

Infosys SAP MM Interview Questions

Q: What is SAP MM? Explain its significance in an organization.

Inventory and material management are handled by the SAP ERP module known as SAP MM (Materials Management). Purchasing, inventory control, material valuation, and vendor management are some of the topics covered. With MM, the organization's supply chain process is guaranteed to be flawless and free of any missing materials. For smooth information and product flow, it connects with other modules such as SAP PP, SAP FI, and SAP SD.

Q: What is a purchase order (PO) in SAP MM?

An official document that details the goods, amounts, and agreed-upon prices that is sent to a vendor is called a buy order. It's employed to purchase products or services from the supplier.

Q: What is the difference between stock transfer and transfer posting?

Physically moving goods from one storage facility or operation to another is known as stock transfer.

When material changes from restricted to blocked stock, for example, without any physical movement occurring, this is called transfer posting.

Q: What is a purchase requisition and how is it different from a purchase order?

An internal document created to seek the purchase of supplies or services is called a purchase requisition. It is not a legally enforceable contract. In contrast, a buy order serves as a legally binding contract for the procurement process and is a formal document issued to a vendor outlining the items, quantities, and agreed costs.

Q: What is a goods issue (GI)?

The process of taking things out of stock is a goods issue. It usually occurs when supplies are released for manufacturing or sales, lowering stock levels.

Q: Explain the role of the valuation area in SAP MM.

The material valuation will occur either at the business code level or at the plant level, depending on the valuation area's decision. It aids in establishing the cost at which inventory values materials. Different valuation techniques may be used for different plants or company codes.

Q: What is the subcontracting process in SAP MM?

Within the category of MM is subcontracting as a mode of procurement. The steps outlined below include the vendor receiving every component needed to complete the product. The material that the vendor must furnish can be bought as a subcontract item instead of through a buy request, purchase order, or scheduling agreement. When a vendor wants to perform subcontracting work or provide value-added services, they must first disassemble products into their component parts, which are then put back together to form the whole product or service.

Q: What is a material type in SAP MM?

The properties of materials are specified by a material type, which also establishes the system's management strategy.

eg:

- **ROH (Raw Material)**
- **HALB (Semi-Finished Product)**
- **FERT (Finished Product)**
- **HIBE (Operating Supplies) etc..**

Q: What is consignment stock in SAP MM?

Stock that is held by the vendor until the consumer uses it is known as consignment stock. The stock is only paid for by the customer at the time of consumption.

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Q: What is the role of a purchasing organization in SAP MM?

Negotiations with vendors and other procurement-related tasks are within the purview of purchasing organizations. It manages purchase contracts and acts as the organization's representative when interacting with vendors.

Q: What is the purpose of the automatic account determination in SAP MM?

SAP MM transactions are connected to the general ledger (GL) accounts through automatic account determination. It guarantees that the relevant GL accounts are automatically updated upon the movement of items or the purchase of materials, preserving correct financial records.

Q: What is the difference between planned and unplanned goods movements?

As part of the production or procurement process, planned goods movements are predefined in the system and adhere to standard procedures like receiving the items in accordance with a purchase order. Unplanned movements of products, such a manual stock adjustment, are executed without any prior planning or documentation.

Q: What are movement types in SAP MM?

Three-digit numbers called "movement types" in SAP MM are used to indicate different forms of stock movements in the system, such as stock transfers, issues, and receipts. Some instances are:

101: Purchase Order Receipt for Goods

201: Issue of Goods for Cost Center

301: Plant-to-Plant Stock Transfer

Q: What is the role of inventory management in SAP MM?

Stock quantity is tracked and managed with the aid of inventory management. In addition to assisting with stock level, goods movement, and inventory balance monitoring, it guarantees that supplies are available in the appropriate quantities.

Q: What is a purchase requisition (PR)?

An internal document that demands the acquisition of products or services is called a purchase requisition. It is not a formal order to the seller; rather, it is a statement of the demand for materials.

Q: What are some common integration points between SAP MM and other modules?

Several SAP modules are integrated with SAP MM:

Sales and Distribution (SAP SD): This integrates to manage purchasing and sales activities.

SAP FI: Financial accounting software, such as SAP FI, integrates for payment processing, invoice verification, and financial updates.

SAP PP: Material management during the production process is integrated with SAP PP (Production Planning).

SAP QM: During the purchase process, SAP QM (Quality Management) integrates to guarantee material quality.

Q: How do you configure a vendor in SAP MM?

Using transaction code XK01 (build Vendor), you must first build a vendor master record in SAP MM before you can setup a vendor. There are three views available in the vendor master:

General Information: Address, phone number, bank account information.

Purchase Information: Organization making the purchase, terms of payment.

Accounting Information: Withholding tax, terms of payment, and reconciliation account.

Q: What is the procurement cycle in SAP MM?

The steps listed below are part of the procurement cycle:

- Identifying the Requirements (Purchase Request)
- Finding the Source (Choosing a Vendor)
- Processing Purchase Orders
- Purchase Order tracking
- Items Receipt
- Verification of Invoice
- Money Transfer to Vendor

Q: What exactly are the responsibilities of the consultant when working with SAP MM?

One of the primary duties of a SAP MM consultant is overseeing a project from start to finish and ensuring that software end users can effectively apply the program to meet their own goals. Writing user manuals, designing a workflow that encompasses the complete order-to-cash process, and performing gap analyses of current IT infrastructure are among my areas of expertise.

Q: What is source list in SAP MM?

A source list specifies the approved vendors that supply a particular material to a plant. It helps ensure that materials are sourced from authorized suppliers and prevents procurement from unauthorized vendors.

Q: How does release strategy work in SAP MM?

A release strategy defines approval processes for purchase orders or requisitions. Depending on the amount or the material, specific users or departments must approve the document before processing.

Q: What is SAP MM pricing procedure?

Pricing procedure in SAP MM determines how the system calculates prices for purchasing. It defines conditions like gross price, discounts, surcharges, and taxes, allowing for flexible pricing models.

Q: Explain the concept of quota arrangement in SAP MM.

Quota arrangement is used to split procurement quantities among multiple vendors. It allocates certain percentages of the total requirement to different suppliers, optimizing procurement based on past performance.

Q: What is the purpose of a planned order in SAP MM?

A planned order is a proposal for production or procurement. It represents a request to procure materials or produce them in-house and can be converted into a purchase order or production order.

Q: What are special stocks in SAP MM?

Special stocks are materials managed separately due to specific ownership or procurement processes. Examples include consignment stock, project stock, or customer-owned stock.

Q: What is the role of a storage location in SAP MM?

Storage locations are the physical locations within a plant where materials are stored. Inventory management, goods movements, and stock balances are managed at the storage location level.

Q: How do you handle over- and under-deliveries in SAP MM?

Over- and under-deliveries are managed through tolerance limits in the purchase order. These limits specify acceptable variations in quantity for receiving goods compared to the purchase order.

Q: What is reservation in SAP MM?

A reservation is a request to keep materials aside for a specific purpose, such as production or maintenance. It ensures stock availability for specific orders or projects.

Q: What is material valuation in SAP MM?

Material valuation in SAP MM refers to the process of determining the value of inventory. The system uses either standard price or moving average price to value materials and update financial records.

Q: Explain transfer posting in SAP MM.

A transfer posting changes the stock status or type of a material, without physical movement. It can move stock between unrestricted, quality inspection, and blocked stock.

Q: What is the role of batch management in SAP MM?

Batch management allows tracking of materials produced in batches, ensuring that each batch of material can be traced for quality control, expiry dates, and inventory management.

Q: What are consignment stocks and how are they managed in SAP MM?

Consignment stocks are goods owned by the vendor but stored at the buyer's location. The buyer only pays for the stock once it's consumed, and the vendor manages replenishment.

Q: What is the function of the MRP controller in SAP MM?

The MRP controller is responsible for managing materials planning. This role ensures that material requirements are fulfilled on time, preventing stock shortages or surpluses.

Q: How is an invoice receipt processed in SAP MM?

An invoice receipt is processed after the goods receipt and the invoice are received from the vendor. It compares the purchase order, goods receipt, and invoice to ensure consistency before payment is made.

Q: What are some different stock types in SAP MM?

Stock types include unrestricted use, quality inspection stock, and blocked stock. Each type reflects the usability and availability of the materials for production or sales.

Q: What is the use of a material document in SAP MM?

A material document is generated for every goods movement in SAP MM. It records the details of the movement, such as the material, quantity, and movement type, serving as a reference for tracking stock changes.

Q: What is the use of transaction code ME21N in SAP MM?

Transaction code ME21N is used to create a purchase order in SAP MM. It allows the user to enter vendor details, materials, and pricing to generate a formal request for goods.

Q: How does SAP MM handle invoice verification?

Invoice verification is the final step of the procurement process. It ensures that the invoice matches the purchase order and goods receipt, preventing discrepancies before payment is processed.

Q: What are outline agreements in SAP MM?

Outline agreements, such as contracts and scheduling agreements, are long-term purchasing agreements with vendors. They outline general terms for multiple procurement activities over a specified time period.