

# Mastering Materials Management

## Contents

<b>Materials Management – Introduction .....</b>	<b>7</b>
<b>Unit 1: Overview of Materials Management .....</b>	<b>9</b>
Demo Overview: .....	9
1. Display Material Master .....	10
2. Display Vendor Master .....	11
3. Display Info Record .....	12
4. Prepare Materials Requirements Planning (MRP) for a Single Item ..	13
5. Convert Planned Order to Purchase Requisition – MRP List/Stock Requirements List .....	14
6. Approve Purchase Requisition .....	15
7. Assign Source of Supply to Purchase Requisition .....	16
9. Goods Receipt .....	18
10. Invoice Receipt .....	19
Procure to Pay Exercise: .....	20
1. Create Material Master .....	20
2. Create Vendor Master .....	22
3. Create Info Record .....	23
4. Run Materials Requirements Planning .....	24
5. Convert Planned Order to Purchase Requisition – MRP List/Stock Requirements List .....	25
6. Approve the Purchase Requisition .....	27
7. Assign a Source of Supply to a Purchase Requisition .....	28
8. Create a Purchase Order from a Purchase Requisition .....	29
9. Goods Receipt .....	30
10. Invoice Receipt .....	31
<b>Unit 2: Enterprise Structure and Organizational Structure .....</b>	<b>33</b>
Definitions of Enterprise Structure and Organizational Structure Values .....	33
Client .....	33
Company Code .....	33
Plant .....	34
Storage Location .....	35
Warehouse Number .....	36
Storage Type .....	37

Shipping Point .....	37
Definitions of Organizational Structure Values .....	38
Purchasing Organization .....	38
Sales Organization .....	40
Distribution Channel .....	41
Division .....	41
Business Area .....	42
Configuration Demonstration and Exercise .....	43
Configuration of Plant.....	43
Configuration of Storage Location.....	47
Configuration of Purchasing Organization .....	48
<b>Unit 3: Material Master .....</b>	<b>51</b>
Key Fields in the Material Master .....	51
Configuring the Material Master.....	70
Selecting Fields to Populate the Material Master.....	70
Material Types.....	76
Maintaining Company Codes for Materials Management .....	83
Defining Material Status .....	84
Demonstration: Configuring Material Master: .....	86
Create field reference for custom material type .....	86
Copy material type to create new material type .....	86
Hide Material Master field .....	87
<b>Unit 4: Vendor Master .....</b>	<b>91</b>
Views Available in the Vendor Master .....	91
Vendor Master Key Fields .....	91
Demonstration: Configuring the Vendor Master .....	101
Configuring Account Groups .....	101
Configuring Partner Determination.....	106
Exercise: Vendor Master Configuration .....	108
Configure Account Group.....	108
Configure Partner Determination .....	108
Create New Vendor.....	108
<b>Unit 5: Information Record .....</b>	<b>111</b>
Key Fields in the Info Record.....	111
Configuring the Info Record.....	117
Configuring Screen Layout for this Transaction.....	117
Configuring Text in the Info Record .....	120

<b>Unit 6: Consumption Based Planning .....</b>	<b>121</b>
Overview of Consumption Based Planning.....	121
Consumption Based Planning Procedures .....	123
Reorder Point Planning.....	123
Forecast Based Planning.....	124
Time Phased Planning.....	125
Directing Consumption Based Planning with Material Master Data .....	126
Planning Process .....	141
Checking the Planning File Entries.....	141
System Calculations for Net Requirements and Lot Sizing.....	145
<b>Planning Run</b> .....	148
Parameters for the Planning Run .....	148
Evaluating the Planning Run .....	150
Forecasting.....	154
Configuring Consumption Based Planning .....	159
Maintaining Plant Parameters.....	159
MRP Groups .....	163
Special Procurement Types.....	165
MRP Types .....	167
MRP Lot-Sizing Procedure .....	171
Demo and Exercise .....	175
Configure Plant for Consumption Based Planning .....	175
Check the Material Master settings for MRP and Forecasting .....	176
Execute the Planning Run .....	178
Review the Results of the Planning Run .....	179
Convert a Planned Order to a Purchase Requisition.....	180
<b>Unit 7: Purchasing .....</b>	<b>181</b>
Overview of Purchasing .....	182
Purchasing Master Data.....	184
Material Master: Purchasing View .....	184
Vendor Master: Purchasing View .....	186
Info Record: Purchasing Screens.....	188
Purchasing Document Types .....	192
Purchase Requisitions .....	193
Purchase Orders.....	198
Outline Agreements .....	200
RFQ/Quotations .....	202

Configuring Purchasing Document Type .....	203
Demonstration and Exercise .....	212
Optimized Purchasing .....	213
Source Determination.....	214
Automatically Create Purchase Orders from Purchase Requisitions ...	216
Configuration of Purchasing .....	217
Condition Types .....	218
Procedure for Defining a Condition Type .....	220
Demonstration and Exercise .....	238
Release Procedure .....	240
Step 1: Determine the Corporate Purchasing Approval Matrix .....	240
Step 2: Configuration.....	242
Step 3: Security .....	262
Step 4: Transport Classes and Characteristics.....	262
<b>Unit 8: Inventory Management .....</b>	<b>265</b>
Overview of Inventory Management.....	266
Transactions to Post Goods Movements .....	266
Movement Types.....	267
Integration with other SAP modules:.....	267
Plant Parameters Configuration.....	268
Goods Movements.....	270
Goods Receipt.....	271
Goods Issue .....	273
Stock Transfer .....	276
Transfer Posting .....	277
Configuration of Custom Movement Types .....	278
Demonstration: Custom Movement Type Configuration .....	279
Exercise: Custom Movement Type Configuration.....	293
Special Stocks .....	295
Subcontracting Stock and Subcontracting Process .....	295
Consignment Stock and Consignment Process.....	299
<b>Unit 9: Valuation and Account Determination .....</b>	<b>301</b>
Overview .....	301
Balance Sheet Valuation .....	302
LIFO Valuation .....	304
FIFO Valuation .....	309
Lowest Value Determination .....	312

Account Determination Configuration .....	318
Demonstration: Account Determination Configuration .....	319
Exercise: Account Determination Configuration .....	335
<b>Unit 10: Logistics Invoice Verification.....</b>	<b>337</b>
Overview.....	338
Posting an Incoming Invoice .....	339
Demonstration: Entering Invoice.....	339
Demonstration: Reverse Invoice Document .....	341
Exercise: Entering Invoice .....	343
Document Parking.....	344
Invoice Blocking .....	345
Manual Blocking.....	346
Automatic Blocking based on Variance .....	347
Automatic Blocking based on Item Value .....	349
Removing a Block from an Invoice .....	351
Evaluated Receipt Settlement.....	352
<b>Unit 11: Materials Management Logistics Information System .....</b>	<b>355</b>
Overview of Logistics Information System .....	356
Configuration of LIS.....	358
Standard Analysis in LIS .....	360
Standard Analysis Demonstration: .....	364
Standard Analysis Exercise .....	369
Early Warning System.....	371
Demonstration: Creating and Reviewing an Exception .....	371
Exercise: Early Warning System – Create and Execute an Exception Analysis.....	381
Flexible Analysis.....	382
Demonstration: Creating an Evaluation for Flexible Analysis.....	382
Demonstration: Executing an Evaluation for Flexible Analysis .....	391
Exercise: Create Evaluation and Execute Flexible Analysis .....	393