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
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.

**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

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.

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.
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.

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.
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.

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.

Create Reservation: Initial Screen

- Base date: 11/14/2014
- 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.

Create Reservation: New Items

- Movement Type: 261 (GI for order)
- Goods recipient:
- Order:

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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.
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.