

SAP MM - ENTERPRISE STRUCTURE

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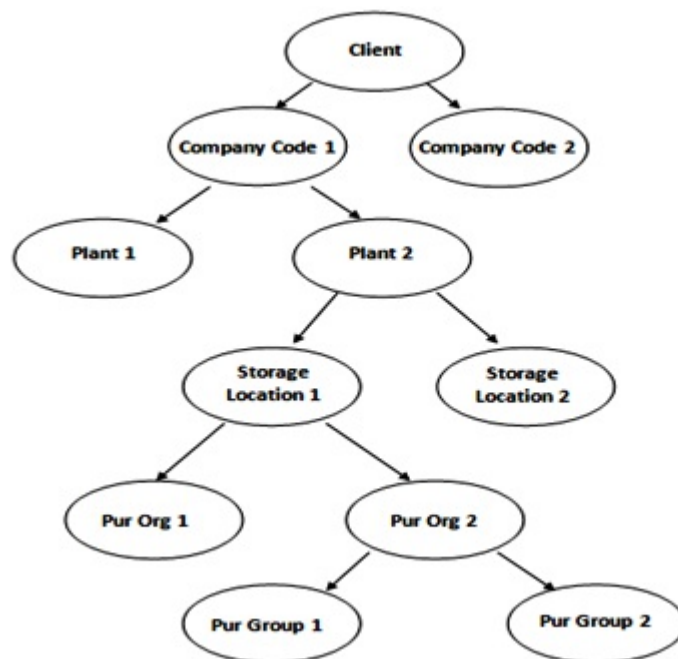
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Every organization has some framework or some structure is defined according to which the whole business runs. Enterprise structure is the structure that represents an enterprise in SAP ERP system. It is subdivided into various organizational units which for legal reason or business related reason are grouped together.

Enterprise structure defines various levels in an organization. These levels are placed according to some hierarchy. Each level has some specific functionality associated with it, which in a combined way describes the working of an organization. Also enterprise structure defines various organizational units that are present in an enterprise. The Organizational Structure in MM consists of following Organizational Levels:

- Client
- Company Code
- Plant
- Storage Location
- Purchasing Organization
- Purchasing Group

Following diagram is one such organizational structure which describes the levels incorporated in an organization. Client being at the topmost, followed by multiple company code, followed by multiple plants, plants having multiple storage location with their own or centralized purchasing organizations.



Client

The fundamental explanation of Client is as follows:

- Client is a commercial organizational unit in R/3 system.
- It has its own set of master data with independent table sets.
- According to hierarchy, Client is at highest level in SAP system.
- Data that is maintained at client level is valid for all organizational levels.

Company Code

The fundamental explanation of Company Code is as follows:

- Within Client, Company code is the independent accounting unit.
- It is a legal entity that has its own profit, loss and balance statement.
- It is the smallest unit in organization for which a complete independent account set can be replicated.

Plant

The fundamental explanation of Plant is as follows:

- Plant is an organizational unit within a company where activities take place. A plant will produce goods and makes goods available for the company.
- It is unit having manufacturing facility, warehouse distribution center or a regional sales office within logistic. It subdivides an enterprise in different aspects.

Storage Location

The fundamental explanation of Storage Location is as follows:

- Storage location is an organizational unit which actually differentiates between different material stocks in a Plant.
- Storage location is a place where stock is kept physically.
- Plant can be consisting of multiple storage location. All data is stored at storage location level for a particular storage location.

Purchasing Organization

The fundamental explanation of Purchasing Organization is as follows:

- Purchasing Organization is an organizational unit under company or plant which is responsible for procurement activities according to requirements. It is responsible for external Procurement.
- Purchasing organization can be at client level i.e. centralized purchasing organization.
- Purchasing organization can be at company or plant level i.e. company specific or plant specific

Different forms of purchasing can be described as follows:

Centralized Purchasing

Purchasing organization is not assigned to any company code it procures for all company codes belonging to different client.

Company specific Purchasing

Purchasing organization is assigned to a company code only, Plant belonging to the company code can purchase through this Purchasing organization.

Plant specific Purchasing

Purchasing organization is assigned to a Plant, only this specific Plant can purchase through this Purchasing organization.

Purchasing Group

The fundamental explanation of Purchasing Group is as follows:

- Purchasing group is an organizational unit which is responsible for everyday procurement activities within an organization.
- It is a buyer or group of buyer responsible for procurement activities in a purchasing organization.