About the Tutorial

SAP SD (Sales and Distribution) is one of the significant modules of SAP ERP. It is used to store the customer and product data of an organization. SAP SD helps to manage the shipping, billing, selling and transportation of products and services of a company.

The SAP Logistics module manages customer relationship starting from raising a quotation to sales order and billing of the product or service. This module is closely integrated with other modules like SAP Material Management and PP.

This is an introductory tutorial that covers the basics of SAP SD and how to deal with its various modules and sub-modules.

Audience

This tutorial will be extremely useful for professionals who aim to understand the basics of SAP SD and implement it in practice. It is especially going to help consultants who are mainly responsible for implementing sales, billing, and transportation of products.

Prerequisites

It is an elementary tutorial and you can easily understand the concepts explained here with a basic knowledge of how an organization deals with their customers and products. However, it will help if you have some prior exposure to inventory and how to deal with billing and shipping.

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SAP Sales and Distribution is one of the key components of SAP ERP system and is used to manage shipping, billing, selling and transportation of products and services in an organization.

SAP Sales and Distribution module is a part of SAP Logistics module that manages customer relationship starting from raising a quotation to sales order and billing of the product or service. This module is closely integrated with other modules like SAP Material Management and PP.

**Key Components in SAP SD**

The key components in SAP Sales and Distribution module are:

- Customer and Vendor Master Data
- Sales Support
- Shipping of Material
- Sales Activities
- Billing related
- Transportation of products
- Credit Management
- Contract Handling and Management
- Foreign Trade
- Information System

**SAP Sales and Distribution Cycle:**

1. **Raising Sales Order**
2. **Checking Availability**
3. **Goods Pick up**
4. **Transportation**
5. **Issuing Goods**
6. **Billing**
7. **Processing Payment**
8. **Outbound Delivery**
**SAP SD – Organizational Structure**

SAP provides many components to complete SAP Sales and Distribution organizational structure like Sales Areas, Distribution Channels, Divisions, etc. The SAP SD organization structure majorly consists of two steps:

- Creation of Organization elements in SAP system, and
- second is to link each element as per requirement.

On top of this organization structure in the SD module, sales organization is at highest level and is responsible for distribution of goods and services. SAP recommends to keep the number of sales organization in an organizational structure to be minimum. This will help in making the reporting process easy and ideally it should have a single sales organization.

The next level is distribution channel, which tells the medium by which the products and services are distributed by an organization to its end users. Division in an organizational structure, which represents a product or service line in a single organization.

A sales area is known as entity, which is required to process an order in a company. It comprises of sales organization, distribution channel and a division.

In SAP SD organizational structure, each sales organization is assigned to a company code. Then the distribution channel and divisions are assigned to sales organization and all of these comprise to make a sales area.

In the first step of an SD organizational structure, sales organization is assigned to a company code and then is to define a distribution channel and then division to a sales organization.

The following diagram shows the organizational structure of a Sales and Distribution module:
Material Management

Material Management is one of the key modules in SAP ERP System and covers the day to day business operations related to inventory and procurement. This module is closely integrated with other modules of R/3 systems like Finance Accounting and Controlling, Sales and Distribution, Quality Management, Product Planning.

Integration with Sales and Distribution SD Module

Consider an example of creating a sales order in SAP SD, it involves copying the details of items from Material Management. Availability check of the item and price details are also taken from MM, but this can be controlled in the SD module. To create inbound and outbound delivery of goods for a sales order, shipping details, loading point etc. also comes from the Material Master.

The item that is placed using a Sales order must be extended to the sales area of an organization to sales order/customer, otherwise it won’t be possible to transact with this material. This confirms that there is a link between SAP SD and MM module, when a sales order is created and fulfilled. Similarly, there are many other links between two modules.

Finance and Accounting

SAP FI stands for Financial Accounting and it is one of the important modules of SAP ERP. It is used to store the financial data of an organization. SAP FI helps to analyze the financial condition of a company in the market. It can integrate with other SAP modules like SD, PP, SAP MM, SAP SCM etc.

For SAP FI-MM, use T-code: OBYC

In case of a standard sales order, you create an outbound goods delivery to the customer. Here movement 601 takes place. This movement is configured in MM and movement of
goods hit some G/L account in FI. This shows the integration between SAP SD, FI and MM module.

**Document Flow**

This shows how a transaction in one system effects the details in other systems of an SAP module.

Consider the following transaction –

For SAP FI-MM, use **T-code: OBYC**

Whenever there is a delivery created with reference to a sales order, goods movement takes place in the system.

![Configuration Accounting Maintain: Automatic Posts - Procedures](image)

**Example**

In case of a standard sales order in the SD module, you create an outbound goods delivery to the customer. Availability check and retail price of that product is checked in the MM module. Here, movement 601 takes place. This movement is configured in the MM and movement of goods hit some G/L account in FI. Every such movement of goods hits General Ledger account in FI.

The accounts posting in FI is done with reference to the billing documents like credit and debit note, invoice etc. created in SD and hence this is the link between SD and FI. This shows the document flow between different modules.
Process Chain

SD module is closely integrated with other SAP modules. The following tables will give you a brief idea on how SD is linked with other modules:

Sales Order

<table>
<thead>
<tr>
<th>Link Points</th>
<th>Module Involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability Check</td>
<td>MM</td>
</tr>
<tr>
<td>Credit Check</td>
<td>FI</td>
</tr>
<tr>
<td>Costing</td>
<td>CO/MM</td>
</tr>
<tr>
<td>Tax Determination</td>
<td>FI</td>
</tr>
<tr>
<td>Transfer of Requirements</td>
<td>PP/MM</td>
</tr>
</tbody>
</table>

Billing

<table>
<thead>
<tr>
<th>Integration Point</th>
<th>Module</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debit A/R</td>
<td>FICO</td>
</tr>
<tr>
<td>Credit Revenue</td>
<td>FICO</td>
</tr>
<tr>
<td>Updates G/L (Tax, discounts, surcharges, etc.)</td>
<td>FI/CO</td>
</tr>
<tr>
<td>Milestone Billing</td>
<td>PS</td>
</tr>
</tbody>
</table>

Goods Delivery and Issue of goods

<table>
<thead>
<tr>
<th>Integration</th>
<th>Module</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability Check</td>
<td>MM</td>
</tr>
<tr>
<td>Credit Check</td>
<td>FI</td>
</tr>
<tr>
<td>Reduces stock</td>
<td>MM</td>
</tr>
<tr>
<td>Reduces Inventory</td>
<td>FICO</td>
</tr>
<tr>
<td>Requirement Eliminated</td>
<td>PP/MM</td>
</tr>
</tbody>
</table>
Master data is one of the key factors in Sales and Distribution module. There are two levels of masters in SD.

The first level master includes:

- Customer Master
- Material Master
- Pricing Conditions

While, the second level master is:

- Output condition

**Create a Customer Master Record**

The customer master data contains the information about business transaction and how transactions are recorded and executed by the system. A Master contains the information about the customers that an organization uses to do business with them.

**Key tables in Customer Master**

<table>
<thead>
<tr>
<th>Table Name</th>
<th>Key</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>KNA1</td>
<td>KUNNR</td>
<td>General Information</td>
</tr>
<tr>
<td>KNB1</td>
<td>KUNNR, BUKRS</td>
<td>Company Code</td>
</tr>
<tr>
<td>KNVV</td>
<td>VKOGRG, VTWEG, SPART, KUNNR</td>
<td>Sales Area</td>
</tr>
<tr>
<td>KNBK</td>
<td>KUNNR, BANKS, BANKL, BANKN</td>
<td>Bank Data</td>
</tr>
<tr>
<td>VCNUM</td>
<td>CCINS, CCNUM</td>
<td>Credit Card</td>
</tr>
<tr>
<td>VCKUN</td>
<td>CCINS, CCNUM, KUNNR</td>
<td>Credit Card Assignment</td>
</tr>
<tr>
<td>KNVK</td>
<td>PARNR</td>
<td>Contact Person</td>
</tr>
<tr>
<td>KNVP</td>
<td>VKORG, VTWEG, SPART, PARV, KUNNR</td>
<td>Partner Functions</td>
</tr>
</tbody>
</table>
Main Transaction Codes in a Customer Master

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>XD01, XD02, XD03</td>
<td>Used to create/change/display customer centrally</td>
</tr>
<tr>
<td>VD01, VD02, VD03</td>
<td>Used to create/change/display customer sales area</td>
</tr>
<tr>
<td>FD01, FD02, FD03</td>
<td>Used to create/change/display customer company code</td>
</tr>
<tr>
<td>XD04</td>
<td>Display change documents</td>
</tr>
<tr>
<td>XD05</td>
<td>Used to block Customer – Global, order, delivery, billing, sales area, etc.</td>
</tr>
<tr>
<td>XD06</td>
<td>Used for deletion</td>
</tr>
<tr>
<td>XD07</td>
<td>Change Account Group</td>
</tr>
<tr>
<td>VAP1</td>
<td>Create Contact Person</td>
</tr>
</tbody>
</table>

Creating a Customer Master Data

To create a customer master data, you need to use an Account group.

**T-Code: XD01/VD01/FD01**

Note that if you use –

- **XD01** – This includes sales area in the customer master and data is stored in tables KNA1, KNB1 and KNVV.

- **VD01** – This includes sales area & data, which will be stored in tables KNA1, KNB1 and KNVV and there is no company code data in this.

- **FD01** – This is company code level & data is stored in tables KNA1 and KNB1.
Then a new window will open. Enter the following details:

- Select the Account Group from the list.
- Enter the customer number and select the company code.

Then you can enter the Sales Area details like –

- Sales Organization
- Distribution Channel
- Division

In case you want to take reference from an existing customer to create customer master, you can use the reference option.

Once all the details are selected, click the **Tick** mark.

A new window will open to enter the customer master data. This customer master data has 3 key sections:

- General Data like Title, Name, Address, etc.
- Company Code Data and
- Sales Area Data.
Note that this region fields define the tax calculation like VAT, CST, etc. The next step is to go to Control Data and enter the following details.

Then you have to enter the particulars in Payment Transaction tab and enter the details of – Bank City, Bank Key, Bank Account and Account Holder Name. You can also add more details by clicking on the Bank data button.
The next step is to go to the Sales Area data and enter the details – Shipping Data, Customer Pricing and Partner Functions, etc.

Next is to click on the Save icon at the top and you will get a confirmation that the customer has been created with #.

If you have to make any further changes to the customer’s master data, you can use **T-Code: XD02**.
3. SAP SD – Create Partner Function

Partner function allows you to identify which functions a partner has to perform in any business process. Consider a simplest case, where all the customer functions are performed by the partner customer. As these are mandatory functions, they have to be defined as obligatory functions in a SD system.

These functions are categorized as per partner type in Sales and Distribution system. The below partner types are Customer, Vendor, Personnel, Contact Person and common partner functions as per these partner types are –

- **Partner Type Customer**
  - Sold-To-Party
  - Ship-To –Party
  - Bill-To-Party
  - Payer

- **Partner Type Contact Person**
- **Partner Type Vendor**
- **Forwarding Agent**
- **Partner Type Personnel**
- **Employee Responsible**
- **Sales Personnel**

The following tables show the main partner types and their corresponding partner function in Sales and Distribution:

Note that if a partner belongs to a different partner type, in this case you need to create a master records for that partner.

<table>
<thead>
<tr>
<th>Partner Type</th>
<th>Partner Function</th>
<th>Entry from System</th>
<th>Master Record</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer (CU)</td>
<td>Sold-to party (SP)</td>
<td>Customer number</td>
<td>Customer master record</td>
</tr>
<tr>
<td></td>
<td>Ship-to party (SH)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bill-to party (BP)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Payer (PY)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vendor (V)</td>
<td>Forwarding agent (fwdg agent)</td>
<td>Vendor number</td>
<td>Vendor master record</td>
</tr>
<tr>
<td>Human resources (HR)</td>
<td>Employee responsible (ER)</td>
<td>Personnel number</td>
<td>Personnel master record</td>
</tr>
<tr>
<td></td>
<td>Sales personnel (SP)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contact person (CP)</td>
<td>Contact person (CP)</td>
<td>Contact partner number</td>
<td>(created in customer master record, no master record of its own)</td>
</tr>
</tbody>
</table>
Creating a Partner Function:

Use **T-Code: VOPAN**

A new window will open. Select the Partner Object and click the Change button.

It will open a new window with the name Partner Determination Procedures. Go to New Entries.
Enter the name and partner determination procedure and double click on Partner Function in left pane.

Click the New Entries button.

Enter the Partner function details – Name, Type, etc. KU- stands for Customer.

Next is to click on the Partner Function under Partner Determination Procedure node and enter the details Partner Det. Procedure, Name, Partner Function.
Then, we need to assign this partner determination procedure to the Partner Object. The Partner Object would be a Customer for this example. Then Click on Account Groups and Select the Account group name from the list. Once it is done, Click **Save**, it will save the partner function.
Suppose you have implemented SAP in your company and now you want to put all your stocks in the SD system. For this, use **T-Code: MB1C Movement Type: 561** this is for Good receipts without reference.

**Movement Type: 501** – this is used for receiving goods with a Purchase Order.

A new window will open. Enter the document date, Plant and storage location, Movement type, etc.

Select the Movement type from the list and Press Enter after selecting all the details.
A new window will open. Enter the material code and quantity for which stock needs to be created and then click Save.

![Enter Other Goods Receipt: New Items](image)

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