Unit 5: Logistics II

Sales and Distribution (SD)

SD organizational Structure

Client	An independent environment in the system.
Company Code	Smallest Org Unit for which you can maintain a legal set of books.
Credit Control Area	An organization entity which grants and monitors a credit limit for customer.
Sales Organization	An organizational unit responsible for the sale of certain products or services, which may include legal liability for products and customer claims.
Distribution Channel	The way in which products or services reach the customer. Typical examples of distribution channels are wholesale, retail, or direct sales.
Division	A way of grouping materials, products or services.
Sales Area	Combination of Sales Organization, Distribution Channel and Division Determines conditions (i.e. pricing) for sales activities.
Plant (Delivery Plant in SD)	Plant from which the goods should be delivered to the customer.

SD Master Data

A. SD Master Data:

B. SD Customer Master Data:

Customer Master Data contains the necessary information for processing orders, deliveries, invoices and customer payment.

It is created by Sales Area:
- Sales Organization
- Distribution Channel
- Division

The customer master information is divided into 3 areas:
- General Data
- Company Code Data
- Sales Area Data

A business Partner is an organization (firm, branch office), person or a group of persons or organizations in which your company has a business Interest.

A Business partner can play different roles for a company such as sold-to party and ship-to party, so can be created in different business partner roles.

Data is created only once for a business partner. This general data is 'independent' of the role the partner performs in the different business processes in S/4HANA.

If a partner performs in a new role, we only need to add that their master data because the general data will remain unchanged.

C. SD MM Master Data

Contains all the information a company needs to manage about a material.

It is used by most components with the SAP System i.e. SD, MM, PP, PM, FI/CO and QM.

D. SD Conditions Master Data

Condition Master Data (Pricing) includes: Prices, Discounts, Taxes, ...

Can be defined to be dependent on various data like Customer specific or Material specific.

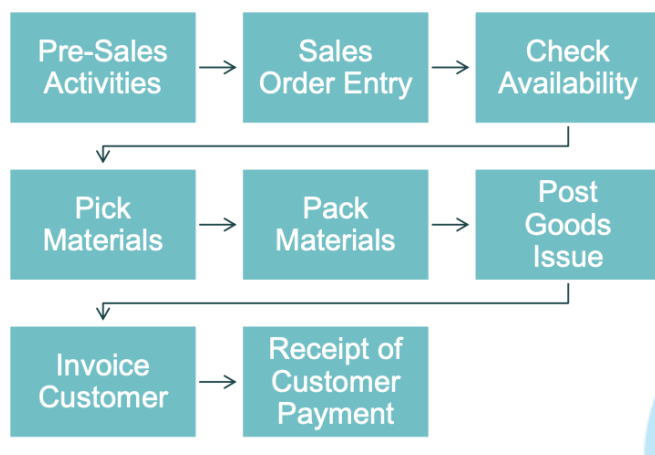Conditions can be dependent on any document field.

SD OUTPUT

Output is information that is sent to the customer.

Same as in MM, information can be sent using various media like: E-mail, Mail, EDI, XML.

Output samples:

✓ Quotation ✓ Confirmation ✓ Invoice

SD Processes: Order-to-Cash Process (O2C)

1. Pre-Sales Activities:

Pre-Sales in SD assists in the sales and marketing. Track's customers contacts and communications like phone call records, letters, campaign communication...).

The aim of the pre-sales activities is to provide all the necessary information to negotiate and complete a potential sale. Some relevant information can be:

Pre-sales documents:

- **Inquiries:** customer's request to a company for information or quotation in respect to their products or services without obligation to purchase. The inquiry is maintained in the system and a quotation is created to address questions for the potential customer
- **Quotations:** presents the customer with a legally binding offer to deliver specific products or a selection of a certain number of products in a specified timeframe at a pre-defined price

2. Sales Order:

Sales order contains all the information needed to process customer's request.

The electronic document created should contain the following basic information:

2.1. Customer Information

2.2. Pricing (conditions)

2.3. Material/service and quantity

2.4. Specific delivery dates and quantities

2.5. Shipping information

2.6. Billing Information

Sales Order document has three main areas:

✓ **Header:** Contains the data which is relevant for the entire sales order

✓ **Line Item:** Information about specific product (material, quantity, ...)

✓ **Schedule Line(s):** Information which belongs to one unique Line Item and contains information on delivery quantities and dates for partial deliveries

The following information is determined for each sales order:

Delivery Schedule:

• While creating an order it is necessary to state the requested delivery dated for each line item

• The system will then determine a delivery timeline, this will be used when determining our material availability, or ATP (Availability to Promise) date.

• The system will determine this date using forward and backward scheduling rules you have defined

Shipping point:

• The shipping point indicates the point from which the material will be shipped and the route the material will take to get from the warehouse to the customers location.

• A shipping point is determined for each line item within the order.

3. Check Availability

Determines the material availability date.

Considers all inventory movements.

Proposes 3 methods of delivery:

✓ One-time delivery

✓ Complete delivery

✓ Delayed proposal

The following activities will be done at this stage:

Pricing	Credit limit check	Shipping and Transportation	Delivery Creation	Delivery Document

▪ **Pricing:** Pricing information is displayed by the system for all sales documents on pricing screens at both header and line-item level.

✓ Header pricing is valid for the whole order and it is the cumulative of all line items within the order.

✓ Line-Item pricing is for each specific material.

▪ **Credit limit check:** Specific credit limits can be defined for each customer to allows your company to manage its credit exposure and risk for this customer

The system will notify on any customer credit situation during the sales order process.

▪ **Shipping and Transportation:** The shipping process begins when it is created the delivery document for the sales order.Integrated with the Material Management (MM), extended Warehouse Management (eWM) and Finance (FI) modules

▪ **Delivery Creation:** Checks order and materials to determine if a delivery is possible Confirms availability. Confirms export/foreign trade requirements. Determines total eight & volume. Generates packing proposal. Calculates weight and volume. Checks scheduling. Considers partial deliveries. Updates route assignment. Assigns picking location. Determines batches. Quality check (if needed). Updates Sales Order.

- **Delivery Document:** The Delivery Document initiates the delivery process and is the control mechanism for this process.Changes to delivery are allowable - products, quantities…

4. Pick Materials

Assigned date when picking should begin. Automated storage location assignment Integrated with Warehouse Management (WM).

5. Pack Materials

Identifies which packaging is to be used for specified products. Identifies and updates accounts associated with returnable packaging. Tracks the packed product by container. Ensures weight/volume restrictions are enforced.

6. Post Goods issues

Post Goods Issue is considered the event that could indicates the legal change in ownership of the products. Reduces inventory and enters Cost of Goods Sold Automatically updates the General Ledger (G/L) accounts and Ends the shipping process and updates the status of the shipping documents.

7. Invoice

The billing process is used to generate the customer invoice. Updates the customer's credit status. Creates a debit posting to the customer sub-ledger account and credit your revenue account. It is at this point that the sales process is passed over to Financial Accounting to await payment.

8. Payment

Payment is the final step in the sales order process. This step is managed by the Financial Accounting department. Final payment includes:

- Posting payments against invoices.
- Reconciling differences between payment and invoice.
- Payment will create a posting clearing the liability in the A/R account and increases your bank account