

PwC SAP MM Associate Interview Questions and Answers

What is included in a material master record, and what data does it contain?

In SAP MM, a material master record is a master data record that holds details on a material that a company purchases, manufactures, stores or sells. It is utilized in many SAP MM business operations and serves as the primary information source for material.

A material's description, classification, units of measurement, availability of stock, price, and accounting information are just a few of the details that may be found in the material master record. It also contains details on the plant where the material is kept, the vendor who provides the product, and the storage areas inside the plant. Purchasing, inventory control, and production scheduling are just a few of the business operations that rely on the material master record, which is generated and updated centrally in SAP MM.

What is the purpose of a purchase order and what data is needed to make one?

A purchase order, or PO, is a formal document that a buyer issues to a vendor to obtain products or services. When the buyer needs outside acquisition of goods or services, a purchase order is made in SAP MM. You need vendor information (vendor name, address, and contact details), Material or service information (description, quantity, and price), Delivery information (delivery date and location, special shipping instructions), Payment terms (payment terms and conditions like payment method, payment date and discounts if there is any) and account assignment information (general ledger account and cost centre etc.).

What is a goods receipt?

Acknowledging the receipt of goods or services from a seller is known as a goods receipt (GR). It is an important phase in the procurement

process since it guarantees that the items received correspond to the purchase order and that any differences can be resolved.

What is a goods issue?

The process of releasing products or resources from inventory for use in manufacturing, shipping, or other company operations is known as a goods issue (GI). A production order, sales order, material transfer, or any other reason can all start a goods issue in SAP MM.

What is a purchase requisition?

An SAP MM document called a purchase request (PR) is used to start the procurement process for goods or services that a department within a business needs. It is an internal document that may be used to make requests for goods or services from an authorized list that is established by a user within the company.

What distinguishes a purchase order from a purchase requisition?

A purchase order (PO) and a purchase requisition (PR) differ primarily in the following ways. A PO is a legally binding document that is delivered to a vendor to request the delivery of goods or services, whereas a PR is an internal document used to start the procurement process.

An organization's user creates a PR to start the procurement process for supplies or services that a department needs. It is used to request the creation of a purchase order to acquire the necessary goods and to convey the internal demand for supplies or services.

On the other hand, a purchase order (PO) is a document generated within SAP MM that is sent to a vendor to request the provision of products or services. It includes precise information regarding the goods or services that are being sought, such as the amount, cost, and date of delivery. A purchase order (PO) binds the seller to provide the required products or services after it has been generated.

What does SAP MM employ a source determination for, and how does it work?

The act of finding and choosing the best source to acquire the goods or services that a business needs is known as source determination. It entails choosing the best source of supply after weighing options according to criteria including cost, reliability, quality as well as delivery time.

Source lists, info records, and quota arrangements are a few of the tools and methods available in SAP MM for source determination. These tools let the user choose the best source based on predetermined criteria and give information about the supply sources that are accessible.

SAP MM uses source determination to make sure that goods and services are acquired from the most reliable source at the best terms, with the least amount of risk. Organizations may enhance the performance of their supply chain and streamline their procurement procedures by assessing different supplier sources.

What role does the batch record have?

A batch describes the amount of a certain product that is manufactured or processed simultaneously under the same conditions. The materials created in this batch have the same qualities and values. On the other hand, the batch record provides details on a specific batch product and aids in determining if the product has undergone GMP (Good Manufacturing Process) testing.

What exactly is a vendor master record, and what kind of data does it include?

In SAP MM, a vendor master record is a master data record that holds details on a vendor that provides goods or services to a company. It serves as a single repository for data utilized in several SAP MM business operations, including accounts payable, inventory management, and buying.

A vendor's name, address, contact information, conditions of payment, bank information, and other details are all contained in the vendor master record. It also contains details on the vendor's supplies or services, including costs, delivery schedules, and quality ratings. Several

business processes require the vendor master record, which is produced and kept up to date centrally in SAP MM, to purchase goods or services from the vendor.

What is a request for a quotation?

A document prepared in SAP MM called a request for quotation (RFQ) is used to ask suppliers for quotes when buying goods or services. It is usually employed when a company want to evaluate terms and prices from several suppliers before deciding which one to buy from.

Describe the process of creating consignment stocks.

Consignment stocks are made by standard purchase orders or requisitions. You must indicate the K category for the consignment item while generating consignment stocks, among other factors to take into account. Consequently, consignment retailers get the given products and an invoice receipt is not produced.

What is a service entry sheet?

A document prepared in SAP MM called a service entry sheet (SES) is used to process and record services rendered by a vendor. It is used to start the payment process and verify that the services have been provided by the conditions that were agreed upon.

What is a stock transfer order?

Materials or stock can be moved between locations within an organization using a stock transfer order (STO), a document generated in SAP MM. When materials need to be moved from one factory to another or from one storage facility to another, they usually employ it.

Describe what CBP is in detail. How do CBP and MRP vary from one other?

The stock's historical consumption values, or CBP, are used to project future needs. The net need for commodities is computed using historical consumption figures.

The way that MRP and CBP differ is that MRP requires you to forecast the amount of materials needed based on sales and operations planning (SOP). Predicting the material requirement while working at CBP requires you to consider past material demand.

What is a consignment purchase order?

A specific kind of purchase order called a Consignment Purchase Order (CPO) is made in SAP MM and is used to acquire items that belong to a vendor but are kept in the buyer's inventory until they are used up or sold. Until the materials are taken out of the consignment stock, the vendor is still the owner.

What is a subcontracting purchase order?

A specific kind of purchase order produced in SAP MM called a Subcontracting Purchase Order (SCPO) is used to acquire materials from a vendor who will utilize those components to make an assembly or completed product. The production procedure and shipping the completed items back to the customer are the vendor's responsibilities.

What is a valuation class and how is it used in SAP MM?

Valuation class groups materials with the same account determination, linking material types to general ledger accounts.

Explain the purpose of movement types in SAP MM.

Movement types classify stock movements such as goods receipts, goods issues, and transfer postings, impacting stock levels and consumption accounts.

What is split valuation and when would you use it?

Split valuation allows the same material to be valued differently based on factors like origin, condition, or batch, useful when a material's procurement method or quality differs.

How do you configure automatic account determination in SAP MM?

Account determination is configured using the OBYC transaction code, linking material transactions with appropriate GL accounts based on valuation class and movement type.

What is a price control indicator in material master, and how does it affect inventory valuation?

Price control can be set as standard price (S) or moving average price (V), determining how material costs are updated during goods movements or invoice verification.

Explain the differences between a purchase order and a scheduling agreement in SAP MM.

A purchase order is a one-time contract for specific quantities, while a scheduling agreement is a long-term contract with multiple delivery schedules for the same material.

What are info records and how are they used in SAP MM?

Info records store vendor-specific material information like pricing, lead times, and purchase conditions, providing default values for purchase orders.

How does SAP MM handle stock in transit?

Stock in transit refers to materials that have been shipped but not yet received. Stock transfer orders track goods during transit, and movement types update stock statuses.

Describe the consignment process in SAP MM.

In a consignment process, materials are stored at the company's premises but remain the property of the vendor until consumed, after which payment is made.

What is an MRP (Material Requirements Planning) list and how is it used?

The MRP list shows the result of the MRP run, including material requirements, stocks, and any open purchase or production orders, helping manage procurement and production.

What is the role of a purchasing group in SAP MM?

A purchasing group represents the unit responsible for procurement activities and is assigned to purchase orders and requisitions, often representing individuals or teams.

Explain what is meant by a blanket purchase order in SAP MM.

A blanket purchase order is used for recurring purchases over a period without specifying quantities or delivery schedules upfront, commonly used for services.

What is the importance of release strategy in SAP MM?

A release strategy defines the approval process for purchasing documents, ensuring proper authorization before procurement activities proceed.

What is the difference between a physical inventory document and a count document in SAP MM?

A physical inventory document manages the counting process, while a count document records the actual results of the physical count.

Explain the concept of external services management in SAP MM.

External services management deals with procuring services, including creating service purchase orders, service entry sheets, and verifying services rendered.

How is stock determination used in SAP MM?

Stock determination helps decide which storage location or batch to issue stock from, particularly useful for materials stored in multiple locations.

