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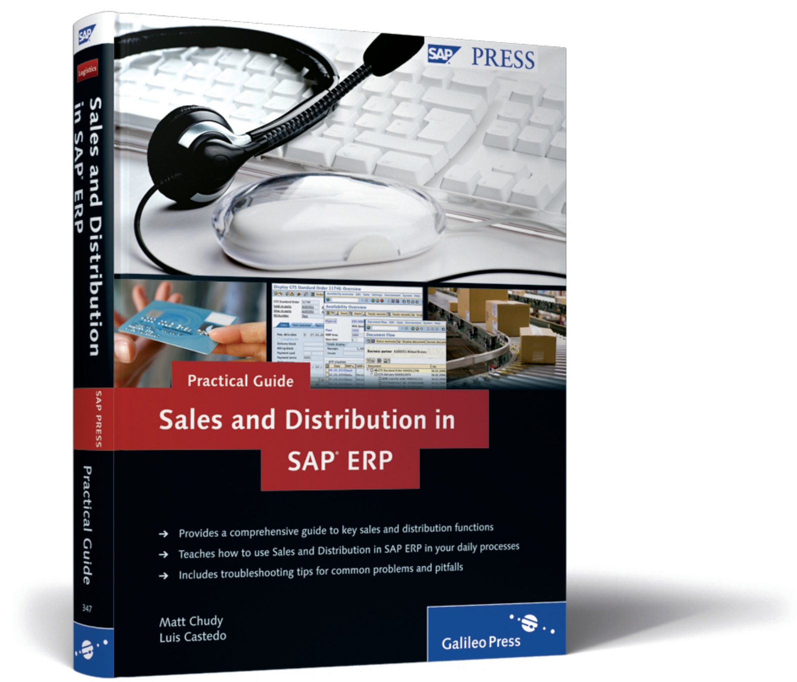
Sales and Distribution in SAP® ERP — Practical Guide



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Contents at a Glance

Contents

Master data might very well be the one piece to an SAP ERP implementation that can make the difference between getting the expected results or not.

2 Master Data

What is master data? In SAP terms, master data refers to the collections of the products you sell, the materials you use to manufacture them, the bills of materials (BOMs) with the components for each product, and the list of your company's customers and vendors. It also refers to the rules governing the relationship with your business partners (i.e., customers and vendors, detailing prices, discounts, terms, etc.).

SAP transactions take the information contained in the master data and use it to produce a result. This result may be a sales order, purchase order, production order, or bill, to mention just some of the different documents that SAP works with.

In this chapter, we'll take a look at the most influential master data objects for Sales and Distribution.

2.1 Importance of Master Data

Master data in the SAP system and specifically in Sales and Distribution (SD) is the foundation on which transactions are executed. When you create, for example, a sales order in the SAP system, you have to enter the customer number for the party you are selling to and the material number of the product you are selling.

Based on this information, the system will determine the price and discounts that you can offer this client, shipping address, place where you are shipping the materials from, shipping conditions, and shipping methods. It will also determine what kind of information will need to be passed on to the warehouse so that they can start picking the product and be able to pack and ship it.

As you see, when you create transactional data, the system makes determinations for the execution of that business process. All of these determinations have to be based on business rules, and on the master data that is involved in that transaction.

So, if you want to obtain accurate results, you need your master data to be accurate. The more time that is invested in making sure that the master data is correct and complete, the better your transactional results will be, and you'll be able to substantially reduce the time you need to invest in correcting or completing incomplete or incorrect transactions; which will, in the end, result in higher customer satisfaction.

If you make sure that the material master data for SD has been created for all of the relevant sales organizations and channels your clients belong to, then you are off to a good start. You can also double-check that your customers have complete sales and shipping data so that the product can be delivered to them. You can do that by running Transaction XD03 - Display Customer Master, or by following the menu path Logistics • Sales and Distribution • Master Data • Business Partner • Customer • Change • Complete. On the initial screen, enter the account and select the Customers Sales Areas button. You'll see a list of sales areas activated for your customer. We'll talk about customer master data maintenance in detail later in this chapter.

Pricing is another important element. You need to make sure that the relevant pricing condition records and price lists have been created. This will help you avoid errors in the value of the sales orders. Pricing will be discussed in detail in later chapters.

Records are also kept in the system to calculate freight charges, and you need to be sure to maintain them regularly because prices vary depending on the freight company, the distance, the mode of transportation, and even the season of the year.

Important

Master data isn't static, and it's important to maintain master data constantly and accurately. If you understand and apply this message, your SAP experience will be much more productive and much less stressful.

2.2 Business Partners

To initiate any transaction in the system, such as creating a sales order or purchase order, you must have master data objects defined. This includes your business partners. In SAP ERP, you can clearly divide these business partners as follows:

- **Customers:** A business partner to whom you are providing goods or services. Customers can be external or internal, and if that customer is also providing you with goods and services, you can link the customer master record to a vendor master. Individual customer master records can be defined for specific partner functions and can be linked together.
- **Vendors:** A business partner who provides your company, affiliates, or external customers directly with goods and services. Vendors can also be both internal and external, such as your distribution warehouses or other affiliates procuring goods within your organization. Also, if your vendor is buying goods and services from your organization, you can link the vendor master record to the customer master.
- **Other partners:** Includes a mix of things such as site data, contact person, sales personnel, and competitors. Some of these objects can also be linked to other business partner master records.

2.2.1 Account Group and Number Ranges

Before you can create a customer master record for a business partner, you have to assign an account group. Depending on the configuration setting, you may need to specify the account number using an external number range, or let the system assign the internal number range for you. The selected account group will determine the following for you:

- Display screens, their sequence, and fields that are mandatory for entering data
- Partner functions valid for the account group and partner function combinations

2.2.2 Partner Functions

In real-life scenarios, if the customer who places an order is the same customer who receives the delivery of goods and pays the invoice, you'll have one customer master record assigned to all mandatory partner functions. If, on the other hand, your customer-affiliated company places an order and its headquarters pay the invoice, you'll have a separate customer master record with set of accounts responsible for different functions, in which the sold-to party who placed the order, the ship-to party who received the delivery, and the invoiced party are all different.

You can define partner function relations using the customer organizational structure. You can create links between the partner functions in the customer master record of the sold-to party, as shown in Figure 2.1.

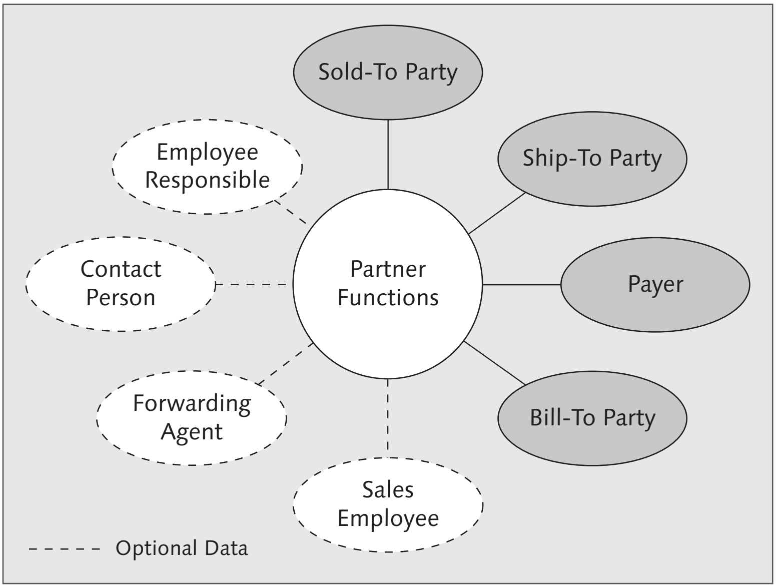

Figure 2.1 Partner Function Sample Structure

In a real business scenario, you have to replicate the customer hierarchy to some degree. You are probably getting orders from multiple business units, shipping your goods to a number of customer warehouses, and billing a corporate office, for example. The SAP system provides you with some of the most common business partner codes, as well as gives you the flexibility to co-create new ones. The following are some of the partner functions available in SAP ERP:

- **Sold-to party:** This is a person or company that places an order for your goods or services. It also stores data on sales, such as the assignment to a sales office or a pricing procedure. It's coded as SP in the standard SAP predelivered version
- **Ship-to party:** This receives the goods provided by your company or a third-party supplier. The ship-to partner record also stores data such as unloading points and receiving hours.

- **Bill-to party:** This receives the billing document or invoice list for the goods provided by your company. This partner record houses the address, printing-related data, and electronic communication information.
- **Payer:** This sends the payment for your invoices and stores bank data and billing schedule information.

Note

Define your partner functions as simply as possible. It makes your master data maintenance straightforward and clean, especially if you're dealing with multiple systems and multitudes of legacy applications.

2.2.3 Customer Master Data Structure

Customer master records group information based on the level of detail, from the most general to very specific. Customer master data stores the information that is relevant for the different SAP functionalities. The customer master is broken down into general data, company code, and SD data. You can access the maintenance transaction via XD03 - Customer Master Display, or by using menu path Logistics • Sales and Distribution • Master Data • Business Partner • Customer • Change • Complete. Several different data tabs are available. The following sections explain each data group.

General Data

General data applies globally to one, unique business partner for all your defined business organizational structures. As you can see in Figure 2.2, the standard screen shows the address information on the General Data tab screen. This section includes the following tabs:

- **Address:** This is where you store the name of the customer, search terms for fast entry, physical address, and, if needed, the PO box information and communication information such as phone numbers, fax, and email address.
- **Control Data:** This is where you can link your customer with the vendor master records, and add reference data further defining the industry, location, transportation zone, tax, and VAT information.
- **Payment Transactions:** This tab stores the customer's bank information and alternative payer data.

- **Marketing:** This tab stores classification data, including Nielsen ID and industry-specific information about your customer, including key figures such as annual sales, number of employees, and so on.
- **Unloading Points:** This is where you can maintain the detailed information about the destination of your shipments by specifying the unloading points, departments, and hours of operations.

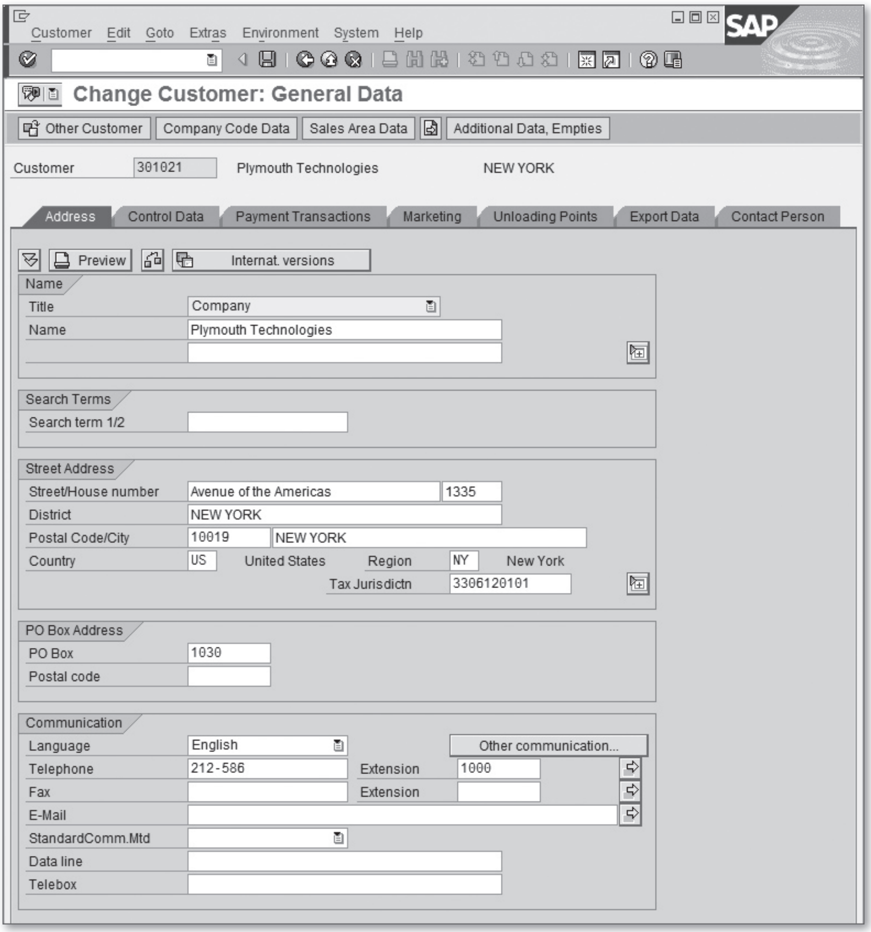

Figure 2.2 Customer Master – General Data Section

- **Export Data:** Here you can maintain the boycott and embargo dates, preventing restricted customers from receiving any of your goods if needed, and you can set the usage to military or civilian and maintain classifications.

- **Contact Person:** This tab holds the miscellaneous master data object that allows you to create a detailed contact list of people that you're communicating with. You can keep records of their home address, personal data, and visiting hours.

> **Note**
>
> If you maintain a customer master record without specifying a sales area or a company code, the system will display general data screens only.

Company Code

The company code data is the next segment of the customer master and applies to one unique company code, storing information relevant to Financial Accounting. If you had multiple company codes, you would have multiple records created.

- **Account Management:** This tab stores accounting data such as reconciliation accounts, interest calculations, and reference data, including the previous account number, personnel number, and buying group.
- **Payment Transactions:** This tab records the terms of payment and tolerance group, and allows you to enable payment the history recording. Here you can also set the time for the deposited checks to clear for monitoring purposes. You can also maintain information for automatic payment transactions.
- **Correspondence:** In this tab, you can maintain data related to dunning procedures and accounting clerk data responsible for communication with the customer, and set payment notices to be sent to your customer after the payments clear.
- **Insurance:** This tab records the insurance policy number, provider, and amount insured, as well as the validity dates of the export credit insurance.
- **Withholding Tax:** In this tab, you can maintain the tax withholding data by selecting the tax types, tax codes, and validity periods applicable to them.

Sales and Distribution Data

Data maintained in the Sales and Distribution Data section influences the order-to-cash functions. SD data is specific to the sales area that the customer master is extended to and can be different for each sales area in scope. The information is grouped by functional influence of the order-to-cash processes and includes the following:

- **Sales:** This is where you can store the sales office, sales group information, and order currency, and you can maintain the pricing data that influences the procedure determination during order processing.
- **Shipping:** The data set here will help you during outbound delivery processing, where you can maintain delivery priority, shipping conditions, order combination, your preferred delivery plant that will ship the goods, and partial delivery settings and tolerance levels.
- **Billing Documents:** Here you can maintain data relevant to subsequent invoice processing, set rebates and price determination for customer hierarchy nodes, set valid calendars for invoice and invoicing lists dates, maintain incoterms for your deliveries, set terms of payment, assign the credit control area, set account assignment group that the system uses as one of the criteria during the determination of revenue accounts, and set taxes relevant for the destination country and valid tax conditions.
- **Partner Functions:** As you saw in previous sections, you can maintain the partner functions data by assigning the mandatory partners and their account numbers as needed. These partner functions are used in partner determination procedures to specify mandatory functions for processing a particular order/document type.

2.2.4 Customer Hierarchies

Customer hierarchies allow you to create flexible objects to reflect the organizational structure of your customers. For example, if your customer has a very complex purchasing department, or multiple distribution centers or retail stores, you can build hierarchies to reflect these structures. Figure 2.3 shows a sample customer hierarchy displayed in the maintenance transaction (VDH1N).

You can use customer hierarchies in sales order and billing document processing for both partner and pricing determination (including rebate determination) and for statistical reporting in profitability analysis (CO-PA) and in the Sales Information System (SIS). You can also use customer hierarchies to assign price conditions and rebate agreements to one of the customer's subordinate hierarchy levels, making it valid for all subordinate levels.

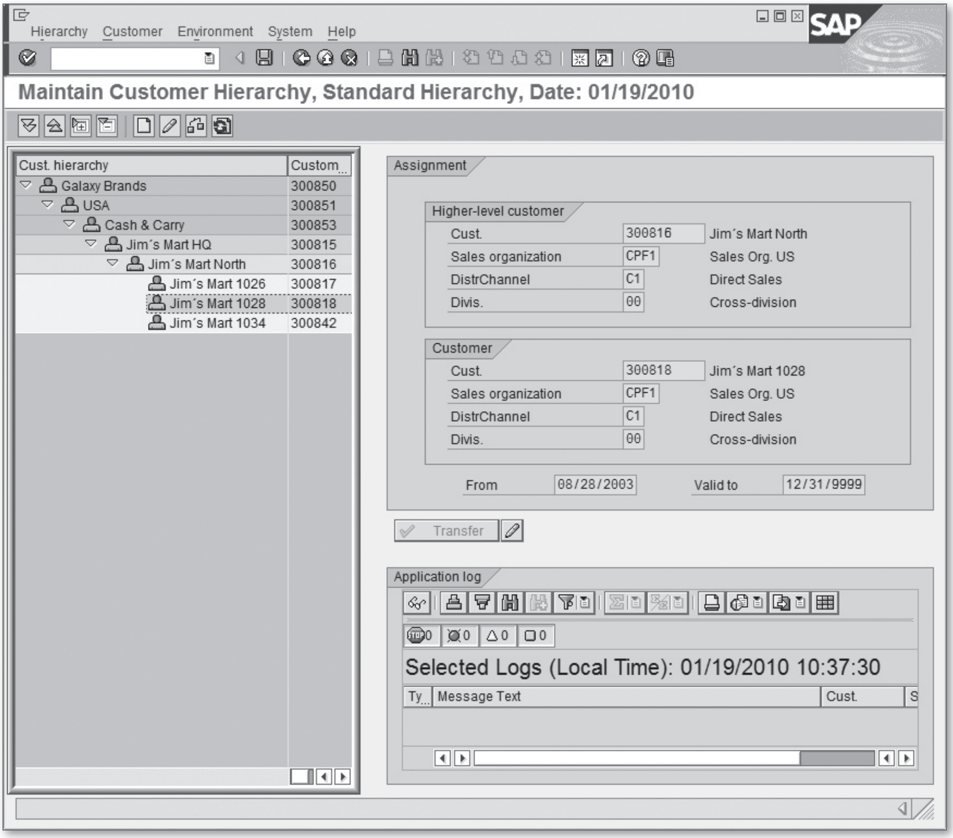

Figure 2.3 Maintain Customer Hierarchy Main Data Screen

> **Note**
>
> For each hierarchy node marked as relevant for pricing, you can create a pricing condition record. If one or more nodes in a hierarchy contain pricing data, it's automatically used during order processing.

2.2.5 Processing Customer Master Data

As we discussed in the previous sections, there are multiple data objects that you can maintain for your business partners. Figure 2.4 identifies the location of the maintenance transactions on the standard SAP menu path (SAP Menu • Logistics • Sales and Distribution • Master Data • Business Partner).

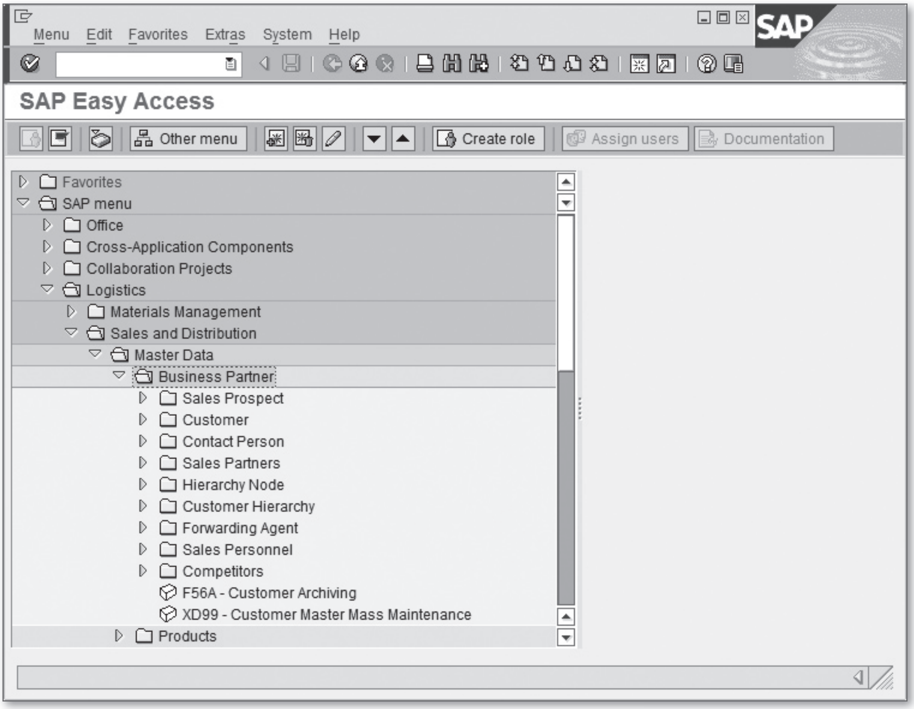

Figure 2.4 Business Partner Data Maintenance Menu Path

You can create, change, and display master data records for all of the partner functions. There are several ways to do this, depending on your company's security policy. You should be able to create the complete customer master record or partial records, restricted to General and Sales Data sections. You can access the business partner maintenance using transaction codes that follow the SAP rule of 3sm where the numbers in the transaction in example *xx01* stands for create, *xx02* for change, and *xx03* for display functions. Or, you can navigate to the transactions using the SAP Easy Access menu paths. To maintain general data for your customer master, all you need is the customer account number. To maintain the company code and related accounting data, you also need the company code number. And finally, to maintain sales data, you have to specify the sales area. Table 2.1 lists the transactions available to maintain the customer master.

Transaction Code	Menu Path
XD01 – Create Complete	Logistics • Sales and Distribution • Master Data • Business Partner • Customer • Create • Complete
XD02 – Change Complete	Logistics • Sales and Distribution • Master Data • Business Partner • Customer • Change • Complete
XD03 – Display Complete	Logistics • Sales and Distribution • Master Data • Business Partner • Customer • Change • Complete
VD01 – Create Sales and Distribution	Logistics • Sales and Distribution • Master Data • Business Partner • Customer • Create • Sales and Distribution
VD02 – Change Sales and Distribution	Logistics • Sales and Distribution • Master Data • Business Partner • Customer • Change • Sales and Distribution
VD03 – Display Sales and Distribution	Logistics • Sales and Distribution • Master Data • Business Partner • Customer • Change • Sales and Distribution

Table 2.1 Customer Master Transaction Codes

Although most of the business partner types can be maintained from the same group of transactions, some partner details may be restricted because of your security access settings. To create a complete record, you're better off using the transactions created especially to maintain these records, which are listed in Table 2.2.

Transaction	Menu Path
Sales Prospect	
V+21 – Create	Logistics • Sales and Distribution • Master Data • Business Partner • Sales Prospect • Create
Contact Person	
VAP1 – Create	Logistics • Sales and Distribution • Master Data • Business Partner • Contact Person • Create
VAP2 – Change	Logistics • Sales and Distribution • Master Data • Business Partner • Contact Person • Change
VAP3 – Display	Logistics • Sales and Distribution • Master Data • Business Partner • Contact Person • Display

Table 2.2 Business Partner Maintenance Transactions

Transaction	Menu Path
Sales Partners	
V+23 – Create	Logistics • Sales and Distribution • Master Data • Business Partner • Sales Partners • Create
Hierarchy Node	
V-12 – Create	Logistics • Sales and Distribution • Master Data • Business Partner • Hierarchy Node • Create
Customer Hierarchy	
VDH2N - Display	Logistics • Sales and Distribution • Master Data • Business Partner • Customer Hierarchy • Display
VDH1N - Edit	Logistics • Sales and Distribution • Master Data • Business Partner • Customer Hierarchy • Edit

Table 2.2 Business Partner Maintenance Transactions (Cont.)

Whenever a customer master record is created, there is another record that your company will discontinue, block, or archive. Also customer hierarchies are maintained the same way, requiring you to update validity, and add or remove nodes or customers.

Master data groups within your organization will also monitor and make mass changes to your business partner master records. There are additional transactions to perform these functions as well, as you can see in Table 2.3 for the commonly used functions.

Block/Unblock	
XD05 - Block/Unblock	Accounting • Financial Accounting • Accounts Receivable • Master Records • Maintain Centrally • Block/Unblock
VD05 – Block	Logistics • Sales and Distribution • Master Data • Business Partner • Customer • Block
Flag for Deletion	
XD06 - Set Deletion Indicator	Accounting • Financial Accounting • Accounts Receivable • Master Records • Maintain Centrally • Set Deletion Indicator
VD06 - Flag for Deletion	Logistics • Sales and Distribution • Master Data • Business Partner • Customer • Flag for Deletion

Table 2.3 Business Partner Maintenance Transactions

Sales is the core activity involved in providing your customers with products or services in return for payment. In this chapter, we'll walk through the entire process, from inquiry to order creation.

3 Sales

Sales is the process that enables you to deliver goods or services to your customers so you can collect payment or replace a faulty product, and be able to measure the effectiveness of your order fulfillment. In this chapter, we won't discuss how to excel in sales techniques; instead, you'll learn about how you can better use the sales functionality in the SAP system.

We'll walk through the entire sales process from inquiry to order creation or customer returns. We'll also cover credit management, some basic foreign trade, and back order processing functions that interact with your standard sales activities on a transactional basis.

As mentioned before, all of your sales transactions occur within the organizational structures you defined in configuration; will use pieces of master data you've maintained, as described in the previous chapter; and will finally come together in a business transaction recorded in the system as sales documents. These documents can be grouped into four distinct categories (see Table 3.1) for details:

- Presales documents (inquiries and quotations)
- Sales orders
- Outline agreements (contracts and scheduling agreements)
- Customer complaints (free-of-charge orders and credit memos)

Process Type	Description	Document Type
Presales Documents	Inquiry	IN
	Quotation	QT

Table 3.1 Sample of Standard Sales Document Types

Process Type	Description	Document Type
Sales Orders	Standard Sales Order	OR
	Cash Sale	BV
	Rush Order	SO
Outline Agreements	Quantity Contract	CQ
	Maintenance Contract	WV
	Rental Contract	MV
	Scheduling Agreement	DS
Complaints	Credit Memo Request	CR
	Debit Memo Request	DR
	Returns	RE

Table 3.1 Sample of Standard Sales Document Types (Cont.)

Before we start the detailed review of each of the document categories, we'll define the functions of the document types and item categories, and describe how they interact with each other as they store the history in the document flow.

- **Document Flow**
  The entire processing chain of sales documents, the history of your transactions — from the inquiry, quotation, sales order, delivery, and then invoice — creates a document flow stored in the database. This history is linked to all documents, which creates a visual hierarchy displayed in each of the documents in the chain. This allows you to navigate from one document into another seamlessly to help track history and resolution should issues arise.
- **Document Type**
  Document types represent a set of controls that enable you to define an individual behavior that mimics your business process at the document level. You can find a variety of these predefined sales document types, or you can set your own in Customizing. Figure 3.1 shows some of the predelivered order types in SAP ERP.

  Your document type controls how some of the functions are performed when you start processing business transactions, such as order entry.

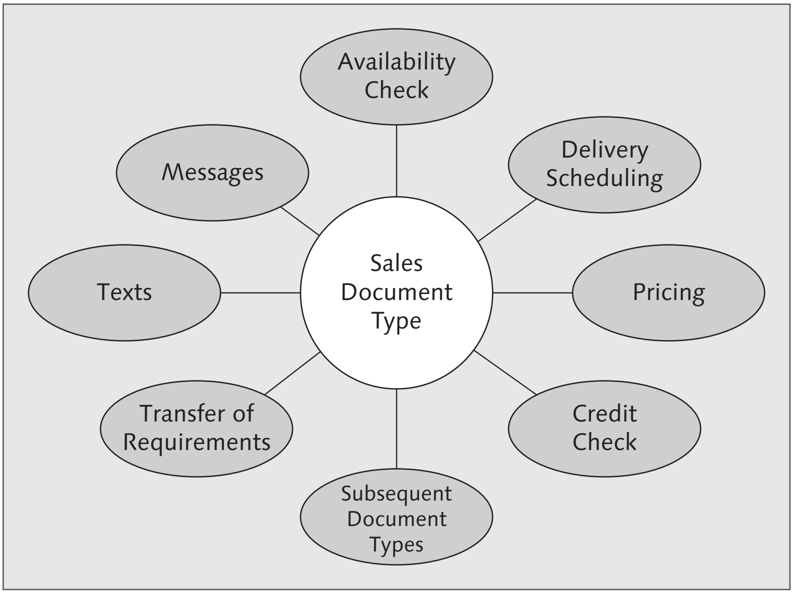

Figure 3.1 Sales Document Type Control Functions

For example, you can define your document type to perform delivery scheduling to predetermine the shipment start dates, and run the availability check to confirm promised quantities. You can automate the pricing and tax determination or leave some for manual input. You can set up your document to auto-determine texts you want to include when printing documents. All of these functions control not just the sales document itself but also the follow-on documents and their behavior. Figure 3.1 provides an overview of controls and most important influencing elements defined in Customizing for sales document types. We aren't going to cover Customizing transactions and details on setting up your document types, but you need to understand the influence of its components during sales processing.

- General Data
  - **Check Division:** This controls whether the division value used in the sales document will be taken from the material master record for all items or whether the alternative division specified in the header will take precedence.
  - **Reference Mandatory:** This means the preceding document is required. For example, you would need to require an inquiry before a quotation is created.

  - **Check Credit Limit:** This means that your customer credit check will be performed.
  - **Item Division:** This controls whether the value for the division comes from the material master record of the item. If the field is blank, the division in the document header applies to all items.
  - **Read Info Record:** This means the system will search for customer material info records during order entry.
  - **Screen Sequence:** This controls which screens and in what sequence you see them during document processing.
  - **Incompletion Procedure:** This controls the assignment of the incompletion procedure that checks your order for fields that are defined as mandatory before further processing can take place.
  - **Incompletion Messages:** This means that you control whether the incomplete document can be saved.
  - **Document Pricing Procedure:** This setting determines how the system carries out pricing for the sales document.
  - **Lead Time in Days:** This defines the number of days from the current day added to the calculations for the proposed delivery date.
  - **Date Type:** This is where you can set up whether your schedule lines will use day, week, or month as a base time unit.
  - **Proposal for Pricing Date:** This is where you can control whether the pricing will use the proposed delivery date or a date of the order creation.
  - **Propose Delivery Date:** If this is set, the system uses the current date as your delivery date.
  - **Propose PO Date:** If this is set, the system automatically proposes the current date as the purchase order date.
- Shipping Data
  - **Delivery Type:** This determines which delivery type will be created as a subsequent document type.
  - **Delivery Block:** This is where you can define whether the delivery block should be set automatically, or whether someone in your organization needs to check the delivery details before shipping takes place.
  - **Shipping Condition:** When creating sales documents this setting is normally copied from the customer master record, but if this value is maintained in

configuration for the document type, it will take priority over the customer master data and will be set as a default value for your sales document.

- **Shipment Cost Info Profile:** If you maintain this entry, the selected profile will be used to carry out options for shipment cost determination.
- **Immediate delivery:** If this is set, your subsequent delivery can be created as soon as the order is saved.

- Billing Data
  - **Delivery Relevant Billing Type:** This defines which billing document type will be the default for the sales document.
  - **Order Relevant Billing Type:** Here you control which billing document type will be applied for sales document items that aren't relevant for delivery but are relevant for billing.
  - **Intercompany Billing:** This specifies a default billing document type for intercompany transactions.
  - **Billing Block:** You can define this as a default, which would automatically assign a billing block value in configuration and force you to check the document before billing can be executed.
  - **Condition Type Line Items:** You can define the condition type used to transfer the cost of line items. If defined, the same pricing condition will be used for all line items of your document.

SAP item categories are defined to arm you with additional controls during sales document processing. Basically the same material can behave differently when processed by different order types. Just like with the document types, item category settings can give you completely different end results depending on your business scenarios. For example, the behavior of your normal standard order item can be totally different for returns order or cash sales. In real life, you may create the quotation for your customer's inquiry. The item category on the quotation isn't subject to delivery or billing. Then you create a subsequent sales order with reference to your quotation, so the item is deliverable by a third party. During your order creation, Customizing settings were accessed, and the destination order type and item categories were determined. Of course, you can create your own item categories by making the settings in Customizing to fine-tune controls and to match your needs. Table 3.2 lists some of the available predelivered item categories.

Item Category	Description
AFN	Inquiry item
AGN	Standard item
AGX	Quotation item
REN	Standard item
REQ	Full product returns
RLN	Returns order
TAC	Variant configuration
TAD	Service
TAG	Generic article
TAK	Make-to-order product
TAM	Assembly item
TAN	Standard item
TANN	Free of charge item
TAS	Third-party item

Table 3.2 Sample of Available Standard Item Categories

Also, you maintain the assignment of the item categories to your document types in Customizing by defining which item categories can be used with certain document types. Then you set up copy controls that allow subsequent documents to be generated with reference, where allowed combinations of source and target document types and item categories are maintained. You control what is getting copied for you from inquiry to sales order and creating shipping and finally billing documents.

The following are some of the most important functions controlled by item category Customizing:

- General Data
  - **Item Type:** You can define whether the item is to be a material or a text item, for example, by changing how the system will perform certain functions such as tax determination.

- **Special Stock:** If you need to process special stocks in a different way, you have to select stock in scope.
- **Pricing:** You can define whether set pricing for the item will be carried out.
- **Business Item:** You can select all item data to deviate from those at the header level of the document.
- **Schedule Line Allowed:** You can define whether schedule lines will be allowed for the item.
- **Returns:** You can determine whether the item is a return item
- **Credit Active:** You can specify whether the item will be subject to credit management controls and updates.
- **BOM and Configuration:** You can define controls around variant configurable materials.

- Shipping Data
  - **Item Relevant for Delivery:** If you set this flag, the item category is subject for delivery.
  - **Weight/Volume Relevant:** You can determine the weight and volume of an item.
- Billing data
  - **Billing Relevance:** You can define whether the item is relevant for billing.
  - **Determine Cost:** If you select this, the system will determine the cost.
  - **Billing Block:** You can assign an automatic billing block for documents that have to be reviewed before billing.
  - **Statistical Value:** You can define whether the system will add the statistical item value to the total value of the order. If this is set, the customer isn't charged for the item.

Finally, we have all of the pieces of this puzzle together, and we can draft a picture, as shown in Figure 3.2, of how order types and item categories come together during order processing.

- **Determining the Item Category**
  The item category in the sales document is determined based on the combination of the sales document type and material master item category group.

For example, you have a material master defined with item category group NORM. During quotation entry — sales document type QT — your item category determination will select the default value, which is AGN Standard Item. In another example, if you're using the same material, you enter the standard sales order — sales document type OR — and the determination will look for a default value finding TAN – Standard Item category.

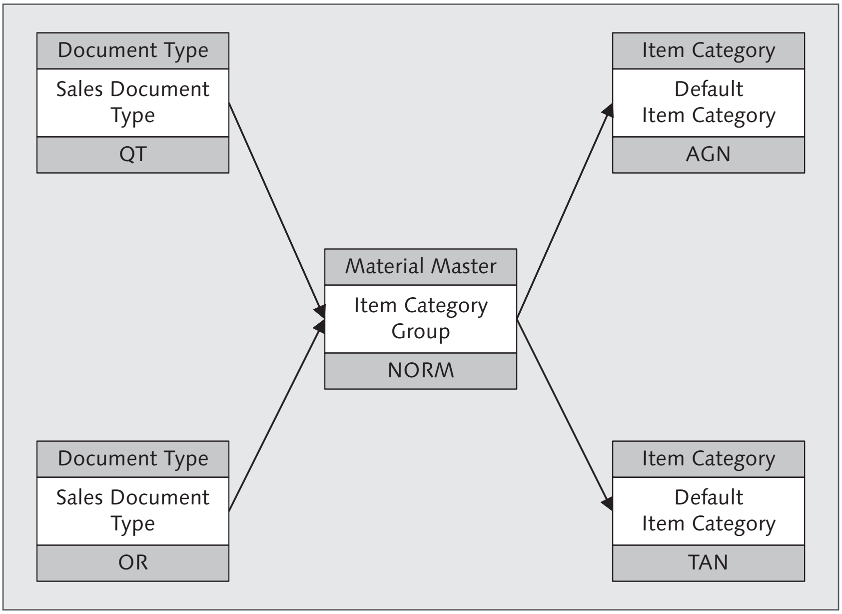

Figure 3.2 Item Category Determination Example

- **Schedule Line Categories**
  We started analysis of sales document control elements from document type, adding a line item layer represented by item categories, and finally we're down to the most granular level represented by schedule line category. The schedule line is required for any sales order to create the subsequent delivery document. Also the assignment of schedule lines to item categories and MRP types makes a connection between your sales activities and materials planning where MRP type is also assigned in the material master. You can have up to three manual schedule line categories assigned to a single item category/MRP type combination.

  Standard predelivered schedule line categories' key characters represent the schedule line usage, as shown in Table 3.3.

First Character	Usage
A	Inquiry
B	Quotation
C	Sales order
D	Returns
Second Character	Usage
T	No inventory management
X	No inventory management with goods issue
N	No planning
P	MRP
V	Consumption-based planning

Table 3.3 Schedule Line Usage Definition

The schedule line allows you to control the following data types.

- General Data
  - **Movement Type:** This is where you assign the movement type that will be used during goods issue — posting quantity and value changes to inventory and accounting. This shouldn't be set up for inquiry, quotations, and sales orders in SAP environments without integration with inventory management. Movement type is also to be specified for return delivery but not for return items.
  - **Requirements:** You have to set this flag to recognize the requests for materials that are assigned to your line item schedule line by MRP, Transfer of requirements will also be carried out.
  - **Availability:** Here you control availability check relevancy. This is the lowest level of the availability check control.
  - **Purchase Order/Purchase Requisition:** If you select this checkbox, purchase requisition can be automatically generated where default data for the purchase order type, item category, and account assignment category comes from values you maintain here.
  - **Incompletion Procedure:** This is where you can control the assignment to incompletion procedure that determines which fields must be completed before the document can be processed further.

- Shipping Data
  - **Item Relevant for Delivery:** You can set this checkbox if the schedule lines for your order items are relevant for physical delivery of goods.
  - **Delivery Block:** You can use this feature if you decide to automatically block your orders schedule lines from being delivered. Just like with order types and item categories, it allows certain orders to be reviewed before further processing takes place.

Now that you have a good understanding of the core fundamental structure of sales documents, let's move on to discuss the actual documents in the works starting with the presales documents: inquiry and quotation.

3.1 Inquiry and Quotation

As we briefly described in Chapter 1, Introduction, the SAP system provides you with tools to capture all sales-related activities from the very first contact with your potential prospects to establishing long-term contractual agreements that capture all of your sales and marketing employees.

Armed with the information about current and prospective customers and contacts, you can now start recording your initial sales activities in the form of an inquiry and follow up with a quotation document that will be created as a response to the customer's inquiry. During the course of negotiations, you may be changing delivery dates, partners to whom the goods are to be shipped, or payment terms. You may have to adjust item categories and schedule lines if the negotiations require it. Standard predelivered document types and the combination of item categories and schedule lines are listed in Table 3.4.

Document Type	Item Category	Schedule Line
IN – Inquiry	AFN – Inquiry Item	AT – Inquiry Schedule Line
QT – Quotation	AGN – Standard Item	BV – Consumption MRP
	AGNN – Free-of-Charge Item	BN – No MRP
		BP – Deterministic MRP

Table 3.4 Inquiry and Quotation Components Structure

You can also leverage the alternative items function to offer your customers substitute materials just in case the item requested isn't available. If your customer

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