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Product Cost Controlling with SAP®

Galileo Press

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Contents at a Glance

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Integrated planning allows you to plan production and procurement costs based on planned sales quantities.

2 Integrated Planning

Integrated planning allows you to take advantage of a fully integrated system such as an SAP system. You can enter a sales plan to determine a production plan and projected manufacturing costs. Together with cost center plan costs, this allows you to calculate planned activity rates and standard cost estimates, which plan the cost of manufacture for each product. This process, also known as driver-based planning, allows you to plan costs based on sales quantities, which is a best practice in the manufacturing industry.

One of the main advantages of using the integrated planning functionality is that you can compare planned costs with actual costs, and you can determine the reason for the difference between them, which forms the basis for variance analysis. You can then use this as an iterative process to improve your period-by-period and year-by-year sales and production planning.

There are many alternatives for entering and processing plan data in SAP systems. In this chapter, we'll examine entering sales data in Profitability Analysis (CO-PA), and then follow a typical flow from sales and operations planning (SOP) to long-term planning to Cost Center Accounting (CCA). A sales manager typically enters a sales plan, either into CO-PA or SOP, and analyzes multiple sales scenarios. A preferred sales plan is then converted into a production plan, which is then transferred to long-term planning.

The bill of material (BOM) and routing are then accessed by long-term planning to determine component procurement—and cost center capacity—requirements. A BOM is a hierarchical structure of components and subassemblies, whereas a routing lists operations and standard values required to manufacture a finished product.

Read Chapter 5 for more information on BOMs and routings

Activity scheduled quantities are then transferred from long-term planning to CCA, where, together with cost center planning data, activity and overhead rates are calculated. Let's start initial planning by entering a sales plan in CO-PA.

2.1 Profitability Analysis

Sales managers can enter the quantity of finished products they expect to sell in future budget periods with Transaction KEPM or by following the menu path Accounting • Controlling • Profitability Analysis • Planning • Edit Planning Data. Enter the operating concern and press Enter to display the screen shown in Figure 2.1.

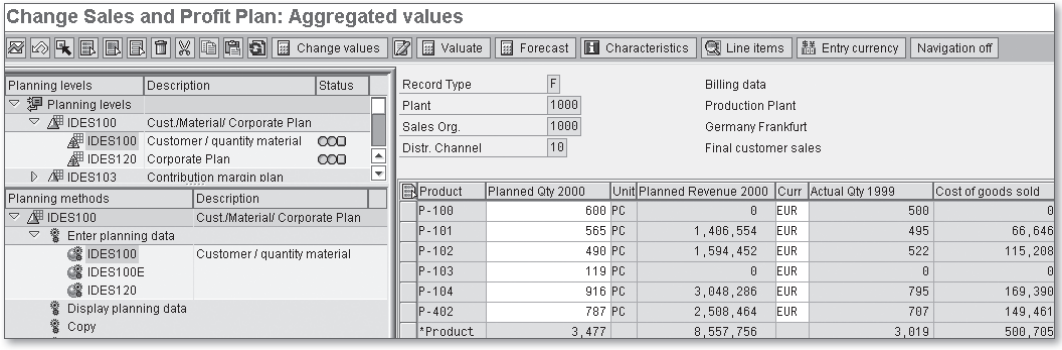


Figure 2.1 Planning Package for CO-PA Planning

Expand Planning levels IDES100 and double-click planning package IDES100 to display Planning methods in the lower left of the screen. Expand the Enter planning data node, and then double-click IDES100 to enter planning data on the right side of the screen.

After you've entered sales planning data in CO-PA, you can do one of the following:

- Transfer quantities to SOP (or other components) by following the menu path Accounting • Controlling • Profitability Analysis • Planning • Integrated Planning.

- Create a planning scenario with Transaction MS31 and access the CO-PA data directly with long-term planning, which we'll discuss further in Section 2.3.

We'll follow an example of transferring CO-PA data to SOP so you can see this additional functionality.

2.2 Sales and Operations Planning

You can enter a sales plan for future periods and fiscal years directly into the SOP component, or you can transfer the data from other components such as CO-PA. The sales plan can be entered for a product group and disaggregated to lower members or entered directly for individual materials. The production plan is determined from the sales plan and then transferred from SOP to long-term planning. If the production plan is determined from the sales plan on a spreadsheet, it can be entered manually into planned independent requirements in demand management.

Enter a sales plan for a material into SOP with Transaction MC88 or by following the menu path Logistics • Production • SOP • Planning • For Material • Change. The data entry screen shown in Figure 2.2 is displayed.

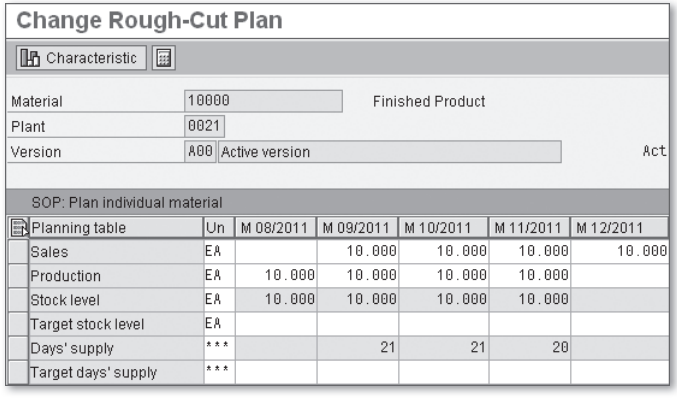


Figure 2.2 Sales and Operations Planning Entry Screen

Sales plan quantities are entered in the SALES row, and production plan quantities are entered in the PRODUCTION row. Figure 2.2 displays an example of the production plan offset one month forward in time from the sales plan to help ensure that sales plan delivery dates are met. The production plan may also need to be different from the sales plan due to known production capacity requirements.

Example

If the sales plan is to sell a quantity of 40 in month 12/2011, you may need to adjust the production plan to manufacture a quantity of 10.000 in the four preceding months.

After the production plan is determined, it is transferred to demand management with Transaction MC74 or by following the menu path LOGISTICS • PRODUCTION • SOP • PLANNING • FOR MATERIAL • TRANSFER MATERIAL TO DEMAND MANAGEMENT. The screen shown in Figure 2.3 is displayed.

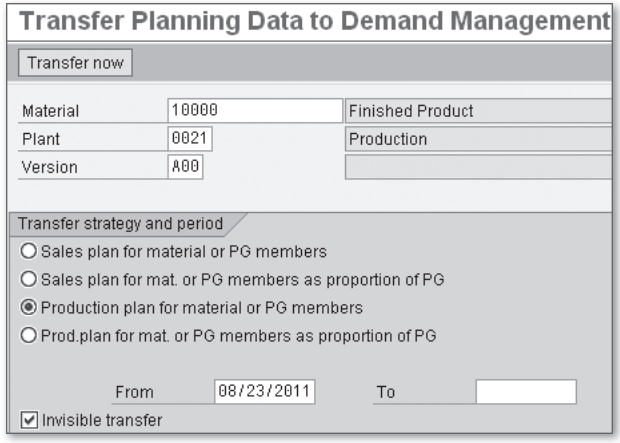


Figure 2.3 Transfer Production Plant to Demand Management

You transfer either the sales plan or production plan, for either an individual material or product group (PG) members by making the appropriate selection in the TRANSFER STRATEGY AND PERIOD section, and then clicking the TRANSFER NOW button.

Now that we've converted the sales plan into a production plan and transferred the production plan to demand management, let's start working with this information in long-term planning.

2.3 Long-Term Planning

Planned independent requirements

Long-term planning allows you to enter medium- to long-term production plans into the system. Medium-term production plans generally involve production quantities between three months and three years into the future. Long-term production plans can plan production quantities as far into the future as you need. The production plan represents planned independent requirements, which are used to meet two downstream prerequisites necessary to create cost estimates:

- They generate requirements for purchased items. These can be used to request vendor quotations, negotiate raw material prices, and ensure that purchasing info records are current. Purchasing info records are commonly used in cost estimates to determine the estimated planned price of components.
- They can be used to transfer scheduled activity requirements to cost centers. Cost center planned costs, divided by scheduled activity requirements, provide an estimate of the planned activity price used by cost estimates to determine labor costs.

You can transfer the production plan from SOP, as previously discussed in Section 2.2, or enter it directly with Transaction MD62 or by following the menu path LOGISTICS • PRODUCTION • PRODUCTION PLANNING • LONG-TERM PLANNING • PLANNED INDEPENDENT REQUIREMENTS • CHANGE. The data entry screen shown in Figure 2.4 is displayed.

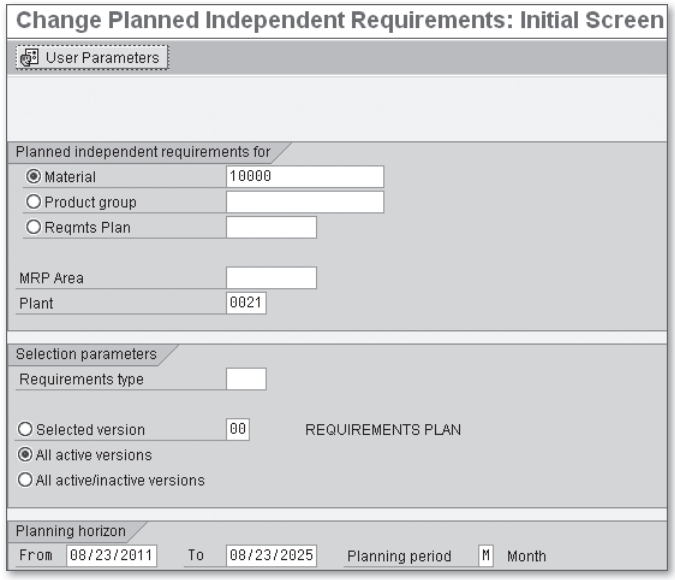


Figure 2.4 Change Planned Independent Requirements Initial Screen

Complete the fields in this screen, and press Enter to display the planned independent requirements planning table as shown in Figure 2.5.

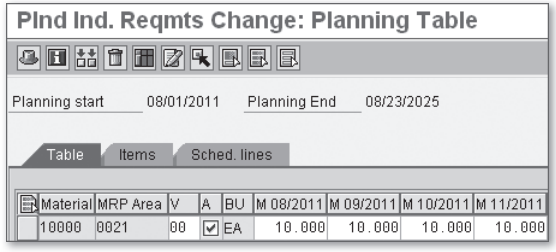


Figure 2.5 Change Planned Independent Requirements

The requirements displayed in Figure 2.5 correspond with the production plan transferred from SOP that was shown earlier in Figure 2.2. The requirements can be changed, or additional requirements can be entered directly. The A (version active) checkbox shown in Figure 2.5 determines if the requirements are relevant to operative material requirements planning (MRP). If relevant to operative MRP, requirements will result in the generation of planned orders, which can be converted to production orders

for in-house production or purchase requisitions for external procurement. The system also explodes the BOM for assemblies produced in-house and generates dependent requirements for material components.

To generate dependent requirements, we first need to create a planning scenario that combines all of the parameters used in long-term planning.

2.3.1 Create Planning Scenario

Long-term planning

The first step in using long-term planning is to define planning scenarios, which control how long-term planning is carried out. To compare different versions of planned independent requirements or plants, you can create various planning scenarios and then compare the planning results of these scenarios. You create a planning scenario with Transaction MS31 or by following the menu path Logistics • Production • Production Planning • Long-Term Planning • Scenario • Create. Give the planning scenario a name and description, and select the long-term planning indicator. Press Enter to display the screen shown in Figure 2.6.

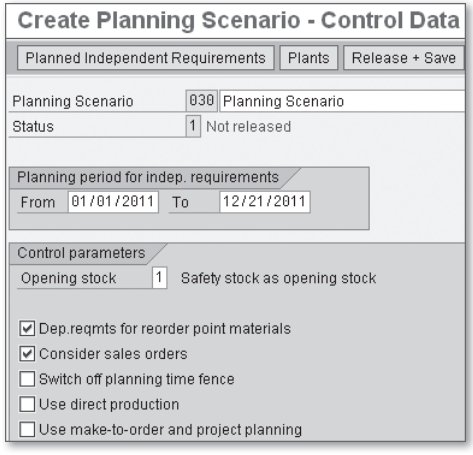


Figure 2.6 Planning Scenario Details

Assign a version for the planned independent requirements by clicking the Planned Independent Requirements button and a version for the plants by clicking the Plants button. After you've checked the Control parameters, release the planning scenario for planning by clicking the Release + Save button.

After you've released the planning scenario, you can only change the allocation of the planned independent requirements versions. Only released planning scenarios can be used in a long-term planning run.

Consider sales orders

Click any of the checkboxes in this screen, and press F1 to display detailed information. The CONSIDER SALES ORDERS checkbox is of particular importance because it determines whether sales orders are taken into account in long-term planning. Sales orders are automatically copied from operative planning and cannot be changed in long-term planning. The customer requirements from operative planning consume planned independent requirements in long-term planning. If you do not select this checkbox, only planned independent requirements are taken into account. You can use this checkbox for scenario planning.

Example

Government defense contracts can extend many years into the future, long before sales orders are created. You determine production planning requirements by entering planned independent requirements in place of future sales orders. If you select the CONSIDER SALES ORDERS checkbox in Figure 2.6, sales orders that are created in the future automatically consume the planned independent requirements, which were manually entered. This avoids the need to manually remove planned independent requirements as sales orders are created.

Now that we've created a planned scenario, we are ready to run and evaluate long-term MRP and send the results to the purchasing information system.

2.3.2 Long-Term Planning Run

Simulative planned orders

You can carry out a long-term planning run either for an individual material or collectively for all materials in a plant. All planned independent requirements and sales orders, depending on your setting in Figure 2.6, within the planning scenario time frame are analyzed. The dependent requirements for all manufactured and purchased items are determined from the operative BOM. You can also carry out long-term planning with a separate BOM for long-term planning. Simulative dependent requirements and simulative planned orders are created for all components.

You can carry out a collective long-term planning run for a planning scenario by using Transaction MS01 for online processing, by using Transaction MSBT for background processing, or by following the menu path Logistics • Production • Production Planning • Long-Term Planning • Long-Term Planning • Planning Run. The screen shown in Figure 2.7 is displayed.

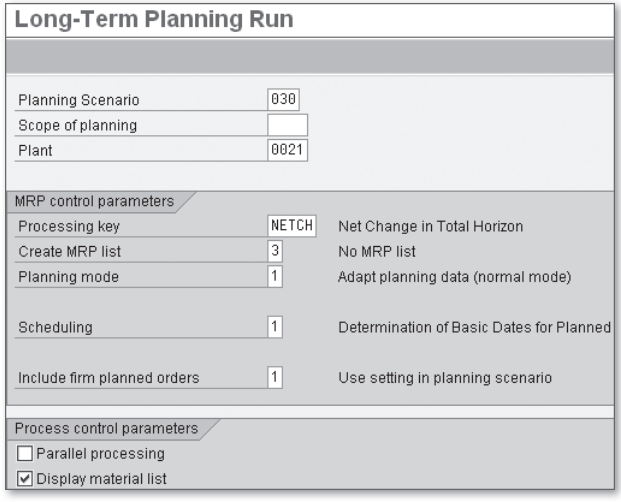


Figure 2.7 Collective Long-Term Planning Run Initial Screen

The Planning Scenario field determines which version of planned independent requirements the planning run will analyze. The planning scenario must be released before you can use it in a planning run.

You can restrict the selection with the Scope of planning field and also by Plant. The usual procedure is to run MRP for the entire plant. This is often a batch job run at night, although you may also run it online. You can also restrict MRP processing time with the following processing keys:

- NETCH (net change)
  Allows you to restrict MRP processing time by only analyzing materials that have undergone a planning-relevant "change" since the last planning run, such as sales order entry, purchase order entry, or stock release.

- NETPL (net change)
  Restricts the planning run by planning horizon. Any changes made outside the planning horizon will not be considered in the planning run.
- NEUPL (regenerative planning)
  Disregards whether planning-relevant changes were made to the material. All materials with an MRP-relevant planning type in the material master MRP1 view are processed.

You can choose whether or not to create an MRP list that displays the results of the last planning run for a material. It remains unchanged until the next MRP run. The MRP list contains exception messages that can assist the planner. Exception messages indicate, for example, whether an order should be postponed or that the safety stock quantity has been exceeded.

After you have reviewed all of the planning run parameters, press Enter to start the planning run. When the planning run is complete, you will see a results screen listing statistics and parameters of the planning run. If you chose to create an MRP list in the selection screen in Figure 2.7, then you will also see a list of materials included at the top of the planning run results screen, as shown in Figure 2.8.

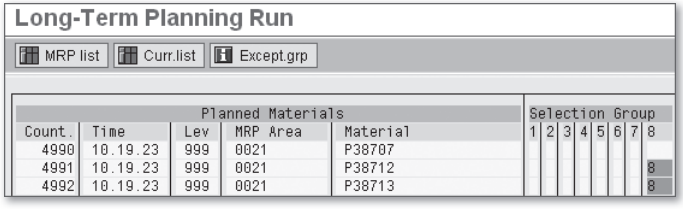


Figure 2.8 Long-Term Planning Results Screen with MRP List

Click an individual material in the MATERIAL column, and then click each of the three buttons at the top of the screen in turn to produce the following results:

- MRP LIST
  Directs you to a list of the simulative planned orders created for that material during the last planning run.

- CURR.LIST
  Directs you to the stock/requirements list, which is a dynamic list displaying the current status of stocks, requirements, and receipts. Changes are immediately visible as soon as the stock/requirements list is called up or the elements are read from the database using the refresh function in the stock/requirements list.
- EXCEPT.GRP
  Displays a list of definitions of the exception messages for each of the eight SELECTION GROUP columns, as shown in Figure 2.9. Exception messages are created during the planning run and are analyzed by the MRP controller.

SelGr	Exc.	Exception Message
1	50	No BOM exists
	52	No BOM selected
	53	No BOM explosion due to missing config.
	55	Phantom assembly not exploded
	62	Scheduling: Master data inconsistent

Figure 2.9 Definition of Planning Run Exception Messages

You can display the long-term MRP list at any time by using Transaction MS05 for an individual material, by using Transaction MS06 for a collective display, or by following menu path LOGISTICS • PRODUCTION • PRODUCTION PLANNING • LONG-TERM PLANNING • EVALUATIONS.

Now that we've executed a planning run and evaluated the results, let's look at how to transfer the results to the purchasing information system and CCA.

2.3.3 Transfer Requirements to Purchasing

Future purchasing requirements

Long-term MRP generates simulative planned orders based on planned independent requirements. Simulative planned orders are not converted into purchase requisitions or production orders, and are for planning purposes only. Simulative data for external procurement can be transferred to the purchasing information system and evaluated for future purchasing requirements.

This information can be used as the basis for generating vendor requests for quotations (RFQs), negotiating raw material prices, and ensuring that purchasing info records are current. Updated purchasing info records are then used by cost estimates as the basis for determining raw material purchase prices.

You can transfer long-term planning data to the purchasing information system with Transaction MS70 or by following the menu path Logistics • Production • Production Planning • Long-Term Planning • Evaluations • Purchasing Information System • Set Up Data. The screen shown in Figure 2.10 is displayed.

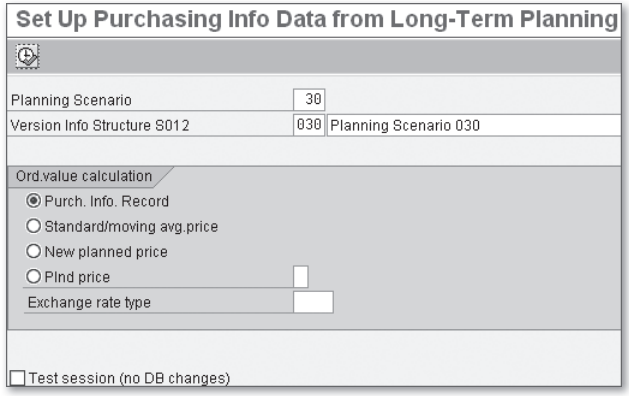


Figure 2.10 Set Up Purchasing Info Data from Long-Term Planning

The Version Info Structure S012 field allows you to determine the receiving plan version of the purchasing plan data. If you do not enter a version, the system uses the planning scenario as the planning version number. You can also choose how the purchase order value is calculated, in the Ord.value calculation section. Complete the selection screen, and click the execute icon to run the transaction. Figure 2.11 shows an example of messages displayed after running Transaction MS70.

The messages indicate the quantity of information transferred. You can also run a report on long-term planning purchasing data with Transaction

MCEC or by following the menu path Logistics • Production • Production Planning • Long-Term Planning • Evaluations • Purchasing Information System • Material. The selection screen shown in Figure 2.12 is displayed.

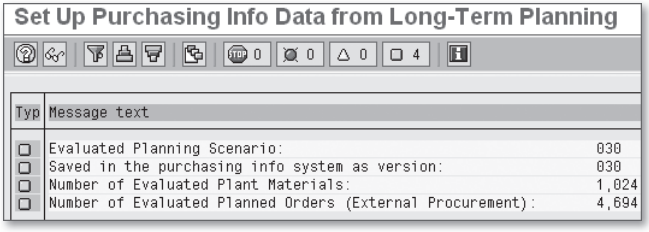


Figure 2.11 Set Up Purchasing Info Data from Long-Term Planning

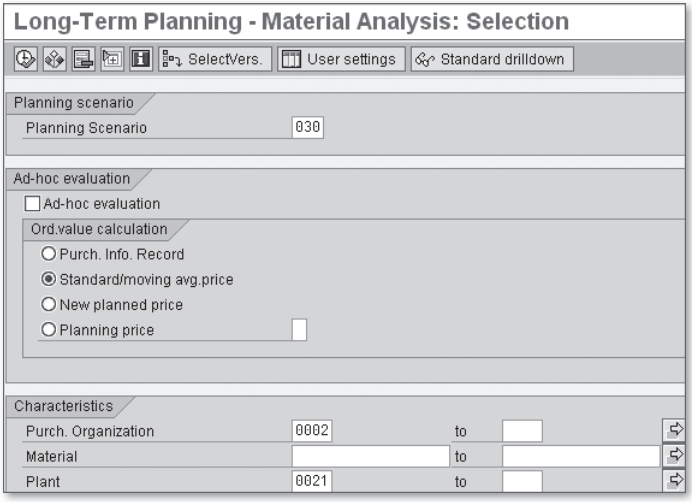
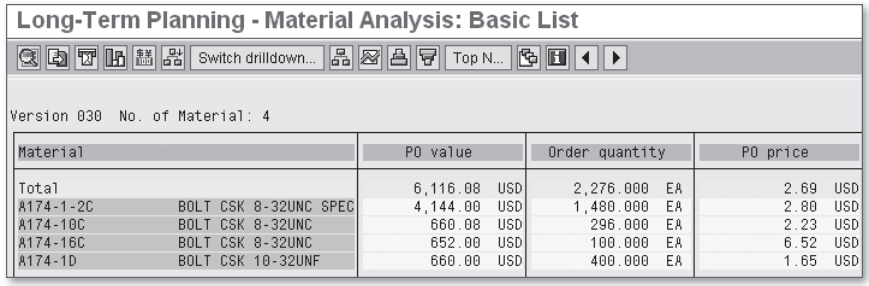


Figure 2.12 Purchasing Information System Selection Screen

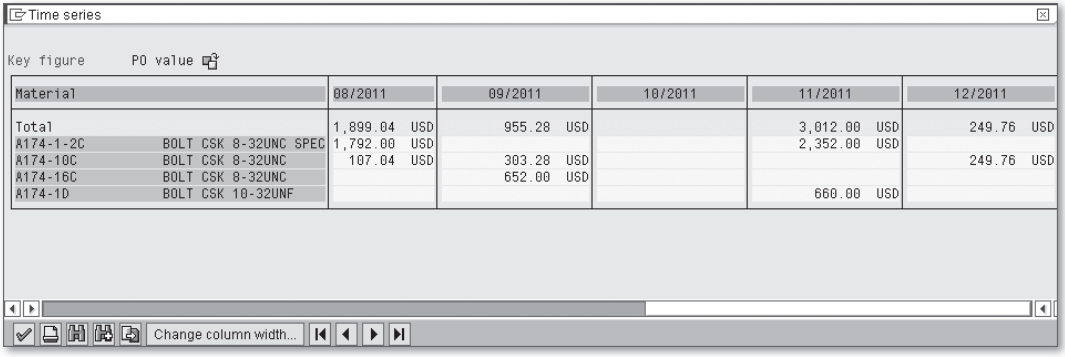
The Planning Scenario field allows you to choose the long-term planning scenario to base the analysis on. You can choose how the purchase order value is calculated in the Ord.value calculation section. Complete the selection screen, and click the execute icon. Figure 2.13 shows an example of the data displayed.



Material		PO value	Order quantity	PO price
Total		6,116.08 USD	2,276.000 EA	2.69 USD
A174-1-2C	BOLT CSK 8-32UNC SPEC	4,144.00 USD	1,480.000 EA	2.80 USD
A174-10C	BOLT CSK 8-32UNC	660.08 USD	296.000 EA	2.23 USD
A174-16C	BOLT CSK 8-32UNC	652.00 USD	100.000 EA	6.52 USD
A174-1D	BOLT CSK 10-32UNF	660.00 USD	400.000 EA	1.65 USD

Figure 2.13 Purchasing Information System Data

This report provides information on future purchasing requirements. You can display purchasing requirements per period by clicking the PO VALUE column header and then the time series (lightning bolt) icon shown in Figure 2.13. An example of the output screen is displayed in Figure 2.14.



Material		08/2011	09/2011	10/2011	11/2011	12/2011
Total		1,899.04 USD	955.28 USD		3,012.00 USD	249.76 USD
A174-1-2C	BOLT CSK 8-32UNC SPEC	1,792.00 USD			2,352.00 USD	
A174-10C	BOLT CSK 8-32UNC	107.04 USD	303.28 USD			249.76 USD
A174-16C	BOLT CSK 8-32UNC		652.00 USD			
A174-1D	BOLT CSK 10-32UNF				660.00 USD	

Figure 2.14 Time Series of Purchasing Requirements

Click the icon (two squares) to the right of PO VALUE to toggle among purchase order value, quantity, and price. This provides useful data for obtaining vendor quotations for future requirements of purchased materials.

Read Chapter 5 for more details on purchasing info records

Activated planned independent requirements are also visible in operative MRP. In addition to data transferred to the purchasing information system, the purchasing department has visibility of activated planned independent requirements through planned orders generated by operative MRP and purchase requisitions converted from planned orders. These also can be the basis for updating purchasing info records.

2.3.4 Transfer Activity Quantities to CCA

In addition to ensuring that purchasing info records are up to date, long-term planning activity quantities can be transferred to CCA. From the production plan for products, long-term MRP generates requirements for all lower-level components and work centers. The activity requirements are then transferred to corresponding cost centers with Transaction KSPP or via menu path Logistics • Production • Production Planning • Long-Term Planning • Environment • Activity Requirement • Transfer to Cost Centers. The screen shown in Figure 2.15 is displayed.

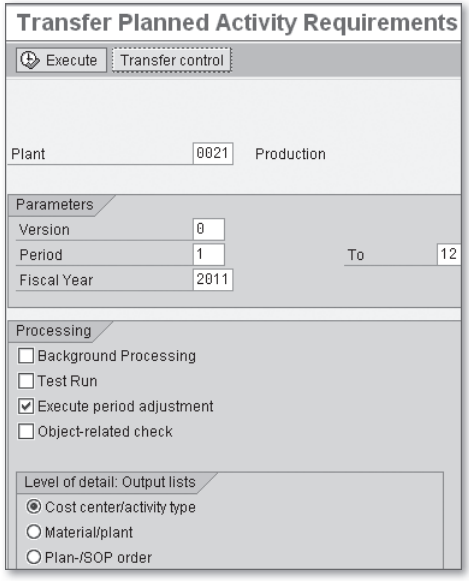


Figure 2.15 Transfer Planned Activity Requirements Selection Screen

This selection screen allows you to enter the parameters of the activity quantities to send to CCA. Because you are interested in activity quantities sent to cost centers and activity types, select the corresponding radio button in the Level of detail: Output lists section. Complete the selection screen, and click the Transfer control button, or run Transaction OMIK. Figure 2.16 shows the next screen that is displayed.

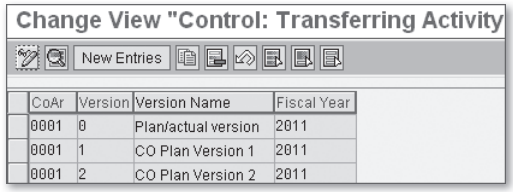


Figure 2.16 Transfer Controls for Activity Requirements

Each line in Figure 2.16 corresponds to a controlling version. Versions are used to carry out scenario testing with different cost center plans, activity prices, and any other parameters in cost center planning. You can create as many versions as you like, but normally only version 0 contains both plan and actual data. To change transfer control settings, select a row, and click the details (magnifying glass) icon. Figure 2.17 shows the next screen that is displayed.

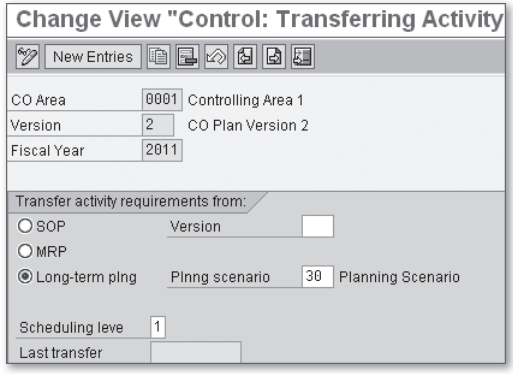


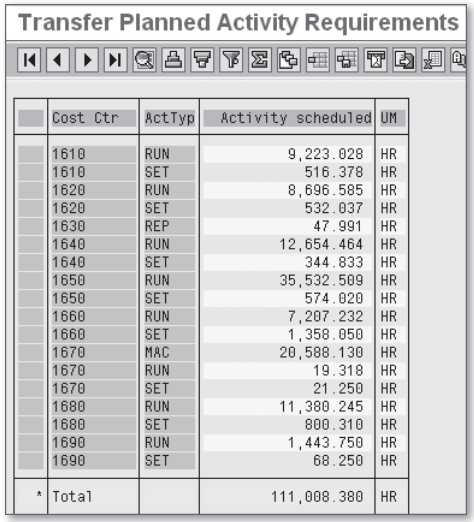
Figure 2.17 Transfer Control Definition Screen

You transfer SOP, MRP, or long-term planning activity quantities to CCA by making the appropriate selection in the TRANSFER ACTIVITY REQUIREMENTS FROM section in the screen shown in Figure 2.17. Press F3 twice, and click the EXECUTE button shown earlier in Figure 2.15 to start the transaction.

You can create only one transfer control per version. Figure 2.18 displays an example of the resulting list of activity requirements transferred to CCA.

You display activity quantities per period by double-clicking any scheduled activity quantity shown in the ACTIVITY SCHEDULED column. Scheduled

quantities transferred to CCA are displayed in the planned activity price entry screen, as we'll discuss in Section 2.4.2.



	Cost Ctr	ActTyp	Activity scheduled	UM
	1610	RUN	9,223.028	HR
	1610	SET	516.378	HR
	1620	RUN	8,696.585	HR
	1620	SET	532.037	HR
	1630	REP	47.991	HR
	1640	RUN	12,654.464	HR
	1640	SET	344.833	HR
	1650	RUN	35,532.509	HR
	1650	SET	574.020	HR
	1660	RUN	7,207.232	HR
	1660	SET	1,358.050	HR
	1670	M&C	20,588.130	HR
	1670	RUN	19.318	HR
	1670	SET	21.250	HR
	1680	RUN	11,380.245	HR
	1680	SET	800.310	HR
	1690	RUN	1,443.750	HR
	1690	SET	68.250	HR
*	Total		111,008.380	HR

Figure 2.18 Transfer Planned Activity Requirements

In long-term planning, we determined the component purchasing requirements and transferred them to the purchasing information system. We also determined the scheduled activity requirements and transferred them to CCA. The next step in integrated planning is to carry out cost element planning, and then, using scheduled quantities transferred from long-term planning, calculate the planned activity rate required by cost estimates to determine activity costs.

2.4 Cost Center Planning

Cost center planning meets two requirements for variance analysis:

- Cost element planning functions as a benchmark for comparison with actual costs as they occur. This analysis provides a measure of cost center manager performance.
- Dividing cost center planned and activity costs by the planned activity quantity provides an estimate of the planned activity rate, which is needed by cost estimates to determine labor and activity costs.

Let's examine each of these points in further detail in the following sections.

2.4.1 Cost Element Planning

Refer to Chapter 3 for more information on primary cost elements

You enter the plan for primary costs by primary cost element, corresponding to a general ledger (GL) expense account. Examples are planned payroll and depreciation costs against corresponding cost elements for each cost center.

Determining planned workload (activity quantities) of production cost centers for the following fiscal year is a desirable prerequisite for cost center planning. Activity quantities are necessary to determine variable costs such as wages and energy. Planned activity quantities are determined from work center loads resulting from the production plan, which is in turn determined from the sales plan. You can transfer scheduled activity quantities from SOP, MRP, or long-term planning to cost center planning. You then convert the scheduled activity quantities into planned activity quantities using plan reconciliation.

You enter a primary cost plan for a cost center with Transaction KP06 or by following the menu path Accounting • Controlling • Cost Center Accounting • Planning • Cost and Activity Inputs • Change. A selection screen is displayed, as shown in Figure 2.19.

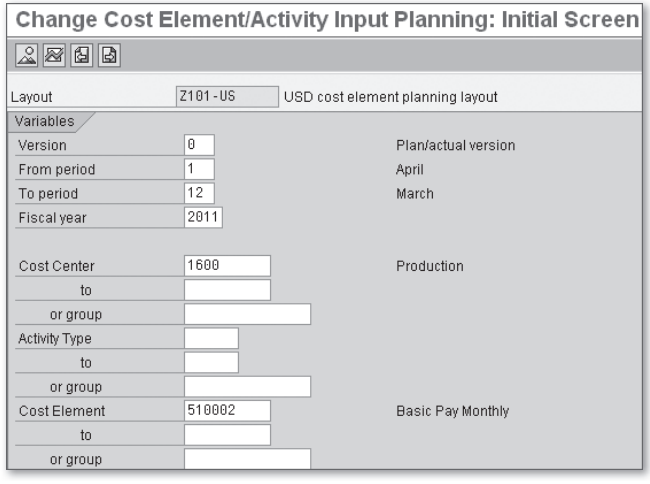


Figure 2.19 Cost Element Planning Selection Screen

You may see different fields, depending on the planning layout selected. You can scroll through available planning layouts with the left- and right-pointing arrow icons.

Any number of versions can be created, for which planning data can be entered. In this example, we use version 0. Actual costs post to version 0, and this is the version compared with target costs during variance analysis. Complete the selection screen as follows:

1. Fill in the VERSION, FROM PERIOD, TO PERIOD, and FISCAL YEAR fields.
2. Leave the ACTIVITY TYPE field blank to plan for activity-independent costs.
3. Fill in the COST ELEMENT field and click the overview (mountain range and sun) icon to display the screen shown in Figure 2.20.

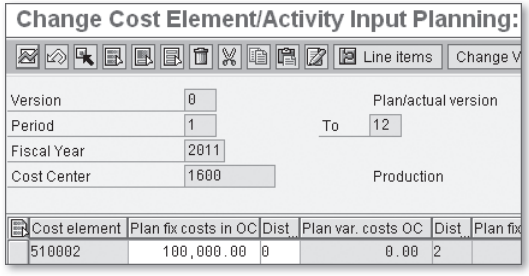


Figure 2.20 Cost Element Planning Screen for Cost Centers

This screen allows you to enter cost center plan fixed costs per cost element. These are activity-independent costs, because we did not enter an activity in the ACTIVITY TYPE field in the screen shown in Figure 2.19. To carry out primary cost planning, enter the plan cost in the PLAN FIX COSTS IN OC (object currency) column. Click the period screen (lightning bolt) icon to plan costs at an individual period level, as necessary.

If an activity type is entered in the selection screen shown in Figure 2.19, both fixed and variable costs can be planned in the screen shown in Figure 2.20.

Several reports are available to view planning data. One such report can be viewed with Transaction KSBL or via the menu path ACCOUNTING • CONTROLLING • COST CENTER ACCOUNTING • INFORMATION SYSTEM • REPORTS

for Cost Center Accounting • Planning Reports • Cost Centers: Planning Overview. A selection screen is displayed, as shown in Figure 2.21.

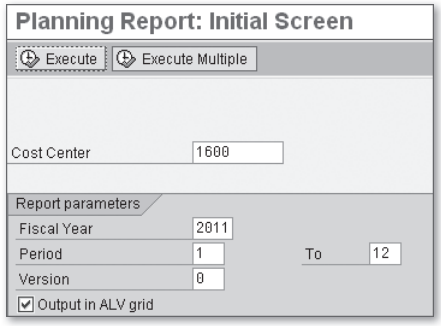


Figure 2.21 Cost Center Planning Report Selection Screen

This selection screen allows you to make entries in the Report parameters section to filter the values in the output screen. Complete the selection screen, and click the Execute button to start the transaction. Figure 2.22 shows an example of the plan data displayed.

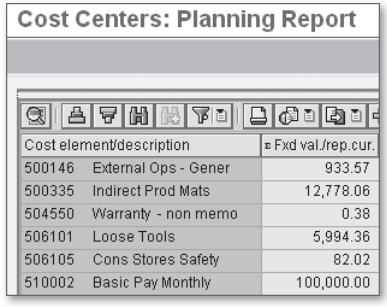


Figure 2.22 Cost Center Planning Overview Report

This screen displays a summary view of planned primary costs for cost center 1600. Let's examine how to calculate and enter activity rates.

2.4.2 Activity Price Planning

Determining the planned workload (activity quantities) of production cost centers for the next fiscal year is a best practice prerequisite for cost center planning. Activity quantities are necessary to determine variable

costs such as wages and energy. Planned activity quantities are determined from work center loads resulting from the production plan, which is in turn determined from the sales plan. You can transfer scheduled activity quantities from SOP, MRP, or long-term planning to cost center planning. You then convert the scheduled activity quantities into planned activity quantities using plan reconciliation.

After cost element costs have been planned for the next fiscal year (as discussed in the previous section), you can manually calculate and enter activity rates, or the system can automatically calculate them. Many companies calculate and enter planned activity rates manually for the first couple of years after system implementation. This allows them time to fine-tune master data and plan costs.

Refer to Chapter 3 for activity type settings required for activity price calculation

You enter plan activity prices for a cost center with Transaction KP26 or by following the menu path Accounting • Controlling • Cost Center Accounting • Planning • Activity Output/Prices • Change. A selection screen is displayed, as shown in Figure 2.23.

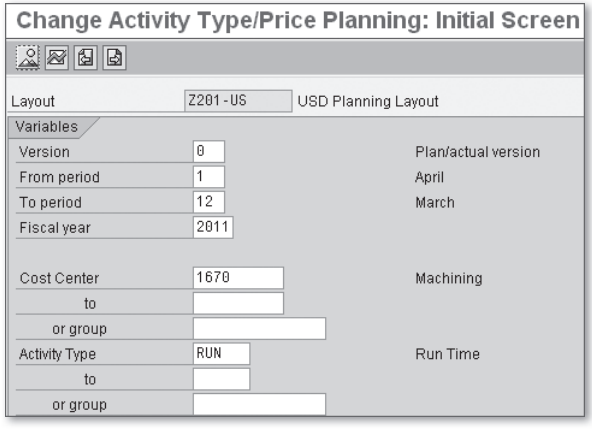


Figure 2.23 Planned Activity Price Selection Screen

This selection screen allows you to enter the version, time period, cost center, and activity type you want to plan. Complete the selection screen as follows:

1. Complete the Version, From period, To period, and Fiscal year fields.

2. Complete the Cost Center and Activity Type fields.
3. Click the overview icon to display the screen in Figure 2.24.

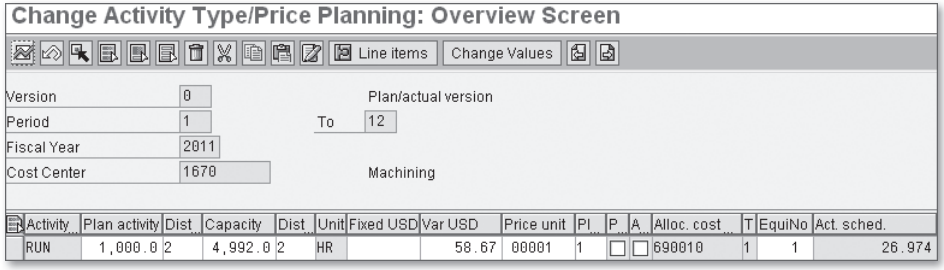


Figure 2.24 Planned Activity Price Entry Screen

In this screen, you enter plan activity quantity, capacity quantity, and plan fixed and variable activity prices. To do this, follow these three steps:

1. Complete the Plan activity and Capacity quantity fields.
2. Complete the Fixed USD and/or Var USD activity price fields.
3. Save your work.

The Plan activity quantity, entered in the second column in Figure 2.24, is required to automatically calculate the planned activity price. Another, less well-known, benefit of entering the planned activity quantity is that it appears at the bottom of the standard cost center Report S_ALR_87013611 – Cost Centers: Actual/Plan/Variance. You can then compare plan and actual activity quantities in the cost center report to analyze production and cost center variance.

The Act. sched. (scheduled activity quantity) column in Figure 2.24 was previously transferred from SOP, MRP, or long-term planning, as we discussed in Section 2.3.4. This field cannot be adjusted manually. You can use it to overwrite the planned activity quantity (the Plan activity column in Figure 2.24) with Transaction KPSI or by following the menu path Accounting • Controlling • Cost Center Accounting • Planning • Planning Aids • Plan Reconciliation. A selection screen is displayed, as shown in Figure 2.25.

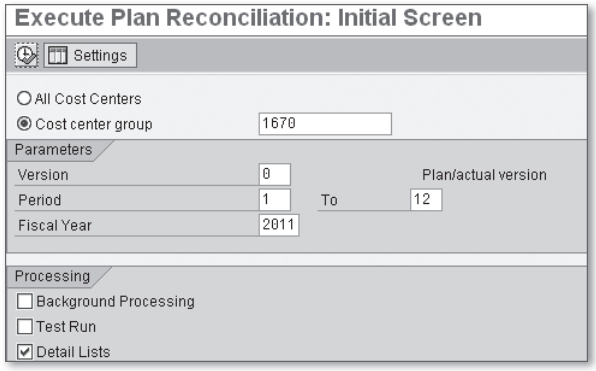


Figure 2.25 Execute Plan Reconciliation Screen

This selection screen allows you to enter the parameters to choose which cost centers and periods will be updated with the scheduled activity quantity transferred from long-term planning. Complete the screen as follows:

1. Select either the ALL COST CENTERS or COST CENTER GROUP radio button.
2. Complete the VERSION, PERIOD, and FISCAL YEAR fields.
3. Deselect the TEST RUN checkbox, and select the DETAIL LISTS checkbox.
4. Click the execute icon to start the transaction.

Figure 2.26 shows an example of the data displayed.

OTy	Object	Name	AUn	Total plan activity	New plan activity	Activity difference
ATY	1670/MAC	Machining	HR	43,744.769	43,744.769	0.0
ATY	1670/RUN	Machining	HR	1,000.0	26.974	973.026-
ATY	1670/SET	Machining	HR	8.750	8.750	0.0

Figure 2.26 Plan Reconciliation List

The following points describe the columns in Figure 2.26:

- TOTAL PLAN ACTIVITY corresponds to the PLAN ACTIVITY column in Figure 2.24.
- NEW PLAN ACTIVITY corresponds to the last column in Figure 2.24.
- ACTIVITY DIFFERENCE is the difference between the two columns.

When you execute plan reconciliation, the planned activity manually entered in the PLAN ACTIVITY column in Figure 2.24 is automatically overwritten with the scheduled activity from the last column in Figure 2.24.

Now that we've carried out cost element and activity type planning, you can automatically calculate the planned activity price with Transaction KSPI or by following the menu path ACCOUNTING • CONTROLLING • COST CENTER ACCOUNTING • PLANNING • ALLOCATIONS • PRICE CALCULATION. In the selection screen, you enter the version, time frame, and cost centers, and then click the execute icon.

Now that we've completed cost center planning, there are still some more steps to take in the integrated planning cycle. We'll discuss these in the next section on final planning.

2.5 Final Planning

You can take some more planning steps to assist you in determining the accuracy of your initial planning in CO-PA. Let's discuss these now.

2.5.1 Calculate Standard Costs

We've estimated future component procurement quantities in long-term planning and can access component quantities and prices in the purchasing information system.

We've also estimated future activity quantities in long-term planning, transferred this information to CCA, and calculated planned activity prices.

Refer to Chapter 10 for detailed information on standard cost estimates

This information, together with the necessary master data and configuration setup we'll discuss in following chapters, allows you to create standard cost estimates. These allow you to estimate projected procurement and manufacturing costs for components and finished goods and update inventory valuation based on these planned costs.

After you've created and released standard cost estimates, you can transfer this information to CO-PA for detailed margin analysis and reporting, as we'll discuss in the next section.

2.5.2 Transfer Standard Costs to CO-PA

You can transfer standard cost estimate cost component information to CO-PA using the valuation functionality. Refer back to the CO-PA plan data in Figure 2.1 after calculating standard cost estimates, and click the VALUATE button to transfer the cost information. You can also display this data with standard CO-PA reports by running Transaction KE30 or by following the menu path ACCOUNTING • CONTROLLING • PROFITABILITY ANALYSIS • INFORMATION SYSTEM • EXECUTE REPORT. You can choose an existing report or create your own to compare planned sales and cost information.

2.6 Summary

In this chapter, we discussed the integrated planning functionality and scenarios. First, we looked at creating a sales plan in CO-PA. We then considered either creating a sales plan directly in SOP or transferring the plan from CO-PA. We converted the sales plan into a production plan that we transferred to demand planning as planned independent requirements.

We then ran long-term planning and generated planned dependent requirements based on BOM and routing information. Purchasing requirements were analyzed in the purchasing information system. Work center loads were transferred to CCA.

Cost center activity quantities transferred from long-term planning, together with cost element planning, allowed us to calculate planned activity prices. We then considered the final planning steps of creating standard cost estimates and using the valuation functionality in CO-PA for margin reporting on planned sales and cost information.

Now that we've considered integrated planning, we'll next examine the following:

- Controlling master data in Chapter 3
- Material master data in Chapter 4
- Logistics master data in Chapter 5

This information is a prerequisite to creating standard cost estimates, which we'll discuss in detail in Chapter 10.

Note

The material presented in this chapter outlines some basic procedures and best practices for CO-PA planning. More detailed information on this functionality can be found in the SAP PRESS book *Controlling with SAP—Practical Guide* (2012).

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