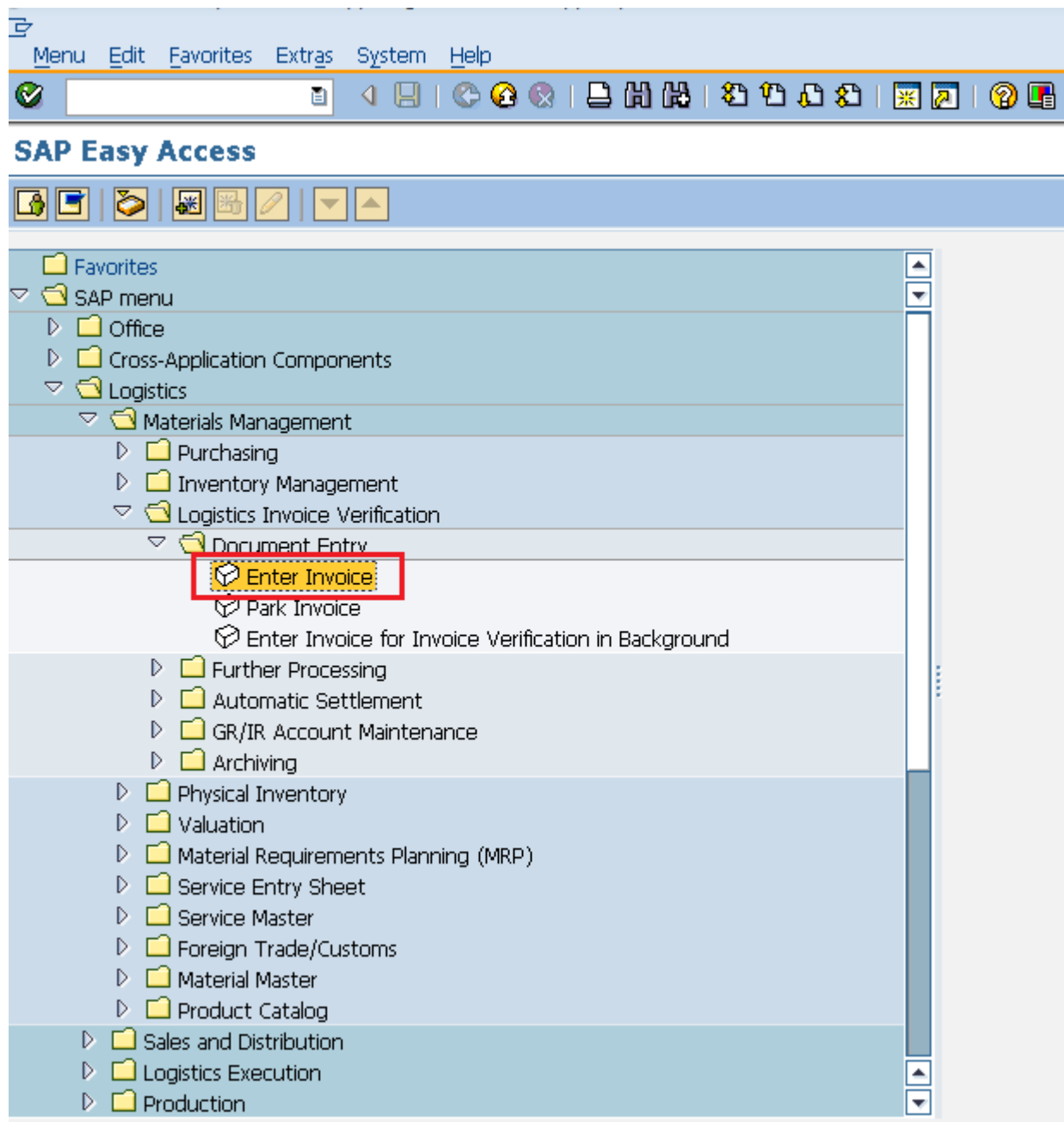
Invoice is received from the vendor after goods receipt, and then invoice is verified by the ordering party. So, this is the phase in which the vendor *seller* is paid from the company and reconciliation of the invoice and PO is accomplished. Invoice can be posted by following the below steps:

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 SAP 'Enter Incoming Invoice: Company Code 0001' screen. The interface includes the following elements:

- Menu: Invoice Document, Edit, Goto, System, Help
- Toolbar: Standard SAP icons for navigation and actions.
- Transaction: 1 Invoice
- Balance: 0.00
- Buttons: Show PO structure, Show worksheet, Hold, Simulate, Messages, Help
- Tabs: Basic data, Payment, Details, Tax, Contacts, Note
- Fields:
 - Invoice date: [Date field]
 - Posting Date: 10/14/2014
 - Amount: [Amount field]
 - Tax amount: [Tax amount field]
 - Text: [Text field]
 - Reference: [Reference field]
 - Calculate tax: ☐
 - V1: [V1 field]

Company Code 0001 SAP A.G. Walldorf

Imaged Document Identification Number

EDI Document Identification Number

PO Reference Chain Liab.

1 Purchase Order/Scheduling Agreem... 1 Goods/service items

Layout 7_6310 All information

Item	Amount	Quantity	Or...	Purchase O...	Item	Sm...	PO Text	OU

Item Search Term 0 / 0 Items

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.

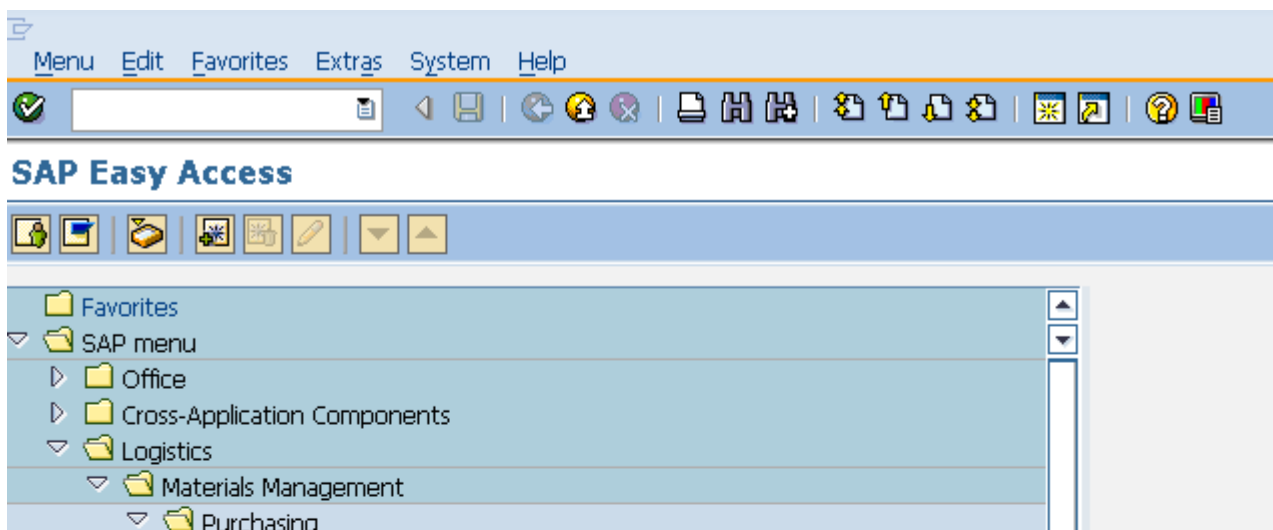
Create Purchase Requisition

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 'Create Purchase Requisition' screen in SAP. The header section contains the following data:

St...	Item	A	I	Material	Short Text	Quantity	Unit	Delivery Dat.	Matl Group	Plant	Stor. Loc.	PGr	Requisnr.	Tracking...	Des. Vendor	Fixed Vend.
	10			1100120	INT BRINE	4.000	KG	10/22/20...	12 PREF	HERI		E12				

The 'Item' section shows the following data:

Material Data	Quantities/Dates	Valuation	Source of Supply	Status	Contact Person	Release strategy	Texts	Delivery Address
Material	110012098	Short Text	INT BRINE					
Batch		Revision Level						
Material Group	120040							
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.

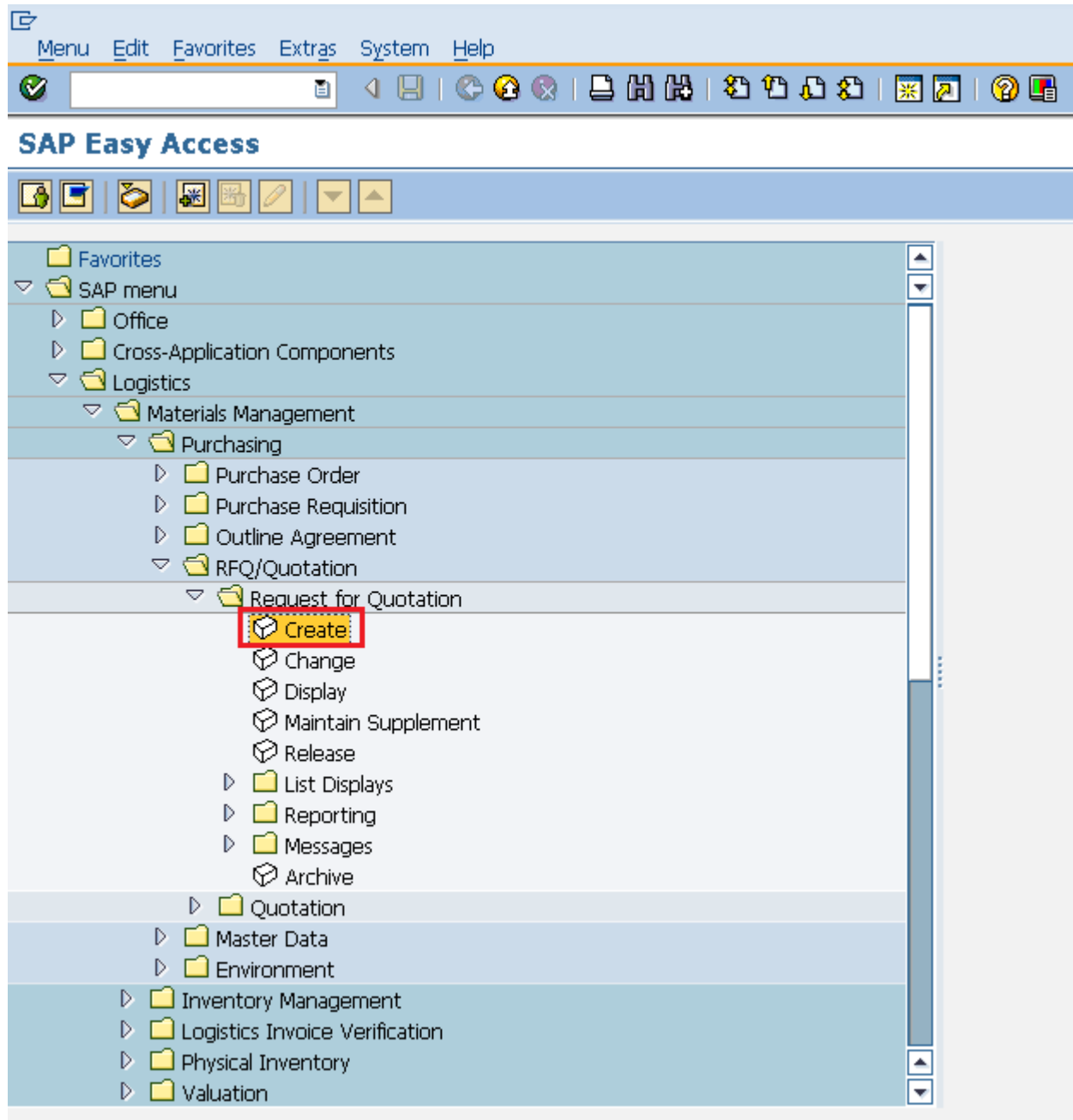
RFQ can be created manually by following the below steps:

Path to create RFQ:

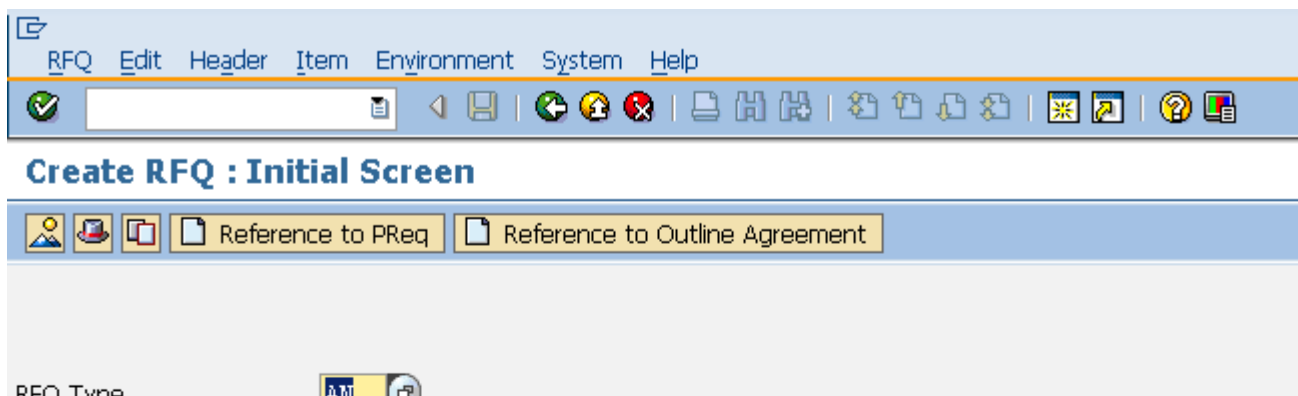
Logistics => Materials Management => Purchasing => RFQ/Quotation => Request for Quotation
=> Create

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	☒
RFQ	

Organizational Data	
Purch. Organization	P003
Purchasing Group	A01

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

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

RFQ												Edit		Header		Item		Environment		System		Help	
Save Cancel Refresh Print Zoom Help																							
Create RFQ : Item Overview																							
New Open Save Delete Copy Paste Print Zoom Help																							
RFQ				RFQ Type				RFQ Date				QuotDdlh											
				AN				10/17/2014				10/24/2014											
Vendor																							
RFQ Items																							
Item	I	Material	Short Text	RFQ Quantity	O...	C	Deliv. Date	Mat. Grp	Plnt	SLoc	D	Te...											
10		100000001		10.000	KG	D	11/07/2014	120028	1AC														
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																	

Provide the quantity and delivery date for the material.

RFQ												Edit		Header		Item		Environment		System		Help	
Save Cancel Refresh Print Zoom Help																							

Create RFQ : Item 00010

Item	10	ItCat.		Plant	1AC
Material	100000001	Mat. Grp	1200	Stor. Loc.	
Short Text					
Quantity and Date					
RFQ Quantity	10.000	KG	QuotDdln	10/24/2014	
Delivery Date	D 11/07/2014				
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.

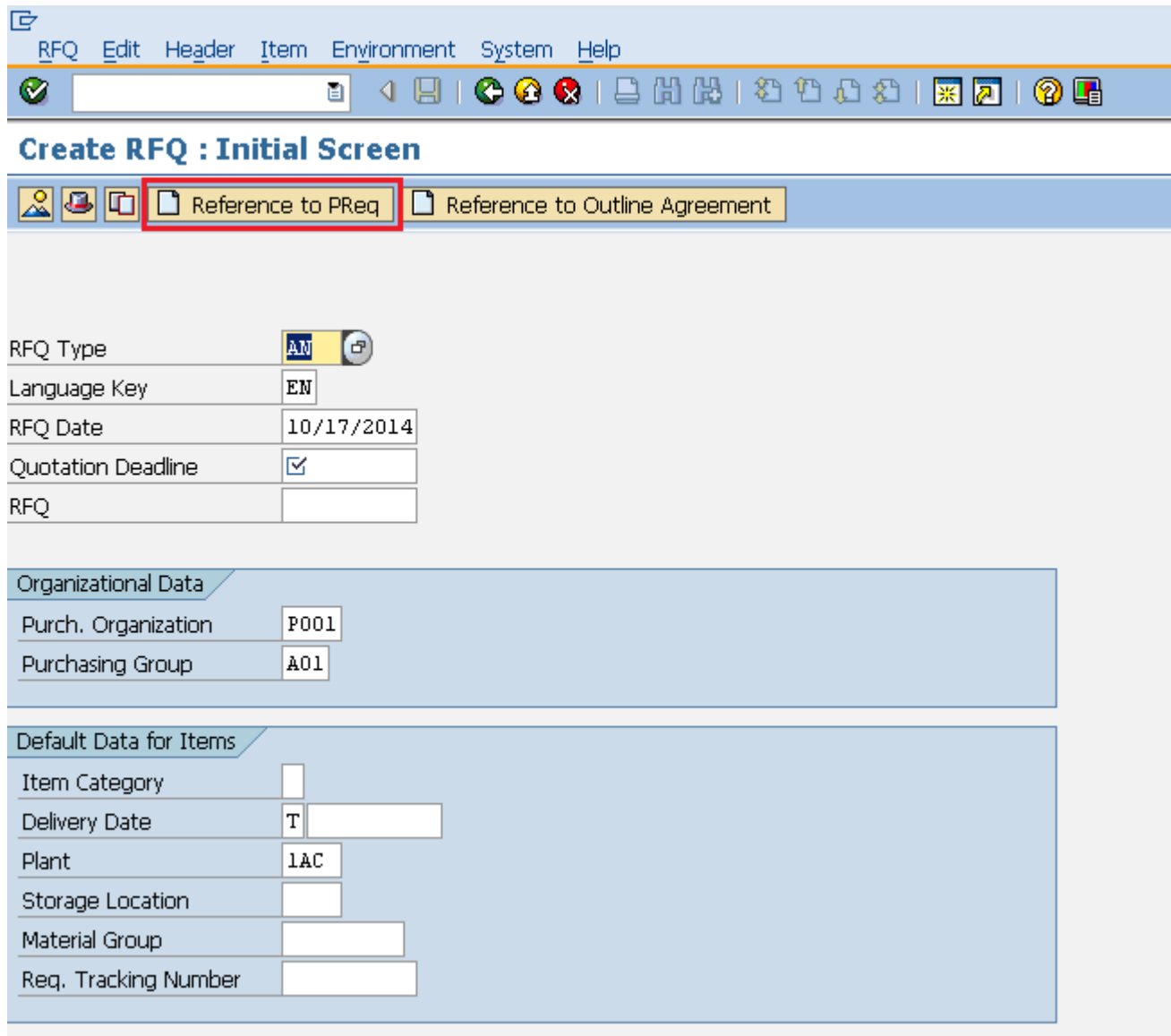
RFQ		Company Code	1015	Purch. Group	A0
RFQ Date	10/17/2014	RFQ Type	AN	Purchasing Org.	P001
Vendor		Supplying Plant	9AD		
Name					
Title					
Name	CML 1085				
Search Terms					
Search term 1/2	V2				
Street Address					
Street/House number	EVERT VAN				378
Postal Code/City	1118 CZ SCHIPHOL				
Country	NL	Region			
Time zone	CE.				
PO Box Address					
PO Box	758.				
Postal code	1118				

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.



RFQ Edit Header Item Environment System Help

Create RFQ : Initial Screen

Reference to PReq Reference to Outline Agreement

RFQ Type AN

Language Key EN

RFQ Date 10/17/2014

Quotation Deadline ☒

RFQ

Organizational Data

Purch. Organization P001

Purchasing Group A01

Default Data for Items

Item Category

Delivery Date T

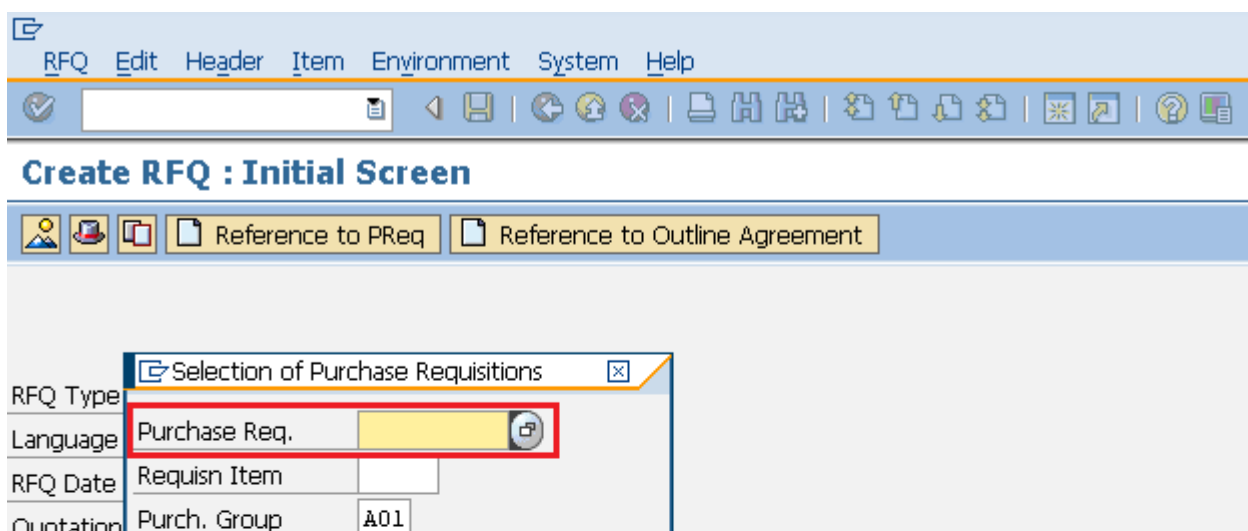
Plant 1AC

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.



RFQ Edit Header Item Environment System Help

Create RFQ : Initial Screen

Reference to PReq Reference to Outline Agreement

Selection of Purchase Requisitions

RFQ Type AN

Language Purchase Req.

RFQ Date

Quotation

Purch. Group A01

RFQ	Document Type	
	Material	
Organizat	MPN Material	
Purch. O	Plant	
Purchasin	Item Category	
	Acct Assgt Cat.	
Default D	Tracking Number	
Item Cat	Supplying Plant	
Delivery D	☒ Assigned	
Plant	☒ Stock material	
Storage	☒ Open only	
Material C		
Req. Tra	☒ ☐ ☐	

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.

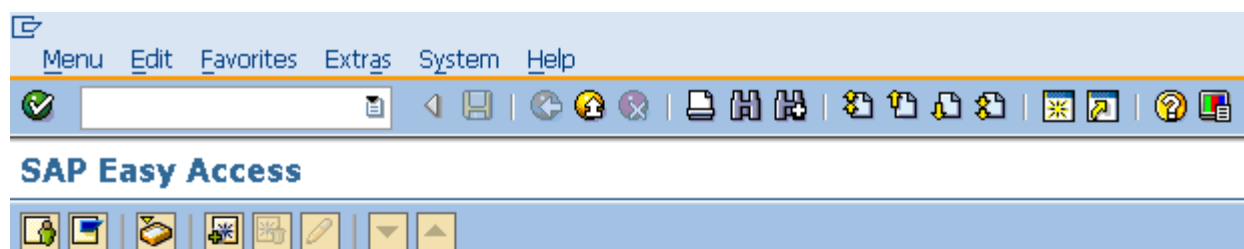
Contract can be created by following the below steps:

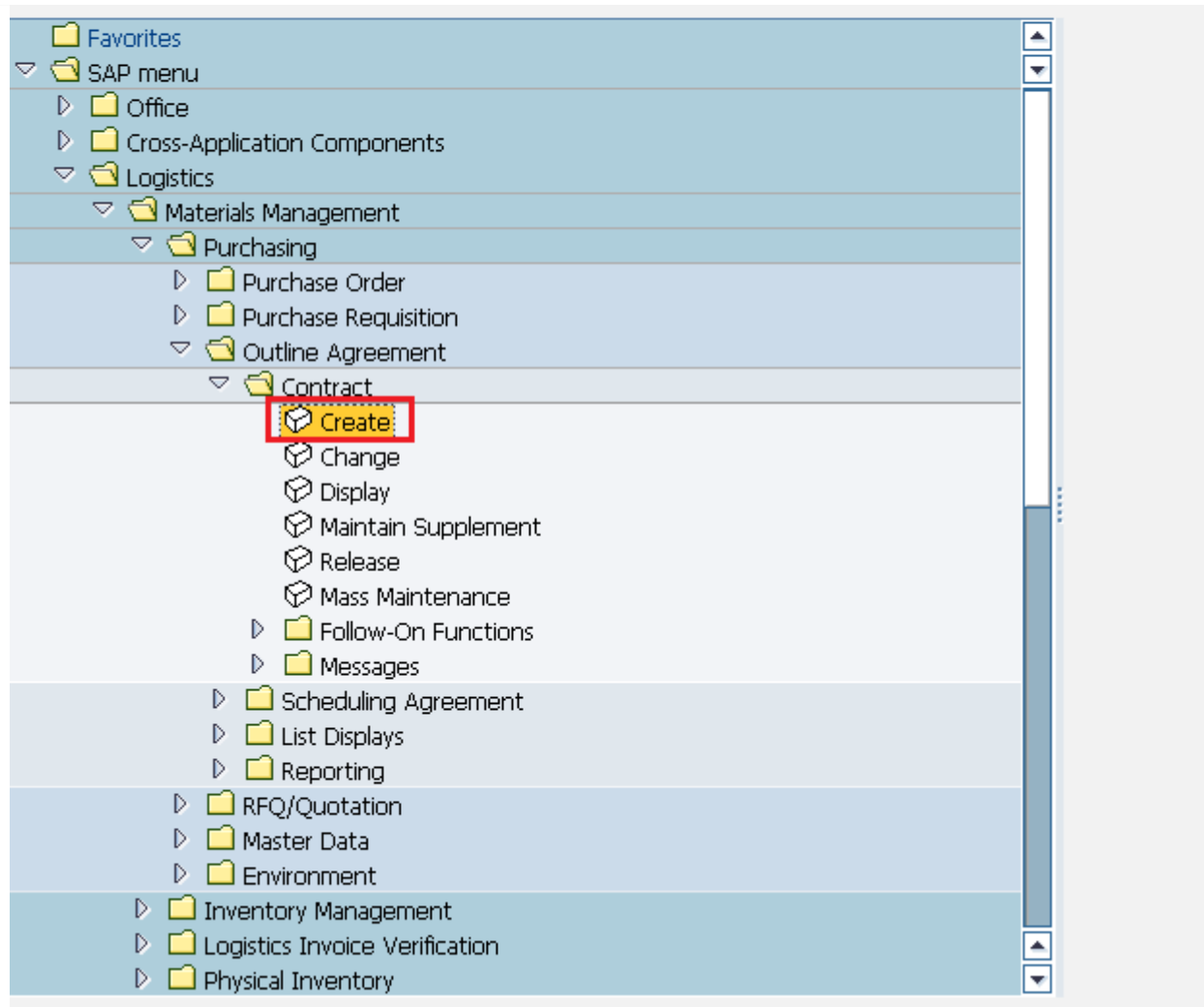
Path to create Contract:

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.

Outline Agreement Edit Header Item Environment System Help

Restrict Value Range (1) 5 Entries found

Restrictions

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

Vendor: 65000000

Agreement Type:

Agreement Date: 10/17/2014

Agreement:

Organizational Data

Purch. Organization: P001

Purchasing Group: SR

Default Data for Items

Item Category:

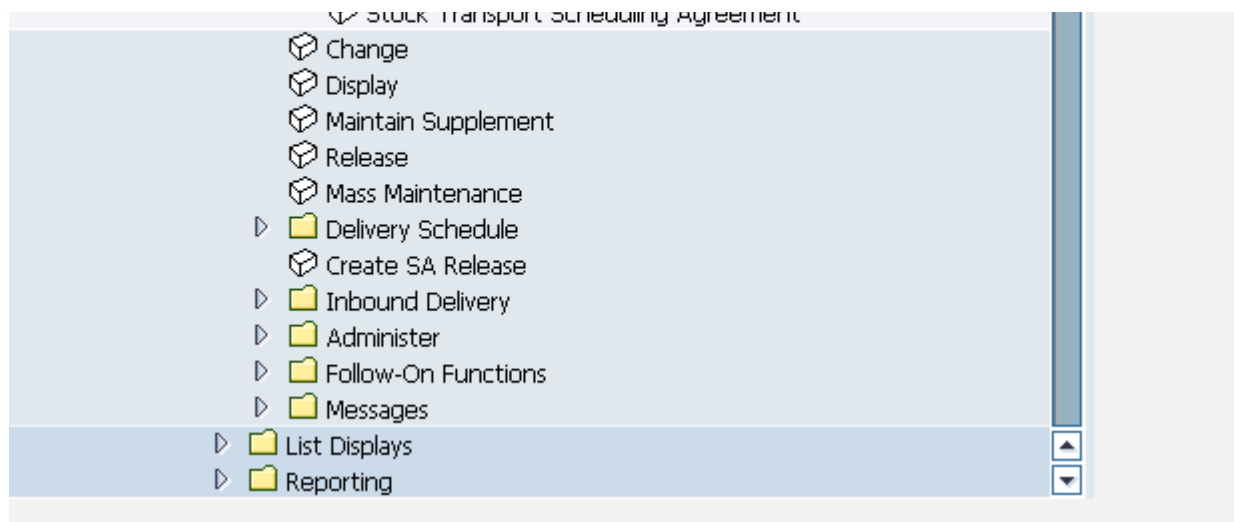
Acct Assignment Cat.:

Plant: 1AC

Storage Location:

Material Group:

Req. Tracking Number:



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

Outline Agreement Edit Header Item Environment System Help

Restrict Value Range (1) 4 Entries found

Restrictions

Type	Doc. Type	Descript.
LP	Scheduling Agreement	
LPA	Scheduling Agreement	

4 Entries found

Vendor: 8500002

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: 1AC

Storage Location:

Material Group:

Req. Tracking Number:

Vendor Subrange:

☐ Acknowledgment Reqd

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

Scheduling Agreement Edit Header Item Environment System Help

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
☐ GR Message					

Terms of Delivery and Payment

Payt Terms	NO	Targ. Val.		USD		
Payment in	30	Days	%	Exch. Rate	1.00000	☐ Ex.Rate Fx
Payment in		Days	%	Incoterms	F0	ORIGIN
Payment in		Days	Net			

Reference Data

Quotation Date		Quotation	
Your Reference		Salesperson	
Our Reference		Telephone	
Suppl. Vendor		Invoicing Party	

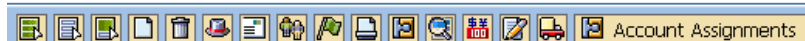
Provide material number along with target quantity, net price, currency and material group. Click on save. A new Scheduling Agreement will be created.



Scheduling Agreement Edit Header Item Environment System Help



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														

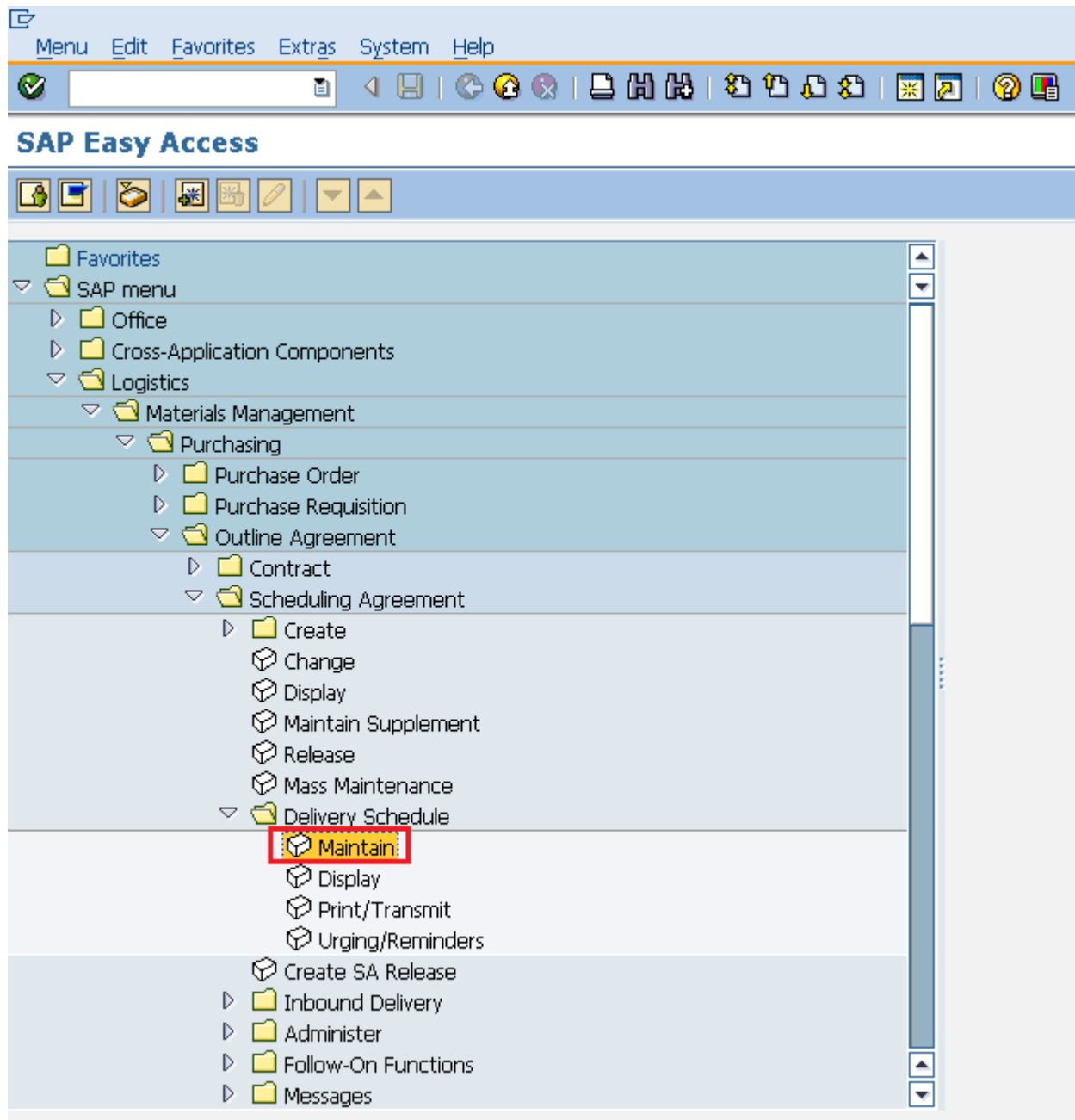
Maintain scheduling lines for the agreement

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

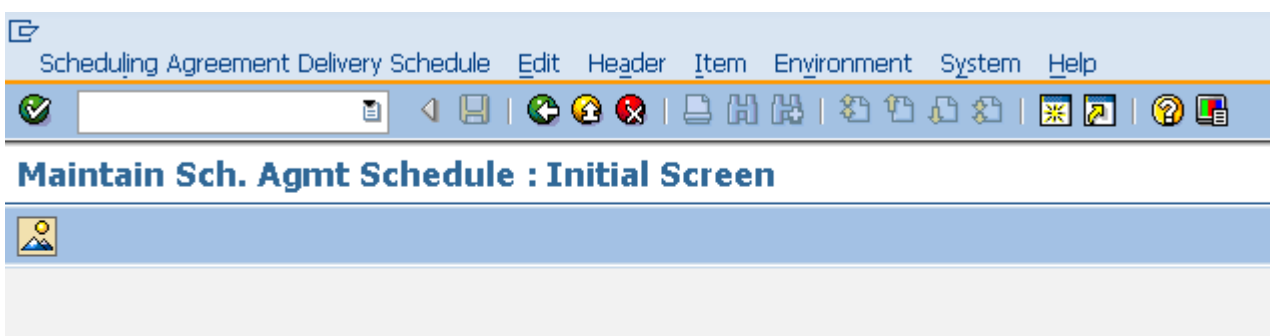
Path to maintain Schedule Lines:

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.



[illegible][illegible]

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:
$$\text{Quota rating} = \frac{\text{QuotaAllocatedQuantity} + \text{QuotaBaseQuantity}}{\text{Quota}}$$

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 'Change Material' transaction for material 1100126, specifically the 'Purchasing' view. The interface includes a menu bar (Material, Edit, Goto, Environment, System, Help) and a toolbar with various icons. Below the title bar, there are buttons for 'Additional Data', 'Org. Levels', and 'Check Screen Data'. The main content area is divided into several sections:

- General Data:** Includes fields for Purchasing Group (N12), Material Group (120016), Plant-sp.matl status, Tax ind. f. material (1), Material freight grp, and a checked 'Batch management' checkbox. There are also fields for Valid from, Qual.f.FreeGoodsDis., and an unchecked 'Autom. PO' checkbox.
- Purchasing values:** Includes fields for Purchasing value key (6), Shipping Instr., 1st/2nd/3rd Reminder/Exped. (all 0 days), Underdel. Tolerance (10.0 percent), Overdeliv. Tolerance (10.0 percent), Min. Del. Qty in % (0.0 percent), and checkboxes for 'Unltd Overdelivery' and 'Acknowledgment Reqd'.
- Other data / manufacturer data:** Includes fields for GR Processing Time, Post to insp. stock, Critical Part, JIT Sched. Indicator, Mfr Part Profile, and Manufact. There are also checkboxes for 'Quota arr. usage' and 'Source list', both of which are highlighted with red boxes in the image.

Create Quota Arrangement

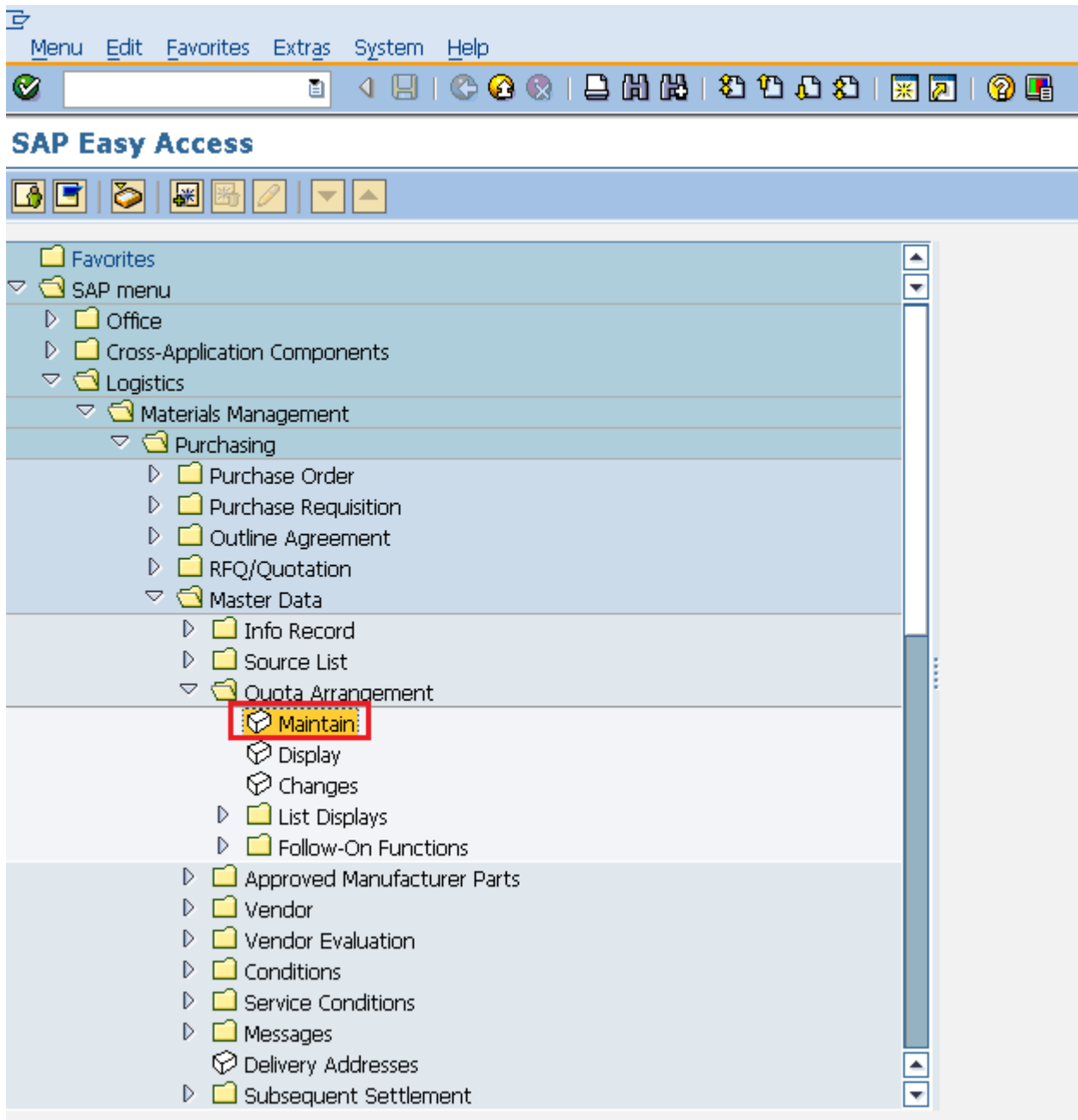
Quota arrangement divides the total requirement of a material among certain sources of supply i.e. vendors. Quota arrangement can be created by following the below steps.

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.

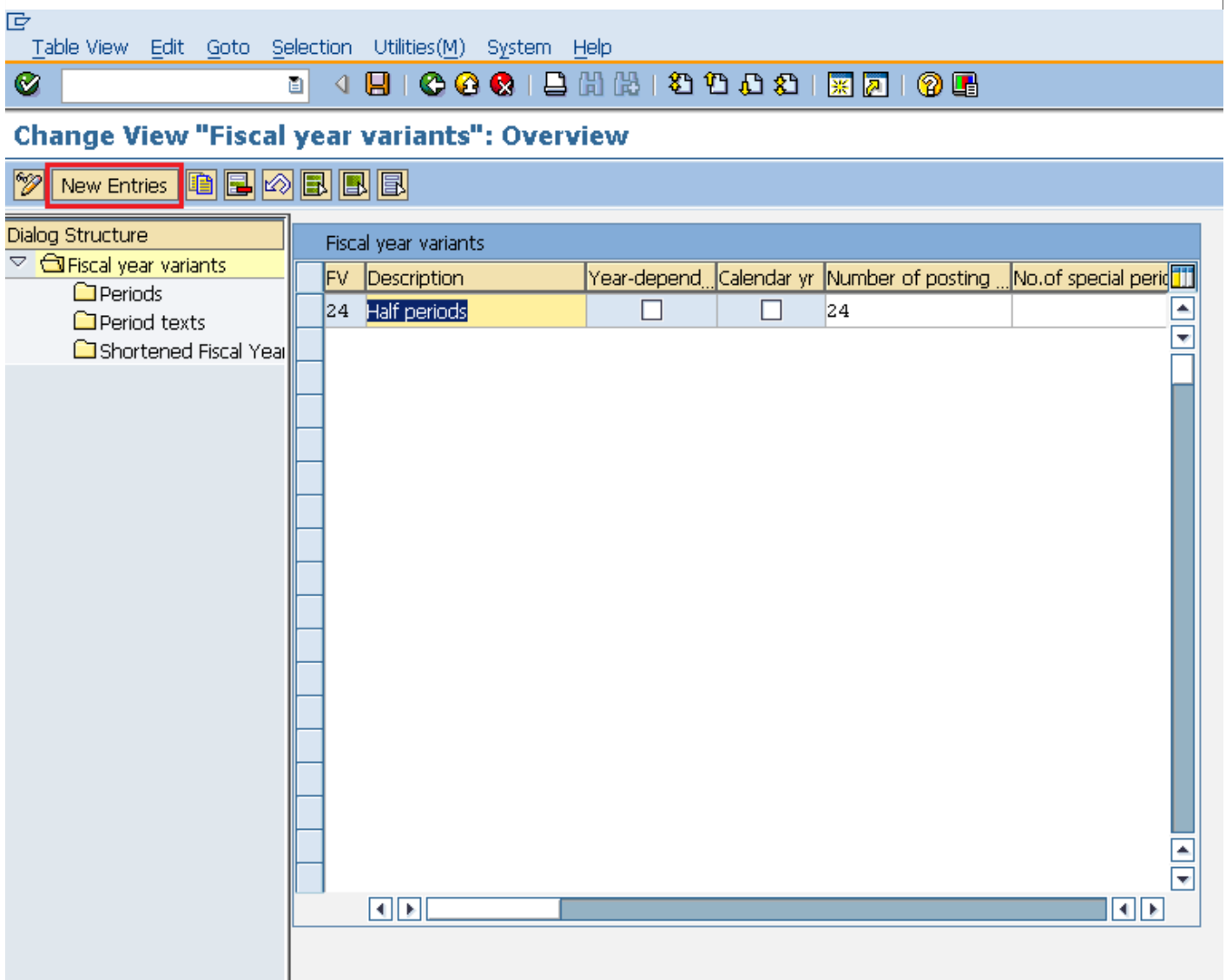


Enter the material number and plant for which quota arrangement needs to be maintained.



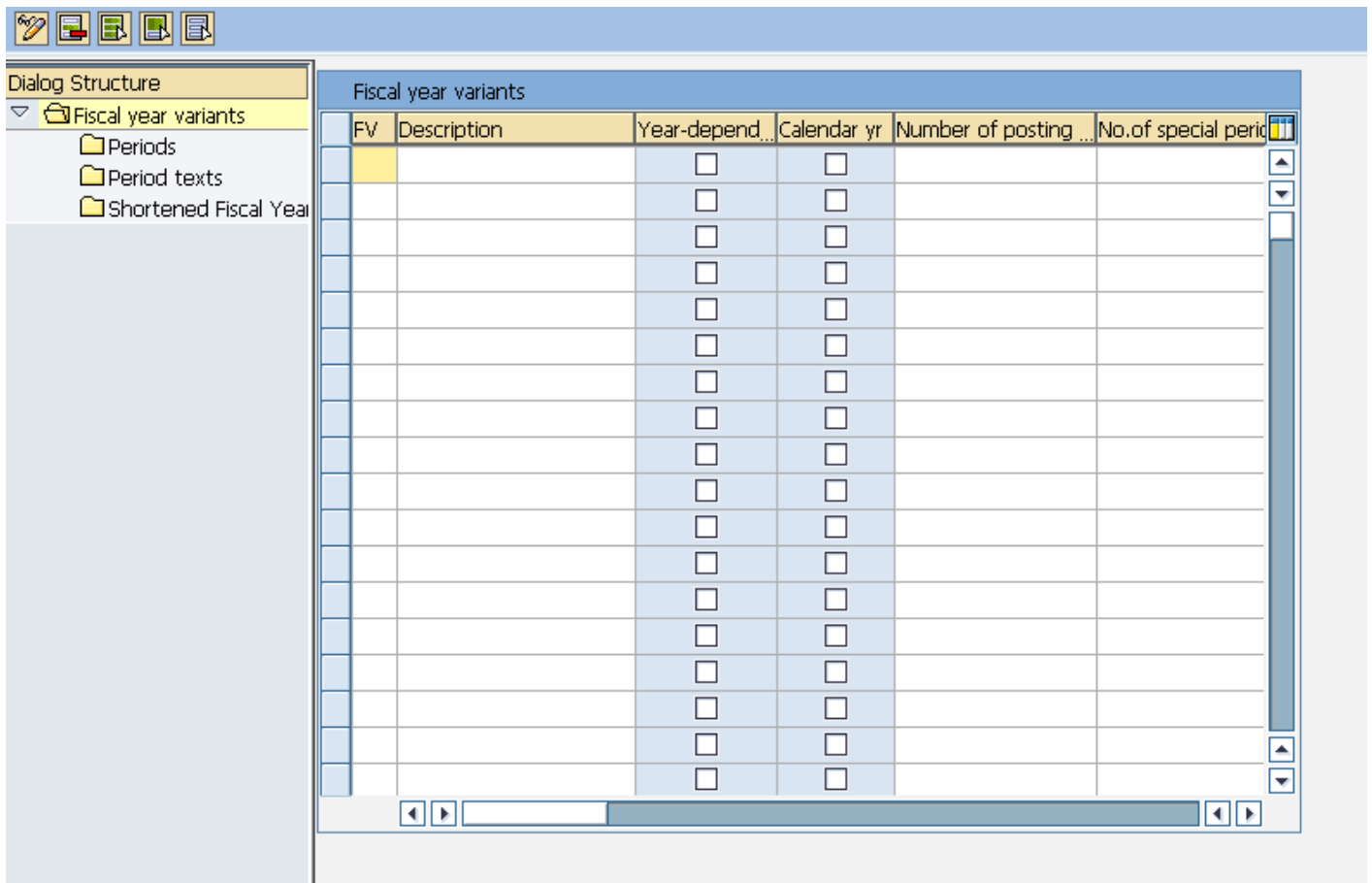


Select New Entries Icon.



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.





Assign Company Code to Fiscal Year Variant

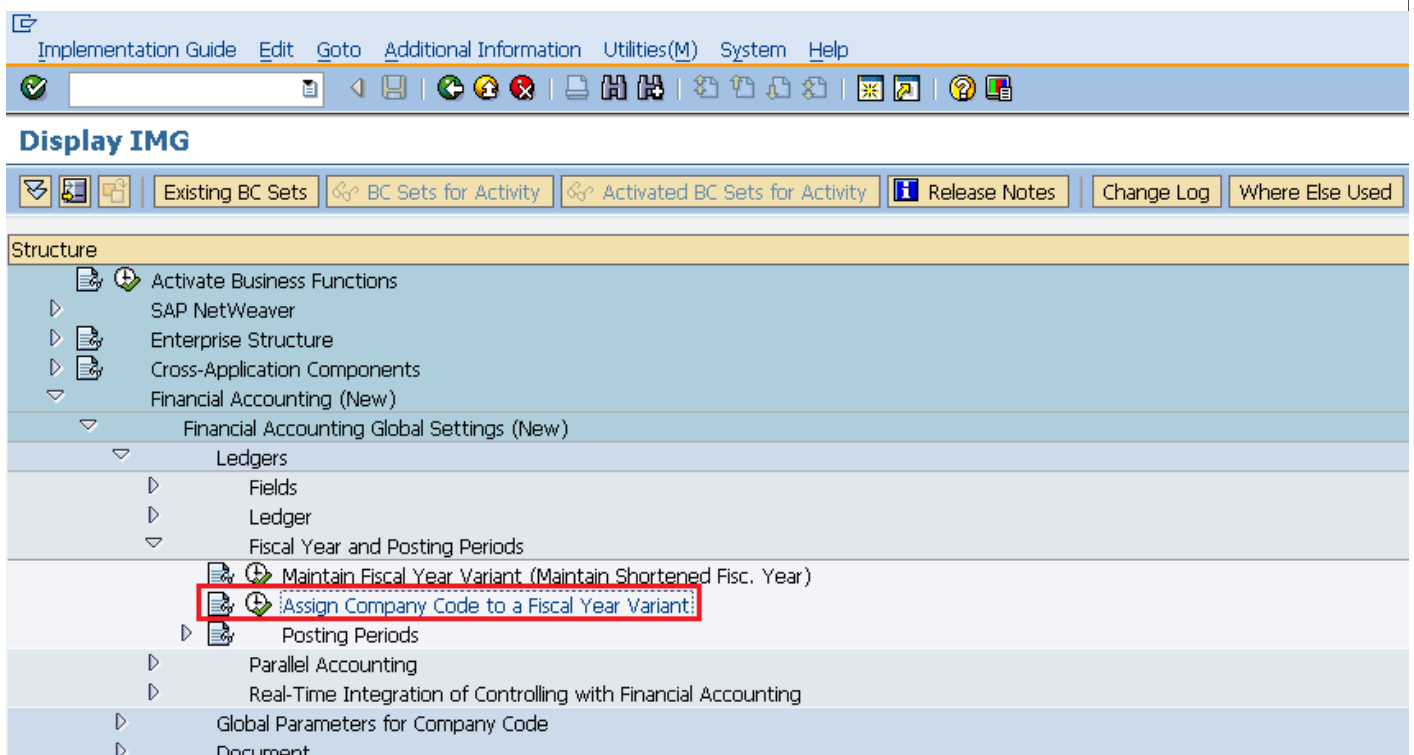
Fiscal year variant needs to be assigned to company code. Fiscal year variant can be assigned to company code by following the below steps.

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

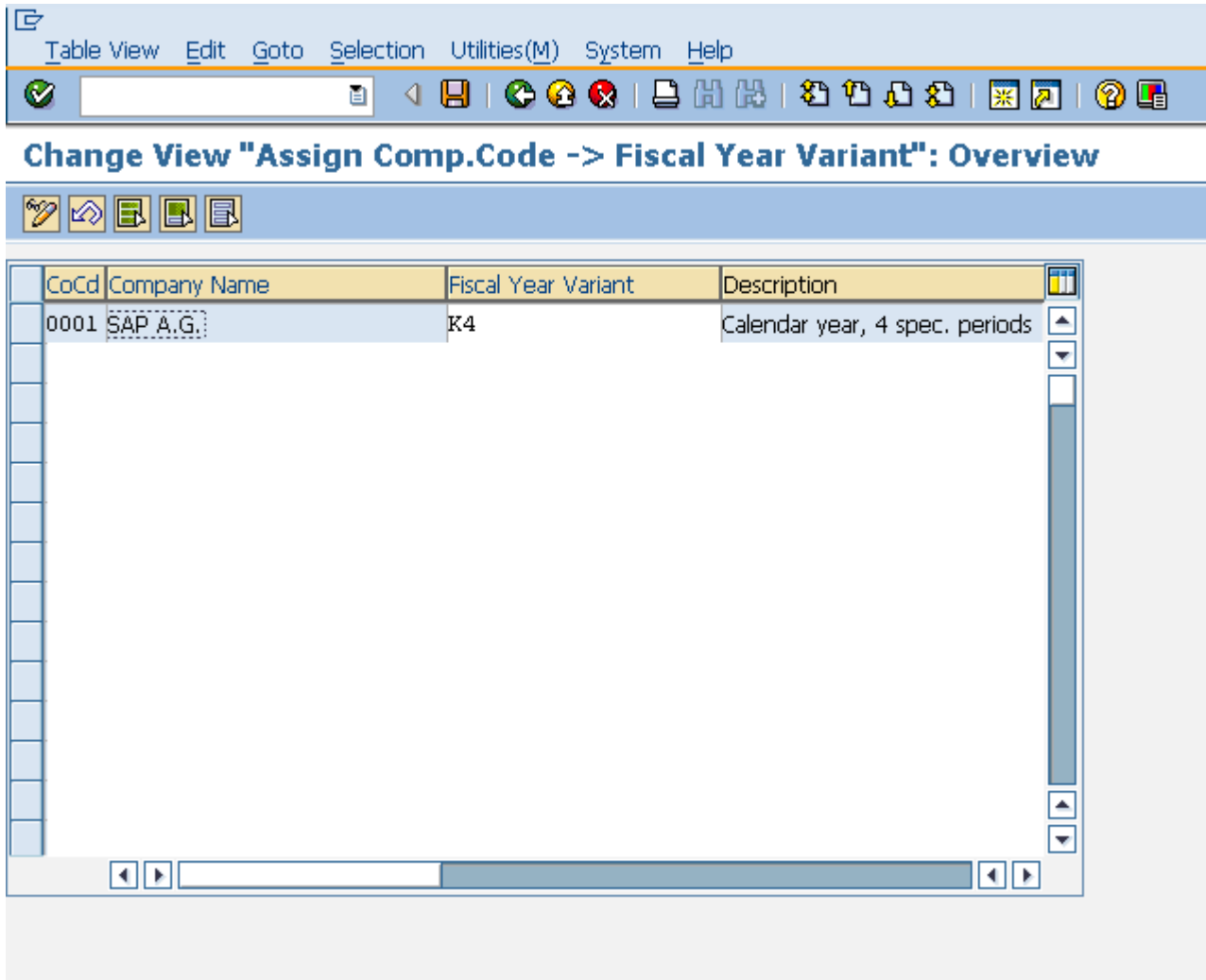
TCode: OB37

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



- ▷ 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.



Define Variants for Open Posting Periods

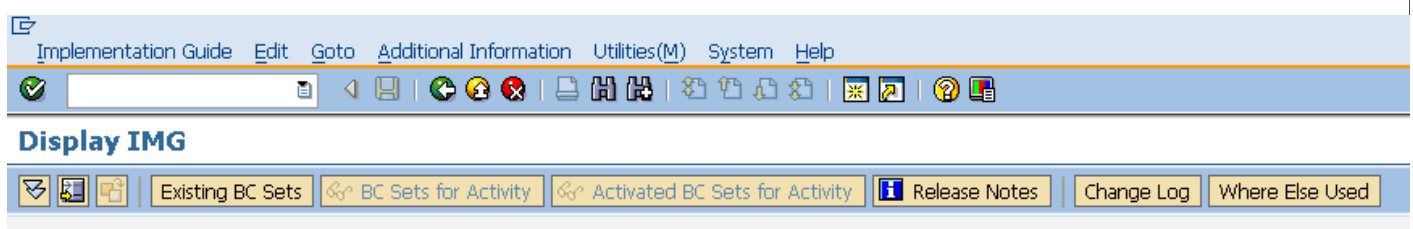
Variants for open posting periods can be defined by following the below steps.

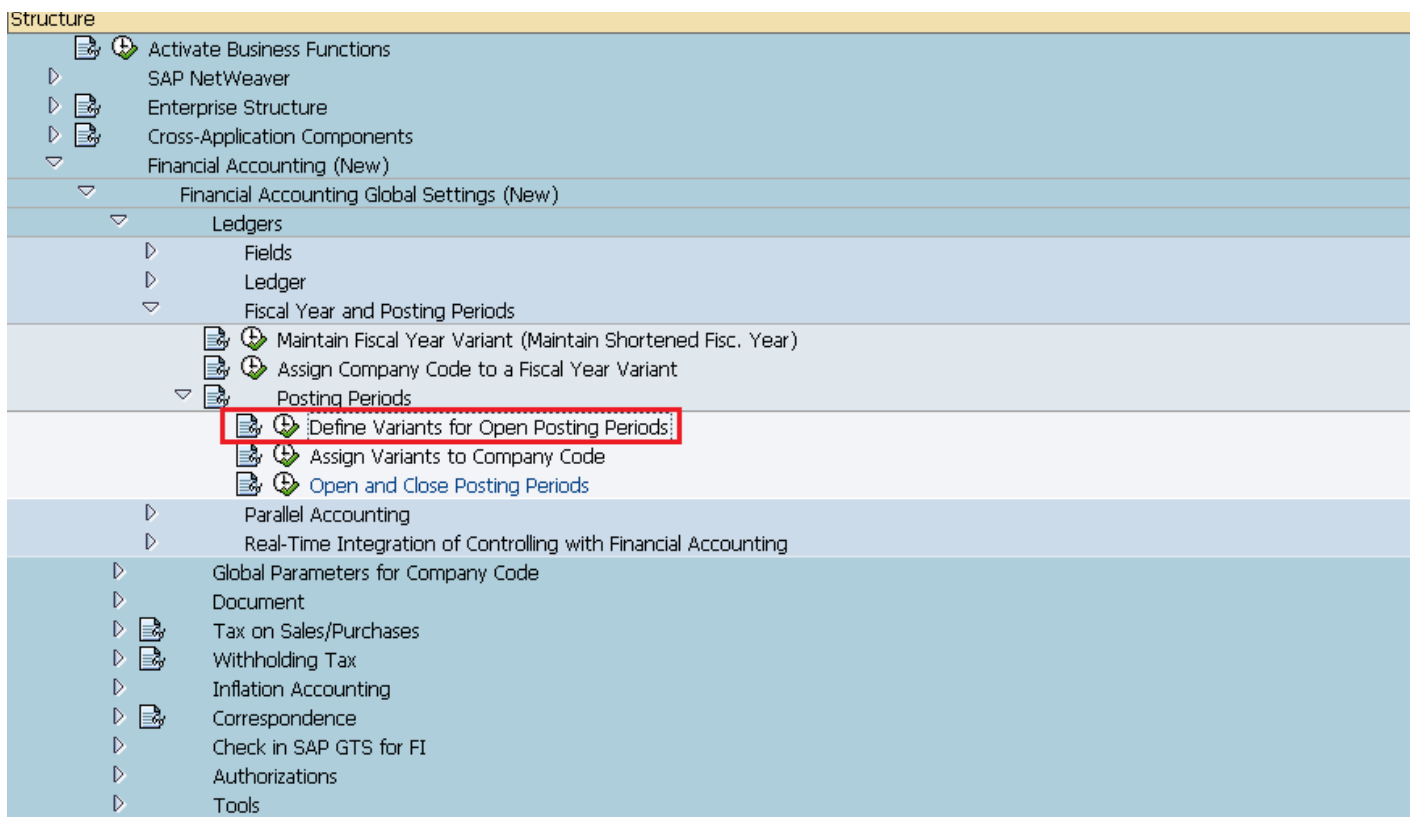
Path to Define Variants for Open Posting Periods:

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

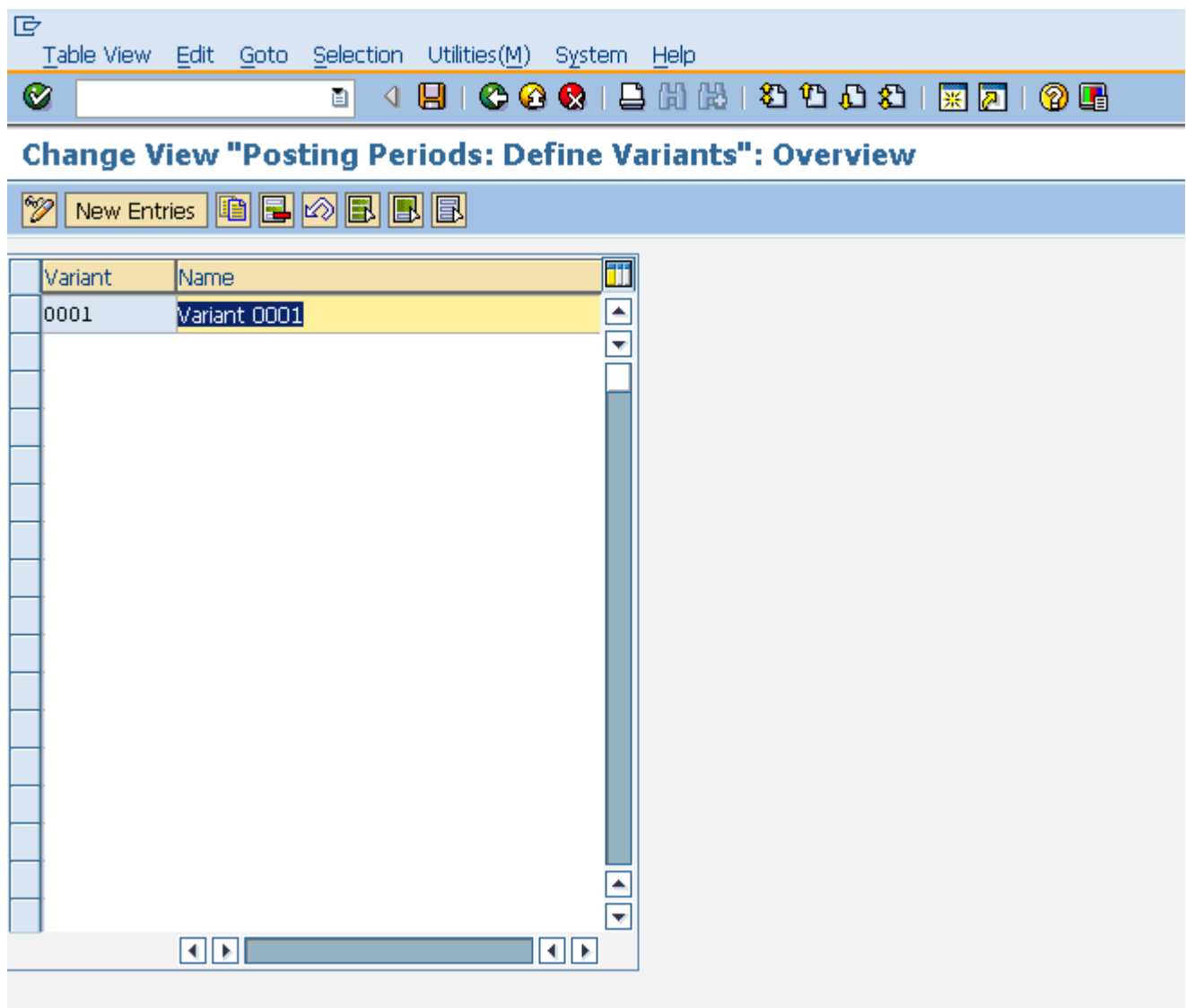
TCode: OBBO

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





Select New Entries Icon.



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

Variant	Name

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

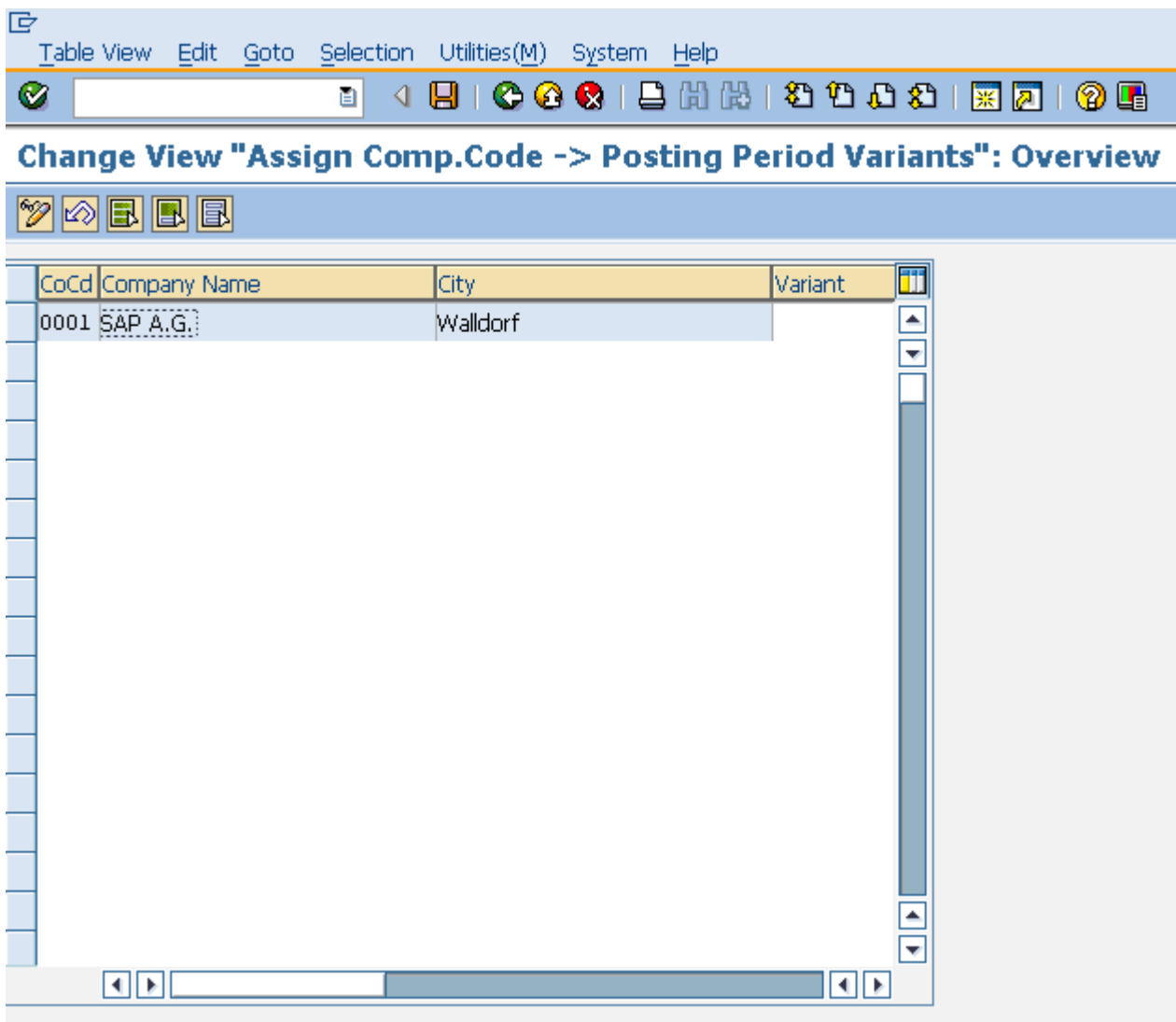
On display IMG screen select Assign Variants to Company Code execute icon by following the above path.

Structure

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



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



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.

The screenshot shows the SAP Implementation Guide (IMG) interface. At the top, there's a menu bar with options like 'Implementation Guide', 'Edit', 'Goto', 'Additional Information', 'Utilities(M)', 'System', and 'Help'. Below the menu is a toolbar with various icons. The main area displays the 'Structure' of the selected transaction.

Display IMG

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

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
 - Posting Periods
 - Define Variants for Open Posting Periods
 - Assign Variants to Company Code
 - 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

Select New Entries Icon.

[illegible]

Navigation icons and a search bar.



SAP MM - PURCHASE ORDER TYPES

Create Purchase Order


Create Purchase Order

Document Overview Off
 



 Print Preview
 Messages
 

 Personal Setting

Create Purchase Order

Create Purchase Order

Document Overview Off | Hold | Print Preview | Messages | Personal Setting

Stock Transp. Order | Supplying Plant: 0001 Werk 0001 | Doc. date: 10.11.2014

Delivery/Invoice | Texts | Address | Communication | Partners | Additional Data | Org. Data | Status

Purch. Org.: 1000 IDES Deutschland
Purch. Group: 008 Zuse,K.
Company Code: 3000 IDES US INC

S..	Item	I	Material	Short Text	PO Quantity	O...	C Deliv. Date	Matl Group	Plnt	Stor. Location	Batch	Reqmt No.
	10	U	1009	Acis Demo Product		2 EA	D 14.11.2014	Pharmaceuti	New York	0001		

Default Values | Add Planning

Item: [10] 1009, Acis Demo Product

Material Data | Quantities/Weights | Delivery Schedule | Delivery | Invoice | Account Assignment | Texts | Delivery Address | Confirmations | Retail

S..	C Delivery D...	Sched. Qty	Time	Stat. Del. ...	GR Qty	Purchase ...	Req...	N...	Open Quantity	Sc...	P..
	D 14.11.2014		2	14.11.2014						21	

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.

Create Purchase Order

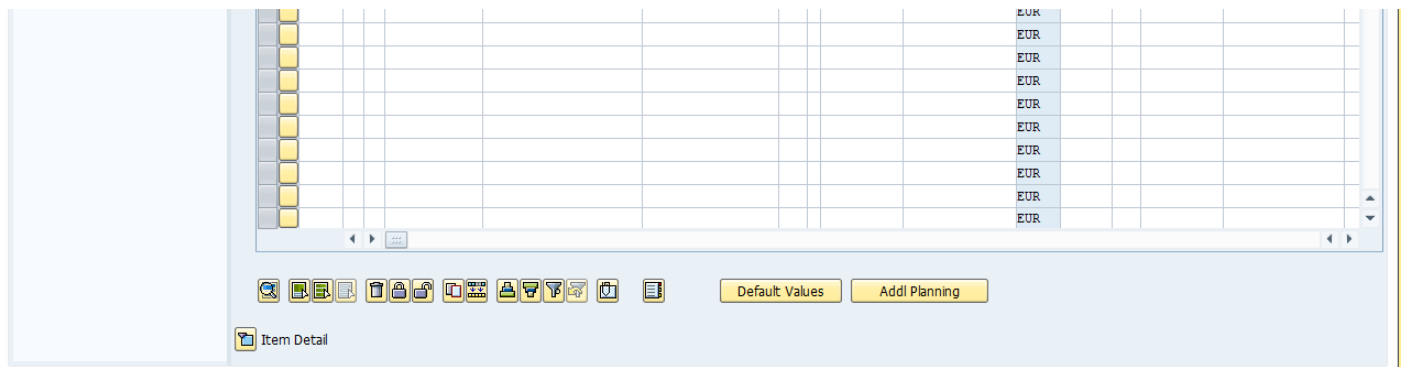
Document Overview Off | Print Preview | Messages | Personal Setting

Standard PO | Vendor: 1003 Gusswerk US | Doc. date: 10.11.2014

Delivery/Invoice | Conditions | Texts | Address | Communication | Partners | Additional Data | Org. Data | Status

Purch. Org.: 1000 IDES Deutschland
Purch. Group: 008 Zuse,K.
Company Code: 3000 IDES US INC

S..	Item	A	I	Material	Short Text	PO Quantity	O...	C Deliv. Date	Net Price	Curr...	Per	O...	Matl Group	Plnt	St
	10	K	D	1157	170S55001C-184M - te...		1 EA	D 10.11.2014	0.00	EUR	0	EA	Steels	0007	



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.

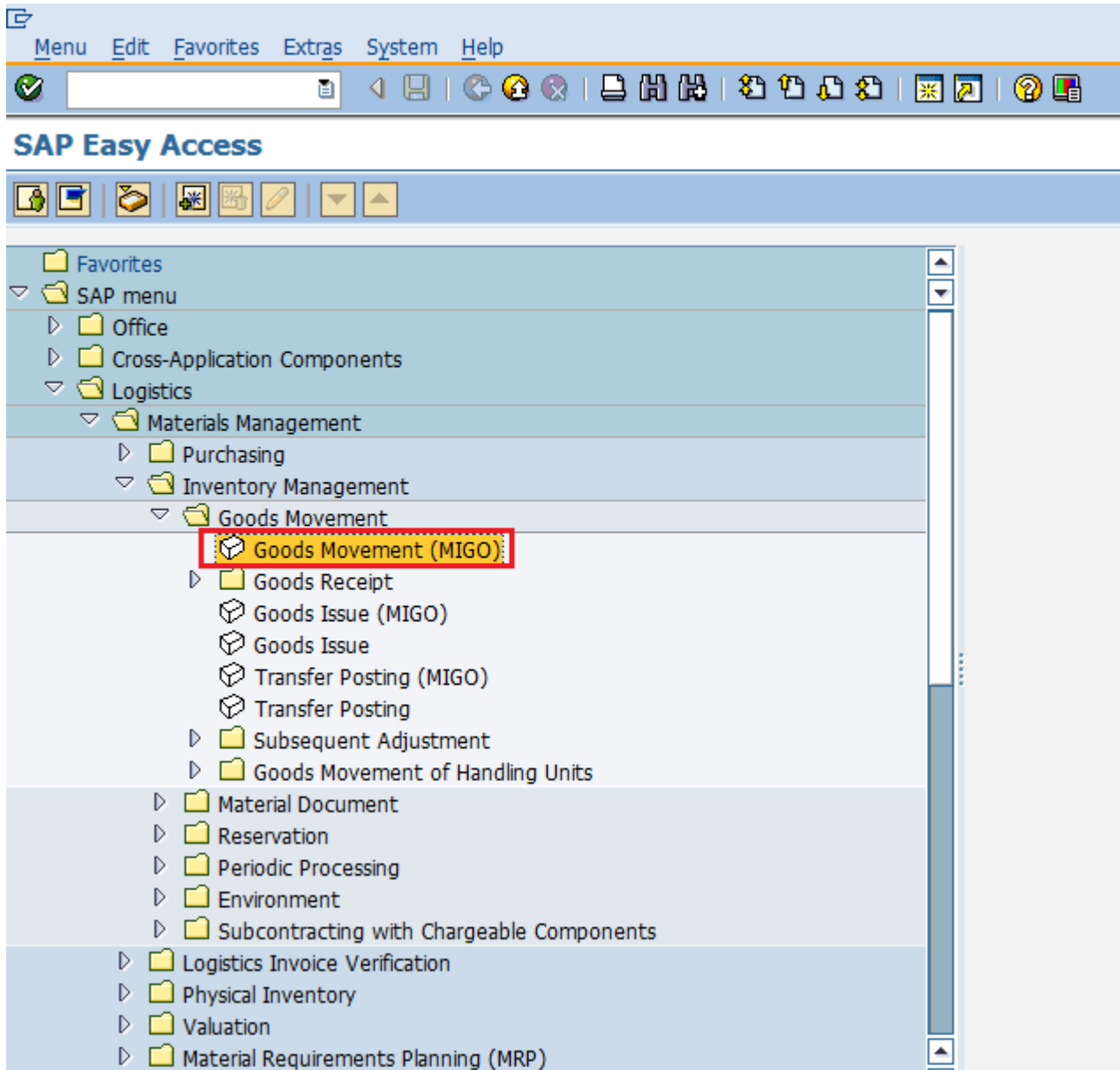
Movement types can be reached out by following the below steps:

Path to reach Movement Type:

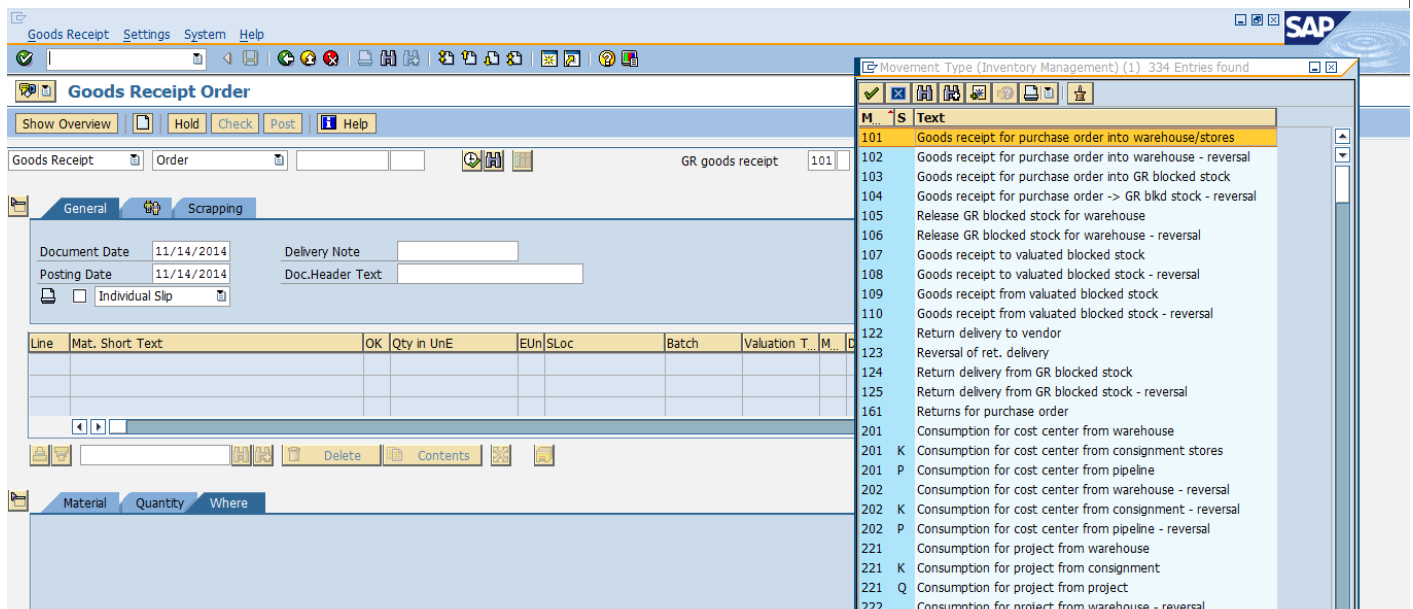
Logistics => Materials Management => Inventory Management => Goods Movement => Goods

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.



222	K	Consumption for project from consignment - reversal
222	Q	Consumption for project from project - reversal
231		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

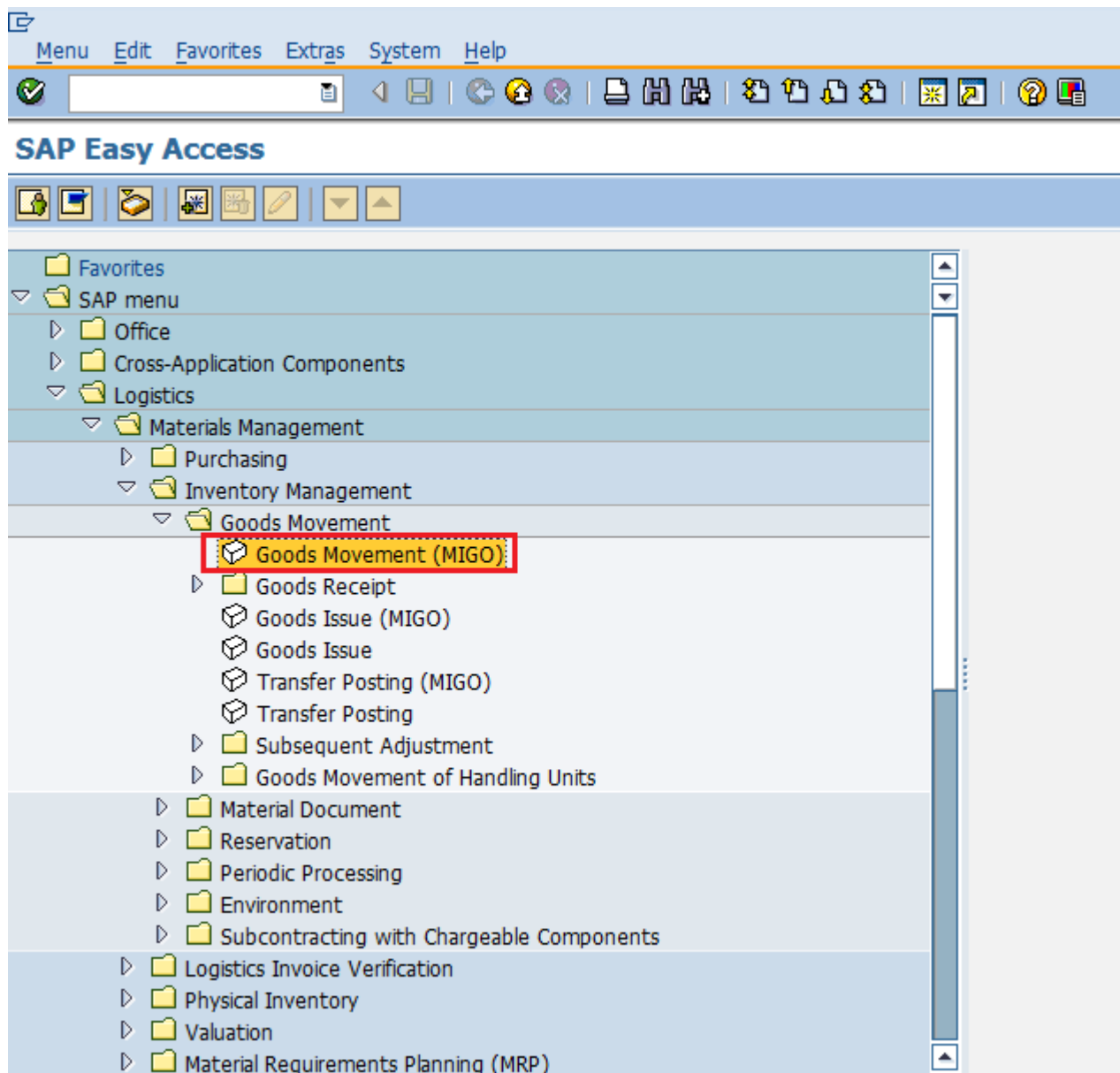
Goods receipt can be posted by following the below steps.

Path to post Goods Receipt:

Logistics => Materials Management => Inventory Management => Goods Movement => 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' screen. The 'Document Date' dropdown menu is open, and 'Purchase Order' is selected. The 'GR goods receipt' number is 101. The 'Material' tab is active, showing a table with columns: Line, Mat. Short Text, OK, Qty in UnE, EUn, SLoc, Batch, Valuation T..., M..., D, Stock Type, Plnt, Sp..., Customer.

Line	Mat. Short Text	OK	Qty in UnE	EUn	SLoc	Batch	Valuation T...	M...	D	Stock Type	Plnt	Sp...	Customer
1	NSYS3X3215 S/STEEL	☒	1	EA			103600095	A200	66210012		101 + U		
2	Schneider NSYMM32	☐	1	EA			103600095	A200	66210012		101 + U		
3	Timeguard TFP08ML	☐	1	EA			103600095	A200	66210012		101 + U		

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 45019735' screen. The 'Check' tab is active. The 'Purchase Order Data' section is visible, showing the material 'NSYS3X3215 S/S' and the material group '010011'. The 'Item OK' checkbox is checked.

Line	Sta...	Mat. Short Text	OK	Qty in UnE	EUn	SLoc	Cost Center	Profit Center	G/L Account	Batch	Valuation T...	M...	D	S
1		NSYS3X3215 S/STEEL	☒	1	EA		103600095	A200	66210012			101 + U		
2		Schneider NSYMM32	☐	1	EA		103600095	A200	66210012			101 + U		
3		Timeguard TFP08ML	☐	1	EA		103600095	A200	66210012			101 + U		

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.

Goods Receipt Settings System Help

Cancellation Material Document

Show Overview Hold Check Post Help

Cancellation Material Document 5012665515 2014

Scraping

Delivery Note

Bill of Lading HeaderText

OK	Qty in UnE	EUn	SLoc	Batch	Valuation T...	M...	D	Stock Type	Plnt	Sp...	Customer

Delete Contents

Material Quantity Where

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.

Goods Receipt Settings System Help

Cancellation Material Document 50126655

Show Overview Hold Check Post Help

Individual Slip

Line	Sta...	Mat. Short Text	OK	Qty in UnE	EUn	SLoc	Cost Center	Profit Center	G/L Account	Batch	Valuation T...	M...	D	S
1	CC	NSYS3X3215 S/STEEL	☒	1	EA		103600095	A200	66210012				102	U

Delete Contents

Material Quantity Where Purchase Order Data Partner Account Assignment

Material NSYS3X3215 S/STEEL

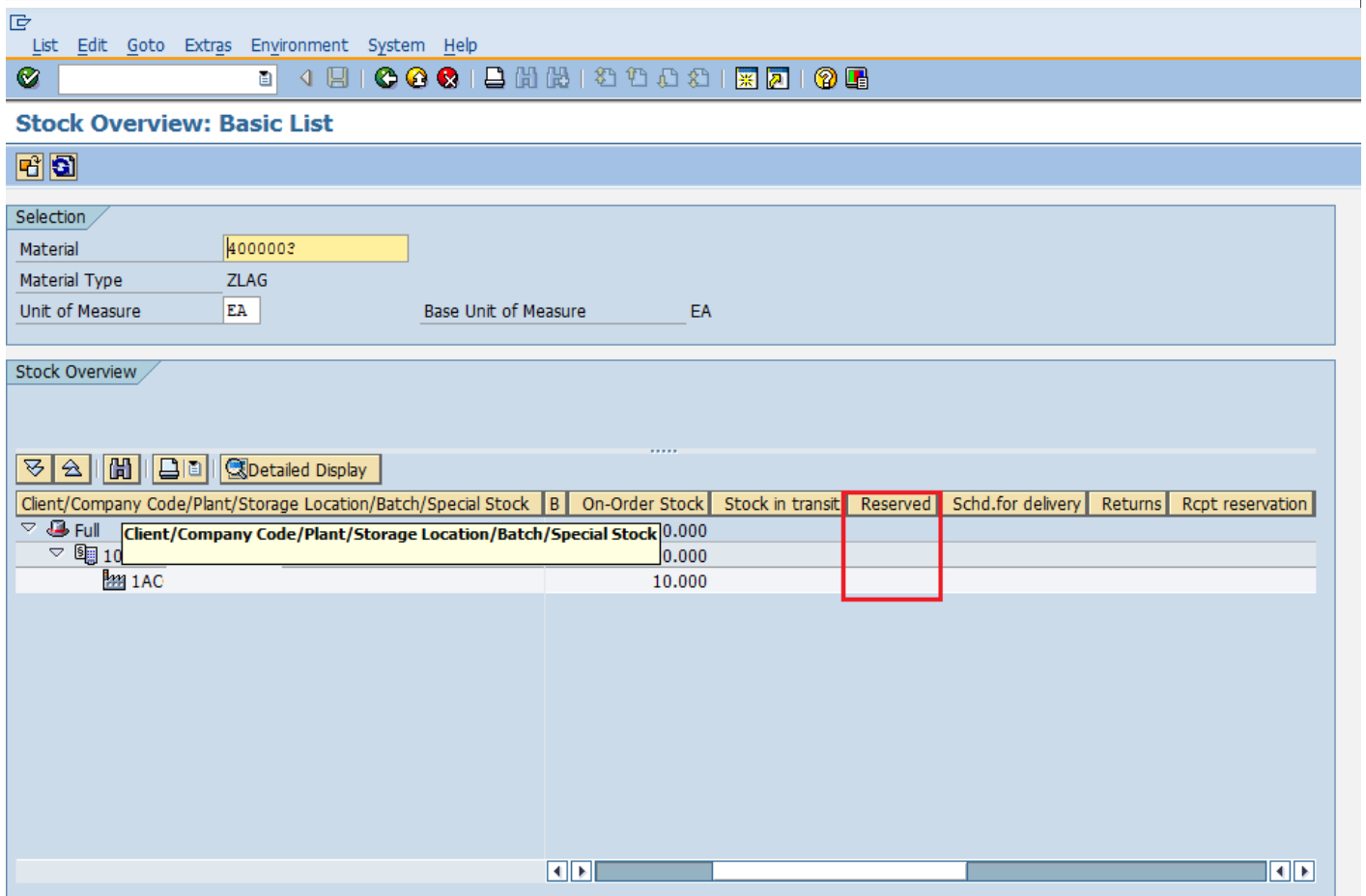
Vendor Material No.

Material Group 010011

Item OK Line 1

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.

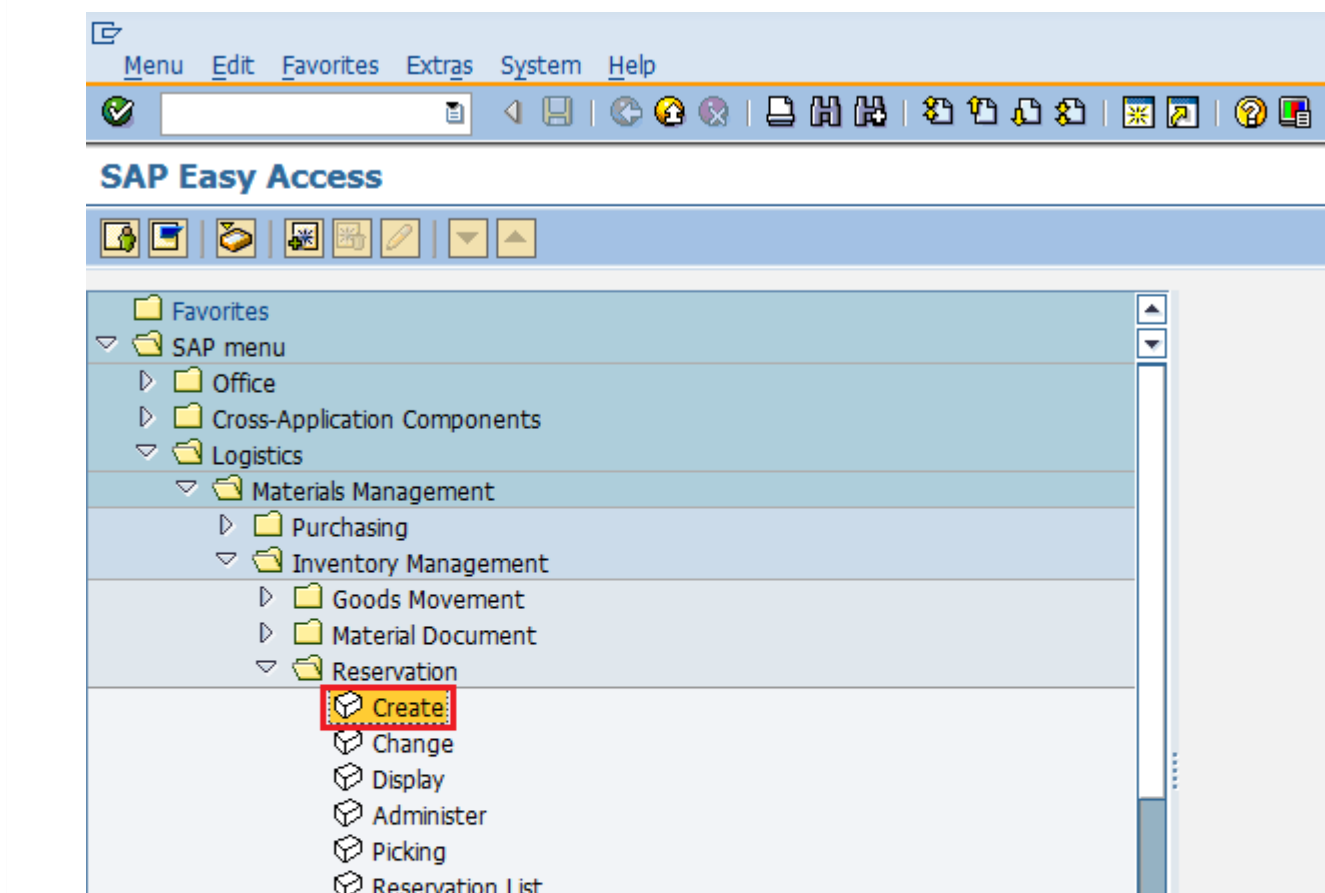


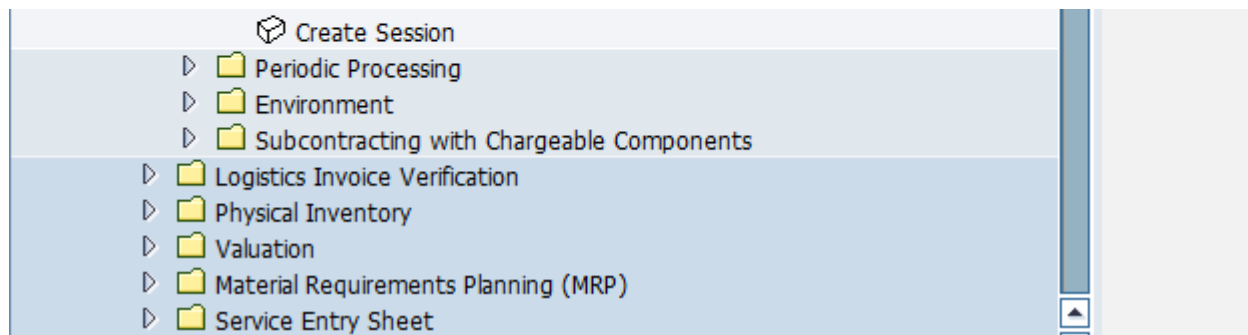
Reservation can be created by following the below steps.

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.





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

Reservation Edit Goto Movement Type Environment System Help

Create Reservation: Initial Screen

New Item...

Base date 11/14/2014 ☒ Check against cal.

Movement Type 261

Plant 1AC

Reference

Reservation

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.

Reservation Edit Goto Environment System Help

Create Reservation: New Items

Delete Item(s)

Movement Type 261 GI for order

G/L Account Goods recipient

Cost Center

Order

Items

F	Item	Material	Quantity in	UnE	Plant	SLoc	Batch	RU	RP	M
1								0		☒
2								0		☒
3								0		☒
4								0		☒
5								0		☒
6								0		☒

7						0	✓
8						0	✓
9						0	✓
10						0	✓

Goods Issue

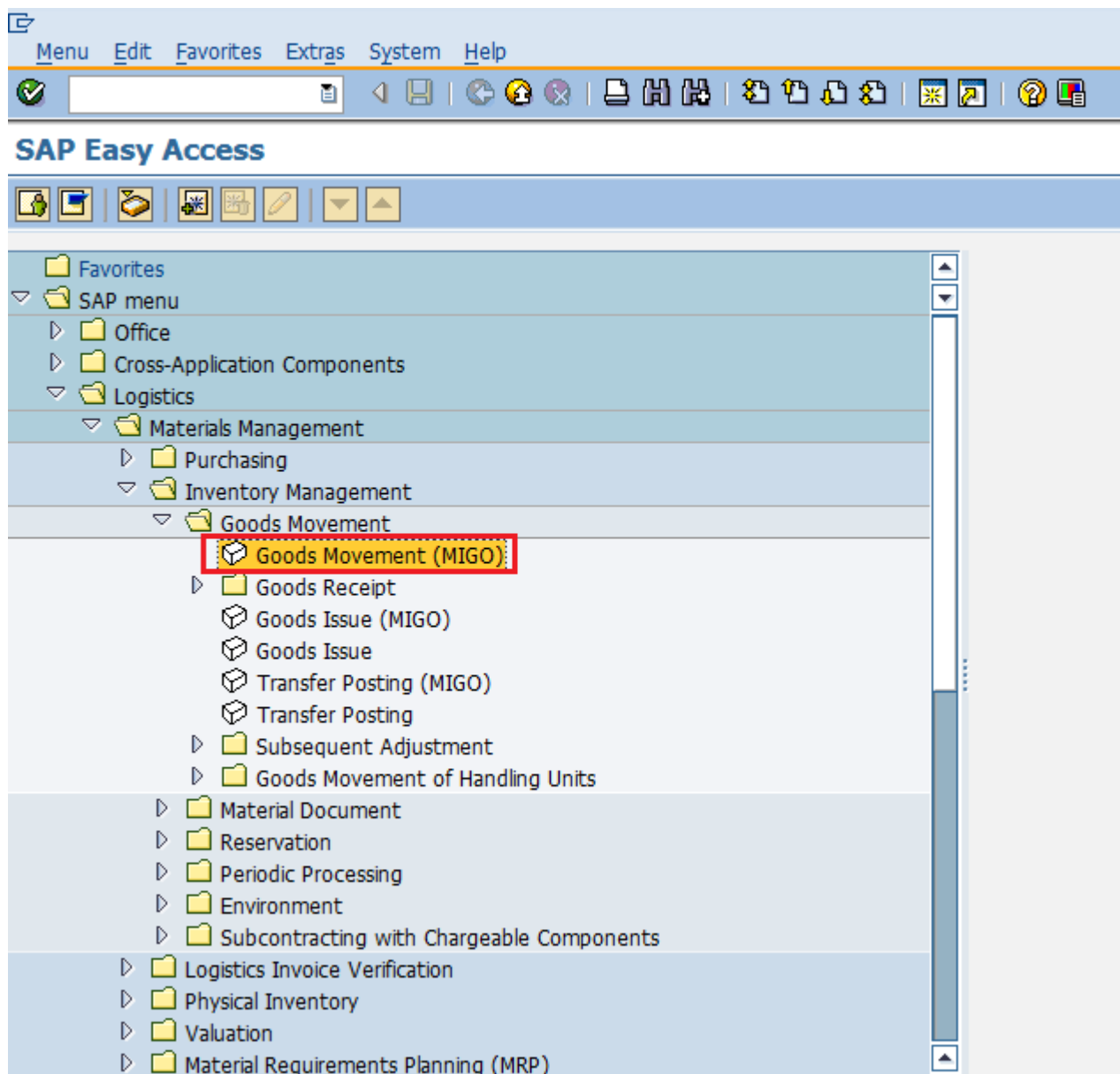
Goods issue means moving stock out of inventory that may be due to several reasons like withdrawing of material for sampling or returning the goods back to vendor. So, goods issue will result in decrease in quantity in warehouse. Goods issue can be done by following the below steps.

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	Plnt	Sp...	Customer

Delete | Contents

Material | Quantity | Where

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 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	S...	SLoc	Batch	Valuation T...	M...	D	Stock Type	Plnt	Sp...	Custom
1	ROCK MED TSFR		100.000	LB							351 - Unrestrict...	AVERY ISLA...		

Delete | Contents

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

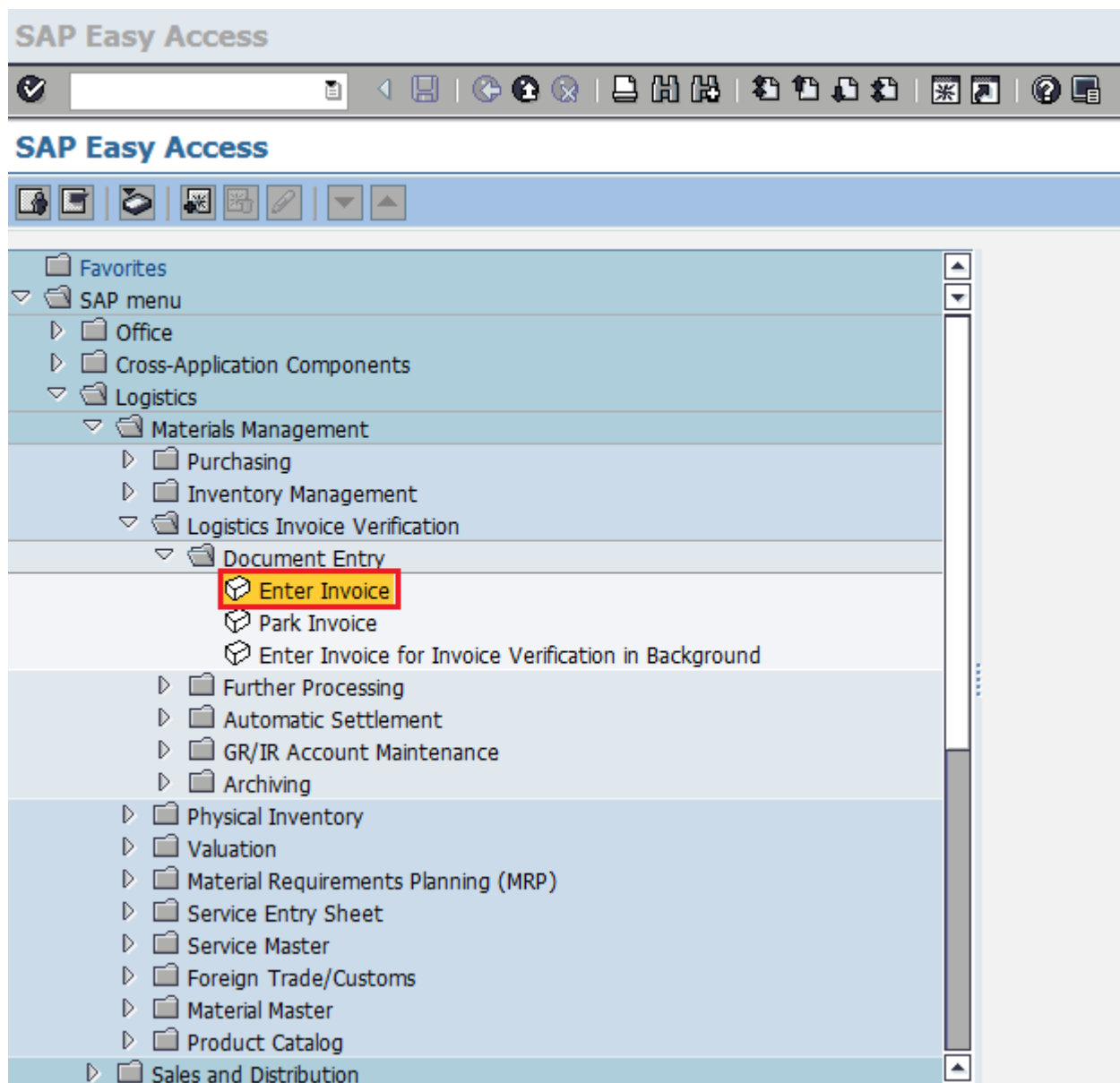
Posting of invoice is done after goods are received from vendor and goods receipt is done. Invoice received from vendor is verified against cost, quantity and quality by ordering party and then invoice is posted against that purchase order. So, this is the phase in which the vendor *seller* is paid from 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 Posting Date 11/21/2014 Reference Amount Tax amount V1 Calculate tax Text Company Code 0001 SAP A.G. Walldorf Imaged Document Identification Number EDI Document Identification Number

PO Reference Chain Lib.

Purchase Order/Scheduling Agreement Layout All information

Item	Amount	Quantity	Or...	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

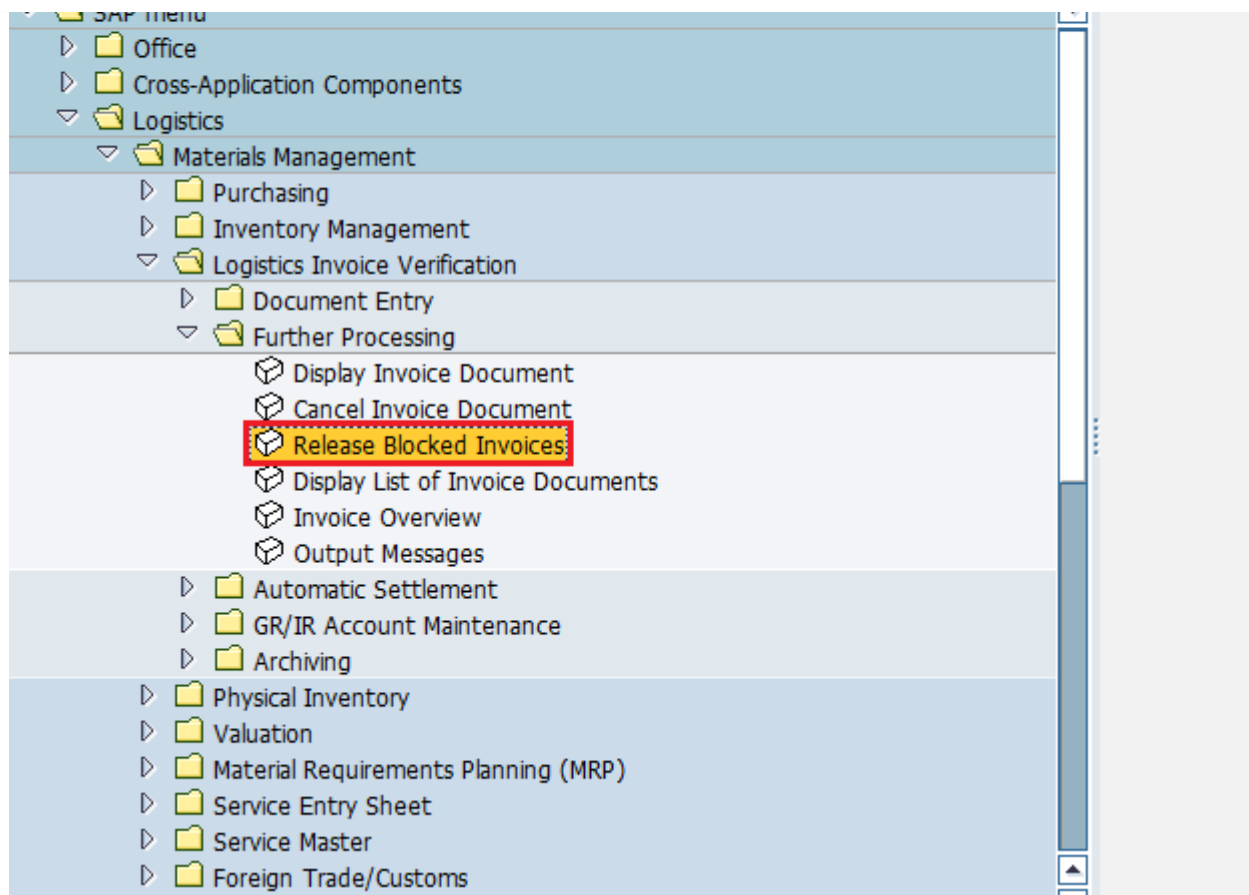
TCode: MRBR

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

Menu Edit Favorites Extras System Help

SAP Easy Access

Favorites



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

Program Edit Goto System Help

Release Blocked Invoices

Selection of Blocked Invoices

Company Code	0001	to		
Invoice Document	=	to		
Fiscal Year	=	to		
Vendor		to		
Posting Date		to		
Due Date		to		
Purchasing Group		to		
User		to		

Processing

☒ Release Manually ☐ Release Automatically

☐ Move Cash Disc. Date

Blocking Procedure

☒ Blocked Due to Variances ☐ Manual Payment Block ☐ Stochastically Blocked

Display Options

Variant /ZCMEMRBR

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 'Change Vendor: Purchasing data' dialog box in SAP. The 'Control data' tab is selected. The 'AutoEvalGRSetmt Del.' and 'AutoEvalGRSetmt Ret' checkboxes are highlighted with a red box. Other visible settings include 'GR-Based Inv. Verif.', 'ABC indicator', 'RMA Required', 'Acknowledgment Req'd', 'Automatic purchase order', 'Subsequent settlement', 'Subseq. sett. index', 'B.vol.comp./ag.nec.', 'Doc. index active', 'Returns vendor', 'Srv.-Based Inv. Ver.' (checked), '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', 'Shipping Conditions', 'Order optim.rest.', 'Sales data' (Salesperson, Telephone, Acc. with vendor), and 'Default data material' (Purchasing group, Planned deliv. time).

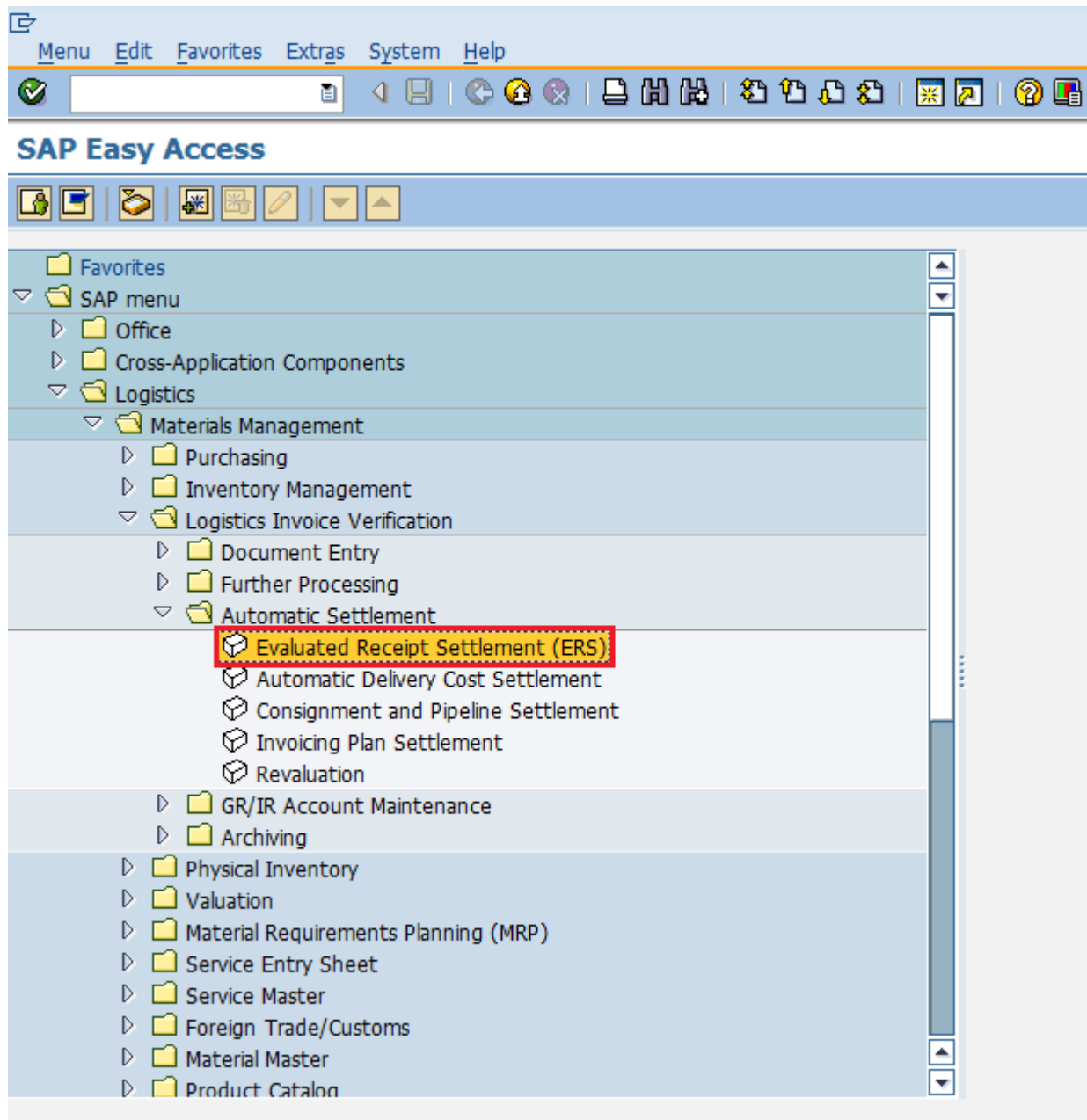
ERS can be created by following the below steps.

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 SAP Evaluated Receipt Settlement (ERS) with Logistics Invoice Verification screen. The screen has a menu bar with the following options:

- Program
- Edit
- Goto
- System
- Help

The main area is titled "Evaluated Receipt Settlement (ERS) with Logistics Invoice Verification". Below the title bar, there is a "Document Selection" section with the following fields:

Field	Value	to	Value
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		to		
Processing Options				
Doc. selection	3	Document Selection per Order Item		
Test Run	☒			
☐ Settle Goods Items + Planned Delivery Costs				
Display Options				
Layout				
Transportation Management				
☐ 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.

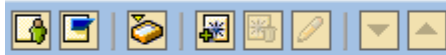
Path to Create Service Master Record:

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



- Folder Favorites
 - Folder SAP menu
 - Folder Office
 - Folder Cross-Application Components
 - Folder Logistics
 - Folder Materials Management
 - Folder Purchasing
 - Folder Inventory Management
 - Folder Logistics Invoice Verification
 - Folder Physical Inventory
 - Folder Valuation
 - Folder Material Requirements Planning (MRP)
 - Folder Service Entry Sheet
 - Folder Service Master
 - Folder Service
 - Service Master (highlighted with a red box)
 - Folder Service Conditions
 - Service List
 - List of Classes
 - Folder Standard Service Catalog
 - Folder Model Service Specifications
 - Folder Foreign Trade/Customs
 - Folder Material Master
 - Folder Product Catalog
 - Folder Sales and Distribution
 - Folder Logistics Execution

Select Create New Service icon as shown below.

Service Master Edit Goto System Help

Display Service 30010 Create New Service (F5)

Other Service Expand All Collapse All

Short Text

Chassis Fee

Activity Number 3001020 CLEANING INDUSTRIAL

Service Category Service: purchasing ☐ Short Txt Change Allowed

Base Unit of Measure AU Activ.unit ☐ Deletion Indicator

Basic Data

Basic Data

Mat/Srv.Grp 020033 Authorization Group

Division 01 Tax Indicator 2

Valuation Class

Formula

Graphic

Standard Serv. Cat.

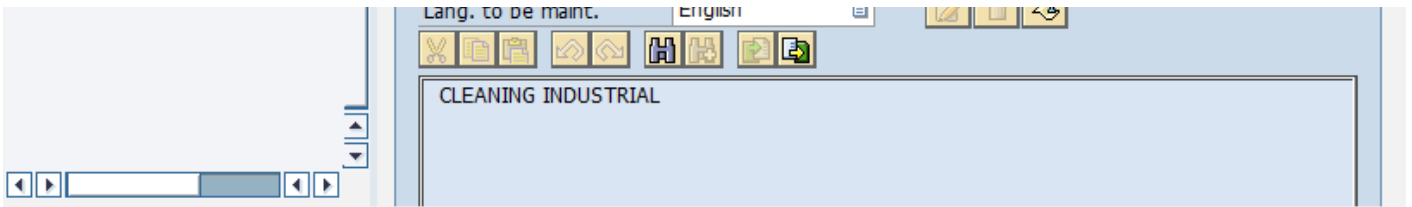
Time Mgmt

Purch. Data

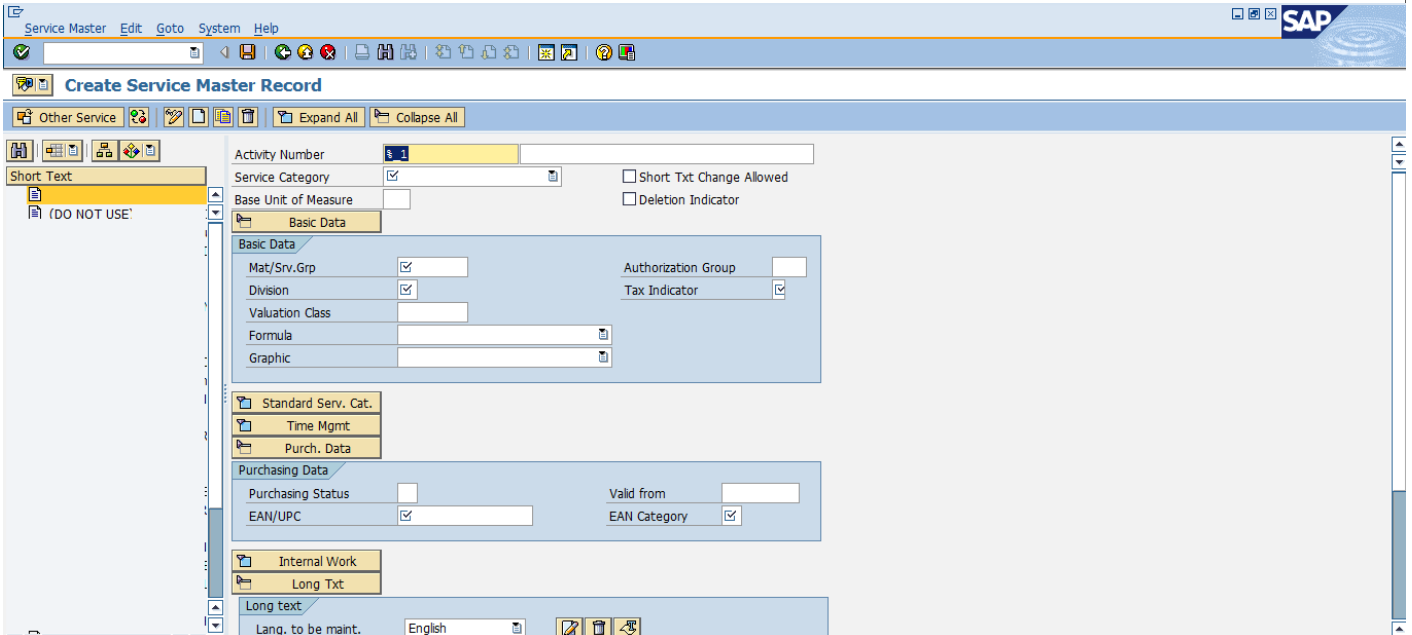
Internal Work

Long Txt

Long text



Fill in all necessary details like service category, base unit of measure, valuation class. Click on save. A new Service will be created.



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.

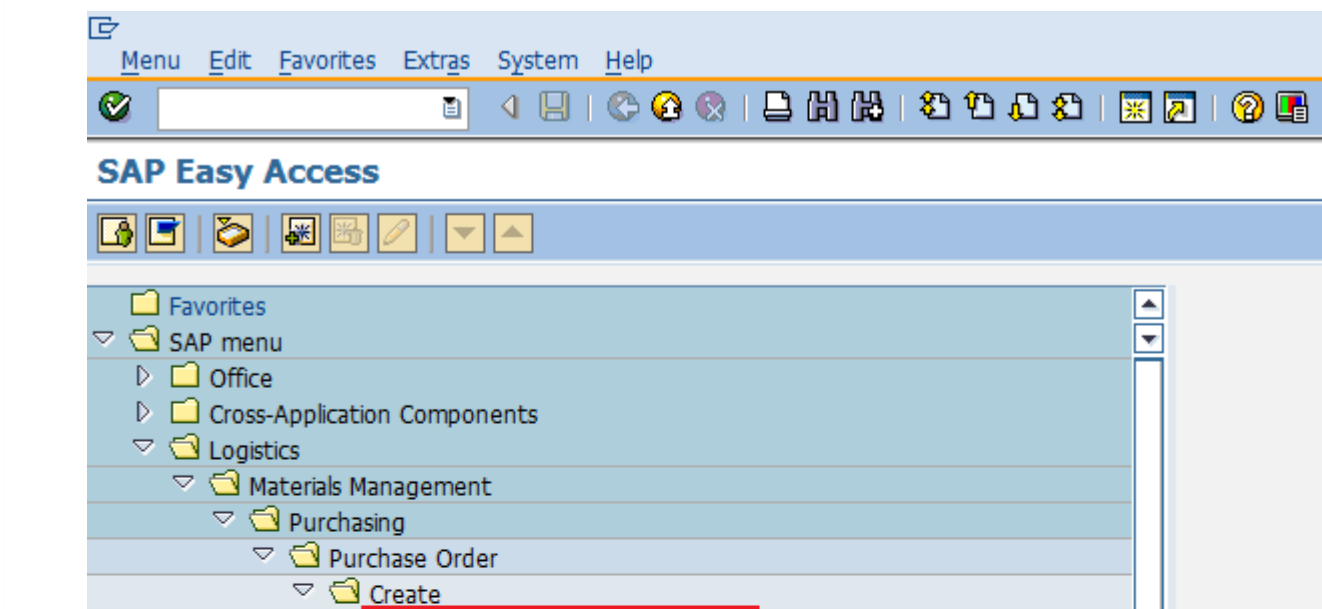
Path to create Purchase Order:

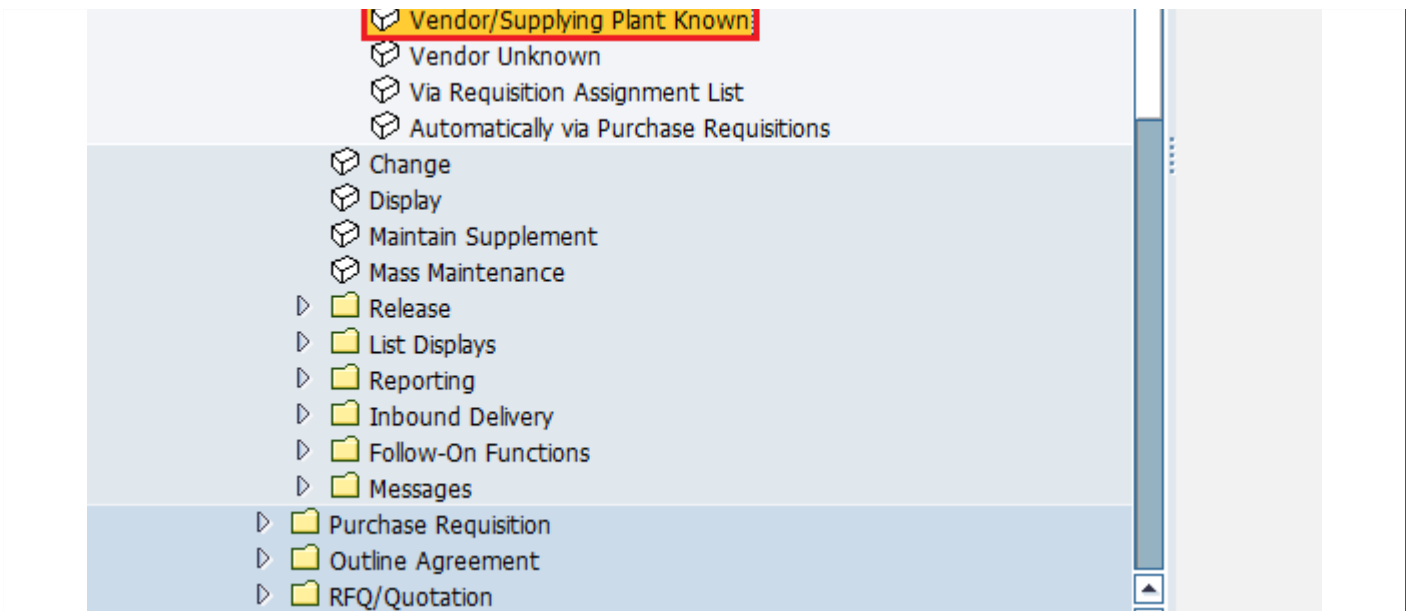
Logistics => Materials Management => Purchasing => Purchase Order => Create => Vendor/ Supplying Plant Known

TCode: ME21N

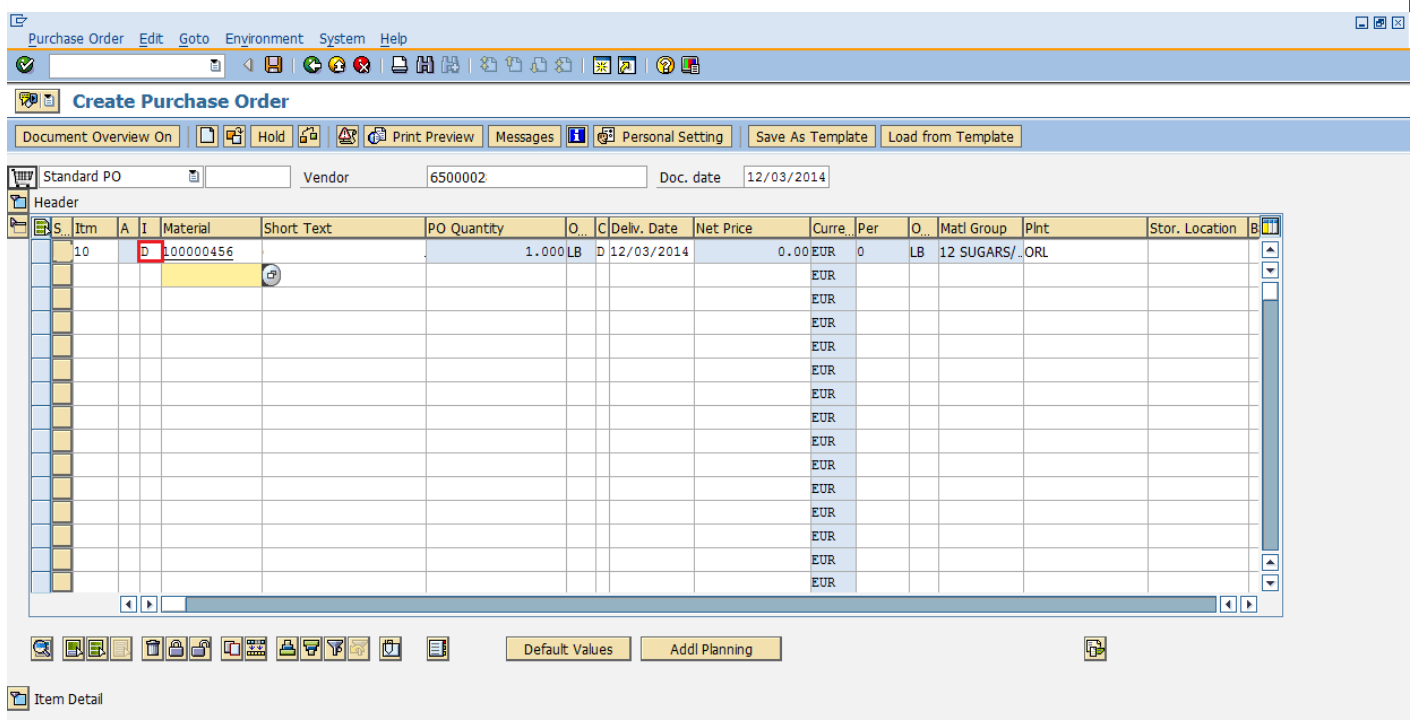
Service Item Category: D

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.



Service Entry Sheet

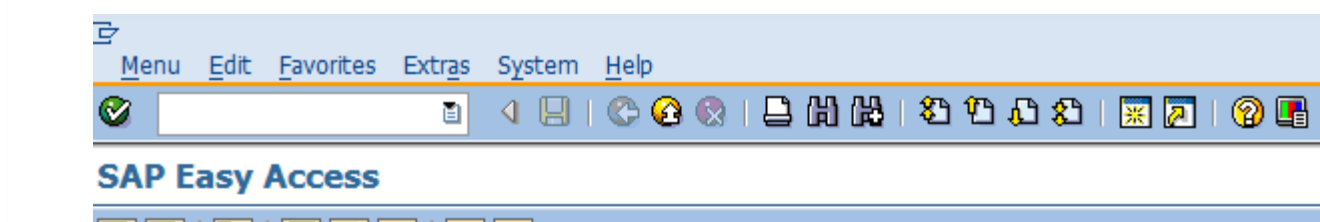
System stores the services that have been procured as a record in a sheet called as service entry sheet. In case of services instead of creating goods receipt document we will create service entry sheet. Service entry sheet will accommodate the charges that we need to pay to the vendor. Service entry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

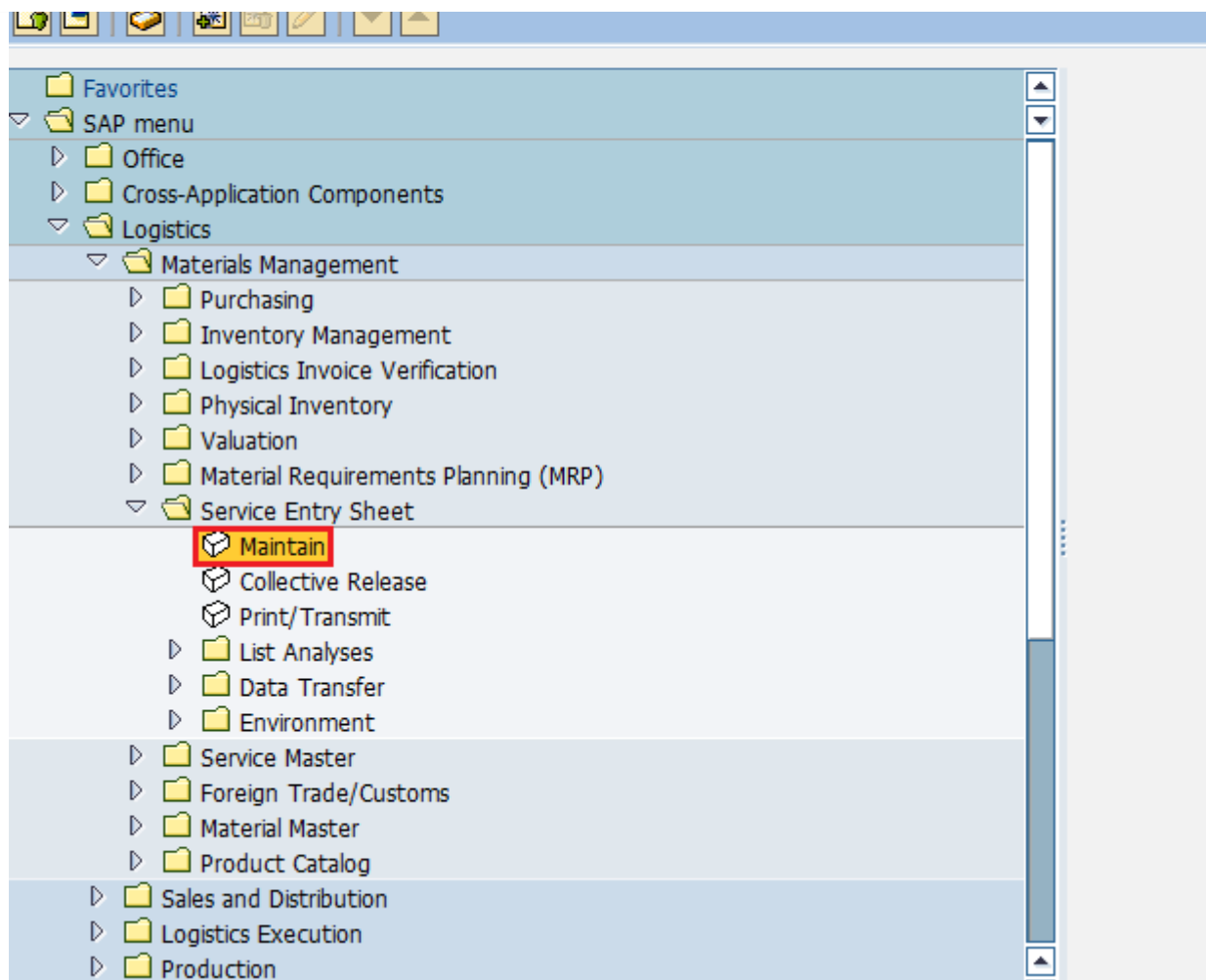
Path to create Service Entry Sheet:

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 SAP Service Entry Sheet form. The 'Basic Data' tab is selected. The form contains the following fields:

- Entry Sheet: []
- For Purchase Order: [0]
- Short Text: []
- Acct Assgt Cat.: []
- External Number: []
- Service Loc.: []
- Period: [] - []
- Price Ref.: []
- PRsp. Intern.: []
- PRsp. Extern.: []

The table below shows the line items:

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		

The 'Line' field at the bottom is set to 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 *company or plant* 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 *company or plant* 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.

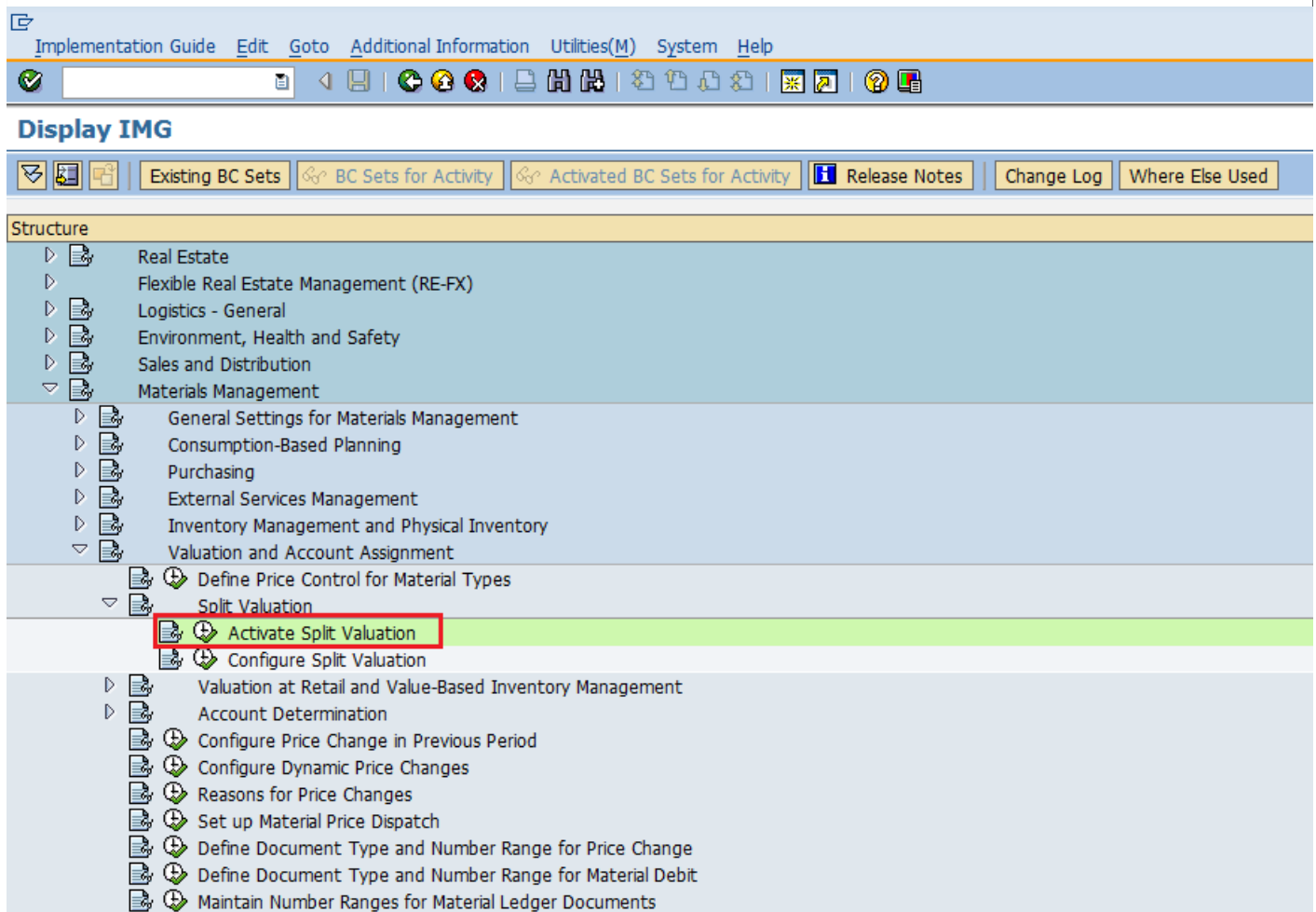
Path to Activate Split Valuation:

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

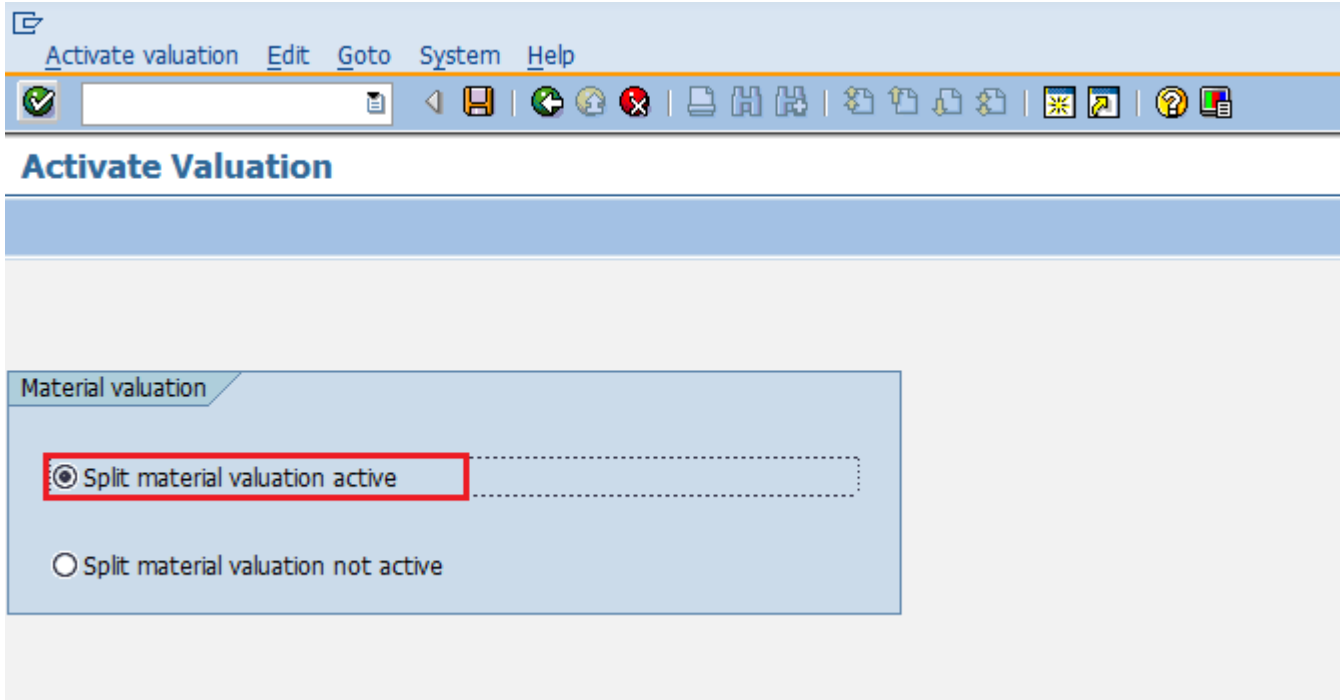
Activate Split Valuation

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

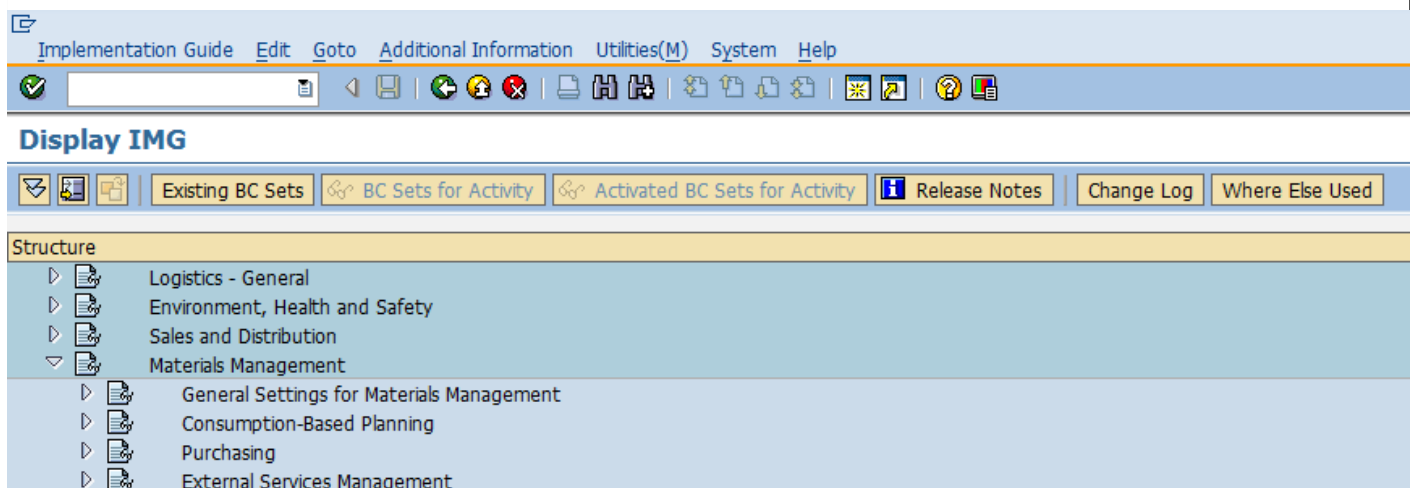
Split valuation configurations like defining valuation category, valuation type can be done by following the below steps.

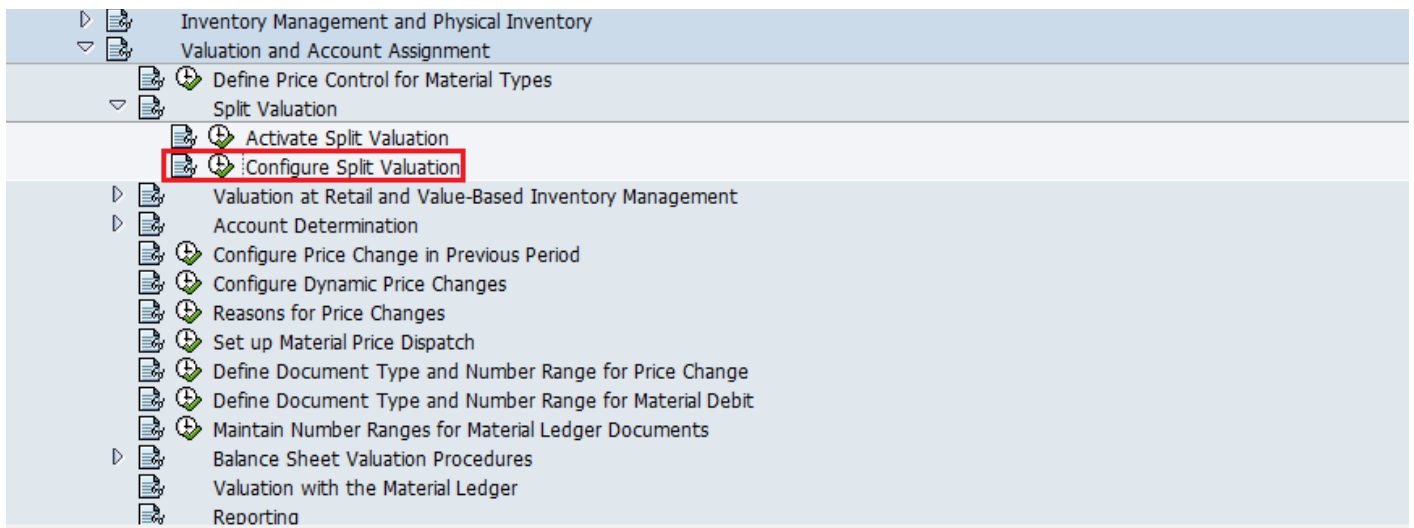
Path to Configure Split Valuation:

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

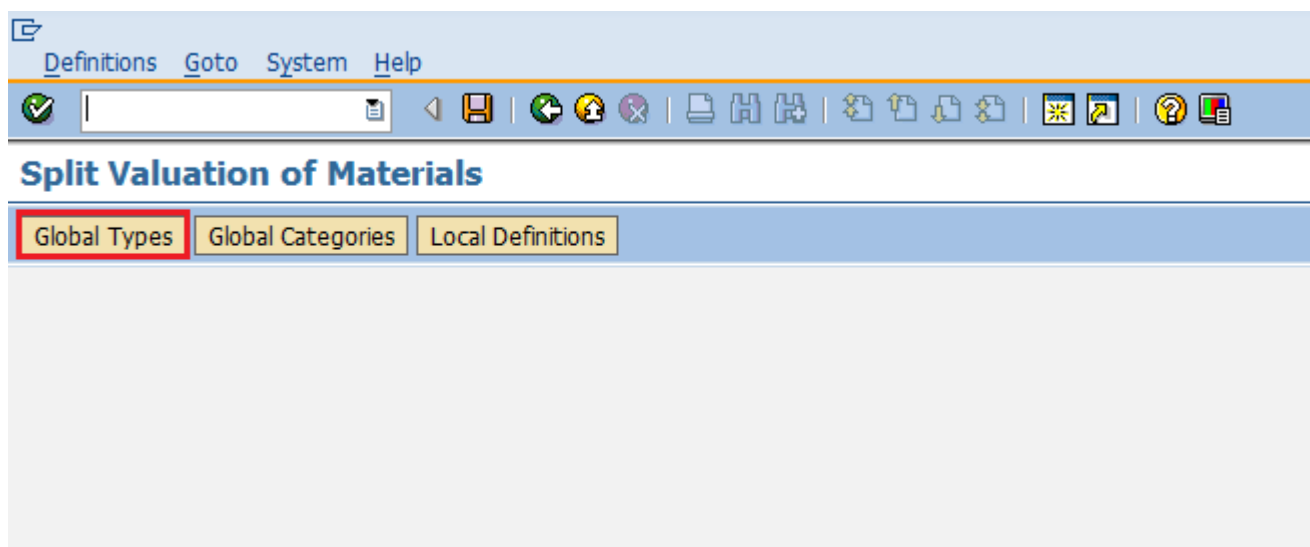
TCode: OMWC

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

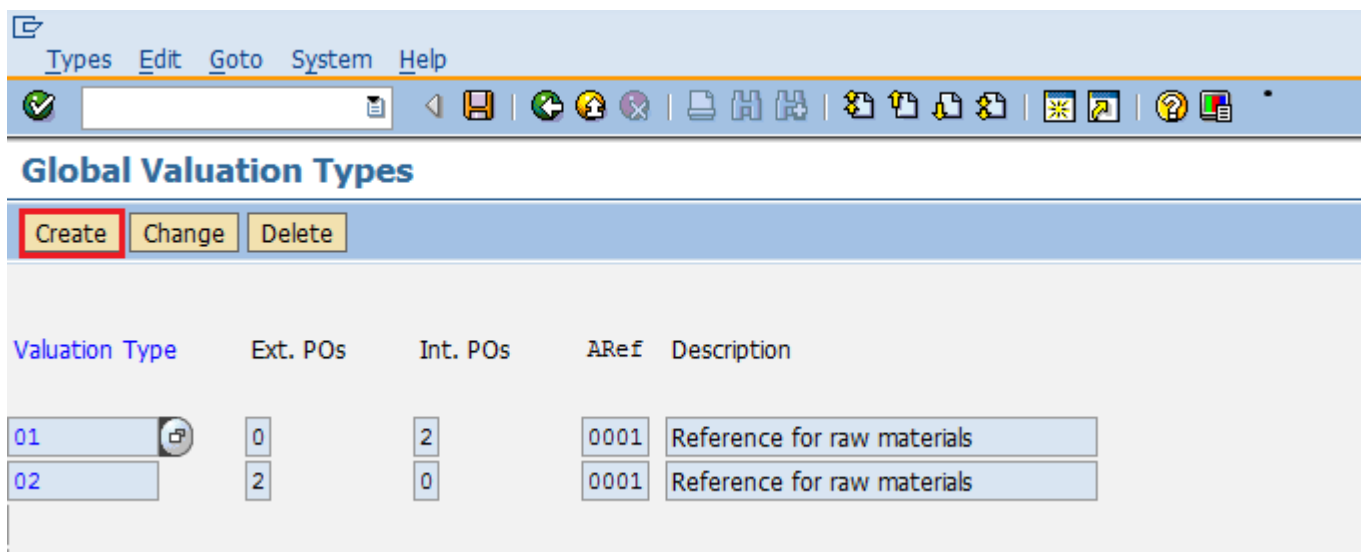




Select Global Types tab to create valuation type.



Select Create icon.



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



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.

Definitions Goto System Help

Split Valuation of Materials

Global Types Global Categories Local Definitions

Select Create icon.

Categories Edit Goto System Help

Global Valuation Categories

Create Change Delete Types -> Cat.

Valuation Cat.	DVT ExtPr	Exp	DVT InhPr	Inh	DVT Promo.	PrM	Autom.VTy
B Inhse/Ext.Proc.	02 ☒		01 ☒		☐		☐
C Status	C1 ☐		C2 ☐		☐		☐
H Origin	☐		☐		☐		☐

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

Categories Edit Goto System Help

Create Valuation Category

Create

Valuation Category 

Attributes

Description
Default: ext. procure.
☐ Ext. procurement mand
Default: in-house
☐ In-house prod. mand.
☐ Val. type automatic

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

 Definitions Goto System Help

Split Valuation of Materials

Global Types Global Categories **Local Definitions**

Select Cats. -> OU tab.

 Definitions Goto System Help

Local Definitions: Select Plant

Cats. -> OU Local Types Local Categories

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	Inh	DVT Promo.	PrM	VT
Active	Binhse/Ext.Proc.	02	☒	01	☒		☐	☐
Active	C Status	C1	☐	C2	☐		☐	☐

Activate Deactivate Entry 1 of

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

Go to `mm02Changescreenformaterialmaster`. 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 1000054

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.	
Valuation Class	7900	☐ Valuated Un	
VC: Sale Ord. Stk		☒ ML act.	Mat. Price Analysis
Project Stock VC		Price Determ.	3 Single-/Multilevel

Prices and values

Currency	USD	USD	USD
	Company code currency	Group currency	Group currency, profit ...
Standard Price	3.67	3.67	3.67
Per. unit price	3.87	3.87	3.87
Price Unit	1	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.

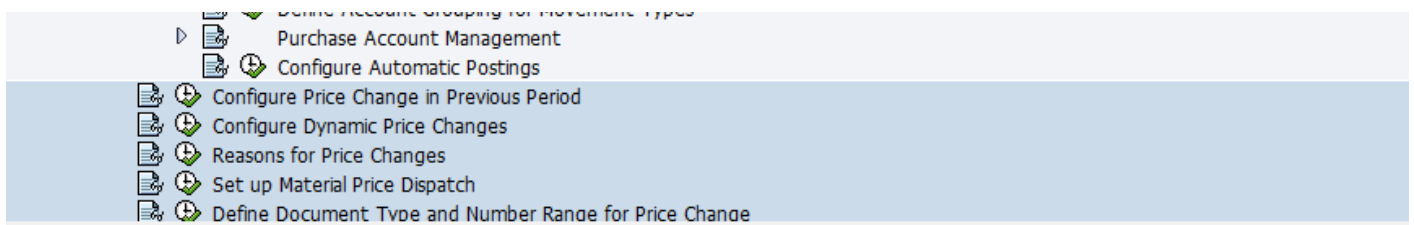
Path to Activate Valuation Grouping Code:

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

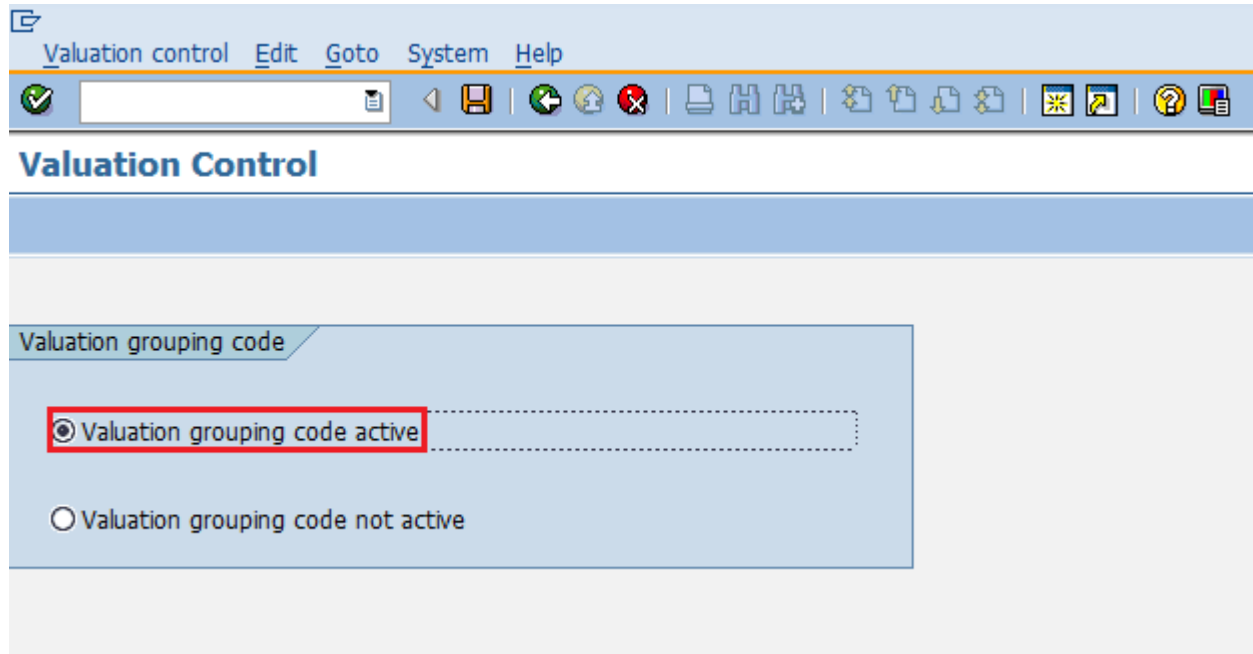
TCode: OMWM

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

The screenshot displays the SAP Display IMG (Implementation Guide) interface. The title bar includes 'Implementation Guide' and menu options: 'Edit', 'Goto', 'Additional Information', 'Utilities(M)', 'System', and 'Help'. Below the title bar is a toolbar with various icons for navigation and execution. The main area is titled 'Display IMG' and contains a 'Structure' pane on the left and a main content area on the right. The 'Structure' pane shows a tree view of SAP IMG nodes. The 'Materials Management' node is expanded, showing sub-nodes like 'General Settings for Materials Management', 'Consumption-Based Planning', 'Purchasing', 'External Services Management', 'Inventory Management and Physical Inventory', and 'Valuation and Account Assignment'. The 'Valuation and Account Assignment' node is further expanded, showing 'Define Price Control for Material Types', 'Split Valuation', 'Valuation at Retail and Value-Based Inventory Management', 'Account Determination', 'Account Determination Wizard', and 'Account Determination Without Wizard'. The 'Define Valuation Control' node under 'Account Determination Without Wizard' is highlighted with a red box.



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

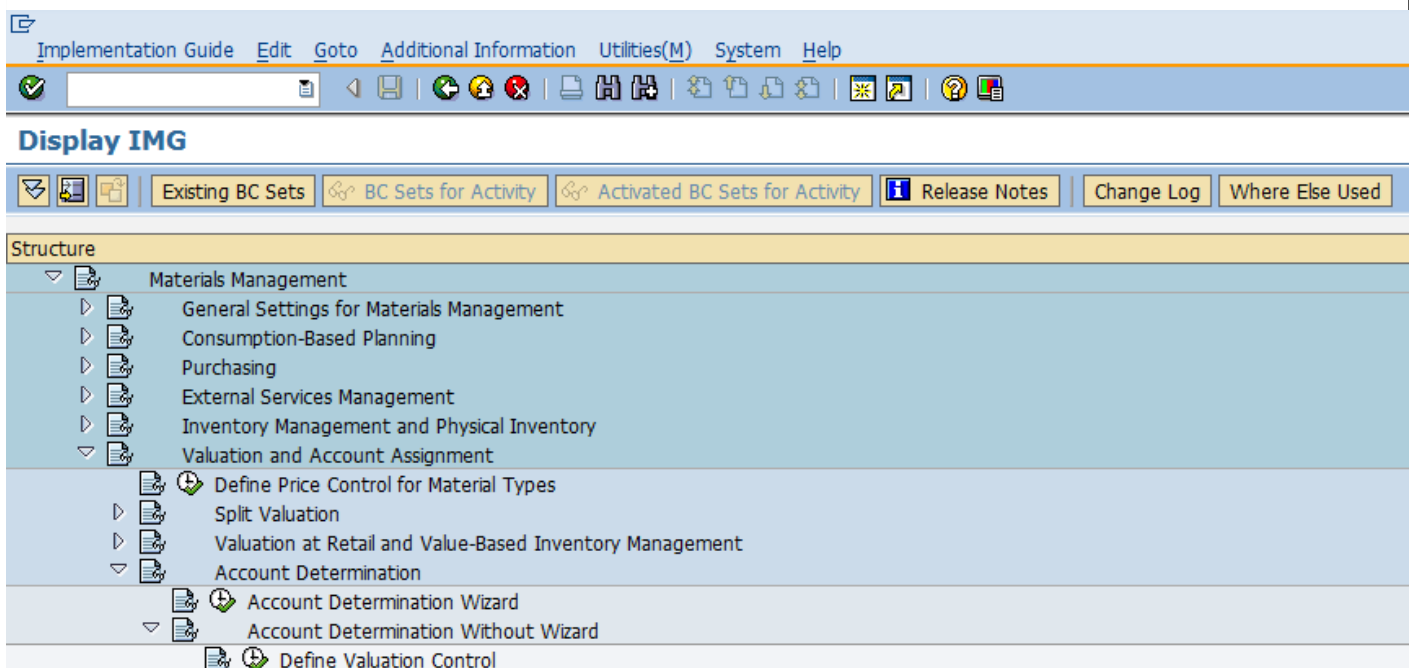


Group together Valuation Areas

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.



- ↳ :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

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.

Table View Edit Goto Selection Utilities(M) System Help

Change View "Acct Determination for Val. Areas": Overview

BC Set: Change Field Values

Val. Area	CoCode	Company Name	Chrt/Accts	Val.Grpg Code
0001	0001	P A.G.	INT	Z001

Define Valuation Classes

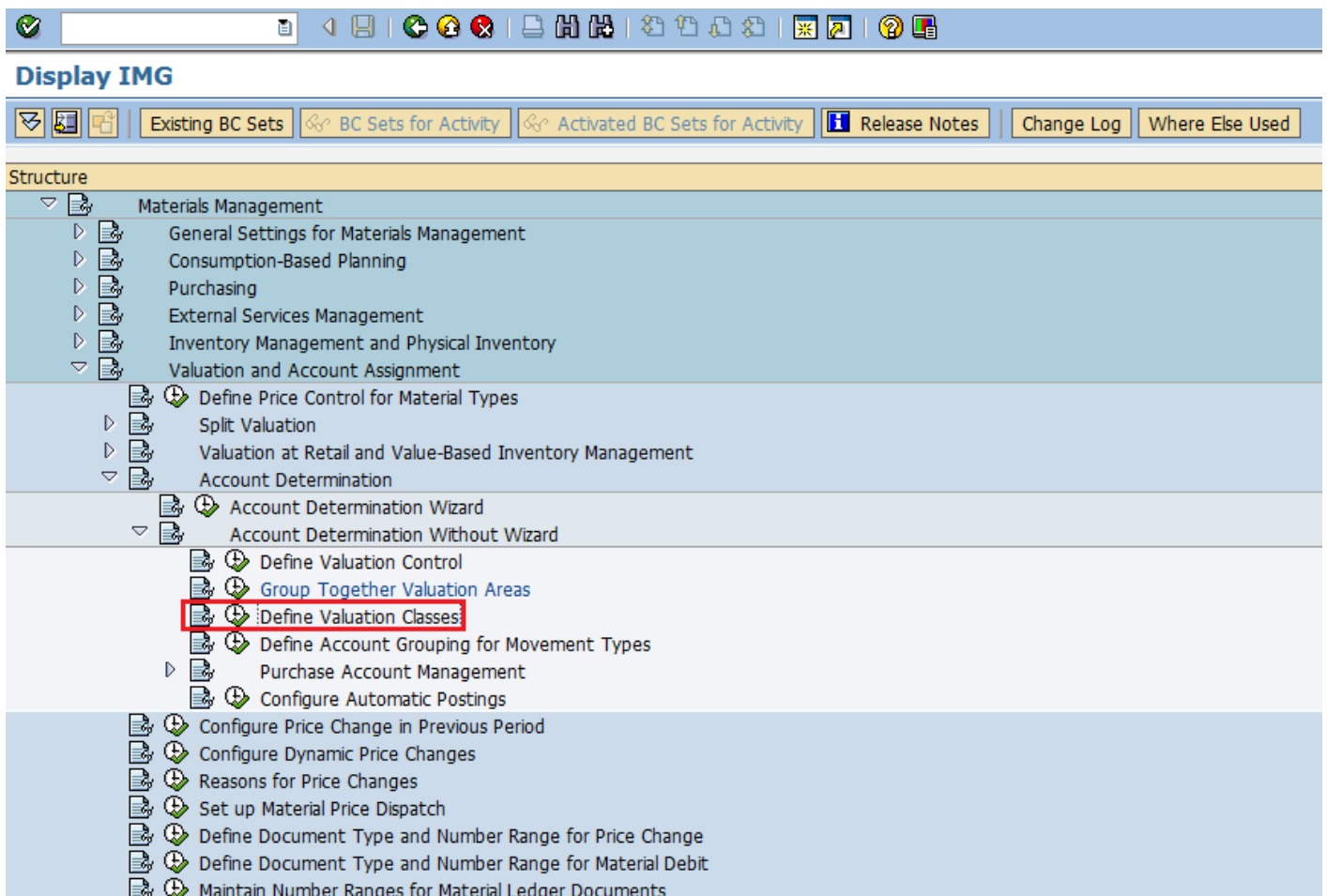
Valuation class categorizes the G/L account on the basis of material type. For example raw material will have different G/L account than the finished material as the cost will be different in both the cases. Account reference is also maintained along with valuation class. Account reference and valuation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

Path to Define Account Reference and Valuation Class:

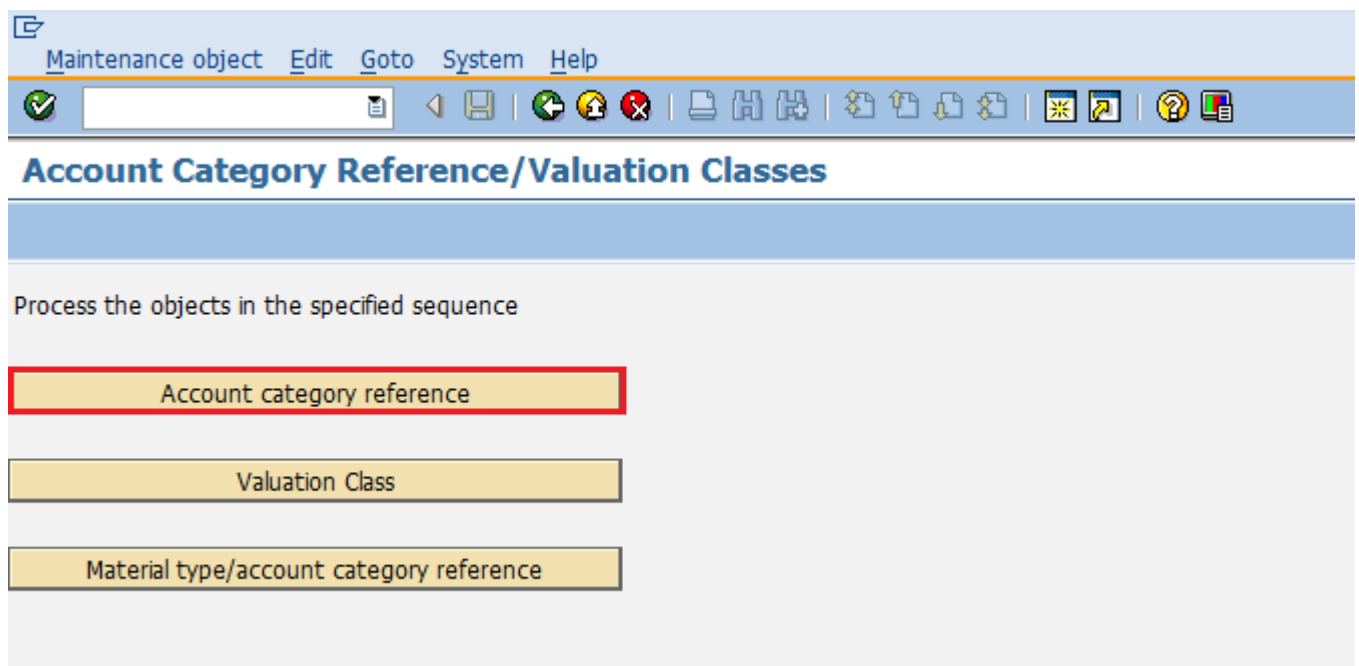
IMG => Materials Management => Valuation and Account Assignment => Account Determination
=> Account Determination without Wizard => Define Valuation Classes

TCode: OMSK

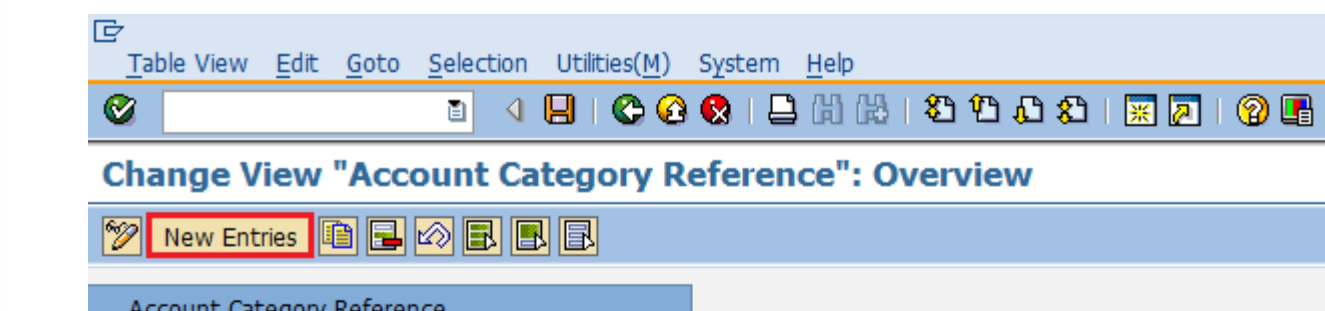
On Display IMG screen select Define Valuation Classes execute icon by following the above path.



Select Account Category Reference tab.



Select New Entries icon.



ARef	Description
0001	Reference for raw materials

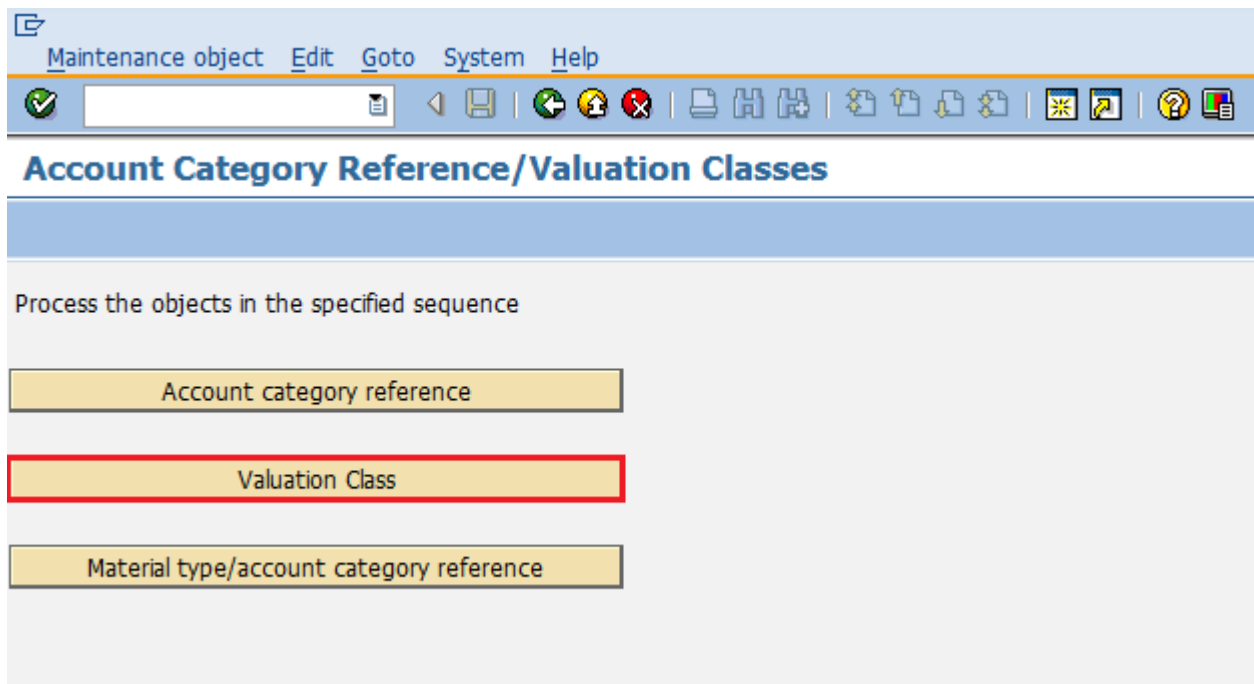
Provide name of *ARefAccountreference* along with its description.

The screenshot shows the 'New Entries: Overview of Added Entries' window. The menu bar includes 'Table View', 'Edit', 'Goto', 'Selection', 'Utilities(M)', 'System', and 'Help'. The toolbar contains icons for file operations and navigation. The main area displays a table with the following structure:

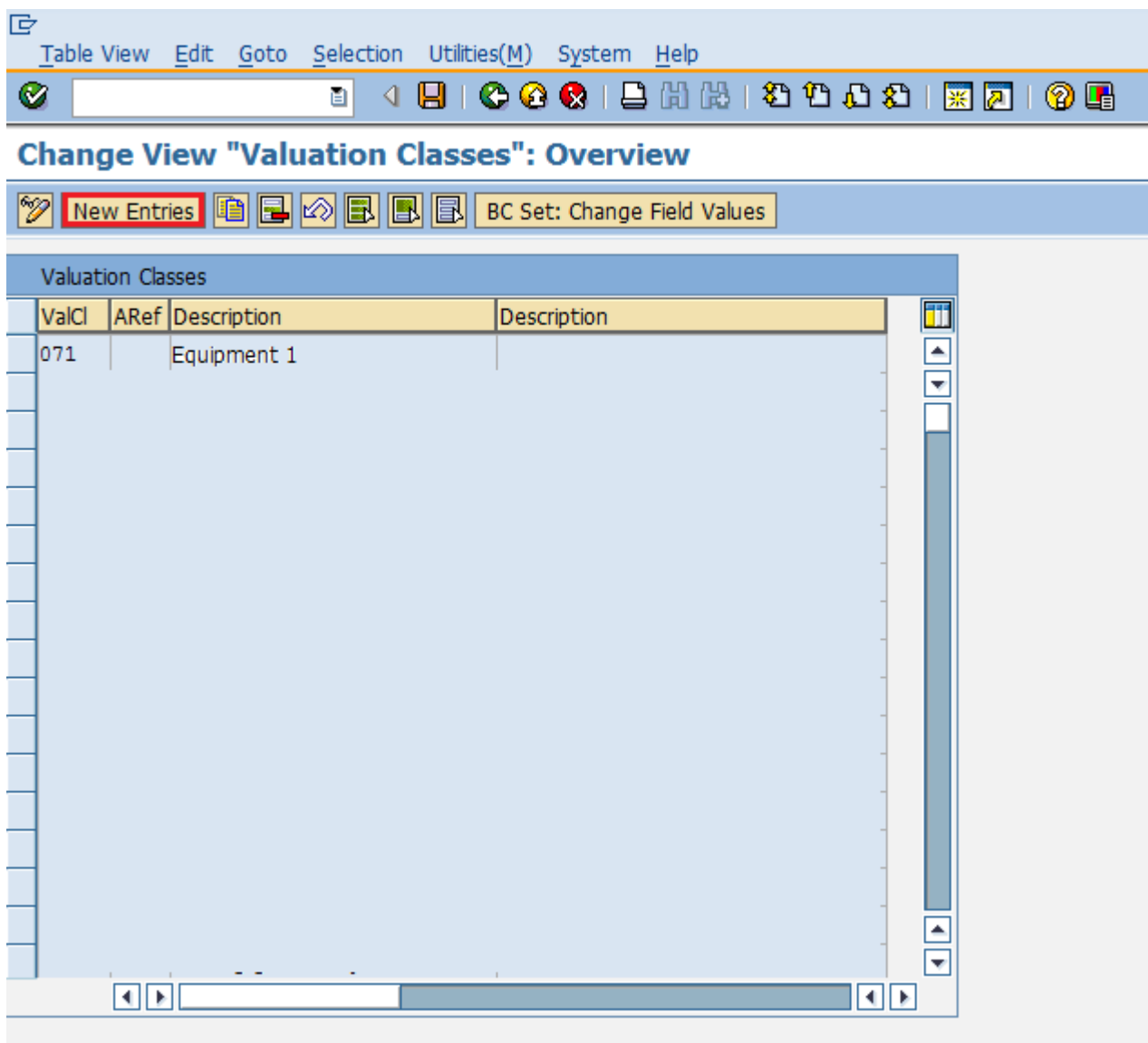
ARef	Description

The table has a vertical scrollbar on the right and a status bar at the bottom with navigation buttons.

Now go to same screen and select Valuation Class tab.

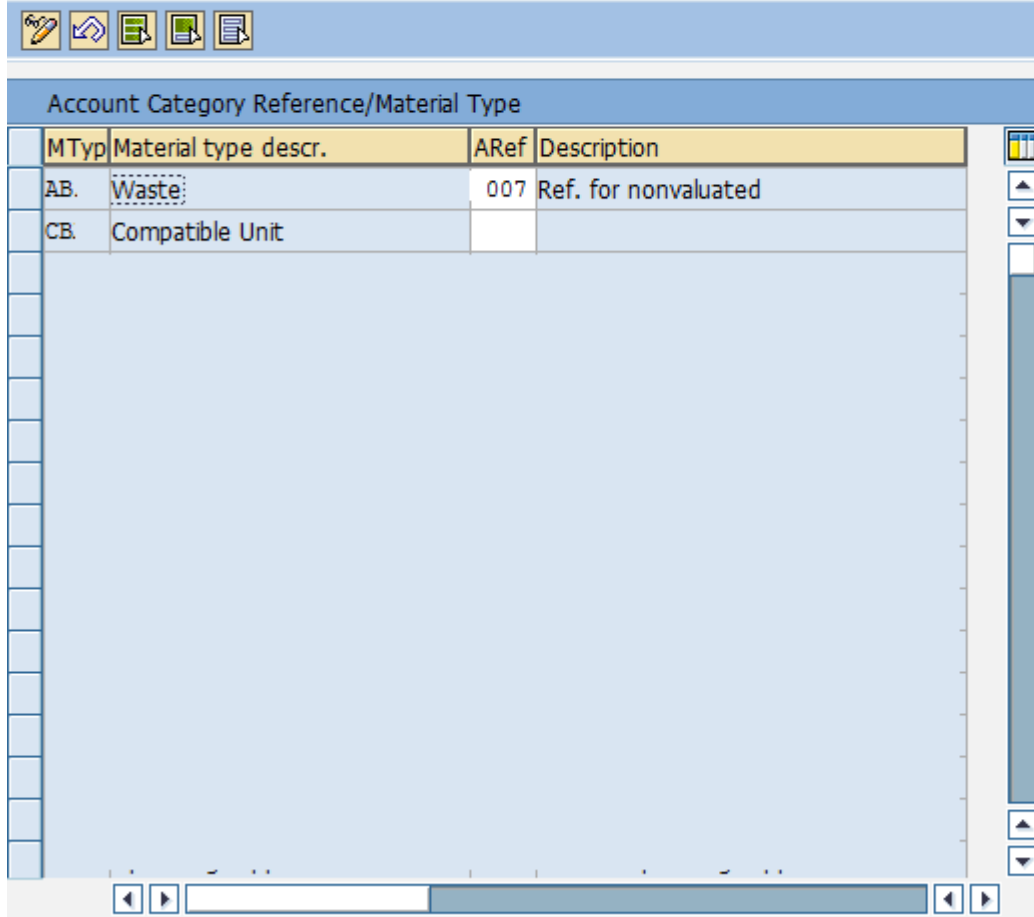


Select New Entries icon.



Provide name of valuation class, ARefAccountreference and description of valuation class.

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

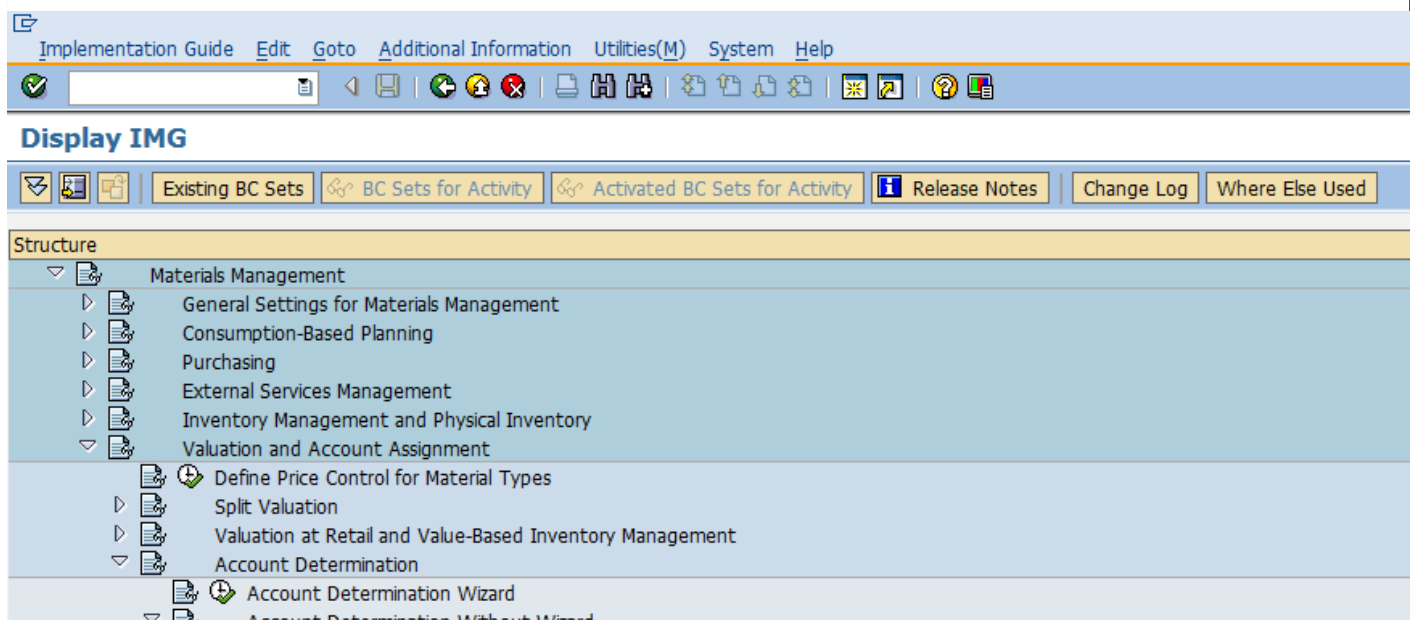
G/L account is automatically determined for each of the transaction. This happens because automatic posting are configured in SAP system. Automatic posting can be configured by following the below steps.

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.



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

Display IMG

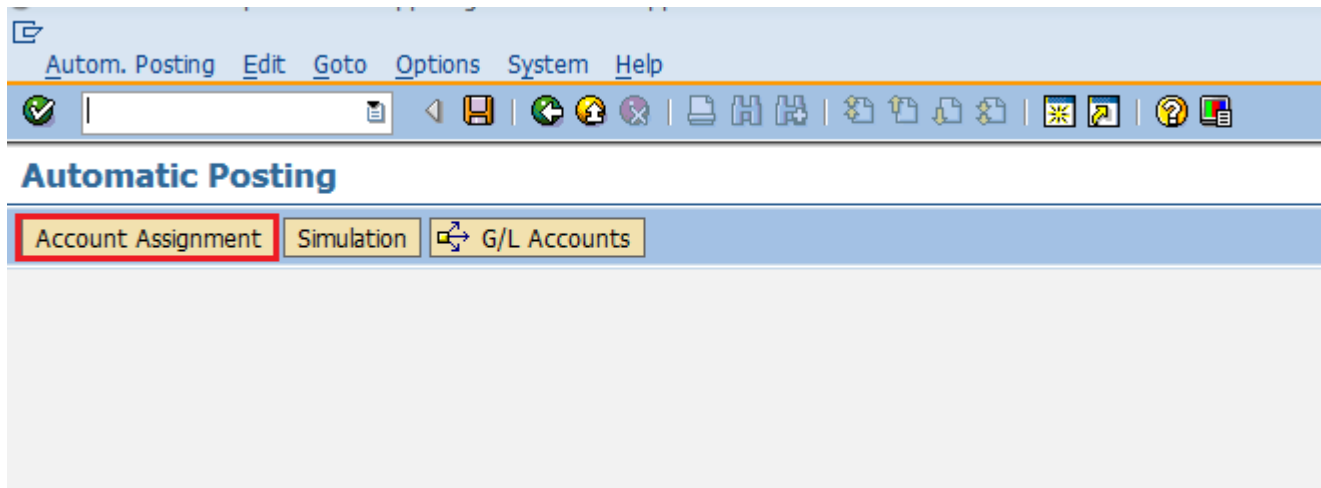
Existing BC Sets BC Sets for Activity Activated BC Sets for Activity Release Notes Change Log Where Else Used

Structure

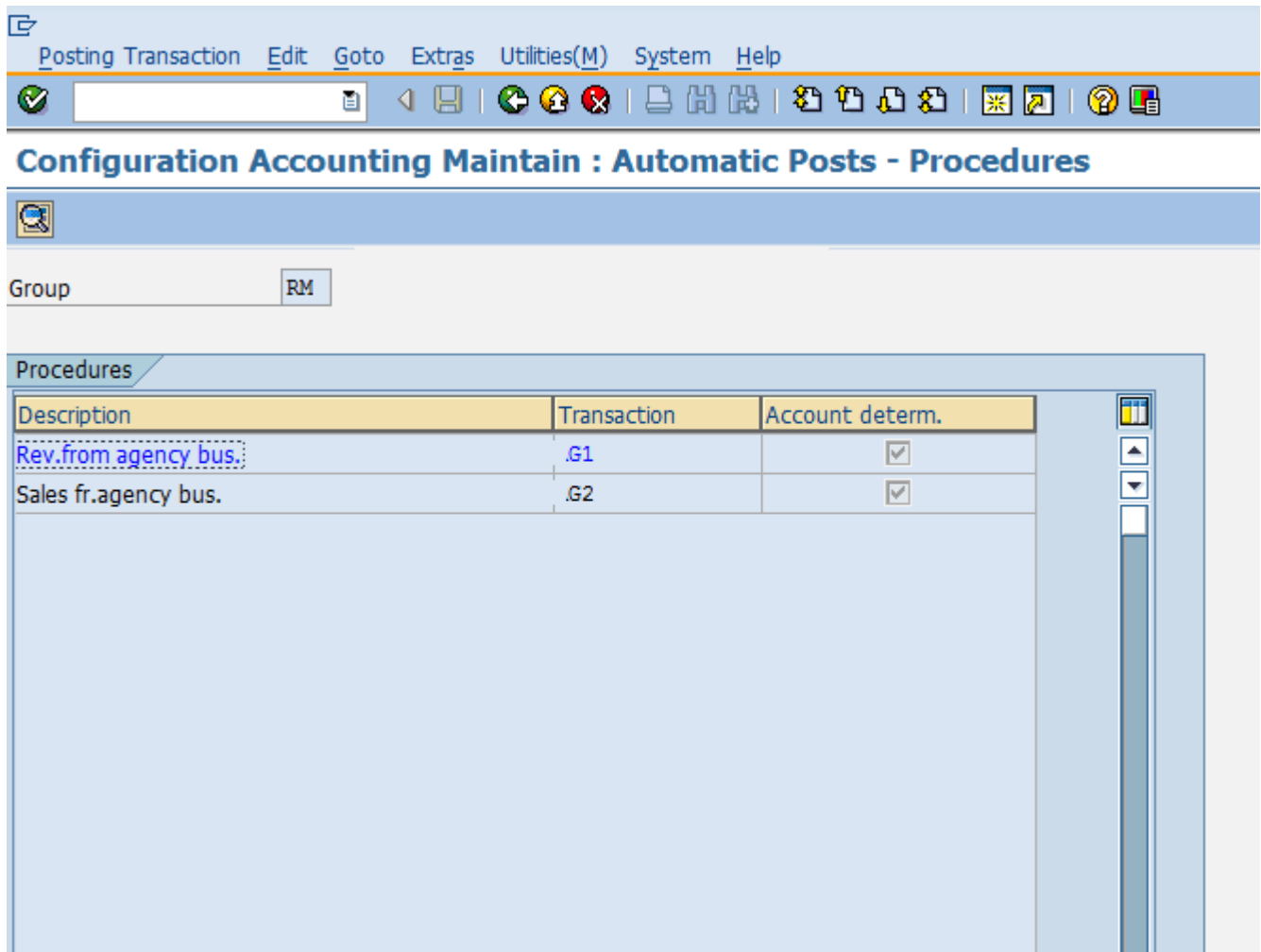
- Materials Management
 - General Settings for Materials Management
 - Consumption-Based Planning
 - Purchasing
 - External Services Management
 - Inventory Management and Physical Inventory
 - Valuation and Account Assignment
 - Define Price Control for Material Types
 - Split Valuation
 - Valuation at Retail and Value-Based Inventory Management
 - Account Determination
 - Account Determination Wizard
 - Account Determination Without Wizard



Select Account Assignment.



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



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

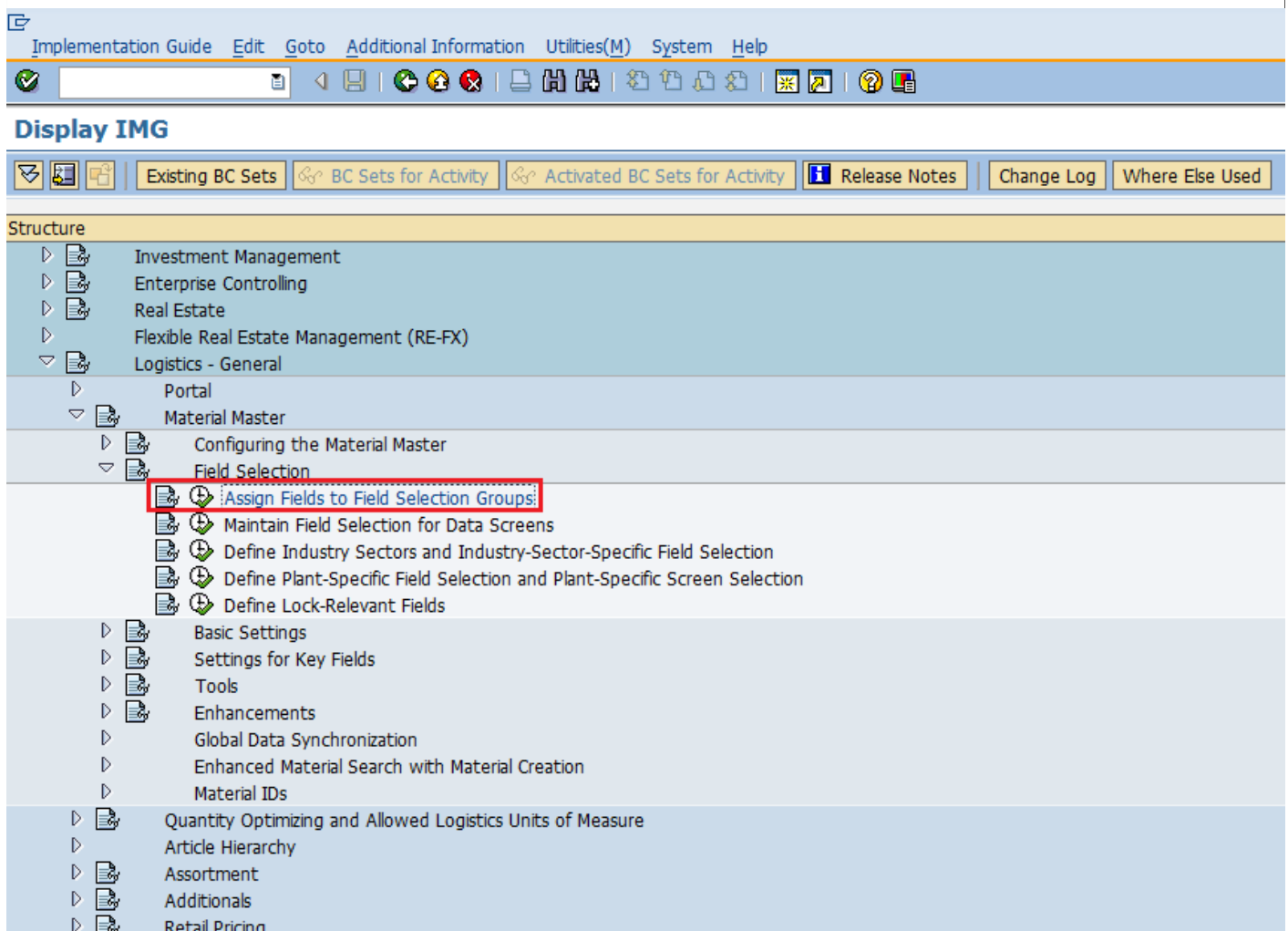
This configuration will allow you to make some fields as optional, or as hidden or some as mandatory in master record. This configuration can be set up by following the below steps.

Path to Assign Fields to Field Selection Groups:

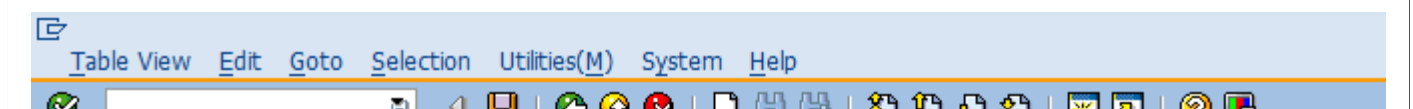
IMG => Logistic General => Material Master => Field Selection => Assign Fields to Field Selection Groups

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...	
*IC25T		66	

Sort and Position



Field Name



Field Name



Field Sel. Group



Field Sel. Group

Here you can do changes in fields as hidden, display, required entry or optional entry. Click on save. Field Groups are now set with desired field entries.



Table View Edit Goto Selection Utilities(M) System Help



Change View "Field Selection for Data Screens": Overview



New Entries



Field sel. group

6



Fields (Field selection group 66)

Field name	Short Description	
MFHM	Offset unit	

Field selection (Field selection group 66)

Field ref.	Hide	Display	Reqd Entry	Opt. entry
0001	 ☐	☐	☐	☒
0002	 ☐	☐	☐	☒

Sort Entries... ☒ by field references ☐ by field selection

Position  Position... Entry 1 of 44

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.

Implementation Guide Edit Goto Additional Information Utilities(M) System 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
 -  Assign Fields to Field Selection Groups
 -  **Maintain Field Selection for Data Screens**
 -  Define Industry Sectors and Industry-Sector-Specific Field Selection
 -  Define Plant-Specific Field Selection and Plant-Specific Screen Selection
 -  Define Lock-Relevant Fields
 - Basic Settings
 - 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
 - Additional
 - Retail Pricing

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

Change View "Field Selection for Data Screens": Overview

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	☐	☐	☐	☒
0002	☐	☐	☐	☒

Sort Entries... ☒ by field references ☐ by field selection

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.

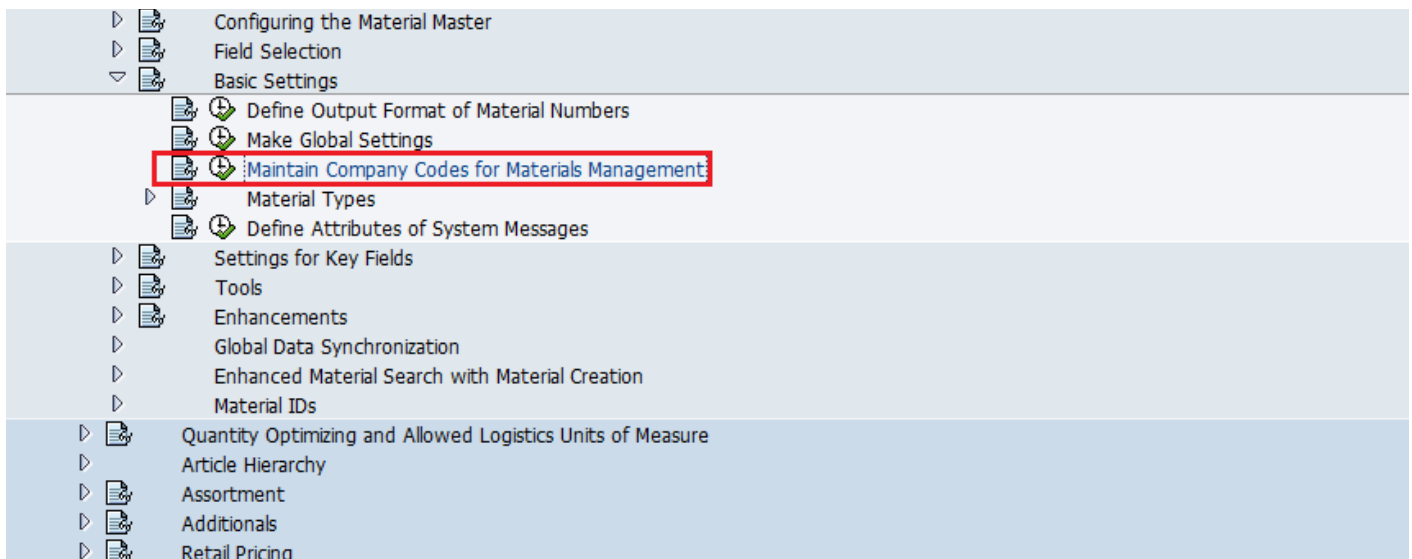
Implementation Guide Edit Goto Additional Information Utilities(M) System Help

Display IMG

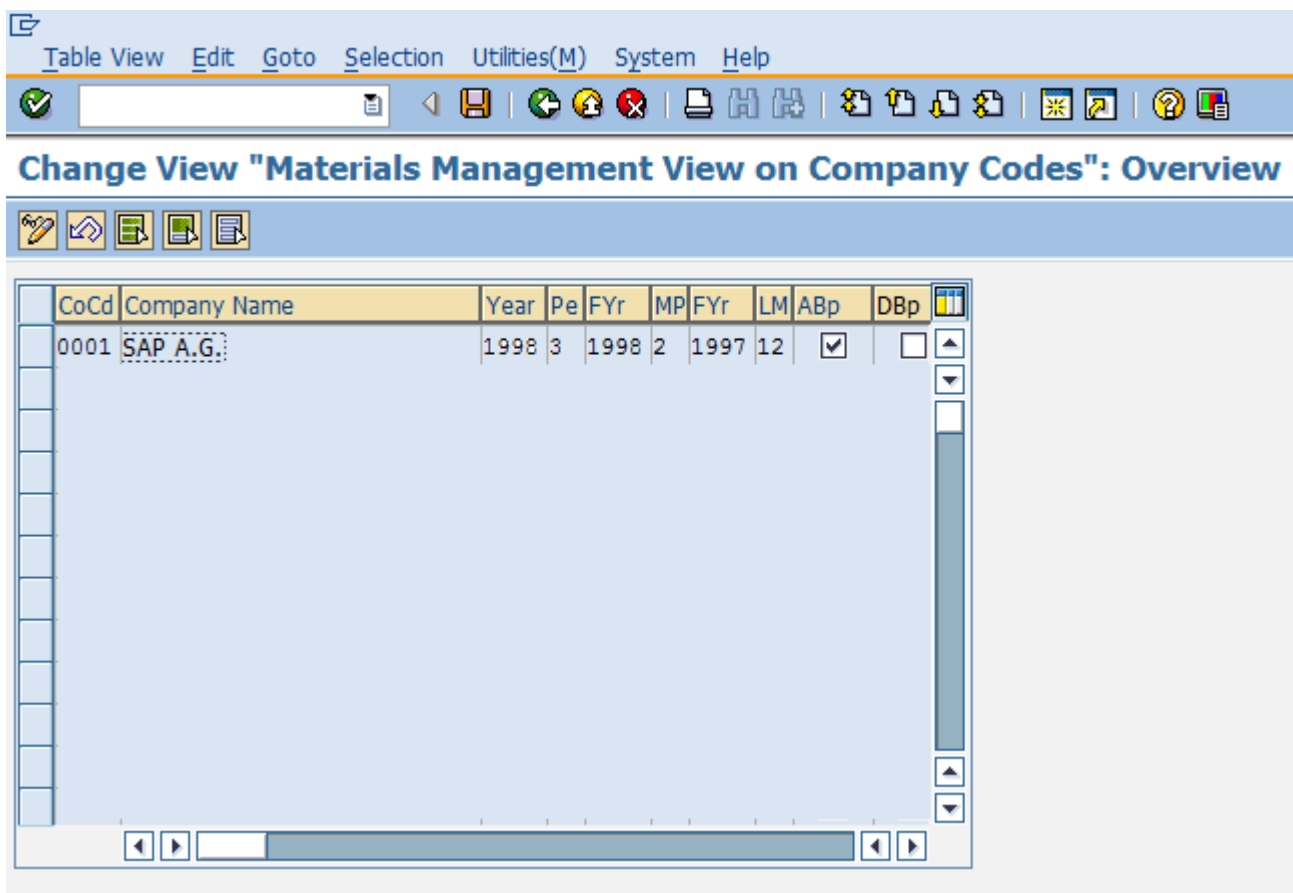
Existing BC Sets BC Sets for Activity Activated BC Sets for Activity Release Notes Change Log Where Else Used

Structure

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



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.



Define Attributes of System Messages

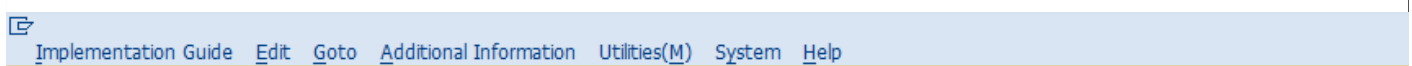
Sometimes when information is incomplete in any document, system will not allow us to save the document. So, system will issue some messages to indicate the field left or may be due to wrong entry in field. These system messages can be set up by following the below path.

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.



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
 - Additional
 - 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

Change View "System Messages": Overview

BC Set: Change Field Values

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

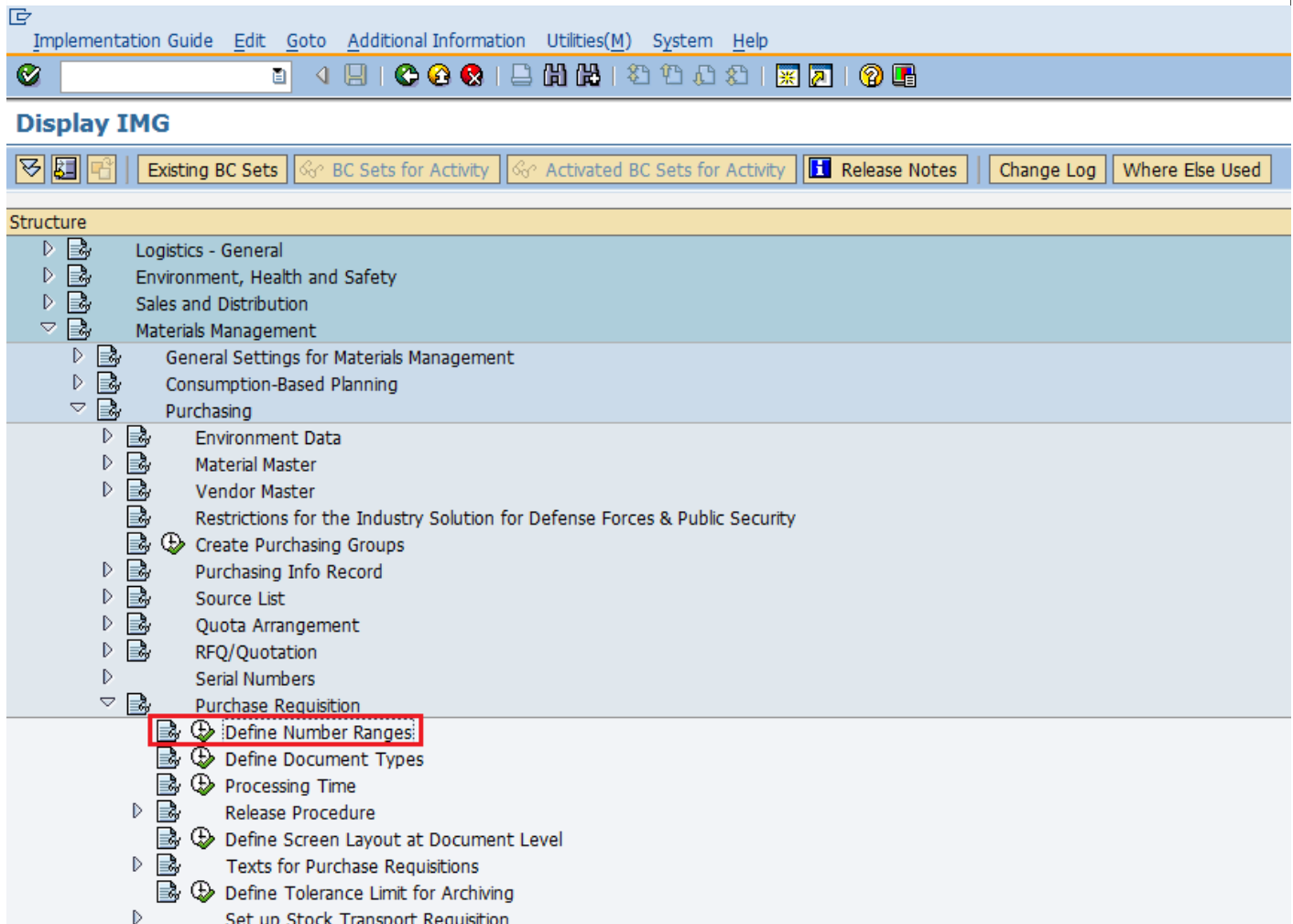
When we create purchase requisition every requisition is recognized by a number, that number will be unique and known as purchase requisition number. We can define number range manually otherwise system can automatically assign. So, number range for purchase requisition can be defined by following the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

Path to Define Number Ranges:

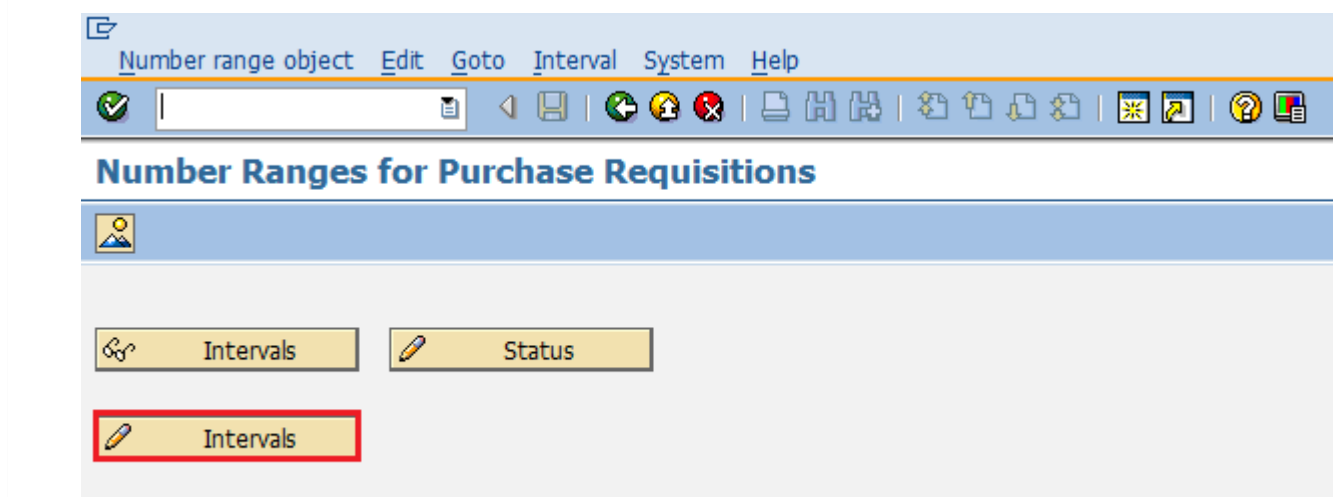
IMG => Materials Management => Purchasing => Purchase Requisition => Define Number Ranges

TCode: OMH7

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



Select edit mode of Intervals tab.



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

The screenshot shows the SAP 'Maintain Number Range Intervals' screen. The menu bar includes 'Number range object', 'Edit', 'Goto', 'Interval', 'System', and 'Help'. The toolbar contains various icons for saving, deleting, and navigating. The 'NR Object' is set to 'Purchase requisition'. The 'Intervals' table is displayed with the following data:

No.	From number	To number	Current number	Ext
01	1000000000	1999999999	0	☐
02	2000000000	2999999999		☒

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.

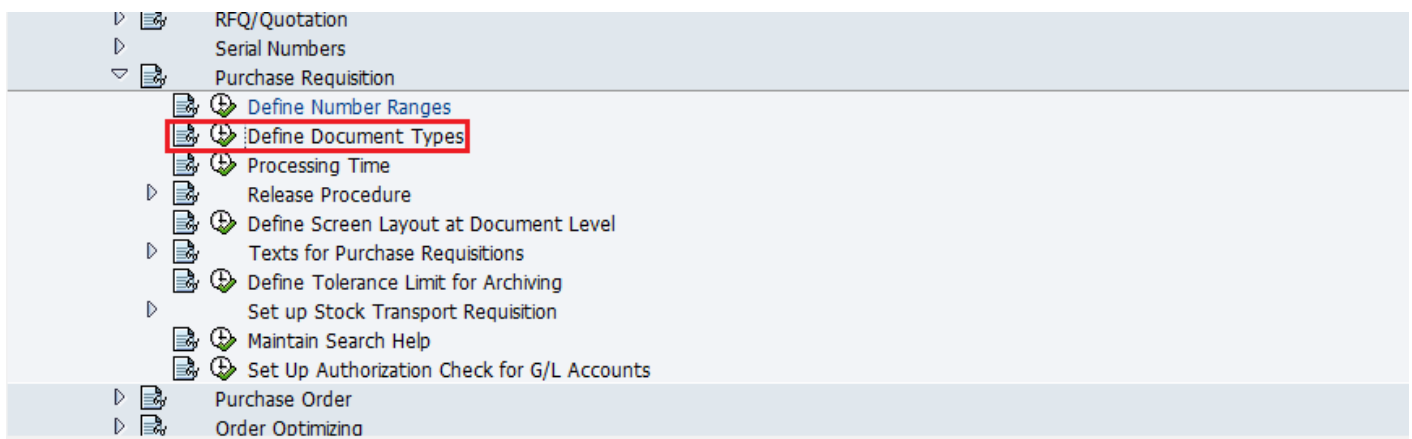
Path to Define Document Types:

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

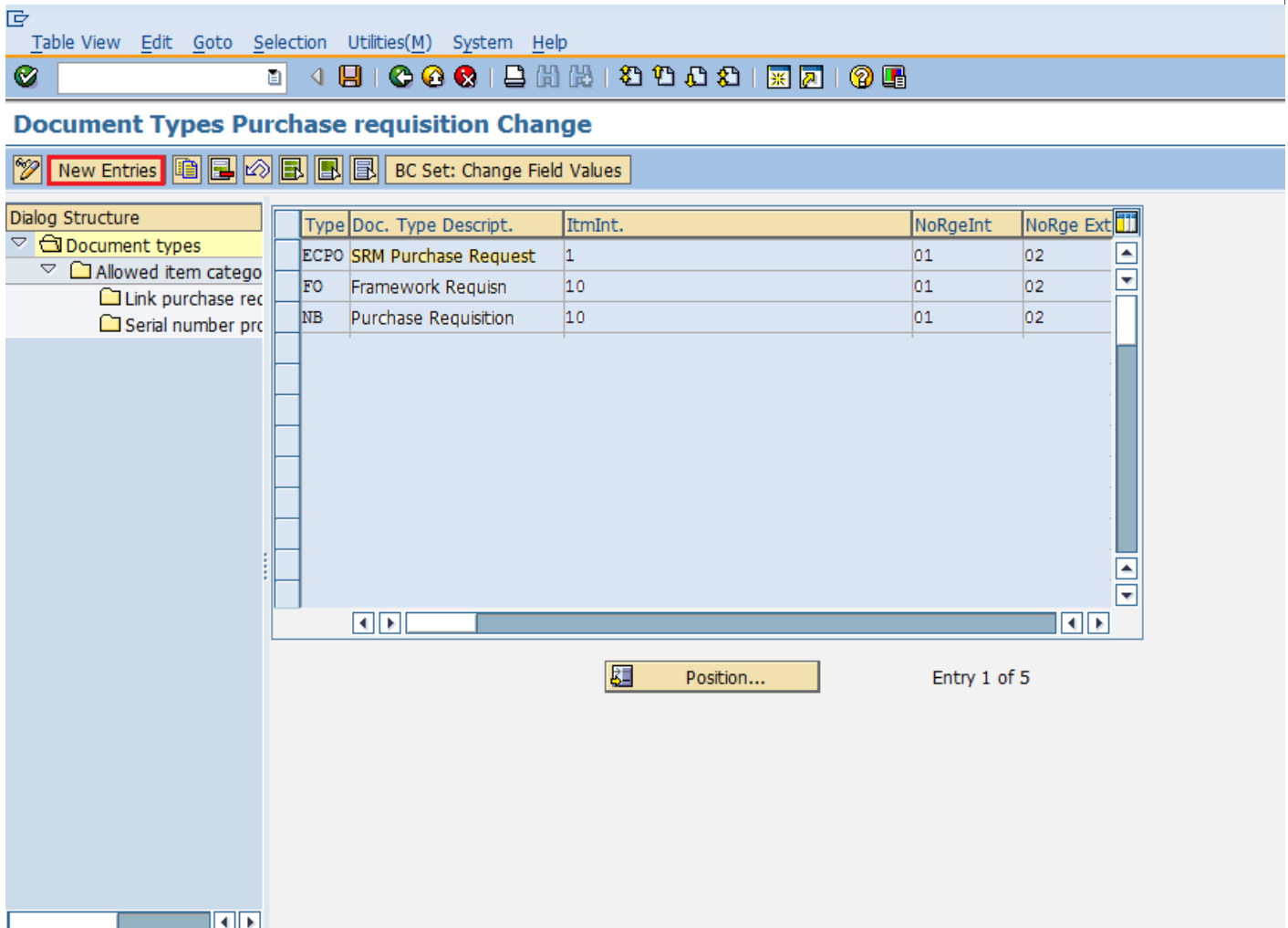
On Display IMG screen select Define Document Types execute icon by following the above path.

The screenshot shows the SAP 'Display IMG' screen. The menu bar includes 'Implementation Guide', 'Edit', 'Goto', 'Additional Information', 'Utilities(M)', 'System', and 'Help'. The toolbar contains various icons for navigating and executing. The 'Structure' tree on the left shows the following hierarchy:

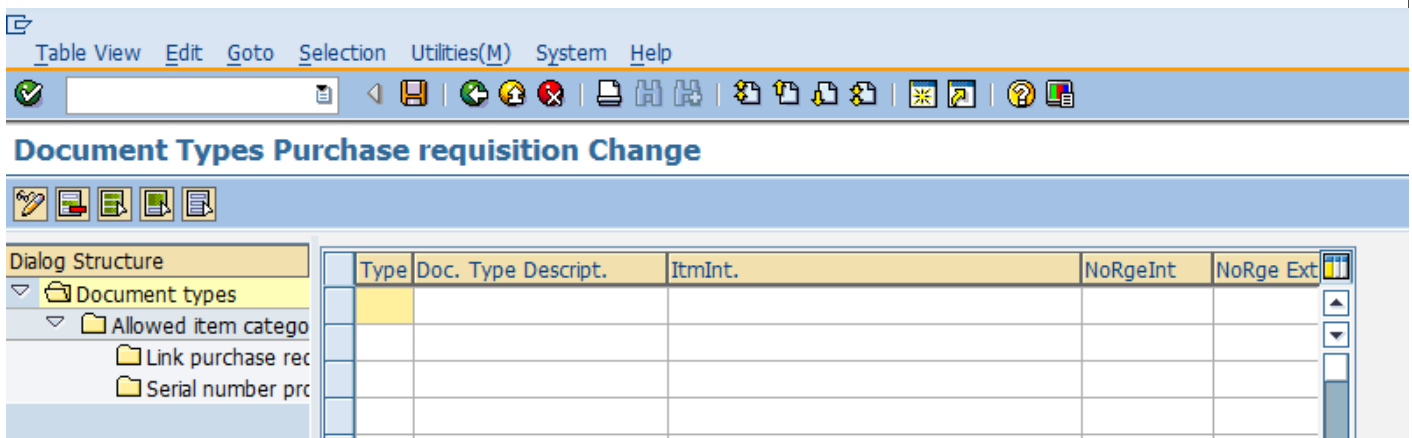
- General Settings for Materials Management
- Consumption-Based Planning
- Purchasing
 - Environment Data
 - Material Master
 - Vendor Master
 - Restrictions for the Industry Solution for Defense Forces & Public Security
 - Create Purchasing Groups
 - Purchasing Info Record
 - Source List
 - Quota Arrangement

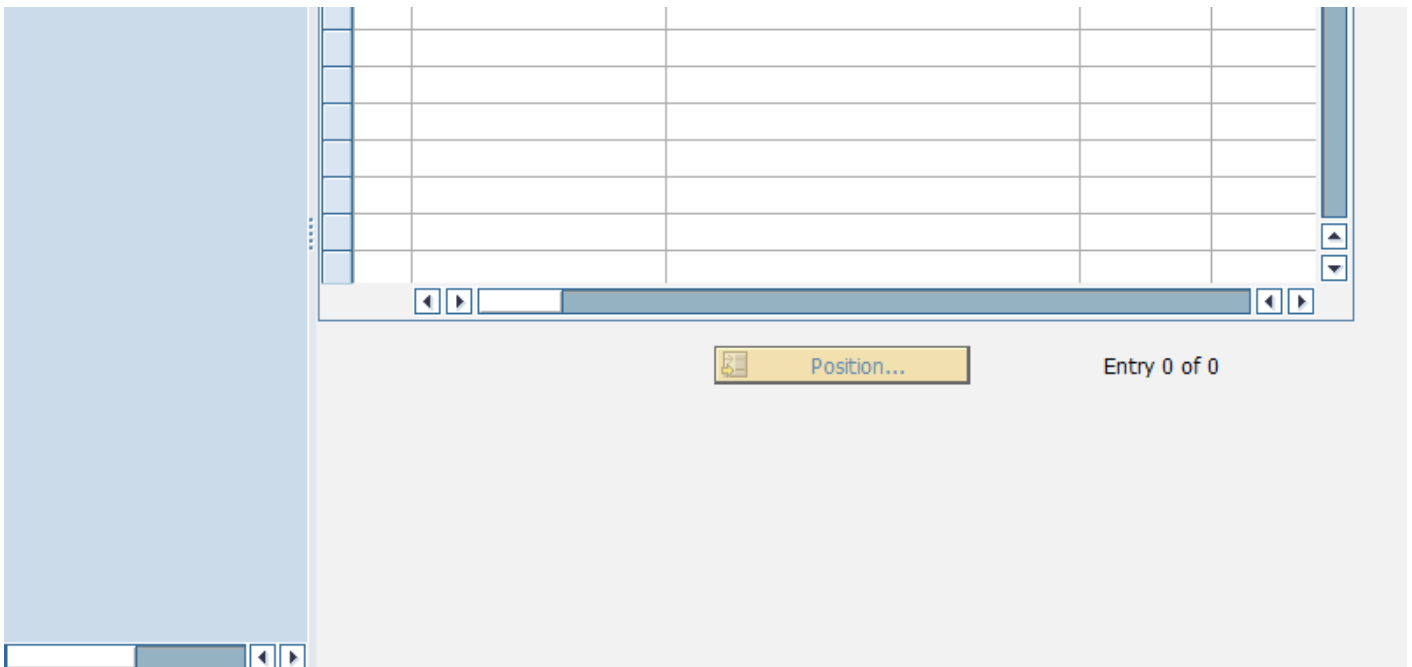


Select New Entries icon.



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





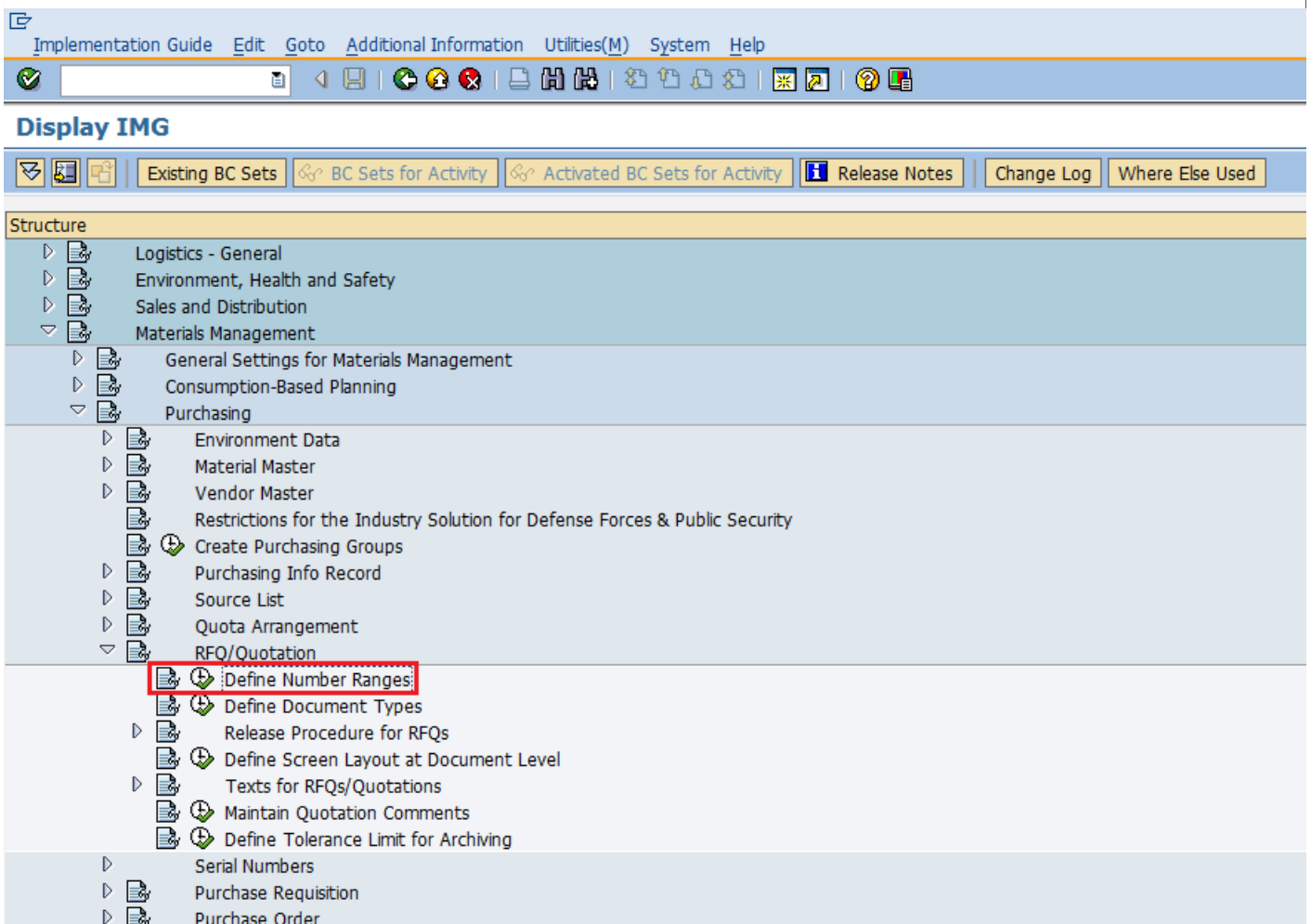
Define Number Ranges - RFQ/Quotation

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.

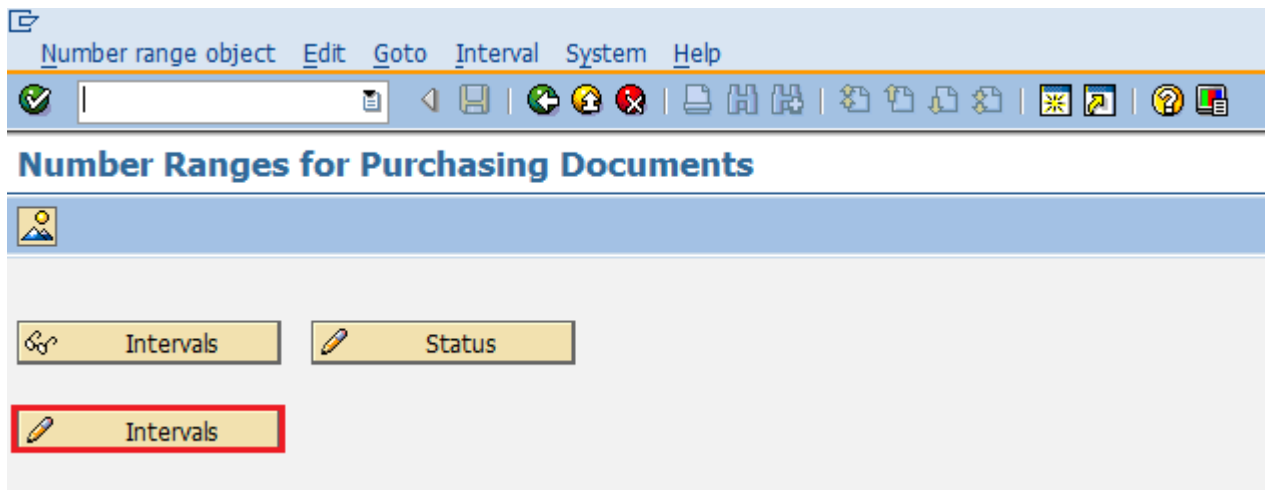
Path to Define Number Ranges:

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

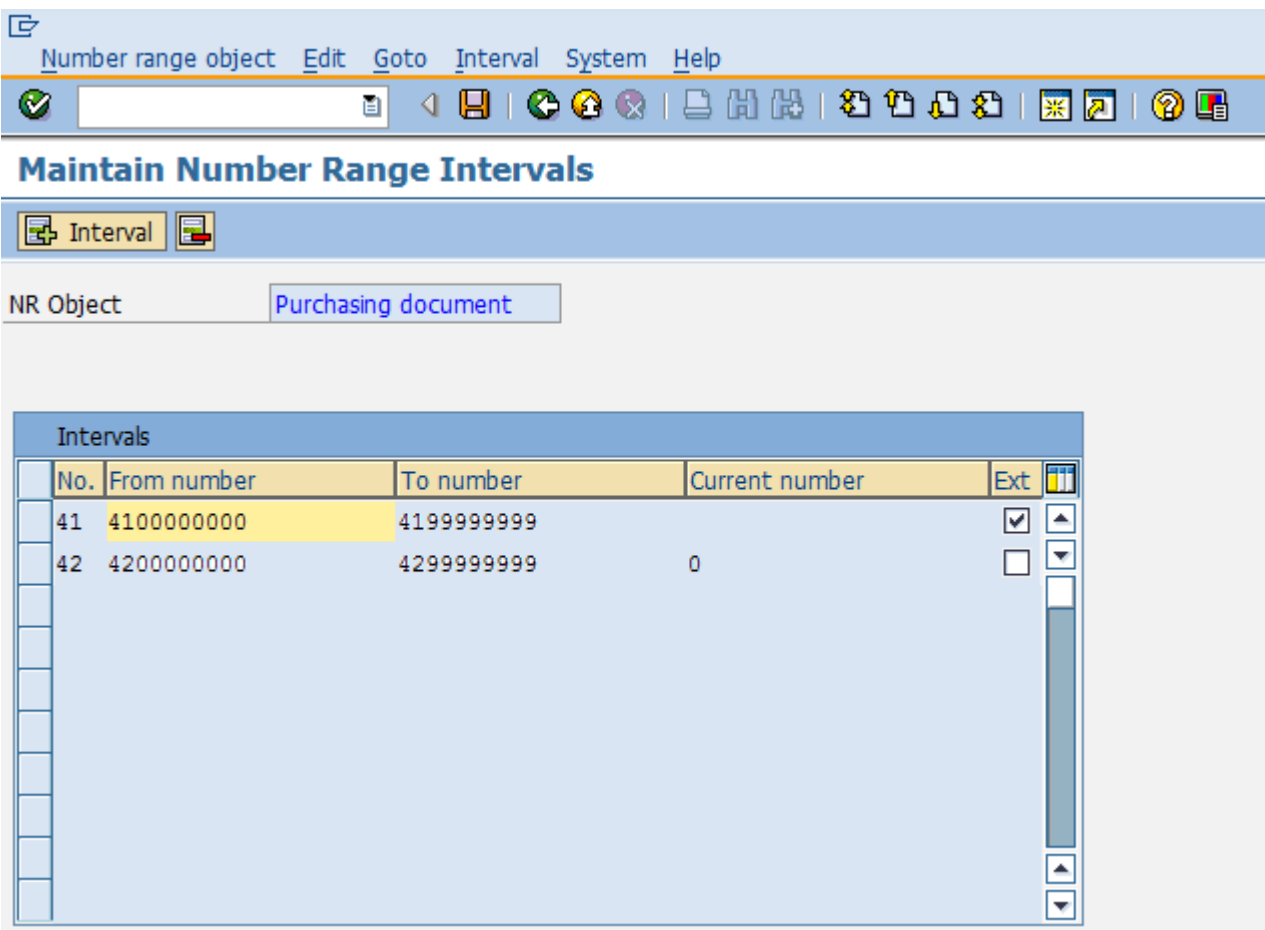
On Display IMG screen select Define Number Ranges execute icon by following the above path.



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.



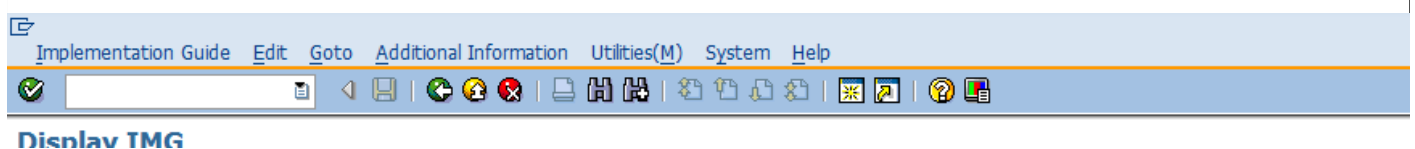
Define Document Types - RFQ/Quotation

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.



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

The screenshot shows the 'Document Types Request for quotation Change' dialog box in SAP. The interface includes a menu bar with 'Table View', 'Edit', 'Goto', 'Selection', 'Utilities(M)', 'System', and 'Help'. Below the menu is a toolbar with various icons. The main area is a table with the following columns: 'Type', 'Doc. Type', 'Descript.', 'ItmInt.', 'NoRgeInt', and 'NoRge Ext'. The table is currently empty. On the left side, there is a 'Dialog Structure' pane showing a tree view with 'Document types' expanded, and 'Allowed item category' and 'Link purchase rec' visible. At the bottom, there is a 'Position...' button and a status bar indicating '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 *receivingplant/issuingplant* 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 vendorseller/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 :-)