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## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Order Claims</td>
<td>66</td>
</tr>
<tr>
<td>Purchase Transaction</td>
<td>70</td>
</tr>
<tr>
<td>Repair Order - Purchasing</td>
<td>70</td>
</tr>
<tr>
<td>Report Confirmation of PO</td>
<td>72</td>
</tr>
<tr>
<td>Report Shipment Advice for PO</td>
<td>74</td>
</tr>
<tr>
<td>Report Transport Notification for PO</td>
<td>76</td>
</tr>
<tr>
<td>Settings for Monitoring and Follow Up Activities for a Purchase Order</td>
<td>78</td>
</tr>
<tr>
<td>Settings for Purchase per Company and Division</td>
<td>82</td>
</tr>
<tr>
<td>Settings for Purchase Order</td>
<td>96</td>
</tr>
<tr>
<td>Settings for Release of Planned Purchase Order</td>
<td>108</td>
</tr>
<tr>
<td>Settings for Supplier and Items</td>
<td>112</td>
</tr>
<tr>
<td>Status - Purchase Order</td>
<td>132</td>
</tr>
<tr>
<td>Status - Request for Quotation</td>
<td>132</td>
</tr>
<tr>
<td>Status - Supplier Agreement</td>
<td>132</td>
</tr>
<tr>
<td>Supplier Calendar</td>
<td>133</td>
</tr>
<tr>
<td>Supply Chain Rebuild</td>
<td>134</td>
</tr>
<tr>
<td>Target Buying</td>
<td>143</td>
</tr>
</tbody>
</table>

**Purchase Agreements** .................................................................................................................. 150

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreement Type - Purchasing</td>
<td>150</td>
</tr>
<tr>
<td>Create Agreements with Supplier</td>
<td>152</td>
</tr>
<tr>
<td>Define Settings for Agreements</td>
<td>155</td>
</tr>
<tr>
<td>Managing Agreements with Suppliers</td>
<td>159</td>
</tr>
<tr>
<td>Use Agreements in Purchase Order</td>
<td>161</td>
</tr>
</tbody>
</table>

**Goods Receiving** .......................................................................................................................... 163
Extended Quality Inspection in the Receiving Flow ........................................ 163
Goods Receiving Flow for Purchase Orders .................................................. 166
Perform Extended Quality Inspection ............................................................ 177
Perform Goods Receipt per Package and Delivery ......................................... 179
Perform Quality Inspection of Goods ............................................................. 182
Put Away Goods ......................................................................................... 186
Quality Inspection ...................................................................................... 190
Receive Purchased Goods ........................................................................... 190
Settings for Extended Quality Inspection .................................................... 194
Settings for Goods Receiving, Quality Inspection, Claims and Put-Away .... 204
Statistical Quality Inspection ...................................................................... 215

Core Remanufacturing .............................................................................. 217
Core Tracking .............................................................................................. 217
Defining Settings for Component Exchange with Supplier in Core Management Process .......................................................... 218
Managing Component Exchange between Customer and Company .......... 223
Purchasing a Component for Component Exchange with Supplier .......... 226
Purchasing Components for the Component Exchange Fleet ................... 228
Remanufacturing Core ................................................................................ 230
Returning Cores to Supplier ...................................................................... 231

Authorization .............................................................................................. 234
Define Purchase Authorization for User ...................................................... 234
Use Authorization in Procurement ............................................................... 237

Purchase Order Batch Entry ...................................................................... 239
M3 Business Engine Administrator's Guide for Purchase Order Batch Entry .......................................................... 239

M3 Procurement User Guide | 5
Contents

Request for Quotations ..................................................................................................................312
  Accept/Reject Purchase Inquiry and Create Purchase Order ..................................................312
  Approve/Reject a Purchase Quotation and Create Agreements from Quotation ..................314
  Create Purchase Inquiry Manually ..........................................................................................316
  Create Purchase Inquiry from a Planned PO .........................................................................317
  Create Request for Purchase Quotation ...................................................................................319
  Evaluate Purchase Quotations and Print Analysis .....................................................................322
  Managing Purchase Inquiries ......................................................................................................324
  Managing Purchase Quotation Requests ....................................................................................326

PO with Subcontracting ..................................................................................................................329
  Define Basic Settings for Subcontracting .............................................................................329
  Define Settings for Subcontracted Item .................................................................................335
  Define Settings for Subcontracted Operations ..........................................................................340
  Managing Subcontracting in Procurement .............................................................................345
  Occasional Subcontracting ........................................................................................................348
  Subcontract Operation ..............................................................................................................349
  Subcontract Order – Purchasing ..............................................................................................349
  Workflow for Subcontracted Items ..........................................................................................352
  Workflow for Subcontracted Operations ..................................................................................354

Purchase Delivery Schedules .........................................................................................................358
  Connect a Purchase Order to a Purchase Delivery Schedule ................................................358
  Create Agreement for Purchase Delivery Schedules ...............................................................360
  Create and Print Purchase Delivery Schedules ........................................................................362
  Define Settings for Purchase Delivery Schedules ....................................................................364
  Delivery Schedule - Purchasing .................................................................................................380
<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing Purchase Delivery Schedules</td>
<td>381</td>
</tr>
<tr>
<td>Perform Goods Receipt for Delivery Schedule Items</td>
<td>383</td>
</tr>
</tbody>
</table>
About this Guide

Intended Audience

M3 Business Engine User Documentation provides guidance for end users and consultants regarding understanding basic concepts and using key processes in M3 Business Engine. Further information about the available programs and functionalities is available as field help texts.

Document Structure

M3 Business Engine User Documentation is a task-oriented documentation, providing descriptions on performing specific procedures, defining settings and running specific, step-by-step procedures. To some extent, this documentation set also contains conceptual documents, providing background information or describing requirements and how they are matched in M3 Business Engine.

The following table provides a brief overview of the most common sections that appears in this document.

<table>
<thead>
<tr>
<th>Introduction</th>
<th>Briefly describes what kind of information the document provides.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome</td>
<td>Describes the consequence of a process completed or a concept run.</td>
</tr>
<tr>
<td>Uses</td>
<td>Explains how the results can be used.</td>
</tr>
<tr>
<td>How the System is Affected</td>
<td>Describes, if applicable, any changes that have been implemented in M3.</td>
</tr>
<tr>
<td>Before you start</td>
<td>Describes the prerequisites of a process or a concept.</td>
</tr>
<tr>
<td>Parameters to Set</td>
<td>Lists all relevant parameters with a detailed explanation.</td>
</tr>
<tr>
<td>Description</td>
<td>Describes, if applicable, the concept or the purpose of the concept and when and how it is run.</td>
</tr>
<tr>
<td>Outline</td>
<td>Provides an overview (often as a flow chart) of the activities in the process.</td>
</tr>
<tr>
<td>Activity Description</td>
<td>Describes all the activities above and provides a summary of when, where and how to carry them out.</td>
</tr>
<tr>
<td>Follow these steps</td>
<td>Describes, if applicable, how to carry out a settings instruction.</td>
</tr>
<tr>
<td>See Also</td>
<td>Lists other documents that contain relevant information.</td>
</tr>
</tbody>
</table>

More Information

Information and help about accessing and using M3 Business Engine User Documentation as an Infocenter is available as InfoCenter help.

Access the help by clicking the question mark in the top right corner after deploying the Infocenter.
Related product documentation is available on the Infor Xtreme portal.

- You can find documentation posted to the product records on the Download Products page. Look here first for installation guides and release notes.
- You can browse or search for product documentation on the Documentation page.

For questions or feedback, contact Infor Xtreme Support.
Procurement Overview

This document is an overview of the basic procurement flow, which includes purchase orders, confirmations, and goods receipt. This document also highlights some special functions in the procurement area.

Description

- Planned Purchase Order
- Purchase Inquiry
- Purchase Order
- Purchase Order Confirmation
- Supplier Evaluation
- Supplier Statistics
- Purchase Order Goods Receipt
- Invoice Control
The basic procurement flow includes both the manual creation of purchase orders and their automatic creation from planned orders and purchase requisitions.

1 Planned Purchase Order
   You can create Planned Purchase Order manually, via MRP calculation, or by PO Requisition.

2 Purchase Order
   This step includes both the manual creation of purchase orders and their automatic creation from planned orders and purchase requisitions.

3 PO Confirmation
   Confirming a purchase order can consist of one or more of the following activities:
   • Purchase order confirmation
   • Shipment advice
   • Transport notification.
   These activities are optional and they can be performed independently from one another.

4 Good receipt
   Goods receiving can be done in different ways and with different activities in M3. You can perform goods receipt and put-away. You can also perform quality inspection, either after the goods receipt or after the put-away. The quality inspection portion of the goods receiving flow is important. Normal inspection or extended inspection can be used, including inspection activities and inspection plans.

5 Invoice Control
   To complete the procurement flow, invoice control is included. This includes booking supplier invoices in accounts payable and verifying them according to the purchase order.

See Also
"Settings for Purchase Order" on page 96
"Managing Purchase Inquiries" on page 324
"Managing Purchase Quotation Requests" on page 326
"Managing Subcontracting in Procurement" on page 345
"Repair Order - Purchasing" on page 70
"Managing Supplier Evaluation and Statistics" on page 272
"Use Authorization in Procurement" on page 237
"Monitor and Follow Up Activities for a Purchase Order" on page 57
"Target Buying" on page 143
"Delivery Schedule - Purchasing" on page 380
Basic Settings for the Purchase Flow

This document explains the basic settings for the purchase order flow.

There are more settings you must define, depending on which type of purchase flow you want to set up, for example manual or automatic creation, goods receiving methods, subcontracting, agreements, and so on. These settings are described within each area.

Results

Outcome

The fields described in this document are those in the programs that are related to the basic settings for procurement. These include the programs listed below as well as related programs, which are accessed by selecting options from the following programs.

'Settings - Purchase' (CRS780)
'Internal Addresses. Open' (CRS235)
'Number Series. Open' (CRS165)
'System Calendar. Open' (CRS900)
'Supplier. Open' (CRS620)
'Supplier. Define Purchase & Financial' (CRS624)
'Supplier. Connect Item' (PPS040)
'Item. Open' (MMS001)
'Warehouse. Connect Item' (MMS002)
'Facility. Connect Item' (MMS003)

Uses

You must define basic settings in order to do work in the purchase order flow in M3, such as place a purchase order or receive goods in the system.
How the System Is Affected
See documents listed in the See Also section.

Before you start
No prerequisites are needed.

Follow these Steps

1 Define general settings for the entire procurement area.

2 Enter basic data about suppliers and items into the system. You can then use a program to connect suppliers to items. These programs contain many fields, not all of which are necessary for the purchase order flow. The necessary fields are often mandatory in these programs.

<table>
<thead>
<tr>
<th>General Settings</th>
<th>Supplier</th>
<th>Items</th>
<th>Purchase Order</th>
<th>Goods receiving</th>
</tr>
</thead>
<tbody>
<tr>
<td>Settings - Purchase</td>
<td>Supplier CRS620</td>
<td>Items MMS001</td>
<td>Purchase Order Type</td>
<td>Goods Receiving</td>
</tr>
<tr>
<td>CRS780</td>
<td></td>
<td></td>
<td>PPS095</td>
<td>Method PPS345</td>
</tr>
<tr>
<td>Internal Addresses</td>
<td>Supplier Purch</td>
<td>Warehouse/Item</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CRS235</td>
<td>Financial CRS624</td>
<td>MMS002</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number Series CRS165</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>System Calendar CRS900</td>
<td>Supplier/Items</td>
<td>Facility/Items</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PPS040</td>
<td>MMS003</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3 After items and suppliers are entered, some additional settings are needed to place a purchase order. First, at least one purchase order type must exist. An order type is a set of parameters that specify how the order is treated through the purchase order flow. Different order types can be used for different flows, for example, normal order, inquiry order, or delivery schedule.

4 To be able to receive goods, at least one goods receiving method must be defined. The goods receiving method contains parameters that specify how the goods should be treated in the receiving flow. For example, is direct put-away used? Is quality inspection needed and, if so, when?

Special functions are also available that can be used in the purchase flow and that require certain settings in the system. For example, agreements, delivery plans, purchase costing, and subcontracting all require special settings.

The setting programs for purchase orders, goods receiving, and so on are described in the Settings section of each of the procurement documents.
Priority for Retrieval of Settings

For some of the data, the same parameter can be set in different programs. This reduces unnecessary maintenance of program files. For example, the goods receiving method can be set in any of the following three programs:

'Supplier. Connect Item' (PPS040)

'Item. Open' (MMS001)

'Purchase Order Type. Open' (PPS095).

The retrieval of settings that can be entered in multiple M3 programs is always done in priority order. In the case of the goods receiving method, the priority order is as listed above, that is, 'Supplier. Connect Item' (PPS040) is checked first, followed by 'Item. Open' (MMS001) and finally 'Purchase Order Type. Open' (PPS095) until a valid goods receiving method is found.

If only one goods receiving method is used in a company's goods receiving process, it is easiest to place the goods receiving method in 'Purchase Order Type. Open' (PPS095) since that requires information to be updated in only one place. To avoid conflict about where different data is located, it is always easiest to use only one program for each parameter.

The Supplier and Item Combination

In 'Supplier. Connect Items' (PPS040) you can enter unique data for a specific supplier and item combination. You are not required to enter a record in this program in order to perform work in the purchase order flow. To avoid unnecessary maintenance of the item and supplier files, you should only create item/supplier combinations in this program if they are necessary. An appropriate use of this function is to specify certain terms depending on the supplier/item combination.

Example 1: Quality inspection is needed for one item, but other items purchased from the same supplier do not require inspection. A supplier/item combination for the first item is created in 'Supplier. Connect Items' (PPS040). That record is then connected to a different goods receiving method than the others.

Example 2: The lead times often differ depending on the supplier from whom you purchase. Lead times can be entered in 'Warehouse. Connect Item' (MMS002). However, if lead times for the purchase of the same item differ from supplier to supplier, supplier/item combinations are created in 'Supplier. Connect Item' (PPS040).

Whenever default data for an item or a supplier is required, the system searches for an approved item/supplier match. If the data is not found, it is defaulted from the item or supplier files.

See Also

"Settings for Purchase per Company and Division" on page 82

"Settings for Supplier and Items" on page 112

Catch Weight in Purchase Order

This document describes the process by which Catch Weight is managed during procurement.
If necessary, reference the document for an introduction to the functionality available to support the concept of catch weight.

**Outcome**

Catch weight is managed in the purchase order flow.

Understand the setup and use of the catch weight solution in the purchase order flow from a logistics perspective.

**Summary**

Three scenarios are described:

1. Direct put away of goods
2. Goods receive and put away of goods
3. 2-step put-away of goods

**Settings**

See also

<table>
<thead>
<tr>
<th>Program ID</th>
<th>Field Heading</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS345/E)</td>
<td>Direct put-away</td>
<td>Select if put-away is to be reported directly. If not selected, goods receipt, including any quality inspection, occurs before put-away. Direct put-away means that one report covers both goods receipt and put-away. Even if selected it is possible to override if, for instance, a quality inspection report is needed due to transportation damage.</td>
</tr>
<tr>
<td>Program ID</td>
<td>Field Heading</td>
<td>Description</td>
</tr>
<tr>
<td>------------</td>
<td>-----------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>(PPS345/F)</td>
<td>Two-step put-away</td>
<td>Indicates whether two-step put-away is activated. 0 = No 1 = Yes 2 = Yes, staged two-step put-away, i.e. located at a receiving area, waiting to be directed to the correct put-away location during put-away confirmation. This activation occurs in two places - in the stock zone, and in the goods receiving method or order type. For purchase orders, the activation is in goods receiving method. For manufacturing orders and DO/RO orders, it is in the respective order types. Both the stock zone and the goods receiving method/order type must have this field active for two-step put-away to commence.</td>
</tr>
</tbody>
</table>

**Follow these steps**

Apply this method when a one-step process for receiving and puting-away received goods is used. Catch Weight will be entered in the goods receiving step.

**Direct Put-Away of Goods**

1. Create purchase order in 'Purchase Order. Open' (PPS200).
2. Order 10 Pcs of item 4450BC and order 10 Pcs of item 4450BCPA (container method 4).
5. Go back to (PPS300/B). Receive remaining quantity of 6 Pcs.
6. On (PPS300/E), specify new location but same lot number. Receive 6 Pcs and 60 Kg.
7. Go back to (PPS300/B). Select 4450BCPA (10Pcs) and 'change'.
8. In 'Receive Goods' (PPS300/E), receive 10 Pcs. Option='14 - Purchase Order Line Split' can also be used.
9. 'Purchase Order. Split Lines' (PPS302/B) is started. Specify number of balance IDs to receive which is 2 in this scenario (combinations of 'Lot no' and 'Container IDs'). Click 'Apply' on the B-panel.
Two lines are created. Specify 'Number', 'Lot no', 'quantity', 'container ID', and 'Catch Weight' per line. Select action 'Confirm Update'.

(PPS300/B) is redisplayed with two lines; 4450BC and 4450BCPA. Status is '75=Putaway completed'.

View stock balance IDs in 'Balance Identity. Open Toolbox' (MWS060/B). For the first PO-line, quantity in BUM and catch weight unit is stored in parallel on each stock balance ID. For the second PO-line there will be two balance IDs (5+5Pcs) on the same lot-number and location, but with different container IDs.

**Goods Receive and Put Away of Goods**

Apply this method when receiving is divided into 2 steps. The catch weight will be entered in the second put-away step using 'Purchase Order. Put Away Goods' (PPS320).

**Note:** Use the item details provided for scenario 1.

Copy the PO from scenario 1 and change 'GR-method' on panel 'Purchase Order. Open Line' (PPS201/F) for both lines to receive and put-away.

1. Receive Goods in (PPS300/B). Select 4450BC and 'change". Order 10 Pcs (100 kg).
2. Receive goods in (PPS300/E). Specify the total quantity only. No catch weight.
3. (PPS300) displayed. Select 4450BCPA and 'change'.
4. Receive goods in (PPS300/E). Specify the total quantity only. No catch weight.
5. Start 'Purchase Order. Put Away Goods' (PPS320/B). Specify the receiving number for first line, item 4450BC.
6. Start (PPS320/E). Specify Lot no, quantity (4Pcs), and received catch weight (42Kg).
7. View stock balance IDs in (MWS060/B). Result: 6 Pcs with 58 (100-42) kgs remaining on the fictive lot number.
8. PO-put-away in (PPS320/B). Put away the remaining quantity (6Pcs).
9. In (PPS320/E) specify Lot no, quantity (6Pcs) and received catch weight (60Kg).
10. Start (PPS320/B). Specify receiving number for the second line, item 4450BCPA.
11. Start (PPS320/E). Specify Lot no, quantity (6Pcs) and received catch weight (60Kg).
12. View stock balance IDs (MWS060/B). Result: two balance IDs with same lot number but unique catch weight.
13. Evaluate results in (MWS060) and (MWS070).

**Two Step Put-away of Goods**

Apply this method when receiving is divided into 2 steps. The second step is a logistical move only.

1. Create purchase order in (PPS200). Order 10 Pcs (100 kg).
2. Receive goods in (PPS300/E). Select option='14 Purchase order line split'.

M3 Procurement User Guide | 19
On 'PO-line. Split' (PPS302/B), receive 2 lots and specify 'number', 'Lot no', 'quantity', and 'catch weight' per line. Select action 'Confirm Update'.

In 'Pending Put-Away. Perform' (MWS460/B), select option 'Process' to enter the location to move to.

In (MWS460/E), specify new location.

View stock balance IDs in (MWS060/B). The 2 lots have now been put into to their final locations and the catch weight entered at goods receipt has been retained.

See also

Confirmation, Delivery Advice and Transport Notification for PO

This document explains how you report confirmation, delivery advice and transport notification for a purchase order (PO). Confirmation and/or delivery advice can be sent from the supplier or shipper during the delivery of goods from the supplier to your plant. This occurs after you have sent the PO to the supplier and before you have received the goods. With the help of the information in the confirmation and delivery advice, you can be assured of an exact delivery date for the ordered goods.

The confirmation and delivery advice contains transport information and important dates. You log the reported information as a transaction and the status of the PO is automatically raised. The status of a PO reflects its progress in this flow. Note: It is possible to use the status development only without logging transactions. However, this process document and the related instruction documents start from the fact that you wish to log the transactions.

Note: The reporting of confirmation and delivery advice can also be performed in 'Purchase Order. Display Lines' (PPS220) on a detailed or aggregated level. You can also monitor the status development for POs in this program.

Outcome

You have monitored the different steps of the delivery of your PO goods on their way to your plant. You have updated information about the transport; you know when and how the goods will be delivered. You also know about, for example, the bill of lading and the packing slip number.

The material plan is updated according to what transport agreements you have with the supplier. If transport lead time and goods responsibility have been specified, these will influence the dates presented.

You register the ordered goods as received in 'Purchase Order. Receive Goods' (PPS300).

It is possible to reverse the logging of confirmation, shipment advice and/or transport notification in 'Purchase Order. Display Line Trans' (PPS330).
The following files are updated:

- Planning overview (MITPLO)
- PO lines (MPLINE)
- PO line transaction (MPLIND).

**Before You Start**

A PO must have been created. See "Create, Release and Display Purchase Order" on page 31.

**Follow These Steps**

The following model shows the use of shipment advice and transport notification:

A is called shipment advice in M3. The supplier sends information about when the goods are shipped from the plant and how the goods will be transported. The goods are sent either directly to goods receiving or are sent via a terminal.

B is called transport notification in M3. If the goods are sent via a terminal, the receiver is informed of when and how the goods leave the via terminal by the use of transport notification.

**Activity Description**

**Note:** The reporting methods listed here are optional and can be used independently of one another. They may also be used in a flow as three different steps.

You receive the delivery advice from the supplier by fax or letter, for example. Then you manually enter the information into the system. If the reporting is done automatically, such as by using EDI communications, you should not use the programs mentioned in this document. The status code connected to the PO will then automatically be raised to the respective level.

- **Report Confirmation of PO**
  
  Report that the supplier has confirmed the PO, which means that the goods will be delivered. The supplier might have made changes, however, regarding delivery date, quantity, price and/or discount, which you report into the program. In some cases you have to split an order to have, for example, two deliveries instead of one.
Normally after this activity, the status of the PO is 35=Purchase price and delivery date confirmed and approved. If order data have been changed, one of the following status codes may be used: 31=Delivery date confirmed, 32=Purchase price confirmed, 33=Purchase price and delivery date confirmed but not approved.

You report confirmation in 'Purchase Order. Confirm' (PPS250).

- **Report Shipment Advice for PO**
  
  Report that the supplier has advised the goods for shipment. The supplier may also have sent information about the transport, such as whether a transport via terminal will be used and the packaging of the goods. This includes, for example, shipment date, advised quantity, forwarding agent, bill of lading, delivery note number and carrier name. You report the information into the program.

  After this activity the status of the PO is 40=Shipment advised.

  You report shipment advice in 'Purchase Order. Advise Shipment' (PPS260).

- **Report Transport Notification**
  
  Report that a shipper has notified your goods for transportation, which means that the goods have been sent from the via terminal. You may also have received transport and packaging information that you report into the program. This includes, for example, shipment date, forwarding agent, delivery note number, carrier name and arrival date.

  After this activity the status of the PO is 45=Notified for transportation.

  You report transport notification in 'Purchase Order. Notify Transportation' (PPS270).

**See Also**

"Report Confirmation of PO" on page 72

"Report Shipment Advice for PO" on page 74

"Report Transport Notification for PO" on page 76

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**Create and Connect Delivery Note and Package to a PO Line**

This document explains how you create a purchase order line (PO line) and connect it to a delivery note and a package.

Import tracking in M3 supports the process of managing inbound logistical tracking, with shipments and containers. It allows order lines from a number of purchase orders to be combined into a single shipment from a supplier. Any valid purchase order line for that supplier can be used to create a shipment. It also makes it possible to receive by package or delivery level. Together with the use of APIs, a delivery note can easily be generated. This simplifies the goods receiving process since it enables you to report on an aggregated level.
A purchase delivery note in M3 (PPS360) contains detailed information about what is expected to be received on a purchase order. The information is sent by the supplier and can be updated automatically in M3 via an EDI/web interface or manually by the user in (PPS260).

A delivery note contains detailed information about items, quantities, and delivery dates, as well as package information such as the number of containers, pallets, boxes, and how the items are stored in the different packages.

In (PPS360) you can receive an entire delivery note or even a single package such as a box. This function is not possible in the regular goods receiving program in M3 (PPS300)

**Outcome**

- A delivery note is created and is connected to one or more purchase orders.
- The shipment can be advised again for the delivery note.
- The delivery note header is stored in the PDNHEA file.
- The package is stored in the PPTRNS file.
- Package details are stored in the PFTRNS file.
- Delivery notes/items are stored in the PDNLIN file.

Package-based and delivery-based PO receiving via APIs enables easy implementation of receiving goods using bar code readers (or ultimately via RFID) to read package-level bar codes. It also improves warehouse efficiency and is important for both cross-docking and ship through at terminals.

With package-based and delivery-based PO receiving inbound logistical tracking is easier to manage with shipments and containers. Order lines from several purchase orders can be combined into a single shipment for one supplier. Any valid purchase order line for that supplier can be used to create a shipment. Processing is optimized when you can manage multiple purchase orders as a single entity.

**Before you start**

A purchase order must be created. See "Purchase Order" on page 62.
Follow These Steps

Outline

Create Delivery Note and Connect PO Line

1. You create a purchase order in (PPS200) as usual. It is optional to report an order confirmation in (PPS250), as usual.


   In (PPS220) you can select user-defined views. These can be aggregated by supplier and delivery note, which enables you to display and select purchase order lines to connect to the shipment and to the package. The following fields are an example of what can be included in the view (CRS020):

   - IBSUNO – Supplier number
   - IBSUDO – Delivery note number
   - IBPUSL – Lowest status PO
   - IBVDDT – Valid delivery date
   - IBORQA – Ordered quantity
   - IBADQA – Advised quantity
3 Select the supplier for which you want to connect a delivery note. Select option 26=Shipment advice. 'Purchase Order Advise Shipment' (PPS220/H) is started.

- The 'Package no' and 'Incl in package' fields are added both in the header and subfile.
- The last delivery/package (shipment/container) used will be defaulted when reporting shipment advice for a new aggregated line. The default values will be cleared when you exit (PPS220).
- Option 28 = 'Delivery notes' starts (PPS360) where you can display and select delivery notes, if any are available.

4 You can fill in the 'Delivery note no', 'Package no' and 'Incl in package' fields in the header and repeat the values down on the aggregated line by selecting F18 = Repeat value. A pop-up window is displayed. Click OK.

5 You can also fill in the 'Delivery note no', 'Package no' and 'Incl in package' fields for each line. If these values are not filled in, no reporting for that specific record is done.

6 Press Enter/Next and then select F14 = Confirm update. Now a delivery note/package/ is included in a package record created and connected to a PO line in (PPS360).

The record will have status 46 = 'Shipment advised and delivery note connected.'

7 Alternatively, you can create and connect a delivery note to a single PO line in 'Purchase Order. Advise Shipment' (PPS260).

8 Select the PO line you want to connect to a delivery note. Open the E panel and fill in the 'Delivery note' field.

The 'Package no' and 'Incl in package' fields will be displayed only if the setting "730 Automatic delivery note creation" is selected in (PPS095/K).

9 Press Enter. Now a delivery note/package/ is included in a package record created and connected to a PO line in (PPS360).

The record will have status 46 = 'Shipment advised and delivery note connected.'

10 Display the Connection between PO Line and Shipment, and Make Changes

PPS360, PPS361, PPS362, and PPS363 store information about delivery notes and their included packages, as well as shipment details and container details. This enables you to use deep structures consisting of containers, pallets and boxes.

Start 'Supplier Delivery Note. Open' (PPS360/B).

- Select sorting order 2, which sorts information by supplier and delivery note. The shipment date, valid delivery date, carrier name, and lowest and highest statuses are also displayed.
- Set the panel sequence to G in order to display only relevant information for import tracking.
- On the P panel, the 'Select display' field determines whether all delivery notes or only delivery notes for a specific supplier are displayed.
- Option 11=Item/Delivery note starts (PPS361).
- Option 12=Pcks/Dely note (Packages/Delivery note) starts (PPS362).
- Option 13=Items/Package starts (PPS363).
• Option 20=PO lines starts (PPS220).
• Status 46='Shipment advised and delivery note connected.'
• Status 29=Errors from the uploading in MHS850MI API.

If errors were detected for the records that were uploaded from MHS850MI, the delivery is assigned status 29=Errors. You can then correct the data for 'Item no', 'Reference order' and 'Agreement no'.

On the (PPS363/B) panel you select option 20=Change data. The (PPS363/C) panel is displayed. Enter the correct values in the 'Item no', 'Reference order' and 'Agreement no' fields.

Redisplay the (PPS363/B) panel and select option 21='Check sts 29'. If the new values are correct, the status will be raised to 46.

Open the G panel.

• The G panel displays import tracking information. Some of the fields are user-defined fields with heading names entered in (CRS713).
• F13='Field select' opens the (PPS360/GP) panel, which determines the user-defined fields that are displayed and editable on the G panel.

11 Readvise Shipment

On the (PPS360/G) panel, the 'Shipment date' field is used to advise the entire delivery note again. A warning is displayed before the transaction is made. This applies only for delivery notes created via (PPS260), (PPS220) or (PPS001MI). A new planning date will be calculated based on the new shipment date. PPS201 and MMS080 are updated with the new planning date.

12 Reverse Shipment Advice

There are four ways to reverse shipment advise:

• Delete entire delivery note from (PPS360/B) - reversal of advice for connected purchase orders.
• Delete package detail from (PPS363/B) - reversal of advice for specific purchase order line.
• Delete advice transaction in (PPS330) - reversal of advice for specific purchase order line The record is deleted from PPS361-363 automatically.
• Delete advice reporting in (PPS260) - reversal of advice for specific purchase order line. The record is deleted from PPS361-363 automatically.

13 Report Transport Notification on Package Level

Start (PPS362) from option 12 on the (PPS360/B) panel. Transport notification can be reported with option 15 = 'Trans notificat' (only possible if the delivery note type is zero). The transport notification can also be reversed by selecting option 16 = 'Delete transp not'.
Parameters to Set

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS095/K)</td>
<td>730 Automatic delivery note generation</td>
<td>… if delivery note data for (PPS360) should be automatically generated when a purchase order is advised for shipment via (PPS220) or (PPS260). Select this check box.</td>
</tr>
<tr>
<td>(CRS624/F)</td>
<td>Shipment advice</td>
<td>… how the supplier sends shipment advice. Alternatives: 0 = Reported manually via (PPS260) or (PPS220). 1 = Received via EDI (MHS850). 2 = Reported manually via (PPS220) or (PPS260). A delivery note is automatically updated in ‘Supplier Delivery Note. Open’ (PPS360) for each delivery note number and delivery note date. Setting 730 must be selected on the (PPS095/K) panel. Select alternative 2.</td>
</tr>
</tbody>
</table>

See Also

"Purchase Order" on page 62

Create Packing Instruction and Make Available for Supplier

This document explains how you create and send a packing instruction to the MI program (API).

The packing instruction solution in M3 is divided into two parts, depending on a company’s role in the supply chain (sell side or buy side). This document only describes the buy side.

Outcome

A packing instruction for the supplier is created and is made available for download by an external system.

A packing instruction can be created for purchase orders and distribution orders.
Packing instructions enable the consignee of an order (the buyer) to provide information about how the order should be packed. The packing instructions are connected to the purchase order or distribution order. They contain instructions on the following:

- The quantity of each item or SKU that should be packed and into which package
- The final consignee for which each package should be marked
- The address to which each package should be shipped.

The following tables are updated in M3:

- MWPINS - Packing Instruction Header
- MWPANS - Item/Packaging Instruction
- MWMANS - Marking Instruction

**Before You Start**

Number series type 24 A must be defined in 'Number Series. Open' (CRS165).

**Follow These Steps**

**Create/Change Packing Instruction Header**

1. Start 'Packing Instruction Header. Open' (MWS053).

   (MWS053) is either started from the menu or by selecting option 19='Packing instructions' from:
   (PPS200/201), (MMS100/101), or (PPS220).

2. The A panel displays the packing instruction.

   - By selecting F14= Create, you create a packing instruction header along with marking instructions and item/packaging instructions.
   - Option 11= 'Marking instructions' starts (MWS054).
   - Option 12= 'Packaging instructions' starts (MWS055).
   - Option 21= 'Download again' sets the download flag DOWN to 0.

3. Select the method for collect item/packaging information. This field indicates the method for collecting item/packaging information and storing it connected to a packing instruction header. It can be from a kit structure or from 'Item. Connect Packaging' (MMS053).

4. Select the method for collecting marking information. This field indicates the marking information such as consignee, address ID, and demand order number/line. It is based on demand orders with a connection to the known acquisition order.

5. Press F14= Create. You create a packing instruction header and also marking instructions and item/packaging instructions, based on your selections.

**Create/Change Item/Packaging Instruction**

1. Start 'Item/Packaging Instruction. Open' (MWS055).
2. (MWS055) is either started from the menu or by selecting option 11= 'Item/Packaging instruction' from (MWS053).

3. The B panel displays the packing instruction number and the item/packaging instruction number. The basic options for create, change, display, and delete can be used. Copying is not possible.

4. Open the E panel. The included item and quantity is displayed.

The details about how to pack can either be obtained from a kit structure or from existing settings in 'Item. Connect Packaging' (MMS053). This is defined on the (MMS053/E) panel in the 'Collect item/packaging information' field.

Create/Change Marking Instruction

The marking information together with the quantities indicates the total quantity that should be packed and marked for a specific consignee.

1. Start 'Marking Instruction. Open' (MWS054).

2. (MWS054) is either started from the menu or by selecting option 12= 'Marking instruction' from (MWS053).

3. The B panel displays the packing instruction number and the marking instruction number. The basic options for create, change, display and delete can be used. Copying is not possible.

4. Open the E panel. This panel displays the consignee, address, reference order category, order, and order line. Also, the item and quantity are displayed.

Print Packing Instructions

The marking and item/packaging instructions can be printed.

1. Start 'Packing Instruction Header. Open' (MWS053).

2. Either select what to print and use option 6 or start the print program without a selection by using F15.

3. In (MWS056), you can select what to print. The order category field determines the selection fields that are available.

   The output can be controlled by using media management. The standard control field for this document is Supplier.

Connection to External System

The packing instruction header, marking instructions, and item/packaging instructions can be retrieved from an external system by calling MWS053MI with one of the available transactions.

Four transactions are available. Two of them retrieve marking instructions by consignee or by order number. The other two retrieve item/packaging instructions by item number or by order number.

A packing instruction header, and the marking instructions and item/packaging instructions connected to it, can be blocked for further retrieval. You do this by calling MWS053MI with one of the available transactions.

Two transactions are available for blocking retrieval. One blocks the retrieval of marking instructions and the other blocks item/packaging instructions.
See Also

Create a Purchase Order Requisition

This document explains how you can create a purchase order (PO) requisition. The PO requisition contains information about the requirement for stocked items, nonstocked items, and services. The PO requisition will be a planned purchase order after registration and can be further processed and released in 'Planned Purchase Order. Open' (PPS170).

Results

Outcome
A PO requisition is manually created. A planned purchase order is also automatically created by the system.

Uses
A PO requisition is an easy way to enter a requirement into the system. It can be used for requisition of stocked items, non-stocked items, and services.

For example, production personnel can use PO requisitions to create requirements for non-stocked items and the buyer then releases the PO requisition in 'Planned Purchase Order. Open' (PPS170).

How the System Is Affected
The PO requisitions are stored in the Planning Proposal Purchase (MPOPLP) file.

Before you start

• A number series must be created using number series type 23 in 'Number Series. Open' (CRS165).
• The starting conditions in the following must be met:
• The settings that determine how to create and release a planned purchase order must be met. See "Create and Release Planned Purchase Order" on page 38.

Follow These Steps

1 Start 'Purchase Requisition. Open' (PPS180). A new requisition order can be created on the A panel or B panel.

A list of existing requisition orders are displayed on the B1 panel.

2 On the A or B panel enter the warehouse, item number, supplier, planned quantity, and planned delivery date.
3 Select Create. The E panel is displayed. A 'Planned order' is automatically created with a number series retrieved from 'Number Series. Open' (CRS165).

The default values for the supplier and buyer are displayed from 'Item. Connect Warehouse' (MMS002). You can also change the default values on this panel.

4 Press F20 = Generate PO number, to create a purchase order number for the requisition at this level. A PO number is displayed in the PO number field.

When a planned order is released in 'Planned Purchase Order. Open' (PPS170), this number is used as the created purchase order number.

5 Press Enter to display the B panel. You can view the created PO requisition either on the (PPS180/B) panel or as a planned purchase order in 'Planned Purchase Order. Open' (PPS170/B). The status of the planned purchase order is 20 = Purchase requisitions/planned work orders.

When the planned purchase order is released to a purchase order, the status in (PPS180) and (PPS170) will be raised to 60 = Released to create purchase/work order.

On the B panel, option 20 = Attr values will be activated if your item is connected to attributes.

PO requisitions can be printed in 'Purchase Requisition. Print' (PPS185) or press F16 = Print on the (PPS180/B) panel.

See Also

"Planned Purchase Order" on page 59
"Basic Settings for the Purchase Flow" on page 14

Create, Release and Display Purchase Order

This document explains how you create, release and display a purchase order.

Outcome

The process(es) described in this document allows you to:

- Automatically create a purchase order from a planned purchase order
- Manually create a purchase order from a planned purchase order
- Register and change a purchase order header
- Register and change purchase order lines
- Print purchase order documents and release a purchase order automatically or manually
- Display a purchase order
Before You Start

- Basic settings for the purchase flow must be entered according to.
- Settings must be entered for planned purchase order according to "Create and Release Planned Purchase Order" on page 38.
- Settings must be entered for the purchase order according to "Settings for Purchase Order" on page 96.

Follow These Steps

Create PO from Planned PO

- **Automatically Create PO from Planned PO**
  
  If a planned purchase order should automatically be released to a purchase order, you must enter the following settings:
  
  - 'Planning Policy. Open' (MMS037), parameter '022 Default status - planned orders AM = A1' (Release and reschedule in the order). If planned orders with action message A1 should be released automatically, you must set this parameter to 60 = Released order.
  
  - 'Planning Policy. Open' (MMS037), parameter '025 Default status - planned orders AM = A1' (Release order). If planned orders with action message A2 should be released automatically, you must set this parameter to 60 = Released order.
  
  - 'Item. Connect Warehouse' (MMS002/E), the 'Planning policy' field. You must connect a planning policy for the item/warehouse with the settings above (60 = Released order).

- **Manually Create PO from Planned PO**
  
  For manual creation of a purchase order from a planned purchase order, read the section 'Release Planned Purchase Order' in "Create and Release Planned Purchase Order" on page 38.

Register/Change PO Header

1 Start 'Purchase Order. Open' (PPS200). Open the P panel and fill in the panel sequence. Press Enter.

   The panel sequence is EFG1H in the text below.

2 Open the A panel. New purchase orders are always manually entered by using the A panel.

   If no order type is filled in, the value is defaulted from 'Supplier. Define Purchase & Financial' (CRS624/E).

3 When entering a new purchase order, some of the fields in the A panel must be entered. The order must be connected to a **supplier** and finally a requested **delivery date** must be entered (the need date).

   If no order type is filled in, the value is defaulted from 'Supplier. Define Purchase & Financial' (CRS624/E).
4 The **panel sequence** determines the panels to go through when placing a new order.

A standard set up for the sequence, both for the header and lines, can be defined in 'PO Type. Open' (PPS095).

5 If no PO number is manually written, a **Purchase order number** will automatically be retrieved from the number series entered in 'PO Type. Open' (PPS095).

6 Select Create.

   • *(PPS200/E)*  
     The E panel contains data mostly defaulted from the supplier. The values can be changed manually on each order. If the purchase order is created from a planned purchase order, the values will be copied from the proposal.

   • 'Final destination' is your goods receiving destination. This address is set in 'Internal Addresses. Open' (CRS235) and will be printed on the external documents.

   • 'Language code' determines the language in which the external documents are printed. The language codes are set in 'Language. Open' (CRS010).

   • If the telephone order field is marked, a text is printed on the order document indicating that this order has been ordered over the telephone.

   • 'Harbor/airport' indicates the ID of the harbor or airport. It is needed for reporting purposes in trade statistics. This information is only relevant for exports or imports where the goods do not pass any customs office at the border.

   • *(PPS200/F)*  
     The F panel shows agent, payment and currency terms.

   • Media profile - A media controlling object that is used as a filter in the media control table/CRS945. See the following:

   • 'Delivery terms' - Some **delivery terms** requires a **delivery text** (for example loading port if FOB is used). This text can be entered on the open line under delivery terms or be collected from 'Supplier. Connect Delivery Term Text' (PPS014) which is accessed from 'Supplier. Define Purchase & Financial' (CRS624)

   • Signature - If authorization is needed, the authorization code is entered in the signature field.

   • 'Currency terms' and 'Agreed rate' are used for orders in foreign currencies. If currency terms are used on the order, M3 will use the agreed rate instead of the exchange rate for the conversion from foreign to local currency.

   • *(PPS200/G)*  
     The G panel shows different address fields. The address fields are opened for changes by activating the 'Chg adr' box followed by Enter.

   • 'Suppliers address' is proposed from 'Supplier. Connect Addresses' (CRS22). The others - 'Our Invoice address', 'Via address' and 'Final destination' - are proposed from 'Internal Addresses. Open' (CRS235).
Register/Change PO Lines

The order lines are entered in 'Purchase Order. Open Lines' (PPS201). A new panel sequence for the line is used. The panel sequence used in this description is EFG.

- **(PPS201/P)**
  
  There are some fields on the parameter panel (PPS201/P) that control the flow.
  
  - The first 'panel sequence' is valid when entering a new order (options 1, 2 or 11 from PPS200).
  - The second 'panel sequence' is valid when displaying the order (option 5 from PPS200).
  - 'Entry option' allows different ways to register an order. For example, entry option 3 opens up a full-screen entry that makes it possible to enter several order lines at a time. Entry option 4 works together with the 'Full-screen option' and 'Check sequence' fields. With these fields you can enter order lines in a matrix form or a list view. The matrix form is appropriate to use, for example, in the fashion industry. To use this form, alias numbers must be created for the items in 'Item. Connect Alias Numbers' (MMS025).
  - 'Repair/subcontracting' parameter opens up extra fields used for purchase order categories 60 = Repair and 70 = Subcontracting. The fields are 'Lot no', 'Service' and 'Service process'.

- **(PPS201/F)**
  
  - 'Goods receiving method' - Determines the steps in the receiving flow that will be taken for the specific order line, and is defined in (PPS345). The field is automatically retrieved from the following places in the order specified below:
    - Item/supplier master (PPS040/E)
    - Item master (MMS001/F)
    - Purchase order type (PPS095/E)
  - 'Packaging' - An identity showing how the item on the order line should be packed when it is shipped from the supplier and is defined in (MMS050).
  - 'Update material plan' - If the order quantities should update the material plan, the 'update material plan' parameter must be selected. The normal setting is to always have this parameter selected.
  - 'Representative price' - Displays how the price was entered, manually (1) or from an agreement (2). The representative price code can also be set to zero if, for example, an item is purchased at an abnormal price. This means that the price should not have an effect on the history analysis. It also determines whether the given price should update the price in the item/supplier file.
  - 'Part of order total discount' - Determines whether the order line should be included in the total for the entire purchase order, which is the basis for the order total discount.

  The next panel, G, is for information purposes only and will only be shown in display mode.

- **(PPS201/B)**

  'Item number' and 'order quantity' must be filled in. 'Units and 'prices' will automatically be retrieved from an agreement (PPS100), the item/supplier (PPS040) or the item master file (MMS001) if registered in any of these fields.
• (PPS201/E)
  • 'Our reference number' can either refer to an agreement number (1), an inquiry number (2) or a supplier quotation number (3). If a valid agreement exists in 'Purchase Agreement. Open' (PPS100), the agreement number will be retrieved automatically together with prices and conditions. If the agreement number says "9999998" the agreement is a general agreement, that is, a price is given in the item/supplier master. The Agreement documentation contains more information about agreements.
  • 'Reference order number' - If the purchase order is created from another order, for example, a customer order generates the purchase order, the 'Reference order number' field will be filled in with the customer order number, line and a reference order category.
  • 'Revision number' is a way to keep track of changes made on the order. 'Revision Control. Open' (CRS340) is accessed by selecting option 14 from 'Purchase Order. Open' (PPS200/B). In this program a revision number, date and a text describing why the revision is done is defined. Using a revision number enables you to print only revised lines on a purchase order.
  • 'Recipient' - The content of the Recipient field is written on the detailed goods receiving document and can be used to inform the inventory staff who the goods are aimed for. It is also possible to predefine the content of the field in 'PO Type. Open' (PPS095).
  • 'Requested delivery date' - If the requested delivery date is too soon relative to the lead time, a warning is displayed if the setting is correct in 'PO Type. Open' (PPS095).
  • Three different type of discounts can be entered or defaulted:
    • Discount 1: Discount from the supplier master
    • Discount 2: Discount from the agreement header
    • Discount 3: Discount from the agreement line
  • 'Price text' - In M3 it is mandatory to put in a price on each order line. It is, however, possible to enter a Price text instead of a price on the order line. This can be the case if the price of the purchased item is unknown and refers to, for example, a sample or a new article. This text is entered in a table behind the price text field in 'Purchase Price. Enter text' (CRS060).
    • F11 = Account Entry, will open up the accounting string to be able to put in a manual account on a specific order line. This is commonly used for purchase on items that are not inventory accounted, where a cost account is used instead of the inventory account.

Summary for the Complete PO
The (PPS200/H) panel is a summary picture of the complete order.
  • 'Total order discount' - If a total order discount exists, this will be calculated and displayed in the panel. You can adjust the total order discount.
  • You can also enter a total order discount instead of the suggested percentage discount. The total order cost, net order value minus order discount, can also be adjusted.
  • F14 = Order total discounts and F15 = Charge limits, display the different limits at which discounts and charges are activated. This can be used to see whether a greater purchase quantity will give a better price due to the charge limits.
Charges can be divided into:
• Service charges
• Freight charges
• Minimum order value
• Minimum order line value

If a minimum limit value exists and is not reached, a warning message will be displayed (when leaving this screen) that the value is not exceeded. This function can be activated in 'PO Type. Open' (PPS095/H), parameter 330.

Print PO documents and release PO

A purchase order can be released automatically or manually. A purchase order is released when the purchase order document is printed (status 20 = Document printed).

If a purchase order automatically should be raised to status 20 = Document printed, you must enter the following settings:
• 'Planning Policy. Open' (MMS037), parameter ‘005 Default status PO’ must be set to status 15 = Ready for printout - The purchase order is immediately ready for printing.
• 'PO Type. Open' (PPS095), parameter '710 Automatic printouts of PO documents', you must select the check box if you want the purchase order to be automatically released.

If a purchase order should be raised manually, you need to follow the steps below:

1 On the (PPS200/B) panel you select function key F14 = Print documents. 'Purchase Order. Print Documents' (PPS600) is started.
   You can also start (PPS600) from the menu tree.
2 You can define some settings by pressing F13 to display the P panel.
   The permanent layout of the document is controlled by parameter 030 'Document variant – PO' in 'PO Type. Open' (PPS095). If that field is left blank, a standard document will be printed.
3 Select the E panel as the opening panel and adjust the date format.
   The panel sequence cannot be changed. It must be set to EF.
4 Define the field selection, cursor position, and whether From/To values should be mandatory. Press Enter.
   In the field selection, you decide which field headings and field contents to display and whether editing should be allowed.
5 The E panel is now displayed. Orders can be selected for printing by the PO number range fields or by specific order numbers by using the open fields at the bottom of the screen.
   • The status on the purchase order must be at least 15 to be able to print out the document. After printing, the status will be 20.
   • By marking the only rev lines field, only changed order lines are printed.

Display PO
'Purchase Order. Open' (PPS200) can also be used to follow up existing orders, for example, orders that have been created automatically or released planned purchase orders.

Information about order lines can also be accessed from 'Purchase Order. Display Lines' (PPS220). (PPS220) has many different inquiries, and it is also possible to make your own information views. See the following:

**Parameters to Set**

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS200/P)</td>
<td>Panel sequence</td>
<td>…what panel sequence is valid when creating a new order header. The panels are: E = Delivery conditions F = Agent, payment and currency terms G = Addresses 1 = Order lines (PPS201) 2 = Payment table (PPS203) 3 = Activity list (PPS205) 4 = Revision (CRS340) 5 = Charges (PPS215) 8 = Reconcile received/not invoiced (APS370) H = Summary panel with order totals (PPS200)</td>
</tr>
<tr>
<td>(PPS200/P)</td>
<td>Repair/subcontract</td>
<td>…whether repair and subcontract order fields should be displayed on the purchase order panels. To display these fields, the order type category must be 10, 60, 65 or 70. <strong>Recommendation</strong> Do not select this check box if you do not use repair or subcontract orders.</td>
</tr>
</tbody>
</table>

**See Also**

"Purchase Order" on page 62
"Settings for Purchase Order" on page 96
"Supply Chain Rebuild" on page 134
Create and Release Planned Purchase Order

This document describes how to work with planned purchase orders and how to release them to purchase orders.

Results

Outcome
The following topics are described:
• Work with planned purchase order
• Manually create planned purchase order
• Release planned purchase order
• Print planned purchase order
• Display planned purchase order in material plan

Uses
After a planned purchase order is released, a purchase order is created with the values from the proposal.

How the System Is Affected
Planned purchase orders are stored in the MPOPLP table.

Before you start
Basic settings for the purchase flow must be entered according to "Basic Settings for the Purchase Flow" on page 14.

Follow These Steps
Work with Planned Purchase Order

1 Start 'Planned Purchase Order. Open' (PPS170), the B panel.
   • Panel sequence
     E = Delivery date, quantity, price etc.
     F = Delivery terms, manufacturer etc.
     G = Other information, for example, a representative price
   • View, Sorting order, Sorting options
     The views, sorting options and sorting orders are user defined in order to get a good presentation of the proposals. There are some predefined sorting options such as options 10, 20, 30, 40 and
50 which are created automatically using the existing logical files. These sorting options are connected to sorting orders 01, 20, 30, 40 and 50.

By working with user-defined sorting options the sorting orders can aggregate information on flexible levels. For example, you can aggregate all the planned purchase orders to a special supplier and display this in only one line. How to create user defined information view is described in:

- **Status – planned order**
  A purchase order proposal can, for example, be created from MRP and a purchase requisition as described earlier. The status of the planned PO will be 10 or more,
  If we have failed to set some data that the system needs (for example the purchase price), the order line will also show up here even if the system is set to create a purchase order immediately. If this is the case, the line will have status 00 and a warning message.

- **Options**
  6 = Print - Starts 'Output. Select Media' (MNS212)
  11 = Release line – Release the planed PO. The status is raised to 60 = Released to create PO. An auto job converts all released planned order lines to purchase orders. This can also be done manually by pressing F14 (Create PO).
  12 = Release supplier - All planned PO for this selected supplier will be released.
  14 = Item/Warehouse – Starts 'On hand. Display Summarized per Item/Whs' (MMS200/V)
  15 = Material plan – Starts 'Material Plan. Open' (MMS080)
  16 = PO – Starts 'Purchase Order. Open' (PPS200)
  17 = Purchase statistics – Starts 'Purchase Statistics. Display' (PPS450)
  18 = Suppliers – Starts 'Supplier. Open' (CRS620)
  19 = Close to orders - Gives information about items close to their reorder point. Starts 'Availability. Display Items close to RoP' (MMS215)
  20 = Subcontract select – Is used for procurement subcontracting. Here you can change operations and material in the subcontracting. Starts 'Planned PO. Select Subcontracting' (PPS177)
  21 = Charges – Starts 'Planed PO. Connect Charges' (PPS172)
  22 = Attributes values – Starts 'Attribute Value. Connect to' (ATS101)
  30 = Calculate sales prices -
  31 = Simulate sales price
  32 = CO line – Starts
  33 = Milestone chain – Starts 'Milestone Chain. Open' (CRS096)
  39 = Pre allocation – Starts 'Pre-allocation. Performed Detailed' (MWS121)
2 Open the (PPS171/E) panel. Many of the fields on this panel are defaulted from the supplier, item or the supplier/item file and can be changed manually.

<table>
<thead>
<tr>
<th>Field</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Origin (Generation reference)</td>
<td>The Origin field indicates where the planned order is generated from. For example, 23 mean that the proposal is generated from a normal customer order.</td>
</tr>
<tr>
<td>Our reference number</td>
<td>If a valid agreement exists on the supplier, this agreement number will be displayed in this field together with the code 1, meaning agreement number.</td>
</tr>
<tr>
<td>Warning message</td>
<td>If something is wrong or missing on the planned order, a warning message is displayed. The field help (F1) gives information about the warning codes.</td>
</tr>
<tr>
<td>Warning message</td>
<td>For example, A means that the supplier is missing in the supplier file. A warning message with a letter indicates that this error has to be corrected before proceeding.</td>
</tr>
<tr>
<td>Warning message</td>
<td>After correction, F16 (Check errors) can be used and the warning message field will be updated.</td>
</tr>
<tr>
<td>Purchase order number</td>
<td>A purchase order number can be generated for the planned order at this level. Press F20 (Generate PO number) and a purchase order number will be displayed behind the order proposal number. When the planned order is released, the created purchase order will use this number as the purchase order number.</td>
</tr>
<tr>
<td>Planning policy</td>
<td>The planning policy is defaulted from 'Warehouse. Connect Item' (MMS002).</td>
</tr>
</tbody>
</table>

3 Open the (PPS171/F) panel. Many of the fields in this panel are defaulted from the supplier, item or the supplier/item file. The user can change the proposed values.

<table>
<thead>
<tr>
<th>Field</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signature</td>
<td>For control reasons, a signature might be needed to be able to release the planned purchase order. This is controlled by the authorization check parameter in 'Purchase Order Type. Open' (PPS095).</td>
</tr>
<tr>
<td>Requisition by</td>
<td>This field contains information on which user ordered or required the planned purchase order line. By pressing F9 (responsible info) more information about this user is presented (PPS171/H). This information might be useful to the planner or buyer.</td>
</tr>
<tr>
<td>Reference order number</td>
<td>The field indicates a relationship between processes or between processes and superior orders. The reference order number is always related to a reference order category.</td>
</tr>
<tr>
<td>Reference order number</td>
<td>For example, a purchase order line can be related to a customer order number indicating the customer order which led to a direct purchase. Similarly, a purchase order line can be related to a project number or manufacturing order.</td>
</tr>
</tbody>
</table>
The terms entered on this panel, that is, payment terms, delivery terms and so on, will be copied over to the purchase order after the release.

4 Open the (PPS171/G) panel. Some of the fields in this panel are defaulted from the supplier, item or the supplier/item file. The user can change the proposed values.

**Update material plan**

This field indicates whether the order proposal will be shown in 'Material Plan. Open' (MMS080). The parameter is defaulted from 'Purchase Order type. Open' (PPS095/F). However, items with no inventory accounting are always defaulted to 0.

**Manually create planned purchase order**

1 Open 'Planned Purchase Order. Open' (PPS170). Open the A panel.

A planned purchase order can be registered manually by using the A panel and specifying the warehouse and item number.

Fields from 'Item. Open' (MMS001), 'Supplier. Connect Item' (PPS040), and the Supplier files (CRS620-CRS624) will be defaulted on the E, F, and G panels.

**Release planned purchase order**

1 To release a planned purchase order, all warning messages for errors or stops must be handled. After correction, F16 on the E panel can be used and the warning message field will then be updated.

2 **Automatically release planned PO to PO**

If a planned purchase order should automatically be released to a purchase order, you must specify the following settings:

- 'Planning Policy. Open' (MMS037), parameter '022 Default status - planned orders AM = A1' (release and reschedule in the order). If planned orders with action message A1 should be released automatically, you must set this parameter to 60='Released order'.
- (MMS037), parameter 025-'Default status - planned orders when AM=A2' (release order). If planned orders with action message A2 should be released automatically, you must set this parameter to 60='Order released'.
- 'Item. Connect Warehouse' (MMS002/E), the 'Planning policy' field. You must connect a planning policy to the item/warehouse with the settings above (60='Order released').

3 **Manually release one planned PO to one PO**

Select the planned purchase order to be released and press option 11='Release Line'.

4 When you exit (PPS170) by pressing F3 or Close, 'Purchase Order. Create from Planned' (PPS913) will open. Here, you must specify the fields and press Enter to create a purchase order from the planned purchase order.

5 **Manually release all planned POs, belonging to one supplier, to one PO**

Select one planned purchase order for the supplier and then select option 12='Release Supplier'.
6 When you exit (PPS170) by pressing F3 or Close, (PPS913) will open. Here, you must specify the fields and press Enter to create a PO from the planned PO.

7 Manually release a number of planned POs, belonging to one supplier, to one PO

Select the planned purchase orders to be released for the supplier and press option 11='Release Line'.

The 'Co-Sorting Identity Order Proposal' Field

Use this field if you want to separate planned POs for one supplier. For example, if drawings should be attached to a certain planned PO line, you want this to be a separate PO for his supplier.

8 Specify a code (AA for example) for the planned POs that should be created as separate POs for this supplier. Select option 11, and they will be released as separate POs.

If you select option 12, they will be released as separate POs and the rest of the planned POs for this supplier will be released as one PO.

(When you create purchase inquiry, this field is used in the opposite way. Select all planned purchase inquiries to be released to one purchase inquiry. See documentation about Purchase Inquiry).

9 When you exit (PPS170) by pressing F3 or Close, (PPS913) will open. Here, you must specify the fields and press Enter to create a PO from the planned PO.

• It is possible to consolidate the release of planned purchase orders to one or more purchase orders. See the document Purchase Order Consolidation Group for further information.

Print planned purchase order

1 The planned purchase order is printed by using option 6 =Print from 'Planned Purchase Order. Open' (PPS170/B) or you can start 'Planned Purchase Order. Print' (PPS590) and print out from there.

Display planned PO in material plan

1 Start 'Material Plan. Open' (MMS080/B). Select planned purchase orders to be displayed by filling in '250' in the 'Order category' field. 25 means purchase order and 0 means planned order.

Both the planned purchase order number and the supplier number are also displayed on the panel.

Parameters to set

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(CRS165/B9)</td>
<td>Number series type</td>
<td>…a number series type. For the planned purchase order use number series 36.</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates …</td>
</tr>
<tr>
<td>-----------------</td>
<td>------------------------------------------</td>
<td>------------------------</td>
</tr>
</tbody>
</table>
| (MMS037/E)      | 005 Default status PO                    | …the default purchase order status records should be assigned as a planned order.  
The valid alternatives are: 10 = Preliminary - The purchase order should be completed before being printed. 15 = Ready for printout - The purchase order is immediately ready for printing.  
The purchase order will be assigned the above status if is not changed in (PPS170). |
| (MMS037/E)      | 022 Default status - planned orders AM = A1 | …the status to be assigned to automatically created planned orders with AM=A1.  
If planned orders with action message A1 should be released automatically, you must set this parameter to 60 = Released order. |
| (MMS037/E)      | 025 Default status - planned orders AM = A2 | …the status to be assigned to automatically created planned orders with AM=A2.  
If the status value is set to 60, a purchase order will be created directly from the planned purchase order.  
The following status levels are available:  
10=Planned order  
20=Firm planned order  
30=Firm planned order  
40=Firm planned order  
50=Firm planned order  
60=Released order  
If planned orders with action message A2 should be released automatically, you must set this parameter to 60 = Released order. |
<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(MMS037/H)</td>
<td>300 Amount limit to release planned orders</td>
<td>the amount limit for automatically created purchase orders. If the order proposal line exceeds this amount, it will remain a proposal with status 05. Otherwise a purchase order will be created automatically.</td>
</tr>
<tr>
<td>(PPS095/G)</td>
<td>200 Should PO-proposal get a warning if std-price=0</td>
<td>… whether a planned purchase order should get a warning message 98 if standard price equals 0. This is important when the standard price is used for creation of the financial transactions in the goods receiving flow, with the condition that the inventory accounting method for the item is 1 (standard cost).</td>
</tr>
<tr>
<td></td>
<td>340 Multiple warehouses per PO</td>
<td>… whether it is possible to enter purchase order lines with different warehouses for the same purchase order. If alternative 1 = Yes, is entered, order type parameter 341 should also be set to 1.</td>
</tr>
<tr>
<td></td>
<td>341 Multiple delivery addresses per PO</td>
<td>… whether it is possible to use lines that represent different delivery addresses for the same purchase order.</td>
</tr>
<tr>
<td></td>
<td>350 Consolidation fence - PO</td>
<td>… the number of calendar days that checks time allowances for the release of a planned purchase order. The number of days between the different order lines' delivery dates must be lower than the number of days entered here. This enables you to split purchase orders that contain lines whose delivery dates differs a lot in time. If the field is blank, no check on the delivery dates is made.</td>
</tr>
<tr>
<td></td>
<td>370 Warning - dely date within lead time</td>
<td>… if a warning should be given on a planned purchase order if the requested delivery time is earlier than the delivery date according to the lead time.</td>
</tr>
</tbody>
</table>

**See also**

"Planned Purchase Order" on page 59
"Basic Settings for the Purchase Flow" on page 14
Custom Fields

This procedure should be used when creating user defined information or custom fields. Custom fields can be connected to items, supplier, purchase agreement headers and lines. The custom fields can be used to attach information to the different objects, but they can also be used in the purchase costing model and in formulas. In equipment, custom fields are called Technical Datasheet (TDS) fields. See process for information on how custom fields are used in processes related to equipment.

Before you start

- The item that will be connected to the custom fields is defined in 'Item. Open' (MMS001).
- The supplier that will be connected to the custom fields is defined in 'Supplier. Define Purchase & Financial' (CRS624).

Follow these steps

Follow the steps below to set up custom fields:

1. Create the fields that will be used to hold the user defined information. The information fields can be alphanumeric, numeric or a date. The type of content is left to the user to decide. The fields are defined in 'Custom Field. Open' (CMS470).

   a. In panel B or A enter the code for the custom field (Seed type, starch content etc).
   b. Select option 'Create' and 'Custom Field. Open' (CMS470/E) will be displayed.
   c. The description of the custom field must be entered.
   d. The name will automatically be defaulted from the description (and truncated if necessary). Note, rather than the user entering data manually the system can display data based on an existing M3 field. In this case enter the field name with a forward slash followed by the file name. For example, MMITNO/MITMAS00 will display the item number of the record in question, this field is stored in the table MITMAS00 (00 must always be at the end of the file name). If used the heading should manually be changed.
   e. The heading will automatically be defaulted from the description. Dot leaders will be automatically inserted at the end of the heading if space permits. The heading is used in many panels as the field title.
   f. The Field Type must be selected. The valid options are A (alphanumeric), N (Numeric) and D (Date).
   g. Enter the Field Length. This is not required for date fields. The maximum length for an alphanumeric field is 40 and 15 for numeric.
   h. The No. Decimal Places field should be filled in only for numeric fields. The default value is 0, and the maximum value is 6.
Enter the meter. This is the unit that the field is being measured in (if required). Meters are defined in 'Meter. Open' (MMS051). Meters are primarily used for Technical Datasheets. Press Enter to save.

2 Create user defined field groups, used to create named groups of information fields that can later be connected to objects. The groups are defined in 'Custom Field Group. Open' (CMS471).
   a In panel B or A enter the code of the custom field group (Grain information, Nutrition etc).
   b Select option 'Create' and the E screen will be displayed.
   c The description of the custom field group must be entered.
   d The name will automatically be defaulted from the description (and truncated if necessary). Press Enter to save.

3 Link custom fields to a field group. This involves linking, for example, nutrition information into a group that can be used for a number of similar food products. These are defined in 'Field Group. Connect Field' (CMS472).
   a In 'Custom Field Group. Open' (CMS471) highlight the custom field group that you want to connect custom fields to and select option 11 'Custom fields' from the Related Options to go to CMS472.
   b In panel B or A enter a sequence number for the sequence that the custom fields in this group should be displayed.
   c Select option 'Create' to go to panel E where the custom fields can be connected to the group.

4 Link custom field groups to items. The custom field groups are linked to an item via its' item group. Use option 11 in 'Item Group. Open' (CRS025) to enter program 'Connect Custom Field Group. Open' (CMS473). Enter the sequence number that the fields in the group should appear in when maintained or displayed. Select option create to go to CMS473/E where you can enter the details of the custom field group to connect to the item group.

5 Link custom field groups to suppliers. The custom field groups are linked to a supplier via its supplier group. Use option 11 in 'Supplier Group. Open' (CRS150) to enter program 'Connect Custom Field Group. Open' (CMS473). Enter the sequence number that the fields in the group should appear in when maintained. Select option create to go to CMS473/E where you can enter the custom field group to connect to the supplier group.

6 Link custom fields to supplier agreement header. The custom fields cannot be directly connected to agreement header. When an agreement is created for a supplier containing custom fields, the fields are copied to the agreement header and can be maintained for the agreement header using option 16 in 'Purchase Agreement. Open' (PPS100).

7 Link custom fields to supplier agreement lines. The custom fields cannot be directly connected to agreement lines. When an agreement line is created for an item containing custom fields, the fields are copied to the agreement line and can be maintained for the agreement line using option 13 in 'Purchase Agreement. Open Lines' (PPS101).

8 Link custom fields to supplier address. Custom fields can be linked to the supplier address where the address type is 04 (origin address). From supplier listing on 'Supplier. Open' (CRS620), select related option 11 addresses. Supplier. Connect Address (CRS622) is then displayed. Select related
option 11, custom fields against the required address. Custom Field. Update (CMS474) is then displayed. Enter the required user defined information.

See also
"Grower Contract Management (GCM) - Overview" on page 280

Item / Supplier

This term acts as a key to the basic information about an item that has been connected to a certain supplier. This information is used for inquiries, processing agreements and purchase orders. However, subcontractor IDs and repair IDs retrieve this information in the same way as an item or service. The key contains a combination of the following:

- Item number
- Supplier number
- Service process
- Service.

The terms service and service process are only used for subcontracting orders and repair orders. For subcontracting the structure type for the bill of material must be specified as service process and the operation number as service.

Combinations of item/supplier are maintained in ‘Supplier. Connect Item’ (PPS040).

M3 Fashion Matrix plug-ins for purchase order

M3 Fashion Matrix plug-ins for purchase order provide an improved interface for purchase order processing in M3 BE for Fashion-related orders. It lets the user create and manage orders in matrix form, as well as attach images to be shown in the product through Infor Document Management (IDM).

Adding a transaction to MDBREADMI

This is a required process that lets M3 Fashion Matrix plug-ins work properly.

1. Using the API Tools or the M3 BE programs, specify:
   - 'MI Repository. Open' (MRS001)
• ‘MI Transaction. Open’ (MRS002)
• ‘MI Transaction. Layout’ (MRS003)

2 Add this transaction: MDBREADMI.LstMITMAH10.
   Input: STYN (Mandatory), ITNO (Not mandatory)
   Output: ITNO, STYN, SQNX, FTIX, OPTX, TX15, SQNY, FTIY, OPTY, TY15, SQNZ, FTIZ, OPTZ, TZ15, SQFX, SQFY, SQFZ, SECH

Adding script to open the matrix

This is a required step in order to initialize the button to open M3 Fashion Matrix.

1 Open 'Purchase Order. Open' (PPS200)
2 Click Tools > Personalize > Scripts.
3 Create a new script by entering 'ViewMatrix' in the field 'Script' and click Add. Leave the field 'Argument' blank.

Starting M3 Fashion Matrix

1 After M3 Fashion Matrix is installed, the View matrix option is available in 'Purchase Order. Open' (PPS200/B).
2 Select a purchase order in the sub file, then click View matrix to display the selected purchase order in M3 Fashion Matrix.
   Note: Since a line must be selected in (PPS200), a purchase order head must be created outside M3 Fashion Matrix. The purchase orders also needs to contain at least one purchase order line so that M3 Fashion Matrix can be opened properly. A user can then add additional lines in 'Purchase Order. Open Line' (PPS201) and in M3 Fashion Matrix.
3 From M3 Fashion Matrix, navigate back to (PPS200) by clicking Hide matrix.

Information from the purchase order header

Information from the purchase order header is displayed in the upper section of M3 Fashion Matrix.

• Purchase order number
• Supplier
• Purchase order type
• Season or Project number
• Delivery window or Project element
• Date type
Handling style item – Visibility

On the left side of the middle section in M3 Fashion Matrix, there is a list that displays every combination of style number, delivery date, and warehouse in a purchase order. An existing confirmed delivery date is displayed in the lower section of M3 Fashion Matrix with the detailed information.

When selecting a line in this list, a matrix displays the Stock Keeping Units or SKUs with their corresponding style numbers, transaction dates, and warehouses. The dimensions X and Y are displayed in the matrix, while the Z-option can be updated manually. The displayed information is retrieved from the style settings through MI-transactions. Each matrix element represents an SKU of that specific style with a combination of an X-option and a Y-option.

The matrix also displays line total, column total, and the grand total quantities for the SKUs in the matrix. To only display the lines in the matrix that contain quantity, click Collapse. To expand the matrix, click Expand.

To display detailed information such as status, prices, and availability in the lower section of M3 Fashion Matrix, select an SKU in the matrix. You can also use IDM to connect an image to a specific item based on style. The image is displayed when the item is highlighted in M3 Fashion Matrix.

Creating new purchase order lines

A user can create new order lines using M3 Fashion Matrix plug-ins. To load the matrix, select a style number line in the list. The user can then update the quantity of an SKU, quantities in a current purchase order line in M3 BE, or add a new purchase order line in M3 BE.

To add a new purchase order line in M3 BE, specify a quantity to an SKU where the current quantity is zero. To update the quantity, select the matrix element and click Enter. The changed quantities will be marked in red. To generate the changes in the matrix, click Update matrix. This updates purchase order lines or generates new purchase order lines through MI-transactions.

Placing an order for new styles

A user can also place an order for new styles that are not in the purchase order. Click New style to open a new window and select a specific style number, delivery date, and warehouse. Click Add to create a new line in the Style list. Select the line to display a matrix with zero quantities in all matrix elements. Specify the required quantities as necessary.

Handling normal items

Normal items are discrete items that can be added to a purchase order in M3 Fashion Matrix. The order line that contains the normal item is displayed as a line in the list. If selected, detailed information about the normal item, such as status, prices, and availability are displayed in the lower section of M3 Fashion Matrix.

Adding normal items to a purchase order

1. In M3 Fashion Matrix, click New item to open a new window that displays the item number, quantity, transaction date, and warehouse. Specify the quantities for these fields.

2. Click Add to create a new order line through MI-transactions.
Updating normal item quantities in a purchase order

1. In M3 Fashion Matrix, select an order line, then specify the quantities for the normal item.
2. Click Update line to update the order quantity and delivery date through MI-transactions.

Handling delivery dates

Handling of dates in M3 Fashion Matrix is determined by the Date type or DT4T parameter in 'Supplier. Define Purchase Financial' (CRS624/E). This parameter governs how transport lead times are calculated. Transport lead times can be set up in 'Supplier. Connect Trans Lead Times' (PPS010).

The field value of Date type is displayed in the upper section of M3 Fashion Matrix. If the value of Date type is 1, 3 or 4: The requested delivery date or DWDT key is used in the list on the left side of the middle section in M3 Fashion Matrix. The requested delivery date is sent to M3 BE when creating new order lines, or changing existing order lines from M3 Fashion Matrix. The planning date is then adjusted based on the transport lead time.

If the value of Date type is 2: The planning date or PLDT is used as key in the list on the left side of the middle section in M3 Fashion Matrix. The planning date is sent to M3 BE when creating new order lines, or changing existing order lines from M3 Fashion Matrix. The requested delivery date is then adjusted based on the transport lead time.

Season handling

The item creation process in M3 BE lets a user assign a created SKU to a certain season. The logic for handling this in the customer order processing is defined by the parameter 185 - Season control in 'Purchase Order Type. Open' (PPS095/G) in M3 BE. This parameter specifies which items can be used in purchase order lines based on the season selected on the purchase order header.

Purchase order processes that involve season handling are the same for M3 Fashion Matrix and M3 BE. M3 Fashion Matrix does not allow users to specify erroneous SKUs on a purchase order.

Infor Document Management

You can use Infor Document Management to upload and connect images to the Fashion Matrix.

1. To start Infor Document Manager in Infor Smart Office, use the Navigator widget, select Function > Infor Document Management > Infor Document Management Client.
2. Select Add Document, then select M3 Fashion from the list.
3. Drag the picture to Drop File Here. Optionally, you can click Drop File Here to upload the image through a standard file dialog.

   Note: The resolution of uploaded images affects Infor Document Management performance. As image attribute, you need to specify the corresponding style to connect to the image. Even though the document type has color as an input field, M3 Fashion Matrix plug-ins browse the IDM based on only the style.

4. Click Save, then click Check in to upload the image.
Manage Purchase Order Claims

This document explains how you work with purchase order (PO) claims. When goods are rejected in the quality inspection activity, a claim for the supplier is often created. Usually, either a replacement delivery or a credit note from the supplier is requested.

Outcome

Depending on the workflow, the following outcome is expected:

- A claim is created manually or automatically in 'Claim. Open' (PPS390).
- A claim is approved.
- A claim note is printed.
- A requisition order is created for issuing the rejected goods.
- A picking list is released and the rejected goods are picked, reported and sent to the supplier.

The workflow differs depending on whether a replacement delivery or a credit note is requested.

If a replacement delivery is requested, a subnumber on the original purchase order line is created automatically, making it possible to receive the replacement delivery on the purchase order. The system can also remove the rejected goods from the rejected goods location automatically. This is done by using a requisition order. If a replacement delivery is requested, financial transactions are created in the issue of material.

This will not happen if a credit note is requested from the supplier.

As part of this process, the following files are updated:

<table>
<thead>
<tr>
<th>MPCLAH</th>
<th>Purchase Order Claim Header</th>
</tr>
</thead>
<tbody>
<tr>
<td>MPCLAL</td>
<td>Purchase Order Claim Line</td>
</tr>
</tbody>
</table>

Before You Start

- Settings must be entered according to "Basic Settings for the Purchase Flow" on page 14.
- Settings must be entered according to "Settings for Goods Receiving, Quality Inspection, Claims and Put-Away" on page 204.
- The goods must be reported as received (status is set to 50), see "Receive Purchased Goods" on page 190.
Follow These Steps

Outline

Create Claim Manually

1. Start 'Claim. Open' (PPS390/A).
2. The claim must be connected to a supplier. Entering a purchase order number is optional.
   If a number is entered it will be used for information purposes only and no data will be collected from the purchase order.
3. The panel sequence will be EF1 regardless of what is defined.
4. Select Create.

Create Claim Automatically

1. Depending on the settings in 'Settings. Purchase' (CRS780), the 'QI Result – auto claim' field, a claim will be created automatically if the QI result code is:
   - 2 = Approved with remarks
3 = Partially rejected
4 = Rejected.

The QI result code is entered in 'Purchase Order. Inspect Goods' (PPS310)' on the E panel.

2 The automatically created claim will have status 10 = Preliminary.

Status 10 is the normal status for automatically added claim errands when the quality inspection result is reported.

3 When the claim is automatically created from the quality inspection, the goods are placed in a location with status 3=Rejected.

This location is defined in 'Purchase. Settings' (CRS780).

4 Start 'Claim. Open' (PPS390/B).

• The claim officer is the buyer for the specific order. It can be changed on the E panel.
• The claim reference is the person who reported the quality inspection. It can be changed on the E panel. Use view 2 on the B panel to sort on the claim reference.
• The search key is defined (ten-characters) when a new supplier is entered in CRS620.
• The claim number is connected to the specific purchase order number and supplier.
• The claim status will be set to 10 (preliminary). After the claim is approved, the status is manually raised to 15, making it possible to print the claim note.

5 Open the E panel.

• Status. If the claim was created automatically from the quality inspection, you must now change the status from 05 to 06='Work with claim is active', because then, when you are finished with the claim, the status on the claim will be set to 15 = 'Approved'.

You may select one of four actions to be taken. The selected action will be written on the claim note. The valid alternatives are:

• Replacement delivery. A new delivery will be requested from the supplier. If this action is chosen, a new purchase order line is created as a subnumber to the original purchase order line.
• Supplementary delivery. A supplement for the order will be requested from the supplier.
• Credit to issue. A credit note for payment for the order will be requested from the supplier.
• Cost to repair. Repair costs will be requested from the supplier.

Supplementary details can be entered in the text block (user-defined button) and then printed on the claim note.

• Replacement delivery date. Proposed if a lead time for a replacement delivery is entered in the item/supplier file (PPS040).
• Claim notes. The text entered here will be printed on the claim note under the heading. The text may, for example, be a message to the supplier indicating what action you expect to be taken.
• Receipt date. The date when the goods for which a complaint was made were received.
• Transaction identity. Refers to the requisition and distribution order type that will be used to create an issue of rejected material (transaction type 41=Requisition order issue). This order type is proposed from 'Settings – Purchasing' (CRS780). The issue will take place after the claim document is printed. The setup on the dispatch policy (MWS010) determines whether a picking list report is necessary or whether the withdrawal will be made immediately.

• Update material plan. Indicates if this pick out should be displayed in (update) the material plan.

• Media profile. Indicates how to send the claim information to the supplier.

6 Open the F panel. The F panel is used for addresses. These addresses are defaulted from 'Supplier. Connect Address' (CRS622). These addresses can be changed by selecting the 'Change/Add address' field.

• Supplier's postal address - where the claim note should be sent.

• Supplier's ship-via address - the address the transport goes through before it arrives at the final address.

• Supplier's receiving address - where to send the rejected goods.

Work with Claim Lines

1 Open 'Claim. Open Lines' (PPS391). When automatic creation of claims is used, the rejected items are displayed on the B panel.

2 Open the E panel.

• The supplier item number is the item number used by the supplier for identifying an item.

• The reject reason indicates the reason for rejection. It is defined in 'Reject Reason. Open' (CRS090). The reason code was entered in the quality inspection process.

• The quality cost is the cost for the quality inspection performed. It is used for informational purposes only.

• Separation indicates if this line will be moved to a new claim errand number. The field can be used to separate two claim lines that should be processed differently. For example, perhaps a supplier should credit one line and will send a replacement shipment for the other line.

• F6 Text. Text entered during the quality inspection is displayed and can be changed in the text block. This text will appear as a line text on the claim note.

Print Claim Documents

1 To print the claim note, select function key F14='Print' on the (PPS390/B) panel.

The claim must be in status 15=Approved. The status is set manually after a course of action has been decided for the claim.

2 'Claim. Print Document' (PPS820) is started.

Printouts can be made for a certain claim officer, for a special supplier or by specifying claim note numbers.

After the claim note is printed, the status on the claim note will be raised to 20.
3 If you request a replacement delivery, the printout will also activate a requisition order for issuing of the rejected goods. The goods can be issued with or without a picking list depending on the settings on the issue's dispatch policy (MWS010). If the picking list must be reported, this is done in 'Picking List. Report' (MWS420).

4 For information about how to manage a requisition order issue, see the following:

Display Transactions
The following options available to display transactions connected to a claim.

- Display Balance Identity
  Start 'Balance Identity. Open Toolbox' (MWS060). Display the on hand balances on the locations for rejected items. You must select a view which includes the MLSTAS (status balance ID) field so you can select 3=Rejected. For more information about view, sorting orders, and sorting options, see the following:

- Display Transactions for Replacement Deliveries
  As stated earlier, a subnumber on the original purchase order line is created if a replacement delivery is requested from the supplier. This makes it possible to goods receive the replacement delivery.

  Start 'Purchase Order. Open' (PPS200) and open the lines for the purchase order (PPS201/B). The 'Purchase order line subnumber' field indicates the number of the subline.

  A PO line can have several sublines where, for example, each subline can have different confirmed delivery dates.

  Sublines for replacement deliveries from a claim are numbered with sub-numbers in consecutive order from 500.

- Display Stock Transaction History
  Start 'Stock Transaction. Display History' (MWS070). See Display Stock Transaction History [Instruction]. After the claim document is printed (status 20), the issue transaction will be created either immediately or after the picking list is reported.

See Also

"Purchase Order Claims" on page 66
"Goods Receiving Flow for Purchase Orders" on page 166
"Basic Settings for the Purchase Flow" on page 14
"Perform Quality Inspection of Goods" on page 182
"Perform Extended Quality Inspection" on page 177
"Put Away Goods" on page 186
"Settings for Goods Receiving, Quality Inspection, Claims and Put-Away" on page 204
Mass Change Aggregated Purchase Order Lines

This procedure is used to aggregate purchase order (PO) lines in 'Purchase Order. Display Lines' (PPS220) and simultaneously change information contained in several purchase order lines in one process.

The aggregated update functionality is accessible through the basic option "Change" in (PPS220/B). In order to update many purchase order lines, an aggregated sorting order is required.

Fields that can be changed this way are:

- Delivery method
- Delivery terms
- External instruction
- Goods receiving method
- Harbor or airport
- Milestone chain
- Packaging
- Planning date
- Priority
- Project element
- Project number
- Purchase price
- Requisition by
- Terms text

Project number and project element mean season and delivery window if the Fashion I–switch is enabled and setting '311 Project Management' in 'Company. Connect Division' (MNS100/J) is not selected.

This procedure also enables mass close of PO lines on an aggregated level by using related option 35=Close Order Line in (PPS220/B) on an aggregated PO line.

Limitations

When an update is performed, a batch job is created. The lines are processed one after another, but during this time the lines are locked. When these lines are locked, you cannot validate any of them. If you validate the locked lines, they will receive a failed status. You can see the reason for the failed lines by selecting action F17='Display error log' in (PPS220).

Follow These Steps

To change aggregated PO lines in (PPS220), proceed with these steps:
1 Start (PPS220/B).

2 Choose an aggregated sorting view.

3 Select an aggregated line and use the basic option "Change". (PPS220/E) is opened.

4 On (PPS220/E) you can define a new value for several different fields. For each field, a check box is available which should be selected to update the corresponding field. You can select the check box and leave the corresponding field blank in order to update the field with a blank value.

5 Use action F16=Validate to simulate the update.

6 Information is shown about the number of lines affected and how many of them failed the simulation. Action F17='Display error log' is visible if there are failed order lines, and can be used to access more information about the cause of the failure.

7 Use action F14=Update to update the PO lines contained in the selected aggregated line. This action can also be used without using action F16=Validate first.

To close aggregated PO lines in (PPS220), proceed with these steps:

1 Start (PPS220/B).

2 Choose an aggregated sorting view.

3 Select an aggregated line and use related option 35=Close Order Line. (PPS220/D) is opened.

4 Use action F16=Validate to simulate the update.

5 Information is shown about the number of lines affected and how many of them failed the simulation. Action F17='Display error log' is visible if there are failed order lines, and can be used to access more information about the cause of the failure.

6 Use action F14=Update to update the PO lines contained in the selected aggregated line. This action can also be used without using action F16=Validate first.

See Also

"Purchase Order" on page 62

Monitor and Follow Up Activities for a Purchase Order

This document explains how you monitor a purchase order and follow up on purchase order activities. You can monitor a purchase order either at the header level or at the line level.

Outcome

The purchase order activities are monitored and application messages are activated. The purchase order header file (MPHEAD) and the purchase order line file (MPLINE) are updated.
You can monitor the activities of a supplier in terms of purchase order plans and delivery follow-up. This helps the buyer take necessary actions accordingly. For example, the buyer can send reminders to suppliers for delayed deliveries.

**Before you start**

- A purchase order must be created in 'Purchase Order. Open' (PPS200).
- Basic settings for suppliers and items must be defined. See "Settings for Supplier and Items" on page 112.
- The parameters in "Settings for Monitoring and Follow Up Activities for a Purchase Order" on page 78 must be set.

**Follow These Steps**

Start 'Purchase Order. Open' (PPS200/A) and enter the purchase order number.

The B panel displays all purchase orders in a list view. Select the order line that you want to monitor.

Select one of the following steps depending on the level of monitoring with your purchase order:

- **Monitoring at PO Header Level**
  1. On the A panel, select option 13 = Monitoring List. 'Purchase Order. Monitor' (PPS205/E) is displayed.
  2. On the E panel, the monitoring activity is performed depending on the monitoring date. If the monitoring activity is completed change the 'Monitoring performed' field from 0 to 1. Press Enter to save your changes and redisplay the A panel.

     You can view the entire monitoring list in 'Purchase Order. Monitor' (PPS205/B1). The monitoring list can be viewed either by responsible or supplier or PO number. The monitoring status now changes from 10 = Definite to 90 = Completed.

- **Monitoring at PO Line Level**
  1. On the A panel, select option 11 = Lines. 'Purchase Order. Open Lines' (PPS201/B1) is displayed.
  2. On the B1 panel, select the order line that you want to monitor and select option 14 = PO Monitoring. 'Purchase Order. Monitor' (PPS205/E) is displayed.
  3. On the E panel, the monitoring activity is performed depending on the monitoring date. If the monitoring activity is completed change the 'Monitoring performed' field from 0 to 1. Press Enter to save your changes and redisplay the B1 panel.

     Start 'Purchase Order. Monitor' (PPS205/B1), the monitoring status now changes from 10 = Definite to 90 = Completed.

     A monitoring report can be printed from 'Purchase Order. Print Monitoring Report' (PPS650/E).

**Follow Up Activities**

2 On the B1 panel, you can see the list of all messages for activated message types. The message types for monitoring are:

501 = Communication monitoring reported error.
501 = Communication monitoring reported error.

See Also

"Settings for Monitoring and Follow Up Activities for a Purchase Order" on page 78
"Settings for Supplier and Items" on page 112

Planned Purchase Order

This document describes how to work with planned purchase orders and how to release them to purchase orders in M3.

A planned purchase order is a proposal for a purchase order. The proposals can be created in different ways in M3 both automatically and manually. The proposed values in the planned order, for example the quantity, can be changed in the proposals. After release of a planned purchase order a purchase order is created with the values from the proposal.

Outcome

A planned purchase order is created and is released to a purchase order. Planned purchase orders are stored in the MPOPLP table.

After a planned purchase order is released, a purchase order is created with the values from the proposal.

Before you start

Basic settings for the purchase flow must be entered according to the following:

Description

Different Ways to Create a Planned Purchase Order

The following section describes the different ways in which a planned purchase order can be created.

• The system can automatically create purchase order proposals during an MRP run.
• A purchase order proposal can be created automatically when a customer order is entered. This is called a customer-order-driven purchase order.
• A purchase order proposal can be created automatically when a service order is entered.
• A purchase order proposal can be created automatically when an item is subcontracted.
• A purchase order proposal is created when a requisition order is entered.
• A purchase order proposal can be entered manually.

**Statuses**
Each planned purchase order has a status which indicates its progress in the flow. For example, if the status is 00 then the proposal is stopped due to errors.

The errors can be reviewed through warning messages, which indicate what is missing or wrong in the planned order. If the warning message is a letter, then it is a stop message and the planned order cannot be released until the error is corrected.

If a planned order refers directly to a superior order (such as a direct purchase against a customer order), the planned order status cannot fall below 20.

When the planned order is for a firm planned order, the status is set to 20 at least, except for errors and warnings (status codes 00 and 05 as below).

A manually set status involves setting the status for the planning policy as default release status. The valid alternatives are:
00 = Automatically assigned to indicate database errors or stop as defined in the message code.
05 = Automatically assigned to indicate a database warning as defined in the message code.
10 = Planned orders and manual status.
15 = Planned orders where the item has several suppliers. Automatic rescheduling of quantity not performed.
20 = Purchase requisitions/planned work orders and manually defined status.
30 = If the planning policy states that status 60 (proposal - Planned order) and the action is A1, then the order proposal status is set to 30. Status 30 can also be set manually.
40 = Manual status.
50 = Manual or automatic status. The amount requires authorization processing.
55 = Automatically assigned when inquiries are created.
60 = Manual or automatic. Released to create purchase/work order.

**Origin (Generation Reference)**
The Origin (Generation reference) field on the planned purchase order indicates how the proposal was created. For example, a value of 29 in this field means that the planned purchase order was created from a purchase requisition.

The valid alternatives are:
10 = Planned manufacturing order
18 = Manufacturing order, manually entered
20 = Planned purchase order
21 = Planned purchase order, generated via manufacturing order
22 = Planned purchase order, generated via manufacturing order and subcontract order
23 = Planned purchase order, generated via customer order, not a direct delivery
24 = Planned purchase order, generated via customer order, direct delivery
26 = Planned purchase order, generated via maintenance order
27 = Planned purchase order, generated via material requisition
28 = Manually entered in the planned order routine
29 = Manually entered in the purchase requisition routine
30 = Planned purchase order, direct purchase
33 = Planned purchase order, generated via service order, not a direct delivery
34 = Planned purchase order, generated via service order, direct delivery
38 = Planned purchase order, generated via project order
40 = Planned purchase order, generated via e-Procurement
41 = Planned purchase order, generated via Scheduling Workbench
50 = Planned distribution order
58 = Distribution order, manually entered
60 = Planned maintenance order
61 = Deferred planned maintenance work order
62 = Forecast orders
63 = Maintenance work order, from removal
64 = Maintenance work order, historical (pre M3)
65 = Maintenance work order, from MOS326
66 = Maintenance work order, position based which has equipment updated in MOS070
67 = Maintenance work order, from condition based maintenance
68 = Maintenance work order, manually entered
69 = Maintenance work order, from inspection.

See Also

"Create and Release Planned Purchase Order" on page 38
"Target Buying" on page 143
Pricing - Purchasing

Pricing for purchasing refers to a set of rules regulating price proposals when planned purchase order are created and purchase orders are entered.

These rules are based on the following:

- The price is retrieved from an agreement in ‘Purchase Agreement. Open’ (PPS100). If there is more than one valid price in the agreement, then the price with the nearest From date is proposed. Agreements are selected in priority order using the agreement priority field per agreement header.

- The price is retrieved from the combination Item/Supplier entered in ‘Supplier. Connect Item’ (PPS040).

- The price is retrieved from the item master ‘Item. Open’ (MMS001). Note that the supplier number is not checked.

The price date used is controlled via the date code from the supplier master.

If the purchase order is in a foreign currency, the price from the item master is recalculated to reflect the price in the currency of the purchase order.

Note that the price in a PO can be overridden with a price text code in the order line when the PO is printed. This code can refer to different texts. This means that a price can be entered on the order as a target price for invoice control or as a base when conducting order overviews.

See Also

"Create Agreements with Supplier" on page 152
"Item / Supplier" on page 47

Purchase Order

This document explains how to create, release and print a purchase order.

A purchase order is an order to a supplier requesting material or services.

A purchase order is placed when a purchase from a supplier takes place. The purchase order can be sent to the supplier in different ways, for example by paper, fax, e-mail, or EDI. In some cases, the purchase is made over the telephone and no purchase order document is sent to the supplier.

A purchase order contains a header and one or more lines. The order header contains information common to the entire order, such as supplier agreement terms. The lines contain the items or services to be purchased.

A purchase order can be created in two ways, automatically from a planned purchase order or manually.

Outcome

If agreed with the supplier, you wait for an order confirmation, a shipment advice, and/or a transport notification of the purchase order. This is reported into the following programs:
• 'Purchase Order. Confirm' (PPS250)
• 'Purchase Order. Advise Shipment' (PPS260)
• 'Purchase Order. Notify Transportation' (PPS270).

The next mandatory step is to receive the delivery of ordered goods in order to store them in your warehouse. This is done in 'Purchase Order. Receive Goods' (PPS300).

How the System Is Affected

The following tables are used for purchase orders:
• MPHEAD Purchase Order Header
• MPLINE Purchase Order Line

Limitations

Many purchase order functions are available that are not described in this document. See the following list together with references to other material.

Agreements

A purchase order can be connected to an agreement via the rules set in the group profile connected to the agreement line. In this way, predefined values from the agreement, such as agreed prices and discounts, are proposed by default when the purchase order is placed. The reference to the agreement will be printed on the purchase order document. Read more in the Agreement documentation.

Costing

A purchase order is connected to a purchase costing model. This model can consist of elements that represent charges and internal costs in the purchasing flow.

When a PO is connected to a Grower Agreement, the costing model is sourced from the agreement line.

Read more in the Procurement Costing documentation.

Authorization

You can use authorizations on purchase orders to provide users with the authorization required to place purchase orders and limit the purchased amount on specific orders.

Read more in the Authorization documentation.

Monitoring (Confirmation, Advice and Notification)

In the monitoring functions in M3 you can follow up on deliveries on placed purchase orders.

Read more in the Confirmation, Advice and Notification documentation.

Before you start

• Basic settings for the purchase flow must be entered according to "Basic Settings for the Purchase Flow" on page 14.
• Settings must be entered for planned purchase order a according to "Create and Release Planned Purchase Order" on page 38.
• Settings must be entered for purchase order a according to "Settings for Purchase Order" on page 96.

Description

Outline

Structure of the Purchase Order

A purchase order consists of an order header and one or more order lines specifying the items to purchase. The header information is valid for the entire order and consists of information mainly concerning terms and addresses. A lot of the values on these panels are defaulted from the supplier files (CRS620-CRS624).

The order line information is only valid for each order line and consists of information about the item, for example, prices, quantities.

Each purchase order has status fields indicating how far in the flow the purchase order has come. The status consists of a highest and a lowest status and is displayed for both the order lines and for the complete purchase order.

PO Statuses

As stated earlier, the status on the order tells us how far in the flow the order has come. Both the order header and the order line have a highest and a lowest status.

If an order has more than one order line, the lowest status will show the status for the line that has reached the lowest position in the order flow. The highest status will consequently show the status for the order line that has reached the highest.

Example:
A confirmed purchase order has two order lines. The entire quantity on the first line (line 10) is goods received. Only half of the quantity on the second line (line 20) is goods received. The statuses on the order line and order header will be as follows:

<table>
<thead>
<tr>
<th>Line/Order</th>
<th>Lowest status</th>
<th>Highest Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>20</td>
<td>35</td>
<td>50</td>
</tr>
<tr>
<td>PO header</td>
<td>35</td>
<td>50</td>
</tr>
</tbody>
</table>

After a Purchase Order is entered, its status will normally be 15. If authorization is needed the status will be 12. After the Purchase Order document is printed, the status will be 20.

**Prices**

The price is automatically defaulted to the purchase order line when placing a purchase order. The price should be considered together with the price quantity, the purchase price U/M, currency and discount. The purchase price quantity represents the quantity of the item for which the purchase price applies.

Example:

If an item has a purchase price of $150 and the purchase price quantity is 10, then the purchase price per purchase U/M is $150/10 = $15.

The Purchase Price U/M is the unit of measurement for which the price is expressed.

The purchase price is defaulted from the following places and in the following order:

- Agreement (PPS100)
- Item/Supplier (PPS040/F)
- Item (MMS001/H)

If no price is collected to the order line the price must be entered manually. A price text can also be used instead of a purchase price.

**Texts**

This chapter describes some ways to print text on the purchase order documents. Pre- and a post texts for the header can be defined in 'Purchase Order. Open' (PPS200). By pressing F19, Pre text and/or F20, Post text on any of the detail panels in 'Purchase Order. Open' (PPS200) the text written will come out on the PO documents.

A line text can be attached by pressing F6 in 'Purchase Order. Open Lines' (PPS201).

A more firm post text can be put on all purchase orders. This can be used to inform the supplier of a change of address, for example. The text is placed in 'General Text. Open' (CRS950) and connected to the parameter 13 in 'Settings – Purchasing' (CRS780)

It is also possible to put in longer item texts in 'Items. Open' (MMS001) and write this information on the Purchase Order as a line text. The item number and item descriptions may not be enough to describe the requirements for a specific item to the supplier. The text is placed under the Text function (F6) in 'Items. Open' (MMS001) and is connected to a purchase order type in 'PO type. Connect Text'(PPS096).

The same functionality exists for the Suppliers and the Item/Supplier combination.
Purchase Order Claims

This document explains how purchase order claims are managed.

When goods are rejected in the quality inspection activity, a claim for the supplier is often created. Usually, either a replacement delivery or a credit note from the supplier is requested.

Outcome

Claims are created manually or automatically. A replacement delivery or a credit note is then created. The following files are updated in M3:

- MPCLAH Purchase Order Claim Header
- MPCLAL Purchase Order Claim Line

The workflow differs depending on whether a replacement delivery or a credit note is requested.

If a replacement delivery is requested, a sub-number on the original purchase order line is created automatically, making it possible to receive the replacement delivery on the purchase order. It is also possible for the system to remove the rejected goods from the rejected goods location automatically. This is done by using a requisition order. If a replacement delivery is requested, financial transactions are created during the issue of material.

This will not happen if a credit note is requested from the supplier.

Before you start

- A purchase order must be created. See "Create, Release and Display Purchase Order" on page 31.
- Settings in the document "Settings for Goods Receiving, Quality Inspection, Claims and Put-Away" on page 204 must be entered.
- The goods must be reported as received (status is set to 50). See "Receive Purchased Goods" on page 190.
**Description**

**How Claims are Created**

In M3, claims can be created manually in a specific program or automatically from the quality inspection. By setting the parameters, you can create the claim automatically if the goods are partially or fully rejected but also if the goods are approved but with remarks. For more information, see "Settings for Goods Receiving, Quality Inspection, Claims and Put-Away" on page 204.

**Structure of a Claim**

A claim consists of a header and one or more lines. The program for claim headers is 'Claim. Open' (PPS390). The program for claim lines is 'Claim. Open Lines' (PPS391).

The lines correspond to the rejected order lines. Information about the claim, such as whether a replacement delivery or a credit note is requested, is added to the header, which is printed on the claim note.

**Work with Claims**

The workflow differs depending on whether a replacement delivery or a credit note is requested.
If a replacement delivery is requested, a subnumber on the original purchase order line is created automatically, making it possible to receive the replacement delivery on the purchase order.

The system can also remove the rejected goods from the rejected goods location automatically. This is done by using a requisition order. This will not happen if a credit note is requested from the supplier.

If a replacement delivery is requested, financial transactions are created in the issue of material. The section “Financial Transactions” that follows provides a brief overview of the financial transactions.

For more information, see "Manage Purchase Order Claims" on page 51.

Claim Statuses
The status of the claim indicates the progress of the claim in the flow. Some of the status codes are set manually for follow-up reasons. The valid alternatives are:

05 = Work with claims is in progress. When the work is completed, the status is set to 10.
06 = Work with claims is active. When the work is completed, the status is set to 15.
10 = Preliminary. This is the normal status for automatically added claim errands when the quality inspection result is reported.
15 = Approved. The status is set manually after an action is decided for the claim.
20 = Claim letter is printed.
40 = Claim errand is partially completed. Manually set status.
90 = Claim errand is completed. Manually set status.

Financial Transactions
If a replacement delivery is requested, an issue of the material can automatically be created when the claim document is printed. This issue will create financial transactions for the financial system. The accounts setup on this transaction is often interesting.

After goods receipt, some financial transactions are created automatically. The value will be the cost price for the item (standard cost or average price depending on the inventory accounting cost method in 'Item. Open' (MMS001/E)) multiplied by the quantity. The opposite account will be an account often called Stored not invoiced. This account is used temporarily. After the purchase invoice is booked, this account will be zeroed. An example follows.

1 Example:
The cost price for an item is 25 dollars. After goods receipt of a quantity of 100 the following financial transactions will be created:

<table>
<thead>
<tr>
<th>Inventory PP 10/910</th>
<th>Delivered, not invoiced PP10/951</th>
</tr>
</thead>
<tbody>
<tr>
<td>2500</td>
<td>2500</td>
</tr>
</tbody>
</table>
### Accounting Type and Event:

<table>
<thead>
<tr>
<th>Accounting event</th>
<th>Accounting type</th>
</tr>
</thead>
<tbody>
<tr>
<td>PP10=Stock Receipts PO</td>
<td>910=Inventory</td>
</tr>
<tr>
<td></td>
<td>951=Delivered, not invoiced</td>
</tr>
</tbody>
</table>

If a part of the quantity, for example 20 pieces, is rejected and placed at a rejection location in the quality inspection, a claim is created automatically in 'Claim. Open' (PPS390). A replacement delivery is requested and the claim document is printed. After the material is issued, new financial transactions are created.

<table>
<thead>
<tr>
<th>Inventory MM20/910</th>
<th>Delivered, not invoiced MM20/907</th>
</tr>
</thead>
<tbody>
<tr>
<td>500</td>
<td>500</td>
</tr>
</tbody>
</table>

#### Since the inventory is decreased, the inventory account should be credited. The opposite account (Stored not invoiced) is preferable since this account will be credited again after the replacing delivery is goods-received.

The accounting transactions are created in a file called CINACC after 'Internal Account Entry. Create' (CAS950) is run. The transactions can be transferred to the financial system either immediately or in a special run. The transactions can be viewed in 'Internal Account Entry. Open' (CAS300) or by selecting option 21 in front of the transaction in 'Stock Transaction. Display History' (MWS070).

The account setup, defined in 'Accounting Rule. Set' (CRS395), determines which accounting strings these transactions will have.

### See Also

- "Goods Receiving Flow for Purchase Orders" on page 166
- "Basic Settings for the Purchase Flow" on page 14
- "Manage Purchase Order Claims" on page 51
- "Perform Quality Inspection of Goods" on page 182
- "Perform Extended Quality Inspection" on page 177
- "Put Away Goods" on page 186
- "Settings for Goods Receiving, Quality Inspection, Claims and Put-Away" on page 204
Purchase Transaction

Reports against a purchase order are saved in purchase transactions. These reports regard:

- Order confirmation
- Delivery advice
- Transport notification
- Goods receiving
- Quality inspection
- Put-away.

The order type parameters determine if the first three report types mentioned above should be saved.

The purpose of a purchase transaction is to serve as complete documentation of reporting against the order line.

With deletion reports, the original incorrect report remains but with a transaction quantity of zero.

Inquires regarding purchase transactions can be made ‘Purchase Order. Display Line Transactions’ (PPS330).

Repair Order - Purchasing

A repair order is a purchase order for the repair of one or more items. These items usually have a serial number. With a repair order, these items can be sent to a repair supplier with a traceable on-hand balance but with the item remaining in the total on-hand balance.

The purchasing of a repair takes place in much the same way as the purchasing of material or service in M3 Procurement.

When purchasing a repair, repair IDs are used. These are the item or supplier number, service process or service.

Repair Order Category

Repair orders are defined with a specific order category in the purchase order type. The order categories are:

- 60 Repair
- 65 Warranty repair.

The difference between these two is purely informative. They can be easily changed from one to the other.
Before you start  The following repair order settings are required:

• Define the order type in 'PO Type. Open' (PPS095)

  When the repair order is to be integrated in the Inventory Management module, the following settings should be used.

  Parameter 150 Update Material Requirements 1

  Parameter 380 Inventory Accounting 1

  Parameter 381 Requisition type - repair order xx

  By re-setting parameters 150 and 380 to 0, the intended functionality for traceable on-hand balance cannot be used, even though a repair order can be processed in other ways. The value for parameter 381 is set by the user.

• Define Location Values in 'Stock Location. Open' (MMS010)

  When an item is shipped for repairs using a requisition order, its item number and serial number are moved to a location with the same ID as the supplier number.

  If this location is not defined in 'Stock Location. Open' (MMS010), it is created automatically. The values used for this are copied from the location ID entered in parameter 34 in 'Settings – Purchasing' (CRS780). If more than one warehouse is used, then the location must exist for these in (MMS010).

• Define Value for Requisition Order Type Using 'Req/Distr Order Type. Open' (CRS200)

  Integration with the Transportation Planning is also possible. This is necessary, for example, for freight processing. For this, an appropriate dispatch policy must be connected to the order type.

Enter and Print Order

Consider the following when entering purchasing orders.

• Addresses for shipping to the supplier

  Address codes for delivery-to-address are displayed in the G panel in the order header in 'Purchase Order. Open' (PPS200). The user can override this code. The address code is proposed from the first address code with address type 5 (Final delivery address) listed for the supplier. Only addresses with this address type can be overridden for the same supplier.

  In the order line overview in 'Purchase order. Open Lines' (PPS201), service process, service and serial number are opened for entry together with item number and amount.

  Purchase order type parameter 110 controls whether predefined service processes or services are required. The actual item number can be changed in existing order lines. This is unique for repair orders. However, no new basic data from the new item number is displayed in the order line. If this basic data is questionable, then this functionality should not be used.

  When using (PPS201), the panel (PPS202/E) will always be displayed last in sequence, regardless of selected panel sequence. This panel is unique to repair orders and contains information specific to these, such as bill of lading number.

  When specified by PO type parameter 381, requisition transactions are created when the repair order is printed. However, the specified repair ID must be entered and have status 3 for this to
happen. Stock locations with status 3 and the same serial number as the repair order will then be indicated on the requisition picking list.

- Receiving
  When receipt is reported, the item is automatically transferred to the reported stock location. This transfer is made without a minus transaction being entered in the transaction history (MWS070). The status is automatically reclassified from 3 to 1 or 2. With direct put-away the status becomes 2, otherwise it is 1.

See Also
"Procurement Overview" on page 11

Report Confirmation of PO

This document explains how you report that the supplier has confirmed your purchase order (PO) and that the goods will be delivered, and how you make changes to order data such as delivery date, quantity, price and discount.

Outcome

A PO is confirmed and the supplier will deliver the goods you have ordered. Some information may have been changed, however. For example, the ordered quantity may not be available, the price may have changed for the item or the supplier may not be able to deliver the goods within the requested time.

The files used for the programs in the flow are:

- MPHEAD Purchase Order Header
- MPLINE Purchase Order Line

You can advise shipment for the PO in 'Purchase Order. Advise Shipment' (PPS260) and/or notify transportation in 'Purchase Order. Notify Transportation' (PPS270). The next mandatory step is to receive the ordered goods in 'Purchase Order. Receive Goods' (PPS300). It is possible to reverse the logging of order confirmation in 'Purchase Order. Display Line Trans' (PPS330).

Before you start

A PO must have been created. See "Create, Release and Display Purchase Order" on page 31.

Follow These Steps

   Confirm the Complete PO
2 On the B panel, confirm the complete PO by pressing F14=Confirm all.

3 The F panel is opened, enter the confirmed delivery date and supplier order number, if there is one.

   On the confirmation report from the supplier, you find the supplier's own order number, which is useful when you receive the goods.

4 Review 'Your reference' and change if necessary. Press F14 again.

   The status of the complete PO is now raised to 35=Purchase price and delivery date confirmed and approved. You have finished the reporting and can quit the program.

**Confirm a Specific Order Line**

5 On the B panel, select the specific order line you want to confirm and select option 12=Confirmation.

   Note: You cannot add any information to the order line with this action.

   The status on this specific order line is now raised to 35.

**Adjust an Order Line**

6 On the E panel, review 'Your reference' and change if necessary. Enter 'Supplier order number' (optional field).

   On the confirmation report from the supplier, you find the supplier's own order number, which is useful when you receive the goods.

7 Enter the data that the supplier has confirmed; that is, confirmed delivery date, confirmed quantity, confirmed purchase price, confirmed purchase price quantity and confirmed discounts.

   The data from your original order line is displayed on the right-hand side of the panel.

   If ordered discount is denied and confirmed discount 1, 2 or 3 is to be set to zero, enter 1='Update confirmed discount' to clear the discount.

   If it is probable that you will receive the delivery on another date than confirmed, you can enter a 'Deviating confirmed delivery date'. The deviating date will then act as the basis for planning, but not for the supplier delivery time follow-up.

8 If you have changed order data, enter a status manually based on the changes you have made.

   Alternatives when entering status manually:

   31=Delivery date confirmed

   32=Purchase price confirmed

   33=Purchase price and delivery date confirmed but not approved.

   Note: If order line status is not raised manually, despite order data changes, the status will automatically be 35 when you quit the program.

**Split a PO Line**

9 On the E panel, fill in the quantity to confirm in the 'Confirm quantity' field and the date in the 'Confirmed delivery date' field. Press Enter. The system now calculates the rest of the quantity, which is not confirmed. You can now confirm this quantity and fill in another delivery date, or you can leave this blank and confirm another time.

**Reverse of a PO Confirmation**
An order line confirmation can be reversed by deleting the transaction in 'Purchase Order. Display Line Trans' (PPS330). After the deletion, a new order confirmation can be entered on the line in 'Purchase Order. Confirm' (PPS250).

**Following up on PO Confirmations**

There is functionality for following up on confirmations and also to produce a Purchase order confirmation reminder document from the system. This is done in 'Purchase Order. Print Confirm Reminder' (PPS670).

**Parameters to Set**

<table>
<thead>
<tr>
<th>Program ID/ Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS095/H)</td>
<td>360 PO status - confirmed- after printing</td>
<td>… whether the purchase order should be assigned a confirmed status when being printed (status 35).</td>
</tr>
<tr>
<td>(PPS095/I)</td>
<td>530 PO transaction - order confirmation</td>
<td>… whether an order confirmation should lead to creation of lines in the purchase order's transaction file.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>This file can be viewed in 'Purchase Order. Display Line Trans' (PPS330) and is used for information purposes only.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>This parameter must always be activated!</td>
</tr>
</tbody>
</table>

**See Also**

- "Confirmation, Delivery Advice and Transport Notification for PO" on page 20
- "Report Shipment Advice for PO" on page 74
- "Report Transport Notification for PO" on page 76

**Report Shipment Advice for PO**

This document explains how you report that the supplier has advised the ordered goods for shipment from the plant. The shipment advice also contains information about when your goods have been sent, as well as transport and packaging facts, which you report into the system.
Outcome

A PO is shipment advised and the goods are about to be delivered to your plant. You have updated information about the transport, you know when and how the goods are shipped and whether a via terminal is used. You also know about, for example, the forwarding agent, bill of lading, packing slip number and carrier name.

The files used for the programs in the flow are:

- MPHEAD Purchase Order Header
- MPLINE Purchase Order Line

You can notify transportation for the PO in 'Purchase Order. Notify Transportation' (PPS270).

The next mandatory step is to receive the ordered goods in 'Purchase Order. Receive Goods' (PPS300).

It is possible to reverse the logging of shipment advice in 'Purchase Order. Display Line Trans' (PPS330).

Before you start

A PO must have been created. See "Create, Release and Display Purchase Order" on page 31.

Follow These Steps

Advise Shipment for the Complete PO

2. On the B panel, advise shipment for the complete PO by pressing F14=Confirm all.
3. On the F panel, enter the shipment date, forwarding agent, bill of lading, delivery note number and carrier name (optional fields). Press F14='Confirm all' again.

   The status of the complete PO is now raised to 40=Shipment advised. You have finished the reporting and can quit the program.

Advise Shipment for a Specific Order Line

2. On the B panel, select the specific order line you want to advise for shipment and then select option 12=Confirmation.

   Note: You cannot add any information to the order line with this action.

   The status on this specific order line is now raised to 40.

Adjust an Order Line

1. On the B panel, select option 'Open' for the order line you wish to adjust.
2. On the E panel, review that the shipment date and advised quantity are correct.
3. Enter forwarding agent, bill of lading, delivery note number and carrier name (optional fields).
4. Press Enter to save your changes and to redisplay the B panel.
Reverse a Shipment Advice

A shipment advice can be reversed by deleting the transaction in 'Purchase Order. Display Line Trans' (PPS330). After the deletion, a new shipment advice can be entered on the line in 'Purchase Order. Advise Shipment' (PPS260).

Parameters to Set

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS095/I)</td>
<td>531 PO transaction - shipment advice</td>
<td>… whether a shipment advise should lead to creation of lines in the purchase order’s transaction file</td>
</tr>
<tr>
<td></td>
<td></td>
<td>These lines are for information purposes only and enable follow-up of transport times.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>This parameter must always be activated!</td>
</tr>
</tbody>
</table>

See Also

"Confirmation, Delivery Advice and Transport Notification for PO" on page 20
"Report Confirmation of PO" on page 72
"Report Transport Notification for PO" on page 76
"Supply Chain Rebuild" on page 134

Report Transport Notification for PO

This document explains how you report that a shipper has notified the ordered goods for transportation from a via terminal. The transport notification also contains information about when your goods are sent from the via terminal, as well as transport and packaging facts, which you report into the system.

Outcome

A PO is notified for transportation and the goods are about to be delivered to your plant. You have updated information about the transport; you know when and how the goods will be delivered. You also know about, for example, the forwarding agent, the bill of lading, packing slip number and carrier name.

The files used for the programs in the flow are:

- MPHEAD Purchase Order Header
- MPLINE Purchase Order Line]
You register the ordered goods as received in 'Purchase Order. Receive Goods' (PPS300).
It is possible to reverse the logging of transport notification in 'Purchase Order. Display Line Trans' (PPS330).

Before you start
A PO must have been created. See "Create, Release and Display Purchase Order" on page 31.

Follow These Steps

Specify Transport Notification for the Complete PO

1  Start 'Purchase Order. Notify Transportation' (PPS270/B).
2  On the B panel, specify transport notification for the complete PO by pressing F14=Confirm all.
3  On the F panel, enter the shipment date, forwarding agent, bill of lading, delivery note number, carrier name (optional fields) and arrival date. Press F14='Confirm all' again.
   The status of the complete PO is now raised to 45=Notified for transportation. You have finished the reporting and can quit the program.

Specify Transport Notification for a Specific Order Line

1  On the B panel for 'Purchase Order. Notify Transportation' (PPS270/B), select the specific order line for which you want to specify transport notification and then select option 12=Confirmation.

   Note: You cannot add any information to the order line with this action.
   The status on this specific order line is now raised to 45.

Adjust an Order Line

1  On the B panel for 'Purchase Order. Notify Transportation' (PPS270/B), select option 'Open' for the order line you wish to adjust.
2  On the E panel, review that the shipment date and notified quantity are correct.
3  Enter the forwarding agent, bill of lading, delivery note number and carrier name (optional fields), and enter the arrival date.
4  Press Enter to save your changes and to redisplay the B panel.

Reverse of a Transport Notification
A transport notification can be reversed by deleting the transaction in 'Purchase Order. Display Line Transactions' (PPS330). After the deletion, a new transport notification can be entered on the line in 'Purchase Order.Notify Transportation' (PPS270).
Parameters to Set

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS095/I)</td>
<td>532 PO transaction - transport notificat</td>
<td>… whether a transport notification should lead to creation of lines in the purchase order's transaction file. These lines are for information purposes only and enable follow-up of transport times. This parameter must always be activated.</td>
</tr>
</tbody>
</table>

See Also

"Confirmation, Delivery Advice and Transport Notification for PO" on page 20
"Report Confirmation of PO" on page 72
"Report Shipment Advice for PO" on page 74

Settings for Monitoring and Follow Up Activities for a Purchase Order

This document explains how to define the settings for purchase order (PO) monitoring and for activity follow-up.

Results

Outcome
The parameters that control how to monitor the purchase order process and follow-up activities are defined.

Uses
You can manage the monitoring and follow-up activities for suppliers.

How the System Is Affected
The purchase order header file (MPHEAD) and the purchase order line file (MPLINE) are updated.

Before you start
A monitoring list must be defined in 'Monitoring Activity List. Open' (PPS035).
Follow These Steps

Define Monitoring List

1. Start 'Monitoring List. Open' (PPS035).
2. Fill in the fields on the B and E panels.

Connect Monitoring List to Supplier

1. Start 'Supplier. Define Purchase & Financial' (CRS624)
2. Go to the E panel and fill in the 'Monitoring List' field.
   The monitoring list connected to the supplier is defaulted to the POs of this supplier.
3. On the (CRS624/E) panel, press F4 in the 'Monitoring List' field to select the monitoring list that you want to set up for this supplier.

Connect Monitoring List to PO Header and PO line

1. Start Purchase Order. Open (PPS200) and go to the E panel. Fill in the 'Monitoring List' field.
   If a monitoring list is connected to the supplier, the monitoring list is retrieved from 'Supplier. Define Purchase & Financial' (CRS624).
   If monitoring list is changed on the E panel, activities connected to the previous monitoring list are lost.
2. Start 'Purchase Order. Open Lines' (PPS201) and go the F panel. Fill in the 'Monitoring List' field.
   Different monitoring lists can be connected to every order line of the same PO.

Activate Application Messages

1. Start 'Settings – Application Messages' (CRS424).
2. On the B panel, you can see all the application message types and their status. If you want to change the activity code for a message type, select option 2 = Change. The E panel will be displayed.
3. In the 'Activity code' field, select 1 = Yes to activate the application message type. Press Enter. The activity code is displayed on the B panel.
   It is not possible to create user-defined message types.

Parameters to Set

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>Define Monitoring List</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The field indicates a list with actions to perform for a purchase order.

The action date for each action is entered as days before/after the delivery date or order date.

The valid alternatives are:
0 = Requested delivery date
1 = Order date

Monitoring lead time
… the monitoring lead time, expressed in days. The monitoring is based on the date code as set per monitoring list.

Monitoring is done either forward or back from the order date.

Example: If you want to have monitoring two days before the order date, you enter 2-.
If you want to have monitoring two days after the order date, you enter 2.

… any remarks that are entered.

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS035/B)</td>
<td>Monitoring list</td>
<td>…a list with actions to perform for a purchase order. The action date for each action is entered as days before/after the delivery date or order date.</td>
</tr>
</tbody>
</table>
| (PPS035/E)       | Date code        | …the date to use when calculating the monitoring date. The valid alternatives are:
0 = Requested delivery date
1 = Order date |
| (PPS035/E)       | Monitoring lead time | …the monitoring lead time, expressed in days. The monitoring is based on the date code as set per monitoring list. Monitoring is done either forward or back from the order date. Example: If you want to have monitoring two days before the order date, you enter 2-. If you want to have monitoring two days after the order date, you enter 2. |
| (PPS035/E)       | Remark           | … any remarks that are entered. |

Connect Monitoring List to Supplier
### Program ID/Panel | Field | The field indicates …
--- | --- | ---
(CRS624/E) | Monitoring list | … a list with actions to perform for a purchase order. The action date for each action is entered as days before/after the delivery date or order date.

**Connect Monitoring List to PO header**

(PPS200/E) | Monitoring list | … a list with actions to perform for a purchase order. The action date for each action is entered as days before/after the delivery date or order date.

**Connect Monitoring List to PO line**

(PPS201/F) | Monitoring list | … a list with actions to perform for a purchase order. The action date for each action is entered as days before/after the delivery date or order date.

**Activate Application Messages**

(CRS424/E) | Activity Code | … if application message type should be active. The valid alternatives are:

| 0 = No |
| 1 = Yes |

### See Also

"Monitor and Follow Up Activities for a Purchase Order" on page 57

"Settings for Supplier and Items" on page 112
Settings for Purchase per Company and Division

This document explains how you define general settings for the entire purchase area, including system calendar settings, number series settings, general purchase settings, and internal address settings.

Outcome

Settings are defined in:

• 'System Calendar. Open' (CRS900)
  When a date is entered in M3, the system checks that the date was defined in the system calendar.
  The system calendar is stored in the CSYCAL file.

• 'Number Series. Open' (CRS165)
  The number series defines the various numbering systems used in M3:

<table>
<thead>
<tr>
<th>Number Series</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 *</td>
<td>Purchase orders</td>
</tr>
<tr>
<td>21 *</td>
<td>Goods receipt</td>
</tr>
<tr>
<td>22 *</td>
<td>Receiving/warranty claim</td>
</tr>
<tr>
<td>23 1</td>
<td>PO requisitions</td>
</tr>
<tr>
<td>24 1</td>
<td>Purchase quotations, RFQ</td>
</tr>
<tr>
<td>25 *</td>
<td>Purchase agreements</td>
</tr>
<tr>
<td>36 1</td>
<td>Planned purchase order</td>
</tr>
<tr>
<td>78 A</td>
<td>Self-billing agreement</td>
</tr>
<tr>
<td>79 *</td>
<td>Self-billing invoices</td>
</tr>
<tr>
<td>95 P</td>
<td>Milestone chains</td>
</tr>
</tbody>
</table>

Number series are stored in the CSYNBR table.

• 'Settings- Purchase' (CRS780)
  Settings for purchase are defined according to the purchase principles of your divisions and your company.
  Settings for purchase are stored in the CSYPAR table.

• 'Internal Addresses. Open' (CRS235)
  Internal addresses are defined to be used by your company for the supplier invoices, delivery addresses, ship-via addresses, and so on.
  Internal addresses are stored in the CIADDR table.
Before You Start

No prerequisites are needed.

Follow These Steps

Create System Calendar

A system calendar must be created for the company (blank division). Normally at least two calendar years from the current date should have been defined.

1. Start 'System Calendar. Open' (CRS900).
2. Select 'Settings' (F13) on the B panel.
3. On the P panel, select 'Generate calendar' (F13). This displays 'System Calendar. Create Days' (CRS905/A).
4. Enter a range in the fields 'From Year' and 'To year'.
5. Enter values in the following fields on the E panel: 'General capacity,' 'Production day,' 'Goods receiving day,' 'Delivery day.'
6. Select 'Start generation' (F13). The generation takes place online and not in a batch job.

Define System Calendar day

1. Start 'System Calendar. Open' (CRS900/B).
2. Select a date in the display file, and then on the File menu, click Open.
3. Enter values in the following fields on the E panel: 'General capacity,' 'Production day,' 'Goods receiving day,' 'Delivery day.'
4. Click Next to finish

Create Number Series

1. Start 'Number Series. Open' (CRS165). Number series must be maintained from division blank
2. Enter a number series type and a number series.
3. Open the E panel and fill in the fields.

Settings - Purchase

1. Start 'Settings – Purchase' (CRS780). These settings are maintained from division blank, but they can be overridden per division.
2. Fill in the fields on the E, F and G panels.

Create Internal Address

1. Start 'Internal Addresses. Open' (CRS235).
2. On the B panel, the following combinations are valid:
### Addr type

<table>
<thead>
<tr>
<th>Addr key 1</th>
<th>Addr key 2</th>
<th>Addr key 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final destination or goods receiving address</td>
<td>Blank</td>
<td>Warehouse</td>
</tr>
<tr>
<td>Ship via or FOB address</td>
<td>Supplier number</td>
<td>Delivery terms</td>
</tr>
<tr>
<td>Invoicing address</td>
<td>Blank</td>
<td>Free-format invoice address</td>
</tr>
<tr>
<td>Optional address</td>
<td>Optional address information, free</td>
<td>Blank</td>
</tr>
<tr>
<td>Internal address</td>
<td>Internal address key.</td>
<td>Blank</td>
</tr>
</tbody>
</table>

3 Fill in the fields on the B and E panels.

### Parameters to Set

*System Calendar. Open* (CRS900)

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates...</th>
</tr>
</thead>
<tbody>
<tr>
<td>(CRS900/E)   (CRS905/E)</td>
<td>General capacity</td>
<td>… the portion of a workday that can be load planned. This portion is entered as a percentage for each day. Example: A company normally works 8 hours on Mondays. If on a certain Monday it only works 4 hours, 50% should be entered as the general capacity percentage in (CRS900) for that Monday. If the employees in a certain work center only work 2 hours this particular Monday, 50% should be entered as the actual capacity percentage for the current combination and for Monday.</td>
</tr>
<tr>
<td>(CRS900/E)   (CRS905/E)</td>
<td>Production day</td>
<td>… if the date selected is flagged as a production day in the system calendar. You cannot create capacity for a work center on days that are not flagged as production days.</td>
</tr>
<tr>
<td>(CRS900/E)   (CRS905/E)</td>
<td>Goods receiving day</td>
<td>… whether goods can be entered as received in M3 on a specific weekday. Example: If goods receiving can take place on a Monday, enter 1 in the Monday field. If goods receiving cannot take place on a Saturday, enter 0 in the Saturday field.</td>
</tr>
<tr>
<td>(CRS900/E)   (CRS905/E)</td>
<td>Delivery day</td>
<td>… whether deliveries can be entered in M3 on a specific weekday.</td>
</tr>
</tbody>
</table>
The field indicates...

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates...</th>
</tr>
</thead>
<tbody>
<tr>
<td>(CRS905/E)</td>
<td>From year</td>
<td>… the year from which and to which the calendar should be created.</td>
</tr>
<tr>
<td></td>
<td>To year</td>
<td></td>
</tr>
</tbody>
</table>

'Number Series. Open' (CRS165)

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates...</th>
</tr>
</thead>
<tbody>
<tr>
<td>(CRS165/B)</td>
<td>Number series type</td>
<td>…the purpose of each number series. If a number series listed below is marked with an asterisk (*), it is optional. In this case, more than one number series may be used for each number series type. For purchase the following series are:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20 * = Purchase orders</td>
</tr>
<tr>
<td></td>
<td></td>
<td>21 * = Goods receipt</td>
</tr>
<tr>
<td></td>
<td></td>
<td>22 * = Receiving/warranty claim</td>
</tr>
<tr>
<td></td>
<td></td>
<td>23 1 = PO requisitions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>24 1 = Purchase quotations, RFQ</td>
</tr>
<tr>
<td></td>
<td></td>
<td>25 * = Purchase agreements</td>
</tr>
<tr>
<td></td>
<td></td>
<td>36 1 = Planned purchase order</td>
</tr>
<tr>
<td></td>
<td></td>
<td>78 A = Self-billing agreement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>79 * = Self-billing invoices</td>
</tr>
<tr>
<td></td>
<td></td>
<td>95 P = Milestone chains</td>
</tr>
</tbody>
</table>

'Settings- Purchase' (CRS780)

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates...</th>
</tr>
</thead>
<tbody>
<tr>
<td>(CRS780/B)</td>
<td>Division</td>
<td>… a division. This is an ID for a legal unit within a company group. These settings can be for a blank division, which indicates the entire company, or for a specific division.</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates...</td>
</tr>
<tr>
<td>------------------</td>
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<td>------------------------</td>
</tr>
</tbody>
</table>
| (CRS780/E)       | 02 Flag as completed permitted at put away | …whether it is possible to flag an order as completed at any of the different reporting steps during put away. The use of a completion flag permits quality inspection and put-away with a lower quantity than the received quantity without the system having to wait for any remaining quantity. **The valid alternatives are:**  
0 = No, it is not possible to flag an order as completed at any of the reporting steps.  
1 = Yes, it is possible to flag an order as completed at any of the reporting steps.  
Example: 10,000 screws have been received, but after being weighed, there are actually only 9,997 screws. In this case the completion flag can be set manually so that the three screws do not remain for put-away at a later date.  
You can configure the system to eliminate small differences automatically with an automatic completion flag by selecting parameter 04='Deletion limit – put-away deviation'.  
This parameter can also be combined with parameter 10='Deviation limit – accepted receipts', which controls which deviating quantities are accepted by the system.  
| (CRS780/E)       | 03 Default exchange rate type | …the exchange rate type proposed for a supplier, if this has not already been entered in 'Supplier. Define Purchase & Financial' (CRS624). The exchange rate type is used when maintaining exchange rates. The exchange rate type is also connected to customers, suppliers, price lists, year-end procedures, and budget procedures. **The valid alternatives are:**  
01 = Variable rate  
02-99 = Can be used optionally.  
Exchange rate types are defined in 'Exchange Rate Type. Open' (CRS056). |
<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates...</th>
</tr>
</thead>
<tbody>
<tr>
<td>(CRS780/E)</td>
<td>04 Deletion limit – put-away deviation</td>
<td>…the limit for when a balance ID with a remaining quantity is automatically deleted at put-away. The limit is expressed as a percentage and is calculated on the received quantity. A remaining quantity is created when a quantity is reported with a lower number at put-away than what was reported at goods receipt. A remaining quantity measured within the deviation limit is automatically deleted. Example: The deletion limit equals 0.06%. At goods receipt, a quantity of 10,000 pieces is reported according to the delivery note. However, at put-away, an actual quantity of 9,995 pieces is reported. The insignificant remaining quantity of 5 pieces is now automatically deleted since it falls within the deletion limit. If an insignificant remaining quantity falls outside of the deletion limit, or if the value in this field is 0, the order line must be manually flagged as completed in (PPS320) to be deleted. This parameter can be combined with parameter 10='Deviation limit – accepted receipts', which controls which deviating quantities are accepted. This parameter can also be combined with parameter 02='Flag as completed permitted at goods receiving', which permits manual control of the completion flag.</td>
</tr>
<tr>
<td>(CRS780/E)</td>
<td>05 Default location – rejected quantity</td>
<td>…the stock location proposed for a rejected quantity when reporting quality inspection (QI) in 'Purchase Order. Inspect Goods' (PPS310).</td>
</tr>
<tr>
<td>(CRS780/E)</td>
<td>06 Default order type – claims</td>
<td>…the requisition order type proposed for the issue of rejected material when managing claims. The requisition order type can be changed when a claim is reported in 'Claim. Open' (PPS390). Requisition order types are defined in 'Req/Distr Order Type. Open' (CRS200).</td>
</tr>
<tr>
<td>(CRS780/E)</td>
<td>07 Default order type – subcontracting</td>
<td>…the requisition order type used in order to issue material when managing subcontracted orders. Requisition order types are defined in (CRS200).</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates…</td>
</tr>
<tr>
<td>-----------------</td>
<td>-------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>(CRS780/E)</td>
<td>10 Deviation limit – accepted receipts</td>
<td>…the limit for when receipts deviating in quantity are still accepted. The limit is expressed as a percentage and is calculated on the ordered/confirmed quantity. All received quantities up to the upper limit of deviation are accepted by the system. If the limit is exceeded, a warning is generated. To stop an order that exceeds the limit and make it impossible to receive the order, parameter 510 in (PPS095) must be selected. The limit of deviation also indicates what is flagged as completed. All receipts from the lower limit and up are automatically flagged as completed. This means that no remaining quantity exists even though the received quantity may be lower than the ordered/confirmed quantity. Example: If the ordered quantity is 100 pieces and the deviation limit is 2%, all receipts up to 102 pieces will be accepted. Receipts in excess of 2% generate a warning or a stop. All receipts from 98 pieces and upwards for the order line are also automatically flagged as completed. You can configure the system to eliminate small differences automatically with an automatic completion flag by selecting parameter 04='Deletion limit – put-away deviation'. This parameter can also be combined with parameter 02='Flag as completed permitted at goods receiving', which permits manual control of the completion flag.</td>
</tr>
<tr>
<td>(CRS780/E)</td>
<td>11 QI result – auto claim</td>
<td>…which QI results reported in (PPS310) automatically create a claim in 'Claim. Open' (PPS390). The valid alternatives are: 1 = No transfer 2 = QI results 3 and 4 create claims 3 = QI results 2, 3 and 4 create claims. The QI result codes are 1=Fully approved, 2=Approved with remarks, 3=Partly rejected, 4=Rejected.</td>
</tr>
<tr>
<td>(CRS780/E)</td>
<td>12 Restart PO number series when end value is reached</td>
<td>…whether the purchase order number series (that is; purchase order type 20) should be restarted when the final number has been reached. Note: This setting only can be done in division blank, since type 20 number series are always valid for all divisions in a company.</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates...</td>
</tr>
<tr>
<td>-----------------</td>
<td>-------</td>
<td>------------------------</td>
</tr>
</tbody>
</table>
| (CRS780/E)       | 13    | Fixed post-text on PO document  
|                  |       | …the text ID for the text printed at the bottom of purchase orders and purchase inquiries.  
|                  |       | The text may inform the supplier about a future address change, closure for vacation, etc. The text is not copied to the purchase order or inquiry.  
|                  |       | Texts are defined in 'General Text. Open' (CRS950). |
| (CRS780/E)       | 14    | Placement of supplier address  
|                  |       | …whether the supplier address should be printed to the left or to the right on external documents. External documents are purchase orders, purchase inquiries, agreements and payment reminders.  
|                  |       | **The valid alternatives are:**  
|                  |       | 0 = Supplier address on the left  
|                  |       | 1 = Supplier address on the right. |
| (CRS780/E)       | 15    | Page break on stock zone – put-away doc  
|                  |       | …whether a page break should be made for each new stock zone on the put-away document.  
|                  |       | **The valid alternatives are:**  
|                  |       | 0 = No, no page break for each new stock zone on the put-away document  
|                  |       | 1 = Yes, page break for each new stock zone on the put-away document. |
| CRS780/F         | 16    | Print supplier on put-away document  
|                  |       | …whether the supplier name should be printed on the put-away document in (CRS676). The supplier name is then printed for each line where the supplier is different than for the previous line.  
|                  |       | The valid alternatives are:  
|                  |       | 0 = No, the supplier name is not printed on the put-away document.  
|                  |       | 1 = Yes, the supplier name is printed on the put-away document. |
| CRS780/F         | 17    | Default order priority on PO lines  
|                  |       | …the neutral order priority that is proposed on the purchase order lines when a purchase order is created. The value can be overwritten per order.  
|                  |       | Number 1 has the highest priority.  
<p>|                  |       | Priorities are defined in 'PO Priority. Open' (PPS230). |</p>
<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates...</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRS780/F</td>
<td>18 Default PO type – subcontracted operations</td>
<td>…the purchase order type that is proposed when a planned purchase order for subcontracted operations is created and when no purchase order type has been entered for the operation in 'Supplier. Connect Item' (PPS040). This is valid for manufacturing orders. Purchase order types for subcontracted operations are defined in 'PO Type. Open' (PPS095).</td>
</tr>
</tbody>
</table>
| CRS780/F         | 19 Print external instructions on goods receipt document | …whether the external instructions for an item should be printed on the detailed goods receipt document in (PPS307). The text to be printed must be defined in 'External Instruction. Open' (MMS135) and then connected to the item in 'Item. Open' (MMS001). **The valid alternatives are:**  
0 = No, the external instructions should not be printed on the goods receipt document.  
1 = Yes, the external instructions should be printed on the goods receipt document. |
| CRS780/F         | 20 Several lines per claim | …whether it should be permitted to have more than one order line on each automatically created claim transferred from (PPS310). By allowing only one line the claim process is simplified, such as when a request for a replacement delivery is made on the claim header and not on the claim lines. To have several lines automatically created on one claim, the lines must have the following values in common: facility, warehouse, purchase order number, claim status 10=Preliminary, delivery note number and receiving date. Claims are processed in (PPS390). **The valid alternatives are:**  
0 = No, a claim can only have one line.  
1 = Yes, a claim can have several lines. |
<p>| CRS780/F         | 21 General costing model – subcontracting | …the general costing model used for subcontracted orders. For example, you have added elements for setup price and extra transportation charges to this costing model. It is possible to connect different costing elements to a costing model. Each element may be connected to an optional number of costing models or IDs. Costing models are defined in 'Purchase Costing Model. Open' (PPS285). |</p>
<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates...</th>
</tr>
</thead>
</table>
| CRS780/F         | 24 Prefix – non-item numbered PO lines | …the item number prefix used for items where the number or name will not be printed on the purchase order. Only the description of the item will be printed.  
You only need to use one of the positions of the prefix, since a blank position is disregarded. For example, if ‘X’ is entered, no item names beginning with ‘X’ will be printed.  
The prefix is useful for non-stocked items, which are only ordered occasionally. |
| CRS780/F         | 25 Permitted quantity difference – EDI order confirmation | …the limit for permitted difference, expressed as a percentage, between the requested quantity and the confirmed quantity for an order confirmed via EDI or the API PPS001MI.  
If the limit is exceeded, a mailbox message of type 210 is sent to the person responsible for the transaction.  
The message is sent only if this message type is activated in 'Settings – Application Messages' (CRS424). |
| CRS780/F         | 26 Permitted delivery time difference – EDI order confirmation | …the limit for the permitted difference in calendar days between the requested delivery date and the confirmed delivery date for an order confirmed via EDI or the API PPS001MI.  
If the limit is exceeded, a mailbox message of type 211 is sent to the person responsible for the transaction.  
The message is sent only if this message type is activated in (CRS424). |
| CRS780/F         | 27 Permitted price difference – EDI order confirmation | …the limit for permitted price difference, expressed in local currency, between the requested price and the confirmed price for an order confirmed via EDI or the API PPS001MI.  
If the limit is exceeded, a mailbox message of type 212 is sent to the person responsible for the transaction.  
The message is sent only if this message type is activated in (CRS424). |
| CRS780/F         | 30 Fixed post-text – purchase inquiry reply | …the text ID for the text printed at the bottom of the purchase inquiry reply document in 'Purchase Inquiry. Print Reply Document' (PPS610).  
The text must be defined as external or internal/external and the language code must be the same as the supplier's.  
Texts are defined in 'General Text. Open' (CRS950). |
<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates...</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRS780/G</td>
<td>31 Fixed post-text – quotation reply</td>
<td>…the text ID for the text printed at the bottom of the quotation reply document in 'Request for Quotation. Print Reply Doc' (PPS612), which is reached from 'Request for Quotation. Open' (PPS130). The text must be defined as external or internal/external and the language code must be the same as the supplier's. Texts are defined in 'General Text. Open' (CRS950).</td>
</tr>
<tr>
<td></td>
<td>32 Planning policy – subcontracting</td>
<td>…the planning policy used for subcontracted orders. The controlling parameters to be considered in (MMS037) are '022 Default status – planned orders when AM=A1' and '025 Default status – planned orders when AM=A2'. In the planning policy, you define the rules for how planned orders are generated and how action and warning messages are to be applied, among other things. Planning policies are defined in 'Planning Policy. Open' (MMS037).</td>
</tr>
<tr>
<td></td>
<td>33 Lead time days per week</td>
<td>…the lead time used for all purchased items for planning purposes, such as calculating the action date for a planned order. The valid alternatives are: 5 = 5 days a week, calculated on the number of production days in the company calendar. 7 = 7 days a week, calculated on all days in the calendar week. The lead time can only be changed for purchased items (acquisition code=2). For manufactured items (acquisition code=1) and distributed items (acquisition code=3) the lead time is always expressed in production days.</td>
</tr>
<tr>
<td></td>
<td>34 Location template – repair order</td>
<td>…the location ID template used to create a temporary location for the issue of repair order items. When a repair order is created, the parameters from the location ID template are copied to an automatically created location ID, where the repair order items are symbolically placed. The created location gets the supplier number as the location ID. The location ID template is defined in 'Stock Location. Open' (MMS010).</td>
</tr>
</tbody>
</table>
| Program ID/Panel | Field | The field indicates...
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CRS780/G</td>
<td>35</td>
<td>…the purchase order type used for repair orders from maintenance, if no order type has been entered in 'Supplier. Connect Item' (PPS040) or 'Service. Define per Product' (MOS300). Purchase order types are defined in 'PO Type. Open' (PPS095).</td>
</tr>
<tr>
<td>CRS780/G</td>
<td>36</td>
<td>…the costing model generally used for all purchased items if no other model exists. The costing model should normally be entered per item/facility in 'Item. Connect to Facility' (MMS003). Costing models are defined in 'Purchase Costing Model. Open' (PPS285).</td>
</tr>
</tbody>
</table>
| CRS780/G        | 37    | …the priority for retrieving the purchase price when a purchase price is calculated in 'Purchase Costing. Calculate Selection' (PPS296). The result of this calculation is found in M3 Product Costing. The search starts from the left. The alternative selected in the field farthest to the left has the highest priority. The alternative selected in the next field has the second highest priority, and so on. **The valid alternatives are:**

1 = Purchase price in agreement
2 = Purchase price in the item/supplier file
3 = Purchase price in the item file
4 = Average cost
5 = Price on latest invoice in the purchasing statistics
6 = The lowest price of alternatives 4 and 5. If one of the values is 0, the other value is selected.

**Note:** Alternative 5 retrieves the latest net invoice price for each facility. The price is converted into local currency using the current exchange rate.

The default values entered here in (CRS780) can be overridden per calculation in (PPS296).
<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates...</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRS780/G</td>
<td>38 Goods receipt allowed in 'PO. Display Lines' (PPS220)</td>
<td>…whether goods receipt can be done in 'Purchase Order. Display Lines' (PPS220).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The valid alternatives are:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0 = No, goods receipt is done in (PPS300) according to the regular goods receiving routine.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 = Yes, goods receipt can be done in (PPS220).</td>
</tr>
<tr>
<td>CRS780/G</td>
<td>40 Accounting dimension for cost center</td>
<td>…the dimension type used for a cost center.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>For example, when creating a requisition order in (PPS180), you have to enter the cost center against which a purchase should be charged.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>The valid alternatives are:</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0 = No cost center check</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 = Accounting dimension 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 = Accounting dimension 3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4 = Accounting dimension 4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5 = Accounting dimension 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6 = Accounting dimension 6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7 = Accounting dimension 7</td>
</tr>
<tr>
<td>CRS780/G</td>
<td>41 Default PO type – direct purchase from maintenance</td>
<td>…the order type used for a direct purchase of items via a maintenance order in 'Work Order. Open' (MOS100) if no order type has been defined for the repair ID in 'Supplier. Connect Item' (PPS040).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Purchase order types are defined in 'PO Type. Open' (PPS095).</td>
</tr>
<tr>
<td>CRS780/G</td>
<td>42 Default work center – purchase repair order</td>
<td>…the subcontracting work center to be used when creating a purchase repair order connected to a work order. An operation will also automatically be created on the work order.</td>
</tr>
<tr>
<td>CRS780/G</td>
<td>43 Check supplier capability before approval</td>
<td>…whether to check that an assortment is connected to a supplier when the supplier is defined in 'Supplier. Open' (CRS620).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>When you raise the supplier status to 20=Approved in (CRS620), a check is made against the capability file in (PPS012).</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>The valid alternatives are:</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0 = No, a capability check is not done.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 = Yes, a capability check is done.</td>
</tr>
</tbody>
</table>
| Program ID/Panel | Field | The field indicates...
|-----------------|-------|--------------------------------------------------|
| CRS780/ G       | 44 Create planned requisition order – subcontracting | …whether to create a planned requisition order when a planned purchase order for subcontracted items without a manufacturing order is created.  

**The valid alternatives are:**  
0 = No, a planned requisition order is not created.  
1 = Yes, a planned requisition order is created.  

**Note:** It is recommended that the value in this field is 1. |
| CRS780/ G       | 45 Default media profile | …the media profile used on a purchase order or claim after it has been printed or sent the first time. The media profile entered here replaces the original media profile.  

You define and control the media profile in 'Standard Document. Connect Media Control Object' (CRS945). The media profile is then maintained in 'Media Profile. Open' (CRS033). |
| CRS780/ H       | 50 Default Trade-in Supplier | In the trade-in scenario, the customer who wants to trade-in their equipment needs to also be a supplier (ie the supplier on the purchase order that will be created by the dealer to buy the trade-in equipment from the customer). The purchase settings therefore need to contain a template supplier number. This template supplier will be used to take the customer information and create the supplier from it. The trade-in supplier has a special supplier type (supplier type 9). |
| CRS780/ H       | 51 Default PO type Trade-in purchase | The default PO type used for a trade-in purchase via a customer order. This can be overruled in (OIS145) 'Customer Order. Acquire Sales Item'. |
| CRS780/ H       | 52 General Costing Model Trade-in | The costing model used for trade-in transactions. |
| CRS780/ H       | 53 Batch origin trade-in | The purchase batch origin used when creating a trade-in purchase order from the customer order. |

'Internal Addresses. Open' (CRS235)
<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates...</th>
</tr>
</thead>
<tbody>
<tr>
<td>(CRS235/B)</td>
<td>Internal address type</td>
<td>...the address type that is used internally for the current address.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The valid alternatives are:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 = Final destination or goods receiving address</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 = Ship-via or FOB address</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 = Invoicing address</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4 = Optional address</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5 = Internal address</td>
</tr>
<tr>
<td>(CRS235/B)</td>
<td>Address key 1</td>
<td>...the primary search criteria that M3 uses to find the correct address. The information entered here depends on the address type that was entered in the Internal address type field.</td>
</tr>
<tr>
<td>(CRS235/B)</td>
<td>Address key 2</td>
<td>...the secondary search criteria when searching for the correct address on a purchase order.</td>
</tr>
<tr>
<td>(CRS235/B)</td>
<td>Address key 3</td>
<td>...the kind of information that can be entered as an address key.</td>
</tr>
<tr>
<td>(CRS235/E)</td>
<td>Address 1,2,3,4</td>
<td>...an address line</td>
</tr>
<tr>
<td>(CRS235/E)</td>
<td>Ship-via address</td>
<td>...the address the transport goes through before it arrives at the final address.</td>
</tr>
</tbody>
</table>

**See Also**

"Basic Settings for the Purchase Flow" on page 14
"Settings for Supplier and Items" on page 112
"Selection Matrix - Procurement" on page 293

**Settings for Purchase Order**

This document explains how you define settings for creating and releasing a purchase order.

**Outcome**

Basic data for creating and releasing a purchase order is defined.

The following tables are used for purchase orders:
Before you start

- Basic settings for the purchase flow must be entered according to "Basic Settings for the Purchase Flow" on page 14.
- Settings must be entered for planned purchase orders according to "Create and Release Planned Purchase Order" on page 38.

Follow these steps

Settings for the PO type

1. Start 'Purchase Order Type. Open' (PPS095).

Texts connected to the purchase order - Header or lines

It is possible to put in longer item texts and write this information on the purchase order as a line text (PPS201). The item number and item descriptions might not be sufficient to describe the requirements for a specific item to the supplier. The text is placed under the text function (F6) in 'Item. Open' (MMS001) and is connected to a purchase order type in 'PO Type. Connect Text' (PPS096).

The same function exists for the Suppliers/Financial (CRS624) and the Item/Supplier (PPS040) combination.

1. Option 11=Text table on the (PPS095/B) panel starts (PPS096).
2. Specify the 'Text type' field with 2 = 'Item. Open' (MMS001).
3. If the text in (MMS001) is saved as a text block, you must fill in the ID for the text block in the 'Text block' field. If not, you can leave this field blank.
4. On the E panel, you must specify the 'Text category' with 3 = Purchase order line text.
5. Press Enter. Now, the text for the item will be printed on the purchase order line.

For connecting text from 'Supplier. Define Purchase Financial' (CRS624), select text type 1 and text category 1 or 2.

For connecting text from 'Supplier. Connect Item' (PPS040), select text type 3 and text category 3.

Pre-text and post text on the purchase order

1. Pre-text and post text for the header can be defined in 'Purchase Order. Open' (PPS200). By pressing F19, Pre-text and/or F20, Post-text on any of the detail panels in 'Purchase Order. Open' (PPS200), the text written will be displayed on the purchase order documents.
2. A line text can be attached by pressing F6 in 'Purchase Order. Open Lines' (PPS201).
A more permanent post-text can be put on all purchase orders. This can be used to inform the supplier of a change of address, for example. The text is placed in 'General Text. Open' (CRS950) and connected to parameter 13 in 'Settings – Purchasing' (CRS780).

Parameters to set

Table 21. Settings for the purchase order type

<table>
<thead>
<tr>
<th>Program ID/ panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS095/E)</td>
<td>010, 011, 012 Panel sequence</td>
<td>… predefined panel sequences used for the header and the lines in 'Purchase Order. Open' (PPS200).</td>
</tr>
<tr>
<td>(PPS095/E)</td>
<td>020 Number series PO</td>
<td>…the number series used for the purchase order. You can specify different series for different facilities. The number series type for PO is 20. Also, the number series for goods receiving and claims must be specified (parameters 021 and 022).</td>
</tr>
<tr>
<td>(PPS095/E)</td>
<td>030 Document variant PO</td>
<td>… the layout for the purchase order document. For the standard document, the value is left blank. Values 30 and 40 enable you to print the order lines in a matrix form.</td>
</tr>
<tr>
<td>(PPS095/E)</td>
<td>040 Goods receiving method</td>
<td>…the method that determines processing of the goods receiving flow. Depending on the method, quality inspection can be performed, certain documents can be printed, and so on.</td>
</tr>
<tr>
<td>Program ID/panel</td>
<td>Field</td>
<td>The field indicates …</td>
</tr>
<tr>
<td>------------------</td>
<td>-------</td>
<td>----------------------</td>
</tr>
</tbody>
</table>
| (PPS095/E)       | 050 Media profile | …how the document should be sent to the supplier and if a copy should be printed. The value is defaulted from the following places and in the following order:  
- Purchase Order Type (PPS095)  
- Item/Supplier (PPS040)  
- Std Doc/Media Profile (CRS945)  
The media controlling object that is used as a filter in the media control table/CRS945.  
The media profile can be set in an M3 transaction, for example a purchase order, to be one of the media controlling components for a printout.  
For example, if a media profile is set on a purchase order, together with the supplier number it will be a media controlling object for the purchase order printout. If the combination does not exist in the media control table, the system only searches for the media profile. If that combination does not exist, the system only searches for supplier number. If none of the previous combinations exist, the system finally searches for blank media profile and a blank supplier number. When a valid combination is found, the purchase order will be printed for all the media that are set for the valid combination. |
| (PPS095/E)       | 060 Reference order category | …the category the reference order number represents.  
This parameter only places a default value in the 'Reference order category' field on (PPS201/E). |
| (PPS095/E)       | 070 Authorization check | … if authorization should be checked. |
| (PPS095/F)       | 110 Mandatory item/supplier record | … whether the connection between an item and supplier in (PPS040) is mandatory in order to enter the order lines.  
Automatic order proposals are assigned a lower status when item numbers are not connected to a supplier. |
<p>| (PPS095/F)       | 120, 121 Printout method item name and printout method item description | … the item descriptions that should be used on the documents and the hierarchy of collecting these. |</p>
<table>
<thead>
<tr>
<th>Program ID/panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
</table>
| (PPS095/F) | 130 Print PO lines | … whether the purchase order lines should be printed on the purchase order.  
For example, if the purchase is an expensive investment, you can print a text block on the document instead of the order lines. |
| (PPS095/F) | 140 PO split on reference person | … if a purchase order should be split into different order numbers when order lines refer to different supplier contacts. |
| (PPS095/F) | 150 Update material plan | … whether the material plan should be updated.  
Alternative 2 is used for orders (subcontracts for example) which should be displayed in the material plan without affecting the projected on-hand balance.  
It can also be used for direct goods deliveries. During order line entry, you can override the alternative entered here. |
| (PPS095/F) | 160 Multiple agreements per PO | … if purchase orders can contain more than one agreement number. |
| (PPS095/F) | 161 Agreement check - PO entry | … whether it should be possible to compare the agreement number on the purchase order lines with the number in the agreement file. |
| (PPS095/F) | 170 PO deletion method - PO | … which method should be used when a purchase order is manually deleted. It is either assigned status 99 or it is removed. |
| (PPS095/F) | 175 Initial provisioning order | …. if this order type is for initial provisioning orders.  
Initial provisioning is the purchase of, for example, maintenance material at a good price when purchased with an investment in a fixed asset. |
<table>
<thead>
<tr>
<th>Program ID/panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS095/F)</td>
<td>176 Update pre-allocation when qty chg</td>
<td>… whether the preallocation maintenance program is triggered by a change of quantity on a preallocated order. Note that a warning is always issued if there is a preallocated quantity. If you ignore the warning, and this field indicates that the maintenance program is triggered, then (MWS121) is displayed immediately to update the preallocation. In (MWS121), the header information will show a negative quantity to allocate. You need to delete preallocations until this quantity is greater than or equal to 0. For customer order types, only values 0 and 2 are relevant. For purchase order types, only values 0 and 1 are relevant. For order types for manufacturing orders and distribution orders, all values are relevant.</td>
</tr>
<tr>
<td>(PPS095/G)</td>
<td>190 PO type check</td>
<td>…whether the purchase order should be reconciled for each supplier against the table of approved purchase order types. In ‘Supplier. Connect Purchase Order Types’ (PPS011) it is possible to connect valid order types to the suppliers (reached by selecting option 15 from CRS624). PO Type check (190) specifies if a check on the suppliers valid purchase order types should be done and if so, if it should be a warning or a stop.</td>
</tr>
<tr>
<td>(PPS095/G)</td>
<td>210 Maximum number of PO lines</td>
<td>… how many order lines can be included in a purchase order. Note that blank means 999 lines.</td>
</tr>
<tr>
<td>(PPS095/G)</td>
<td>220 Update item file with purchase price</td>
<td>… indicates if the item file should be updated with the price on the invoice. With value 2, the main supplier can also be updated in 'Item. Connect Warehouse' (MMS002/E).</td>
</tr>
<tr>
<td>(PPS095/G)</td>
<td>225 Retrieve price from last invoice</td>
<td>if the price should be retrieved from the latest invoiced price in the supplier statistics if the Item price is 0. The last invoiced price will be retrieved for each combination of facility and supplier.</td>
</tr>
<tr>
<td>(PPS095/G)</td>
<td>250 PO to agent</td>
<td>… whether the purchase order should be sent to the agent instead of directly to the supplier. If an agent is not entered, the order is sent to the supplier regardless of the alternative entered above.</td>
</tr>
<tr>
<td>Program ID/panel</td>
<td>Field</td>
<td>The field indicates …</td>
</tr>
<tr>
<td>------------------</td>
<td>-------</td>
<td>------------------------</td>
</tr>
<tr>
<td>(PPS095/G)</td>
<td>260 Revision check</td>
<td>… whether a check should be made to see if this is the most recent revision of the item. If a more recent revision is found, a warning will be issued. The check compares the revision found in the item field with the revision in the engineering change order routine.</td>
</tr>
<tr>
<td>(PPS095/G)</td>
<td>280 Purch costing calc on each line</td>
<td>… whether the purchase expenditures should be used during purchase order entry.</td>
</tr>
<tr>
<td>(PPS095/G)</td>
<td>290 Goods recipient in location file</td>
<td>… how the recipient field on the purchase order should be processed. 1 = User-defined format without a location validity check. 2 = If a value is entered, a check is done to ensure that the location has been defined in (MMS010). If it has not been defined, an error message will be displayed.</td>
</tr>
<tr>
<td>(PPS095/H)</td>
<td>320 Representative price</td>
<td>… whether the specified purchase price is representative. 0 = No. The price should not affect the price history analysis. It may, for example, contain expensive support purchases. 1 = Manually specified price 2 = Price according to agreement This code is always displayed by default on the purchase order line. However, if the purchase price is changed on the line and the value in this field is 2, the code is automatically set to 1.</td>
</tr>
<tr>
<td>(PPS095/H)</td>
<td>330 Check maximum service charge limit</td>
<td>… whether the charge table should be checked. If the amount falls short of the maximum limit, a warning is displayed. The charge table refers to charges or functions defined in (PPS009). This field is used for reply time purposes only.</td>
</tr>
<tr>
<td>(PPS095/H)</td>
<td>340 Multiple warehouses per PO 341 Multiple delivery addresses per PO</td>
<td>… if purchase order lines with different warehouses or delivery addresses on the same purchase order number can be entered.</td>
</tr>
<tr>
<td>Program ID/panel</td>
<td>Field</td>
<td>The field indicates …</td>
</tr>
<tr>
<td>------------------</td>
<td>-------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>(PPS095/H)</td>
<td>350 Consolidation fence - PO</td>
<td>… the number of calendar days that checks time allowances for the release of a planned purchase order. The number of days between the delivery dates of different order lines must be lower than the number of days entered here.</td>
</tr>
<tr>
<td>(PPS095/H)</td>
<td>360 PO status - confirmed- after printing</td>
<td>…. whether the purchase order should be assigned a confirmed status when it is printed.</td>
</tr>
<tr>
<td>(PPS095/H)</td>
<td>370 Warning - dely date within lead time</td>
<td>… if a warning should be issued when a purchase order is entered with a requested delivery time earlier than the delivery date according to the lead time.</td>
</tr>
<tr>
<td>(PPS095/I)</td>
<td>510 Stop if excess delivery</td>
<td>… whether a purchase order should be stopped if the received quantity exceeds the ordered/confirmed quantity plus the tolerance/deviation limit. The tolerance limit can be found in the item/supplier file (PPS040). If it is not specified, it can be found in parameter 10 in (CRS780).</td>
</tr>
<tr>
<td>Program ID/panel</td>
<td>Field</td>
<td>The field indicates …</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>(PPS095/I)</td>
<td>520 Get buyer from agreement</td>
<td>… if you want the system to prioritize the buyer entered for the purchase agreement when selecting which buyer to use as the default buyer for purchase orders. If you select the check box, the system will determine which buyer to use as defaulted buyer by using the following priority: 1. The buyer entered in the purchase agreement in (PPS100) 2. The buyer entered for the item/warehouse combination in (MMS002) 3. The responsible entered for the item/supplier combination in (PPS040) 4. The buyer entered for the supplier in (CRS624). If you do not select the check box, the system will determine which buyer to use as the default buyer by using the following priority: 1. The buyer entered for the item/warehouse combination in (MMS002) 2. The responsible entered for the item/supplier combination in (PPS040) 3. The buyer entered for the supplier in (CRS624). The default buyer can be overridden when you process purchase orders.</td>
</tr>
<tr>
<td>(PPS095/I)</td>
<td>530 PO transaction - order confirmation 531 PO transaction - shipment advice 532 PO transaction - transport notification</td>
<td>… whether an order confirmation, advice, or notification should lead to the creation of lines in the purchase order's transaction file. These fields must always be activated.</td>
</tr>
<tr>
<td>(PPS095/I)</td>
<td>540 Completion flag open - goods receipt</td>
<td>… whether it should be possible to update the completion mark of the purchase order line during goods receipt reporting.</td>
</tr>
<tr>
<td>(PPS095/I)</td>
<td>550 Packaging action</td>
<td>… whether a packaging action is taken. The action taken is set by the packaging type parameters in (MMS050). See</td>
</tr>
<tr>
<td>Program ID/panel</td>
<td>Field</td>
<td>The field indicates …</td>
</tr>
<tr>
<td>------------------</td>
<td>-------</td>
<td>-----------------------</td>
</tr>
</tbody>
</table>
| (PPS095/J)       | 610 Invoice reporting | … whether invoice reporting should occur.  
If the value in this field is set to 0, a purchase order line is closed and ready for statistics upon complete put-away, that is, invoice reporting is not permitted. |
| (PPS095/J)       | 620 Auto display accounting string | … whether a separate accounting string for manual accounting should be displayed automatically when a purchase order is entered. |
| (PPS095/J)       | 630 Invoicing permitted | … indicates if an invoice for the purchase order should be accepted or not. |
| (PPS095/J)       | 640 Manual update of due date | … if the due date for payments can be specified manually on the purchase order (PPS200/F). |
| (PPS095/J)       | 650 Partial payment permitted | …. whether it is possible to specify a payment table for a purchase order belonging to this order type.  
The payment table specified is taken into consideration for liquidity reports, for example (PPS640), but not during invoice reporting. |
| (PPS095/K)       | 710 Automatic printout of PO documents | …if the purchase order document should be automatically printed when the purchase order is created from a planned purchase order.  
**Note:** This check box must be selected if you want the purchase order to be automatically released (status 20 = Document printed). |
| (PPS095/K)       | 730 Automatic delivery note generation | … if delivery note data for (PPS360) should be automatically generated when a purchase order is advised for shipment through (PPS220) or (PPS260). |
| (PPS095/K)       | 720 Supplier performance affected | … whether this purchase order should affect the supplier's performance evaluation. |
| (PPS095/K)       | 740 Vendor statistics update | … whether vendor statistics should be updated. |
| (PPS095/K)       | 750 DO type for supply chain rebuild | … the distribution order type to use for a supply chain rebuild.  
This is required to trigger a supply chain rebuild when the ship-to warehouse of a purchase order line is changed. |
The field indicates …

<table>
<thead>
<tr>
<th>Program ID/panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS095/K)</td>
<td>760 Inventory bypass</td>
<td>… whether inventory bypass is enabled. This means that purchased items are expected to be received at the supplying warehouse set in (MMS002/E) instead of the warehouse to which the item was ordered. A supply chain rebuild will ensure that the goods are transferred to the demand warehouse. This can be used when a supplier prefers to deliver to a central warehouse, instead of the one to which the goods were ordered.</td>
</tr>
<tr>
<td>(PPS095/K)</td>
<td>770 Frozen requested delivery date</td>
<td>… if the requested delivery date should be considered frozen by the MRP calculation. If enabled, MRP will not suggest an alternative planning date, and will not set any rescheduling action message. If a material shortage occurs before the planned receipt date, new planned orders will be created even if the quantity of the frozen date order would be sufficient to cover it. However, if the frozen date order is within the lead time, the order will be handled as any other purchase order by MRP.</td>
</tr>
<tr>
<td>(PPS096/B)</td>
<td>Text type</td>
<td>… where the text block (the text) is retrieved from, as follows: 1 = Supplier/purchase (CRS624) 2 = Item (MMS001) 3 = Item/supplier (PPS040)</td>
</tr>
<tr>
<td>(PPS096/E)</td>
<td>Text category</td>
<td>… the type of text block. <strong>Note:</strong> If you have selected text type 2 = Item, then you must select text category 3 = Purchase order line text.</td>
</tr>
</tbody>
</table>

Table 22. Settings for planned POs should be automatically released to POs

<table>
<thead>
<tr>
<th>Program ID/panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(MMS037/E)</td>
<td>022 Default status - planned orders AM = A1</td>
<td>… the status to be assigned to a planned order when it gets action message A1 = Release and reschedule, during material planning. If planned orders with action message A1 should be released automatically, you must set this parameter to 60 = Released.</td>
</tr>
</tbody>
</table>
The field indicates …

Program ID/panel | Field | The field indicates …
---|---|---
(MMS037/E) | 025 Default status - planned orders AM = A2 | … the status to be assigned to automatically created planned orders. If planned orders with action message A2 should be released automatically, you must set this parameter to 60 = Released.

(MMS002/E) | Planning policy | …the planning policy which contains a number of rules, determine how generation of planned orders, action messages, and warning messages are to be applied. You must connect a planning policy for the item/warehouse with the settings above (60 = Released).

Table 23. Settings for PO should automatically have status 20 = PO Printed (Released)

| Program ID/panel | Field | The field indicates …
---|---|---
(MMS037/E) | 005 Default status PO | …the default purchase order status records should be assigned as a planned order. Select status 15 = Ready for printout - The purchase order is immediately ready for printing. The purchase order will be assigned the above status if is not changed in (PPS170).

(PPS095/K) | 710 Automatic printout of PO documents | …if the purchase order document should be automatically printed when the purchase order is created from a planned purchase order. Select the check box if you want the purchase order to be automatically released (status 20 = Document printed).

See also

"Purchase Order" on page 62
"Create, Release and Display Purchase Order" on page 31
"Supply Chain Rebuild" on page 134
Settings for Release of Planned Purchase Order

Abstract
Purchase order consolidation groups are used in the release function for planned purchase orders and can be defined as a way of determining how planned purchase orders are consolidated into one or more discrete purchase orders.

Records are created and maintained in 'PO Consolidation Group. Open' (PPS019), where it is possible to select a list of objects and fields to consolidate by. The records can then be connected to the supplier in 'Supplier. Define Purchase Financial' (CRS624/E) and/or 'Purchase Order Type. Open' (PPS095/H), whereas the latter will override the PO consolidation group of the supplier (CRS624).

The file containing the planned purchase order will create a sorting order based on the PO consolidation group that will be used in the release flow. If no PO consolidation group is created, the function will use a default sorting order. The key for the default sorting order contains the company number, facility, supplier, PO consolidation group, order type, and currency code.

Limitations
The autojob (MMS940) can generate a different result depending on the waiting time of the job. This could happen when 'Create PO from planned orders' (PPS914) has handled all records that have been released from (MMS940) before the function is ready for release of planned purchase orders. This can lead to a new purchase order being created, even if the record has the same consolidation value as the record that was handled prior to this one.

Outcome
• A purchase order consolidation group is created.
• A purchase order consolidation group is entered for a supplier and an order type.

Before you start
The basic settings for the supplier must be entered according to Settings for Supplier and Items.
The basic settings for a purchase order type must be entered according to Settings for Purchase Order.
Flowchart

Workflow

Example of planned purchase order release

This table shows an example of 10 released planned purchase orders with different consolidation characteristics:
<table>
<thead>
<tr>
<th>Record</th>
<th>Supplier</th>
<th>Order type</th>
<th>Consolidation key</th>
<th>Sorting key</th>
<th>PO number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Supplier A</td>
<td>ABC</td>
<td>DFT</td>
<td>Buyer = Per</td>
<td>PO001</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Delivery term= 001</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Del method= Truck</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Supplier 1</td>
<td>ABC</td>
<td>001</td>
<td>Buyer = Per</td>
<td>PO002</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Delivery term= 001</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Del method= Truck</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Supplier 1</td>
<td>ABC</td>
<td>001</td>
<td>Buyer = Per</td>
<td>PO002</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Delivery term= 001</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Del method= Truck</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Supplier 1</td>
<td>ABC</td>
<td>001</td>
<td>Buyer = Per</td>
<td>PO002</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Delivery term= 001</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Del method= Truck</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Supplier 1</td>
<td>ABC</td>
<td>002</td>
<td></td>
<td>PO003</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Delivery term= 001</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Del method= Truck</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Supplier 2</td>
<td>ABC</td>
<td>001</td>
<td>Buyer = Per</td>
<td>PO004</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Delivery term= 001</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Del method= Truck</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Supplier 2</td>
<td>ABC</td>
<td>001</td>
<td>Buyer = Per</td>
<td>PO004</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Delivery term= 001</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Del method= Truck</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Supplier 2</td>
<td>BCD</td>
<td>002</td>
<td></td>
<td>PO005</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Delivery term= 001</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Del method= Truck</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Supplier 2</td>
<td>BCD</td>
<td>002</td>
<td></td>
<td>PO006</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Delivery term= 001</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Del method= Train</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Supplier 2</td>
<td>CDE</td>
<td>003</td>
<td></td>
<td>PO007</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Delivery term= 001</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Stock zone= AB1</td>
<td></td>
</tr>
</tbody>
</table>

The table is sorted in the same order as each record consolidation key. This is how the records are handled:
• Record 1: Is a planned PO with the supplier 'Supplier A' as the first record. Therefore, the first PO is created: PO001.

• Record 2: Contains a new supplier, which will then be compared to the previous record to see if the record matches. This is not the case, why PO PO002 is created.

• Record 3: Contains the same fields as the previous record, why it will be added to the same PO: PO002.

• Record 4: Contains the same fields as the previous record, why it will be added to the same PO: PO002.

• Record 5: This record contains the same supplier as the previous record, but this record has been manually changed to contain a new consolidation key. This means that the record does not match the previous record, why a new PO is created: PO003.

• Records 6 and 7: Contain a new supplier and will also create a new PO, PO004, where both lines will be added.

• Record 8: Contains the same supplier as the previous one, but this record contains a new order type that is set up with consolidation key 002. This order type consolidation key will override the supplier’s consolidation key, why PO PO005 is created.

• Record 9: Contains the same supplier, order type, and consolidation key, but the value for the delivery method is changed to 'Train' for this record. Therefore it does not match the previous record and PO PO006 is created.

• Record 10: The last record in this batch run contains a new order type that contains a new consolidation key, which then creates PO PO007.

It is important that the consolidation keys create the sorting key and decide how the released planned PO will be sorted and then handled in 'Fnc: Create PO from order proposals' (PPS914). As you see in the table above, the work file is sorted in the same order as the sorting key, in the index table.

Records with the same key field (supplier etc.) and also the same sorting key will then be consolidated.

Note: The sorting key can contain different values from the planned PO, as displayed in the illustration above for PO PO006 and PO007. They have the same value in the 'Key' field, but the delivery method is 'Truck' in one planned PO and 'Train' in the other planned PO. This scenario will then separate the planned POs into two different POs.

Follow these steps

At least one PO consolidation group must exist to enable a control of how the planned purchase orders are to be consolidated. If no group is created, the system will automatically create a default group with a default key setup.

1 Open 'PO Consolidation Group. Open' (PPS019) and define a record on the B panel. The PO consolidation group is used to create the sorting key that will be created for all planned purchase records in 'Planned Purchase Order. Open' (PPS170) and 'Planned Purchase Order. Open' (PPS171).
2 On the E panel, select which objects and fields to consolidate by.

3 Open 'Supplier. Define Purchase Financial' (CRS624) for your selected supplier, go to panel E, and attach your PO consolidation group.

4 Open 'Purchase Order Type. Open' (PPS095) and attach your PO consolidation group on the H panel.

See also
"Procurement Overview" on page 11
"Planned Purchase Order" on page 59
"Create and Release Planned Purchase Order" on page 38

Settings for Supplier and Items

This document explains how to set purchase basic data for supplier, item and connect supplier/item information.

Outcome
Supplier, Item and Supplier/Item information is defined.

• Supplier Settings

The supplier file may be updated from two main programs: 'Supplier. Open' (CRS620) and Supplier. Define Purchase & Financial (CRS624). A supplier number record must be entered in both of these programs to be able to use the supplier in the purchase order flow. From these programs many other supplier-related programs are reached, for example, programs used for addresses, charges, and transport times and so on. The main and related suppliers programs are illustrated in figure 2 below.

• Item Settings

There are three main M3 programs for entering items. General information about the item is entered in 'Item. Open' (MMS001). Items are then connected to warehouses in 'Warehouse. Connect Item' (MMS002). Finally, items are connected to facilities in 'Facility. Connect Item' (MMS003). These programs are described more fully in the Product Data documentation. In this chapter, only the fields relating to procurement are described.

• Supplier/Item Settings

In 'Supplier. Connect Items' (PPS040) unique data for a specific supplier and item combinations are entered. You are not required to enter a record in this program in order to perform work in the purchase order flow. To avoid unnecessary maintenance of the item and supplier files, you should only create item/supplier combinations in this program if they are necessary. An appropriate use of this function is to specify certain terms depending on the supplier/item combination.

Some of the most important files used for the programs above are:
<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIDMAS</td>
<td>Vendor Master</td>
</tr>
<tr>
<td>CIDADR</td>
<td>Vendor Address</td>
</tr>
<tr>
<td>CIDREF</td>
<td>Vendor Reference person</td>
</tr>
<tr>
<td>CIDVEN</td>
<td>Vendor Master Purchase &amp; Financial</td>
</tr>
<tr>
<td>MITVEN</td>
<td>Item/Vendor</td>
</tr>
<tr>
<td>MITMAS</td>
<td>Item Master</td>
</tr>
<tr>
<td>MITMAD</td>
<td>Item Master Additional data</td>
</tr>
<tr>
<td>MITMPR</td>
<td>Item Master Price &amp; Sales data</td>
</tr>
<tr>
<td>MITBAL</td>
<td>Warehouse/item stock and planning values</td>
</tr>
<tr>
<td>MITFAC</td>
<td>Facility/item</td>
</tr>
</tbody>
</table>

**Before You Start**

No prerequisites are needed.
Outline

Follow These Steps

Supplier Settings

The supplier file may be updated from two main programs: 'Supplier. Open' (CRS620) and Supplier. Define Purchase & Financial (CRS624). A supplier number record must be entered in both of these programs to be able to use the supplier in the purchase order flow. From these programs many other supplier-related programs are reached, for example, programs used for addresses, charges, transport times and so on.

1 Start 'Supplier. Open' (CRS620). Enter the panel sequence EFT1235.
2 Fill in appropriate fields on the panels.

3 Start 'Supplier. Connect Address' (CRS622), which is reached via option 11 from (CRS620). Fill in appropriate fields on the panels. Custom fields can be linked with an address where the address type is 04 (Origin address) using related option 11 (custom fields) in 'Supplier. Connect Address' (CRS622/B).

4 Start 'Supplier. Connect Reference' (CRS623), which is reached via option 12 from (CRS620). Fill in appropriate fields on the panels.

   From the B panel in 'Supplier. Connect Reference' (CRS623/B) you can replace an existing reference for a supplier by using F14 (Replace ref). The program will not change the reference on existing orders, but the new reference will be valid on new orders. F14 also updates the reference field in 'Supplier. Connect Item' (PPS040).

   If you use divisions in M3, you may want to define different supplier values for the various divisions. For example, a big supplier often has locations in different cities or different countries for which division-specific currency codes must be defined. Such division-specific values for selected fields can be entered in 'Supplier. Open for Division' (MFS620).

5 Start Supplier. Define Purchase & Financial (CRS624) which is reached via option 13 from (CRS620). Fill in appropriate fields on the panels.

   The program consists mostly of values used in the purchase order and invoicing flows. These values are defaulted on the purchase order when the order is entered.

   A record must first exist in this program in order to be able to enter a purchase order into the system. If no record exists, an error message is displayed when the purchase order is entered in 'Purchase Order. Open' (PPS200).

6 Start 'Supplier. Connect Order Total Discount' (PPS008), which is reached via option 12 from (CRS624).

   Here a value-dependent order total discount per supplier can be entered. The discount is displayed as the Order total discount on the H panel of 'Purchase Order. Open' (PPS200/H). If an order total discount table exists, F14 (Order tot disc) is highlighted on the H panel, and the function key can be used to see the next discount level in the table.

7 Start Supplier. Connect Charges' (PPS009), which is reached via option 13 from (CRS624). Fill limit values and charges.

8 Start 'Supplier. Connect Transp Lead Times' (PPS010), which is reached via option 14 from (CRS624).

9 Other options in (CRS624) are:
   • Option 15 calls 'Supplier. Connect Purchase Order Types' (PPS011) where valid order types are entered for a specific supplier. For a check on valid order types upon purchase order registration to be done, the PO Type Check parameter (parameter 190) in 'PO Types. Open' (PPS095) must be selected.
   • In 'Supplier. Connect Quality Classes' (PPS012), reached via option 16, quality classes per supplier and item group, product group or procurement group are defined. The quality classes are entered in 'Quality Class. Open' (PPS020).
• In 'Supplier. Connect Quality Audit Types' (PPS013), reached via option 17, it is possible to follow up on quality activities performed on a specified supplier. Audit types are specified in 'Quality Audit Type. Open' (PPS025) and are used to classify the type of audit performed. One audit type could, for example, be an annual audit or an audit performed on new suppliers. The date for the audit and a status code indicating whether the audit is performed or not are entered in 'Supplier. Connect Quality Audit Types' (PPS013).

• 'Supplier. Connect Delivery Term Text' (PPS014), reached via option 18, enables you to enter an extra text per delivery term. If the delivery term is FOB, for example, the loading port is entered in the delivery term text field and printed on the purchase order document. You may enter this text manually each time an order is entered but if it is placed here it will be defaulted as the standard value.

10 Start 'Point of Time Table. Open' (RPS080), which is reached via option 19 from (CRS624). Enter a point of time table which can be used if you, for example, have a certain day of the week when you receive deliveries from your supplier

Item Settings

1 Start 'Item. Open' (MMS001). Fill in appropriate fields on the panels. There are several programs related to 'Item. Open' (MMS001) that are reached with options from the B panel. See figure 20 for a description of some of them.

• In 'Item. Connect Alternate U/M' (MMS015), reached via option 12, alternate quantity and price units of measurement are entered. The possible alternate units are entered together with the conversion factor between them.

• In 'Item Relation. Open' (MMS020), reached with option 13, relations between items are entered. If an item is to be replaced by another, the related item is entered in this program.

• In 'Item. Connect Alias Number' (MMS025), reached via option 14, alias numbers are entered for the items. Alias numbers can be used for customer order entry and in the purchase order entry. To be able to use matrix and list view entry in 'Purchase Order. Open Lines' (PPS201) alias numbers with alias type 88 must be entered in 'Item. Connect Alias Number' (MMS025). The alias type indicates the type of alias number. To be able to use the alias number in 'Purchase Order. Open Lines' (PPS201), alias numbers 2 and 3 must be defined in the check sequence on the P panel.

• In 'Item. Enter Names/Language' (MMS030), reached via option 15, the item name and description are entered in different languages. The foreign language names are displayed as default during entry of new customer or purchase order lines and printed on the external documents for those customer/suppliers who are connected to the language.

2 Start 'Item. Connect Warehouse' (MMS002). Fill in appropriate fields on the panels.

3 Start 'Facility. Connect Item' (MMS003). Fill in appropriate fields on the panels.

On the E panel, the administrative lead time, which is one of the components in the total lead time, is entered. This is the time required for administrative activities before a purchase order is released.

On the E panel the current average and cost price, used for inventory accounting, are displayed. The average price history can be viewed in Average Cost. Display/Update History' (CAS371), reached via option 12 from the B panel or F14 from the E panel.
Supplier/Item Settings

1. Start 'Supplier. Connect Items' (PPS040). Fill in appropriate fields on the panels.
   - Option 11 calls 'Agreement. Open' (PPS100) which is used to enter agreements for a certain supplier. Read more about agreements in the Agreement documentation.
   - Option 12 calls 'Purchase Statistics. Display' (PPS450) and option 13 calls 'Supplier Item. Connect Manufacturer' (PPS041).

2. Start 'Supplier Item. Connect Manufacturer' (PPS041), which is reached via option 13 from (PPS040). (PPS041) is used to enter manufacturers for a certain product, for informational purposes only.

Parameters to Set

Supplier Settings

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates...</th>
</tr>
</thead>
<tbody>
<tr>
<td>(CRS620/B)</td>
<td>Sorting order</td>
<td>… which information is to be displayed in the panel.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Six different sorting orders can be used to search for suppliers.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Generic search can be of big help when searching for a supplier where only parts of the name are known. (Sorting order 5 and * around the known part of the name, for example <em>Partner</em>, will give all suppliers with the word Partner in the supplier name).</td>
</tr>
<tr>
<td>(CRS620/B)</td>
<td>Supplier type</td>
<td>… different suppliers, agents, insurance companies, only payee’s etc.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Supplier type zero is the type for normal suppliers.</td>
</tr>
<tr>
<td>(CRS620/E)</td>
<td>Status</td>
<td>… the supplier status.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20 is used to specify an approved supplier. If a supplier is to be deleted this is best done by setting the status to 90 (deactivated). This will prevent purchase orders from being placed on the supplier identity.</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates...</td>
</tr>
<tr>
<td>-----------------</td>
<td>------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>(CRS620/E)</td>
<td>Search key</td>
<td>... a search key. It is a user-defined short name for the supplier, which can be used as a search key in one of the inquiries. If no search key is entered, the first 10 positions of the Name field will be used automatically.</td>
</tr>
<tr>
<td>(CRS620/E)</td>
<td>Facsimile number</td>
<td>... the fax number to which the list should be sent when documents are printed directly to a fax machine.</td>
</tr>
<tr>
<td>(CRS620/E)</td>
<td>Language</td>
<td>... the language in which external documents are printed. The language codes are entered in 'Language. Open' (CRS010).</td>
</tr>
<tr>
<td>(CRS620/E)</td>
<td>Harbor/airport</td>
<td>... the ID of the harbor or airport. It is used for reporting purposes only in trade statistics. The IDs are entered in 'Harbor/Airport. Open' (CRS073).</td>
</tr>
<tr>
<td>(CRS620/E)</td>
<td>Media profile</td>
<td>... a media controlling object that is used as a filter in the media control table/CRS945.</td>
</tr>
<tr>
<td>(CRS620/E)</td>
<td>Company communication address</td>
<td>... the net file (Internet or e-mail) address.</td>
</tr>
<tr>
<td>(CRS620/F)</td>
<td>User defined fields</td>
<td>... user-defined text that can be used for selecting reports or for individual information. The fields are of different length and one of them is numeric. The field names can be user-defined in 'Settings – User-defined Supplier Fields' (CRS713).</td>
</tr>
<tr>
<td>(CRS622/B)</td>
<td>Address type</td>
<td>... the type of address to use.</td>
</tr>
<tr>
<td>(CRS622/E)</td>
<td>Address no</td>
<td>... a short number for the address ID.</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates...</td>
</tr>
<tr>
<td>-----------------</td>
<td>---------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>(CRS622/E)</td>
<td>Printout code</td>
<td>... the supplier's name or address line 1 should be printed first.</td>
</tr>
<tr>
<td>(CRS623/B)</td>
<td>Reference type</td>
<td>… which supplier references to use, for example, purchase reference (=10) and repair or subcontract reference (=15).</td>
</tr>
<tr>
<td>(CRS623/B)</td>
<td>Reference</td>
<td>… a reference id.</td>
</tr>
<tr>
<td>(CRS623/E)</td>
<td>Your reference 1</td>
<td>.. the name of the person that is to be contacted in matters concerning customer or purchase orders.</td>
</tr>
<tr>
<td>(CRS624/E)</td>
<td>Supplier group</td>
<td>.. a user-defined field for identifying different groups of suppliers. The groups are entered in 'Supplier Group. Open' (CRS150). Custom fields can be associated with the supplier group using related option 11 (conn u-d fld gr) in 'Supplier Group. Open' (CRS150/B).</td>
</tr>
<tr>
<td>(CRS624/E)</td>
<td>Buyer</td>
<td>… the regular buyer responsible for purchasing. The buyer entered on the item in 'Warehouse. Connect Item' (MMS002), if any, is used on planned orders generated by M3.</td>
</tr>
<tr>
<td>(CRS624/E)</td>
<td>Authorized</td>
<td>… authorizing supplier invoices in 'Supplier Invoice. Record' (APS100). This value is proposed as the default when you enter a purchase invoice.</td>
</tr>
<tr>
<td>(CRS624/E)</td>
<td>Order type</td>
<td>… an order type. It is used as a default order type when a purchase order is entered for the specified supplier.</td>
</tr>
<tr>
<td>(CRS624/E)</td>
<td>Monitoring list and Monitor class</td>
<td>...the list and level for this supplier. It is used for following up on deliveries and transportation. Read more about monitoring in the Monitoring documentation.</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates...</td>
</tr>
<tr>
<td>-----------------</td>
<td>-------</td>
<td>------------------------</td>
</tr>
<tr>
<td>(CRS624/E)</td>
<td>Delivery terms, Freight terms, Delivery method and Packaging terms</td>
<td>...are defaulted on the purchase order and printed on the purchase order document.</td>
</tr>
<tr>
<td>(CRS624/E)</td>
<td>Statistical supplier</td>
<td>...if the statistics for another supplier should be updated when a purchase order is placed by this supplier. If no supplier number is entered, the supplier number on the record is used in the statistics.</td>
</tr>
<tr>
<td>(CRS624/E)</td>
<td>ABC cls suppl and ABC method sup</td>
<td>...the suppliers depending on, for example, purchased volume. The classification can be done either manually or automatically in 'ABC Classification Supplier. Print' (PPS445). Read more about ABC Classification in the Statistics documentation.</td>
</tr>
<tr>
<td>(CRS624/E)</td>
<td>PIN Code</td>
<td>… the PIN (Personal Identity Number) code for a M3 telephone or an Internet order. The customer enters the password when placing an order.</td>
</tr>
</tbody>
</table>
| (CRS624/E)      | Disc calc mtd | ..the method for calculating the purchase order line's total discount.  
  The total discount can be counted as a total of D1, D2 and D3 (=0) or as a chain discount (=1).  
  The chain discount is calculated as (100-D1)*(100-D2)*(100-D3) where D1 is the discount defined by the supplier, D2 is the discount defined by the agreement and D3 is the discount defined by number/agreement. |
<p>| (CRS624/E)      | Point of time table (Shipment table) | …the ID for the point of time table. |
| (CRS624/F)      | VAT code | <strong>VAT code</strong> is defaulted when an invoice is entered for this supplier. VAT codes are defined in 'VAT code. Open' (CRS030). |</p>
<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates...</th>
</tr>
</thead>
<tbody>
<tr>
<td>(CRS624/F)</td>
<td>Currency, exchange rate type and payment terms</td>
<td>These are defaulted on the purchase order header.</td>
</tr>
<tr>
<td>(CRS624/F)</td>
<td>Tolerance Payment</td>
<td>... within how many days after the due date an invoice must be paid.</td>
</tr>
<tr>
<td>(CRS624/F)</td>
<td>Supplier statistics and no yrs statistics</td>
<td>...if and for how long statistics should be saved for this supplier. Read more about statistics in the Supplier Statistics documentation.</td>
</tr>
<tr>
<td>(CRS624/F)</td>
<td>Invoice approval conditions</td>
<td>… when an invoice should be approved. An invoice may be approved before goods receipt, after goods receipt and after put-away.</td>
</tr>
<tr>
<td>(CRS624/F)</td>
<td>Automatic invoice approval code</td>
<td>… enables you to recode an invoice automatically after goods receipt.</td>
</tr>
<tr>
<td>(PPS007/E)</td>
<td>Supplier discount</td>
<td>…a general discount in percentage for purchase order lines belonging to this supplier is entered. This discount is displayed as Discount 1 on the order line in 'Purchase Order. Open Lines' (PPS201/E). Discount 1 is one of three possible discounts to use on the order line. Discounts 2 and 3 can be retrieved from the agreement header and agreement line.</td>
</tr>
<tr>
<td>(PPS008/E)</td>
<td>Limit value</td>
<td>…the lowest order value for a certain discount.</td>
</tr>
</tbody>
</table>
| (PPS008/E)       | Order total discount generating | …which discount percentage is to be used when the item value of the order equals or exceeds the limit. The discount is displayed as the Order total discount on the H panel of 'Purchase Order. Open' (PPS200/H). If an order total discount table exists, F14 (Order tot disc) is highlighted on the H panel, and the function key can be used to see the next discount level in the table.
### The field indicates...

<table>
<thead>
<tr>
<th>Program ID/ Panel</th>
<th>Field</th>
<th>The field indicates...</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS009/E)</td>
<td>Charge type</td>
<td>… the type of charge.</td>
</tr>
</tbody>
</table>
| (PPS009/E)        | Limit value         | … the purchase order limit from which charges are debited, or new terms of delivery become valid.  
When creating or changing a purchase order, a warning will be issued if the limit is exceeded.  
The charges are not added to the purchase order automatically. |
| (PPS009/E)        | Charges             | … the charge to apply when the purchase amount falls below the charge limit. |
| (PPS009/E)        | Delivery terms      | … the delivery terms for a purchase order whose total exceeds the order value limit. |
| (PPS010/B)        | Delivery term       | ..the transport lead time for this supplier and delivery term. |
| (PPS010/B)        | Warehouse           | ..the transport lead time for this supplier and warehouse. |
| (PPS010/B)        | Delivery method     | ..the transport lead time for this supplier and delivery method. |
| (PPS010/B)        | Place of load       | … the transport lead time for this supplier and place of load. |
| (PPS010/E)        | Goods responsibility| .. when the liability for a delivery is transferred from the supplier to the buyer. The date on which liability is transferred is defined as the delivery date. |
| (PPS010/E)        | Transportation lead time 1 | …the number of workdays needed to transport to the transport station from the supplier. Transport lead time 1 also includes time for order processing. |
### Program ID/Panel

<table>
<thead>
<tr>
<th>Field</th>
<th>The field indicates...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation lead time 2</td>
<td>…the number of workdays needed to transport to the final destination from the transport station. Transport lead time 1 together with Transport lead time 2 gives the total distribution time, in workdays, from when the purchase order is sent to the supplier until the goods are received at the final destination.</td>
</tr>
<tr>
<td>Point of time table</td>
<td>…the ID for the point of time table. The point of time table ID is unique per facility, warehouse and point of time table type. This means that the same ID can be used for different settings of the these parameters.</td>
</tr>
<tr>
<td>Point of time type</td>
<td>… the type of times contained in the table. 20 = Points of time used for supplier calendar.</td>
</tr>
</tbody>
</table>

### Item Settings

<table>
<thead>
<tr>
<th>Field</th>
<th>The field indicates...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item number, Name and Description</td>
<td>…Id's for the item. These are used on purchase order documents if no supplier identifications are entered on the E panel in 'Supplier. Connect Item' (PPS040).</td>
</tr>
<tr>
<td>Status</td>
<td>..the item status. It must be 20 or above (but not 80, 90 or 99) to use the item for purchase orders.</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
</tr>
<tr>
<td>-----------------</td>
<td>-------</td>
</tr>
<tr>
<td>(MMS001/E)</td>
<td>Item type, Item group, Product group and Procurement group</td>
</tr>
<tr>
<td>(MMS001/E)</td>
<td>Inventory accounting</td>
</tr>
<tr>
<td>(MMS001/E)</td>
<td>Basic U/M</td>
</tr>
<tr>
<td>(MMS001/E)</td>
<td>Make/buy code</td>
</tr>
<tr>
<td>Program ID/ Panel</td>
<td>Field</td>
</tr>
<tr>
<td>-------------------</td>
<td>-------</td>
</tr>
<tr>
<td>(MMS001/E)</td>
<td>Lot control method and Lot number method</td>
</tr>
<tr>
<td>(MMS001/F)</td>
<td>Purchase order U/M</td>
</tr>
<tr>
<td>(MMS001/F)</td>
<td>Purchase price U/M</td>
</tr>
<tr>
<td>(MMS001/F)</td>
<td>External instruction</td>
</tr>
<tr>
<td>(MMS001/F)</td>
<td>Internal instruction</td>
</tr>
<tr>
<td>(MMS001/F)</td>
<td>Goods receiving method</td>
</tr>
<tr>
<td>(MMS001/F)</td>
<td>Gross weight, Net weight and Volume</td>
</tr>
<tr>
<td>(MMS001/H)</td>
<td>Currency</td>
</tr>
<tr>
<td>(MMS001/H)</td>
<td>Supplier number</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
</tr>
<tr>
<td>-----------------</td>
<td>------------------</td>
</tr>
<tr>
<td>(MMS002/E)</td>
<td>Planner</td>
</tr>
<tr>
<td>(MMS002/E)</td>
<td>Acquisition code</td>
</tr>
<tr>
<td>(MMS002/E)</td>
<td>Planning method</td>
</tr>
<tr>
<td>(MMS002/E)</td>
<td>Supply lead time</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>(MMS002/E)</td>
<td>Lead time</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>(MMS002/E)</td>
<td>Planning policy</td>
</tr>
<tr>
<td>(MMS002/E)</td>
<td>Order type</td>
</tr>
<tr>
<td>(MMS002/E)</td>
<td>Supplier number</td>
</tr>
<tr>
<td>Program ID/ Panel</td>
<td>Field</td>
</tr>
<tr>
<td>------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>(MMS002/E)</td>
<td>Multiple supply</td>
</tr>
<tr>
<td>(MMS002/F)</td>
<td>Order multiple</td>
</tr>
<tr>
<td>(MMS002/G)</td>
<td>Location</td>
</tr>
<tr>
<td>(MMS002/G)</td>
<td>Storage method</td>
</tr>
<tr>
<td>(MMS002/G)</td>
<td>Inspection location</td>
</tr>
<tr>
<td>(MMS002/G)</td>
<td>Buyer</td>
</tr>
<tr>
<td>(MMS002/G)</td>
<td>Distr/sup cal</td>
</tr>
<tr>
<td>Program ID/ Panel</td>
<td>Field</td>
</tr>
<tr>
<td>-------------------</td>
<td>-------</td>
</tr>
<tr>
<td>(MMS002/G)</td>
<td>History storage method</td>
</tr>
<tr>
<td>(MMS003/E)</td>
<td>Inventory accounting</td>
</tr>
<tr>
<td>(MMS003/F)</td>
<td>Costing model - purchasing</td>
</tr>
</tbody>
</table>

**Supplier/Item Settings**

<table>
<thead>
<tr>
<th>Program ID/ Panel</th>
<th>Field</th>
<th>The field indicates...</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS040/B)</td>
<td>Status</td>
<td>... the status of an item/supplier combination.</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates…</td>
</tr>
<tr>
<td>------------------</td>
<td>-------</td>
<td>----------------------</td>
</tr>
<tr>
<td>(PPS040/E)</td>
<td>Record type</td>
<td>… whether the item is a normal item (=1), a subcontracted item (=2) or a repair item (=3).</td>
</tr>
<tr>
<td>(PPS040/E)</td>
<td>Suppl item no, Suppl item name and Suppl item desc</td>
<td>If entered on this panel, the supplier fields (Suppl item no, Suppl item name and Suppl item desc) are printed on the purchase documents. If parameter 121 in 'PO Type. Open' (PPS095) is set to 4, the item description will not be printed.</td>
</tr>
<tr>
<td>(PPS040/E)</td>
<td>Lead time for replenishment delivery</td>
<td>… the lead time in days for a replacement delivery.</td>
</tr>
<tr>
<td>(PPS040/E)</td>
<td>Supply lead time</td>
<td>… the normal lead time for a delivery. The lead time is entered in days. Parameter 33 in 'Settings – Purchasing' (CRS780) determines whether a week is comprised of five or seven days. The lead time can also be entered in 'Warehouse. Connect Item' (MMS002).</td>
</tr>
<tr>
<td>(PPS040/E)</td>
<td>Lead time</td>
<td>… the total lead time for the product, including time for administration, transmission, supply, transportation and inspection.</td>
</tr>
<tr>
<td>(PPS040/E)</td>
<td>Order type</td>
<td>…the default when placing a purchase order. If values are entered both on the supplier/item combination and in the supplier or item files separately, the system will always select values from 'Supplier. Connect Items' (PPS040) first.</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates...</td>
</tr>
<tr>
<td>-----------------</td>
<td>------------------------------</td>
<td>----------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>(PPS040/E)</td>
<td>Goods receiving method</td>
<td>…the method that controls processing of the goods receiving flow.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The proposal comes from one of three sources according to the following priority ranking:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 Combination of item and supplier</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 Item</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 Purchase order type.</td>
</tr>
<tr>
<td>(PPS040/E)</td>
<td>Order multiple</td>
<td>…the minimum acquisition quantity in the basic unit of measure (U/M).</td>
</tr>
<tr>
<td>(PPS040/F)</td>
<td>External safety stock</td>
<td>…the minimum safety stock level the supplier should have and is used for information purposes only.</td>
</tr>
<tr>
<td>(PPS040/F)</td>
<td>Country of origin</td>
<td>… is used for trade statistics and the countries are entered in 'Country. Open' (CRS045).</td>
</tr>
<tr>
<td>(PPS040/F)</td>
<td>Packaging</td>
<td>… a packing identity defined in 'Packaging. Open' (MMS050).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The free-format text connected to the package is printed on the purchase order and acts as an external packaging description to the supplier.</td>
</tr>
<tr>
<td>(PPS040/F)</td>
<td>Valid from - to</td>
<td>…the date from which an agreement takes effect.</td>
</tr>
<tr>
<td>(PPS040/F)</td>
<td>Purchase price</td>
<td>…the purchase price.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Purchase prices can also be entered here together with <strong>Valid from</strong> and <strong>to</strong> dates.</td>
</tr>
<tr>
<td>(PPS040/F)</td>
<td>Currency</td>
<td>… the currency for the entered purchase price.</td>
</tr>
<tr>
<td>Program ID/ Panel</td>
<td>Field</td>
<td>The field indicates...</td>
</tr>
<tr>
<td>------------------</td>
<td>----------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>(PPS040/F)</td>
<td>Exchange rate type</td>
<td>… the exchange rate type for the entered purchase price.</td>
</tr>
<tr>
<td>(PPS040/F)</td>
<td>Media profile</td>
<td>…how the document will be sent to a partner.</td>
</tr>
<tr>
<td>(PPS040/F)</td>
<td>Current full cost</td>
<td>… an actual cost calculated from 'Purchase Costing. Calculate' (PPS290).</td>
</tr>
<tr>
<td>(PPS040/F)</td>
<td>Setup price 1 and 2</td>
<td>… the setup price. It is specified on the purchase agreement line and can be copied to the purchase order line or entered/changed manually on the purchase order line.</td>
</tr>
<tr>
<td>(PPS040/G)</td>
<td>The G panel</td>
<td>The G panel is used for quality inspection, if quality inspection tasks and plans are used.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The fields are described in the extended Quality Inspection documentation</td>
</tr>
<tr>
<td>(PPS041/B)</td>
<td>Manufacturer</td>
<td>…the company or organization that manufactured the item, regardless of who delivered it.</td>
</tr>
<tr>
<td>(PPS041/B)</td>
<td>Manufacturer priority</td>
<td>…the manufacturer's priority in comparison to other manufacturers.</td>
</tr>
<tr>
<td>(PPS041/B)</td>
<td>Manufacturer approved</td>
<td>…if the manufacturer is approved.</td>
</tr>
</tbody>
</table>

**See Also**

"Basic Settings for the Purchase Flow" on page 14

"Settings for Purchase per Company and Division" on page 82

"Deduct customer order invoices during grower agreement settlement" on page 307
Status - Purchase Order

The status of a purchase order indicates its stage in the order flow.
The status of a purchase order is displayed in the order header and in the order lines. The order header displays the lowest and highest status in the order lines. The order line also contains a lowest and highest status.

Status - Request for Quotation

The status of a Request for Quotation (RFQ) is used to show the progress of the RFQ in the RFQ flow. Some of the statuses are set manually and some automatically.
The following status values are used:
00 - RFQ in progress (automatic)
10 - RFQ ready, (automatic)
20 - RFQ document printed/sent (automatic)
30 - Supplier has declined to give quotation (manual)
40 - Supplier has confirmed that quotation will be submitted (manual)
50 - Quotation received and values updated (automatic)
60 - Quotation not accepted, send No-Thank-You letter (manual)
65 - Quotation not accepted, do not send No-Thank-You letter (manual)
70 - No-Thank-You letter sent (automatic)
80 - Quotation accepted (manual)
90 - Agreement created from RFQ (automatic).

Status - Supplier Agreement

The status of a supplier agreement is used to show the progress of an agreement in the agreement flow.
The following status values are used:
• 00 - Entry
• 01-09 - Preliminary / user defined
• 10 - Preliminary / default status
• 11-19 - Preliminary / user defined
• 20 - Completed agreement
• 30 – Distributed/Printed agreement
• 40 - Valid agreement
• 80 - Fulfilled
• 90 - Cancelled agreement.

The status of a supplier agreement cannot be changed to 40 unless the supplier has a status of 20=approved.

If status is <20 or >=80, the agreement is not used in purchase order line entry.

Status 01-09 or 11-19 (user defined) allows the agreement process to be configured as required for the specific industry and procurement requirements, enabling stricter process control at the outset of agreement creation. This is useful in some industries with complex procurement processes where it is necessary to track the progress of agreements, prior to purchase order creation, at a granular level.

If status is 20, 30 or 40, the agreement is valid and can be associated with a purchase order line.

Status 80 indicates that the actual received quantity is equal to or greater than the agreed quantity. This can either be set manually or automatically. Parameter 'Auto Fulfillment' on the Agreement controls whether or not this is set automatically.

See also
"Grower Contract Management (GCM) - Overview" on page 280

Supplier Calendar

A supplier calendar indicates which days of the week or dates are approved shipping days for each supplier.

The supplier calendar is used for both automatically created and manually entered purchase orders. For the former group, the shipment date is calculated based on the need date.

The following conditions must be met in order to use the calendar to control the purchase order and planned purchase order dates:

• It is specified that a check should be made against a supplier calendar for each combination of item/warehouse.
• It is specified that a check should be made against a supplier calendar for the supplier.
• Current shipment days are entered for the supplier.
Supply Chain Rebuild

This document includes a description of the process of changing the receiving warehouse on a purchase order (PO) line and how this can trigger a supply chain rebuild (SCR). This means rebuilding a supply chain when working with purchase orders depending on the warehouse to which the delivery will be shipped, so that the goods always reach their intended destination. Three business scenarios are supported:

- **Ad hoc change with supply chain rebuild**
  
  In this case, the warehouse where the goods will be shipped is not known in advance. The ship-to warehouse can be entered after the purchase order has been created, during purchase order confirmation or at shipment advice. This will trigger a supply chain rebuild if a DO type for SCR is entered on the PO type.
  
  For more details, see *Workflow - Supply Chain Rebuild* in this document.

- **Inventory bypass**
  
  In this case, it is known in advance where the goods will be shipped, depending on the warehouse to which they are ordered. Inventory bypass is triggered during the initial order creation and involves no extra confirmation for the new warehouse. It will always automatically trigger a supply chain rebuild.
  
  For more details, see *Inventory Bypass* in this document.

- **Ad hoc change without supply chain rebuild**
  
  In this case, the ship-to warehouse is changed after the purchase order has been created due to a change in the point of demand. In this case, a supply chain rebuild is not desired, as the goods should stay at the ship-to warehouse, or be distributed to the final goods destination by some other means. In this case, no DO type for SCR should be entered on the PO type. It is only applicable to POs that are not part of any supply chain.

Background

After a purchase order has been created, there is a possibility that the supplier delivers to another warehouse than the warehouse entered on the purchase order line. This means that the supply chain may require some adjustment. Furthermore, the planner may request a change of ship-to warehouse due to the demand point having changed.

Limitations

- The ordering warehouse and the goods receiving warehouse must belong to the same division.
- All purchasing activities (such as quality inspection) must take place in the ship-to warehouse.
- This functionality is not available for PO lines that are connected to a customer order line, service order line, or rental agreement line of line type 2 (direct delivery).
- This functionality is only available for purchase order category 20.
- The warehouse may not be changed on PO lines that generate fixed assets.
• A DO type for SCR must exist on the PO type to enable a supply chain rebuild.
• For inventory bypass, only acquisition code 2 (Purchasing) is allowed.
• A PO connected to a supply chain does not allow a change of ship-to warehouse if a DO type for SCR is missing on the PO type.

Before you start

1 Set 'Allow change of ship-to-warehouse' = 1 in 'M3 Settings - Purchase' (CRS780/H) for your division.
2 Create a normal PO type (category 20) in 'Purchase Order Type. Open' (PPS095).
3 If supply chain rebuild should be enabled, select an appropriate DO type in the '750 DO type for supply chain rebuild' setting in (PPS095/K).
4 Enable the '760 Inventory bypass' setting in (PPS095/K), depending on whether you will use inventory bypass instead of confirming a new ship-to warehouse.

Workflow - supply chain rebuild

When a PO line is updated with the new warehouse where the goods will be received, the supply chain may have to be rebuilt to avoid undesired effects, such as unwanted planned purchase orders. In general, distribution orders (DOs) will be generated to transfer the goods to the warehouse where the demand arose. Such distribution orders that are generated by a supply chain rebuild are called SCR distribution orders.

Example:

• If a purchase order is generated by the MRP due to a planned shortage, but the goods receipt is moved to another warehouse, MRP might generate a new planned PO unless we transfer the original purchase order to the original warehouse.
• If a purchase order is part of a supply chain, but the goods receipt is moved to another warehouse, the supply chain will break unless we adjust it using new distribution orders.

To enable this, a DO type must be entered in (PPS095/H) in the '750 DO type for supply chain rebuild (P750)' field. This DO type will be used in the creation of SCR distribution orders.

A supply chain rebuild can be triggered during the following events:

• PO line creation. In the case of inventory bypass, see the following chapter.
• Purchase order confirmation, when changing the ship-to warehouse.
• Manual shipment advice, when changing the ship-to warehouse.
• EDI shipment advice (MHS850 message type 29), if the message states a different warehouse than is indicated on the PO line.

The aim of a supply chain rebuild is always to move goods between two warehouses, and it tries to use a distribution chain. Searching for a suitable distribution chain is as simple as possible: The first chain with a matching From and To warehouse will be used. If one is found, the order type of the SCR distribution orders will be determined by the sequences in the chain. If no suitable distribution chain is
found, a single SCR distribution order is generated from the ship-to warehouse to the top-level warehouse.

All distribution orders that are generated will get generation reference 52, 'Planned distribution order, generated via supply chain rebuild'. These distribution orders will be order-initiated, and there will be an order reference from the PO line to the DO line. This means that the connection between the PO line and SCR distribution order line will always be one-to-one.

How the distribution orders are generated depends on whether the purchase order is part of a supply chain and the type of supply chain.

• **Unreferenced PO**
  
The simplest scenario is when a purchase order has no relation to other orders. It could be manually created or generated by MRP. It lacks preallocation and an order reference. In this case, SCR distribution orders will be shipped from the ship-to warehouse to the ordering warehouse of the PO line.

• **PO with order reference**
  
  A purchase order that has an order reference, which it does when created from a CO line of type 1 or due to planning method 3 (Order-initiated), will act differently. Orders that refer to each other can form a supply chain, and there will always be a one-to-one relationship between order lines. If the supply chain contains distribution orders, it can to some degree actually be rebuilt to better fit the new situation after a warehouse change.

  A supply chain rebuild will remove any existing distribution orders that are supplied by the purchase order, until either the top level or another order category is found (which will then be considered to be the top level). The rebuild will then generate SCR distribution orders between the ship-to warehouse and the top-level warehouse.

  If the ship-to warehouse of the PO line is found in an existing distribution order, no complete rebuild is necessary. The purchase order will simply set a reference to that distribution order, and any obsolete distribution order on lower levels will be deleted. See the examples in the following figures:
CO line 001 → Customer

PO line Supplier → 001

confirm whs 002
Supply Chain Rebuild

New DO line Whs 002 → 001

Order reference

PO line Supplier → 002

CO line 001 → Customer

DO line 002 → 001

Order reference

confirm whs 004
Supply Chain Rebuild

New DO line Whs 003 → 001

Order reference

PO line Supplier → 004

New DO line Whs 004 → 003

Order reference

Distribution chain
When the purchase order is created by a supply model (CTS100 or CTS200), the supply chain rebuild will act in the same way as for a purchase order with an order reference, attempting to rebuild the supply chain using a distribution chain.

**PO created by supply model**
In a supply chain created by a supply model, preallocations are used, but there is still a one-to-one relationship between order lines.

**PO created by orders connected to a supply chain**

In this case, another order holds a preallocation against the purchase order. The supply chain rebuild will behave similarly as in the case with the unreferenced purchase order, generating SCR distribution orders from the ship-to warehouse to the ordering warehouse of the PO line. The SCR distribution order line will get a preallocation to the level above in the supply chain, taking the PO line’s place.

If a purchase order has been generated by a supply model or an order initiation, the supply chain rebuild will try to rebuild all distribution orders (if any) that the purchase order supplies, but this behavior is not possible in the case with a supply chain order. A supply chain order is very flexible and may be very complex; a single PO line can supply several orders on the higher level, and a higher level can be supplied by several orders on the lower level. It can also be regenerated at any time.

Due to this complexity, the supply chain rebuild may not alter any existing distribution orders in the supply chain. It will just add a new one to re-link the purchase order into the supply chain order.
- **Multiple warehouse changes**
  If further warehouse changes are made after a supply chain rebuild (e.g. reconfirmation after noticing a mistake, or a confirmation to another warehouse on a purchase order that involves an inventory rebuild), the existing SCR distribution orders will be removed and regenerated to fit the new situation.

- **Reversing transactions**
  Reversing a transaction that changed the ship-to warehouse (e.g. through deleting a confirmation or advice transaction in 'Purchase Order. Display Line Trans' (PPS330)) will restore the original warehouse and trigger a supply chain rebuild to that warehouse. In most situations, this means that all SCR distribution orders will be removed.

- **Date and quantity changes**
  When the PO quantity is changed by the line being edited or a different quantity being confirmed/advised, this will also update the SCR distribution orders. An update to the planned/confirmed receipt date will also update the date of the SCR distribution orders, according to the rules for the specific supply chain type.

- **Splitting PO lines**
  PO lines can be split when a partial quantity is confirmed or advised without the line being flagged as complete. Limitation: This is only allowed when there is no order-initiated, one-to-one relation somewhere in the supply chain that is being rebuilt.

  When a line is split, two lines can be created, potentially with different ship-to warehouses. The supply chain will be rebuilt for both subnumbers, if required. This works even if a supply chain was rebuilt prior to the split, e.g. in the inventory bypass scenario. Afterwards, any preallocation that existed for the PO line (or SCR distribution order line) will be split between the two subnumbers.
Inventory bypass

During inventory bypass, a different ship-to warehouse is automatically assigned immediately when a purchase order is manually created or released, triggering a supply chain rebuild. You can use inventory bypass when you know that a purchased item normally ships to another warehouse than the one where it was requested. As the default ship-to warehouse, the 'Supplying warehouse' (SUWH) field in 'Item. Connect Warehouse' (MMS002/E) is used. The warehouse and the supplying warehouse must belong to the same division (this is a limitation in the MUC scenario); however, this is not verified in (MMS002).

To use inventory bypass, enable '760 Inventory bypass' in 'Purchase Order Type. Open' (PPS095/K).

When a PO line is created, M3 verifies that the following settings are defined:

• Inventory bypass = 1 and the DO type for supply chain rebuild is defined in (PPS095).
• The item/warehouse record is set to acquisition code = 2 (Purchased).
• (MMS002) contains a valid supplying warehouse.

If all this is true, the ship-to warehouse of the PO line will be updated, triggering a supply chain rebuild that will generate distribution orders from the supplying warehouse to the ordering warehouse.

Follow these steps

This workflow describes the process of confirming a new ship-to warehouse.

1 Open 'Purchase Order. Confirm' (PPS250), filter on your purchase order number, and click 'Change' on the desired PO line.
   • You can confirm a purchase order with several lines from the F panel (function key F14).

2 The E panel shows the default information from the line including the 'Ship-to warehouse' field. In this field, enter the desired warehouse in which the goods are to be received and click Enter.
   • A confirmation of a new ship-to warehouse will move the material demand to this warehouse. This is reflected in 'Material Plan. Open' (MMS080), 'Purchase Order. Lines' (PPS201) and 'Purchase Order Transactions' (PPS330).
   • The supply chain will be rebuilt, taking the new ship-to warehouse into consideration. This is where the goods are received and where subsequent PO activities take place before shipment to the ordering warehouse. A distribution order is automatically created from this warehouse back to the ordering warehouse using the order type specified in (PPS095/K). You can view the reference order number in (PPS201/E).
   • Confirming a ship-to warehouse always triggers a recalculation of purchase order charges. In addition, the geographic code or VAT code found for the item/warehouse will be retrieved again depending on the tax settings. No new prices will be retrieved according to the new warehouse.

   Note: 'Item. Connect Warehouse' (MMS002) must contain a valid record for the items that are confirmed to a new ship-to warehouse.

3 Open (MMS080). A filtering on the ordering warehouse will show that the purchase order has been moved to the new confirmed ship-to warehouse in which the goods will be received. Distribution
orders are also created in the affected warehouses in order for the goods to be finally received in the ordering warehouse if supply chain rebuild is enabled.

Reverse the purchase order in (PPS330)/(PPS250)

1 Perform the steps in (PPS250) and (MMS080) as described above.

2 Delete the PO transaction from (PPS330). The demand is moved back to your ordering warehouse in (MMS080), and any related distribution orders are also deleted.
   - When reversing a transaction with a status of 35, the warehouse is always updated by the value from the ordering warehouse.
   - The same result is achieved from (PPS250).

Perform goods receipt

1 Receive your purchase order in 'Purchase Order. Receive Goods' (PPS300) by entering your ship-to warehouse on panel A and your order number.

2 On panel B, click 'Change' to access panel E. From there, receive the goods by entering the received quantity and then clicking Enter.

Receiving the goods will capture statistics for both the ordering and receiving warehouses, which can be viewed in 'Item Statistics. Display' (MMS090/E). The 'Ordered purchase quantity' will be updated at the ordering warehouse, regardless of where it was delivered. The PO goods receipt will also update the 'Purchased quantity' of the receiving warehouse.

Outcome

- The purchase order has been received at the ship-to warehouse.
- The supply chain is rebuilt according to the new ship-to warehouse if applicable, which means the goods will be distributed to the point of demand.

Settings descriptions

<table>
<thead>
<tr>
<th>Program ID</th>
<th>Field heading</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(CRS780/H)</td>
<td>57 Allow change of ship-to warehouse</td>
<td>If this setting is disabled, it is not possible to change the ship-to warehouse at confirmation or shipment advice, and inventory bypass is disabled.</td>
</tr>
<tr>
<td>(PPS095/K)</td>
<td>750 DO type for supply chain rebuild</td>
<td>The DO type that will be used by the distribution orders generated by a supply chain rebuild (unless this is overruled by distribution chain settings).</td>
</tr>
<tr>
<td>(PPS095/K)</td>
<td>760 Inventory bypass</td>
<td>Enable this to activate inventory bypass when applicable.</td>
</tr>
</tbody>
</table>
Inventory bypass is only applicable for items with 'Acquisition code' = 2 (Purchased).

If inventory bypass is used, this will be the default ship-to warehouse.

See also
"Create, Release and Display Purchase Order" on page 31
"Settings for Purchase Order" on page 96
"Report Shipment Advice for PO" on page 74

Target Buying

The function 'Purchase Planning' (PPS190) supports a streamlined process of target buying a group of items (a product line) on an aggregated level. To support purchasing products on a regular basis, a time interval called the review cycle is used.

(PPS190) displays a list of product lines for which a buyer is responsible, with information about what needs to be purchased, when, and how much of the purchasing targets are met. Purchasing targets are set up per product line and warehouse in 'Purchase Planning Settings' (PPS195). Purchasing targets can be expressed as a target cost, weight or volume.

For each product line and warehouse, the buyer can review the planned purchase orders on the item level through 'Purchase Planning Details' (PPS191). From (PPS191), the user can create more planned orders (if required to meet targets), access various information related to the items and planned orders, or release a selection to a purchase order.

You can also view a history of past purchases per product line and warehouse in 'Purchase Release History. Open' (PPS194).

This functionality is activated per supplier by enabling the level of purchase planning setting in 'Supplier. Define Purchase & Financial' (CRS624/E).

Table 30. Terms used in this document

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target buying</td>
<td>Aggregating the the purchase planning process over a group of similar items in order to meet a determined purchasing target in terms of weight, cost or volume.</td>
</tr>
</tbody>
</table>
### Term and Description

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product line</td>
<td>A logical grouping of items purchased together on the same purchase order from the same supplier into the same warehouse.</td>
</tr>
<tr>
<td>Review cycle</td>
<td>The time frame (in calendar days) between the releases of purchase orders.</td>
</tr>
<tr>
<td>Target fill-up</td>
<td>Creating new planned orders until a target value is reached.</td>
</tr>
<tr>
<td>Line buy</td>
<td>A purchase order to buy all items included in a product line, with quantities to cover the demand for an entire review cycle.</td>
</tr>
<tr>
<td>Emergency buy</td>
<td>A purchase order for a single or a few items within a product line, purchased to avoid a shortage before the next planned line buy.</td>
</tr>
</tbody>
</table>

### Limitations

- Fashion processes are not supported.
- Working with a buyer's planned orders is limited to only one user at a time.
- Planned orders for different product lines or different warehouses cannot be released into a single purchase order. The purchase planning screen must be filtered per buyer, supplier, product line and warehouse when performing the release.

### Before you Start

1. Define product lines in 'Product Line. Open' (CRS099), and connect each item with a product line in 'Item. Open' (MMS001/E).
2. Configure the planning parameters in 'Item. Connect Warehouse' (MMS002).
3. Set 'Planning level' = 1-'Prod line, whs' in 'Supplier. Define Purchase & Financial' (CRS624/E) for each supplier that should be used for target buying.
4. In 'Settings – Purchasing' (CRS780/H), define a batch origin that should be used when creating purchase orders from (PPS191).
5. Create settings in 'Purchase Planning Settings' (PPS195) for each combination of supplier, product line and warehouse that should be used for target buying. See settings descriptions below.
6. In 'Purchase Planning Priority Rules. Open' (PPS197), define a sequence of rules for how priority should be displayed in (PPS190), (PPS191) and (PPS192). When creating a new sequence, select a rule, enter a value (depending on rule), and a planning priority number between 1 and 5.

For more information, see settings descriptions.

If two or more sequences should both be evaluated as true to get a priority number, use the "AND" operator on the first, and assign a priority number to the last.
Note: It is possible to define several different rules that all lead to the same priority number. See Priority Rule Example for more details.

### Table 31. Settings Descriptions

<table>
<thead>
<tr>
<th>Program ID</th>
<th>Field Heading</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(MMS001/E)</td>
<td>Product line</td>
<td>Define in which product line the item number should be included</td>
</tr>
<tr>
<td>(MMS002/F)</td>
<td>Order quantity</td>
<td>If an order quantity is entered, it will be used for planned orders generated by the target fill-up</td>
</tr>
<tr>
<td>(MMS002/F)</td>
<td>Annual demand</td>
<td>If no order quantity is entered, the target fill-up will calculate it as the daily demand (based on the annual demand) multiplied by the number of lead time days.</td>
</tr>
<tr>
<td>(MMS002/G)</td>
<td>Buyer</td>
<td>This must be set to the buyer responsible for the product line to be able to include it in the target fill-up.</td>
</tr>
<tr>
<td>(CRS624/E)</td>
<td>Planning level</td>
<td>This value must be set to 1-‘Product line, whs’ in order to use this supplier for target buying, and to be able to go to (PPS195) from (CRS624).</td>
</tr>
<tr>
<td>(CRS780/H)</td>
<td>55 Batch origin – purchase planning</td>
<td>The batch origin policy that will be used when creating purchase orders from (PPS191).</td>
</tr>
</tbody>
</table>
| (PPS195/E) | Target type            | Valid options are:  
  1 – Weight  
  2 – Volume  
  3 – Cost  
  This determines which Target value that is used by the purchase planning programs (PPS190 and PPS191), and also how the Actual value is calculated. 1-Weight refers to gross weight. |
<p>| (PPS195/E) | Target weight          | Depending on target type, this is the target value that should be met. The target fill-up will continue until the actual value of the planned orders exceeds the target value. See also Fill-up logic. | |
| (PPS195/E) | Target volume          |                                                                                               | |
| (PPS195/E) | Target cost            |                                                                                               | |
| (PPS195/E) | Maximum weight         | If several values are entered, all are checked. Maximum value = 0 means that there is no limit.                                                                                                             |
| (PPS195/E) | Maximum volume         |                                                                                               | |
| (PPS195/E) | Maximum cost           |                                                                                               | |
| (PPS195/E) | Currency code          | This indicates the currency code of the actual, target and maximum cost.                                                                          |</p>
<table>
<thead>
<tr>
<th>Program ID</th>
<th>Field Heading</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS195/E)</td>
<td>Buyer</td>
<td>Only planned purchase orders and items that are connected to this buyer are included in PPS191 and the target fill-up.</td>
</tr>
<tr>
<td>(PPS195/E)</td>
<td>Order type</td>
<td>This purchase order type will be proposed for all purchase orders that are released from (PPS191).</td>
</tr>
<tr>
<td>(PPS195/E)</td>
<td>Review cycle</td>
<td>The planned number of days between PO releases.</td>
</tr>
<tr>
<td>(PPS195/E)</td>
<td>Fill-up logic</td>
<td>This field determines when the target fill-up stops. Valid options are:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 – <em>Below max</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td>The fill-up will continue until the target value is reached (actual value ≥ target value), but stop before any maximum value is exceeded.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 - <em>Disregard max</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td>The fill-up will continue until the target value is reached (actual value ≥ target value), and will not check maximum values. If a maximum value has been exceeded, (PPS191) will display a warning message.</td>
</tr>
<tr>
<td>(PPS195/E)</td>
<td>ABC type</td>
<td>This field is used to define the type of the ABC class range, which limits the items used by the target fill-up.</td>
</tr>
<tr>
<td>(PPS195/E)</td>
<td>ABC class (from/to)</td>
<td>If specified, only planned purchase orders for items of these ABC classes will be generated by the target fill-up.</td>
</tr>
<tr>
<td>(PPS195/E)</td>
<td>Priority</td>
<td>This is the (PPS170) order priority (PRIP) that will be assigned to planned orders that are generated by the target fill-up.</td>
</tr>
</tbody>
</table>

**Priority Rule Example**

Rules are parsed in sequential order, and when a matching rule with a priority number is found, no further rules will be evaluated. If no matching rule is found, priority 5 (lowest) is automatically assigned.

Assume that the following priorities should be assigned:

- Late planned orders (with action message A1 or A2) should get planning priority 1-High.
- Planned orders generated from a customer order, with customer priority lower than or equal to 3 (i.e. 1, 2 or 3) should get planning priority = 2-High.
- Any other planned order with an order reference should get planning priority = 3-Normal
- Everything else should get priority 5-Low.

This can be set up in (PPS197) as follows:
<table>
<thead>
<tr>
<th>Seq no</th>
<th>Rule</th>
<th>Value</th>
<th>AND</th>
<th>Priority</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>01-Action message</td>
<td>A1</td>
<td></td>
<td>1-High</td>
<td>A1 = Release and reschedule</td>
</tr>
<tr>
<td>20</td>
<td>01-Action message</td>
<td>A2</td>
<td></td>
<td>1-High</td>
<td>A2 = Release</td>
</tr>
<tr>
<td>30</td>
<td>03-Origin</td>
<td>23</td>
<td>AND</td>
<td>2-High</td>
<td>23 = From customer order</td>
</tr>
<tr>
<td>40</td>
<td>02-Priority higher than</td>
<td>3</td>
<td></td>
<td>2-High</td>
<td>True for order prio 1, 2, 3</td>
</tr>
<tr>
<td>50</td>
<td>04-Order referenced</td>
<td></td>
<td></td>
<td>3-Normal</td>
<td>Rule 04 requires no value</td>
</tr>
</tbody>
</table>

**Flowchart**

Follow These Steps

Use this process to work with target buying, i.e. aggregated purchase planning on a product line level.
1. Start (PPS190). M3 will propose the active user as the buyer. The program will list all product line/warehouse combinations that are connected to the buyer in 'Purchase Planning Settings' (PPS195). Aggregated information about the planned purchase orders will be displayed, such as target values, target fulfillment, priority, and number of planned orders. By default, (PPS190) will order the lines by priority, with the highest on top.

The information in (PPS190) provides a basis for deciding on a course of action. Examples:

- The 'Planned release date' shows when the next line buy is planned according to the review cycle.
- If the target is fulfilled, this might indicate that it is time to make a line buy.
- If the 'Release date' is reached, then at least one of the included planned orders must be released or it will be late.
- Depending on setup, the planning priority might also indicate that planned orders require urgent attention.

2. Select a product line in the list. Use option 11=Details to access 'Purchase Planning Details' (PPS191). The item numbers included in the product line for the selected supplier and warehouse will be displayed, along with aggregated information about the planned purchase orders per item number.

Planned purchase orders with a planned release date earlier than one review cycle from the current date will be included in the selection by default.

(PPS191) also has a number of related options to use included planned orders, display on-hand inventory information, review planning setting in 'Item. Connect Warehouse' (MMS002), perform MRP calculations, display forecasts, statistics and more.

3. If planned orders are late or risk becoming late, decide whether to perform an early line buy or an emergency buy.

- A line buy is appropriate if the current planned orders have reached the purchasing targets, or are so close that the extra carrying costs for ordering more than needed are lower than the extra ordering costs for an emergency buy. Go to step 4.
- An emergency buy is appropriate if the current planned orders are far from the purchasing targets (for example, if early in the review cycle or there is plenty of stock left of the other items in the product line) and the carrying costs for a full line buy ahead of schedule are higher than the extra ordering costs associated with buying a single item. Go to step 6.

4. Perform a line buy

If the target value is not reached, select action 'Create planned orders' (F15) to make a target fill-up. (PPS191) will try to create planned orders until the selected target value is exceeded. Use the fields 'Target type' and 'Target value' to control the target fill-up.

In 'Purchase Planning Settings' (PPS195), you can define maximum values for purchasing cost, weight or volume. If such a value is exceeded, decide if a line buy should be made below purchasing targets (respecting the maximum value) or if the maximum value can be ignored in favor of meeting the purchasing target.
The field 'Fill-up logic' controls whether the fill-up should stop before it exceeds any maximum (1), or continue until the target is reached regardless of limits (2).

The action 'Delete planned orders' (F18) will delete all planned orders that have been generated by the target fill-up.

Item numbers can be excluded from the line buy by deleting the corresponding line in (PPS191). This does not affect any existing planned orders.

5 To perform a line buy, release the planned orders into a purchase order by selecting the action 'Release all' (F19).

6 **Perform an emergency buy**

To perform an emergency buy, select the item to purchase and select option 19='Release one line' to create a purchase order.

7 **Follow-up**

Optionally, review the newly created purchase order, using option 12=History in PPS190. 'Purchase Release History. Open' (PPS194) will be displayed, listing all released purchase orders for the product line and warehouse, with the most recent release on top. Option 11='Purchase order lines' will start 'Purchase Order. Display Lines' (PPS220).

8 Repeat steps up to "Perform an emergency buy" until all purchase orders are created.

**Outcome**

- Every release creates a record in 'Purchase Release History. Open' (PPS194).
- Every release creates a purchase order through the batch order entry, with one line per item number. Its status is visible in (PPS194).
- After a line buy release, if no more planned purchase orders remain, the product line/warehouse will get priority = 9 'No orders' in (PPS190).
- The target fill-up creates planned purchase orders with generation reference 42.

**See Also**

"Procurement Overview" on page 11

"Planned Purchase Order" on page 59
Agreement Type - Purchasing

Agreement types are used in purchasing to classify supplier agreements. These can be blanket agreements, delivery schedule agreements and such.

Agreement types are defined in 'Purchase Agreement Type. Open' (PPS110). When entering an agreement, the agreement type selected will call agreement-specific fields for processing.

The following parameters are used to define an agreement type:

- Number series
- Delivery schedule agreement
- Volume based agreement
- Lead time-influenced agreement
- Discount agreement
- Item / Supplier check
- Blanket agreement
- Loan agreement
- Exchange agreement
- Automatic closing of agreement line
- Self-billing agreement.
- Grower Agreement
- Auto Fulfillment

Description
Purchase Agreement
A normal agreement is used when prices, yearly requirements, delivery times, etc. are agreed. There are no call-offs or delivery schedules. A purchase order is created when needed with the appropriate quantities.

**Blanket Agreement**

A blanket agreement is used to reserve a larger quantity from a supplier for later purchase or call-off. Each time a call-off is made the quantity ordered is reduced. A blanket agreement requires that the warehouse where delivery will be received is specified in each agreement line. As well, the availability survey for the warehouse is updated with the ordered quantity.

The following fields specific to this agreement type are opened:

- Warehouse
- Update material plan.

**Delivery Schedule Agreement**

Delivery schedule agreements are used when regular deliveries are made from a supplier.

The following fields specific to this agreement type are opened:

- Definitive delivery schedule
- Preliminary delivery schedule
- Forecast days
- Number of print generations
- Warehouse

**Grower Agreement**

Grower agreements are used in industries such as agriculture where the supplier is paid based on product quality combined with an agreement unique settlement model.

- Parameter **Grower Agreement** must be specified.

  **Note:** This option is only available where parameter 409 'Grower Contract Management' is set in 'Company. Connect Division' (MNS100/K).

- Where the agreement line status is to be automatically updated when the received quantity covers the agreed quantity, the 'Auto Fulfillment' parameter must also be specified.
- Self-Billing must be activated.

**Note:** This agreement type cannot be used in association with a Freight Agreement, Loan Agreement or Exchange Agreement.

**See also**

"Grower Contract Management (GCM) - Overview" on page 280
Create Agreements with Supplier

This document explains how you create an agreement with a supplier.

Outcome

An agreement is created. You can attach the agreement to the purchase orders. The list of the agreements can also be printed for further reference.

The following files are updated:

- Purchase Agreement Header (MPAGRH)
- Purchase Agreement Line (MPAGRL)
- Purchase Agreement Prices (MPAGR)

The agreement is applicable for both planned purchase orders and purchase orders. The agreement can be mapped manually or automatically to purchase orders in 'Purchase Order. Open' (PPS200/A) and to planned purchase orders in 'Planned Purchase Order. Open' (PPS170).

Before you start

- The parameters in "Define Settings for Agreements" on page 155 must be defined.
- The group ID must be defined in 'Purchase Agreement Selection Field. Open' (CRS746/B).
- For Grower Agreements the object control parameters for 'Costing Model Sel' (PPS038) must be set in 'Available Object Ctrl Parameters. Open' (CMS016).

Follow These Steps

Create an Agreement

1. Start 'Purchase Agreement. Open' (PPS100).
2. Press F13 to activate the P panel. Set the panel sequence to EFG12 and press Enter.
3. Select a sorting order.
4. Enter a supplier and an agreement type (if sorting order 1 is used), and select New.
5. On the E panel, enter the text, valid from, valid to, agreement date, status, period of notice, buyer, agreement priority, reference, update purchase quantity, object access group, currency, packaging terms, exchange rate type, delivery method, discount 2, delivery terms, payment terms, freight terms, and supplier agreement number.

The agreement date specifies when the agreement was created. The renewal date specifies when the agreement should be renewed. This renewal date is disabled when the agreement is changed to status 40.

The priority code is used as selection criteria when a quotation is copied to an agreement. If a line is coded with priority 1, the affected supplier is converted as the main supplier during the period of
validity of the agreement. Also, the main supplier entered in 'Warehouse. Connect Item' (MMS002/E) can be updated by running 'Item. Update from Purchase Agreements' (PPS950).

The Update purchased quantity field indicates if the purchased quantity on the agreement must be updated. The valid alternatives are:

0 = No update
1 = Update when planned orders are created
2 = Update when purchase orders are registered

Alternative 1 or 2 must be entered for the purchased quantity so as to reduce the agreed quantity. This is usually used for blanket agreements or as information for other agreement types.

6 On the F panel, the agreement amount and purchase amount are updated.

7 For Grower Agreements a costing model for the settlement is suggested according to settings in 'Costing Model Sel' (PPS038). Accept the suggested model or manually select another.

8 Press Enter to continue to 'Purchase Agreement. Open Lines' (PPS101/B1).

9 On the B1 panel, enter the group ID and item number. Select New.
   The group ID is a combination of factors on which prices and discounts in the purchase agreements are based.

10 On the E panel, enter the purchase price, discount 3, agreed quantity, and purchase commitment.
   The agreed quantity indicates the quantity specified in the agreement.
   The purchase commitment indicates if a buyer must purchase a specific volume. The volume is defined by the agreement quantity.
   The valid alternatives are:
   0 = No, there is no agreement.
   1 = No, there is no agreement.
   2 = No, there is no agreement.
   3 = Yes, the agreed volume is the maximum quantity possible. If the accumulated ordered quantity is exceeded, a warning is issued when you enter a purchase order or create the purchase order from an order proposal for the proposal line Press Enter to return to PPS101/B.
   The status of the agreement is 10 by default and it can be manually changed based on the type of the agreement.

11 If the agreement type is a Grower Agreement a costing model field is displayed on the G panel. Populate this where required if the fixed VAT code on 'Costing Element. Open' (PPS280) is to be overriden.

12 Select option 11=Prices. 'Purchase Agreement. Enter Prices' (PPS102) is displayed.
   PPS102 is only displayed if the agreement is connected to an agreement type that allows volume-based prices and discounts.

13 On the B panel you can enter the From quantity, purchase price, and discount 3.
The normal price is the representative purchase price for the item displayed in PPS101/B and is used for purchase costing.

14 Once an Agreement line has been created on a Grower Agreement it is possible to connect quality inspection specifications to ensure that all required tests are executed at receipt of goods. See for more details.

15 If custom fields are attached to the item these fields will be copied onto the purchase agreement line. Select option 13 'Custom fields' to start 'Custom Field. Update' (CMS474), allowing you to maintain the custom fields for the agreement line.

16 If custom fields are attached to the supplier these fields will be copied onto the purchase agreement header. Select option 16 'Custom fields' to start 'Custom Field. Update' (CMS474), allowing you to maintain the custom fields for the agreement header.

17 For agreements of type Grower Agreement it is possible to associate a 'base origin' with an agreement line using related option 16 (base origin). This is used to identify the original location of the seeds from which a crop was grown.

**Printing Agreements**

1. Start 'Purchase Agreement. Print Report' (PPS535)
   
   An agreement can also be printed using option 6 in 'Purchase Agreements. Open' (PPS100/B).

2. Select the alternatives to limit the records to be printed.

   The available alternatives are:
   - Agreement number
   - Supplier number
   - Buyer
   - Agreement priority
   - Valid range
   - Agreement utilization rate
   - Renewal date
   - Group ID

3. Select the date format, report layout, and report text.

   The layout specifies the information available in the report.

4. Press Enter to submit the printing job.

   If the status of the agreement is less that 30, it is raised to 30 when the printing job is submitted.

**See Also**

"Create Agreements with Supplier" on page 152

"Define Settings for Agreements" on page 155
Define Settings for Agreements

This document explains how to define purchase agreement for a supplier.

Outcome

The customer and supplier can enter an agreement that covers items, prices, discounts, and terms and conditions for a specific period of time.

The following files are updated:
- Purchase Agreement Header (MPAGRH)
- Purchase Agreement Line (MPAGRL)
- Purchase Agreement Prices (MPAGRP)

The purchase agreement types defined in (PPS110/B) can be used while purchase agreements are created in (PPS100).

Before you start

A number series that has type 25 must be defined in 'Number Series. Open' (CRS165).

Follow These Steps

1. Start 'PO Type. Open' (PPS095).
2. On the F panel, select 'Multiple agreements per PO' and 'Agreement check - PO entry'.
3. Start 'Purchase Agreement Type. Open' (PPS110).
4. On the B panel, enter a new agreement type using three alphanumeric characters.
5. Select New to create a record.
6. On the E panel, enter the name, description, and number series. Depending on the type of agreement, select the options Delay schedule agreement, Volume based, Lead time, Discount agreement, Blanket agreement, Loan agreement, Exchange agreement, Close line auto, and Self-bill activity.
7. Press Enter to continue to the B panel.
## Parameters to Set

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
</table>
| (PPS095/F)      | Multiple agreements per PO | …whether a purchase order contains more than one agreement number.  
The valid alternatives are:  
0 = No  
1 = Yes  
When you enter alternative 0, automatically created purchase orders are divided and manually created orders are locked for entry. |
| (PPS095/F)      | Agreement check - PO entry | …if the agreement number on the purchase order lines can be compared to the number in the agreement file.  
The valid alternatives are:  
0 = Agreement number is not mandatory. If an agreement number is entered, then it must correspond to the number in the agreement file. If not, then an error message is displayed.  
1 = Agreement number is mandatory. If an agreement number is not entered or does not correspond to a number in the agreement file then an error message is displayed. |
| (PPS110/B)      | Agreement type | …how a purchase agreement is processed in different situations.  
Agreement type 999 is fixed and refers to a general agreement. A general agreement is an agreement whose price information is updated in (PPS040). |
| (PPS110/E)      | Number series | …how to define the ID of the number series that will be used for purchase agreements.  
A number series is identified by the numbers series type. |
<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS110/E)</td>
<td>Delay schedule agreement</td>
<td>…if the fields for delivery schedule ranges are to be opened in the purchase agreement.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The valid alternatives are:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0 = No</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 = Yes</td>
</tr>
<tr>
<td>(PPS110/E)</td>
<td>Volume based</td>
<td>…if the agreement can include volume-based prices and discounts.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The valid alternatives are:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0 = No</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 = Yes</td>
</tr>
<tr>
<td>(PPS110/E)</td>
<td>Lead time</td>
<td>…whether it is possible to update the supplier’s lead time on a purchase agreement.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The valid alternatives are:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0 = No</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 = Yes</td>
</tr>
<tr>
<td>(PPS110/E)</td>
<td>Discount agreement</td>
<td>…whether the agreement is a discount agreement.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The valid alternatives are:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0 = No</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 = Yes</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates …</td>
</tr>
<tr>
<td>-----------------</td>
<td>-------------------------</td>
<td>----------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>(PPS110/E)</td>
<td>Blanket agreement</td>
<td>…if the purchase agreement can include blanket agreement lines.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The valid alternatives are:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0 = No</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 = Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The blanket agreement line is used for reserving a greater quantity at the supplier's end. The quantity decreases each time a purchase order is created.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>On the blanket agreement line, it can be determined if the agreed quantity must be updated and as well as when the reservation must be entered in the material plan.</td>
</tr>
<tr>
<td>(PPS110/E)</td>
<td>Loan agreement</td>
<td>…if the purchase agreement is a loan agreement.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The valid alternatives are:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0 = No</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 = Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A loan agreement is mainly used in the maintenance business to enable temporary loaning of items and spare parts until a new one can be repaired or bought.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>To calculate the daily cost for the loaned item charges can be defined in (PPS104).</td>
</tr>
<tr>
<td>(PPS110/E)</td>
<td>Exchange agreement</td>
<td>…if the purchase agreement is an exchange agreement.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The valid alternatives are:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0 = No</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 = Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>An exchange agreement is mainly used in the maintenance business to sell old items and buy new items.</td>
</tr>
</tbody>
</table>
The field indicates …whether the agreement lines must be closed when the agreed quantity is supplied.

The valid alternatives are:

0 = No, status remains 20
1 = Yes, status is changed to 90=Closed

**Note:** This is valid only if the agreed quantity is indicated on the agreement line.

---

**Self-bill activity**

...whether the purchase agreement must be connected to a self-billing agreement.

Self-billing agreements are used when supplier invoices are generated from received lines.

The valid alternatives are:

0 = No, the purchase agreement must not be connected to a self-billing agreement.
1 = Yes, the purchase agreement must be connected to a self-billing agreement.

---

**See Also**

"Managing Agreements with Suppliers" on page 159
"Create Agreements with Supplier" on page 152
"Use Agreements in Purchase Order" on page 161

---

**Managing Agreements with Suppliers**

This document explains how you create, print, and cancel an agreement with a supplier.
Results

Outcome
A purchase agreement is created and printed as a valid agreement. Also, you can cancel a valid agreement. A canceled agreement becomes an old agreement, which can then be updated and created as a different agreement.

Uses
The purchase agreement can be used in planned purchase orders and in purchase orders.

How the System Is Affected
The following files are updated:
- Purchase Agreement Header (MPAGRH)
- Purchase Agreement Line (MPAGRL)
- Purchase Agreement Prices (MPAGRP)
- Purchase Agreement Types (MPAGRT)
- Purchase Order Header (MPHEAD)
- Purchase Order Line (MPLINE)
- Planned Purchase Orders (MPOPLP)

Before you start
The parameters in "Define Settings for Agreements" on page 155 must be defined.

Follow These Steps

1 Create a Purchase Agreement
Create a purchase agreement when appropriate quantities such as price, yearly requirements, and delivery times are agreed upon with the supplier.

A purchase agreement can be created manually from 'Purchase Agreements. Open' (PPS100) and defaulted to a purchase order when an order is placed with a supplier.

An agreement can consist of lines, and the lines can represent agreements on special items or groups of items. The prices can be volume-based, which means that a price list can be registered for the item.

An agreement can also be created manually or automatically from a quotation. When a purchase quotation is approved, it can be copied to an agreement from 'Purchase Agreement. Create fr Quotation' (PPS150) or by selecting option 32 in 'Request for Quotation. Open' (PPS130).

2 Print a Purchase Agreement
You can print a purchase agreement for physical references. Use option 6 = Print Documents in 'Purchase Agreements. Open' (PPS100/B). You can also print the purchase agreement from 'Purchase Agreement. Print Documents' (PPS530/E) by raising the status to 30.

An agreement report, displaying data from the agreement lines, can be printed from 'Purchase Agreement. Print Report' (PPS535/E).

3 Cancel a Purchase Agreement

You can cancel a purchase agreement when the agreement expires and you no longer need it. You can manually cancel a purchase agreement by changing the status to 90 in 'Purchase Agreements. Open' (PPS100/B).

See Also
"Define Settings for Agreements" on page 155
"Create Agreements with Supplier" on page 152
"Use Agreements in Purchase Order" on page 161

Use Agreements in Purchase Order

This document explains how you use agreements in planned purchase orders and purchase orders.

Results

Outcome
A planned purchase order and a purchase order with a valid agreement are created.

How the System Is Affected

How the System Is Affected

The following files are updated:

• Purchase Order Header (MPHEAD)
• Purchase Order Line (MPLINE)
• Planned Purchase Orders (MPOPLP)

Before you start

• An agreement must be created. See "Create Agreements with Supplier" on page 152.
• A planned purchase order must be created. See "Create and Release Planned Purchase Order" on page 38.
A purchase order must be created. See "Create, Release and Display Purchase Order" on page 31.

Follow These Steps

Use an Agreement in a Planned Purchase Order

1. Open PPS170. Select the planned purchase order that should be linked to the agreement.
2. Select Change to continue to PPS171.
3. On the E panel, the ‘Our reference number’ field displays the value of reference type 1.
   Reference type 1 indicates the Agreement number.
   The purchase price, discount 2, and discount 3 are automatically retrieved from the valid agreement.

Use an Agreement in a Purchase Order

1. Start 'Purchase Order. Open' (PPS200).
2. On the A panel, manually enter a new purchase order.
   If the agreement number is not entered, the purchase order automatically retrieves a valid agreement
   with the highest priority.
3. On the E panel, the ‘Our reference number’ field displays the value of reference type 1.
   Reference type 1 indicates the agreement number.
4. Press Enter to continue to 'Purchase Order. Open Lines' (PPS201).
5. On the E panel, the ‘Our reference number’ field displays the value of reference type 1.
   Reference type 1 indicates the agreement number.
   The purchase price and discount 3 are automatically retrieved from the valid agreement.
6. Press Enter to return to PPS201/B1, where a new purchase order line is created.

See Also

"Create Agreements with Supplier" on page 152
"Create Agreements with Supplier" on page 152
"Create and Release Planned Purchase Order" on page 38
"Create, Release and Display Purchase Order" on page 31
"Define Settings for Agreements" on page 155
Goods Receiving

Extended Quality Inspection in the Receiving Flow

This document explains extended quality inspection using quality inspection tasks and plans. Quality inspection in the receiving flow can be done in different ways and with different activities.

The settings on the goods receiving method specify whether the quality inspection is mandatory, optional, or depends on a quality inspection plan connected to the item/supplier combination. A counter can be connected to the quality inspection plan so the inspection is done at specific intervals. If different types of inspection must be done, separate quality inspection tasks can be used.

Results

**Outcome**

This document describes how to:

- Report quality inspection tasks
- Work with quality inspection plans
- Print quality inspection documents
- Display quality inspection statistics
- Define quality classification
- Perform quality inspection audits

**Uses**

- The next step can be to store the goods in a location 'Purchase Order. Put Away Goods' (PPS320).
- If goods are rejected during the quality inspection, a claim can be created in 'Claim. Open' (PPS390).
How the System Is Affected

Important files used for the flow program are:

• MPHEAD Purchase Order Header
• MPLINE Purchase Order Line
• MPLIND Purchase Order Line transactions
• MPQDCA Quality data for control activities
• MPQFUH Quality data for follow up on heading level
• MPQFUT Quality data for follow up on task level
• MPQCTA PO Quality control tasks
• MPGRMT Goods receiving method
• MPGRDO Goods receiving method – documents

Before you start

• Settings must be entered according to "Settings for Goods Receiving, Quality Inspection, Claims and Put-Away" on page 204.
• The goods must be reported as received (status is set to 50), see "Receive Purchased Goods" on page 190.

Description

Introduction

Quality inspection in the receiving flow can be done in different ways and with different activities. This material describes extended quality inspection using quality inspection tasks and plans.

The goods receiving method (PPS345) describes how the order is managed after the goods receipt and, if quality inspection is used, how the quality inspection is performed. The goods receiving method is defaulted on the purchase order line in 'Purchase Order. Open Lines' (PPS201/F) and can be changed manually. The default value is retrieved from the following places and in the following order:

• 'Supplier. Connect Item' (PPS040/E)
• 'Item. Open' (MMS001/F)
• 'Purchase Order Type. Open' (PPS095/E)

The goods receiving method also determines which documents are printed in the quality inspection. If goods are rejected during the quality inspection, a claim can be created automatically and managed in the claim routine.

Quality classes can be used to group suppliers depending on the quality of their deliveries. In the quality inspection statistics, information about the quality inspection results is given. The statistics can be helpful in classifying the suppliers.
The figure below describes the flow for define settings for extended quality inspection.

**Quality Inspection Tasks**

In some cases the quality inspection is done in several steps. For example, if an item must have a special surface appearance and special measurements, two inspection activities are done. One activity checks the surface of the purchased item, and the other activity checks the measurements of the item. These steps might have to be followed up separately in the statistics. If so, quality inspection tasks must be created in M3 for each of the steps. The tasks are defined in 'Quality Inspection Task: Connect to Item' (PPS080).

**Quality Inspection Plan and Sample Table**

A quality inspection plan is used when different quality inspections are done for different occasions. For example, when an item is received the first time, all of the items are inspected and for subsequent deliveries a check is made only on a smaller number (for example 10%) of the items if the quality proved satisfactory the first time. If no failures occur in the long run, the inspections can be reduced further to infrequent sample tests.

A quality inspection plan together with a sample table can be set in 'Goods Receiving Method: Open' (PPS345). The quality inspection plan and the sample table field on the goods receiving method only works as a default value when an item / supplier combination is created in 'Supplier: Connect to Item' (PPS040).

If a quality inspection plan is used, a counter keeps count of the quality inspection level for the next received quantity.

**Quality Inspection Statistics**

The quality inspection statistics are a display of the different inspection results, in reporting date order, for a specific supplier (inquiry 1) or for an item (inquiry 2).

**Quality Classification**

A quality class can be used for quality classification. The class can be defined for:
The quality class is user-defined and is set manually. The quality class can, for example, be used to indicate how reliable the supplier/delivery group is. Another purpose of the quality class can be to display whether or not the supplier/delivery group is quality-certified (by ISO9000, for example).

**Quality Audit**
A quality assurance audit can be an activity performed, for example, each year to update the quality classes. Information about this audit can be given in 'Supplier. Connect Quality Audit Types' (PPS013).

**Printout of Quality Inspection Documents**
Different kinds of quality inspection documents can be printed automatically after quality inspection is reported. The goods receiving method controls which documents are printed. Option 11 in 'Goods Receiving Methods. Open' (PPS345/B) displays all documents connected to the receiving flow for a certain method. These documents must also be defined in 'Document. Open Standard' (CRS027).

Examples of document numbers connected to the quality inspection flow are:

- 70H Marking label
- 70I Quality inspection result
- 70J Picking list for inventoried items after rejection in the inspection report
- 70B Quality inspection, PO goods receiving

As a base for quality inspection reporting, the quality inspection document (70B) should be used. This is printed if quality inspection is to be performed after goods receiving reporting. The document to be printed must be defined in the used goods receiving method.

**See Also**

"Perform Extended Quality Inspection" on page 177

"Receive Purchased Goods" on page 190

"Settings for Extended Quality Inspection" on page 194

"Settings for Goods Receiving, Quality Inspection, Claims and Put-Away" on page 204

**Goods Receiving Flow for Purchase Orders**

This document explains how you receive the goods connected to your purchase order (PO) that have arrived from the supplier, as well as how you put them away in your plant with or without quality inspection (QI).

The status of a PO line reflects its progress in the goods receiving process.
The three goods receipt activities (receive goods, inspect quality, and put away goods), can be combined into the following flows:

- Receive Goods
- Receive Goods – Inspect Quality – Put Away Goods
- Receive Goods – Put Away Goods – Inspect Quality
- Receive Goods – Put Away Goods
- Receive Goods – Inspect Quality

Outcome

The goods connected to your purchase order are received and put away at your plant. Quality inspection can have been carried out and reported. If some goods are rejected during quality inspection, a claim can be created. Appropriate documents are printed, and all reported transactions are logged in the PO line transaction file. For stocked items, the on-hand balance is updated and the items are made available.

Internal account entries are created. Provided the PO line is finished, purchase statistics are updated with information such as delivery time variance, interest costs for early deliveries and QI results. The inventory value rises since new goods were added to the existing stock.
You view the balance identity of the goods in 'Balance Identity. Open Toolbox' (MWS060), and the historical stock transactions in 'Stock Transaction. Display History' (MWS070). Also, you can monitor the status development of the purchase order or PO line in 'Purchase Order. Display Lines' (PPS220). Normally, if a claim is created, it is created automatically in 'Claim. Open' (PPS390).

You match the invoice connected to the purchase order in 'Supplier Invoice. Record' (APS100).

It is possible to reverse the reporting of goods receipt, quality inspection, and put-away in 'Purchase Order. Display Line Transactions' (PPS330).

The following files are updated:
- Planning overview (MITPLO)
- PO lines (MPLINE)
- PO line transaction (MPLIND)
- Stock transaction history (MITTRA)
- On-hand balance (MITLOC)
- Item/warehouse (MITBAL).

**Before You Start**

- A purchase order must be created. See "Create, Release and Display Purchase Order" on page 31.
- Settings in the document "Settings for Goods Receiving, Quality Inspection, Claims and Put-Away" on page 204 must be entered.
- Settings must be entered according to "Basic Settings for the Purchase Flow" on page 14.

**Lot Control in the Purchase Flow**

If you control lots and serial numbers in the purchasing flow, the conditions must be fulfilled in:

**Description**

The following table describes the five goods receiving flows and the field values that are required for each flow:

<table>
<thead>
<tr>
<th>Parameters in (PPS345)</th>
<th>Flow 1</th>
<th>Flow 2</th>
<th>Flow 3</th>
<th>Flow 4</th>
<th>Flow 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>010 Direct put-away</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>020 Inspection point</td>
<td>1</td>
<td>1</td>
<td>2/4</td>
<td>1</td>
<td>3/5</td>
</tr>
<tr>
<td>040 QI reporting</td>
<td>1</td>
<td>2-5</td>
<td>2-5</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>
**Flow 1) Receive Goods with Direct Put-Away**

This flow is used when goods receipt and put-away are reported in the same activity, which is called direct put-away. The goods are placed in the final location directly after goods receipt, and the balance-ID status of the goods is 2. This flow involves the least possible reporting.

**Flow 2) Receive Goods with QI before Put-Away**

This flow is used when the three activities are performed as separate steps after one another and can involve different people and roles within the organization. The balance-ID status of the goods is not 2 until final storage after quality inspection and put-away.
As a variant to the quality inspection, it is possible to have dynamic quality control, which means that the quality inspection is only carried out on certain occasions or with certain intervals. This is defined by the goods receiving method and the QI plan.

**Flow 3) Receive Goods with QI after Put-Away**

This flow is used when the three activities are performed as separate steps after one another (and can involve different people and roles within the organization), and when the quality inspection is carried out after put-away. The balance-ID status of the goods is not 2 until after put-away and quality inspection. Note: After put-away, the goods are placed in a status 2 location, but the balance-ID status of the goods is 1 until after quality inspection.

As a variant to the quality inspection, it is possible to have dynamic quality control, which means that the quality inspection is only carried out on certain occasions or with certain intervals. This is defined by the goods receiving method and the QI plan.
Flow 4) Receive and Put Away Goods

This flow is used when no quality inspection is carried out but when the put-away is chosen as a separate activity, such as when different people and roles within the organization report the goods receipt and put-away.

Flow 5) Receive Goods and Inspect Quality

This flow is used when you want to inspect the goods, but do not want to use put-away as a separate activity. Put-away is included in the receive goods activity. Note: After receive goods with put-away,
the goods are placed in a status 2 location, but the balance-ID status of the goods is 1 until after quality inspection.

As a variant to quality inspection, it is possible to have dynamic quality control, which means that the quality inspection is only carried out on certain occasions or with certain intervals. This is defined by the goods receiving method and the QI plan.

**Activity Description**

1 **Receive Goods**

The receiving of goods is the mandatory first activity for all goods receiving flows. You register the quantity as received, and the quantity is assigned a specific goods receiving number. The number is used throughout the goods receiving flow.

Example of the use of receiving numbers:

<table>
<thead>
<tr>
<th>PO number</th>
<th>PO line</th>
<th>Receiving number</th>
</tr>
</thead>
<tbody>
<tr>
<td>7070488</td>
<td>010</td>
<td>90035001</td>
</tr>
<tr>
<td>020</td>
<td></td>
<td>90035002</td>
</tr>
<tr>
<td>030</td>
<td></td>
<td>90035003</td>
</tr>
<tr>
<td>All the PO lines</td>
<td></td>
<td>90035000</td>
</tr>
</tbody>
</table>

The first PO line has a receiving number that ends with 1, the second PO line ends with 2, and so on. To be able to view the entire purchase order in the programs described later in this document, you use the receiving number that ends with 0.

You choose a location for storage when registering goods receipt. If direct put-away is used (flow A), you report final storage and the location chosen must have status 2=approved – available. If goods receipt is the first step of several activities (flows B, C, D and E), the location chosen must have status 1=under inspection - awaiting approval.

If direct put-away is used (flow A), you can create lots or lot numbers, choose a location and choose a location for cross-docking, if defined by the goods receiving method.

A document is automatically printed, if defined by the goods receiving method. After the goods are registered as received, the status of the PO line is 50. However, when direct put-away is used, the status of the PO line is 75=Put-away complete. For a purchase order or PO line that has status 75, the next step will be supplier invoice matching.

You receive goods in 'Purchase Order. Receive Goods' (PPS300).

2 **Inspect the Quality of Goods**

You inspect the quality of the received goods according to your specifications in the goods receiving method. There it is specified whether quality inspection is mandatory or optional, or if dynamic quality control is used, and which reporting alternative is valid. An example of a reporting alternative is "always performed with mandatory reporting."
You report the QI results by the use of the goods receiving number assigned to each quantity (normally the same as a PO line) during goods receipt. The QI results are specified as approved, approved with remarks, partly rejected or rejected. If an item is reported as rejected, it is possible to have the error automatically transferred into a claim. This is defined in 'Settings - Purchasing' (CRS780).

You choose a location for storage when reporting quality inspection. If quality inspection occurs before put-away (flow B), the location chosen must have status 1= under inspection - awaiting approval. If quality inspection is the last activity in the flow (flows C and E), the goods are already located at the final storage location.

If defined by the goods receiving method, you can create lots or lot numbers when reporting the QI results. This is useful if a delivery contains more than one lot or serial number, or when the delivery will be made in different containers.

A laboratory inspection control can be connected to the quality inspection. This is defined for the item by the inspection code, which can create a laboratory inspection request. The laboratory inspection is reported separately in 'Lab Inspection Request. Open' (LIS200). The result is then approved in (PPS310).

A document is automatically printed, if chosen by the goods receiving method. Normally after QI is reported, the status of the purchase order is 65=Quality inspection completed. Other possible status codes are 60=Quality inspection partially performed, 64=Rejected after quality inspection, course of action not determined in claim routine and 69=Rejected after quality inspection, course of action determined in claim routine.

You report QI results in 'Purchase Order. Inspect Goods' (PPS310).

It is possible to connect a QI plan to your goods receiving method. In the QI plan you may set inspection level and sample table, and specify certain inspection tasks.

It is also possible to use dynamic quality control, which means that the quality inspection depends on the QI plan connected to the item/supplier combination. In that case, a counter is connected to the QI plan, and the quality inspection is performed only at specific intervals.

Claims

When goods are rejected in the quality inspection activity, a claim to the supplier is often created. The usual way of handling this transaction is to demand either a replacement delivery or a credit note from the supplier.

In M3, claims can be created manually in a certain program but they can also be created automatically from the quality inspection.

3 Put Away Goods

Use this activity to report final storage of the goods, if it is chosen as a separate activity. You report put-away by the use of the goods receiving number assigned to each PO line (or quantity) during goods receipt.

During put-away you can create lots or lot numbers and choose a location and a location for cross-docking, if defined by the goods receiving method. This is useful if a delivery contains more than one lot or serial number, or when the delivery will be made in different containers.
A document is automatically printed, if chosen by the goods receiving method. Normally after put-away is reported, the status of the purchase order or PO line is 75=Put-away complete. If only one part of the received quantity is put away, the status of the PO is 70=Put-away partially completed. For a purchase order or PO line that has status 75, the next step will be supplier invoice matching.

You report put-away in 'Purchase Order. Put away Goods' (PPS320).

Goods Receiving Documents

Different kinds of receiving documents can be printed automatically after goods receipt is reported. The goods receiving method controls which documents are printed. Option 11 = Documents, on the (PPS345/B) panel opens 'Goods Receiving Method. Connect Documents' (PPS346). This program displays all documents connected to the receiving flow for a certain method. These documents must also be defined in 'Std Document. Open' (CRS027).

Document numbers connected to the goods receiving flow are:

**Goods receiving - purchasing:**
- 70A = Hazardous goods label
- 70B = Quality inspection
- 70C = Receipt document totaled
- 70D = Receipt document detailed
- 70E = Receipt document item number/package

**Quality inspection - purchasing:**
- 70H = Marking label
- 70I = Quality inspection result
- 70J = Picking list for inventoried items after rejection in the inspection report

**Put-away - purchasing:**
- 70L = Receipt document
- 70N = Receipt document
- 70O = Marking label PO receipt report
- 700 = Way bill Variant 20=CMR variant 60=Swedish

Lot Handling in the PO Receiving Flow

**Outcome**
A lot number or an item with a serial number is created during goods receiving for purchased items. A received quantity is split into the created lots.
1 Goods receipt is performed in 'Purchase Order. Receive (PPS300). A lot number is created automatically or has to be created manually.

2 In cases of serial number handling and/or lot splitting, then 'Purchase Order. Create Item Lots' (PPS315) must be started where lots/serial numbers are created. Information about lot and serial numbers is also specified here.

3 The next activity is to split the transaction quantity into the created lots or serial numbers. This is done in 'Purchase Order. Split Lines' (PPS302/B). Press F14 on the (PPS300/E) panel to start this program.

4 Note: The lot can be split later during quality inspection in 'Purchase Order. Inspect Goods' (PPS310) if this process is part of the goods receiving flow.

Press F14 on the (PPS302/B) panel to confirm and complete the goods receiving and lot handling, and return to the (PPS300/B) panel.

Cross-Docking of Received Goods

The cross-docking function in M3 identifies when stock being received is required for issue within a short time. It then directs the stock to the appropriate cross docking location instead of to the ordinary location. The triggers that cause cross-docking are demand in combination with a stock shortage.

Cross-docking results in an allocation to the demand order that caused the cross-docking.

The demands can be internal or external orders, or acquisition orders. Internal orders include material manufacturing orders, distribution orders, move orders and requisition orders. External orders are customer orders. Acquisition orders can be manufacturing orders, purchase orders, distribution orders (receiving warehouse) and requisition orders (order category 40).

Outcome

The goods connected to an acquisition order (PO, DO, RO or MO material) are received, cross-docked and put in a location where they are available for dispatch.

The cross-docked goods are used when you release the demand order for dispatch and report the picking list, for example in 'Delivery. Open Toolbox' (MWS410). This can be done either manually or automatically depending on the dispatch flow. Refer to the following:

See Also

"Purchase Order" on page 62
"Basic Settings for the Purchase Flow" on page 14
"Receive Purchased Goods" on page 190
"Perform Quality Inspection of Goods" on page 182
"Perform Extended Quality Inspection" on page 177
"Manage Purchase Order Claims" on page 51
Perform Extended Quality Inspection

Quality inspection in the receiving flow can be done in different ways and with different activities. This document describes extended quality inspection using quality inspection tasks and plans.

**Outcome**

The following activities regarding extended quality inspection are described:

- Report Quality Inspection Tasks
- Work with Quality Inspection Plans
- Print Quality Inspection Documents
- Display Quality Inspection Statistics
- Define Quality Classification
- Perform Quality Audit for Supplier

Important files used for the flow program are:

- MPHEAD Purchase Order Header
- MPLINE Purchase Order Line
- MPLIND Purchase Order Line transactions
- MPQDCA Quality data for control activities
- MPQFUH Quality data for follow up on heading level
- MPQFUT Quality data for follow up on task level
- MPQCTA PO Quality control tasks
- MPGRMT Goods receiving method
- MPGRDO Goods receiving method – documents

**Before You Start**

- Settings must be entered according to "Settings for Goods Receiving, Quality Inspection, Claims and Put-Away" on page 204.
- The goods must be reported as received (status is set to 50). See "Receive Purchased Goods" on page 190.
Follow These Steps

The flow for working with quality inspection tasks is almost the same as working with normal quality control. Rejected and approved quantities are reported in 'Purchase Order. Inspect Goods' (PPS310). If several tasks will be reported, the quantities are reported on the E panel of this program as usual and then 'Purchase Order. Enter Inspection Result' (PPS311/F) is used for reporting the tasks.

1 Report Quality Inspection Tasks

The (PPS310/E) panel is filled in with the total quantities and, if there is more than one inspection task, the (PPS311/F) panel is used for reporting task by task.

2 On the (PPS311/F) panel, the quality inspection task number is displayed.

3 If the task quality inspection result is 2 (Approved with remarks), the remarked numbered of items is entered in the 'Quantity not approved' field.

4 The 'Inspected quantity' field and the 'Quality inspected rejected quantity' field are used if just a sample of the received quantity is inspected (a sample table is used).

Example: The received quantity was 1000 pieces and 10% were inspected. Of the 100 inspected pieces, 23 were not approved. Because of the size of the failure, 23%, the total quantity will be rejected. In this case the rejected quantity was 1000, the inspected quantity 100 and the Quality inspection/rejected quantity 23.

5 Work with Quality Inspection Plans

The inspection activity to be performed is printed on the quality inspection – specification document. The document is printed after goods receipt and must be connected to the goods receiving method. See the settings instruction for more information about this.

6 Print Quality Inspection Documents

Different kinds of quality inspection documents can be printed automatically after quality inspection is reported. The goods receiving method controls which documents are printed. Option 11=Documents in 'Goods Receiving Methods. Open' (PPS345/B) displays all documents connected to the receiving flow for a certain method. These documents must also be defined in 'Document. Open Standard' (CRS027).

Examples of document numbers connected to the quality inspection flow are:

- 70H – Marking label
- 70I – Quality inspection results
- 70J - Picking list for inventoried items after rejection in the inspection report
- 70B - Quality inspection, PO goods receiving

As a base for quality inspection reporting, the 70B - quality inspection document should be used. This is printed if quality inspection is to be performed after goods receiving reporting. The document to be printed must be defined in the used goods receiving method.

7 Display Quality Inspection Statistics

The quality inspection statistics are a display of the different inspection results, in reporting date order, for a specific supplier (inquiry 1) or for an item (inquiry 2).
Start 'Inspection Statistics. Display' (PPS465). The inspection result is displayed together with a reject reason (for result 3 and 4).

8 Open the E panel for more detailed information about the quality inspection, for example, inspected quantity, approved quantity, rejected quantity, quality inspection level and so on.

9 The quality inspection statistics can be printed from 'Inspection Statistics. Print' (PPS880).

10 Quality inspection analysis can be printed from 'Inspection Statistics- Print Analysis' (PPS875). This analysis will display, for each supplier and item, the number of batches inspected divided into the different quality inspection results. The results can also be divided into two periods to show if quality is improving or deteriorating.

Read more about statistics in the Statistics documentation.

11 Define Quality Classification

A quality class can be used for quality classification. This is defined in 'Quality Class. Open' (PPS020). The class can be defined for:

- Suppliers (CRS624/E)
- Item / Supplier combinations (PPS040/F)
- Delivery group per supplier (PPS012/E). Take option 16 on (CRS624/B)

The quality class is user-defined and is set manually. The quality class can, for example, be used to indicate how reliable the supplier / delivery group is. Another purpose of the quality class can be to display whether or not the supplier / delivery group is quality-certified (ISO9000, for example).

12 Perform Quality Audit for Supplier

A quality assurance audit can be an activity performed, for example, each year to update the quality classes.

In 'Supplier. Connect Quality Audit Types' (PPS013) you enter the audits that should be performed or if they already have been performed. You also enter the type of audit (defined in PPS025).

(PPS013) is started from option 17 from Supplier. Define Purchase & Financial (CRS624/B).

See Also

"Extended Quality Inspection in the Receiving Flow" on page 163
"Receive Purchased Goods" on page 190
"Settings for Extended Quality Inspection" on page 194
"Settings for Goods Receiving, Quality Inspection, Claims and Put-Away" on page 204

Perform Goods Receipt per Package and Delivery

This document describes how you receive goods for a purchase order and report the receipt on the delivery note level, item level, package level, or items per package level.
Delivery notes and packages are used to store details for shipments and containers. This also allows usage of deeper structures with containers, pallets, and boxes then possible with the modification.

Results

Outcome
• Good receipt is performed for a delivery note (and, if there exists package in two levels).
• If necessary, goods receipt is reversed for the delivery note or parts it.

Uses
• Package-based and delivery-based goods receipt via application programming interfaces (APIs) enables you to easily receive goods using bar code readers (or ultimately via RFID) to read package bar codes.
• Package-based and delivery based goods receipt improves warehouse efficiency and is important for both cross-docking and shipping through at terminals.
• You can better support the management of inbound logistical tracking, with Shipments and Containers.
• Order lines from several purchase orders can be combined into a single shipment for that supplier. Any valid purchase order line for that supplier can be used to create a shipment. Many processing benefits result from the ability to manage multiple purchase orders as a single entity.

How the System Is Affected
• The delivery note header is stored in the PDNHEA file.
• The package is stored in the PFTRNS file.
• Package details are stored in the PPTRNS file.
• The delivery note/items are stored in the PDNLIN file.

Before you start
• A purchase order must be created. See "Purchase Order" on page 62.
• A purchase order line must be connected to a delivery note and package. See "Create and Connect Delivery Note and Package to a PO Line" on page 22.

Follow These Steps
Report Receipt on Delivery Note Level
1 Start 'Supplier Delivery Note, Open' (PPS360/B).
2 Select an inbound delivery with status 46 (Advised for shipment and delivery note is connected).
3 Make changes and updates for the delivery note on the E and F panels.

4 Perform goods receipt by selecting option 14=Goods receipt. The delivery status will be raised to 50 (Goods received).

**Report Receipt on Item Level**

1 On the (PPS360/B) panel, select option 11=Items/Delivery note. This starts 'Delivery Note. Update Items' (PPS361).
   - On the B panel the option 12=Pckgs/Dely note starts (PPS362).
   - Option 13=Items/Package starts (PPS363).

2 Select option 14=Goods receipt. The status for this particularly PO line will be raised to 50 (Goods received).

**Report Receipt on Package Level**

1 On the (PPS360/B) panel, select option 12=Pckgs/Dely note (Packages/Delivery note). This starts 'Delivery Note. Update Packages' (PPS362).
   - Option 11=Item/Delivery note starts (PPS361).
   - Option 13=Items/Package starts (PPS363).

2 You can enter a remark on the E panel for the package.

3 Select option 14=Goods receipt. The status for this particular package will be raised to 50 (Goods received).
   
   Alternatively, you can perform goods receipt by selecting F14=Receive all.

**Report Receipt on Items per Package Level**

1 On the (PPS360/B) panel, select option 13=/Items/Packages. This starts 'Delivery Note. Update Items per Package' (PPS363).
   - Option 11=PO transactions starts (PPS330).

2 You can change the received quantity on the E panel for the item (included in the package).

3 Select option 14=Goods receipt. The status for this particular package will be raised to 50 (Goods received).

4 Alternatively, you can perform goods receipt by selecting F14=Receive all.

**Correct Errors on Records Uploaded from MHS850MI**

If errors were detected in the uploading from MHS850MI, the delivery receives status 29 (Errors). You can then correct the data for 'Item no', 'Reference order' and 'Agreement no'.

5 On the (PPS363/B) panel you select option 20=Change data. The (PPS363/C) panel is opened. Enter the correct values in the 'Item no', 'Reference order' and 'Agreement no' fields.

6 Redisplay the B panel and select option 21=Check sts 29. If the new values are correct; the status will now be raised to 46.
Reverse the Goods Receipt

You can reverse a goods receipt with connected delivery note in two ways:

1. Delete the entire delivery note in (PPS360/B). The delivery note is deleted in (PPS360-363). Manually delete the receiving transaction and the advice transactions in (PPS330) in order to update the purchase order. Start again with the advice process.

2. Delete the specific receiving transaction in (PPS330). No reverse of the goods receiving transactions are made back to (PPS360-363). The delivery note remains in status 50. Therefore, delete the advice transaction in (PPS360) and then report the advice again.

See Also

"Purchase Order" on page 62
"Create and Connect Delivery Note and Package to a PO Line" on page 22

Perform Quality Inspection of Goods

This document describes the regular quality inspection in the receiving flow in M3. Quality inspection in the receiving flow can be done in different ways and with different activities. This document describes the most usual and easiest ways to perform a quality inspection.

Outcome

- The goods have been inspected, and the results are reported into the system.
- Approved goods that have not yet been put away are now ready for put-away.
- For goods that already have been put away, the balance identity status of the goods is raised, which means they are now available. Documents may have been printed.
- Rejected goods are placed in a location for obsolete goods, and the errors reported may have created a claim.
- Purchase and inspection statistics are updated according to the quality inspection results.
- After a quality inspection is reported, the status is set to 65.

Important files used for the flow program are:

- MPHEAD Purchase Order Header
- MPLINE Purchase Order Line
- MPLIND Purchase Order Line transactions
- MPGRMT Goods receiving method
- MPGRD0 Goods receiving method – documents
Uses

- A claim can be automatically created in 'Claim. Open' (PPS390).
- The next step can be to store the goods in 'Purchase Order. Put Away Goods' (PPS320).
- You can view the balance identity of the goods in 'Balance Identity. Open Toolbox' (MWS060), and the historical stock transactions in 'Stock Transaction. Display History' (MWS070). Also, you can monitor the status development in 'Purchase Order. Display Lines' (PPS220).
- It is possible to reverse the reporting of quality inspection in 'Purchase Order. Display Line Transactions' (PPS330).

Before you start

- Settings must be entered according to "Settings for Goods Receiving, Quality Inspection, Claims and Put-Away" on page 204.
- Settings must be entered according to "Basic Settings for the Purchase Flow" on page 14.
- The goods must be reported as received (the status is set to 50). See "Receive Purchased Goods" on page 190.

Follow These Steps

2. Select the warehouse for this inspection.
3. Enter the receiving number.
   You can find the receiving number on the goods receipt document, or in 'Purchase Order. Display Line Transactions' (PPS330).
   A receiving number that ends with 000 indicates that the entire purchase order is displayed on the next panel (the B panel).
   You can also enter the purchase order number and the line number. Then the E panel is immediately displayed and you will not see the B panel.
4. On the B panel, select an sorting order.
5. Select one of the following steps:
   - Report Order Lines as Approved Directly (B Panel)
   - Report Parts of Order Line as Approved/Rejected or Make Adjustments

Report Order Lines as Approved Directly (B Panel)

For the order lines you want to approve, enter 1 in the 'QI' field, and the approved quantity. Press F14=Confirm update.

The QI result code 1=Fully reported.
Approved quantity and QI result are proposed on the B panel if 'Propose approved quantity' has been selected in (PPS310/P).

The status of the order line(s) is now 65=Quality inspection completed.

If you quit the program, one or more documents are automatically printed, if defined by the goods receiving method.

**Report Parts of Order Line as Approved/Rejected or Make Adjustments**

1. On the B panel, open the order line you want to adjust.
2. On the E panel, select a QI result code and enter the approved quantity.
   
   Information about 'APPROVAL' (approved goods) is displayed on the left side of the E panel, and information about 'REJECTED' (rejected goods) is displayed on the right side.
   
   Approved quantity and QI results are displayed on the E panel if 'Propose approved quantity' has been selected in (PPS310/P).
   
   The QI result codes are:
   
   0 = Partially reported approved quantity
   
   1 = Fully approved
   
   2 = Approved with remarks
   
   3 = Partially rejected
   
   4 = Rejected.

3. Ensure that the proposed location for approved quantity is correct, and that the location has the correct status.

   The location statuses are:
   
   1 = Under inspection – awaiting approval
   
   2 = Approved goods – available
   
   3 = Rejected goods.

   **NOTE:** If quality inspection is performed before put-away and you assign the goods QI code 1, 2 or 3, the location must still be a status 1 location. This is necessary until the goods are reported as put away, which is done in 'Purchase Order. Put Away Goods' (PPS320).

4. Select 'Flagged as completed' if any potential remaining quantity is not to be backordered.

   **Important:** The 'Flagged as completed' field should be selected when any remaining quantity is not to be backordered. If it is not selected, purchase and supplier statistics will never be updated, and the order line will be processed as non-completed.

5. Fill in a remark and the number of packages (optional fields).

   The text in the Remark field will be seen in the balance identity if the quantity has a unique identity, such as a lot number or a receiving number.
The number of packages determines how many labels, such as hazard labels and marking tags, should be printed per location ID.

If lot control is used, you can create lots by pressing F17=Create lots.

If lots are used, you can split an order line into smaller lots by pressing F14=PO line split.

Report Rejected Goods

1 For rejected goods, enter the rejection reason and rejected quantity.

2 Check that the proposed location for the rejected quantity is correct, and that the location has status 3, or change the location. Enter a remark for the rejected goods (optional field).

The text in the Remark field will be seen in the balance identity if the quantity has a unique identity, such as a lot number or a receiving number.

Finish the Reporting of Quality Inspection

Press Enter to save all changes made on the E panel.

If the quality inspection result is 1=Fully approved, the B panel is redisplayed and the status of the specific order line is 65=Quality inspection completed. If quitting this program, one or more documents are automatically printed, if defined by the goods receiving method.

Enter Inspection Results (for Goods with QI Result 2 or Higher)

1 On the E panel in (PPS311), enter the 'Quantity in stock approved with remarks', 'Inspected quantity', 'Inspected (QI) and rejected quantity' and text (optional fields).

The values entered on this panel are used for information purposes only. The free text will be printed on the claim note.

'Inspected quantity' refers to the amount of the approved quantity that was inspected.

'Inspected (QI) and rejected quantity' refers to the amount of the rejected quantity that was inspected.

The rejected quantity will automatically create a claim in 'Claim. Open' (PPS390), if defined in 'Settings - Purchasing' (CRS780).

2 Press Enter to save your changes and to redisplay the B panel.

The status of the rejected quantity (or that order line) is now either 64='Rejected after quality inspection, course of action not determined in claim routine' or 69='Rejected after quality inspection, course of action determined in claim routine'. The status of approved lines is 65='Quality inspection completed'.

Upon quitting this program, one or more documents are automatically printed, if defined by the goods receiving method.

You can view and reverse the line transactions in 'Purchase Order. Display Line Transactions' (PPS330). Note: By reversing the line transaction, you also reverse the status.

In 'Balance Identity. Open Toolbox' (MWS060) you can view the balance identity for an item. The current location for a selected item is displayed. The balance-ID statuses are:

1 = Under inspection - awaiting approval

2 = Approved - available
3 = Rejected.

See Also
"Goods Receiving Flow for Purchase Orders" on page 166
"Basic Settings for the Purchase Flow" on page 14
"Perform Extended Quality Inspection" on page 177
"Manage Purchase Order Claims" on page 51
"Put Away Goods" on page 186
"Settings for Goods Receiving, Quality Inspection, Claims and Put-Away" on page 204

Put Away Goods

This document explains how you report put-away for goods, if put-away is chosen as a separate activity in the goods receiving flow. If quality inspection (QI) has been carried out, for example, and the goods are approved, the goods will be placed in their final location.

Outcome

The put-away activity is used to report final storage. The goods will consequently be placed in their final location after put-away. The status proposal of the location indicates whether the location is approved or not. Normally the status of the location used after put-away is 2 (Approved).

After the put-away the status is usually 75. If only a part of the received quantity is put away, the status is 70 (Put-away partially completed). This can be the case if some of the received quantity is rejected during quality inspection and only the approved quantity is put away without the completion flag selected.

You can view the balance identity of the goods in 'Balance Identity. Open Toolbox' (MWS060), and the historical stock transactions in 'Stock Transaction. Display History' (MWS070). Also, you can monitor the status development in 'Purchase Order. Display Lines' (PPS220).

You match the invoice connected to the purchase order in 'Supplier Invoice. Record' (APS100).

You can reverse the reporting of put-away in 'Purchase Order. Display Line Transactions' (PPS330).

Important files used for the flow program are:
- MPHEAD Purchase Order Header
- MPLINE Purchase Order Line
- MPLIND Purchase Order Line transactions
- MPGRMT Goods receiving method
- MPGRDO Goods receiving method – documents
Follow These Steps

1  Start 'Purchase Order. Put Away Goods' (PPS320/A).
2  Select the warehouse for this put away.
3  Fill in the receiving number.
   You can find the receiving number on the goods receipt document, or in 'Purchase Order. Display Line Transactions' (PPS330).
   In this instruction a receiving number that ends with 000 is used, which means that the entire PO is displayed on the next panel (the B panel).
   You can also fill in the PO number and the line number, but then the E panel is immediately displayed and you will not see the B panel.
4  On the B panel, select a sorting order.

Report Put-Away for Order Lines without Making Adjustments

1  On the B panel, fill in the stored quantity for the order lines you wish to report put-away for, and enter 1 in the 'Completion flag' field if any potential remaining quantity is not to be backordered.
   Stored quantity is proposed on the B panel if 'Propose stored quantity' has been selected in (PPS320/P).

   Important: It is critical that 'Completion flag' is set to 1 if any remaining quantity is not to be backordered. If it is not set, purchase and supplier statistics will never be updated, and the order line will be managed as non-completed.

2  Check that the proposed location is correct and has the correct location status.
   The proposed location is retrieved from 'Item. Connect to Warehouse' (MMS002).
   The location statuses are:
   1 = Under inspection – awaiting approval
   2 = Approved goods – available
   3 = Rejected goods.
3  Press F14=Confirm update.
   The status of the specific order line(s) is now 75=Put-away complete. If put-away is performed before QI (flow C), the order line status is 51=Put-away, but not quality inspected.
   You may continue to the next step or quit the program. If you quit the program, one or more documents are automatically printed, if defined by the goods receiving method.

Report Put-Away for Order Line and Make Adjustments

1  On the B panel, open the order line you want to adjust.
2  On the E panel, fill in a remark and the stored quantity.
The E panel displays the received quantity from (PPS300), and possibly approved and rejected quantity from (PPS310).

Stored quantity is displayed on the E panel if 'Propose stored quantity' has been selected in (PPS320/P).

The text in the Remark field will be seen in the balance identity if the quantity has a unique identity, such as a lot number or a receiving number.

3 Select 'Flagged as completed' if any potential remaining quantity should not be backordered.

**Important:** It is critical that the 'Flagged as completed' field is selected if any remaining quantity is not to be backordered. If it is not selected, purchase and supplier statistics will never be updated, and the order line will be processed as non-completed.

4 Check that the proposed location is correct, and that the location has the correct status.

The proposed location is retrieved from 'Item. Connect to Warehouse' (MMS002). If the storage method on the item is multiple, as determined in (MMS002).

5 On the E panel, you can also select F16=Select location to start 'Location. Select' (MMS160).

The location statuses are:

1 = Under inspection – awaiting approval
2 = Approved goods – available
3 = Rejected goods.

6 Back to the (PPS320/E) panel, fill in the number of packages (optional field).

The number of packages determines how many labels, such as hazard labels and marking tags, should be printed per location ID.

7 Press Enter to save your changes and to redisplay the B panel.

The status of the specific order line(s) is now 75, but if put-away is performed before QI (flow C) the order line status is 51.

Upon quitting this program, one or more documents are automatically printed, if defined by the goods receiving method.

**Work with Completion Flags**

Usually an order line is marked as completed automatically when the reported quantity is the same as the ordered quantity. However, an order can be marked as completed even if the reported quantity is less than the ordered amount and no more quantities will be reported for the order. This can be carried out in 3 different ways:

1 The order line can be flagged as completed manually either during the goods receiving (PPS300/E) or at the put-away (PPS320/E), assuming this has been set up correctly.

2 The order line can be marked as completed automatically if the reported amount is within the tolerance limit. This limit is set on the item/supplier combination (PPS040/F).
The order or a separate order line can be marked as completed manually from a separate 'Purchase Order – Flag Line Complete' (PPS350), where you can also invoicing-flag completion and reverse invoicing-flag completion.

If quality inspection is used, the order can also be marked as completed manually during quality inspection reporting (PPS310/E).

**Reversing a Goods Receipt**

A goods receiving transaction can be undone by selecting option 4 in 'Purchase Order. Display Line Trans' (PPS330). The delete option does not take the transaction away from the transaction file. Instead, it undoes the transaction by zeroing the quantity.

**Displaying Goods Receiving Transactions**

In 'Purchase Order. Display Line Trans' (PPS330), different transactions on a special purchase order and line are displayed. This functions as a sort of log of the transactions done in the flow. A transaction can be, for example, a purchase order confirmation transaction or a goods receiving transaction.

On this panel the **receiving number** is also displayed. Every order line gets a receiving number after the goods receipt. This number is used as identification on a special goods receipt in the following flow and is also printed on the goods receiving documents.

On the E panel some information is displayed. One of the fields, 'Next Activity', specifies the next planned activity in the goods receiving flow and is automatically set on the order line. The next activity is displayed with different codes with the following meanings:

1 = Quality inspection and then put-away
2 = Put-away and then quality inspection
3 = Put-away
4 = Quality inspection (nonstocked items checked)
9 = No more activities.

**Put Away Goods at a Cross-Docking Location**

The cross-docking function in M3 identifies when stock being received is required for issue within a short time. It then directs the stock to the appropriate cross docking location instead of to the ordinary location. The triggers that cause cross-docking are demand in combination with a stock shortage.

The goods connected to an acquisition order (PO, DO, RO or MO material) are received, cross-docked, and put in a location where they are available for dispatch. See the following:

**See Also**

"Goods Receiving Flow for Purchase Orders" on page 166
"Basic Settings for the Purchase Flow" on page 14
"Receive Purchased Goods" on page 190
"Perform Quality Inspection of Goods" on page 182
"Perform Extended Quality Inspection" on page 177
Quality Inspection

Quality inspection is performed on received goods according to the specifications in the goods receiving method, parameter 040='Quality inspection reporting' in 'Goods Receiving Method. Open' (PPS345/E). There it is specified whether QI is mandatory or optional, or if dynamic quality control is used, and which reporting alternative is valid. An example of a reporting alternative is 'always performed with mandatory reporting'.

As long as no parameters are changed, the same goods receiving method is always proposed when a certain item is purchased from a supplier. However, it can be changed manually for each purchase order line. In this way a different receiving method can be assigned when ordering, so that an item that is usually not inspected will instead be inspected.

Receive Purchased Goods

This document explains how you receive the goods connected to your purchase order (PO). You will also learn how to reverse a goods receipt and how to display the created transactions.

Outcome

The goods are received at your plant and are assigned unique receiving numbers. Supplier statistics are updated with lead times and interest costs for early deliveries. The inventory value rises. Documents may have been printed.

If direct put-away has been chosen, the goods are now part of the available stock and the goods receiving process is finished. For all other flows the goods are now ready for quality inspection (QI) or separate put-away.

You can view the balance identity of the goods in 'Balance Identity. Open Toolbox' (MWS060), and the historical stock transactions in 'Stock Transaction. Display History' (MWS070). Also, you can monitor the status development in 'Purchase Order. Display Lines' (PPS220).

It is possible to reverse the registering of a goods receipt in 'Purchase Order. Display Line Transactions' (PPS330).

Important files used for the flow program are:

- MPHEAD Purchase Order Header
- MPLINE Purchase Order Line
- MPLIND Purchase Order Line transactions
Before You Start

- Settings must have been entered according to "Settings for Goods Receiving, Quality Inspection, Claims and Put-Away" on page 204.
- Settings must have been entered according to "Basic Settings for the Purchase Flow" on page 14.

Follow These Steps

1. Start 'Purchase Order. Receive Goods' (PPS300/A).
2. Select the warehouse for this goods receiving.
3. Fill in the purchase order number and delivery note number. Press Enter.
   - If the delivery note number is entered, the number will be displayed on each order line. The delivery note number is useful for identifying purposes.
   - If the goods are delivery-scheduled items, the Item number and Quantity must be entered instead of the purchase order number.

Report Order Lines as Received Directly

1. On the B panel, enter the received quantity for the order lines you want to receive, and enter 1 in the 'Completion flag' field if any potential remaining quantity should not be back-ordered.
   - 'Received quantity' and 'Completion flag' are proposed on the B panel if 'Propose approved quantity' has been selected in (PPS300/P).

   **Important:** Set 'Completion flag' to 1 if any remaining quantity is not to be back-ordered. If it is not set, purchase and supplier statistics will never be updated, and the order line will be processed as non-completed.

2. Ensure that the proposed location is correct and that it has the correct location status.
   - You can only change the location while you are on the B panel if direct put-away (flow A) is used. If you need to change location and direct put-away is not used you have to open the order line (go to step 7).
   - If the storage method on the item is multiple, as determined in (MMS002), you can also select option 11 to start 'Location. Select' (MMS160). This is valid when using direct put-away.
3. Press F14=Confirm Update.
   - The received order lines now have one of three statuses: 50='Goods received' for lines with flow 2, 3 and 4, 51='Put away, but not quality inspected' for lines with flow 5, or 75='Put-away complete' for lines with flow 1 (direct put-away).
When you quit the program, one or more documents are automatically printed, if defined by the goods receiving method.

**Add/Change Information to Order Line**

1. On the B panel, open the order line you want to adjust.

2. On the E panel, enter a remark (optional) and the received quantity. Select 'Flagged as completed' if any potential remaining quantity should not be backordered.

   The text in the Remark field will be seen in the balance identity if the quantity has a unique identity, such as a lot number or a receiving number.

   'Received quantity' and 'Completion flag' are proposed on the B panel if 'Propose approved quantity' has been selected in (PPS300/P).

   If lot control is used, you can create lots by pressing F17=Create lots.

   If lots are used, you may split an order line into smaller lots by pressing F14=PO line split.

   See how to goods receive lots in:

   .

**Important:** Select 'Flagged as completed' field if any remaining quantity is not to be backordered. If the field is not selected, purchase and supplier statistics will never be updated, and the order line will be processed as non-completed.

3. Ensure that the proposed location is correct and has the correct status.

   If 'Receive Goods with QI before put-away' (flow B) is used, a location with status 1='under inspection – awaiting approval' is needed.

   If 'Storage method' on the item is multiple, as determined in 'Item. Connect to Warehouse' (MMS002), you can also select F16 to start 'Location. Select' (MMS160). This is valid when using direct put-away (flow A).

4. Enter the number of packages (optional field).

   The number of packages determines how many labels, such as hazard labels and marking tags, should be printed per location ID.

5. Press Enter to save your changes and to redisplay the B panel.

   The received order line now has one of three statuses: 50='Goods received' for a line with flow B, C or D, 51='Put away, but not quality inspected' for a line with flow E, or 75='Put-away complete' for a line with flow A (direct put-away).

   Upon quitting this program one or more documents are automatically printed, if defined by the goods receiving method.

   You can view and reverse the line transactions in 'Purchase Order. Display Line Transactions' (PPS330), which is reached via option 14=Display PO Transactions. Note: By reversing the line transaction, you also reverse the status.

   In 'Balance Identity. Open Toolbox' (MWS060) you can view the balance identity for an item. The current location for a selected item is displayed. The balance-ID statuses are:
1 = Under inspection - awaiting approval
2 = Approved - available
3 = Rejected.

**Reversing a Goods Receipt**

A goods receiving transaction can be undone by selecting option 4 in 'Purchase Order. Display Line Trans' (PPS330). The delete option does not take the transaction away from the transaction file, but instead it undoes the transaction by zeroing the quantity.

**Displaying Goods Receiving Transactions**

In 'Purchase Order. Display Line Trans' (PPS330), different transactions on a special purchase order and line are displayed. This functions as a sort of log of the transactions done in the flow. A transaction could be, for example, a purchase order confirmation transaction or a goods receiving transaction.

1 On this panel the receiving number is also displayed. Every order line gets a receiving number after the goods receipt. This number is used as identification on a special goods receipt in the following flow and is also printed on the goods receiving documents.

2 On the E panel some information is displayed. One of the fields, 'Next Activity', specifies the next planned activity in the goods receiving flow and is automatically set on the order line. The next activity is displayed with different codes with the following meanings:
   1 = Quality inspection and then put-away
   2 = Put-away and then quality inspection
   3 = Put-away
   4 = Quality inspection (nonstock items checked)
   9 = No more activities.

**Cross-Docking of Received Goods**

The cross-docking function in M3 identifies when stock being received is required for issue within a short time. It then directs the stock to the appropriate cross docking location instead of to the ordinary location. The triggers that cause cross-docking are demand in combination with a stock shortage.

The goods connected to an acquisition order (PO, DO, RO or MO material) are received, cross-docked and put in a location where they are available for dispatch. See the following:

**See Also**

"Goods Receiving Flow for Purchase Orders" on page 166
"Basic Settings for the Purchase Flow" on page 14
"Perform Quality Inspection of Goods" on page 182
"Perform Extended Quality Inspection" on page 177
"Manage Purchase Order Claims" on page 51
"Put Away Goods" on page 186
Settings for Extended Quality Inspection

Quality inspection (QI) in the receiving flow can be done in different ways and with different activities. This document describes the settings for extended quality inspection, using quality inspection tasks and plans.

Outcome

The following settings regarding extended quality inspection are described:

• Connect QI Tasks to an Item (PPS080)
• Create Sample Table (PPS335)
• Create QI Plans (PPS340)
• QI Parameters in the Item/Supplier Combination (PPS040)
• Update QI Counters (PPS082)

Important files used for the flow program are:

<table>
<thead>
<tr>
<th>File</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>MPHEAD</td>
<td>Purchase Order Header</td>
</tr>
<tr>
<td>MPLINE</td>
<td>Purchase Order Line</td>
</tr>
<tr>
<td>MPLIND</td>
<td>Purchase Order Line transactions</td>
</tr>
<tr>
<td>MPQDCA</td>
<td>Quality data for control activities</td>
</tr>
<tr>
<td>MPQFUH</td>
<td>Quality data for follow up on heading level</td>
</tr>
<tr>
<td>MPQFUT</td>
<td>Quality data for follow up on task level</td>
</tr>
<tr>
<td>MPQCTA</td>
<td>PO Quality control tasks</td>
</tr>
<tr>
<td>MPGRMT</td>
<td>Goods receiving method</td>
</tr>
<tr>
<td>MPGRDO</td>
<td>Goods receiving method – documents</td>
</tr>
</tbody>
</table>

Before You Start

• Settings must be entered according to "Basic Settings for the Purchase Flow" on page 14
• Settings must be entered according to "Settings for Goods Receiving, Quality Inspection, Claims and Put-Away" on page 204
Follow These Steps

Connect QI Tasks to an Item (PPS080)

1. Start 'Quality Inspection Task. Connect to Item (PPS080).
2. Fill in the fields as described in the table.

Table 37. Connect QI Tasks to an Item (PPS080)

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS080/B)</td>
<td>Inspection task</td>
<td>… quality inspection tasks used in goods receiving. Only numeric values can be entered. You can define unique quality inspection texts, tools, etc. for each task.</td>
</tr>
<tr>
<td>(PPS080/B)</td>
<td>Valid from</td>
<td>.. the date the quality inspection task will be activated.</td>
</tr>
<tr>
<td>(PPS080/B)</td>
<td>Service process Service</td>
<td>These fields are used for subcontracting or repair purchase orders. See separate documentation for subcontracting and repair purchase orders.</td>
</tr>
<tr>
<td>(PPS080/E)</td>
<td>Description</td>
<td>… the description of the quality inspection task. The description is printed on the quality inspection specification when the inspection is to be performed in the purchase component group.</td>
</tr>
<tr>
<td>(PPS080/E)</td>
<td>Status – quality inspection task</td>
<td>… the status of the quality inspection task. The status is manually changed. The valid alternatives are: 10=Preliminary task, never used for quality inspection 20=Valid task, only possible alternative for performing a quality inspection 90=Closed task, task is no longer valid. Only quality inspection tasks that have status 20 will be included in the inspection documentation after goods receiving.</td>
</tr>
<tr>
<td>(PPS080/E)</td>
<td>Valid to</td>
<td>… the last validity date for the quality inspection. When this date has passed, the active quality inspection tasks will become inactive. They will then not appear on quality inspection specifications received when reporting goods receipt.</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates …</td>
</tr>
<tr>
<td>-----------------</td>
<td>--------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>(PPS080/E)</td>
<td>Document ID</td>
<td>… the unique ID of a document. It can be entered manually, generated from a number series or created as a combination of different IDs. Documents are created in (CRS230). How the ID is created for each document type is specified in (CRS236)</td>
</tr>
<tr>
<td>(PPS080/E)</td>
<td>Task group</td>
<td>… is used in order to categorize quality inspection tasks. Task groups are created in ‘Quality Inspection Task Group. Open’ (PPS085).</td>
</tr>
<tr>
<td>(PPS080/E)</td>
<td>QI plan</td>
<td>… a quality inspection plan (QI plan), which contains several user-defined values for dynamic quality inspection in the goods receiving routine. The QI plan is entered in the goods receiving method (PPS345). The goods receiving method for a purchase order line determines which plan should be used for each item received. The QI plan is only of interest if the parameter '040 QI reporting' is set to 4 or 5. For more information about QI plans, see the section that follows.</td>
</tr>
<tr>
<td>(PPS080/E)</td>
<td>Sample table</td>
<td>… a sample table. Sample tables are used if random sampling methods are used during quality inspection. The sample table that can be entered on the goods receiving method (PPS345) acts only as a default proposal for the item/supplier combination (PPS040). <strong>Note:</strong> If a sample table is used, you can only set the '020 Inspection point' field to 1=QI is reported before put-away, or 2=QI is reported after put-away in the goods receiving methods (PPS345/E). For more information about sample tables, see the chapter that follows.</td>
</tr>
</tbody>
</table>
The field indicates …

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS080/E)</td>
<td>Independent QI task</td>
<td>…is used to determine whether this particular inspection task should have its own logic or follow the item number's logic. The valid alternatives are: 0 = No, follow the item's logic. 1 = Yes, this task should be independent of the general results of the quality inspection and other tasks. The general inspection result or another task inspection result will not affect this task's result. Logic refers to the inspection according to the quality inspection plan.</td>
</tr>
<tr>
<td>(PPS080/E)</td>
<td>QI time</td>
<td>…the time needed to perform the quality inspection task.</td>
</tr>
<tr>
<td>(PPS080/E)</td>
<td>QI time code</td>
<td>…the quality inspection time of the task. The valid alternatives are: 0=Per unit 1=Per 10 units 2=Per 100 units 3=Per 1,000 units 9=Task's total time (not quantity-dependent).</td>
</tr>
<tr>
<td>(PPS080/E)</td>
<td>QI Responsible</td>
<td>… who is responsible for the quality inspection of purchased items. It can be either a person or department.</td>
</tr>
<tr>
<td>(PPS080/E)</td>
<td>Tool 1 - 5</td>
<td>… one of the several tools that can be used when performing a quality inspection task. The tools are printed on the quality inspection specification when the goods are entered as received</td>
</tr>
</tbody>
</table>

Create Sample Table (PPS335)

3 Start 'Sample Table. Open' (PPS335).

4 Fill in the fields as described in the table. A sample table is defined to set the range for the quality inspection levels 1 to 3. The range indicates the acceptable errors you have for different quantity intervals.
Table 38. Create Sample Table (PPS335)

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS335/B)</td>
<td>Sample table</td>
<td>… a sample table.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sample tables are used if random sampling methods are used during quality inspection.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The sample table that can be entered on the goods receiving method (PPS345/G) act only as a default proposal for the item/supplier combination.</td>
</tr>
<tr>
<td>(PPS335/B)</td>
<td>Quality inspection level</td>
<td>… the quality inspection level used for shipments. The valid alternatives, when you use QI inspections, are: 1 = Intense 2 = Normal 3 = Reduced Three different levels (1-3) should be created for each sample table used.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Example:</td>
</tr>
<tr>
<td></td>
<td></td>
<td><img src="image" alt="Table" /></td>
</tr>
<tr>
<td></td>
<td></td>
<td>The quality inspection levels are only of interest if the parameter '040 QI reporting' is set to 4 or 5 in the goods receiving method (PPS345).</td>
</tr>
<tr>
<td>(PPS335/E)</td>
<td>To quantity</td>
<td>… the quantity to which an inspection quantity applies. The quantity applies up to the next entered To value.</td>
</tr>
<tr>
<td>(PPS335/E)</td>
<td>Inspection quantity</td>
<td>… the sample quantity or sample percentage for the current quantity received.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The quality inspection code is used in the sample table to define if the sample quantity is a percentage or a fixed quantity.</td>
</tr>
<tr>
<td>(PPS335/E)</td>
<td>Number of accepted errors</td>
<td>… the number of accepted errors on the quantity specified as accepted, when the quality inspection result was reported.</td>
</tr>
</tbody>
</table>
The field indicates …

<table>
<thead>
<tr>
<th>Program ID/ Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS335/E)</td>
<td>Quantity type</td>
<td>… if the figure for quality inspection and accepted errors for this goods receiving quantity is a number or a percentage. The valid alternatives are: 1=Quantity 2=Percentage. This is an information-only field.</td>
</tr>
</tbody>
</table>

Create QI Plans (PPS340)

2. Fill in the fields as described in the table.

The quality inspection plan describes an inspection cycle where different actions can be taken depending on the previous inspection results. For more information about QI plans, see "Extended Quality Inspection in the Receiving Flow" on page 163.

<table>
<thead>
<tr>
<th>Program ID/ Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS340/B)</td>
<td>QI plan</td>
<td>… several user-defined values for dynamic quality inspection in the goods receiving routine. The QI plan is entered in the goods receiving method. The goods receiving method for a purchase order line determines which plan should be used for each item received. If a quality inspection task has been assigned a QI plan of its own, this plan will override the one defined according to the order line's goods receiving method. The quality inspection levels are only of interest if the parameter '040 QI reporting' is set to 4 or 5 in the goods receiving method (PPS345).</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates …</td>
</tr>
<tr>
<td>------------------</td>
<td>-------</td>
<td>-----------------------</td>
</tr>
</tbody>
</table>
| (PPS340/E)       | Initial quality inspection level | … the quality inspection level of the first shipment received for the item/supplier combination.  
  The valid alternatives are:  
  1 = Intensive  
  2 = Normal  
  3 = Reduced  
  (4 = No quality inspection. Not valid here)  
  The quality inspection levels are only of interest if the parameter '040 QI reporting' is set to 4 or 5 in the goods receiving method (PPS345). |
| (PPS340/E)       | Approved batches - level change 1 to 2 | … how many approved inspections should be performed before quality inspection level 1=Intensive is moved to level 2=Normal.  
  If this field is 0, the level is never lowered to this level, but instead is decreased to the first available level not equal to 0. |
| (PPS340/E)       | Approved batches - level change 2 to 3 | … how many approved inspections should be performed before quality inspection level 2=Normal is moved to level 3=Reduced.  
  If this field is 0, the level is never lowered to this level, but instead is decreased to the first available level not equal to 0. |
| (PPS340/E)       | Approved batches - level change 3 to 4 | This field indicates how many approved inspections should be performed before quality inspection level 3=Reduced is moved to level 4=No inspection.  
  If this field is 0, the level is never lowered to this level, but instead is decreased to the first available level not equal to 0. |
| (PPS340/E)       | Batches QI level 4 - without QI | … which inspection level to use upon exit inspection level 4=No inspection.  
  This field is only used if the field's number of batches in inspection level 4 deviates from 0 |
| (PPS340/E)       | When QI result is 2 - return to QI level | … which quality inspection level to return to if the quality result is 2=Approved with remarks. |
The field indicates …

<table>
<thead>
<tr>
<th>Program ID/ Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS340/E)</td>
<td>When QI result is 3 - return to QI level</td>
<td>… which quality inspection level to return to if the quality result is 3=Partially rejected.</td>
</tr>
<tr>
<td>(PPS340/E)</td>
<td>When QI result is 4 - return to QI level</td>
<td>… which quality inspection level to return to if the quality result is 4=Rejected.</td>
</tr>
</tbody>
</table>
| (PPS340/F)        | Level if X batches of Y are rejected | … which inspection level to apply for the next batch if the minimum X number of batches are rejected out of the last Y number inspected.  
For more information concerning parameters X and Y, refer to the next field in this panel.  
These parameters can only increase the inspection level, never decrease it. |
| (PPS340/F)        | Number of rejected batches | … how many rejected batches are needed in order for the next delivery of this item/supplier combination to receive a higher quality inspection level. |
| (PPS340/F)        | Number of batches | … the number of inspected batches to be used in the formula used for determining if a higher quality inspection level is needed for the next delivery. |

### QI Parameters in the Item/Supplier Combination (PPS040)

1. Start 'Supplier. Connect Item' (PPS040).
2. Fill in the fields as described in the table.

The quality inspection plan and the sample table field entered on the goods receiving method (PPS345/G) only works as a default value when an item/supplier combination is created in 'Supplier. Connect Item' (PPS040).

The following fields are also displayed in 'Goods Receiving Method. Open' (PPS345/G). On the (PPS345/E) panel, the '030 Copy standard parameters' field indicates if the standard quality inspection parameters set in (PPS345/G) should be copied, when you set these parameters for the item/supplier combination, to (PPS040/G).
Table 41. QI Parameters in the Item/Supplier Combination (PPS040)

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS040/G)</td>
<td>Inspection text</td>
<td>… text to print on certain goods receiving documents when quality inspection is performed. This information is entered for the item/supplier combination and may be proposed by default from the goods receiving method.</td>
</tr>
<tr>
<td>(PPS040/G)</td>
<td>150 Are quality inspection tasks used</td>
<td>… if several inspection operations for a quality inspection are possible for an item number. If No is selected, no search for inspection operations will take place during goods receipt reporting.</td>
</tr>
<tr>
<td>(PPS040/G)</td>
<td>160 Lowest permitted quality inspection lvl</td>
<td>… the lowest possible quality inspection level in the goods receiving routine.</td>
</tr>
<tr>
<td>(PPS040/G)</td>
<td>170 Quality inspection level - new revision</td>
<td>… the quality inspection level for the next receipt, if this is made on a new construction level.</td>
</tr>
<tr>
<td>(PPS040/G)</td>
<td>180 Quality inspection plan</td>
<td>… contains several user-defined values for dynamic quality inspection in the goods receiving routine.</td>
</tr>
<tr>
<td>(PPS040/G)</td>
<td>190 Sample table</td>
<td>… a sample table. Sample tables are used if random sampling methods are used during quality inspection.</td>
</tr>
<tr>
<td>(PPS040/G)</td>
<td>200 Minimum quality inspection interval</td>
<td>… the minimum number of days between the quality inspections in the goods receiving routine.</td>
</tr>
<tr>
<td>(PPS040/G)</td>
<td>210 QI level after minimum QI interval</td>
<td>… the quality inspection level for the next receipt after the minimum inspection interval in days has been passed. This means that quality inspection should be performed, because the number of days since the previous inspection is greater than the value indicated in the field.</td>
</tr>
<tr>
<td>(PPS040/G)</td>
<td>220 Display attribute screen at quality insp</td>
<td>… whether the attribute screen should be displayed during quality inspection in (PPS310).</td>
</tr>
</tbody>
</table>

Update QI Counters (PPS082)
Here you can manually change the inspection counters values, to affect the inspection plan.

1. Start ‘Quality Inspection Task. Update Counter’ (PPS082)
2. Change values according to descriptions in the table.
The inspection counter keeps the quality inspection plan in order. It recognizes the current quality inspection level and remembers the quality inspection result for the last 10 inspected batches. The inspection counter values can be changed manually to affect the inspection plan.

Table 42. Update QI Counters (PPS082)

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS082/E)</td>
<td>Not inspected lots</td>
<td>… the number of lots received but not quality inspected since the last delivered lot was inspected. The information is used to determine if the inspection level should be changed or not for the next delivery. This field is reset automatically when a quality inspection is reported for a combination of item/supplier or item/supplier/operation.</td>
</tr>
<tr>
<td>(PPS082/E)</td>
<td>Inspected lots</td>
<td>… the number of batches which were quality inspected according to a certain inspection level. The information is used to determine if the inspection level should be changed or not for the next delivery. The field is reset automatically when the level is changed.</td>
</tr>
<tr>
<td>(PPS082/E)</td>
<td>Current QI level</td>
<td>… the level applied to the previous delivery for this combination of item/supplier. Based on the inspection plan parameter, the next delivery will be assigned the new inspection level.</td>
</tr>
<tr>
<td>(PPS082/E)</td>
<td>Last insp result 1 lot</td>
<td>… the result for the inspected batch before the last inspected. The result for up to the last 10 inspected batches is displayed. If quality inspection statistics are used, the 10 latest results can be used to determine if a quality inspection is to take place for the next lot for this ID.</td>
</tr>
<tr>
<td></td>
<td>before</td>
<td>2-9) lot before</td>
</tr>
<tr>
<td>(PPS082/E)</td>
<td>QI result last batch</td>
<td>… the last quality inspection result</td>
</tr>
<tr>
<td>(PPS082/E)</td>
<td>Last quality inspection</td>
<td>… the last date when a quality inspection was performed on this ID.</td>
</tr>
<tr>
<td></td>
<td>date</td>
<td></td>
</tr>
</tbody>
</table>

See Also

"Extended Quality Inspection in the Receiving Flow" on page 163

"Perform Extended Quality Inspection" on page 177
Settings for Goods Receiving, Quality Inspection, Claims and Put-Away

This document explains how you define settings for the purchase order goods receiving flow:

The following areas are included:

- Goods receiving
- Documents
- Quality inspection
- Claims
- Put-away

Outcome

All the above-mentioned settings are defined.

After goods receiving and put-away are performed, the supplier invoice can be reported.

Important files used for these settings are:

- **MPHEAD**: Purchase Order Header
- **MPLINE**: Purchase Order Line
- **MPLIND**: Purchase Order Line transactions
- **MPGRMT**: Goods receiving method
- **MPGRDO**: Goods receiving method – documents
- **CINACC**: Internal account entries

Before You Start

- Basic settings for the purchase flow must be entered according to "Basic Settings for the Purchase Flow" on page 14.
- Settings must be entered for a purchase order according to "Settings for Purchase Order" on page 96.

Lot Control in the Purchase Flow
• If you control lots and serial numbers in the purchasing flow, the conditions must be fulfilled in:

Follow These Steps

• Settings for Goods Receiving

1. Start 'Settings – Purchase' (CRS780). These settings are maintained from division blank, but they can be overridden per division.

2. Fill in the fields on the E, F and G panels, described in the Parameters to set table.

3. Start 'PO Type. Open' (PPS095). Fill in the fields on the E and I panels, described in the Parameters to set table.


Table 44. Parameters to set - Settings for Goods Receiving

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates...</th>
</tr>
</thead>
<tbody>
<tr>
<td>(CRS780/E)</td>
<td>10 Accepted deviation</td>
<td>… the limit for when receipts deviating in quantity are still accepted. The limit is expressed as a percentage and is calculated on the ordered/confirmed quantity. All received quantities up to the upper limit of deviation are accepted by the system. If the limit is exceeded, a warning is issued. To stop an order that exceeds the limit and make it impossible to receive the order, parameter 510 in (PPS095) must be selected.</td>
</tr>
<tr>
<td>(CRS780/F)</td>
<td>19 Print external instr on goods rec doc</td>
<td>… whether the external instructions for an item should be printed on the detailed receipt document in (PPS307). The text to be printed must be defined in (MMS135) and then connected to the item in (MMS001).</td>
</tr>
<tr>
<td>(CRS780/G)</td>
<td>38 Goods receipt allowed in (PPS220)</td>
<td>… whether goods receipt can be done in (PPS220).</td>
</tr>
<tr>
<td>(PPS095/E)</td>
<td>021 Number series - goods receiving doc</td>
<td>… the number series to use for the receiving number during entry in the goods receiving routine. The number series is set up in 'Number Series. Open' (CRS165), series type 21.</td>
</tr>
<tr>
<td>Program ID/ Panel</td>
<td>Field</td>
<td>The field indicates...</td>
</tr>
<tr>
<td>-------------------</td>
<td>--------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>(PPS095/E)</td>
<td>040 Goods receiving method</td>
<td>… the method that controls processing of the goods receiving flow.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The goods receiving method is defaulted on the purchase order line from the following places and in the following order:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 Item/supplier file (PPS040/E)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 Item master file (MMS001/E)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 Purchase order type (PPS095/E)</td>
</tr>
<tr>
<td>(PPS095/I)</td>
<td>510 Stop if excess delivery</td>
<td>… whether a purchase order should be stopped if received quantity exceeds the ordered/confirmed quantity plus the tolerance/deviation limit.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The tolerance limit can be found in the item/supplier file (PPS040). If it is not entered there, it can be found in parameter 10 in (CRS780).</td>
</tr>
<tr>
<td>(PPS095/I)</td>
<td>540 Completion flag open - goods receipt</td>
<td>… whether it should be possible to update the completion flag of the purchase order line during goods receipt reporting.</td>
</tr>
<tr>
<td>(PPS095/I)</td>
<td>550 Packaging action</td>
<td>… whether a packaging action is taken. For more information about packaging actions, see:</td>
</tr>
<tr>
<td>(PPS345/B)</td>
<td>Goods receiving method</td>
<td>… the method that controls processing of the goods receiving flow.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The goods receiving method is defaulted on the purchase order line from the following places and in the following order:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 Item/supplier file (PPS040/E)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 Item master file (MMS001/E)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 Purchase order type (PPS095/E)</td>
</tr>
<tr>
<td>(PPS345/E)</td>
<td>080 Create lot number during goods receipt</td>
<td>… where, in the goods receiving process, the manual lot number should be entered. For more information, see:</td>
</tr>
</tbody>
</table>
### Settings for Documents

Basic settings for document output must be entered according to:

Different kinds of receiving documents can be printed automatically after goods receipt is reported. Which documents are printed is controlled by the goods receiving method.

'Goods Receiving Method. Connect Documents' (PPS346) displays all documents connected to a goods receiving method. These documents must also be defined in 'Std Document. Open' (CRS027).

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates...</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS346/B)</td>
<td>Document number</td>
<td>… the unique ID of a document. See step action list for goods receiving documents.</td>
</tr>
<tr>
<td>(CRS027/B)</td>
<td>Number of copies</td>
<td>… the number of copies that should be printed.</td>
</tr>
<tr>
<td>(PPS346/E)</td>
<td>External or internal document</td>
<td>When you print internal documents, the local language is used. When you print external documents, the language of the customer is used.</td>
</tr>
<tr>
<td>(PPS346/E)</td>
<td>Print document</td>
<td>… if a document should be printed automatically.</td>
</tr>
</tbody>
</table>

1. To **Generate Standard Documents**, start 'Document. Open Standard' (CRS027). Document numbers connected to the goods receiving flow are:
Goods receiving - purchasing:

| 70A | = | Hazardous goods label |
| 70B | = | Quality inspection |
| 70C | = | Receipt document totaled |
| 70D | = | Receipt document detailed |
| 70E | = | Receipt document item number/package |

Quality inspection - purchasing:

| 70H | = | Marking label |
| 70I | = | Quality inspection result |
| 70J | = | Picking list for inventoried items after rejection in the inspection report |

Put-away - purchasing:

| 70L | = | Receipt document |
| 70N | = | Receipt document |
| 70O | = | Marking label PO receipt report |
| 700 | = | Way bill Variant 20=CMR variant 60=Swedish |

2 Press F14='Generate standard' to generate these standard documents.

Connect Documents to a Goods Receiving Method

3 On the (PPS345/B) panel you select option 11=Documents, to start 'Goods Receiving Method. Connect Document' (PPS346).

On the top of the (PPS346/B) panel the selected goods receiving method is displayed.

4 Press F4 in the 'Document number' field and select a document. Press Create and fill in the fields in the E panel.

5 Repeat for all documents you want to connect to this goods receiving method.

• Settings for Quality Inspection

1 Start 'Settings – Purchase' (CRS780). These settings are maintained from division blank, but they can be overridden per division.

2 Fill in the fields on the E and F panels, described in the Parameters to set table.

3 Start 'Item. Connect Warehouse' (MMS002) Fill in the 'Inspection location' field on the G panel, described in the Parameters to set table.
4 Start 'Goods Receiving Method. Open' (PPS345). Fill in the fields on the B, E and G panels, described in the Parameters to set table.

Table 47. Parameters to set - Settings for Quality Inspection

<table>
<thead>
<tr>
<th>Program ID/ Panel</th>
<th>Field</th>
<th>The field indicates...</th>
</tr>
</thead>
<tbody>
<tr>
<td>(CRS780/E)</td>
<td>05 Default location - rejected quantity</td>
<td>... the stock location proposed for a rejected quantity when reporting quality inspection in (PPS310).</td>
</tr>
<tr>
<td>(CRS780/E)</td>
<td>11 QI result - auto claim</td>
<td>... which quality inspection results reported in (PPS310) automatically create a claim in (PPS390).</td>
</tr>
<tr>
<td>(CRS780/F)</td>
<td>19 Print external instr on goods rec doc</td>
<td>... whether the external instructions for an item should be printed on the detailed receipt document in (PPS307). The text to be printed must be defined in (MMS135) and then connected to the item in (MMS001).</td>
</tr>
</tbody>
</table>
| (MMS002/G)        | Inspection location | ... the location where goods received are stored while waiting to be quality inspected in the purchase component group.  
This location must be of status 1 (MMS010/E, the 'Status proposal' field). If the item is to be inspected, this location is proposed by default in (PPS300).  
If the location is blank per item/warehouse, the location is proposed by default from the goods receiving method (PPS345). |
| (PPS345/B)        | Goods receiving method | ... the method that controls processing of the goods receiving flow.  
The goods receiving method is defaulted on the purchase order line from the following places and in the following order:  
1 Item/supplier file (PPS040/E)  
2 Item master file (MMS001/E)  
3 Purchase order type (PPS095/E) |
<p>| (PPS345/E)        | 020 Inspection point | ... when the quality inspection should be reported. |
| (PPS345/E)        | 030 Copy standard parameters | ... if the standard quality inspection parameters defined in the goods receiving method should be copied when you set these parameters for the item/supplier combination in (PPS040/G). Proposed values can be changed on the panel. |</p>
<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates...</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS345/E)</td>
<td>040 Quality inspection reporting</td>
<td>… whether quality inspection reporting should be performed and whether it should be done dynamically according to user-defined rules.</td>
</tr>
<tr>
<td>(PPS345/E)</td>
<td>050 Quality inspection address - default</td>
<td>… the default location for the quality inspection.</td>
</tr>
<tr>
<td>(PPS345/E)</td>
<td>060 QI address if default is missing</td>
<td>… the default administrative location. It is proposed during receipt for quality inspection if the inspection address is missing for the item/warehouse and if the inspection address of the goods receiving method is blank.</td>
</tr>
<tr>
<td>(PPS345/E)</td>
<td>070 Inspection lead time</td>
<td>… the time normally required for goods receipt, quality inspection, and put-away. Inspection lead time is not allowed for direct put-away.</td>
</tr>
<tr>
<td>(PPS345/E)</td>
<td>090 Put-away address - default</td>
<td>… the location proposed by default when the next step is put-away. Used after quality inspection but before put-away. The location must have status 1 in (MMS010) and may not have the same ID as the location before quality inspection according to parameter 050 in the goods receiving method.</td>
</tr>
<tr>
<td>(PPS345/G)</td>
<td>Inspection text</td>
<td>… text to be printed on certain goods receiving documents when quality inspection is performed. This information is entered for the item/supplier combination and may be proposed by default from the goods receiving method.</td>
</tr>
<tr>
<td>(PPS345/G)</td>
<td>150 Are quality inspection tasks used</td>
<td>… if several inspection operations for a quality inspection are possible for an item number. If No is selected, no search for inspection operations will take place during goods receipt reporting.</td>
</tr>
<tr>
<td>(PPS345/G)</td>
<td>160 Lowest permitted quality inspection lvl</td>
<td>… the lowest possible quality inspection level in the goods receiving routine.</td>
</tr>
<tr>
<td>(PPS345/G)</td>
<td>170 Quality inspection level - new revision</td>
<td>… the quality inspection level for the next receipt, if this is made on a new construction level.</td>
</tr>
<tr>
<td>(PPS345/G)</td>
<td>180 Quality inspection plan</td>
<td>… contains several user-defined values for dynamic quality inspection in the goods receiving routine.</td>
</tr>
</tbody>
</table>
Table 48. Parameters to Set

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates...</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS345/G)</td>
<td>190</td>
<td>Sample table. Sample tables are used if random sampling methods are used during quality inspection.</td>
</tr>
<tr>
<td>(PPS345/G)</td>
<td>200</td>
<td>Minimum quality inspection interval. The minimum number of days between the quality inspections in the goods receiving routine.</td>
</tr>
<tr>
<td>(PPS345/G)</td>
<td>210</td>
<td>QI level after minimum QI interval. The quality inspection level for the next receipt after the minimum inspection interval in days has been passed. This means that quality inspection should be performed, because the number of days since the previous inspection is greater than the value indicated in the field.</td>
</tr>
<tr>
<td>(PPS345/G)</td>
<td>220</td>
<td>Display attribute screen at quality inspection. Whether the attribute screen should be displayed during quality inspection in (PPS310).</td>
</tr>
</tbody>
</table>

**Settings for Claims**

1. Start 'Settings – Purchase' (CRS780). These settings are maintained from division blank, but they can be overridden per division.

2. Fill in the fields on the E and F panels, described in the Parameters to set table.

...the order type to be proposed on the claim header. This order type will handle the requisition order for issuing the rejected goods from the location if a replacement delivery is demanded.

The requisition order type is entered in 'Requisition/ Distribution Order Types. Open' (CRS200).

Here you must select stock transaction type 41 =Requisition order issue.
### Program ID/Panel | Field | The field indicates...
--- | --- | ---
(CRS780/E) | 11 QI result - auto claim | … which quality inspection results reported in (PPS310) automatically create a claim in (PPS390). The valid alternatives are: 1=No transfer 2=QI result 3 and 4 create claims 3=QI result 2, 3 and 4 create claims.

(CRS780/F) | 20 Several lines per claim | … whether it should be permitted to have more than one order line on each automatically created claim transferred from (PPS310). By allowing only one line the claim process is simplified, such as when a request for a replacement delivery is made on the claim header and not on the claim lines.

(PPS040/E) | Lead time for replacement delivery | … the lead time for a replacement delivery. It is used when calculating a default delivery date for a replacement delivery. This value is displayed in the claim routine.

3 Start 'Supplier. Connect Item' (PPS040/E) and fill in the 'Lead time for replacement delivery' field.

• **Settings for Put-Away**

1 Start 'Settings – Purchase' (CRS780). These settings are maintained from division blank, but they can be overridden per division.

2 Fill in the fields on the E and F panels, described in the Parameters to set table.

3 Start 'Item. Connect Warehouse' (MMS002) Fill in the 'Location' field on the G panel, described in the Parameters to set table.

4 Start 'Item. Connect Supplier' (PPS040) and fill in the 'Tolerance limit' field on the F panel.

5 Start 'Goods Receiving Method. Open' (PPS345). Fill in the fields on the B, E, F and G panels, described in the Parameters to set table.
Table 49. Parameters to Set - Settings for Put-Away

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates...</th>
</tr>
</thead>
<tbody>
<tr>
<td>(CRS780/E)</td>
<td>02 Flag as completed permitted</td>
<td>… whether it is possible to flag an order as completed at put-away. The use of a completion flag permits put-away with a lower quantity than the received quantity without the system having to wait for any remaining quantity.</td>
</tr>
</tbody>
</table>
| (CRS780/E)       | 04 Deletion limit - put-away deviation     | … the limit for when a balance ID with a remaining quantity is automatically deleted at put-away. The limit is expressed as a percentage and is calculated on the received quantity.  
A remaining quantity is created when a quantity is reported with a lower number at put-away than what was reported at goods receipt. A remaining quantity measured within the deviation limit is automatically deleted. |
| (CRS780/E)       | 15 Page break for stock zone - put-away doc| … whether a page break should be made for each new stock zone on the put-away document.                                                                                                                                  |
| (CRS780/F)       | 16 Print supplier on put-away document    | … whether the supplier name should be printed on the put-away document in (CRS676). The supplier name is then printed for each line where the supplier is different than the previous.                                             |
| (PPS040/F)       | Tolerance limit                            | … the tolerance limit, as a percentage, for automatic finish marking in the goods receiving routine.                                                                                                                    |
| (MMS002/G)       | Location                                   | … the default location that is proposed upon receipt, issue, etc.  
The location in 'Purchase Order. Put Away Goods' (PPS320) is defaulted from the location entered in this field.                                                                                           |
<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates...</th>
</tr>
</thead>
</table>
| (PPS345/B)      | Goods receiving method | … the method that controls processing of the goods receiving flow.  
|                 |       | The goods receiving method is defaulted on the purchase order line from the following places and in the following order:  
|                 |       | 1 Item/supplier file (PPS040/E)  
|                 |       | 2 Item master file (MMS001/E)  
|                 |       | 3 Purchase order type (PPS095/E)  
| (PPS345/E)      | 010 Direct put-away | if put-away should be reported directly or if the goods receipt, including any quality inspection, should occur before put-away. Direct put-away means that one report covers both goods receipt and put-away.  
| (PPS345/F)      | 140 Two step put-away | … whether the two-step put-away is activated.  
|                 |       | This activation occurs in two places: in the stock zone and in the goods receiving method or order type.  
|                 |       | See more about this in:  
| (PPS345/G)      | 220 Display attribute screen at put-away | … whether the attribute screen should be displayed during put-away in (PPS320).  

- **Settings for Cross Docking**
  
  For more details, see the following document:

**See Also**

- "Goods Receiving Flow for Purchase Orders" on page 166  
- "Receive Purchased Goods" on page 190  
- "Perform Quality Inspection of Goods" on page 182  
- "Perform Extended Quality Inspection" on page 177  
- "Manage Purchase Order Claims" on page 51  
- "Basic Settings for the Purchase Flow" on page 14  
- "Put Away Goods" on page 186
Statistical Quality Inspection

Statistical quality inspection refers to parameter-controlled values and the quality inspection history of an item. Together, these determine if quality inspection should be performed and how often.

To be able to use statistical quality inspection the item/supplier records must have been entered in 'Supplier. Connect Item' (PPS040).

When receipt is reported in 'Purchase Order. Receive Goods' (PPS300), the good receiving method and the goods receiving flow for each order line are checked. If goods receiving method for the order line is 4 or 5, statistical quality inspection should be performed.

Control Logic

If statistical quality inspection is to be performed, the following is indicated:

• The proposed location is specified as a quality inspection location.
• The 'Next activity' field in 'Purchase Order. Display Line Transactions' (PPS330) indicates that quality inspection is to be performed.

Conditions

Statistical quality inspection is performed if any of the following conditions are found in (PPS040).

1. There is no item/supplier combination.
2. The 'Standard of approval' field indicates that standard of approval is required and is not reported.
3. The inspection level for the next batch is 1, 2 or 3 in the G panel.
4. The current delivery is a new revision (it differs from previously received orders) and parameters in the G panel indicate that an inspection is to be performed.
5. In the G panel, the minimum inspection interval in days is less than the difference between the current date and the previous inspection date.
6. An inspection should be performed according to the quality inspection plan.

If an inspection is to be performed based on conditions 1-5, the reasons are indicated in the detailed receipt documents in 'Receipt Document' (PPS307).

Inspection Level

There are four quality inspection levels:

• 1 - Intensive
• 2 - Normal
• 3 - Reduced
• 4 - None.
If quality inspection is always performed (not statistical quality inspection), the inspection level is always 2.

Sampling quantities can be connected to different inspection levels (see 1-3 above). This is done by specifying the applicable sample table for the item/supplier combination in (PPS040/G).

Example of a Quality Inspection Plan

For (a) below, the following applies: Periodic inspection should be performed so that only every third delivery is inspected at a reduced inspection level.

For (b) below, the following applies: If a delivery is rejected, the next two deliveries are inspected at a normal inspection level.

These examples result in the following quality inspection plan, as defined in ‘Quality Inspection Plan. Open’ (PPS340/E):

- No. of approved batches - level change 1 to 2 No. deliveries: 0
- No. of approved batches - level change 2 to 3 No. deliveries:2(b)
- No. of approved batches - level change 3 to 4 No. deliveries:1(a)
- No. of batches at QI level 4 - without QI No. deliveries:2(a)
- After QI level 4 - go to QI level No. deliveries:3(a)

Inspection level 2 is also specified in the parameters which refer to the level to apply after rejection (b).

If the above check indicates that quality inspection should not be performed, a check is still made against parameters in (PPS340/F). Here, it should be indicated that inspection will be performed at a determined level if X of the last Y deliveries were rejected. For example, as long as two of the last ten deliveries are rejected, an intensive inspection should be performed.

Quality Inspection Tasks

Each quality inspection task can be regulated by a quality inspection plan. This means that each task is considered as a unique item.

The tasks are updated in ‘Quality Inspection Task. Connect to Item’ (PPS080).

Example

An item has two operations. One of them is inspected every other time and the second operation every fourth time. A quality inspection plan corresponding to every other time is then entered for the item. For the operation to be inspected every fourth time, a default quality inspection plan is entered.

Counters for Quality Inspection Plans

If an error is detected afterwards, the counters can be changed so that the next delivery is inspected. This is done by changing the item counters in ‘Quality Inspection Task. Update Counter’ (PPS082), reached from (PPS040/G). Counters for quality inspection tasks can also be changed in (PPS082), reached from (PPS080).

Note: The inspection and inspection level for the next delivery can also be influenced by the parameter settings in (PPS040/G).

If receipt is performed for an ID and the inspection level for the next delivery is filled in, this is then used and deleted for the item/supplier combination.
Core Tracking

This document explains core tracking, including how to keep track of open core transactions.

Results

Outcome
You can track all core transactions in the Core Tracking Portal, which is a separate application.

Before You Start

For information about the settings you must define before starting this process, see the following documents:

Defining Settings for Component Exchange with Supplier in Core Management Process

Description

Purpose
It is important to track core transactions in order to know which components must be returned to suppliers or which are expected back from the customers.

When
The core tracking table (CORETR) is updated repeatedly during the core management process, for example:

- When selling or buying a remanufactured component
- At delivery of a component
- When the customer returns a core
- When crediting a refund.
How
A warning symbol is displayed on order lines that are about to expire based on the number of days for warning defined in the core terms.

To simplify searching for specific core transactions, you can search only for components that were not returned on time or for returns that will expire in the near future, for example.

For planning purposes, you can view the cores in a warehouse and on a work order.

See Also
"Managing Component Exchange between Customer and Company" on page 223
"Purchasing Components for the Component Exchange Fleet" on page 228
"Remanufacturing Core" on page 230
"Purchasing a Component for Component Exchange with Supplier" on page 226
"Returning Cores to Supplier" on page 231
"Defining Settings for Component Exchange with Supplier in Core Management Process" on page 218

Defining Settings for Component Exchange with Supplier in Core Management Process

This document explains the settings you must define when creating terms and conditions for a purchase order in the component exchange with a supplier.

Outcome
You have defined the settings to be able to buy remanufactured components and return a core.

Follow These Steps

1 Define an Attribute Model

Enter the ID of the attribute model and a description in 'Attribute Model. Open' (ATS050/B). Select the related option 11=Model lines to start 'Attribute Model. Connect Attributes' (ATS051).

On the B panel in (ATS051) you create one attribute for the sales process which will indicate different attributes for retrieving the sales price and discounts for the sold component.

Create an attribute for the condition in the same way. This will determine the costing of the sold or returned core.

On the E panel in (ATS051) you enter the following values:
• Attribute type = Alphanumeric
• Controlling object = Lot master
• Main attribute = Attribute 1, for example.

Select the processes in which the attribute should be included, for example customer order, purchase order, manufacturing order, and purchase order.

Create an attribute for the condition in the same way. This will determine the costing of the sold or returned core. You select the value ‘1 - Cst attribute 1’ in the 'Cost attribute' field on the E panel in (ATS051).

In (ATS051), select related option 22=Attribute values to start 'Attribute Matrix. Open' (ATS020) and enter the attribute values in 'Attribute Matrix. Enter Values' (ATS021).

Example of attribute values for sales:
• Remanufactured
• New
• Used equipment.

Examples of attribute values for conditions:
• As new
• Before failure
• After failure
• 50% of full core
• No refund.

2 Define a Costing Model for Purchase

A costing model must be defined for the purchase order process to trigger the core charge amount on the purchase order.

You define a costing model in the following steps:

• Create Costing Elements

Start by defining a costing element in 'Costing Element. Open' (PPS280/B). This element must be the same as parameter 46=Costing element for return of core price in 'Settings - Purchasing' (CRS780/G).

Create a connection to the attributes that check the pricing using the check boxes 'Invoice charge quantity' and 'Markup' in (PPS280/E)

Select related option 12=Costing values to start 'Costing Element. Enter Values' (PPS282). On the B panel, define the attribute values that should give a price. On the E panel, define the price setting rules.

• Define a Costing Model
After you create costing elements, you must define a costing model to be used for the purchase order line. You define a costing model in 'Purchase Costing Model. Open' (PPS285). To connect elements, select related option 11=Costing element/Model to continue to 'Costing Model. Connect Elements' (PPS286).

• Connect the Costing Model to Items and Purchase Settings

At purchase order line entry, charges are created by using the costing model from the 'Costing model' field on the F panel in 'Item. Connect Facility' (MMS003).

Alternatively, you can enter the costing model to be used at purchase order line entry on the G panel in 'Settings Purchasing' (CRS780).

At purchase order line entry in 'Purchase Order. Open Lines' (PPS201), the attribute values that were defined in 'Attribute Value. Connect to' (ATS101) are added to the order line. If the attribute values correspond to the settings of the costing element, then a charge will be connected to the purchase order line. The attribute settings of the purchase order line also check if the order line will be core processed or treated as an ordinary purchase order line.

3 Define Charges for Purchase

Charges for a purchase must also be defined. You define the charges in the following steps:

• Create a Line Charge

You define the line charge in 'Order Line Charge. Open' (CRS275). Select the control object that determines the charge percentage or the amount (if an amount charge).

• Define a Calculation Factor

You define the calculation factor or the amount for the charge (for example 0.1=10%) in 'Order Line Charge. Enter Amount' (CRS277).

4 Define Settings for Purchase Order Workflow

You define workflow settings for purchase order in the following steps:

• Enter Requisition Order Type

You must define order types for the requisition that will be used for the core return and claim. The order types are defined in 'Req/Distr Order Type. Open' (CRS200).

The order type ID is user defined, so you can give it a name that is easy to remember.

You must use transaction type 41 for the returns.

• Return Order Type

The return order type must be defined in 'Return Order Type. Open' (PPS399). The return order type checks the supplier return process by using the defined return-to-supplier order category. In (PPS339) you also connect the return order type to the requisition order type, which you use to manage the return process from the warehouse to the supplier.

• The order type ID is user defined, so you can give it a name that is easy to remember. You can use the same ID as on the requisition order type, for example.
• Select the return order category according to the intended use. The category defines which headings to display in the panels and which fields are mandatory. The valid alternatives are:
  • 1 – Claim
  • 2 – Return of core

A return order type with order category 2 (Core return) must exist for the core process.

• Settings for Purchase Order

The general settings for a purchase order must be defined in 'Settings - Purchasing' (CRS780).

For the core management process the following settings must be defined:
  • On panel E: Setting 09 – Default return-to-supplier order type, core return. The default order types for return of core and for claim must be defined in 'Return Order Type. Open' (PPS399)
  • On panel G: Setting 46 – Costing element for return of core price. This setting indicates the costing element you should use when you return a core as a part of the return-to-supplier process in 'Return to Supplier. Open' (PPS390). The costing element is used to calculate the price of the order lines that contain cores that should be sent back to the supplier for a refund.

• Core Terms

You define core terms in 'Core Terms. Open' (CRS168). In order to perform the core process you must fill in the following fields on the E panel:
  • Attr ID purch
  • Attr value purch

The values you enter in these two fields must be used in the attribute model of the item that has current core terms.

You must also enter return days to supplier.

General terms for customer order, purchase order and work order:
  • Core terms – The core term ID is user defined, and indicates the ID of the terms for the core return. The terms include information such as description, aging and return date.
  • Language – You can define the terms for each division and language.
  • Name – Standard field for the name of the terms.
  • Terms text – A description of the terms. This text is printed on the customer order invoice.
  • Start date code – The start date used to calculate the return date of the core. The date can be calculated from the delivery date or from the invoice date.
  • Refund limit days – The number of days when no refund at all is given. The date for no refund is calculated based on the start date code.
  • Core warning days – The number of days before the calculated return date when a warning should be issued in the core tracking system. The warning is displayed as a yellow warning symbol in the overview for sale or purchase.
Customer terms:

- **Return customer** – The number of days from the start date after which the core must be returned by the customer. After the calculated return date the aging reduction will be activated.

- **Aging reduction** – The percentage by which the refund is reduced based on how late the core is returned. The percentage uses two decimal places. The reduction is calculated based on the aging reduction method.

- **Aging reduction method** – Defines how the reduction of refund is calculated:
  - Per late day: For each day after the requested return date the amount will be reduced by the percentage defined in the 'Aging reduction' field. For example, if the core is returned two days late and the aging reduction is 2%, the amount is reduced by 4%.
  - After late return: If the core is returned after the requested return date then the entire amount is reduced by the percentage defined in the 'Aging reduction' field. For example, if core is returned 2 days late and the aging reduction is 50%, then the amount is reduced by 50%.

- **Aging text** – A description of the aging terms. This text is printed on the customer order invoice.

- **Discount model** – The discount model that is used for the core terms and aging reduction of the core return. A discount model entered here will override the discount model source in 'CO Type. Open' (OIS010).

- **Attribute ID** – The unique ID of the attribute used to indicate the status of the returned core. The information is stored for the lot/balance identity.

Supplier terms:

- **Return supplier** – The number of days from the start date after which the core must be returned by the supplier. No aging reduction is activated in the supplier flow, but after the refund limit no refund of the core can be expected.

- **Attribute ID purchase** – The attribute ID that is used to identify the purchase order lines to be included in the core processing.

- **Attribute value purchase** – The attribute value that is used to identify purchase order lines that should be included in core processing. If this value is set at purchase order line entry, then core processing is applied to the order line and a record is entered in the core tracking table (CORETR).

- **Settings in the Item Master Table**

  Enter an attribute model for the remanufactured item in the 'Attribute model' field on the G panel in 'Item. Open' (MMS001).

  Select 1=Yes in the 'Exchangeable' field on the K panel in (MMS001). The field indicates whether or not the item is available as a part of a dealer exchange program. The item is usually a larger component or a subassembly such as an engine, gear box or fuel pump, which can be rebuilt or remanufactured. This field is essential for all items that are part of the core management process.
In the 'Core terms' field on the K panel in (MMS001), enter the ID of the core terms you defined in 'Core Terms. Open' (CRS168). This field is also essential for all items that are part of the core management process.

- **Settings for Item and Facility**
  - The costing model must be entered in 'Item. Connect Facility' (MMS003). On the E panel select the values Average cost or Attribute cost in the 'Inventory accounting method' field.
  - On the F panel enter the ID of the costing model in the 'Costing model' field. This field is used to set the core price. Costing models are defined in 'Costing Model. Open' (PPS285).

- **Purchase Costing Model**
  The purchase costing model must be defined in 'Purchase Costing Model. Open' (PPS285). The purchase costing model must have a costing element. The costing element must be the same as for setting 46 (Costing element for return of core price) in 'Settings Purchase Order' (CRS780). The costing details are defined in 'Costing Model. Connect Elements' (PPS286).

**See Also**

"Managing Component Exchange between Customer and Company" on page 223  
"Purchasing Components for the Component Exchange Fleet" on page 228  
"Remanufacturing Core" on page 230  
"Purchasing a Component for Component Exchange with Supplier" on page 226  
"Returning Cores to Supplier" on page 231  
"Core Tracking" on page 217

**Managing Component Exchange between Customer and Company**

This document explains the component exchange process, which enables the exchange of components between company and customer and the tracking of outstanding component returns.

**Outcome**

You have bought components and the components are put into a component exchange fleet. The CORETR table in M3 is updated with core transactions. The components can be used in the component exchange process where malfunctioning components, such as cores, are exchanged for new or remanufactured components.
Before you start

For information about the settings you must define before starting this process, see the following documents:

Defining Settings for Component Exchange with Supplier in Core Management Process

Follow These Steps

Outline

1 Purchasing a Component for Component Exchange Fleet

You purchase components that you want to reserve for the component exchange fleet. When you receive the goods, the different components are reclassified as Remanufactured. The components
are put into stock in the component exchange fleet and they are used in the component exchange program.

You purchase the component in 'Purchase Order. Open' (PPS200).

The goods receipt is done based on the goods receiving method, either direct put-away or one-stage or two-stage inspection. This is done in 'Purchase Order. Receive Goods' (PPS300) and in 'Purchase Order. Inspect Goods' (PPS310).

2 Selling a Remanufactured Component

A remanufactured component is sold to the customer in 'Customer Order. Open' (OIS100). When you sell a remanufactured component the attributes on the component will automatically trigger the addition of a core charge item to the order. A customer return record will be automatically created in 'Customer Return. Open (OIS390) indicating that a worn component is expected in return.

3 Customer Returning the Core

The customer receives a credit when returning the core. The value of this credit is based on the defined core terms and the condition (state of wear and tear) of the returned core. The returned core must be inspected to determine its condition.

You enter the core return in 'Customer Return. Open Line' (OIS391).

The inspection result is entered in 'Customer Return. Display Inspection Result' (OIS392).

4 Remanufacturing Core

A returned core is repaired or remanufactured and then returned into the stock of remanufactured components.

If the remanufacturing is done by the company in-house, a work order is created for the remanufacturing. When the remanufacturing is completed, the work order is closed and the attribute on the component is changed from Worn to Remanufactured at that time. When the work order is closed, the component is put into the remanufactured stock.

If the remanufacturing is done by a third-party repair shop or a supplier, a work request is created for the remanufacturing. When the request is released to become a work order, a repair purchase proposal is created and is then released to become a repair purchase order. The component is sent away for repair to the supplier.

When the remanufacturing is completed, the component is sent back to the company. At goods receipt on the repair order the attributes for the component are entered and the work order is updated. When the work order is closed, the component is put into the remanufactured stock.

The component can also belong to the supplier exchange program. In that case, the core is sent back to the supplier on a return-to-supplier order connected to the purchase order for the remanufactured component.

5 Using the Remanufactured Component in Maintenance

A remanufactured component is issued to a maintenance work order and a core is returned.

The component can be manually issued in 'Work Order. Open Line (MOS101) or in 'Req/Distr Order. Open' (MMS100) or can be a part of a predefined service bill of material in 'Service. Open' (MOS300).
When the issue is reported, either by confirming the picking list or making a direct issue, the invoice specification in 'Maintenance CO. Check Preliminary Invoice Spec' (COS170) is updated. When the update is done, a line for the core charge is automatically triggered in the same way as you sold the component on a normal customer order. When returning the core, the component return can be entered in the same way as the issue, but the difference is that the quantity should be negative, for example -1 (or -2,-3, and so on if a batch or lot). When the return is entered, the line for the return is automatically matched with the issue, and the core tracking record for the issue is automatically updated in the core tracking table CORETR.

6 Core Tracking

Core tracking is used to keep track of open core transactions. For example, it is important to track which components must be returned to suppliers and which must be returned from customers. The core transactions are stored in the CORETR table. You can track core components in the Core Tracking Portal, which is a separate application.

7 Supplier Exchange Process

The terms for the purchase of remanufactured components are directly retrieved from the item master definition, and no specific agreement or order type needs to be used. The purchase can be done in a normal purchase order. When the core term is found on the item, and the attribute entered matches the purchase attribute defined for the core term, a record is automatically created in the core tracking table CORETR.

See Also

"Purchasing Components for the Component Exchange Fleet" on page 228
"Remanufacturing Core" on page 230
"Purchasing a Component for Component Exchange with Supplier" on page 226
"Returning Cores to Supplier" on page 231
"Core Tracking" on page 217
"Defining Settings for Component Exchange with Supplier in Core Management Process" on page 218

Purchasing a Component for Component Exchange with Supplier

This document explains how to manage a component exchange agreement with a supplier.
Outcome
You have defined an agreement with a supplier where you buy a component from the supplier and in exchange return a core.
The core tracking table (CORETR) is updated with core transactions.

Before you start
For information about the settings you must define before starting this process, see the following documents:

Defining Settings for Component Exchange with Supplier in Core Management Process

Follow These Steps

1 Create Exchange Purchase Order for Purchase of Component
   You create an exchange purchase order in ‘Purchase Order. Open’ (PPS200) with category 20 (Normal purchase order) and you add a purchase order line in ‘Purchase Order. Open Line’ (PPS201). When you buy an attribute-controlled item, a pop-up window is displayed with the available attributes. Select the attribute Remanufactured. A record in the core tracking table (CORETR) with the return date is created based on defined core terms.

2 Receive Goods with Attribute Remanufactured
   Depending on the settings you have made, the goods are received in either ‘Goods Receipt. Open’ (PPS300) or in ‘Quality Inspection. Open’ (PPS310). An attribute for remanufactured component is selected if that is not already done on the purchase order line.

3 Invoice Received from Supplier for Invoice Matching
   Account entries for exchange purchase orders are created and the account for purchased remanufactured components is updated with the cost.

4 Create Account Entries
   Accounting transactions are generated.

See Also
"Managing Component Exchange between Customer and Company" on page 223
"Remanufacturing Core" on page 230
"Purchasing a Component for Component Exchange with Supplier" on page 226
"Returning Cores to Supplier" on page 231
"Core Tracking" on page 217
"Defining Settings for Component Exchange with Supplier in Core Management Process" on page 218
Purchasing Components for the Component Exchange Fleet

This document explains how you buy components that should belong to the component exchange fleet.

Outcome

You have a fleet of components in stock. The components are reclassified as remanufactured. The core tracking table (CORETR) is updated with core transactions. You use the components in the component exchange process where malfunctioning components, such as cores, are exchanged for new or remanufactured components.

Before you start

- For information about the settings you must define before starting this process, see the following documents:
  
  "Defining Settings for Component Exchange with Supplier in Core Management Process" on page 218

- Attributes for the core must be defined in 'Attribute Model. Open' (ATS050).
- The order type must be set to category 20=Normal purchase order in 'Purchase Order Type. Open' (PPS095).
Follow These Steps

Outline

1 Create a Purchase Order
   You create a purchase order in 'Purchase Order. Open' (PPS200) and add a line in 'Purchase Order. Open Lines' (PPS201).

2 Reclassify Component Using Attribute
   You can reclassify the component using attributes in two ways. The component is given the applicable attributes, for example Remanufactured, in:
   - 'Purchase Order. Receive Goods' (PPS300) when receiving goods
   - 'Purchase Order. Inspect Goods' (PPS310) during quality inspection.

3 Mark Serial Number as Belonging to Component Exchange Fleet
   If the purchased component should belong to the component exchange fleet, then you must give it a serial number. You can define the component as a serialized item by using an item type, which has a serial number template created in 'Item Type. Open' (CRS040). The serial number template must be defined with an equipment type for remanufactured components in 'Equipment/Serialized Item. Open' (MMS240).

4 Create Account Entries
   Accounting transactions are generated.
5 Match the Invoice with Purchase Order

When the invoice is matched, the status of the core tracking record is updated to indicate the progress of the process.

See Also

"Managing Component Exchange between Customer and Company" on page 223
"Remanufacturing Core" on page 230
"Purchasing a Component for Component Exchange with Supplier" on page 226
"Returning Cores to Supplier" on page 231
"Core Tracking" on page 217
"Defining Settings for Component Exchange with Supplier in Core Management Process" on page 218

Remanufacturing Core

This document explains how cores are repaired or remanufactured and then returned to stock in a specific condition.

Results

Outcome
The core is remanufactured and put into the remanufactured fleet. The remanufactured component is ready to be sold again to the customer.

How the System Is Affected
CORETR – The core tracking table is updated with core transactions.

Before you start

For information about the settings you must define before starting this process, see the following settings process documents:

Defining Settings for Component Exchange with Supplier in Core Management Process

Follow These Steps

1 Create Work Request for Internal Repair or Subcontracting
You create a work request for the repair of the core and you select an appropriate service. Services can be either a generic service, a repair, or a more specific service for the component, for example an overhaul.

You can use a generic service for initial inspections in order to determine what must be done. Specific services have all operational steps and material requirements predefined.

The target attribute can be defined on the service. This means that after the work order is closed, the component is assigned the attribute Remanufactured, for example.

The work request can be manually or automatically released to a work order.

You create a work request in 'Work Request. Open' (MOS170) or in 'Work Request. Quick Entry' (MOS185).

2 Return Remanufactured Component to Stock

When the work is completed, all material issues are reported and time transactions are entered, and the work order is closed. When you close a work order a stock location must be defined as put away, if it is not already predefined. In this scenario the stock location is the warehouse and location for the remanufactured fleet.

You close the work order in 'Work Order. Close' (MOS050).

3 Select New Attribute at Closing of Order

When you close the work order, an attribute that describes the condition of the component must be selected. The attribute can be retrieved from the service definition or manually selected from the predefined item attributes.

4 Create Account Entries

Accounting transactions are generated.

See Also

"Managing Component Exchange between Customer and Company" on page 223
"Purchasing Components for the Component Exchange Fleet" on page 228
"Purchasing a Component for Component Exchange with Supplier" on page 226
"Returning Cores to Supplier" on page 231
"Core Tracking" on page 217
"Defining Settings for Component Exchange with Supplier in Core Management Process" on page 218

Returning Cores to Supplier

This document explains how to manage core returns to a supplier.
When you return the core to the supplier, a return-to-supplier order must be created in order to monitor the return.

**Outcome**

You have created a return-to-supplier order and sent it to the supplier.

The core tracking table (CORETR) is updated with core transactions.

A credit invoice is received from the supplier.

**Before you start**

For information about the settings you must define before starting this process, see the following documents:

Defining Settings for Component Exchange with Supplier in Core Management Process

**Follow These Steps**

1. **Create a Return-to-Supplier Order**
   
   You can create a return-to-supplier order in two ways:
   
   • Manually in 'Return to Supplier. Open' (PPS390).
   
   • Automatically during stock analysis in 'Balance Identity. Open Toolbox' (MWS060) by using related option 20=Return to Supplier – Core. You make the required corrections and changes to the order in 'Return to Supplier. Open' (PPS390), which is the last step in the return-to-supplier order process.
   
   The return price is determined by the core terms and the condition (wear and tear) of the returned core.

2. **Print the Return-to-Supplier Document**
   
   You print the return-to-supplier order from 'Return to Supplier. Print Document' (PPS820).
   
   A requisition is automatically created and is allocated to the lot or location entered in (PPS390).

3. **Report Delivery**
   
   You report the delivery in 'Balance Identity. Open Toolbox' (MWS060). The picking list and delivery documents are printed; the core is picked up and packed. The documents for return-to-supplier are enclosed.

4. **Match Invoice**
   
   A credit invoice is received from the supplier for invoice matching. The credit invoice is matched against the return-to-supplier order in 'Supplier Invoice. Record' (APS100). The status of the core tracking record is updated to Closed.
   
   You can monitor the return-to-supplier order to check whether or not a credit invoice is returned from the supplier in 'Purchase Order. Print Received/Not Invoiced' (APS580).
5 Create Account Entries

Accounting transactions are generated at stock withdrawal and at supplier invoice matching in 'Internal Account Entry. Create' (CAS950). The account entries are checked by accounting rules in 'Accounting Rule. Set' (CRS395).

See Also

"Managing Component Exchange between Customer and Company" on page 223
"Purchasing Components for the Component Exchange Fleet" on page 228
"Remanufacturing Core" on page 230
"Purchasing a Component for Component Exchange with Supplier" on page 226
"Core Tracking" on page 217
"Defining Settings for Component Exchange with Supplier in Core Management Process" on page 218
Authorization

Define Purchase Authorization for User

This document explains how you define authority to place purchase orders and/or limit the purchased amount on a certain order.

Outcome

The authority settings are done on the line level when the planned purchase order is processed and/or on the order level when purchase orders are manually or automatically created.

The information is stored in the purchase authority (MPAUTD) table.

Users are entered in a special file where a hierarchy by authorization level is built. A user with authorization level 1 can change and update all authorization information for other users.
### Before you start

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
</table>
| (PPS095/E)       | 070 Authorization check | … if and when authorization should be checked.  
The valid alternatives are:  
1 = No check  
2 = Authorization checked at line level while the purchase order proposal is processed (PPS170)  
3 = Authorization checked at order level while purchase orders are manually or automatically created (PPS200)  
4 = Authorization checked in accordance with both 2 and 3 above (PPS170 and PPS200). |
| (PPS235/B)       | Authorized | … the name of the user to whom system access will be given |
| (PPS235/E)       | Authorization Level | … the user's authority level. The user can be defined with authority levels 1 to 9, where 1 is the highest authority.  
Users with authority level 1 have full authority to make changes to other users' authority.  
Users with authority level 2 to 9 are authorized to access and change the authority for users with the same or lower authority levels. |
| (PPS235/E)       | Signature | … a pin code of four alphanumeric characters used to authorize planned purchase orders and purchase orders. |
| (PPS235/E)       | Max Line Amount | … the maximum order line amount that the user is authorized to approve.  
Example: If the user is defined with an authority of order lines for EUR 100 the system will check if the estimate value of the purchase order line is less than or equal to EUR 100. A user cannot release a purchase order line that is over that budget. |
<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS235/E)</td>
<td>Max Order Amount</td>
<td>…the maximum order amount that the user is authorized to approve. Example: If the user is defined with an authority of EUR 1000, the system will check if the estimated value of the purchase request in (PPS235) is less than EUR 1000. A user cannot release or edit a request that is over that budget.</td>
</tr>
<tr>
<td>(PPS235/E)</td>
<td>Order Type</td>
<td>…an order type or range of types to which the user has authorization. If maximum authority should be given to the user, these fields should be left blank and the include/exclude flag should be set to ’2’.</td>
</tr>
<tr>
<td>(PPS235/E)</td>
<td>Facility</td>
<td>…a facility or range of facilities to which the user has authorization. If maximum authority should be given to the user, these fields should be left blank and the include/exclude flag should be set to ’2’.</td>
</tr>
<tr>
<td>(PPS235/E)</td>
<td>Warehouse</td>
<td>…a warehouse or range of warehouses to which the user has authorization. If maximum authority should be given to the user, these fields should be left blank and the include/exclude flag should be set to ’2’.</td>
</tr>
</tbody>
</table>

**Follow These Steps**

1. Start 'PO Type. Open' (PPS095/E). Activate the 'Authorization check' field by selecting between parameters 1, 2 or 3.
2. Start 'Purchase Authority. Open' (PPS235).
3. Select an sorting order.
4. Select a user ID and an authorization level (if sorting order 2 is used), and select New to display the E panel.
5. On the E panel, specify an authorization level (when sorting order 1 is used), a signature, maximum line amount and a maximum order amount (optional).
6. Specify the restrictions if any (order type, facility and warehouse). Also specify whether the selected objects are to be included in or excluded from the user's authority.
   - If, for example, all fields are left blank and the flag is set to 2, the user will be fully authorized.
Use Authorization in Procurement

This document explains how you authorize a planned purchase order and a purchase order.

Outcome

Based on the authority level defined, the authorized users are allowed to release planned purchase orders and purchase orders.

The information is stored in Authorization Table (MPAUTD).

Authorization is provided to unauthorized users to place purchase orders and limit the purchase amount on a specific order.

For example, a user can be authorized to place a purchase order for a maximum amount of money. If the user tries to place an order that exceeds the allowed amount, the purchase order will be stopped. It will then have to be authorized by a user with higher authority for further processing.

Before you start

Settings for purchase order authorization must be defined. See "Define Purchase Authorization for User" on page 234.

Follow These Steps

Authorization of Planned PO

1. Start 'Planned Purchase Order. Open' (PPS170/B).
2. Select the planned purchase order that requires authorization.
   The status of the purchase order must be 50 with the warning message code "F".
3. Authorize the planned purchase order by entering the user signature on the (PPS171/F) panel.
4. Press Enter to finish and return to PPS170/B.
   The warning message code "F" does not appear now.
   Now you can release the planned purchase order by selecting option 11=Release.

Authorization of a PO

1. Start 'Purchase Order. Open' (PPS200/B1).
   The purchase order status must be 12 = Order stopped authorization required.
2. Authorize the purchase order by entering the user signature on the (PPS200/F) panel. Press Enter.
The purchase order now has status 15= Ready for printout. (If the order is stopped because of accounting errors it will instead be assigned status 13 or 14.)

The status of the purchase order is now 20=Document printed/sent.

See Also

"Create and Release Planned Purchase Order" on page 38
"Create, Release and Display Purchase Order" on page 31
"Define Purchase Authorization for User" on page 234
M3 Business Engine Administrator's Guide for Purchase Order Batch Entry

This document describes the required settings in order to run Purchase Order Batch Entry (POBE) in M3.

Before you start
The following prerequisites must be completed before you can run 'Purchase Order Batch Entry'.

• **Create number series**
  The following number series need to exist in CRS165 (blank division) in order to run 'Purchase Order Batch Entry'.
  
  • **Purchase orders**: 'Number series type' (NBTY) = '20' with a 'Number series' (NBID). NBID can be set to any value. Several number series with NBTY= '20' can exist.
  
  • **Message number**: 'Number series type' (NBTY) = 'PE' and 'Number series' (NBID) = '1'.
  
  • **Detailed message log**: 'Number series type' (NBTY) = '44' and 'Number series' (NBID) = 'D'.

• **Activate application messages**
  The application message '175= Errors detected during POBE' needs to be activated. This is done in CRS424/E. If application message '175' is missing in CRS424, press F14 in CRS424/B. The application message '175' will when automatically be created.

  **Important:** Make sure the user has a record in CRS111 in order to receive e-mails when errors are detected in the POBE.

• **Purchase order batch origin**
  At least one PO batch origin (BAOR) needs to exist in PPS090 in order to run POBE with one of the following parameters.
• **10 no series**
  Enter the 'Number series' (NBID) that is used for the purchase orders created via this 'PO batch origin'. The 'Number series type' (NBTY) '20' with the chosen 'Number series' (NBID) needs to exist in CRS165 (blank division).

• **20 auto level**
  The valid alternatives are:
  1 = Order entry, means that the purchase orders created via the POBE in the interface (PPS370) will stop in status 20 and wait for manual processing of the records.
  2 = Process, means that the purchase orders created via the POBE in the interface (PPS370) is automatically processed to status 90 if no errors are found.

• **30 process method**
  This parameter is only valid if auto level = 2 (Process).
  The valid alternative is:
  1 = Batch job, a job is submitted for the processing of records entered via MI program (PPS370MI) or manually in the interface (PPS370).
  (One more alternative 'Auto job' might be added in the future)

• **40 deletion method**
  The valid alternatives are:
  1 = Raise status, status is raised to 90 on record when it is completed.
  2 = Delete record, record is deleted when it is completed.

**Description**

PPS370MI is the main input program for 'Purchase order batch entry'. The other possibility is to manually add records in PPS370, PPS371...PPS376.

**Note:** No validations are made interactively in PPS370-376. Option 25 = validate should be used instead to validate the data entered in the POBE.

Empty fields are filled with default values. If a field has '?' as a value, the program sets this field to blank/zero regardless of default values.

**Limitations**

Only order category 20 (normal PO) is allowed to use in the first version of POBE.

Only possible to create a new PO, no updates of an already created PO is allowed.

**Available options in different statuses**

The following statuses are used in the POBE:

• 10= Order entry in progress
- 20= Order entry finished
- 23= Error during pre validation *(Error in validation process)*
- 25= Pre validated
- 90= Transferred, no errors

It is possible to edit the data manually in the interface tables via interface programs PPS370-376 if status is below 90 = 'Transferred'. The updated data will then be used in the continuing process. If a record with status 25 is changed the status is lowered to 20. The MI-transactions can only change and update a PO in the interface if the status is 10='Order entry in progress'.

The table lists the available options in different POBE statuses

<table>
<thead>
<tr>
<th>Status:</th>
<th>Options:</th>
<th>10</th>
<th>20</th>
<th>23</th>
<th>25</th>
<th>90</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create in PPS370/371</td>
<td>x</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Create via MI-program</td>
<td>x</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Change in PPS370/371</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Change via MI-program</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Copy</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Delete in PPS370/371</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Delete via MI-program 'Delete Entry' (Deletes entire MSGN)</td>
<td>x</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>PPS370 Option 20=Finish Entry</td>
<td>x</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>PPS370/371 Option 25=Validate</td>
<td>-</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>-</td>
</tr>
<tr>
<td>PPS370 Option 30=Process</td>
<td>-</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>-</td>
</tr>
</tbody>
</table>

**PPS091, Purchase order batch origin. Exceptions**

PPS091 makes it possible to have special parameter settings for a certain 'Supplier'.

**PPS288, Purchase cost. Connect Supplier Costing Element**

In PPS370 and PPS370MI it is possible to update values from external system for purchase costing elements connected to the purchase order head or -lines displayed in PPS215. These values are used in the purchase order processing and invoice matching.

In order to get the integration between the external system and M3 to work regarding updates of costing elements on a PO or a PO-line a setup in PPS288 is required. A supplier costing element should be defined for handling cost updates sent from suppliers i.e. charges, handling costs etc. This supplier costing element is then connected to a purchase costing element in M3, defined in PPS280.
Costing elements in M3 connected to supplier costing elements requires that distribution method (DIMT) in PPS280/E is set to 1 = "Line-unique expenditures" or 2 = "Header-unique expenditure, should not be distributed". Method 3 = "Distribute between header and lines" can not be used in current version of POBE.

The currency code used for the values entered in PPS375 'Purchase Order Batch. Connect Charges' is always equal to the currency on in PPS370/E 'Purchase Order Batch. Open'.

Transactions
The following transactions are available in the MI-program PPS370MI.

- **Transaction StartEntry**
  The purpose of 'StartEntry' is to retrieve the 'Message number' (MSGN).
  The 'Message number' is used to group the 'PO batch information' that are sent together. In all other MI-transactions a valid 'Message number' needs to be entered.
  The only input field is 'Purchase Order batch origin' (BAOR).
  Output field is 'Message number' (MSGN).

- **Transaction AddHead**
  The purpose of 'AddHead' is to create a 'PO batch head' (MXHEAD).
  The output of 'AddHead' is a 'PO number' (PUNO).
  The mandatory fields are: 'Message number' (MSGN) 'Facility' (FACI), 'Warehouse' (WHLO), 'Supplier' (SUNO) and 'Req. delivery date' (DWDT).
  The field 'PO head reference' (HREF) is an optional field. 'PO head reference' can in combination with 'Supplier' be used, instead of 'PO number' (PUNO), in the transactions 'AddLine', 'AddAddress', 'AddCharge', 'AddText' and 'AddAccStr'.

- **Transaction AddLine**
  The purpose of 'AddLine' is to create a 'PO batch line' (MXLINE).
  The output of 'AddLine' is a 'PO line' (PNLI) on a 'PO number' (PUNO).
  It also exists a possibility to directly create both a 'PO batch head' (MXHEAD) and a 'PO batch line (MXLINE) via 'Addline'.
  Use the following examples to fill in 'Addline' details:
  - **Create line using PO number**
    This case will create a 'PO batch line' (MXLINE) to an existing 'PO batch head' (MXHEAD).
    The transactions 'StartEntry' and 'AddHead' must have been run in order to have a valid 'Message number' (MSGN) and 'PO number' (PUNO).
    Mandatory fields are: 'Message number' (MSGN), 'PO number' (PUNO), 'Item no' (ITNO) and 'Ordered qty' (ORQA).
    The fields 'Facility' (FACI), 'Warehouse' (WHLO), 'Supplier' (SUNO) and 'Requested delivery date' (DWDT) should be left blank.
The field 'PO line' (PNLI) is an optional field. If 'PO line' is left blank/zero, it will automatically be fetched.

The field 'PO line reference' (LREF) is an optional field. 'PO line reference' can in combination with 'Supplier' (SUNO) and 'PO head reference' (HREF) be used in the transactions 'AddAddress', 'AddCharge', 'AddText' and 'AddAccStr' instead of 'PO line' (PNLI).

- **Create line using PO head reference**
  This case will create a 'PO batch line' (MXLINE) to an existing 'PO batch head' (MXHEAD).
  The transactions 'StartEntry' and 'AddHead' must have been run in order to have a valid 'Message number' (MSGN) and 'PO head reference' (HREF).
  Mandatory fields are: 'Message number' (MSGN), 'PO head reference' (HREF), 'Item no' (ITNO) and 'Ordered qty' (ORQA). The fields 'Facility' (FACI), 'Warehouse' (WHLO), 'Supplier' (SUNO) and 'Requested delivery date' (DWDT) should be left blank.
  The field 'PO line' (PNLI) is an optional field. If 'PO line' is left blank/zero, it will automatically be fetched.
  The field 'PO line reference' (LREF) is an optional field. 'PO line reference' can in combination with 'Supplier' (SUNO) and 'PO head reference' (HREF) be used in the transactions 'AddAddress', 'AddCharge', 'AddText' and 'AddAccStr' instead of 'PO line' (PNLI).

- **Create head and line**
  This case will create a 'PO batch line' (MXHEAD) and a 'PO batch line' (MXLINE).
  A valid 'Message number' (MSGN) must exist ('StartEntry').
  Mandatory fields are: 'Message number' (MSGN), 'Facility' (FACI), 'Warehouse' (WHLO), 'Supplier' (SUNO), 'Requested delivery date' (DWDT), 'Item no' (ITNO) and 'Ordered qty' (ORQA).
  The field 'PO head reference' (HREF) must be left blank.
  The field 'PO line' (PNLI) is an optional field. If 'PO line' is left blank/zero, it will automatically be fetched.
  The field 'PO line reference' (LREF) is an optional field. 'PO line reference' can in combination with 'Supplier' (SUNO) be used in the transactions 'AddAddress', 'AddCharge', 'AddText' and 'AddAccStr' instead of 'PO line' (PNLI).

- **Transaction AddCharge**
  The purpose of 'AddCharge' is to create a ‘PO batch charge’ (MXOEXP).
  When a ‘PO batch’ is transferred to a real purchase order (MPHEAD, MPLINE etc.) the charges according to the costing model are connected to the PO-head or PO-head.
  When transferred to M3 the ‘PO batch charge’ (MXOEXP) will update or create the 'PO charge' (MPOEXP).

**Work in progress flag**
There is a 'work in progress' flag and a 'job number' on the purchase order head in the interface (MXHEAD). Function programs will always check these fields before performing any operations
on a PO in the interface to make sure that there is not some other job currently working on the batch order. The values of the 'work in progress' flag are:

- 0 = Not in progress
- 1 = Finish entry in progress
- 2 = Update in progress
- 4 = Delete in progress
- 8 = Validate in progress
- 9 = Transfer in progress

Reset-scenarios
The listed scenarios describe some typical settings in POBE.

- **Rollback of entry**
  Some orders have been entered via PPS370MI. FinishEntry has not been called yet. For some reason you wish to regret the entire input and perform a rollback on entire entry.
  Solution:
  Send MI-transaction "DeleteEntry XXXXX". Everything on that entry is deleted. Check Inquiry Type 4 before and after in PPS370

- **Continue FinishEntry after system crash (or dump)**
  System is crashing during ongoing FinishEntry. No answer is received if transaction has finished or not. Did all orders get status 20 and were sent for further processing?
  Solution:
  Re-run FinishEntry when system is up running again: "FinishEntry XXXXX". Either we get the answer transaction ready or automatic reset is performed on the entry and FinishEntry is run again. Check Inquiry type 4 and 5 before and after.

- **Continue processing after system crash (or dump)**
  FinishEntry ready but system crashed while the entry is being processed further.
  Solution:
  Continue processing the entry by using Inquiry Type 5 and option "35 - PO Batch Selection" --> PPS378. All orders that are not already processed is processed. Any locked orders are automatically reset first (not finished orders in MPHEAD will then be roll-backed). Check PPS370 Inquiry Type 4 and 5 as well as PPS200 before and after.

- **Reset single order after system crash (or dump)**
  A single order can be locked on many places in the process after a system crash (status 10, 20, 23, 25, 90).
  Solution:
  Reset the order to status 20 (or 10) by using option "40 Reset" (not fully created order in MPHEAD is then rolled back). Check PPS370 Inquiry Type 1, 5 and PPS200 before and after.
Purchase Order Batch Entry

This document is an overview of Purchase Order Batch Entry.

Outcome

The value of a PO batch entry is that it shall be considered as a building block to various solutions:

- Simple integration to e-procurement
- Possible to upload Purchase Orders from third part Purchase optimization applications
- Integration to freight cost handling systems
- Integration from external Purchase Order applications possible since the interface are build in accordance with M3’s MI-architecture
- Possibility for suppliers to create there own purchase order from a replenishment point.
- Integration to third party purchasing or planning systems

The following tables are updated:

- Purchase Order Batch Origin (MPPBOR)
- PO Batch Origin. Connect Exceptions (MPPBOX)
- PO batch head (MXHEAD)
- PO batch line (MXLINE)
- PO batch address(MXPOAD)
- PO batch charges(MXOEXP)
- Accountings – PO batch line (MXCCST)
- PO batch text(MXTEXT)
- PO head (MPHEAD)
- PO line (MPLINE)
- PO address(MPPOAD)
- PO charge (MPOEXP)
- PO Accountings String (CACCST)
- PO Text (MXYTXH / MXYTXL)
Description

- You can maintain incoming data, receive a complete set of data to add PO batch head, PO batch Address, PO batch Line, PO batch Charges, PO batch, accounting string and PO batch Text through M3 functions with Purchase order batch entry.
- You can also receive key value for M3 and everything is created according to the default value from M3's supplier data, item data and order type data.
- It is also possible to validate, and check errors on received data and error log automatically created. The log is created from the validation part of the PO batch entry record. The log is created through M3's internal mail function.
- Possibility to create Purchase Orders in M3 automatically or by manual transfer (parameter setup). Have a reset function to restart or rollback interrupted transactions.

Limitations

- Only order category 20 (normal PO) is allowed to use in the first version of POBE
- Only possible to create a PO automatically, no update of an created PO is allowed

Overview program and functions
Purchase Order Batch Entry Overview

See Also
"M3 Business Engine Administrator's Guide for Purchase Order Batch Entry " on page 239
"Manage Purchase Order Batch Entry" on page 249
"Settings for Purchase Order Batch Entry" on page 247

Settings for Purchase Order Batch Entry

This document explains how you define the settings for purchase order batch entry.

Outcome
The parameters that control purchase order batch entry are defined.
Use the settings for purchase order batch entry to enter a purchase batch order in 'Purchase Order Batch. Open' (PPS370).
The following tables are updated:

- Purchase Order Batch Origin (MPPBOR)
- PO Batch Origin. Connect Exceptions (MPPBOX)

**Before You Start**

- A number series of type 20 must be defined in 'Number Series. Open' (CRS165).
- A number series of type PE with number series ID 1 must be defined in 'Number Series. Open' (CRS165).
- A number series of type 44 with number series ID D must be defined in 'Number Series. Open' (CRS165).
- The application message type 175 must exist in 'Settings - Application Messages' (CRS424).

**Follow These Steps**

2. On the B panel, enter the batch origin and select New.
3. On the E panel, enter the following parameters: 10 number series, 20 level of automation, 30 process methods, and 40 deletion method.
4. Press Enter.
5. To create Exceptions for a Supplier, start 'PO Batch Origin. Connect Exceptions' (PPS091), via option 11=Exceptions, on the (PPS090/B) panel. Enter the supplier and open the E panel. Enter the exceptions for this supplier.

**Parameters to Set**

<table>
<thead>
<tr>
<th>Program ID/ Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS090/B)</td>
<td>Batch origin</td>
<td>…the purchase-order batch origin. The batch origin uniquely identifies each external or internal system using the PO batch entry in order to create purchase orders in M3. Controlling parameters for this process are defined per batch origin (PPS090) or per batch origin and supplier (PPS091).</td>
</tr>
<tr>
<td>(PPS090/E)</td>
<td>10 number series</td>
<td>…the number series used for PO batch entry. The number series type is 20. The purchase order number used in the interface (PPS370) will be kept in M3 (PPS200).</td>
</tr>
</tbody>
</table>
The field indicates …

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS090/E)</td>
<td>20 level of automation</td>
<td>…the level of automation when you use PO batch entry.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The valid alternatives are:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 = Order entry. The purchase orders created via the POBE in the interface (PPS370) will stop in status 20 and wait for manual processing of the records.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 = Process. The purchase orders created via the POBE in the interface (PPS370) will be automatically processed to status 90 if no errors are detected.</td>
</tr>
<tr>
<td>(PPS090/E)</td>
<td>30 process method</td>
<td>…the process method when you use PO batch entry.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>This parameter is only valid if the auto level is 2 (Process).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The valid alternative is:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 = Batch job. A job is submitted for the processing of records entered via the MI program (PPS370MI) or manually in the interface (PPS370).</td>
</tr>
<tr>
<td>(PPS090/E)</td>
<td>40 deletion method</td>
<td>…the deletion method for records in the PO batch entry (PPS370).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The valid alternatives are:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 = Raise status. The status is raised to 90 on the record when it is completed.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 = Delete record. The record is deleted when it is completed.</td>
</tr>
</tbody>
</table>

**See Also**

"M3 Business Engine Administrator's Guide for Purchase Order Batch Entry " on page 239
"Manage Purchase Order Batch Entry" on page 249
"Purchase Order Batch Entry" on page 245

**Manage Purchase Order Batch Entry**

This document explains the workflow for purchase order (PO) batch entry.

**Outcome**

A purchase batch header is created, validated, and processed. It contains an address, charges, and a text block.
A purchase order batch entry is used for bulk purchase order entries. The following tables are updated:

- Purchase Order Batch Origin (MPPBOR)
- PO Batch Origin. Connect Exceptions (MPPBOX)
- PO batch header (MXHEAD)
- PO batch line (MXLINE)
- PO batch address (MXPOAD)
- PO batch charges (MXOEXP)
- Account entries – PO batch line (MXCCST)
- PO batch text (MXTEXT)

**Before You Start**

The parameters in "Settings for Purchase Order Batch Entry" on page 247 must be defined.

**Follow These Steps**

- **Receive Data for the Batch PO via PPS370MI**

  PPS370MI is used to process external information in order to create a purchase order in M3. The MI program PPS370MI transfers data sent from the external system to M3 and creates records in the interface tables. The interface data is displayed and maintained in the interface programs named PPS370/371/372/375/376.

  The following MI transactions exist:

  - StartEntry - Retrieves a 'Message number' used for grouping PO batch information sent together
  - AddHead - Creates the PO batch header in the M3 interface table MXHEAD
  - AddLine - Creates the PO batch line in the M3 interface table MXLINE
  - AddAddress - Creates an address for a PO batch header or line in the M3 interface table MXPOAD
  - AddCharge - Creates a charge for a PO batch header or line in the M3 interface table MXOEXP
  - AddAccString - Adds an accounting string for a PO batch line in the M3 interface table MXCCST
  - AddText - Adds text for a PO batch header or line in the M3 interface table MXTEXT
  - FinishEntry - Changes the status from 10 to 20 on an entire 'Message number' (containing several batch purchase orders) and starts the processing of the batch information
  - DeleteEntry - Deletes an entire 'Message number'. 'DeleteEntry' is done instead of 'FinishEntry'. Only a 'Message number' in status 10 can be deleted.

See also "Purchase Order Batch Entry" on page 245.
It is also possible to only receive key values for the purchase order while all other required information is created according to the default values for the supplier (CRS620), item (MMS001/002), and order type (PPS095).

• **Validate and Check Errors in Received Data**
  Validation can be performed in one of the following ways:
  - From PPS370MI via the 'FinishEntry' transaction
  - Directly from PPS370, PPS371, PPS372, PPS375, PPS376, and so on using the Validate option
  - Directly from PPS370 using the Process option.

  The statuses of the header, line, address, charge, or text for the PO batch are as follows:
  - 10 = Order entry in progress
  - 20 = Order entry completed
  - 23 = Error during validation
  - 25 = Validation successful
  - 90 = Transferred, no errors detected.

  Settings in PPS090/PPS091 control how the validation process is performed, as follows:
  - 'Auto level' determines whether the MI transaction 'FinishEntry' should stop in status 20 or continue to process the transaction to status 90.
  - 'Process method' determines whether the processing is performed in a batch run or in an auto job. However, the capability to use auto jobs is not currently included in this M3 version. The validation and transfer process will therefore always be performed in a batch run if you use the MI program (PPS370MI) to begin with.

  It is also possible to validate an entire batch order in PPS370 or a single batch order line in PPS371. The validation is always performed interactively from PPS370/371, etc.

• **Transfer Data into M3 BE Database**
  As with validation, transfer is possible using one of the following options:
  - PPS370MI via the 'FinishEntry' transaction (in a batch run)
  - Directly from PPS370 using the Process option (interactive).

  The process is determined by the settings in PPS090/PPS091. The order must be validated before the transfer can start, regardless of whether a separate validation has been made. The transfer process results in new records in the existing M3 tables and batch order tables.

  Unexpected problems such as power cuts, which result in an interrupted transfer, will keep a work-in-progress flag and a job number on the purchase header in the interface. If a purchase order with several PO lines in the interface is transferred successfully to M3 except for one PO line, then the status of the interface PO would be 25/90. Also, the PO header in M3 will have status 06/06. This status indicates that the transfer is not completed. The PO line with the error can be processed again, when the power supply is working, including validation and transfer in the interface (PPS370-376).

• **Purchase Order Created**
The result of the transfer process is a new purchase order (PO) in M3 that can be maintained and used as if it were created directly in (PPS200) and (PPS201). The addition, changing, copying, or deletion of purchase order lines, as well as order confirmation, shipment advice, transportation notification, goods receipt, and invoice control are all possible for a purchase order created via POBE. Charges and text management are also included in this version.

One limitation is that only purchase order category 20 (Normal) can be used in this version.

- **Work with Batch PO Data Manually in the PO Batch Entry**

  You can create and change batch PO data manually in the PO batch entry programs. The following sections describe how to do this.

- **Manually Create Batch Purchase Order**

  2. Press F13 to activate the P panel. Set the panel sequence to EF and the opening panel as A. Press Enter to return to PPS370. The panel sequence should be set to EF1. It is not possible to access PPS370/A from the P panel. You can only select F17 in PPS370/B to open PPS370/A. You can also access the A panel by selecting F17 = Create PO Batch Header.
  3. On the A panel, enter the facility, warehouse, supplier, order type, request delivery date, and PO batch origin. The supplier's default order type is used if the order type is left blank.
  4. Press Enter to continue to the E panel.
  5. The message number and purchase order number are created automatically.
  6. Press Enter to continue to 'Purchase Order Batch. Open Lines' (PPS371).
  7. On the B panel, enter the line, item, and quantity. Click Create.
  8. On the E panel, click F11 = ‘Account Entry’ to open a dialog box.
  9. Enter the account details and click OK.
  10. Press Enter to return to (PPS371).
  11. A purchase order line is created that has status 10.
  12. Press F3 to continue to 'Purchase Order Batch. Open' (PPS370/A).
  13. Press F13 to open the P panel and set the opening panel as B1.
  14. Press Enter to continue to PPS370/B1.
  15. A purchase batch header is created that has status 10.

- **Manually Connect Address for Batch PO Header**

  1. Click F12 = ‘PO Batch Address’ to continue to 'Purchase Order Batch. Connect Address' (PPS372).
  2. On the B1 panel, enter the PO address type and click Create.
  3. On the E panel, enter the company name, address lines, city, state, postal code, and country.
4 Press Enter to continue to PPS372/B1.
5 Press F3 to continue to 'Purchase Order Batch. Open' (PPS370).

• Manually Connect Charges for Batch PO Header
  1 Click F15 = 'PO Batch Charges' to continue to 'Purchase Order Batch. Connect Charges' (PPS375).
  2 On the B panel, enter the serial number and supplier costing element. Click Create.
  3 On the E panel, enter the costing markup.
  4 Press Enter to continue to PPS370/B1.

• Manually Connect Text for Batch PO Header
  1 Click F16= 'PO Batch Text' to continue to 'Purchase Order Batch. Connect Text' (PPS376).
  2 On the B panel, enter the text box and sequence number. Click Create.
  3 Press Enter to continue to PPS370/B1.
  4 Click F16= 'Finish Entry' to complete the batch entry.
      The status is updated from 10 to 20.
  5 Select the PO batch header record and then select F25 = Validate.
      The status is updated from 20 to 25.
  6 Select the PO batch header record and then select F30 = Process.
      • The status is updated from 25 to 90.
      • The record will disappear from PPS370 if parameter 40 is set to 2 in PPS090/E.
      • A new purchase order is created in PPS200.

• Manually Connect Address for Batch PO Line
  1 Click F12 = 'PO Batch Address' to continue to 'Purchase Order Batch. Connect Address' (PPS372).
  2 On the B1 panel, enter the PO address type. Click Create.
  3 On the E panel, enter the company name, address lines, city, state, postal code, and country.
  4 Press Enter to continue to PPS372/B1.
  5 Press F3 to continue to 'Purchase Order Batch. Open Lines' (PPS371).
      A plus sign appears in the record for the address column.

• Manually Connect Charges for Batch PO Line
1 Click F15 = 'PO Batch Charges' to continue to 'Purchase Order Batch. Connect Charges' (PPS375).

2 On the B panel, enter the serial number and supplier costing element. Click Create.

3 On the E panel enter the costing markup.

4 Press Enter to continue to PPS371/B1.
   A plus sign appears in the record for the charge column.

• **Manually Connect Text for Batch PO Line**

1 Click F16= 'PO Batch Text' to continue to 'Purchase Order Batch. Connect Text' (PPS376).

2 On the B panel, enter the text box and sequence number. Click Create.

3 Press Enter to continue to PPS371/B1.
   A plus sign appears in the record for the text column.

4 Click F16= 'Finish Entry' to complete the batch entry.
   The status is updated from 10 to 20.

5 Select the PO batch header record and then select F25 = Validate.
   The status is updated from 20 to 25.

6 Select the PO batch header record and then select F30 = Process.

**See Also**

"M3 Business Engine Administrator's Guide for Purchase Order Batch Entry " on page 239

"Purchase Order Batch Entry" on page 245

"Settings for Purchase Order Batch Entry" on page 247
Create and Display Supplier Statistics

This document explains how you create and display supplier statistics. It also explains how you print supplier statistics.

Results

Outcome
Detailed supplier statistics are generated.

Uses
Use the supplier statistics to do the following:

- Summarize the totals for all the suppliers and period as well as a count of key factors for each supplier.
- Compare different suppliers based on the performance supplier value.
- Print and use for further analysis.

How the System Is Affected
The purchase statistics are updated in the MVENST file.

Before you start
The parameters in "Define Settings for Supplier Evaluation and Statistics" on page 258 must be defined.

Follow These Steps
Create Supplier Statistics

2  Press F13 to open the P panel. Set the opening panel as B and press Enter.

3  On the B panel, enter the report version and click Create.
    Report versions are stored under optional IDs in a separate file that contains sets of selections and sorting parameters for created reports.

4  On the E panel, enter the supplier and the period.
    Two different period ranges can be selected.

5  Press Enter to return to PPS435.

6  On the B panel, select the created record and then select option 9 = Run to display the E panel again.

7  Enter the supplier and the period.

8  Press Enter.
    The job is submitted.

Display Supplier Statistics

1  Start ‘Supplier Statistics. Display’ (PPS440).

2  Press F13 to open the P panel. Set the panel sequence as EFG, enter the maximum number of records, and select one of the options in ‘Column display’.

   ‘Column display’ indicates how totals in statistics columns must be calculated and presented.
   The valid alternatives are:
   0 = Not displayed
   1 = The cumulated total for all the record displayed on the screen
   2 = The average calculated for each column is displayed on the screen.

3  Press Enter.

4  On the B panel enter the supplier number, yearly statistics, and period (if sorting order 1 is used).
    Press Enter.
    The placed orders and the invoiced value for the mentioned period are displayed.
    Select the sorting order based on the way you want to display the data.

5  Select one of the records and then select basic option 5 = ‘Display’ to continue to the E panel.
   •  Information is displayed about placed and reported purchase order lines and invoices during a specific period.
   •  Order indicates how many purchase orders were entered for this period.
   •  The purchase order lines are separated into three different priority classes:
     1= Extremely urgent
     2= Urgent
     3= Normal
These classes are connected to the priority specified on the purchase order line. The different priorities are defined in 'Purchase Order Priority. Open' (PPS230).

A parameter on the priority code controls whether the follow-up of delivery time values in the supplier statistics should be updated. This makes it possible to delete lines from a performance evaluation when the customer has not kept to the agreed lead time.

- The invoice field indicates the number of invoices and lines booked during the period, the total invoiced amount, and incorrect invoices. The last field refers to the invoice remark reason in 'Supplier Invoice. Update Reported' (PPS400/E) and must be updated manually.
- Scroll backward and forward between the periods using F7 (Scroll backward) and F8 (Scroll forward), respectively.

6 Press Enter to continue to the F panel.

- Details about delays, inspections, and claims during a specific period are displayed.
- In the left column, the average delay days and average early days fields display the average time for delayed and early deliveries. The ranges are defined in 'Settings - Purchase Statistics' (PPS430).
- At the bottom of the left column the numbers of inspected batches as well as the quality inspection result are displayed.
- The delivery time discrepancy class 1-5 fields display the delivery time discrepancy for the closed lots. They are divided into different delivery time ranges depending on when the lot was delivered. An early cost of capital amount is calculated for the early deliveries based on the interest rate entered in 'Settings - Purchase Statistics' (PPS430).
- The value received field is calculated as: Received quantity * (Invoiced price - Discount)
- Information about closed claim errands during the period is displayed at the bottom of the right column. The number of automatically created claims, the total claim amount, and the number of manually created claims are displayed in the fields for the number of receiving claims, value claims, and number of other claims.

7 Press Enter.

8 Performance values for the supplier during the period are calculated and accumulated on the G panel. These values can be used as a measurement when different suppliers are evaluated.

- Five performance values are calculated, as follows:
  SP Performance supplier
  DP Performance delivery time
  EDC Early Delivery Cost
  DQ Delivery Quality
  IQ Invoice Quality
- The Performance Supplier value (SP) is a summary performance value when the results of the four other values are taken into consideration. The optimal value of SP is 1 (the perfect supplier).
• The performance value is calculated by weighing the factors as delivery time (DT), delivery quality (DQ), invoice quality (IQ), and interest cost for early deliveries (EDC).

The formula is:

\[ SP = K10 \times DP + K11 \times DQ + K12 \times EDC + K13 \times IQ \]

• K10-K13 are different weight factors indicating how important each aspect is to our business. If the quality aspects are very important, more important than the delivery quality, this factor will be given a higher priority. The different weights are preset in 'Parameters - Purchase Statistics' (PPS430) and are displayed on the bottom of the G panel. For more information about K-factors, see Managing Supplier Evaluation and Statistics.

9 Press Enter to return to PPS440/B.

Print Supplier Statistics

1 Start 'Supplier Statistics. Print' (PPS860).

2 On the E panel, you can select different selection fields, such as supplier group, quality class, and buyer.

• Two different period frames can be selected.
• Sorting order can be marked, using numerical values. The lowest numerical value is given the highest priority.
• Activate the 'Page break' check box to print totals at line breaks.
• Activate the 'Tot' check box to print totals at line breaks.

3 Press Enter.

The printing job is submitted.

See Also

"Managing Supplier Evaluation and Statistics" on page 272
"Display Purchase Statistics" on page 268
"Create and Display Supplier Statistics" on page 255
"Display Delivery Time Statistics" on page 266
"Display Quality Inspection Statistics" on page 270
"Update and Print ABC Classification for Suppliers" on page 277
"Define Settings for Supplier Evaluation and Statistics" on page 258

Define Settings for Supplier Evaluation and Statistics

This document explains how you define settings for supplier evaluation and statistics.
Outcome

The parameters that control supplier evaluation and statistics are defined.

The following files are updated:

- Purchase Statistics (MPURST)
- Supplier Statistics (MVENST)

The parameters are used to display purchase statistics, summarize supplier statistics, supplier evaluation statistics, delivery time statistics, quality inspection statistics, and ABC classification.

Before you start

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS095/B)</td>
<td>Purchase order type</td>
<td>…an order type. The order type is a combined ID for the settings that determine how an order is processed in the processing flow during order entry.</td>
</tr>
<tr>
<td>(PPS095/K)</td>
<td>720 – Supplier performance effect</td>
<td>…if the purchase order should affect the supplier's performance evaluation.</td>
</tr>
<tr>
<td>(PPS095/K)</td>
<td>721 – Vendor statistics update</td>
<td>…if the vendor statistics need to be updated.</td>
</tr>
<tr>
<td>(CRS624/E)</td>
<td>ABC class supplier</td>
<td>…the supplier's ABC class. The ABC class is used to classify suppliers and is based on the yearly purchase volume when it is calculated automatically. You can also enter the ABC class manually (method 0).</td>
</tr>
<tr>
<td>(CRS624/E)</td>
<td>ABC method supplier</td>
<td>…the ABC class. Select the check box to update the ABC class automatically. Clear the check box to update it manually.</td>
</tr>
<tr>
<td>(CRS624/F)</td>
<td>Supplier statistics</td>
<td>…a check box. If the statistics should be calculated for the supplier; select the check box.</td>
</tr>
<tr>
<td>(CRS624/F)</td>
<td>Number of years of statistics</td>
<td>…the number of years for which the accumulated supplier statistics should be saved.</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates …</td>
</tr>
<tr>
<td>-----------------</td>
<td>----------------------</td>
<td>----------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>(PPS430/B)</td>
<td>Division</td>
<td>…a division. This is an ID for a legal unit within a company group.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Division is a key value for the financial system in M3.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>One division can consist of several facilities. Facilities are used in material and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>production management and for purchasing purposes.</td>
</tr>
<tr>
<td>(PPS430/E)</td>
<td>Period type MPM/MAI</td>
<td>…which period type (1-5) should be used in M3 MPM.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Five period types can be defined using (CRS910). For each application, enter the</td>
</tr>
<tr>
<td></td>
<td></td>
<td>period type.</td>
</tr>
<tr>
<td>Program ID/ Panel</td>
<td>Field</td>
<td>The field indicates …</td>
</tr>
<tr>
<td>-------------------</td>
<td>-------</td>
<td>-----------------------</td>
</tr>
</tbody>
</table>
| (PPS430/E)        | Accumulation method - suppl performan | …which method must be used when the accumulated supplier performance values for each supplier are calculated in the supplier statistics. The valid alternatives are: 1 = Moving average 2 = Exponential smoothing. The accumulated performance value is calculated according to the moving average method as mentioned below:  
\[ Y(t) = \frac{(Y(t-1) + Y(t-2) + \ldots + Y(t-n))}{n} \]  
Y = Accumulated value for the current period. Y(t-1) = Accumulated value period t-1 n = Number of periods included in calculation, as specified in the supplier statistics. The accumulated performance value is calculated according to the exponential smoothing method as mentioned below:  
\[ Y(t) = (1-A) \times Y(t-1) + A \times Y \]  
Y = Actual valued for period t. Y (t) = Accumulated value for the current period (t). Y (t-1) = Accumulated value period (t-1). A = Smoothing constant [0 to 1]. |
<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
</table>
| (PPS430/E)      | Delivery discrepancy days range 1 – 5 | …the start and the end values used to classify a purchase order with regards to its delivery time.  
The delivery discrepancy range is a classification similar to early deliveries, late deliveries or deliveries on time.  
Example:  
Six order lines have discrepancy days equal to -34, -13, 1, 0, 5 and 16. This in combination with the following discrepancy range gives the following classification:  
Discrepancy range 1 = (-999 to -15 days) = 1  
Discrepancy range 2 = (-14 to -6 days) = 1  
Discrepancy range 3 = (-5 to +5 days) = 3  
Discrepancy range 4 = (+6 to +14 days) = 0  
Discrepancy range 5 = (+15 to +999 days) = 1 |
| (PPS430/E)      | Early delivery - cost of capital pct | …the interest rate that is included in the calculation of the cost that arises for early deliveries. |
| (PPS430/E)      | Weighing factor K10 | …the weighing factor for delivery time performance used for supplier evaluation.  
You can enter a value between 0 and 1.  
Weighing factor K10 affects the supplier's performance evaluation along with K11, K12, and K13 according to the following formula:  
(K10 * delivery deviation) + (K11 * delivery quality) + (K12 * interest cost early delivery) + (K13 * invoice quality) where,  
K10 + K11 + K12 + K13 = 1. |
<table>
<thead>
<tr>
<th>Program ID/ Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS430/E)</td>
<td>Weighing factor K11</td>
<td>…the weighing factor for delivery quality used for supplier evaluation.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>You can enter a value between 0 and 1.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Weighing factor K11 affects the supplier's performance evaluation along with K10, K12, and K13 according to the following formula:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>[(K10 \times \text{delivery deviation}) + (K11 \times \text{delivery quality}) + (K12 \times \text{interest cost early delivery}) + (K13 \times \text{invoice quality})] where, K10 + K11 + K12 + K13 = 1.</td>
</tr>
<tr>
<td>(PPS430/E)</td>
<td>Weighing factor K12</td>
<td>…the weighing factor for the relative cost of early deliveries in connection to supplier evaluation.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>You can enter a value between 0 and 1.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Weighing factor K12 affects the supplier's performance evaluation along with K10, K11, and K13 according to the following formula:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>[(K10 \times \text{delivery deviation}) + (K11 \times \text{delivery quality}) + (K12 \times \text{interest cost early delivery}) + (K13 \times \text{invoice quality})] where, K10 + K11 + K12 + K13 = 1.</td>
</tr>
<tr>
<td>(PPS430/E)</td>
<td>Weighing factor K13</td>
<td>…the weighing factor for invoice quality used for supplier evaluation.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>You can enter a value between 0 and 1.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Weighing factor K13 affects the supplier's performance evaluation along with K10, K11, and K12 according to the following formula:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>[(K10 \times \text{delivery deviation}) + (K11 \times \text{delivery quality}) + (K12 \times \text{interest cost early delivery}) + (K13 \times \text{invoice quality})] where, K10 + K11 + K12 + K13 = 1.</td>
</tr>
</tbody>
</table>
The field indicates …

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS430/E)</td>
<td>Weighing factor K30</td>
<td>…the weighing factor used while calculating the delivery quality.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Factors K30, K31 and K32 collectively affect the delivery quality.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>K30 affects the number of approved lots with remarks.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>K31 affects the number of partly rejected lots.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>K32 affects the number of rejected lots.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>You can enter a value between 0 and 1. The sum of K30 + K31 + K32 = 1.</td>
</tr>
<tr>
<td>(PPS430/E)</td>
<td>Weighing factor K4</td>
<td>…the weighing factor used while calculating the interest costs for early deliveries.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>K4 indicates the weight that must be placed on the early deliveries, in regards to the</td>
</tr>
<tr>
<td></td>
<td></td>
<td>overall supplier performance evaluation. The lower the value for factor K4, the lesser</td>
</tr>
<tr>
<td></td>
<td></td>
<td>the emphasis given to early deliveries.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>You can enter a value between 0 and 1.</td>
</tr>
<tr>
<td>(PPS430/E)</td>
<td>Period factor K2</td>
<td>…a period factor, in days, used for delivery follow-up.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>K2 is a weighing factor that determines the number of delivery delays that affect the</td>
</tr>
<tr>
<td></td>
<td></td>
<td>supplier performance evaluation.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A higher number indicates a higher tolerance for delivery delays.</td>
</tr>
<tr>
<td>(PPS430/E)</td>
<td>Weighing factor K5</td>
<td>…the weighing factor used to calculate the invoice quality.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>K5 indicates the weight that must be placed on the supplier's invoice quality with</td>
</tr>
<tr>
<td></td>
<td></td>
<td>regards to the overall supplier performance evaluation. The lower the value for factor</td>
</tr>
<tr>
<td></td>
<td></td>
<td>K5, the lesser the emphasis given to invoice quality.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>You can enter a value between 0 and 1.</td>
</tr>
<tr>
<td>(PPS430/E)</td>
<td>Number of periods in</td>
<td>…the number of periods used for the calculation of the accumulated supplier</td>
</tr>
<tr>
<td></td>
<td>moving average calc</td>
<td>performance values according to the moving average calculation method.</td>
</tr>
</tbody>
</table>
The field indicates …

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS430/E)</td>
<td>Smoothing constant</td>
<td>…the weight to be given between the previous period's value and the current period's value. The smoothing constant is used when calculating the accumulated supplier performance values according to the exponential smoothing method. You can enter a value between 0 and 1.</td>
</tr>
</tbody>
</table>

Follow These Steps

1. Start 'PO Type. Open' (PPS095).
2. On the K panel, select 'Supplier performance effect' and 'Vendor statistics update'.
4. On the F panel, select 'Supplier Statistics' and input the 'No of years of statistics'.
6. On the B panel, enter the division and select the Create option.
7. On the E panel, enter the period type MPM/MAI, accumulation method - suppl performance, delivery discrepancy days range 1-5, early delivery - cost of capital percentage, weighing factor K10, weighing factor K11, weighing factor K12, weighing factor K13, weighing factor K30, weighing factor K4, period factor K2, weighing factor K5, number of periods in moving average calculation, and smoothing constant.
8. Press Enter.

See Also

"Managing Supplier Evaluation and Statistics" on page 272
"Display Purchase Statistics" on page 268
"Create and Display Supplier Statistics" on page 255
"Display Delivery Time Statistics" on page 266
"Display Quality Inspection Statistics" on page 270
"Update and Print ABC Classification for Suppliers" on page 277
Display Delivery Time Statistics

This document explains how you display and print delivery time statistics. It also explains how you print the internal lead time and the transport lead time.

Outcome

Detailed delivery time statistics are generated and printed. The purchase statistics are updated in the MPURST file.

Use the delivery time statistics to do the following:

• Display a specified supplier’s delivery times on delivered lines, for an item as well as in a summarized format.
• Check the supplier delivery status
• Check how the total order amount is divided.

Before you start

The parameters in "Define Settings for Supplier Evaluation and Statistics" on page 258 must be defined.

Follow These Steps

Display Delivery Time Statistics

1 Start 'Delivery Time Statistics. Display Detail' (PPS460).
2 On the B panel, enter the supplier number, facility, warehouse, priority, actual delivery date, number of discrepancy days, and scale.
3 Press Enter.
   • The Discrepancy days field indicates the difference in days between actual delivery date and planned delivery date.
   • A negative value indicates an early delivery and a positive value a delayed delivery.
   • The percentage displayed on the panel is the discrepancy amount compared with the discrepancy factor in the header.
4 Select Option 15 = ‘Summary’ to move to 'Delivery Time Statistics. Display Sum' (PPS461).
5 On the B panel, enter the supplier number, facility, warehouse, priority, actual delivery date, number of discrepancy days, and scale.
6 Press Enter.
   • The summarized delivery time statistics is displayed.
   • An optimal delivery time performance must have all orders (100%) in the middle, interval 0-0.

Print Delivery Time Statistics
1 Start 'Delivery Time Statistics. Print' (PPS870).

2 On the E panel, enter the supplier group, supplier number, buyer, order type, facility, warehouse, priority, item type, item group, procurement group, ABC classification, volume, item number, and number of discrepancy days.
   • Two different ranges can be selected.
   • Sorting order can be marked using numerical values. The lowest numerical value is given the highest priority.
   • Activate the 'Page break' check box to print totals at line breaks.
   • Activate the 'Prt Tot' check box to print totals at line breaks.
   • Activate the 'Prt Pct' check box if percentages must be included when the total is printed.

3 Press Enter.
   The printing job is submitted.

Print Internal Lead Time

1 Start 'Purchase Order. Print Internal Lead Time' (PPS680).

2 On the E panel, enter the facility, warehouse, buyer, supplier number, order type, purchase order number, receiving date, goods receiving method, and item number.
   • Two different ranges can be selected.
   • Sorting order can be marked using numerical values. The lowest numerical value is given the highest priority.
   • Activate the 'Page break' check box to print totals at line breaks.

3 Press Enter.
   The printing job is submitted.

Print Transport Lead Time

1 Start 'Purchase Order. Print Transport Lead Time' (PPS685).

2 On the E panel, enter the facility, warehouse, buyer, supplier number, order type, purchase order number, receiving date, goods receiving method, and item number.
   • Two different ranges can be selected.
   • Sorting order can be marked using numerical values. The lowest numerical value is given the highest priority.
   • Activate the 'Page break' check box to print totals at line breaks.

3 Press Enter.
   The printing job is submitted.
Display Purchase Statistics

This document explains how you display purchase statistics. The detailed purchase statistics contain information about the closed purchase order lines for each item or for each supplier.

Outcome

Detailed purchase statistics are generated. The purchase statistics are updated in the MPURST file. Use the purchase statistics to do the following:

• Access the old and closed purchase orders
• Evaluate the performance of different suppliers
• Follow up on purchases of different items
• Print and use for further analysis.

Before you start

The parameters in "Define Settings for Supplier Evaluation and Statistics" on page 258 must be defined.

Follow These Steps

Display Detailed Purchase Statistics

1 Start 'Purchase Statistics. Display' (PPS450).
2 Press F13 to activate the P panel. Set the opening panel to A and the panel sequence to EFGH1.
3 Press Enter.
4 On the B panel, enter the item number, buyer, invoice date, facility, and warehouse (for sorting order 1 and 2).
5 On the B panel, enter the supplier number, buyer, item number, invoice date, facility, and warehouse (for sorting order 3).
6 On the B panel, enter the supplier number, buyer, purchase order number, purchase order line, facility, and warehouse (for sorting order 4).

7 Press Enter.

8 You can view the following information in the panels indicated.
   - Detailed date and quantity information about the purchase order line: E panel.
   - Price and delivery information: F panel.
   - Information about an item: G panel.
   - The summary of the statistics for the purchase order line: H panel. The 'Discrepancy days' field is calculated in number of working days.

9 Press Enter to continue to 'Purchase Order. Display Invoice Trans' (PPS410).

Display Purchase Order Invoice Transaction

1 On the B panel, the purchase order number, supplier number, warehouse, item number, and status are automatically retrieved.
   - The supplier invoice numbers that are booked against this purchase order line are displayed.
   - If the entire quantity on the purchase order line is invoiced on the same invoice, only one entry appears in this program.
   - Status 80/85 on an order line means that invoice reporting has started but the whole quantity has not been invoice-reported.

Print Purchase Statistics

1 Start 'Supplier Quotation. Print Price Evaluation' (PPS865).

2 On the B panel, enter the supplier group, supplier number, buyer, order type, facility, warehouse, priority, item type, item group, procurement group, ABC classification, volume, item number, and currency.
   - Two different ranges can be selected.
   - Sorting order can be marked, using numerical values. The lowest numerical value is given the highest priority.
   - Activate the 'Page break' check box to print totals at line breaks.

3 Press Enter.
   The printing job is submitted.

See Also

"Managing Supplier Evaluation and Statistics" on page 272
"Define Settings for Supplier Evaluation and Statistics" on page 258
"Create and Display Supplier Statistics" on page 255
Display Quality Inspection Statistics

This document explains how you display quality inspection statistics. It also explains how you print quality inspection statistics and quality analysis statistics.

Outcome

Detailed quality inspection statistics are generated. The purchase statistics are updated in the MPURST file.

Use the quality inspection statistics to do the following:

- Display the results from the reported quality inspections, both for specific suppliers and for specific items.
- Print and use for analysis.

Before you start

The parameters in "Define Settings for Supplier Evaluation and Statistics" on page 258 must be defined.

Follow These Steps

Display Quality Inspection Statistics

2. Press F13 to open the P panel. Set the opening panel to B and press Enter.
3. On the B panel, enter the supplier number, entry date, QI result ranges, facility, and warehouse (for sorting order 1).
4. Press Enter.
   - Different inspection results in reporting date order for a specific supplier are displayed by the quality inspection statistics.
   - The QI result field indicates the quality inspection result.

The valid alternatives are:

0 = Partially reported approved quantity (in case of material shortages)
1 = Fully approved
2 = Approved with remarks
3 = Partially rejected  
4 = Rejected.

5 On the B panel, enter the item number, entry date, facility, warehouse, service process, and supplier. Select the QI result ranges (for sorting order 2).

6 Press Enter. 
The inspection result and the reason for rejection are displayed.

7 On the B panel, enter the item number, entry date, facility, warehouse, service process, supplier, and quality inspection task. Select the QI result ranges (for sorting order 3).

8 Press Enter. 
The inspection result, together with the service process, supplier, and quality inspection task are displayed.

9 Select one of the records, and click Display to continue to the E panel.

The following information is displayed: Receiving number, supplier number, manufacturer, item number, service process, service, QI task, QI result, reject reason, approved quantity, rejected quantity, inspected quantity, QI/rejected quantity, quantity in stock approved with remark, and QI level.

Print Quality Inspection Statistics

1 Start 'Inspection Statistics. Print' (PPS880).

2 On the E panel, enter the facility, warehouse, supplier group, supplier number, responsible, buyer, order type, item type, item group, procurement group, ABC class, volume, and item number.
   • Two different period ranges can be selected.
   • Sorting order can be marked, using numerical values. The lowest numerical value is given the highest priority.
   • Activate the 'Page break' check box to print totals at line breaks.

3 Press Enter. 
The printing job is submitted.

Print Quality Analysis Statistics

1 Start 'Inspection Statistics. Print Analysis' (PPS875).

2 On the E panel, enter the facility, warehouse, supplier group, supplier number, responsible, buyer, order type, item type, item group, procurement group, ABC class, volume, and item number.
   • Two different period ranges can be selected.
   • Sorting order can be marked, using numerical values. The lowest numerical value is given the highest priority.
   • Activate the 'Page break' check box to print totals at line breaks.
• Activate the 'Prt Tot' check box to print totals at line breaks.
• Activate the 'Prt Pct' check box if percentages must be included when the total is printed.

3 Press Enter.
   The printing job is submitted.

See Also
"Managing Supplier Evaluation and Statistics" on page 272
"Define Settings for Supplier Evaluation and Statistics" on page 258
"Display Purchase Statistics" on page 268
"Create and Display Supplier Statistics" on page 255
"Display Delivery Time Statistics" on page 266
"Update and Print ABC Classification for Suppliers" on page 277

Managing Supplier Evaluation and Statistics

This document explains how to perform supplier evaluation and how supplier statistics can be used to evaluate the performance of different suppliers.

Outcome
Use supplier evaluation and statistics to analyze the following:
• The quantity of a particular item that was bought in a year compared to the previous years
• The delivery precision of the supplier and its effectiveness
• The number of goods and which goods were rejected during quality inspection
• The relationship between invoiced prices and purchase order prices.

For more information, refer to the related documents listed in the See also section.

Before You Start
The parameters in "Define Settings for Supplier Evaluation and Statistics" on page 258 must be defined.
Follow These Steps

Outline

1 Purchase Statistics

Purchase statistics contain information about the closed purchase order lines for each item or for each supplier. Depending on how this value is set in 'Purchase Order Types. Open' (PPS095), the purchase order line is closed. It is ready for statistics upon completion of put-away or ready for statistics after invoice reporting.

You can re-create purchase statistics in 'Purchase Statistics. Re-Create' (PPS910).

2 Delivery Statistics

Delivery time measurement enables you to view a supplier's delivery performance on a summarized or detailed level. The statistics are available both on screen and as a report.

On the summarized level, you measure the delivery performance of the supplier by filtering the possibilities of order priority, delivery time period, discrepancy days, facility, and receiving warehouse.

On the detailed level, the same information is measured in a combination of item and supplier. It is displayed in 'Delivery Time Statistics. Display Detail' (PPS460/B).
In the reports, you can display the statistics in the supplier's language. This makes it easy to be in constant contact with the suppliers and discuss appropriate measures for improvements and results.

The statistics report enables you to compare the current and previous half-year periods in order to preview and monitor trends.

The statistics contain aggregated information on the number of purchase order lines and supplier evaluation. This is displayed in 'Supplier Statistics. Display' and printed in 'Supplier Statistics. Print' (PPS860).

3 Supplier Statistics

Supplier evaluation statistics contain measurements of four factors:

• Delivery time
• Quality
• Invoice quality
• Interest expense for early deliveries.

You can measure the progress of individual suppliers, as well as measure suppliers against each other based on the past performance by creating key performance indicators.

These key factors are calculated automatically according to the setup in 'Settings - Purchase Statistics' (PPS430).

The setup in PPS430 is the input to calculate a summary performance value for the suppliers during a specific period. The optimal value of the performance is 1 (Perfect Supplier). The performance value is calculated by weighting the following factors:

• Delivery time (K10)
• Interest cost for early deliveries (K11)
• Delivery quality (K12)
• Invoice quality (K13)

The factors K10-K13 are weights that reflect the importance of each factor. For example, if all the factors are equally important to the company, you can set the factors to 0.25 each. If the delivery times and the delivery quality are the only factors that are important, you can set each of these to 0.5 and let the other two be zero.

Connection between K Factors
Period factor $K_2$ is used to calculate delivery performance. $K_2$ indicates the tolerance level for delivery delays. The higher the value on this field, in days, the more tolerant it is to supplier delays. The formula is:

$$\text{Delivery Performance} = \frac{1 - \text{Number of Delay days}}{\text{Number of Closed Orders} \times K_2}$$

$K_{30}$-$K_{32}$ are factors used to calculate the delivery quality.

$$1 - K_{30} \times \text{No.Appr lots} + K_{31} \times \text{NoPartlyRejLots} + K_{32} \times \text{NoRejLots}$$
Quality Performance = ________________
Number of lots

The factors K4 and K5 indicate the tolerance for early deliveries and invoice quality.

Cost Early Delivery

Performance Early Delivery = 1 – K4 x ________________
Value Received

Number of incorrect Invoices

Invoice Performance = 1 – K5 x ________________
Number of Invoices

4 Quality Inspection Statistics

Quality inspection is performed in 'Inspection Statistics. Display' (PPS465), 'Inspection Statistics. Print' (PPS880), and 'Inspection Statistics. Print Analysis' (PPS875).

'Inspection Statistics. Print' (PPS880) offers a detailed list of inspections performed with a description of the results. Reports can be selected using language codes.

'Inspection Statistics. Print Analysis' (PPS875) is a detailed list displaying two periods in parallel; facilitating supplier development analysis. You can select reports using language codes.

5 ABC Classification

You can use ABC classification as a method to classify suppliers. Based on the yearly purchase volume, ABC classification is calculated automatically. It can also be updated manually.

The suppliers are classified into different groups depending on different aspects such as quality and delivery time.

The ABC classification details are updated in 'Supplier. Define Purchase & Financial' (CRS624). If automatic update of the ABC Class field is selected, the update is done in 'ABC Classification Supplier. Update' (PPS445).

The details of the ABC classification can be printed in 'ABC Classification Supplier. Print' (PPS445).

See Also

"Define Settings for Supplier Evaluation and Statistics" on page 258
"Display Purchase Statistics" on page 268
"Create and Display Supplier Statistics" on page 255
Update and Print ABC Classification for Suppliers

This document explains how you update and print an ABC classification for suppliers.

Results

Outcome
The suppliers are classified into different groups depending on factors such as quality and delivery time.

Uses
Use the ABC classification to do the following:
• Classify suppliers based on the yearly purchase volume
• Print and use for analysis.

How the System Is Affected
ABC classifications are updated in the MPURST file.

Before you start
The parameters in "Define Settings for Supplier Evaluation and Statistics" on page 258 must be defined.

Follow These Steps
Update ABC Classification Statistics

1 Start 'Supplier. Define Purchase & Financial' (CRS624).
2 On the B panel, select the supplier to be updated and then select the Change option.
3 On the E panel, enter the 'ABC class – supplier' and select the 'ABC method – supplier'.
   • The field 'ABC method – Supplier' indicates how that the ABC class is updated. The valid alternatives are:
     0 = Manually
     1= Automatically
• The option automatically indicates that classes are defined automatically when the program 'ABC Classification Supplier. Print' (PPS445) is run.

• The calculated or manually defined ABC class is entered in the ABC class supplier field.

4 Press Enter.

**Print ABC Classification Supplier**

1 Start 'ABC Classification Supplier. Print' (PPS445).

2 Press F13 to open the P panel. Set the opening panel to E and press Enter.

3 On the E panel, enter the supplier type, supplier group, supplier number, search key, quality class, buyer, and ABC class for supplier. Press Enter.

• Two different period ranges can be selected.

• The valid alternatives for supplier types are:

0 = Supplier
1 = Agent
2 = Only payee
3 = Supplier group
5 = Forwarding agent
6 = Insurance company
8 = Miscellaneous suppliers

4 On the F panel, enter the period ranges, ABC classification basis, update, update method 0, class A-J, and report text.

• The ABC classification indicates a value used as the basis for calculating the ABC class. The valid alternatives are:

1 = Invoiced amount for period
2 = Number of order lines in period
3 = Accumulated supplier performances valid at a specific period.

• If the last alternative is selected, the 'From' or 'To' period ranges must be either empty or equal.

• The update field determines if the calculation updates the supplier or it is simulation. A report is printed listing proposed ABC classes.

• Select the "Update method 0" check box to manually update the suppliers.

• The ABC class can be divided into a maximum of 10 different subclasses using the Class A to J fields. It is not limited to three classes as the name ABC class indicates. The sum of the percentages entered in the fields must be equal to 100.

5 Press Enter.

The printing job is submitted.
See Also

"Define Settings for Supplier Evaluation and Statistics" on page 258

"Display Purchase Statistics" on page 268

"Create and Display Supplier Statistics" on page 255

"Display Delivery Time Statistics" on page 266

"Display Quality Inspection Statistics" on page 270
Grower Contract Management (GCM) - Overview

Companies buying crops, livestock or aqua culture from their suppliers often do this based on an agreement stating what to deliver, how much to deliver, what quality, where to deliver from and how the settlement for the delivery will be calculated against a complex pricing model.

The final settlement with the grower is a self-billing process where the receiver calculates what to pay the supplier. A settlement document is produced listing the details of what has been delivered and what additions and/or deductions have been made to the base price. Both the base price and the bases for additions/deductions are often changed after an initial settlement and payment, and this requires the settlement to be re-calculated a number of times, and the difference to be paid or claimed.

The GCM module supports this process by leveraging procurement functionality that has been tailored specifically to the needs of the industry and the settlement process.

Document Purpose and Structure

The purpose of this document is to describe how the GCM module is used to manage the settlement process of those companies engaged in the purchase of crops, livestock or aqua culture, and covers the following:

- GCM module settings and configuration pre-requisites
- Agreement level configuration and capability
- Calculation level setup and configuration
- Supported settlement calculations, incorporating:
  - Pre-requisite configuration
  - Inputs
  - Outputs
- Settlement process for a grower agreement including GCM specific processes and procedures.
GCM Company / Division setup

To activate the full functionality of the GCM module the parameter 409 Grower Contract Management must be selected in 'Company Connect. Division' (MNS100/K) for the required company and division.

To get the full benefit from the GCM module the parameter 407 Quality Management should also be set to 1 - Quality management system (QMS).

The following functionality, described in this document, is only active if this GCM module is activated:

- Differentiation of GCM agreements
- Costing model for purchase agreements
- Block settlement
- Settlement Printing Model
- Recalculate settlement for a grower agreement
- Override VAT on a grower agreement

Differentiation of GCM agreements

To ensure that the required business rules, processing and workflow specific to the GCM module is enforced, those agreements used by the GCM module are categorized as 'Grower Agreements' and set up with invoice type 'Self Billing' in 'Purchase Agreement Type. Open' (PPS110).

See also:
"Agreement Type - Purchasing" on page 150

Support for agreement process tracking

In addition to the standard set of status's available to procurement, due to the complexities involved in the settlement process, and the importance of knowing the current status of the grower agreement, a number of additional status's are utilized. Some of the statuses are available as user defined status fields and allow the user to tailor the state change specifically to the needs of their own process. These agreement settings can be viewed and managed from 'Purchase Agreement. Open' (PPS100).

See also:
"Create Agreements with Supplier" on page 152
"Status - Supplier Agreement" on page 132

Specification of product location as part of agreement

To ensure complete traceability of the farmed product, the originating physical location of the product is categorized as a supplier level address type. Specifically, address type 04 is used to define this 'Origin Address', which is connected to purchase order proposals and purchase order lines according to the selections made in 'Supplier Address Sel Table. Open' (PPS036), accessed via related option 11 in 'Available Object Ctrl Parameters. Open' (CMS016).
The Origin address can be manually changed in the E panel of 'Planned Purchase Order. Open' (PPS171/E). For a purchase order line the Origin address can be changed in the E panel of 'Purchase order. Open Lines (PPS201/E). The change can be done if the status of the line has not reached 31.

If more than one Origin address per supplier exists, control table records need to be created for Supplier Address (SAORAD) in 'Generic Object Control Table' (CMS017). Selection rules must also be defined in 'Supplier Address Sel Table' (PPS036).

Where there is only one origin address specified for a supplier, the origin address is automatically retrieved.

Origin address can be included in the Group ID for purchase agreements and thereby be one of the selection criteria when a purchase order is connected to an agreement.

**Specification of user defined information for agreements**

To facilitate customization specific to business requirements, a number of custom fields can be associated with an item and a supplier and also the grower agreement header and line.

When a purchase agreement is created for a supplier the custom fields are copied from the supplier to the agreement header. The custom fields copied to the header are local to the header and can be maintained using related option 16 in 'Purchase Agreement. Open' (PPS100).

When a line is added to a purchase agreement the custom fields are copied from the item to the agreement line. The custom fields copied to the line are local to the line and can be maintained using related option 13 in 'Purchase Agreement. Open Lines' (PPS101). Custom fields will be copied only if item number is selected in the Purchase Agreement Selection Field.

These custom fields are also available for use in the purchase costing model and formulas.

**See also:**

"Custom Fields" on page 45

**Costing Model for Grower Agreement**

To help with the complex settlement calculations often required for Grower Agreements, the costing model is associated directly with the agreement line in 'Purchase Agreement. Open Lines' (PPS101). It is then carried forward to the purchase order and eventually used for the price calculation in the settlement process.

To enable this association, control table records must to be created for program 'Costing model selection table' (PPS038) using programs 'Available Object Ctrl Parameters. Open' (CMS016) and 'Generic Object Control Table' (CMS017).

**See also:**

"Purchase Order" on page 62

**Base Origin for Grower Agreement**

To ensure that the seeds, purchased by the grower to grow a product such as wheat or corn (the base origin), can be traced back to their origin, and also to ensure that all parties involved in the agreement
such as the processor, government and the eventual customer, have visibility of this, the base origin must be associated with the grower agreement at line level.

The base origin can either be associated with the agreement line manually in 'Purchase Agreement. Open Line' (PPS101) or via a customer order created by the batch order entry API and connected to the agreement via the OIS100MI/AddBatchLnInfo.

See also:
"Base Origin for Grower Agreement" on page 292
"Create Agreements with Supplier" on page 152

Define attribute

A number of weight columns are required for price calculations in a grower settlement. Examples are dry weight, net weight and weight per volume. The calculation of these weights needs to be configurable and recalculated each time the base values are changed (or value requested). The values are not open for manual maintenance. A parameter for dynamic calculation of attribute values is available to support this. The value to calculate is defined in the program for default attribute values. In addition to the dynamic calculation, new data fields have been made available.

See also:

Define deductions and additions

Several of the settlement calculations supported by the GCM module are derived from matrix based additions, deductions and selection values that can be defined in 'Selection Matrix. Open' (PDS090). For example, if a results value is within a pre-defined range, an amount to add or subtract can be specified based on the terms and conditions agreed at the outset of the agreement.

See also:
"Selection Matrix - Procurement" on page 293
"Create Selection Matrix - Procurement" on page 294

Configure Formula for Grower Agreement

Formula functionality in 'Formula. Open' (CRS570) can be used to cater for the complex settlement calculations often required for Grower Agreements in the following ways:

- The result of a matrix table look up can be re-used as one of the factors in a formula
- Custom fields defined for a supplier or item can be used as part of a formula
- The difference between a date range as a number of days can be used in a formula against an applicable factor type
- The delivered quantity and weight can be used as base for calculation of various other weight values

See also:
Configure Pricing Model for Grower Agreement

Pricing functionality in 'Costing Element. Open' (PPS280/E) can also be used to configure the pricing model to the specific needs of the settlement process in the following ways:

- Configurable custom columns can be used to customize the pricing model in a way that satisfies the needs of the settlement process
- Formula can be used to calculate the amount the grower will be paid
- Formula can be used to calculate the costing quantity
- A number of different cost operators can be used to define the required costing calculation

See also:

Override VAT on a Grower Agreement

In support of cases where the eventual consumer of grower and commodity produce may differ, and the resulting requirement for VAT variation, flexibility to override the fixed VAT code on Purchase costing elements is available.

Where object control parameters are configured for VAT override in 'Available Object Ctrl Parameters. Open' (CMS016), and a Costing Model is specified at line level on an agreement specified as type Grower Agreement in 'Purchase Agreement Type. Open' (PPS110), the VAT code that would normally be retrieved from 'Costing Element. Open' (PPS280) is overridden based on an alternate costing model specified in 'VAT Exception. Open' (PPS280).

See also:

Register Quality Tests against a Grower Agreement

Quality Management System (QMS) based Quality Inspection (QI) specifications can be associated with Grower Agreements at line level in 'Purchase Agreement. Open Lines' (PPS101) as a means to ensuring that all required tests are executed during the growing period at the area of origin, and connected with the agreement line.

See also:

Fulfillment of agreement header and line

Where the parameter 'Auto fulfillment' is selected in 'Purchase Agreement Type. Open' (PPS110), if the quantity received during goods receipt is greater than or equal to the agreed quantity, the status of the agreement line will be set to 80.
It is also possible to manually set this status to 80 (fulfilled) at agreement line level in 'Purchase Agreement. Open Lines' PPS101/E and at agreement level in 'Purchase Agreement. Open' (PPS100/E). Following this, the accumulated received quantity will be displayed in 'Purchase Agreement. Open Lines' (PPS101), panel B and E.

See also:
"Create Agreements with Supplier" on page 152
"Status - Supplier Agreement" on page 132

Block settlement
To ensure that all required test results and information have been received prior to settlement of a grower agreement via the Quality Management System (QMS), it is possible to specify a result as mandatory and block the settlement process, either manually or automatically, until such times as all required information has been received and mandatory tests have passed.

See also:
"Block Settlement" on page 299

Settlement Printing Model
The Settlement Printing model, managed in 'Settlement Printing Model. Open' (PPS385), has two purposes:

• To ensure that the attribute values are displayed to the user in a logical order.
• To control what attributes and quality results are printed on the settlement document and in what order.

The setting is done per purchase costing model, allowing a different outcome for each model.

See also:
"Settlement Printing Model" on page 301
"Settlement Document" on page 303

Create settlement for a Grower Agreement
When all required information concerning the goods receipt is in place, the status in 'PO Line. Display Received to Self-Bill' (PPS118) is 20 and no manual block exists.

The receipt is ready to be transferred as a proposal in 'Supplier Invoice Batch. Open' (APS450). This is done in 'Suppl Inv Proposal. Generate for SB' (PPS116), where you can select what should be transferred.

The proposal is created with 'Invoice batch type' = 10 (Self-billing) in Supplier Invoice Batch. Open' (APS450). To create the actual settlement, the proposal should be verified, printed and finally transferred to AP (account payable). All steps can be done via related options or actions.
Recalculate Settlement for a Grower Agreement

Because the set of charges that make up a settlement may change both before and after the first settlement has been processed, the settlement will be recalculated around the changes received, and the difference (positive or negative), in charges between the current and previous self-bill invoice, will be charged or credited to the customer, and printed on the final settlement document.

If all required pre-requisites have been met, and there is no settlement block in place, the settlement process will be called when a change is registered against one of its' base constituents, where a base constituent is either an attribute or costing element.

Attributes can be either be changed in 'Lot/Serial Number. Open/Connect to Item' (MMS235) or 'QI Request. Open' (QMS300), whereas costing elements can be changed manually in 'Costing Element. Open' (PPS280).

For other changes to the base of the settlement such as changes to a matrix or costing element, a re-calculation can be triggered for selected deliveries in 'Recalculation selection' (PPS283).

See also:
"Recalculate Settlement for a Grower Agreement" on page 303

Deduct customer order invoices during grower agreement settlement

Where a company is engaged in a grower agreement with a farmer, the company often sell goods or services related to the fulfillment of the agreement. The value of these good and services can be deducted from the amount owed to the farmer during the invoicing and settlement process, as opposed to billing for these separately. To distinguish these customer invoices from invoices for goods not related to an agreement a dedicated payment method indicating 'paid by settlement' is available. If necessary these amounts can also be reversed and cancelled after they are invoiced by changing this payment method.

See also:
"Deduct customer order invoices during grower agreement settlement" on page 307

Process control for settlement in PPS118

To support the process of settlement and ensure that the required information is available, a number of related options are available in 'PO Lines. Display Received to Self-Bill' (PPS118):

See also:
"Process control for settlement in PPS118" on page 310
Settlement Process for a Grower Agreement

Grower Contract Management (GCM) - Worked Examples

Supported Settlement Calculations

Below are a number of examples that demonstrate how different features of M3 Business Engine can be used in the settlement process for a Grower Agreement. The results can be used to display information online and/or in the settlement document. They can also be used as part of the price.
calculation when setting up the module elements in 'Costing Element. Open' (PPS280). The examples are based on a processor buying grain from growers.

For all examples mentioned, attributes must be connected to the Item via an Attribute Model or via a Quality Specification. Costing elements must be connected to a Costing Model that again is connected to the Agreement Line.

A task can be solved in different ways using different combination of Attributes, Matrixes, Formulas, Custom fields and Costing Elements. It is important to remember that one tool can provide information to another tool, where the required information is not available. For example, although there is no option to use Custom field information from agreement in a matrix lookup, a custom field can be used in a formula, that again can be used as a matrix selection column.

1. Calculate quantity at basis dry weight from received quantity

This example describes how to calculate theoretical dry weight of grains based on the received weight, the measured water content, and pollutions in the received batch of grain. The formula that is used is:

\[
\text{Quantity Basis Dry Weight} = (\text{Delivered Quantity} - (\text{Deliver quantity} \times \frac{100-\%\text{foreign objects}}{100}) \times \frac{100 - \text{water content} \%}{100-\text{basis water} \%})
\]

1 Pre-requisite configuration:

- A numeric attribute to hold measured water content percentage is created in ‘Attribute. Open’ (ATS010). It is recommended that this is a quality controlled attribute.
- A numeric attribute to hold measured pollution and foreign object weight or percentage content is created in ‘Attribute. Open’ (ATS010). It is recommended that this is a quality controlled attribute.
- A formula to calculate dry weight using the received weight, minus the weight in the attribute for foreign objects, and, reduced by the value held by the attribute for water content, is created in ‘Formula. Open’ (CRS570).
- A numeric attribute to hold the calculated dry quantity is created in ‘Attribute. Open’ (ATS010). The dynamically calculated option must be selected for the attribute.
- The default value for the attribute for dry quantity is set to the formula created in ‘Attribute Matrix. Enter Default Values’ (ATS030).

2 Inputs:

- Quantity received on purchase order, captured in ‘Purchase Order. Receive Goods’ (PPS300).
- Test result of water content, captured in ‘M3 QI Test Results. Open’ (QMS400).
- Test result of pollution, captured in ‘M3 QI Test Results. Open’ (QMS400).

3 Outputs:

- The formula can be used as a quantity factor in a price calculation using the costing operators 15 “Price per calculated quantity”, 26 “Minimum price” and 27 “Maximum price.”
• The attribute for calculated dry quantity can be used for informational purposes in the settlement
document and online in 'Purchase Order. Connect Charges' (PPS251).

• The attribute for water content can be:
  • Used as matrix lookup in example 2.
  • Included in the settlement document when included in the Settlement Printing Model.

2. Price deduction for drying grain to standard water content

This example describes how to register price deduction where the water content is higher than the
basis water content. The example uses the result of the "calculation of quantity to basis water" content.

The grower will get a price deduction based on a table lookup using water content percentage rounded
to 0.5%. Deduction is: Quantity Basis Dry Weight * result of table look-up. The table to look-up differs
per item group. The table below is an example of price deduction per weight unit dependent on water
content in percent.

<table>
<thead>
<tr>
<th>Water Content</th>
<th>Markup</th>
</tr>
</thead>
<tbody>
<tr>
<td>15.5</td>
<td>-3.5</td>
</tr>
<tr>
<td>16.0</td>
<td>-4.5</td>
</tr>
<tr>
<td>16.5</td>
<td>-6.7</td>
</tr>
<tr>
<td>17.0</td>
<td>-8.7</td>
</tr>
<tr>
<td>17.5</td>
<td>-14.4</td>
</tr>
<tr>
<td>18.0</td>
<td>-16.7</td>
</tr>
<tr>
<td>18.5</td>
<td>-20.5</td>
</tr>
</tbody>
</table>

1 Pre-requisite configuration:

• A formula using the attribute for water content is created to calculate water content and rounded
to the nearest 0.5%.

• A numeric dynamically calculated attribute is created using the formula above as the default
value.

• A matrix per item group to hold the markup per half percent water content is created. The matrix
should use the attribute above as selection key.

• A formula per item group is created, returning the value from the matrix, for the same item group.

2 Inputs:

• Quantity received on purchase order, captured in 'Purchase Order. Receive Goods' (PPS300).
- Test result of water content, captured in 'M3 QI Test Results. Open' (QMS400).
- Updated price markup in matrixes, captured in 'M3 QI Test Results. Open' (QMS400).

3 Outputs:
- The formula returning the matrix can be used as a formula in costing markups in ‘Costing Element. Enter Values’ (PPS282).
- The costing element should use item group as cost distribution key in ‘Costing Element. Open’ (PPS280/E).
- The costing element should use costing operator 15 and the formula for calculating basis dry weight as quantity.

3. Correction of bulk density based on water content.

This example describes how to calculate corrected bulk density based on water content. The corrected bulk density is calculated using bulk density for basis dry weight, corrected by a weight table for different intervals of water content. A matrix per grouping is required where the correction depends on any kind of product grouping. The table below is an example of this:

<table>
<thead>
<tr>
<th>Water content less than</th>
<th>Weight correction</th>
</tr>
</thead>
<tbody>
<tr>
<td>15,5</td>
<td>0</td>
</tr>
<tr>
<td>16,0</td>
<td>1</td>
</tr>
<tr>
<td>17,0</td>
<td>2</td>
</tr>
<tr>
<td>18,0</td>
<td>3</td>
</tr>
<tr>
<td>19,0</td>
<td>4</td>
</tr>
<tr>
<td>20,0</td>
<td>5</td>
</tr>
<tr>
<td>21,0</td>
<td>6</td>
</tr>
<tr>
<td>22,0</td>
<td>7</td>
</tr>
<tr>
<td>23,0</td>
<td>8</td>
</tr>
<tr>
<td>24,0</td>
<td>9</td>
</tr>
<tr>
<td>25,0</td>
<td>10</td>
</tr>
<tr>
<td>26,0</td>
<td>11</td>
</tr>
<tr>
<td>greater than 26</td>
<td>12</td>
</tr>
</tbody>
</table>

1 Pre-requisite configuration:
A matrix holding the weight correction is created. The matrix should use the attribute for water content as selection key and the **Value in range** parameter set for the lookup to the correct water content interval.

A formula is created that returns the calculated bulk density, based on the base bulk density and corrected with the value from the matrix for the same item group.

A numeric **Dynamically calculated** attribute is created for the corrected bulk density using the formula above as default value.

### 2 Inputs:
- Test result of water content, captured in 'M3 QI Test Results. Open' (QMS400).
- Updated values in the weight correction matrix, captured in 'Selection Matrix. Open' (PDS090).

### 3 Outputs:
- The formula returning the matrix can be used as formula in costing markups in ‘Costing Element. Enter Values’ (PPS282).
- The costing element should use item group as cost distribution key in ‘Costing Element. Open’ (PPS280/E).
- The costing element should use costing operator 15 and the formula for calculating basis dry weight as quantity.
- The attribute for bulk density can be included in the Settlement Document when included in the Settlement Printing Model.

### 4. Calculation of interest based on delay in settlement calculation.

This example describes how to add interest to a settlement when the duration from delivery to settlement has passed an agreed number of days.

#### 1 Pre-requisite configuration:
- A custom field is connected to the agreement via the supplier, stating number of days allowed before a settlement should be done.
- A custom field is connected to the agreement via the supplier stating the interest rate.
- A formula is created that returns the interest percentage in the custom field, where the calculation of current date minus received date is greater than the allowed date given in the custom field.
  
  A cost element of type 06 is created – **% of net/net so far** - using the above formula as costing markup.

#### 2 Outputs:
- A possible price line in the settlement for delayed settlement interest.
Base Origin for Grower Agreement

Purpose
This document explains the process by which the base origin can be associated with the line of a Grower Agreement by connecting the item lots of a customer order shipment to the agreement line. The base origin is a term used to refer to the seeds required to grow a product such as wheat or corn.

Outcome
One or many item lots on a customer order delivery is associated with a Grower Agreement line and traceability to the base origin of the agreement is in place.

Main Programs
- 'Purchase Agreement. Open' (PPS100)
- 'Purchase Agreement. Open Line' (PPS101)
- 'Agreement Line - Base Origin. Open' (PPS108)
- 'Customer Order. Delivered Lots' (OIS358)

Introduction
To ensure that the seeds, purchased to grow a product such as wheat or corn (the base origin), can be traced back to the original agreement with the supplier, and also to ensure that all parties involved in the agreement such as the processor, government and the eventual customer, have visibility of this, the base origin must be associated with the grower agreement at line level.

In practice, the processor that the seeds were purchased from, is generally the end customer or recipient of the crop once it is mature enough to be sold back.

The base origin can either be associated with the agreement line manually, or via a customer order created by the batch order entry API and connected to the agreement via the OIS100MI/AddBatchLnInfo.

Where a grower uses a 3rd party web based application to manage contracts with suppliers and customers, and the batch of seeds are ordered as part of this process, the details of the seed purchase along with its' base origin are interfaced to M3 along with the agreement details using an API, and systematically associated with the agreement line.

Where manual intervention is required to associate the base origin with the agreement line, the below steps should be followed:

Before you start
- GCM module is selected in 'Company. Connect Division' (MNS100).
- Agreement line is connected to an agreement of type **Grower Agreement**, as defined in 'Purchase Agreement. Open' (PPS100).
- Enter "Supplier customer number" in 'Supplier. Define Purchase & Financial' (CRS624/E).
Follow these steps

Once the prerequisites have been confirmed, follow these steps:

1. Navigate to 'Purchase Agreement. Open Line' (PPS101) via 'Purchase Agreement. Open' (PPS100).
2. Select an agreement line and choose related option 16 (base origin).
3. 'Agreement. Connect to base origin' (PPS108) is displayed, listing all customer order deliveries for the Agreement line item.
4. To view an existing customer order delivery, double click on the delivery to display the E panel.
5. To edit an existing connection, highlight the required customer order delivery and choose options \ change. The required amendments can then be made in the E panel.
6. To delete an existing connection, highlight the required customer order delivery and choose options \ delete.
7. If required, update the 'Carryover Qty' and 'Approved' fields. The carryover quantity will either be reported externally or by telephone and a decision will then be made as to whether the type or quality of seeds is acceptable.
8. To create a new connection:
   a. Click the "Connect Delivery" button
   b. 'Customer Order .Delivered Lots' (OIS358) displayed, listing the deliveries made to the customer connected to the supplier. The deliveries are sorted descending by requested delivery date. Some of the listed item lots may already have been manually or automatically connected with an agreement line.
   c. Select the delivery to connect to the purchase agreement line

See also

"Create Agreements with Supplier" on page 152
"Grower Contract Management (GCM) - Overview" on page 280

Selection Matrix - Procurement

Description

A selection matrix can be one of the following:

- A type of element used in defining mark up for a purchase costing element, used when configuring the purchasing model for specific settlement requirements. For more details on configuring the purchase costing element refer to "Settings for Purchase per Company and Division" on page 82.
- A type of product configuration element used when products are configured. For more details on configuring products, refer to Configure Product.
The matrix is in the form of a table. It can be used with up to 6 manually entered selection columns and at least one response column. Where the Matrix is populated using an API, it can be used with 9 selection columns.

Restrictions
Note that whilst different elements are available to product and procurement using Selection Matrix configuration, system enforced segregation does not exist. Where the procurement configuration elements, attribute and formula are used in product configuration, or other areas where Matrix is used, a blank or zero key value, and corresponding matrix value, where one exists, will be returned.

Where the selection matrix is used to satisfy procurement settlement requirements:
• Column types specific to procurement configuration must be used.
• The applicable column types provide the flexibility for results to be retuned based on captured attribute characteristics or a formula.

See also
"Grower Contract Management (GCM) - Overview" on page 280

Create Selection Matrix - Procurement

Description
This document describes how to configure Selection Matrix for the settlement specific requirements of some procurement processes.
This document explains:
• How to configure the Matrix for procurement settlement purposes.
• How this configuration impacts the procurement settlement process in industries such as agriculture with complex grower contract settlement requirements.

Restrictions
The following restrictions apply to Column Types Attribute and Formula:
Whilst different column types are available to product and procurement using Selection Matrix configuration, system enforced segregation does not exist. Where the Procurement Configuration Elements, Attribute and Formula are used in product configuration, or other areas where Matrix is used, a blank or zero key value, and corresponding matrix value, where one exists, will be returned.

Before you start
Before creating a Selection Matrix for procurement, the following prerequisites must be met:
• Where attribute is being used in a Procurement Matrix, the required Attribute must be correctly configured in 'Attribute. Open' (ATS010).

• Where formula is being used in a Procurement Matrix, the required formula must be correctly configured in 'Formula. Open' (CRS570).

Manually Create Selection Matrix - Follow These Steps

1 Start 'Selection Matrix. Open' (PDS090). Include panels E and 1 in the panel sequence
2 Enter a name for the new selection matrix
3 Enter Mtp = 1
4 Select Options \ Create
5 PDS090/E displayed
6 Enter Panel Header information:
   a Description (mandatory)
   b Matrix tp (mandatory)
   c Name (default proposed by system / if not manually entered)
   d Matrix group (optional)
7 Enter detailed information:
   a Responsible (defaults from user ID)
   b Basic U/M to be applied to the output / result of Matrix
   c Matrix Table. For 'Selection Matrix – Procurement', the options available are:
      i Attribute only
      ii Formula only
      iii Combination of Attribute and Formula

i. Attribute only:
   • Returns a result based on a measurement captured / reported manually via 'MO Operation. Report' (PMS070) or via the Quality Management System (QMS), based on the attribute key value specified in 'Column'.
   • Can be used as a single record Matrix, or as part of range.
   • For example, protein levels in grain crop purchased may be analyzed after receipt at different points in time. By configuring the Matrix with multiple Attribute Ctp entries for each measurement range and result, all possible expected measurement values can be accounted for.
   • Columns available are listed below along with instructions on the set up of the Attribute Matrix using two Attribute key values in a range:
1 **Ctp:** Set this to Attribute.

2 **Column:** Either enter the name of an existing attribute or use F4 to Browse and select a pre-defined attribute.

3 **Ran:** Select if the entry forms part of an Attribute range matrix. A selection matrix can be minimized by using ranges for columns containing only digits. A column can only be defined with range limits if it has a numeric column identity. To be defined with range limits means that the numeric values for the matrix line act as a From value for the line.

4 **Name:** Defaults to the name associated with the selected attribute.

5 Repeat steps 1-3 for the second attribute.

6 Click Next

7 'Selection Matrix. Enter Values' (PDS091) displayed.

8 Enter the following information in PDS091:

   a **Valid From Date:** Enter the date from which the matrix is active. Where used, this removes the need to edit and maintain existing matrices. A new Matrix can be created with a later valid from date that overrides previous versions of the same / similar matrix. Leave this blank if a date restriction does not apply.

   b **Values:** Enter the values for the attribute key columns entered in step 2 and press enter. Where valid from dates apply to the Matrix lines, the entries valid at the current date are displayed.

   For example, where Water Content and Protein Content attributes have been selected as Matrix 'range' values, the following values could be entered:

<table>
<thead>
<tr>
<th>Water Content</th>
<th>Protein Content</th>
<th>Val Fr</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>22</td>
<td>141001</td>
<td>-8</td>
</tr>
<tr>
<td>5</td>
<td>22</td>
<td>141101</td>
<td>-3</td>
</tr>
<tr>
<td>15</td>
<td>33</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>25</td>
<td>44</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>35</td>
<td>55</td>
<td></td>
<td>9</td>
</tr>
</tbody>
</table>

   - If Water Content is <= 15 and Protein Content is > 22, then the result is 3%.
   - If Water Content is < 15 and Protein Content is < 33, and the date is 141023, then the result is -8%.
   - If Water Content is > 15 and Protein Content is < 55, then the result is 6%.
   - If Water Content is > 25 and Protein Content is > 55, because the values are greater than the highest defined values, then the highest result is returned = 9.
• If Water Content is < 5 and Protein Content is < 22, then the result is 0 because the values are smaller than the lowest entry.

c If Simulation of the selection matrix is required, select option 13 'retrieve values'. Enter appropriate values for simulation and begin the simulation.

**ii. Formula only:**

• Returns a result based on a formula and result defined in 'Formula. Open' (CRS570).

• Can be used as a single record Matrix, or as part of range.

• Columns available for use in a Formula Matrix, with instructions on how these should be completed are as follows:

1. **Ctp:** Set this to Formula.

2. **Column:** Either enter the name of the pre-defined formula or use F4 to Browse and select required formula.

3. **Res:** Either enter the name of the Result variable to be used or use F4 to browse available results.

4. **Ran:** Select if the selected formula forms part of a range matrix. A selection matrix can be minimized by using ranges for columns containing only digits. A column can only be defined with range limits if it has a numeric column identity. To be defined with range limits means that the numeric values for the matrix line act as a From value for the line.

5. **Name:** Defaults to the name associated with the selected formula.

6. Click Next

7. 'Selection Matrix. Enter Values' (PDS091) displayed.

8. **Valid From Date:** Enter the date from which the matrix is active. This removes the need to edit and maintain existing matrices. A new Matrix can be created with a later valid from date that overrides previous versions of the same / similar matrix.

9. 'Selection Matrix. Enter Values' (PDS091) displayed.

10. **Values:** Enter the values for the formula key column/s entered in step 2. and press enter. Where valid from dates apply to the Matrix lines, the entries valid at the current date are displayed.

For example, where a Formula for the calculation of fat content has been selected as a range Matrix, the following values could be entered:

<table>
<thead>
<tr>
<th>Calc Fat In</th>
<th>Val Fr</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>10</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>15</td>
<td></td>
<td>8</td>
</tr>
</tbody>
</table>
### Percent Val Fr Calc Fat In

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>141001</td>
<td>-16</td>
</tr>
<tr>
<td>20</td>
<td>141101</td>
<td>-18</td>
</tr>
</tbody>
</table>

- If the formula result is > 15 and the date is >141001 and <141101 then the result is -16%
- If the formula result is <10 but >5 then the result is 3%
- If the formula result is <5 then the result is 0

11 If Simulation of the selection matrix is required, select option 13 'retrieve values'. Enter appropriate values for simulation and begin the simulation.

### iii. Combination of Attribute and Formula:

It is possible to create a Matrix with both Attribute and Formula column types (ctp). Each of these respective entries are created as per the steps listed against i. Attribute only and ii. Formula only. 6 matrix records are available where required and any combination of attributes and formulas can be combined as a means to creating the key to the matrix.

### Automatically Generate Matrix - Follow These Steps

- **Matrix values can be automatically generated based on manually entered values and a specified interval. Values for both the column key range and the corresponding results must be entered.** For example, when using a Matrix to handle a water content attribute, the price deduction may change every 5%. Instead of entering each value manually, start and end values with an interval can be entered for column key values and results.
- When in 'Selection Matrix. Open' (PDS090), highlight the Matrix for which values should be generated and Select Option 14 "Generate Values"
- 'Selection Matrix. Create Values' (PDS092) displayed.
- Specify the values for the column key range in fields 'From', 'To' and 'Interval'.
- If existing Matrix values have to be cleared before generating the values select 'Clear Matrix'
- Specify the values for the Matrix results in fields 'Start Matrix Values' and 'Interval'.
- Where a date restriction is required this can be entered in the 'Valid From' field
- For example, where a Matrix has been set up with:
  - Attribute Water Content as key column
  - U/M as %
- When the following values are entered on 'Selection Matrix. Create Values' (PDS092):
  - From / To / Interval entered as 1 / 51 / 10
• 'Start Matrix Values' / 'Interval' as 3 / 6
• 'Valid from' date as 141007

• The corresponding Matrix values generated will be as per the below table. These can be viewed in Selection Matrix. Enter Values (PDS091).

<table>
<thead>
<tr>
<th>Water Content</th>
<th>Val fr</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>141007</td>
<td>3%</td>
</tr>
<tr>
<td>11</td>
<td>141007</td>
<td>9%</td>
</tr>
<tr>
<td>21</td>
<td>141007</td>
<td>15%</td>
</tr>
<tr>
<td>31</td>
<td>141007</td>
<td>21%</td>
</tr>
<tr>
<td>41</td>
<td>141007</td>
<td>27%</td>
</tr>
<tr>
<td>51</td>
<td>141007</td>
<td>33%</td>
</tr>
</tbody>
</table>

Output

A selection matrix is created which can then be associated with an Item Lot. When an order is initiated for an item that is connected with the lot, the Matrix is referenced at the required points in the process to capture the deductions and additions applicable to the purchase order.

See also

"Grower Contract Management (GCM) - Overview" on page 280

Block Settlement

Background;

A settlement is based on a number of quality tests. Some of these will be required and some will be optional for the settlement. Settlement will be blocked until all required tests have passed. A required test is a test that is marked as required in the QMS module.

Purpose:

This document explains how the Settlement Process for a Grower Agreement is blocked when mandatory quality test results or other important information have not been received at time of goods receipt.
Outcome:
Where mandatory quality test results or other important information has not been received prior to goods receipt a systematic block will be placed on the Settlement process.

Main programs:
'PO Line. Display Received to Self-Bill' (PPS118)

Before you start:
The conditions required to support the registering of quality test results received at the farm must be satisfied. In summary, these are:

- A finalized agreement with a supplier containing at least one agreement line must be exist
- Required quality test results are tied to the item.
- All mandatory tests and conditions have been specified in QMS
- A self-billing agreement exists for the supplier

Workflow:
- When goods are received against a Purchase Order associated with a Grower Agreement, the Self Billing process will be triggered and Settlement will take place if all required conditions have been met.
- The final settlement with the grower is a self-billing process where the receiver calculates what to pay the supplier. A settlement document is produced listing the details of what have been delivered and what additions and/or deductions have been made to the base price. Both the base price and the bases for additions/deductions are often changed after an initial settlement and payment, and this requires the settlement to be re-calculated a number of times and the difference to be paid or claimed.
- Where quality test results, or other pre-requisites, specified as mandatory in QMS for the Grower Agreement, have not been received, the Self Billing status will be set to 15 (qualified, required information missing) and the Settlement process will be blocked.
- On receipt of all mandatory results and information from 'MO Operation. Report' (PMS070) or via the Quality Management System (QMS), the self-billing status will be set to 20 (ready for settlement) and the downstream settlement process and activities will begin.
- The Self Billing status for a purchase order is displayed within the B1 panel of 'PO Line. Display Received to Self-Bill' (PPS118).
- In addition to the systematic update of the Self Billing status described above, it is also possible to manually apply a self-billing settlement block in ‘PO Line. Display Received to Self-Bill’ (PPS118) using related option 13 (block / unblock) against the Purchase Order record displayed on the B1 panel of PPS118. Once blocked using this method, the ‘block self-bill’ flag will be set on both the B and the E panel of PPS118. This can be manually unblocked using the same action.
See also:
"Grower Contract Management (GCM) - Overview" on page 280
"Deduct customer order invoices during grower agreement settlement" on page 307
"Process control for settlement in PPS118" on page 310

Settlement Printing Model

Purpose
This document explains:
• How the settlement process for Grower Agreements is configured to define the order in which an attribute connected to a QMS-test should be added to the item.
• How the settlement printing process for Grower Agreements can be configured to print a pre-defined list of applicable quality test results and attributes.

Outcome
The sequence of quality test results and attribute information for the Grower Agreement is defined
The test results and attributes required on the settlement document are defined

Main programs
• 'Settlement Printing Model. Open' (PPS385)
• 'Connect Test and Attribute Lines. Open' (PPS386)

Before you start
• Parameter 'Grower Contract Management' must be set on the K panel of 'Company Connect. Division' (MNS100)
• The business is familiar with the rules required to order quality results and attributes along with their impact on the settlement calculation.

Follow these steps
Follow these steps to configure the following:
• Sequence in which test results and other required information is pulled into the settlement process.
• Test result information to be included on the Settlement Document print output.
1 Open 'Settlement Printing Model. Open' (PPS385)

2 Either enter the costing model ID that the sequencing rules will be applied to or use F4 browse on the Model field.

3 Select the date from which the sequencing rules should be active against the specified costing model

4 Choose Options \ Create

5 New model displayed

6 With the new model highlighted, right click and choose related option 11 (connect test and attribute lines)

7 B panel of 'Connect Test and Attribute Lines. Open' (PPS386) displayed, with previously selected costing model, valid from date and sequence number listed in the panel header frame.

8 Enter sequence number and choose Options \ Create

9 E panel displayed

10 Populate the following fields on the details frame:
   • Element Type (QMS test or attribute)
   • Test/attribute
   • If QMS test has been selected, use the F4 Browse action to select the required test. Using the browse action twice against this field will display 'Test Template. Open' (QMS100).
   • If Attribute has been selected, use the F4 Browse action to select the required attribute. Using the browse action twice against this field will display 'Attribute. Open' (ATS010).
   • Print on Settle. Select one of the following options to specify whether or not, and under what conditions, the specified attribute or QMS test should be included on the settlement document:
     • 0 – Value not printed
     • 1 – Value printed
     • 2 – Value printed if <> 0

11 Click next.

12 'Connect Test and Attribute Lines. Open' (PPS386) is displayed.

13 Repeat as required for all required QMS tests and attributes to be included in the calculation and printing model.

See also
"Grower Contract Management (GCM) - Overview" on page 280
Settlement Document

Background
Grower Agreements, used for the purchase of crops and livestock, can be subject to a number of different Quality Inspection (QI) tests, in addition to calculations performed against the attributes model of the goods received on the PO. The results of these tests and calculations are used in the invoice and settlement process to determine the level of charges applicable.

In some cases, the information, elements and results associated with the QI tests and attributes need to be output on the Settlement Documentation and listed in a particular order, placing the most common tests such as those to calculate water content at the top. The settings described in the "Settlement Printing Model" on page 301 explain how to configure this associated output on the Settlement Document. The information output on the settlement document is not visible on screen as this is captured and processed on the print stream file.

Follow these steps
To print the settlement document follow these steps:

1. Launch 'Supplier Invoice Batch Open' (APS450).
2. To print a single self-bill invoice record, highlight the required invoice and choose related option 6 (print).
3. To print multiple invoices as part of a batch, select Actions \ F17 from the drop down menu and then enter required invoice number range and batch details in 'Supplier Invoice Batch. Select Operation' (APS455).

The document printed is the standard Self-billing document with information blocks included in the streamfile for QMS-tests and attributes.

Once printed, updates to the ledger must be performed using 'ctrl 9' as per the standard self-billing process.

See also
"Grower Contract Management (GCM) - Overview" on page 280
"Deduct customer order invoices during grower agreement settlement" on page 307

Recalculate Settlement for a Grower Agreement

Background and purpose
The set of charges that make up a settlement may change both before and after the first settlement has been processed. When this occurs, the settlement is recalculated around the changes received,
and the difference (positive or negative), in charges between the current and previous self-bill invoice, will be charged or credited to the customer, and printed on the final settlement document.

This document explains the process by which the settlement is iteratively recalculated for a Grower Agreement, following changes made to the associated costing elements and attributes.

**Outcome**

If all required pre-requisites have been met, and there is no settlement block in place, the settlement process is called when a change is registered against one of its' base constituents.

**Main programs**

'Supplier Invoice Proposal. Generate for SB' (PPS116)

'Costing Element. Open' (PPS280)

'Recalculation selection' (PPS283)

'PO Line. Display Received to Self-Bill. Open' (PPS118)

**Restrictions**

The functionality to trigger recalculation for multiple settlements is only allowed on goods receipts with an agreement type marked for settlement.

**Before you start**

A valid self-billing agreement for the supplier of status 20 must exist in 'Purchase Agreement Open For Self Billing' (PPS112). A Settlement Block, as defined in the "Block Settlement" on page 299 document does not exist.

**Recalculate settlement following changes to costing elements or attributes**

An invoice of any status, with type self-bill, and associated with a Grower Agreement, can be subject to recalculation, if changes are received against any of its base elements, as described below:

1 **Change of attribute values**

   Attributes can be attached to quality inspection (QI) tests and if required, the tests can be specified as mandatory in the Quality Management System (QMS) in 'Test Template. Open' (QMS100).

   Attribute values can either be changed at attribute level or via QMS. When changed, a recalculation of settlement is triggered, regardless of settlement status, and the invoice amounts of the current settlement are compared with the amounts of the previous, so that any difference can be identified.

   a **Change at attribute level:**

   An attribute can be changed at attribute level using related option 28 (attributes) in 'Lot/Serial Number. Open/Connect to Item' (MMS235).
b Change via QMS:

A test in QMS could be connected to an attribute. When entering a test value in 'QI Test Results. Open' (QMS400), the value is automatically updated on the attribute.

Once changed, a settlement recalculation is triggered based on the new test results.

2 Change to costing element

Where the final price is not known at the time of initial goods receipt and is dependent on future market and government conditions, the Grower Agreement will be set up to reflect this, and allow the price on the associated cost element/s and formulas to be amended where required.

Prices on a cost element can be changed manually in 'Costing Element. Open' (PPS280) or via an API. If changing the element manually, related option 12 (Costing values) brings you to 'Costing Element. Enter Values' (PPS282), where you can change the markup.

Related option 13 (recalculate selection) in 'Costing Element. Open' (PPS280) can be used to manually call for a recalculation of this cost element, returning the E panel of 'Recalculation selection' (PPS283), where the selection parameters for what should be recalculated is set. Selection can be done on following details:

• Delivery date
• Purchase costing model
• Agreement type
• Facility
• Supplier
• Item
• Purchase order number
• Purchase order type

Recalculation is started with F14 (Interactive) or F16 (Launched)

After recalculation

If the result of the recalculation differs from the previous amount, the difference is added in internal accounting (CINACC) against the existing accounting number for this receipt.

If the receipt was already invoiced a new invoice can be made with the differences.

The status after recalculation can either be 15 (qualified, required information missing) or 20 (ready for settlement). If the recalculation does not result in a difference, the status will not change.

See also

"Grower Contract Management (GCM) - Overview" on page 280

"Deduct customer order invoices during grower agreement settlement" on page 307
Override VAT on a Grower Agreement

Background
In support of cases where the eventual consumer of grower and commodity produce may differ, and the resulting requirement for VAT variation, flexibility to override the fixed VAT code on Purchase costing elements is available. This document describes the configuration required against the Grower Agreement and VAT set up to achieve this.

Outcome
Because Grower Agreements are set up as Self Billing, where VAT override is configured, this will systematically be applied at line level during invoicing.

Main programs
- 'Available Object Ctrl Parameters. Open' (CMS016)
- 'VAT Exception. Open' (TXS020)
- 'Costing Element. Open' (PPS280)
- 'Purchase Agreement. Open Lines' (PPS101)

Configure VAT override on Grower Agreement
Where object control parameters are configured for VAT override in 'Available Object Ctrl Parameters. Open' (CMS016), and a Costing Model is specified at line level on an agreement specified as type Grower Agreement in 'Purchase Agreement Type. Open' (PPS110), the VAT code that would normally be retrieved from 'Costing Element. Open' (PPS280) is overridden based on an alternate costing model specified in 'VAT Exception. Open' (PPS280).

Follow these steps
1. Set up object control
   - Using sorting order '2-Program' in 'Available Object Ctrl Parameters. Open' (CMS016/B1), search for program TXS020
   - Select related option 11 (ob tbl det lin) against the TXS020 record returned
   - 'Generic Object Control Screen' (CMS017/B1) screen displayed
   - Create or double click on the record with "start value 2 = 3" (replacement VAT code for purchases)
   - 'Generic Object Control Screen' (CMS017/E) screen returned
   - Enter Costing model ID 'IBWSCA' at the required sequence / priority level and click next. Normally IBWSCA is combined with other fields on a priority level. See 'Define VAT Exceptions' for rules around priority set up.
2 Define costing model on Agreement Line

- Open 'Purchase Agreement. Open' (PPS100) for the required agreement.
- Navigate to 'Purchase Agreement. Open Lines' (PPS101).
- Specify Costing Model as required for each of the lines on the agreement.
- The specified costing model ID is copied from the agreement line to the PO-line and can also be viewed at the purchase order line level in program 'Purchase Order. Open Lines' (PPS201).
- When goods are received against a Purchase Order with agreement line set up in this way, the self-billing process is triggered and the VAT code that would normally be retrieved from the costing element is overridden.

See also
"Create Agreements with Supplier" on page 152
"Grower Contract Management (GCM) - Overview" on page 280

Deduct customer order invoices during grower agreement settlement

Main programs:
- 'AR Payment Method. Open' (CRS076)
- 'Supplier Invoice Batch. Open' (APS450)
- 'Supplier Invoice Batch. Open Lines' (APS451/E)
- 'Supplier. Define Purchase Financial' (CRS624/E)

Background
Where a company is engaged in a grower agreement with a farmer, the company often sells goods or services related to the fulfillment of the agreement. The value of these goods and services can be deducted from the amount owed to the farmer during the invoicing and settlement process, as opposed to billing for these separately. To distinguish these customer invoices from invoices for goods not related to an agreement a dedicated payment method indicating 'paid by settlement' is available. If necessary these amounts can also be reversed and cancelled after they are invoiced by changing this payment method.

Purpose
This document explains the process by which:
1 The amounts associated with the customer order for the sale of goods or services to the farmer are deducted from the total invoice amount during the grower agreement settlement process.

2 Customer invoice amounts can be removed from a validated invoice.

3 Customer invoice amounts can be excluded from the grower settlement process by changing the payment method on the customer order or invoice.

1. Deduct customer order invoices during Grower Agreement settlement

Before you start

1 Payment method set up for customer order:

Parameter ‘paid by settlement’ must be set on the customer’s payment method. To do this follow these steps:

- In 'AR Payment Method. Open' (CRS076/E) ensure that parameter 'paid by settlement' is selected.
- The 'paid by settlement' parameter will be active if:
  - Payment class is '0-cash payment'
  - GCM module is activated in MNS100 for the company and division
- When 'paid by settlement' parameter is set, the below parameters must be de-selected:
  - Upd coupon ledg
  - Letter of credit
  - Group due date

2 Supplier number must be connected to customer number in 'Supplier. Define Purchase Financial' (CRS624/E)

Follow these steps:

- Create a customer order with a payment method that has the 'paid by settlement' parameter set. Deliver and invoice the order.
- A check is performed to confirm that the supplier connected to the customer has a valid self billing agreement in 'Purchase Agreement. Open for Self Billing' (PPS112). If a valid agreement is found, the customer invoice details are stored for later use in the settlement process.
- In 'Supplier Invoice Batch. Open' (APS450), highlight the required self-billing invoice and select related option 8='validation'.
- 'Supplier Invoice Batch. Select Operation' (APS455) is displayed. Confirm selections and click next.
• The customer invoice amounts previously stored are included in the settlement as deductions (type 07) if:
  • They are not yet invoiced.
  • They match the currency of the supplier invoice.
  • The currency is local currency.

• The customer invoice amounts are then:
  • Deducted from the total supplier invoice amount.
  • Either partly or completely paid by the settlement process. If partly paid, the remaining amount is retrieved the next time the self-billing batch invoice is updated. The status on the type 07 invoice line indicates whether partly (status 20) or completely (status 30) paid by settlement.

• (APS450) is then returned displaying an increase in invoice header status.
  • Print invoice using related option 6='print'.
  • Update invoice to AP using related option 9='update to AP ledger'.
  • Detailed information for the type 07, customer invoice amounts, can be viewed in 'Supplier Invoice Batch. Open Lines' (APS451/E).

Note: Customer invoices created in 'Customer Invoice. Enter' (ARS100) and 'Customer Invoice. Enter Manual' (ARS120) are also eligible for this process.

2. Remove customer invoice amounts from a validated invoice

If the invoice status has not yet reached '90-Updated In APL', the customer invoice amounts, invoiced and settled using the above process, can be reversed and removed from the self-bill invoice.

Before you start Self-billing invoice must have a status of between 20 and 50

Action Required:
Highlight an invoice record in 'Supplier Invoice Batch. Open' (APS450) and select option 23='re-set to status new'.

Outcome:
• Invoice header is updated to status 10
• Customer order lines of type 07 are permanently removed from the invoice and made available for use against other invoices for the supplier:customer connection
• The total invoice amount is adjusted to reflect the removal of the customer invoice amounts.
3. Exclude customer invoice amounts from settlement

The above process explains the pre-requisite set up and workflow required to include applicable customer invoice amounts in the grower agreement settlement process as a deduction of the total supplier invoice amount.

Where required, the customer invoice amounts can be excluded from this settlement process, by ensuring that the customer order or invoice is not associated with a payment method where the 'paid by settlement' parameter is set.

Follow these steps:

- If not yet invoiced update the 'Payment mtd AR' parameter in 'Customer Order. Open' (OIS100/H) to amend the payment method on the customer order.
- Via 'Acc Receivable. Display' (ARS200), update the 'Payment method' parameter in 'Customer Invoice. Change' (ARS201/E) to amend the payment method on the invoice.

Limitations:

- Currency of the customer invoice must match the self billing invoice.
- Currency must be in local currency.
- It is not possible to attach a customer order invoice to a selected self-billing invoice via the user interface or API.

See also:

- "Recalculate Settlement for a Grower Agreement" on page 303
- "Block Settlement" on page 299
- "Settlement Document" on page 303
- "Grower Contract Management (GCM) - Overview" on page 280
- "Settings for Supplier and Items" on page 112

Process control for settlement in PPS118

To support the process of settlement and ensure that the required information is available, the following related options are available in 'PO Lines. Display Received to Self-Bill' (PPS118):

Related options for settlement in (PPS118)

- Related option 13='block / unblock': Updates the 'block self-bill' flag, displayed on both B and E panels of PPS118.
• Related option 15='Charges': Opens 'Purchase Order. Connect Charges' (PPS215) where actual charges for the receipt are displayed. Option12='Charges' in 'Purchase Order. Display Line Transactions' (PPS330) is used for the same purpose.

• Related option 16='QI Request': Opens 'QI Request. Open' (QMS300) where actual QI-requests for the receipt are displayed. Option46='QI Request' in 'Lot/Serial Number. Open/Connect to Item' (MMS235) is used for the same purpose.

• Related option 20='Attribute Values': Opens 'Attribute Value. Connect To' (ATS101) where actual attribute values for the receipt/lot number are displayed. Option-28='Attribute Values' in 'Lot/Serial Number. Open/Connect to Item' (MMS235) is used for the same purpose.

See also:

• "Grower Contract Management (GCM) - Overview" on page 280
• "Block Settlement" on page 299
•
Accept/Reject Purchase Inquiry and Create Purchase Order

This document explains how you accept or reject a purchase inquiry after evaluation of the supplier response. It also explains how you create a purchase order for the accepted inquiry.

Outcome

A purchase inquiry is accepted or rejected. "No thank you" letters are printed for rejected inquires. Purchase orders are created for accepted inquiries.

The following files are updated:

- Purchase Order Header (MPHEAD)
- Purchase Order Lines (MPLINE)

A new purchase order is created for accepted inquiries in 'Purchase Order. Open' (PPS200/C).

Before you start

- A number series of type 20 must be defined in 'Number Series. Open' (CRS165).
- A purchase inquiry that has status 20 must be created in 'Purchase Order. Open' (PPS200). See "Create Purchase Inquiry Manually" on page 316

Follow These Steps

Accept Purchase Inquiry

1. Start 'Purchase Order. Open' (PPS200).
2. On the E panel, select the accepted purchase inquiry and manually set the status to 80 (Quotation accepted).
3. Go to Step 6 to copy the accepted purchase inquiry to a purchase order.

Reject Purchase Inquiry


1 Start 'Purchase Order. Open' (PPS200).

2 On the E panel, select the rejected purchase inquiry and manually set the status either to 60 or 65 (Quotation not accepted).

"No thank you" letters for the rejected quotations are printed from 'Purchase Inquiry. Print Reply Document' (PPS610/E). The status is automatically set to 70 after printing.

**Copy the Accepted Purchase Inquiry to a Purchase Order**

1 On the PPS200/B panel, select the accepted purchase inquiry and then select Copy.

2 On the C panel, change the order type with order category to 020 (Normal order). Select Copy order lines and Copy line text if you want to copy the purchase order lines and user-defined text to the new purchase order.

A purchase order number can be entered manually or generated automatically.

3 Press Enter.

4 On the E, F and G panels, you can information about the delivery items, addresses, and goods receiving method.

A new purchase order is created in the PPS200/B panel.

The status of the new purchase order is 15.

The status of purchase inquiry changes to 90 after it is copied to the purchase order.

**Parameters to Set**

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(CRS780/F)</td>
<td>30 Fixed post-text - purchase inquiry reply</td>
<td>…the ID for the text printed at the bottom of the purchase inquiry reply document in 'Purchase Inquiry. Print Reply Document' (PPS610). The text must be defined as internal or external, and the language code must be the same as that of the supplier. Texts are defined in (CRS950).</td>
</tr>
</tbody>
</table>

**See Also**

"Managing Purchase Inquiries" on page 324

"Create Purchase Inquiry from a Planned PO" on page 317

"Create Purchase Inquiry Manually" on page 316
Approve/Reject a Purchase Quotation and Create Agreements from Quotation

This document explains how you approve/reject Purchase Quotation after evaluating the suppliers' responses and then create a Purchase Agreement for the accepted Quotation.

Outcome

A Purchase Quotation is accepted or rejected. 'No thank you' letters are printed for rejected Quotation and a purchase agreement is created for the accepted Quotation.

The following files are updated:

- Agreements Header (MPAGRH)
- Agreements Line (MPAGRL)

The accepted purchase quotation is used to create a purchase agreement in 'Purchase Agreement. Create fr Quotation' (PPS150).

Before you start

- A number series of type 24 must be defined in 'Number Series. Open' (CRS165).
- An Agreement type must exist in 'Purchase Order Type. Open' (PPS095).
- A Purchase Quotation with status less than 50 must exist in 'Request for Quotation. Open' (PPS130).

Follow These Steps

Accept Purchase Quotation

1. Start 'Request for Quotation. Open' (PPS130).
2. On the E panel, select the accepted purchase quotation and manually set the status to 80 (Quotation accepted).
3. Go to Create Agreement from quotation to create a purchase agreement for the accepted quotation.

Reject Purchase Quotation

1. Start 'Request for Quotation. Open' (PPS130).
2. On the E panel, select the rejected purchase inquiry and manually set the status to either 60 or 65 (Quotation not accepted).
   - 'No thank you letters' for the rejected quotations are printed from 'Request for Quotation. Print Reply Doc' (PPS612). You can also use option 38 = 'Prt answer' from 'Request for Quotation. Open' (PPS130)
   - The status is set automatically to 70 after printing.

Create Agreement from quotation
1 Start 'Purchase Agreement. Create fr Quotation' (PPS150). You can also use option 32 = 'Crt Agreement' from PPS130.

2 On the E panel enter, the Priority code(s), Facility, Supplier number, Agreement type and activate Crt for style.

   Activate Crt for style to create agreement for style items. This is generally used in the fashion industry.

3 If the quotation is not complete or some data is missing in the header and/or on the lines, select the copy code and enter the supplier and the agreement number.
   • The Supplier Number and Agreement Number fields refer to the supplier and agreement mentioned above
   • Information can be copied automatically from an existing agreement and supplier by specifying the copy code.

   The valid alternatives are:
   0 = The agreement created must not be supplemented
   1 = The agreement header created must be supplemented with information from the supplier and the agreement entered in the E panel.
   2 = The agreement header and lines must be supplemented with information from the supplier and the agreement entered in the E panel.

4 Press Enter.

5 On the F and the G panels enter information about the Status, Agreement Priority and Renewal date.
   The Valid from and Valid to dates are retrieved up from the Quotation. These can be modified
   The status of the agreement must be set manually. The valid alternatives are:
   10 = Preliminary agreement (some data may be missing)
   20 = Complete agreement (can not be used)
   30 = Agreement sent/printed
   40 = Valid agreement (can be used).

6 Press Enter.

   The status of the purchase quotation changes to 90.

7 Start 'Purchase Agreement. Open' (PPS100).
   The agreement created, can be displayed and the information on the header and lines can be changed.

See Also

"Managing Purchase Quotation Requests" on page 326
"Evaluate Purchase Quotations and Print Analysis" on page 322
"Create Request for Purchase Quotation" on page 319
Create Purchase Inquiry Manually

This document explains how you create a purchase inquiry manually for a supplier.

Outcome

A purchase inquiry is created manually.

The following files are updated:

- Purchase Order Header (MPHEAD)
- Purchase Order Lines (MPLINE)

The purchase inquiry is used to request and evaluate price quotes from different suppliers. Purchase inquiries are accepted or rejected depending on the price offered. The accepted inquiries are copied to a purchase order in 'Purchase Order. Open' (PPS200).

Before you start

- A purchase order type with order type category 010 must be defined in 'Purchase Order Type. Open' (PPS095).
- A number series of type 20 must be defined in 'Number Series. Open' (CRS165).

Follow These Steps

1. Start 'Purchase Order .Open' (PPS200).
2. On the A panel, enter the facility, warehouse, request delivery date, and order type.
   
   The order category of purchase order type must be 010 for inquiries.
3. Press Enter.
4. On the E, F and G panels, enter information about the delivery items, addresses, and goods receiving method.
5. Press Enter to display 'Purchase Order. Open Lines' (PPS201/B).
6. On the B1 panel, enter the items to include in the purchase inquiry.
   
   The purchase inquiry is created. The PPS200/B panel is displayed.
7. Press F15 = Inquiry Doc in 'Purchase Order. Open' (PPS200/B) or use 'Purchase Inquiry. Print Document' (PPS605) to print the inquiry document.
   
   The status changes from 15 to 20 after the inquiry is printed.

   The printed documents are sent to the suppliers. The suppliers return the documents along with price quotes. If necessary, a reminder can be printed from 'Purchase Inquiry. Print Reminder' (PPS675).
Create Purchase Inquiry from a Planned PO

This document explains how you create a purchase inquiry for a supplier from a planned purchase order.

Outcome

A purchase inquiry is created from a planned purchase order.

The following files are updated:
- Planned Purchase Orders (MPOPLP)
- Purchase Order Header (MPHEAD)
- Purchase Order Lines (MPLINE)

The purchase inquiry is used to request and evaluate price quotes from different suppliers. A purchase order is created for the supplier who offered the best price by copying the purchase order inquiry in 'Purchase Order. Open' (PPS200/C).

Before you start

- A planned purchase order must exist in 'Planned Purchase Order. Open' (PPS170).
- A number series of type 20 must be defined in 'Number Series. Open' (CRS165).

Follow These Steps

1. Start 'Planned Purchase Order. Open' (PPS170).
2. On the B panel, enter a co-sorting ID for the lines to be included in the purchase inquiry. The lines are marked with a two-letter combination, for example AA.
3. Press Enter to save your changes.
4. Select F15 = Create Inquiry. 'Purchase Inquiry. Create from Planned PO' (PPS173/E) is displayed.

If you have marked lines with two different suppliers; two different inquires will be created.

If you have marked lines with the same supplier but two different item numbers; two lines, one for each item number, will be created on the inquiry.

The supplier number displayed here is a suggestion for the planned purchase order.
5 On the E panel, enter the necessary information. The different fields are:

- Order type. The order type must be an order type based on purchase order category 10 (Inquiry).
- Co-sorting identity. The selected ID is displayed and can be changed.
- Clear co-sorting. This field indicates whether the letter combination should be cleared after the inquiry is created. It is easier to find the planned purchase order lines if the field is not cleared.
- Our reference no. This field indicates the reference number that is found on the purchase order lines.
- Request delivery date. The request delivery date is the date on which you would like the items delivered.
- Follow-up date. This field indicates an optional date for monitoring an agreement, using own report templates.
- Create interact. Inquiries can be created interactively or in a batch run by selecting this check box.

A maximum of ten suppliers can be entered.

6 Press Enter. The purchase inquiry is created. The PPS170/B panel is displayed.

The status of the planned purchase order changes from 15 to 55 after the inquiry is created.

The created purchase inquiries from all the suppliers are displayed in 'Purchase Order. Open' (PPS200).

Both purchase orders and purchase order inquiries are displayed. To select only the inquiries, specify the appropriate order type (010) as the selection criterion. The inquiry will have status 15 if not yet printed

### Parameters to Set

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates ...</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS095/E)</td>
<td>Number series - PO</td>
<td>...the number series to use when purchase order numbers are entered for the purchase order type.</td>
</tr>
</tbody>
</table>
The field indicates …whether the purchase order should be reconciled for each supplier against the table of approved purchase order types.

The valid alternatives are:
1 = No
2 = Yes, warning which can be overridden
3 = Yes, warning which cannot be overridden.

…the ID for the text printed at the bottom of the purchase inquiry reply document in 'Purchase Inquiry. Print Reply Document' (PPS610).

The text must be defined as internal or external, and the language code must be the same as the supplier's.

Texts are defined in (CRS950).

See Also
"Managing Purchase Inquiries" on page 324
"Create Purchase Inquiry Manually" on page 316
"Accept/Reject Purchase Inquiry and Create Purchase Order" on page 312

Create Request for Purchase Quotation

This document explains how you create a Mass Request for Quotation and a Request for Quotation for an individual supplier.

Outcome
A purchase Request for Quotation is created.

The following files are updated:
- Purchase Quotation Header (MPPQTH)
- Purchase Quotation Line (MPPQTL)
- Purchase Quotation current price (MPPQTC)
- Purchase Quotation new price (MPPQTCN)

The RFQ number is used as a reference for the purchase agreement with a supplier in 'Purchase Agreement. Open' (PPS100).

**Before you start**
- A number series of type 24 must be defined in 'Number Series. Open' (CRS165).
- A purchase agreement type must be defined in 'Purchase Agreement Type. Open' (PPS110).
- Text must be entered in 'General Text. Open' (CRS950).
- Supplier(s) must be defined in 'Supplier. Open' (CRS620).

**Follow These Steps**

**Mass request for Purchase Quotation**

2. Press F13 to activate the P panel. Set the panel sequence to EFG and press Enter.
3. On the B panel, enter the RFQ number and select Create.
   - If the RFQ number is not entered, a number from the central number series is automatically assigned as the RFQ number.
4. On the E panel, enter the Create by supplier, Text, Buyer, RFQ date, From date, To date, Last reply date, Currency and Exchange rate type.
5. On the F panel, enter the File selection, Price selection, Quantity base and Calculation method.
6. On the G panel, select relevant options to restrict the choice of items.
   - The valid alternatives are:
     - Select only purchase items.
     - Select only definite items (status 20).
     - Exclude items supplied by single supplier.
     - Exclude items with order qty and reorder point = 0.
     - Exclude items with order qty and reorder point method = 0.
     - Exclude items with annual demand = 0.
     - Exclude items without put-away date.
     - Exclude items with issue date > 12 months.
7. Press Enter to move back to PPS131.
   - An RFQ number is created.
Select option 9 = Run, to create the quotation lines for the selected RFQ.

The quotations are created and displayed in 'Request for Quotation. Open' (PPS130).

**Request for Quotation for Individual Supplier**

1. Start 'Request for Quotation. Open' (PPS130).
2. Press F13 to activate the P panel. Set the panel sequence to E and press Enter.
3. On the B panel, enter the supplier and RFQ number.
   If the RFQ number is not entered, a number from the central number series is automatically assigned as the RFQ number.
4. On the E panel, enter the Text, Buyer, Status, RFQ date, Status, Last reply date, From date, To date, Reference, Currency, Exchange rate type, Exchange rate, Current discount 2, New discount 2 and Supplier quotation number.
   The status is manually set to 10.

**Requests for Quotation Lines**

1. Press Enter to move to 'Request for Quotation. Open Lines' (PPS133).
   You can enter the quotation items manually or view/update items that are created automatically.
2. Press F13 to activate the P panel. You can define field security for the B and E panels.
   The following alternatives are valid:
   0 = Do not display field heading or content.
   1 = Display field (heading and content), but changes cannot be made.
   2 = Display field (heading and content) and contents can be changed
3. Select Sorting order 1 (Item Number).
4. On the B panel, enter the Item and the Priority type and select Create.
5. On the E panel, enter the Priority, Annual demand, Order Multiple, Setup price, New purchase price, New supplier lead time and New Discount 3.
   Priority is used to identify the most favorable quotations for an item. When lines are mass-created this value is automatically set to 5.
6. Press Enter to redisplay (PPS133/B).
Parameters to Set

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRS780/G</td>
<td>31 Fixed post-text - quotation reply</td>
<td>... the text ID for the text printed at the bottom of the quotation reply document in (PPS612). Texts are defined in 'General Text. Open' (CRS950).</td>
</tr>
</tbody>
</table>

See Also

"Managing Purchase Quotation Requests" on page 326
"Approve/Reject a Purchase Quotation and Create Agreements from Quotation" on page 314
"Evaluate Purchase Quotations and Print Analysis" on page 322

Evaluate Purchase Quotations and Print Analysis

This document explains how you evaluate suppliers' replies for the Purchase Quotation.

Outcome

The replies from the suppliers are analyzed and the system automatically calculates which item is the cheapest.

The following files are updated:
- Purchase Quotation current price (MPPQTC)
- Purchase Quotation new price (MPPQTCN)

The evaluated Request for Quotation is used as a reference for the purchase agreement with the supplier in 'Purchase Agreement. Open' (PPS100).

Before you start

An RFQ number must be defined in 'Request for Quotation. Open' (PPS130). See Create Request for Purchase Quotation.

Follow These Steps

1. Start 'Request for Quotation. Open' (PPS130).
2 On the B panel, select the request for quotation number to be evaluated and select option 11 = Details. 'Request for Quotation. Open Lines' (PPS133) is displayed.

3 Entering price for the supplier (if sorting order 2 is used). More detailed information is displayed on the E panel.
   An asterisk (*) in the Table field indicates that a price table is connected in (PPS134).

4 Select the item number to update price (if sorting order 1 is used).

**Define a Price Table with different Prices for different Quantities**

You can define a price table with varying prices for different quantities. Prices vary depending on the quantity bought.

1 Select option 11=Prices. 'Request for Quotation. Enter Prices' (PPS134) is displayed.

2 On the B panel, enter the From quantity, New Purchase price, Discount 3, Normal price, and Current purchase price.
   
   • **Note:** The columns to the left displays new prices/discounts and the columns to the right display current prices/discounts.
   
   • One of these prices must be marked as the 'Normal price'. In the Npr column the normal price is marked as 1. This price is used as the representative price for this item in calculations.
   
   • Data from some of these fields is automatically retrieved during mass creation of purchase quotation.

3 Press Next to save data.

4 Press F3. PPS133/B panel is redisplayed.
   When reporting is complete, the status is 50=Received and values updated.

**Calculate the Total Purchase Cost of the Item**

1 On the PPS130/B panel, select option 37 = 'Costing Cal'. 'Purchase Inquiry Costing. Calculate' (PPS292) is displayed.

2 On the E panel, enter the Request for Quotation number(s) for costing calculation.
   The calculation gives the total purchase cost of the item, including the cost elements specified in the purchase cost model. For example, freight, internal distribution cost, etc.

3 Press Enter to submit job.

4 Press F3 twice. PPS130/B panel is redisplayed.

5 Select option 31 = 'Cal priority'. 'Request for Quotation. Calc Priority' (PPS580) is displayed.

6 On the E panel, specify the Priority code.
   The valid alternatives are:
   0 = Do not assign a priority
1 = New net price
2 = New cost price
3 = New purchase price

7 The analysis is best viewed in 'Supplier Quotation. Analyze' (PPS140). You can also use option 12 = 'Quotation analyze' in (PPS130).

Print Analysis
The analysis can be printed in 'Supplier Quotation. Print Analysis' (PPS555). You can also use option 34 = 'Print' in (PPS130).

Negotiate Price
1 Start 'Supplier Quotation. Negotiate About Prices' (PPS145). You can also use option 13 = 'Price negotiate' in (PPS130).
2 On the B panel enter, the Price, Annual demand, New Purchase price and discount 3 can be modified.
   The effect of an increase or decrease on demand, price and/or discount can be simulated in the program
3 Press F14 = Save data.
   You can use F17 = 'Reset data' if you want to start all over again,
4 The Price list table can be reached using option 11 = 'Quot Price'.
   New Purchase price and Discount 3 are displayed.
5 The Analysis can be reached using option 12 = 'Quot Analysis'
   The priority can be changed for different items based on the updated price.

Print Negotiation
Price negotiation document can be printed using 'Supplier Quotation. Print Negotiation Report' (PPS565). You can also use option 36 = 'Negotiatn List' in (PPS130).

See Also
"Managing Purchase Quotation Requests" on page 326
"Approve/Reject a Purchase Quotation and Create Agreements from Quotation" on page 314

Managing Purchase Inquiries
This document explains how you create a purchase inquiry for different suppliers, print a purchase order inquiry, and copy the accepted purchase inquiry to a purchase order.
Outcome

A purchase inquiry is created for different suppliers. The supplier who offers the best price is selected, and the supplier details are copied to a purchase order. “No thank you” letters are printed and sent to the other suppliers.

The following files are updated:

- Planned Purchase Orders (MPOPLP)
- Purchase Order Header (MPHEAD)
- Purchase Order Lines (MPLINE)

The purchase inquiry can be used for the purchase of items that are not regularly bought. When there is no agreement with any particular supplier, a purchase inquiry is created to request price quotes from different suppliers.

Before you start

- A purchase order type with order type category 010 must be defined in 'Purchase Order Type. Open' (PPS095).
- A number series of type 20 must be defined in 'Number Series. Open' (CRS165).

Follow These Steps

1. Create Purchase Inquiry
   
   Create a purchase inquiry when there is no agreement with any particular supplier.
   
   A purchase inquiry can be created either automatically from a planned purchase order or manually in 'Purchase Order. Open' (PPS200).

2. Print and Evaluate Purchase Inquiry
   
   You can print a completed purchase inquiry by selecting F15 = Print in 'Purchase Order. Open' (PPS200) or by using 'Purchase Inquiry. Print Document' (PPS605). The status of the purchase inquiry changes to 20 after it is printed.
   
   The documents are then sent to the suppliers. The suppliers return the documents along with a price quote. If necessary, a reminder can be printed from 'Purchase Inquiry. Print Reminder' (PPS675).

3. Accept/Reject Purchase Inquiry
   
   The received supplier quotes are evaluated manually. The status of rejected purchase order inquiries is manually set to 60 or 65 with or without a “No thank you” letter.
   
   You can print “No thank you” letters for the rejected purchase inquiries from 'Purchase Inquiry. Print Reply Document' (PPS610/E). The status of a rejected purchase inquiry is automatically set to 70 after it is printed.
   
   The status of accepted purchase order inquiries is set to 80. The purchase inquiry is then copied to a normal purchase order.

3. Copy the Purchase Inquiry to a Purchase Order
The accepted purchase inquiry is copied to a normal purchase order. The order type of the copied purchase inquiry must be changed to a normal order type in 'Purchase Order. Open' (PPS200/C). After the purchase inquiry is copied to the purchase order, the purchase inquiry status is automatically set to 90, and a new purchase order that has status 15 is created.

See Also
"Create Purchase Inquiry from a Planned PO" on page 317
"Create Purchase Inquiry Manually" on page 316
"Accept/Reject Purchase Inquiry and Create Purchase Order" on page 312

Managing Purchase Quotation Requests

This document explains how you create a request for quotation, print and send quotation, report and evaluate quotation, accept and reject a quotation, and create a purchase agreement from an accepted quotation.

Outcome
A purchase agreement is created for the accepted quotation. The supplier quoting the best price is selected and the supplier details are copied to a purchase agreement. 'No thank you' letters are printed and sent to the other suppliers.

The following files are updated:
• Purchase Quotation Header (MPPQTH)
• Purchase Quotation Line (MPPQTL)
• Purchase Quotation current price (MPPQTC)
• Purchase Quotation new price (MPPQTCN)
• Agreements Header (MPAGRH)
• Agreements Line (MPAGRL)

The purchase agreement created from the purchase quotation can be used both in planned purchase orders and purchase orders.

Before you start
The parameters mentioned in "Create Request for Purchase Quotation" on page 319 must be defined.
Follow These Steps

1 Enter Mass Request for a Quotation

The purchase quotations can be entered manually or created automatically through mass creation or copied from another quotation.

You can mass create quotations in 'Request for Quotation. Mass Create' (PPS131).

2 Enter Request for Quotation for a Single Supplier

You can create a request for quotation for a single supplier in 'Request for Quotation. Open' (PPS130).

3 Print and Send Quotation

You can print a completed purchase quotation by using option 33 = 'Print RFQ' in 'Request for Quotation. Open' (PPS130) or by using 'Request for Quotation. Print' (PPS550). The status of the purchase quotation changes to 20 after printing.

A quotation report can be printed using 'Suppl Quotation. Print Report' (PPS560). You can also print it using option 35 = 'Quotation list' in 'Request for Quotation. Open' (PPS130).

The quotation analysis can be printed as an analysis report using option 34 = 'Quot Analys Lst' from 'Request for Quotation. Open' (PPS130). You can also print it from 'Suppl Quotation. Print Analysis' (PPS555).

A negotiation report can be printed using option 36 = 'Negotiatn list' from 'Request for Quotation. Open' (PPS130). You can also print the negotiation report from 'Suppl Quotation. Print Negotiation Report' (PPS565).

4 Report and Evaluate Quotation

The replies from the suppliers are entered using 'Request for Quotation. Open Lines' (PPS133). You can also use option 11 = 'Details' from 'Request for Quotation. Open' (PPS130).

The Purchase quotation is evaluated using the calculation program in 'Purchase Inquiry Costing. Calculate' (PPS292). You can also use option 37 = 'Costing Calculation' from PPS130.

The calculation is then run using option 31 = 'Calculate Priority' from PPS130.

You can print 'No thank you' letters for the rejected purchase quotation from 'Request for Quotation. Print Reply Doc' (PPS612). You can also print the letters using option 38 = 'Prt answer' from 'Request for Quotation. Open' (PPS130). The status of the rejected quotations is automatically set to 70 after printing.

5 Create a Purchase Agreement from Quotation

A purchase agreement for the accepted quotation can be created using 'Purchase Agreement. Create fr Quotation' (PPS150). You can also use option 32 = 'Crt Agreement' from PPS130.

If the quotation is not complete or some data is missing in the header and/or on the lines, you can select the copy code to copy the purchase agreement. The purchase quotation status is automatically set to 90.

The created agreement can be displayed and changed in 'Purchase Agreement. Open' (PPS100)
See Also

"Evaluate Purchase Quotations and Print Analysis" on page 322

"Create Request for Purchase Quotation" on page 319

"Approve/Reject a Purchase Quotation and Create Agreements from Quotation" on page 314
Define Basic Settings for Subcontracting

This document explains how you define the settings for subcontracted item.

Outcome
The parameters that control subcontracting item are defined.
The settings for subcontracting can be used to create a product structure in (PDS001), item in MMS001 and item/warehouse in MMS002.
The following files are updated:
• Planning Proposal Purchase (MPOPLP)
• Purchase Order Header (MPHEAD)
• Purchase Order Lines (MPLINE)

Before You Start
• A product costing model must have been created in 'Costing Model. Open (PCS025).
• A purchase costing model must have been created in 'Purchase Costing Model. Open' (PPS285)

Follow These Steps
Define Purchase Order Type
Two purchase order type with order type category 70 for the subcontracting flow must be defined in 'Purchase Order Type. Open' (PPS095).
One for subcontracted operations which on the PPS095/F panel normally has 150 Material plan update= 2, update material plan but not balance.
Another for subcontracted items which on the PPS095/F panel normally has 150 Material plan update= 1, update both material plan and balance.
1 Start 'PO Type. Open' (PPS095). Enter a PO type with purchase category 70=Subcontract.

2 On the F panel, select 'Printout method item name and item description (120 and 121) specify how the item name and descriptions are printed on the purchase order document.

3 The material plan update (150) field on the F panel controls whether or not the material plan and/or the balance id should be updated. The valid alternatives are:
   - The 'Material update' field for subcontracted operations which on the PPS095/F panel must have 150 Material plan update= 2, update material plan but not balance
   - The 'Material update' field for subcontracted items which on the PPS095/F panel must have 150 Material plan update= 1, update material plan and balance

4 Select or enter the appropriate values on the F panel, based on your review of the 'Parameter to Set' table.

5 Press Enter.

**Define Purchase Settings**

1 Start 'Settings – Purchasing' (CRS780).

2 On the E panel select Default order type – subcontracting.
   - The Default order type - subcontract (07) field defines the requisition order type used for handling the issue of subcontracted materials. This order type is also used to create the dummy requisition order used to get the freight document. See chapter 2.1.3 for a description of the important settings on this order type.

3 On the F panel select 'Default PO type – subcontracting operations and General Costing Model – subcontract'.
   - The Default PO Type – subcontract operations (18) field specifies the purchase order type used in the subcontracting flow. This order type is used if no order type is set on the item/supplier combination in 'Supplier. Connect Item' (PPS040).

4 On the F panel select General Costing Model – subcontract.
   - The General Costing Model - subcontract (21) field specifies the ID of the purchase costing model used for the subcontracting operations. A special costing model can be used for the subcontracted operation in order to take care of costs related to the subcontracting, for example, freight costs, extra subcontracting add-ons, and so on.

   This model works together with the finished product's product costing model. In the product costing model, the D01 element contains the cost component for the subcontracted operation. By using the subcontract costing model, costs other than the actual cost for the work performed by the subcontractor can be considered, for example, freight costs, etc. The standard cost can be created from 'Product Costing. Calculate Selected Items' (PCS200) where the Calc Purch Items check box must be selected. The purchase price for the subcontracted operation is placed in an agreement (a general or a normal agreement).

5 On the G panel select the parameter for 'Planning policy – subcontracting and repair' and check Create planned requisition orders – subcontracting.
The subcontracted orders can be planned differently from normal orders. This is controlled from the Planning policy – subcontracted orders (32) parameter. The planning policy is used when the planned purchase order is created for the subcontracted order.

6 Press Enter.

**Settings for Requisition/Distribution Type**

1 Start 'Req/Distr Order Type. Open' (CRS200).

2 If Accumulate gross weight in order header (60) is activated, the gross weight for the total of the order lines is accumulated in the order header.

3 If a dummy requisition should be created in order to get the freight documents, the Allow issue on non-stocked items (70) field must be set to 1.

4 Reference text type (105) specifies the requested contents of the reference text field used as additional information in material plans and historical stock transactions. If values 03, 04 or 05 are chosen, the reference order number will be shown in the text field.

5 Dispatch policy (255). The field indicates the dispatch policy design. A dispatch policy contains settings for how the dispatch should work, and is assigned to each order type. Dispatch policies are defined in (MWS010).

6 Press Enter.

**Note:** For more information about how to manage RO/DO, allocation, and dispatch policy, see the following:

**Parameters to Set**

<table>
<thead>
<tr>
<th>Program ID/ Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Settings for Purchase Order Type Category 70</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates …</td>
</tr>
<tr>
<td>-----------------</td>
<td>-------</td>
<td>-----------------------</td>
</tr>
</tbody>
</table>
| (PPS095/F)      | 120 Print out method – item name | ...the method for transferring the item name to the purchase order. The valid alternatives are:  
1 = Name is taken from the item/supplier file (PPS040). If there is no name, the field will be left blank.  
2 = Name is taken from the item/supplier file. If there is no name, it will be taken from the item/language file (MMS030). If the name is still missing, it will be taken from the item file. A warning will be issued if the purchase order language differs from the local language.  
3 = Name is taken from the item/supplier file. If there is no name, it will be taken from the item/language file (MMS030). If the name is still missing, it will be taken from the item file. No warning will be issued if the order purchase language differs from the local language.  
4 = To be used only when creating inquiry from planned order. Name is taken from the planned order. If there is no name, the field will be left blank. |
| (PPS095/F)      | 121 Printout method – item description | ...how the technical description of the purchase order's items is retrieved. The valid alternatives are:  
1 = Description is taken from the item/supplier file. If there is no description, the field will be left blank.  
2 = Description is taken from the item/supplier file. If there is no description, it will be taken from the item/language file (MMS030). If the description is still missing, it will be taken from the item file. A warning will be issued if the purchase order language differs from the local language.  
3 = Description is taken from the item/supplier file. If there is no description, it will be taken from the item/language file (MMS030). If the description is still missing, it will be taken from the item file. No warning will be issued if the order purchase language differs from the local language.  
4 = Description is retrieved in the same way as in alternative 2, but is never printed on the purchase order.  
5 = To be used only when creating inquiry from planned order. Description is taken from the planned order. If there is no description, the field will be left blank. |
### Program ID/Field Panel

<table>
<thead>
<tr>
<th>Program ID/Field Panel</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS095/F) 150 Material plan update</td>
<td>…if the item's material plan should be updated. The valid alternatives are: 0 = No. 1 = Yes, update both the material plan and balance. 2 = Yes, update the material plan but not balance. Alternative 2 is used for orders (subcontracts for example) which should be displayed in the material plan without affecting the projected on-hand balance. It can also be used for direct goods deliveries. During order line entry, you may override the alternative specified here. <strong>Note:</strong> Two purchase order type with order type category 70 for the subcontracting flow must be defined in 'Purchase Order Type. Open' (PPS095). One for subcontracted operations which on the PPS095/F panel normally has 150 Material plan update= 2, update material plan but not balance Another for subcontracted items which on the PPS095/F panel normally has 150 Material plan update= 1, update both material plan and balance</td>
</tr>
</tbody>
</table>

### Purchase Settings

<table>
<thead>
<tr>
<th>Purchase Settings</th>
<th>…the requisition order type used in order to issue material when managing subcontracted orders. Requisition order types are defined in (CRS200).</th>
</tr>
</thead>
<tbody>
<tr>
<td>(CRS780/E) 07 Default order type – subcontracting</td>
<td>…the PO type that is proposed when a planned PO for subcontracted operations is created and when no PO type has been specified for the operation in (PPS040). This is valid for manufacturing orders. <strong>Note:</strong> This is a setting valid for subcontracted operations not subcontracted items.</td>
</tr>
<tr>
<td>(CRS780/F) 18 Default PO type – subcontracting operations</td>
<td>…the general costing model used for subcontracted orders. For example, you have added elements for setup price and extra transport fees to this costing model. Costing models are defined in (PPS285).</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
</tr>
<tr>
<td>------------------</td>
<td>-------</td>
</tr>
<tr>
<td>(CRS780/G) 32 Planning policy – subcontracting and repair</td>
<td>…the planning policy used for subcontracted orders. The controlling parameters to be considered in (MMS037) are '022 Default status - planned orders when AM=A1' and '025 Default status - planned orders when AM=A2'. In the planning policy, you define the rules for how planned orders are generated and how action and warning messages are to be applied, among other things. Planning policies are defined in (MMS037).</td>
</tr>
<tr>
<td>(CRS780/G) 44 Create planned requisition order – subcontracting:</td>
<td>…that a planned requisition order is created when a planned PO for subcontracted items without a manufacturing order is created. It is recommended that you select this field.</td>
</tr>
</tbody>
</table>

**Settings for Requisition/Distribution Type**

**Note:** For more information about how to manage RO/DO, allocation, and dispatch policy, see the following:

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(CRS200/G) 105 Reference type text</td>
<td>…the requested contents of the reference text field which are used as additional information in material plans and historical stock transactions. The valid alternatives are: 01 = From-To warehouse 02 = From-To location 03 = Reference order category, reference order number, line, job reference 1 positions 1-13 04 = Reference order category, reference order number, line, To location 05 = Reference order category, reference order number, line, marking positions 1-13.</td>
<td></td>
</tr>
</tbody>
</table>

**See Also**

"Define Settings for Subcontracted Operations " on page 340
"Define Settings for Subcontracted Item" on page 335
"Managing Subcontracting in Procurement" on page 345
"Workflow for Subcontracted Operations" on page 354
"Workflow for Subcontracted Items" on page 352
Define Settings for Subcontracted Item

This document explains how you define the settings for subcontracting item.

Outcome
The parameters that control subcontracting item are defined.
Subcontracting of items occurs when all operations in a structure are subcontracted.
No manufacturing order is used for this flow but the product structure (a bit more simplified) must still be defined in 'Product. Open' (PDS001).

Before You Start
Settings in "Define Basic Settings for Subcontracting" on page 329 must be fulfilled.

Follow These Steps
Refer to the 'Parameters to Set' table to identify which settings element details best corresponds to the company's subcontracting needs and how they should be configured.

Create a Subcontracted Item

1 Here are only fields of interest for subcontracting explained.
   For more details on creating an item, see the following:

2 Start 'Item Type. Open (CRS040). Create an item type with Item category 03=Subcontracted
3 Start 'Item. Open (MMS001).
4 On the E panel select the parameter 'Make/buy code' as 'Manufactured' for finished item and 'Purchase' for the component.
5 On the G panel the 'Item Category' is defaulted with the same category as in the item type (03=Subcontracted).

Connect Subcontracted Item to Materials & Operations
In the product structure, the material and operations for the subcontracted item are described.
Here are only fields of interest for subcontracting explained.
For more details on creating a product structure, see the following:

1 Start 'Product Structure. Open (PDS001).
2 On the B panel select the subcontracted item in the Product field and select enter a product structure type.

3 Fill in appropriate fields on the E, F and G panel.

   • Here the material lines as well as the subcontract operation are entered. The material lines should be connected to the number of the subcontract operation.
   • The operation line in the structure is connected to a work center; the work center is entered in 'Work Center. Open' (PDS010) and must be of resource type 2 =Subcontracted.
   • The supplier number of the supplier performing the operations is entered on the G panel in 'Work Center. Open' (PDS010/G). If this is done, the supplier is defaulted when adding the subcontracted operation to the product structure in 'Product. Connect Materials/Operations' (PDS002).

5 On the (PDS002/E) panel you define settings for the material line.
   • The 'Subcontract control' field on the E panel (material lines) indicates how the material issue is done, that is, via a connection to a subcontractor or by direct purchase.
     If the 'Material method - subcontracting parameter' field on (PDS002/P) is switched off, then the 'Subcontract control' field on the E panel field is not displayed. Set the parameter on by using F13 (Parameters) from the B panel in (PDS002) to call (PDS002/P).
   • The 'Issue method' field. The usual way to perform material issue for subcontracted items is through general stock transactions (= Alternative 1 or 2). Alternative 0 is usually used for subcontracted operations where a manufacturing order exists.

6 On the (PDS002/G) panel there are two fields of special interest;
   • The 'Subcontract control' parameter controls whether or not a planned purchase order and a requisition order should be created. For subcontracted items this parameter is usually set to 1= Purchase order and requisition order are created, in which case both a purchase order and a requisition order are created in the subcontracting flow. This parameter can be defaulted from the P panel
   • The 'Production day's' field, the lead time for the subcontracted operation is entered. This time is always independent of volume. The lead time is used to calculate the expected delivery date of the subcontracted goods from the supplier.

7 On the PDS002/H panel there are also two fields of special interest;
   • The supplier number predefined on the work center used for the subcontracting operation in 'Work Center. Open' (PDS010) is displayed and can be changed on the H panel.
   • If another supplier performs work on the subcontracted item, that supplier's number is entered in the Next supplier field. This supplier's address is printed as the Deliver to address on the purchase order document to the first supplier, informing the first supplier where to deliver the goods. The address is defined as address type 05 in 'Supplier. Connect Address' (CRS622).

Supplier Information
The product structure, items and suppliers must exist to be able to work with subcontracting items. As for subcontracted operations, an item/supplier record must be defined in 'Supplier. Connect Item' (PPS040).

Here are only fields of interest for subcontracting explained. How to create a supplier/item connection is explained in "Settings for Supplier and Items" on page 112.

1 On the B1 panel choose sorting order 4, this displays subcontracted operations. Select the item number for the subcontracted product.
   - The 'Service process' (Spc) field specifies the product structure type and the Service field the number of the subcontracted operation.
   - It is very important to enter the subcontracted operation number as it is entered in 'Product. Connect Materials/Operations' (PDS002) since this field is alphanumeric. (Do not forget the leading zeros).

An agreement with the subcontractor can be entered in 'Agreement. Open' (PPS100). The agreement lines for service processes are displayed using sorting order 2. More about agreements; Managing Agreements with Supplier [Process]

2 Open (PPS040/E)
   - The 'Record type' field indicates the type of ID for the item/supplier combination and has to be 2 for subcontracted operations.
   - 'Supplier item number', 'Supplier item name' and 'Supplier item description' are printed on the purchase order document if entered. These fields can be used to inform the supplier about the subcontracted operation. The supplier-related fields are printed according to the printout method fields on the order type in 'PO Type. Open' (PPS095).
   - The order type used for the created purchase order is entered on the panel. The order type must be of category 70. If no order type is entered, the order type defined in 'Settings – Purchasing' (CRS780) is used. See the Settings section in chapter 4.
   - The goods receiving method specifies what activities to perform in the receiving flow.

### Parameters to Set

<table>
<thead>
<tr>
<th>Program ID/ Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(MMS001/E)</td>
<td>Make/buy code</td>
<td>…whether the item is manufactured in-house or purchased.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The valid alternatives are:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 = Manufactured</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 = Purchased.</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates …</td>
</tr>
<tr>
<td>-----------------</td>
<td>----------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>(MMS001/G)</td>
<td>Item category</td>
<td>…item category that best represents the characteristics of each item. The valid alternatives are: 00 = Normal item 02 = Phantom item 03 = Subcontracted item 04 = Tool 05 = Fixed machine 07 = Repairable item 08 = Recyclable item. 11 = Extended Catalog Item (ECI) 12 = Non-coded Extended Catalog Item The alternatives are used for control and informational purposes. A subcontracted item refers to an item purchased as a service but recorded as a normal item after the last subcontracted operation is completed. Recyclable items can also, broadly, be considered repairable. However, repairable items require greater operational follow-up than recyclable items. ECI and Non-coded ECI are only to be used in combination with line types 1 and 2 in customer order entry. When using an ECI template item in customer order entry, a new item is created based on item master data from the template item.</td>
</tr>
<tr>
<td>(MMS002/E)</td>
<td>Order Type</td>
<td>…the order type that is planned to be in connection with procurement. The acquisition method defines which acquisition process (purchase, manufacturing or distribution) is used by the order type. The order type is a group ID for a number of rules which determine how the order is processed in the order flow.</td>
</tr>
<tr>
<td>(MMS002/E)</td>
<td>Supplier</td>
<td>…the supplier considered as the main supplier for an item.</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates …</td>
</tr>
<tr>
<td>------------------</td>
<td>---------------------</td>
<td>----------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>(PPS040/B1)</td>
<td>Service Process</td>
<td>… the service process for subcontract or repair purchase orders. You can predefine service processes in (PPS040). The service process must be defined in the structure type file. Purchasing using this ID is then nearly the same as purchasing material using an item number. In other words, the predefined values can be obtained as default values.</td>
</tr>
<tr>
<td>(PPS040/E)</td>
<td>Record type</td>
<td>… the type of ID for the item/supplier combination. The valid alternatives are: 1 = Item 2 = Item, structure type and operation number. Applies to subcontract purchasing, where a structure type should be specified in the service process and an operation number should be specified left-justified. 3 = Item, service process and service number. Applies to repair orders.</td>
</tr>
<tr>
<td>(PPS040/E)</td>
<td>Status item/sup</td>
<td>… the status of an item/supplier combination. The valid alternatives are: 00 - 09 = Registration in progress 10 = Preliminary 20 = Approved 90 = Deactivated.</td>
</tr>
<tr>
<td>(PDS002/U1)</td>
<td>Sequence number</td>
<td>… the sequence number of a bill of material. This number is included in every key ID for material in a product structure or manufacturing order. The sequence number of a bill of material for a kit item may not be greater than 99. The number should contain 4 positions. It can be entered manually.</td>
</tr>
<tr>
<td>(PDS002/U1)</td>
<td>Component number/work center</td>
<td>… a component number if the line is a material line, or work center if the line is an operation.</td>
</tr>
<tr>
<td>(PDS002/E)</td>
<td>Quantity</td>
<td>… quantity of each component used in the bill of material/structure of a product.</td>
</tr>
</tbody>
</table>
The field indicates … how the creation of stock transactions for the current item should be processed if there is a connection to a subcontractor or direct purchase.

The valid alternatives are:

0 = Issue performed from manufacturing order.
1 = Issue performed through general stock transactions, without possibility to override.
2 = Same as alternative 1, but the issue can be changed in the planned order.
3 = Planned purchase order is created with direct delivery from supplier to subcontractor.

See Also

"Define Basic Settings for Subcontracting" on page 329
"Settings for Supplier and Items" on page 112

Define Settings for Subcontracted Operations

This document explains how you define the settings for subcontracted operations.

Outcome

The parameters that control subcontracting operations are defined.

Subcontract operations applies when one or more of the operations in a product structure is subcontracted and one or more of the operations is done inside your own factory.

For example, in the manufacturing of a chair, the cutting and the gluing operation may be done within the factory while painting is subcontracted. This way of working with subcontracting is called subcontracted operations.

The workflow is usually administrated through a manufacturing order.

Before You Start

Settings in "Define Basic Settings for Subcontracting" on page 329 must be fulfilled.
Follow These Steps

**Important:** Refer to the 'Parameters to Set' table to identify which settings element details best corresponds to the company's subcontracting needs and how they should be configured.

**Product Structure for Subcontracted Operations**

In the product structure, the material and operations for the subcontracted item are described. Here are only fields of interest for subcontracted operations explained. How to create a product structure is explained in:

2. On the B panel select the manufactured item in the Product field and select enter a product structure type.
3. Fill in appropriate fields on the E panel.
4. On the F panel you fill in the number of subcontracted operations.
   The product structure must consist of at least one subcontracted operation.
   Here the material lines as well as the subcontract operation are entered.
6. The subcontracted operation in the structure is connected to a work center; the work center is entered in 'Work Center. Open' (PDS010) and must be of resource type 2 = Subcontractor in a routing.
   Usually a special work center is used for the subcontracted operation.
7. The supplier number of the supplier performing the operations is entered on the G panel in 'Work Center. Open' (PDS010/G). If this is done, the supplier is defaulted when adding the subcontracted operation to the product structure in 'Product. Connect Materials/Operations' (PDS002).
8. The supplier number of the supplier used for the subcontracted operation is entered on the G panel in 'Work Center. Open' (PDS010/G). If this is done, the supplier is defaulted when entering the subcontracted operations in the product structure in 'Product. Connect Materials/Operations' (PDS002).
10. Settings for the material lines are done on the E panel.
   The **subcontract control** field on the E panel (material lines) indicates how the material issue is done, that is, if there is a connection to a subcontractor or direct purchase. The valid alternatives are:
   - 0 = Issue performed from manufacturing order
   - 1 = Issue performed through general stock transactions, without possibility to override
   - 2 = Same as alternative 1 but the issue can be changed in the planned order
• The usual way to perform material issue for subcontracted operations is from the manufacturing order (=0). Alternatives 1 and 2 are usually used for subcontracted items where no manufacturing order exists.

• If this field is not shown on the E panel, the material method - subcontracting parameter on the P panel (PDS002/P) can be switched off. The panel is reached by using F13 (Parameters) from the B panel in 'Product. Connect Materials/Operations' (PDS002).

11 On the (PDS002/G) panel there are two fields of special interest;

• The 'Subcontract control' parameter controls whether or not a planned purchase order and a requisition order should be created. For subcontracted items this parameter is usually set to 1= Purchase order and requisition order are created, in which case both a purchase order and a requisition order are created in the subcontracting flow. This parameter can be defaulted from the P panel

• The 'Production day's' field, the lead time for the subcontracted operation is entered. This time is always independent of volume. The lead time is used to calculate the expected delivery date of the subcontracted goods from the supplier.

12 On the (PDS002/H) panel (reached by using Page Down from the G panel) you may enter unit and for the subcontracted operation. These prices are only for information and will not be used to calculate the inventory value for the operation.

• The supplier number predefined on the work center used for the subcontracting operation in 'Work Center. Open' (PDS010) is displayed and can be changed on this panel.

• If another supplier performs the operation after the subcontracted operation, the supplier number of the other supplier is entered in the Next supplier field. This supplier's address is printed as a deliver to address on the purchase order document to the first supplier informing the first supplier where to deliver the goods. The address is defined as address type 05 in 'Supplier. Connect Address' (CRS622).

Supplier Information

The product structure, items and suppliers must exist to be able to work with subcontracting items. As for subcontracted operations, an item/supplier record must be defined in 'Supplier. Connect Item' (PPS040).

Here are only fields of interest for subcontracting explained. How to create a supplier/item connection is explained in "Settings for Supplier and Items" on page 112.

1 On the B1 panel choose sorting order 4, this displays subcontracted operations. Select the item number for the subcontracted product.

• The 'Service process' (Spc) field specifies the product structure type and the Service field the number of the subcontracted operation.

• It is very important to enter the subcontracted operation number as it is entered in 'Product. Connect Materials/Operations' (PDS002) since this field is alphanumeric. (Do not forget the leading zeros).
An agreement with the subcontractor can be entered in 'Agreement. Open' (PPS100). The agreement lines for service processes are displayed using sorting order 2. More about agreements; “Managing Agreements with Suppliers” on page 159.

2 Open (PPS040/E)

- The 'Record type' field indicates the type of ID for the item/supplier combination and has to be 2 for subcontracted operations.

- 'Supplier item number', 'Supplier item name' and 'Supplier item description' are printed on the purchase order document if entered. These fields can be used to inform the supplier about the subcontracted operation. The supplier-related fields are printed according to the printout method fields on the order type in 'PO Type. Open' (PPS095).

- The order type used for the created purchase order is entered on the panel. The order type must be of category 70. If no order type is entered, the order type defined in 'Settings – Purchasing' (CRS780) is used. See the Settings section in chapter 4.

- The goods receiving method specifies what activities to perform in the receiving flow.
Parameters to Set

<table>
<thead>
<tr>
<th>Program ID/ Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PDS010/ E)</td>
<td>Resources Type</td>
<td>…the type of resource a work center is.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The valid alternatives:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 = Resource for an operation for routing. Capacity is calculated from the data entered for the work center or during shift planning from a shift model.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 = Subcontractor in a routing.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4 = Rough-cut capacity planning resource with capacity based on the work centers used.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5 = Rough-cut capacity planning resource with capacity calculated as in alternative 1.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6 = Work center resource in M3 SWB. This may be a single machine or operator, or a group of identical machines. This type of resource may belong to more than one work center group having alternative 1.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Note:</strong> When APP flag is active in 'Facility.Open' (CRS008), the majority of information is entered on type 6 resources. Most fields for the type 1 work center are hidden, with the following exceptions:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Included in work center, Capacity type, Number of shifts and Utilization rate fields in (PDS010/E). The information in these fields is used in the product lead time calculation and must be entered both for type 1 and type 6 resources. - Default resource (mandatory) (PDS010/F).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• All fields in (PDS010/G) as well as the Preparation and Post-operation time fields in (PDS010/K). These are copied from the Default resource when you create a new type 1 work center. They will be copied into routings when you create new routings. New manufacturing orders (and MO proposals) will use these routings' values.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Restriction U/M (optional) in (PDS010/K).</td>
</tr>
<tr>
<td>(PDS010/ G)</td>
<td>Supplier</td>
<td>…the supplier's number in purchase order processing.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>This number is displayed as default when new subcontract operations are added to the routing, and must be entered if the work center is type 2.</td>
</tr>
</tbody>
</table>

See Also

"Define Basic Settings for Subcontracting" on page 329
"Define Settings for Subcontracted Item" on page 335
"Managing Subcontracting in Procurement" on page 345
Managing Subcontracting in Procurement

This document explains how subcontracting is handled in procurement. Subcontracting is done in two ways.
The first one in which one or more of the operations in a product structure is subcontracted and the other of the operations is done inside your own factory.
The second type is when all operations in a structure are subcontracted.

Results

Outcome
Subcontracting for operations and subcontracting for items will be done.

Uses
A finished product with the subcontracted operation is updated in the stock and the corresponding financial transaction is performed.

How the System Is Affected
Refer to the related settings instruction documents to see how the system is affected.

Before you start
Settings in the following documents must be fulfilled:
• "Define Basic Settings for Subcontracting" on page 329
• "Define Settings for Subcontracted Item" on page 335
• "Define Settings for Subcontracted Operations" on page 340

Follow These Steps
Product Structure with Subcontracted Operations

1 Manufacturing Order
The workflow for subcontracting operations is usually administrated through a manufacturing order. A manufacturing order is created in Manufacturing Order. Open (PMS100).
Material can be reserved on the Manufacturing Order in Material plan. Open (MMS080) for the component that needs to be sent to the subcontractor

2 Planned Purchase Order

When a manufacturing order is entered for the finished product, a planned purchase order for the subcontracted operation is created automatically in 'Planned Purchase Order. Open' (PPS170). Sorting and selection of orders is done by using sorting orders and views.

3 Release Planned Purchase Order

The planned purchase order is released in PPS170. For more details, refer to the document "Create and Release Planned Purchase Order" on page 38

4 Requisition Order

When the purchase order is printed and it reaches status 20, a requisition order is created in 'Req/Distr Order. Open' (MMS100). The requisition order is used to create freight document for the delivery of the material to the supplier and is often called a dummy requisition order.

The created requisition order in 'Req/Distr Order. Open' (MMS100) is created automatically from 'Create GST from sub contracting proposals' (MMS117).

5 Report Stock Issue

The stock reported through Picking List. Report (MWS420). For more details see:

6 Purchase Order

The planned purchase order is released as a normal order and creates a purchase order for the subcontracted operation in 'Purchase Order. Open' (PPS200).

7 Goods Receiving Method

After the supplier has finished the work, the goods are sent back to the company. When the goods are delivered, the goods are received in the same way as normal goods by using 'Purchase Order. Receive Goods' (PPS300). The goods receiving method controls what activities are done in the receiving flow.

When the subcontracted item is goods-received, the manufacturing order status is updated. The subcontracted operation gets status 90, finish-marked

8 Invoice Matching

You can perform the invoice matching for the purchase order in Matching Supplier Invoices to Purchase Orders in 'Supplier Invoice. Record' (APS100). See also:

Product Structure with Only Subcontracted Items

1 Planned Purchase Order

A planned purchase order for the subcontracted operation is created automatically in 'Planned Purchase Order. Open' (PPS170). Sorting and selection of orders is done by using sorting orders and views.

2 Release Planned Purchase Order
The planned purchase order is release in PPS170. For more details refer the document "Create and Release Planned Purchase Order" on page 38.

3  Requisition Order

When the purchase order is printed and it reaches status 20, a requisition order is created in 'Req/Distr Order. Open' (MMS100). This will happen provided that the issue of material is done from the manufacturing order. The requisition order is used to create freight document for the delivery of the material to the supplier and is often called a dummy requisition order.

The created requisition order in 'Req/Distr Order. Open' (MMS100) is created automatically from 'Create GST from sub contracting proposals' (MMS117).

4  Report Stock Issue

The stock is reported through Picking List. Report (MWS420). For more details see:

5  Purchase Order

The planned purchase order is released as a normal order and creates a purchase order for the subcontracted operation in 'Purchase Order. Open' (PPS200).

6  Goods Receiving Method

After the supplier has finished the work, the goods are sent back to the company. When the goods are delivered, the goods are received in the same way as normal goods by using 'Purchase Order. Receive Goods' (PPS300). The goods receiving method controls what activities are done in the receiving flow.

When the subcontracted item is goods-received, the manufacturing order status is updated. The subcontracted operation gets status 90, finish-marked

7  Invoice Matching

You can perform the invoice matching for the purchase order in Matching Supplier Invoices to Purchase Orders in 'Supplier Invoice. Record' (APS100). See also:

8  Occasional Subcontracting

Subcontracting is often used when capacity problems exist in the company's production plant. Sometimes, one of the operations for a certain manufacturing order is subcontracted and another supplier performs the operation on this special order.

See Also

"Define Basic Settings for Subcontracting" on page 329
"Define Settings for Subcontracted Item" on page 335
"Define Settings for Subcontracted Operations " on page 340
"Workflow for Subcontracted Operations" on page 354
"Workflow for Subcontracted Items" on page 352
"Occasional Subcontracting" on page 348
Occasional Subcontracting

This is an alternative way of subcontracting operations.

Sometimes, when there are capacity problems, one of the operations for a certain manufacturing order is subcontracted and an external supplier performs the operation on this special order.

Outcome

An operation is rescheduled from in-house to be performed by an external supplier, and planned purchase order is created.

As part of this process, the following files are updated:

- MPOPLP Planning Proposal Purchase
- MPHEAD Purchase Order Header
- MPLINE Purchase Order Lines
- MGHEAD Stock Transaction, Header
- MGLINE Stock Transaction, Lines
- MPSURL Subcontracting Requisition Lines

Before You Start

- Settings in "Define Basic Settings for Subcontracting" on page 329 must be fulfilled.
- Settings in "Define Settings for Subcontracted Operations" on page 340 must be fulfilled.

Follow These Steps

These steps describe the scenario when a manufacturing order is placed on the end product and an operation shall now be rescheduled from in-house to be performed by an external supplier.

1. The product structure of the manufacturing order is changed in 'Manufacturing Order. Open Lines' (PMS101).
2. Delete the in-house operation (work center) and create a new operation with the subcontracted work center. Redisplay (PMS101/B).
3. When you press Close on the (PMS101/B) panel, 'Manufacturing Order. Reschedule' (PMS010/A) is started. Select option 'Create' and the rescheduling is initiated.
   The rescheduling is carried out by an autojob.
Next step is to create the planned purchase order. Open 'Manufacturing Order. Open Lines' (PMS101) again. Open the G panel. Select F14= Crt sub contr. A planned purchase order can now be found in 'Planned Purchase Order. Open' (PPS170).

The rest of the subcontracted operation flow is the same as the normal flow, see "Workflow for Subcontracted Operations" on page 354.

See also
"Define Basic Settings for Subcontracting" on page 329
"Define Settings for Subcontracted Operations" on page 340
"Workflow for Subcontracted Operations" on page 354

Subcontract Operation
A subcontract operation is an operation performed by external resources. In this case, an external resource is denoted by a work center having resource type 2.

Description
Subcontract operations which are not performed by internal resources (work centers) are entered in a routing. These operations are indicated as service processes for each item and supplier, to be used during purchasing. When a manufacturing order is created, the subcontract operation or service process can be automatically entered as an order proposal for purchase. It can then be purchased in the same way as for normal items.

Subcontract Order – Purchasing
A subcontract order refers to a purchase order for an operation performed by a subcontractor. Purchasing subcontract work functions according to the same principles used in purchasing material or services in the M3 Procurement module.

There are two types of subcontract orders in M3:
• A subcontracting order integrated with a manufacturing order (MO).
A subcontracting order proposal is created when the MO is created, regardless of status.
• Subcontracting order without MO.
This is designed for companies that do not have in-house production, but administrate operations chains using material either purchased directly or delivered to the subcontractor from an in-house inventory. This refers to items with item category 3 in ‘Item. Open’ (MMS001) and acquisition code
2 in 'Item. Connect to Warehouse' (MMS002). This functionality is described in a separate section below.

Both types of subcontract order must be defined with order category 70 in 'PO Type. Open' (PPS095). M3 also supports delivery of material to the subcontractor.

**Prerequisites**

Subcontracting orders require the following settings:

**Defining General Purchasing Settings (CRS780)**

- Parameter 07 - Requisition type for subcontracting. Specifies the requisition order type to be used when creating requisitions for delivery of material to the subcontractor.
- Parameter 18 - Standard PO type for subcontracting. Specifies the PO type to apply for planned subcontract orders.
- Parameter 21 - General costing method for subcontracting. Specifies the costing method to apply for the subcontract operations.
- Parameter 32 - Planning policy for subcontract order. Specifies the planning policy values retrieved for all planned subcontract orders.

**Defining PO Type**

PO types are defined in (PPS095). 0 or 2 must be entered for parameter 150 - Update material plan. Entering value 0 means that the subcontract purchase will not be displayed in the material plan. The value 2 means that the subcontract purchase is displayed in the material plan, showing actual status but projected on-hand balance is not adjusted upwards for it. Otherwise available on-hand balance would be adjusted upwards twice, since the MO does this. On-hand balance for items with subcontract orders without MO is adjusted upwards during the last operation, regardless of the value entered for this parameter.

**Delivery Address**

A final destination address and any ship-via address must be specified for the subcontractor in order for the correct proposal to be made. When no address is present, the subcontractor's mailing address is proposed.

**Defining Values for the Requisition Type (CRS200)**

To connect integration to Transportation Planning, an appropriate Dispatch policy must be connected to the requisition order type. This integration is required for certain processing, such as for bills of lading, etc.

**Basic Data for Production**

The work centers that are subcontractors must be defined as resource type 2 (Subcontract) in 'Work Center. Open' (PDS010).

- **Operation Lines**

The subcontract control field must be defined for the subcontract operation and subcontractor in 'Product Structure. Open' (PDS001)001). When several subcontract operations are defined in sequence, Next subcontractor should be specified in the subcontract operation. The address of the next subcontractor will then be entered as the delivery address in the purchase order for the first subcontractor. The value in the 'Production days' field will control the lead time for the operation.
Material Lines

The transaction control field must be defined for the material lines. This parameter determines whether material used in the subcontract operation should be requisitioned using an MO picking list or using the requisition routine. When the requisition routine is specified in this parameter, then the order type used is determined by parameter 07 in ‘Settings – Purchasing’ (CRS780).

Subcontract Order Integrated with MO

When entering an MO, a planned PO is created for operations with a work center having resource type 2 (subcontract). This is done regardless of status. However, the status of the planned PO is determined by the values in the planning policy. The planning policy is defined by parameter 32 in (CRS780).

If the value in Transaction control field (in the corresponding material lines) specifies that a requisition should be created, then this is done when the subcontract order is printed. Scheduled issue date for the requisition will then be the current date. When the requisition is created, the requisition reservation replaces the MO reservation. This is all displayed in ‘Material Plan. Open’ (MMS080).

After the PO is created, it is integrated in the following ways:

- If a requisition is entered, the issued quantity as stated in the requisition is also updated into the MO.
- When the start date, quantity manufactured, or completion date is changed in the MO or when the MO is deleted, then an automatic warning is given that a subcontractor order is included. The date is not changed automatically.
- When the subcontract order is received, manufactured quantity and operation status in the MO are updated. Automatic receipt and material issue are also possible.

For items to be sent to a subcontractor, the product number is printed on the requisition. In this case, if the preceding operation was in-house, then that operation number is also printed on the requisition. However, the requisition line is not affecting inventory. Weight can be entered in the Initial weight field for the subcontract operation in ‘Product Structure. Open’ (PDS002/E).

The processing described above makes it possible for a complete picking list to be proposed. This includes proposed information about weight.

Subcontract Order without an MO

This refers to items with item category 3. For these there is a structure for one or more levels with one or more subcontract operations. Importantly, only subcontract operations are use here. These structures are displayed using option 20=Subcontracting selection from ‘Planned Purchase Order. Open’ (PPS170/B). A structure is displayed for an indented bill of material with lines for material and operations.

- Display of the material lines and proposed steps is affected by the value in the transaction control field. Material can be purchased directly to the subcontractor or delivered from in-house inventory.
- Operation lines and delivery date for included material as stated in the planned PO, are based on the production days defined in the operation lines. Any changes made before release must be done manually.
- Planned POs for material purchased directly to the subcontractor, and operations are created in (PPS171/E), when the planned PO is released using F14=Create planned PO. These planned orders function as normal purchase orders then.
A requisition for material to be issued is also created. This occurs when the first subcontract order or direct purchase connected to (the first seven positions in) the planned PO number becomes a purchasing order.

When the purchasing order is created, then all tracking can be done by inquiring for the planned order number in ‘Purchase Order. Display Lines’ (PPS220). This displays all purchase orders connected to the first seven positions in the planned PO number and their current status.

When the last subcontract operation is received, on-hand balance is updated for the item with item category 3 originally created in the planned PO.

Workflow for Subcontracted Items

In this document the workflow for subcontracting is described when working with subcontracted items, that is when all operations in a product structure is executed by a subcontracted supplier.

Outcome

A finished product with the subcontracted item(s) is updated in the stock and the corresponding financial transaction is performed.

Subcontracted items apply when all of the operations in a product structure is subcontracted and done by a subcontracted supplier.

The workflow is administrated without a manufacturing order.

The following files are updated in M3:

- MPOPLP Planning Proposal Purchase
- MPHEAD Purchase Order Header
- MPLINE Purchase Order Lines
- MGHEAD Stock Transaction, Header
- MGLINE Stock Transaction, Lines
- MPSURL Subcontracting Requisition Lines

Before You Start

- Settings in "Define Basic Settings for Subcontracting" on page 329 must be fulfilled.
- Settings in "Define Settings for Subcontracted Item" on page 335 must be fulfilled.

Follow These Steps

- Create a Planned PO and Release to a PO
When a demand is created in the system on the subcontracted item, for example, from the MRP or from a customer order, a planned purchase order is created in 'Planned Purchase Order. Open' (PPS170).

In 'Planned Purchase Orders. Open' (PPS170) sorting and selection of orders is done by using sorting orders and views. Here are only fields of interest for subcontracting explained. How to create a planned PO is explained in "Planned Purchase Order" on page 59.

Origin code specifies from where the planned purchase order was created. By using origin code 20 only planned purchase orders are displayed on the panel.

You can reschedule the subcontracted order (available on hand etc.) by using option 20=Subcontracting Selection.

On the (PPS170/E) panel the purchase price is defaulted from a general or a normal agreement. The price on the general agreement is entered on the F panel in 'Supplier. Connect Item' (PPS040). If no price is entered in the agreements, the price must be entered manually.

The planned purchase order is released as a normal order and creates a purchase order for the subcontracted operation in 'Purchase Order. Open' (PPS200). The purchase order type used for the creation of the purchase order is displayed on the E panel in 'Planned Purchase Order. Open' (PPS170). The purchase order type is defaulted from the item/supplier combination in 'Supplier. Connect Item' (PPS040).

On the (PPS171/B) panel the work center as well as the subcontracted operation's number is displayed.

The defaulted supplier and delivery date can be changed and new planned purchase orders created by using F14 (Crt PO Prop).

If several subcontracted operations exist in the product structure for different suppliers, this program is used to plan and make changes to the planned purchase order.

**A Requisition Order is created**

When the purchase order is printed and reaches status 20=Released, a requisition order is created in 'Req/Distr Order. Open' (MMS100). This will happen provided that the issue of material is done from the manufacturing order.

The Status indicates how far in the flow the requisition order has come. Status 44 means that the picking list is printed but not yet reported.

On the requisition order type used for this transaction, you can set up whether or not picking list reporting is needed.

When the picking list is reported, the status on the requisition order is set to 99.

Requisition and distribution orders are described in greater detail in the requisition and distribution order documentation.

**Report Picking List**
The material needed to produce the finished product is printed on the picking list and reported in 'Picking List. Report' (MWS420). Often there are two picking lists to report: One for the material issues (transaction type 11) and one for the freight documents (transaction type 41).

How to report picking lists are described in:

- **Receive the Goods from the Subcontracted Supplier.**

  After the supplier has finished the work, the goods are sent back to the company. When the goods are delivered, the goods are received in the same way as normal goods by using 'Purchase Order. Receive Goods' (PPS300). The goods receiving method controls what activities are done in the receiving flow. How to receive goods are described in "Goods Receiving Flow for Purchase Orders" on page 166.

  *More than One Subcontracted Supplier is used*

  In some cases more than one supplier is used for subcontracting and the material is sent to a second supplier for further operations. On the purchase order document sent to the first supplier, the second supplier's address is printed in the Deliver to field. After the first supplier has sent the goods to the second, a fictive goods receipt should be done on the first purchase order.

  *Update the On-hand Balance*

  Whether the on-hand balance of the item is updated depends on the settings on the order type. For subcontracted items, this parameter is usually set to 1 (= both the material plan and the projected balance is updated).

  The goods receipt creates financial transactions in the flow.

**See Also**

- "Define Basic Settings for Subcontracting" on page 329
- "Define Settings for Subcontracted Operations" on page 340
- "Define Settings for Subcontracted Item" on page 335
- "Workflow for Subcontracted Operations" on page 354
- "Managing Subcontracting in Procurement" on page 345

**Workflow for Subcontracted Operations**

In this document the workflow for subcontracting is described when working with subcontracted operations and manufacturing orders.

**Outcome**

A finished product with the subcontracted operation is updated in the stock and the corresponding financial transaction is performed.
Subcontract operations applies when one or more of the operations in a product structure is subcontracted and one or more of the operations is done inside your own factory.

For example, in the manufacturing of a chair, the cutting and the gluing operation may be done within the factory while painting is subcontracted. This way of working with subcontracting is called subcontracted operations.

The workflow is usually administrated through a manufacturing order.

Important files used for these settings are:

- MPOPLP    Planning Proposal Purchase
- MPHEAD    Purchase Order Header
- MPLINE    Purchase Order Lines
- MGHEAD    Stock Transaction, Header
- MGLINE    Stock Transaction, Lines
- MPSURL    Subcontracting Requisition Lines

**Before You Start**

- Settings in "Define Basic Settings for Subcontracting" on page 329 must be fulfilled.
- Settings in "Define Settings for Subcontracted Operations" on page 340 must be fulfilled.

**Follow These Steps**

**Create a Planned PO and Release to a PO**

When a manufacturing order is entered for the finished product, a planned purchase order for the subcontracted operation is created automatically in 'Planned Purchase Order. Open' (PPS170). How to create a manufacturing order is described in:

1. In 'Planned Purchase Orders. Open' (PPS170) sorting and selection of orders is done by using sorting orders and views.

   **Note**: Here are only fields of interest for subcontracting explained. How to create a planned PO is explained in "Planned Purchase Order" on page 59.

   Origin code specifies from where the planned purchase order was created. By using origin code 21 only planned purchase orders created from manufacturing orders are displayed on the panel.

2. On the (PPS170/E) panel the purchase price is defaulted from a general or a normal agreement. The price on the general agreement is entered on the F panel in 'Supplier. Connect Item' (PPS040). If no price is entered in the agreements, the price must be entered manually.
3 On the F panel, the manufacturing order number is displayed together with the number of the subcontracted operation in the product structure.

- The reference order category (digit 1 after the line number) specifies what the order number refers to. One (1) means that the reference is a manufacturing order number. After release of the planned purchase order this reference will follow on to the purchase order.
- The planned purchase order is released as a normal order and creates a purchase order for the subcontracted operation in 'Purchase Order. Open' (PPS200). The purchase order type used for the creation of the purchase order is displayed on the E panel in 'Planned Purchase Order. Open' (PPS170). The purchase order type is defaulted from the item/supplier combination in 'Supplier. Connect Item' (PPS040).

**A Requisition Order is Created**

When the purchase order is printed and reaches status 20=Released, a requisition order is created in 'Req/Distr Order. Open' (MMS100). This will happen provided that the issue of material is done from the manufacturing order.

The requisition order is not inventory-accounted and only used to create freight document for the delivery of the material to the supplier and is often called a dummy requisition order.

The Status indicates how far in the flow the requisition order has come. Status 44 means that the picking list is printed but not yet reported. On the requisition order type used for this transaction, you can set up whether or not picking list reporting is needed. When the picking list is reported, the status on the requisition order is set to 99. Requisition and distribution orders are described in greater detail in the requisition and distribution order documentation.

**Report Picking List**

Picking lists are reported in 'Picking List. Report' (MWS420). Often there are two picking lists to report: One for the material issues (transaction type 11) and one for the freight documents (transaction type 41). For more information on reporting picking lists, see:

**Receive the Goods from the Subcontracted Supplier**

After the supplier has finished the work, the goods are sent back to the company. When the goods are delivered, the goods are received in the same way as normal goods by using 'Purchase Order. Receive Goods' (PPS300). The goods receiving method controls what activities are done in the receiving flow. For more information on receiving goods, see "Goods Receiving Flow for Purchase Orders" on page 166.

**More than One Subcontracted Supplier is Used**

In some cases more than one supplier is used for subcontracting and the material is sent to a second supplier for further operations. On the purchase order document sent to the first supplier, the second supplier's address is printed in the Deliver to field. After the first supplier has sent the goods to the second, a fictive goods receipt should be done on the first purchase order.

**If the Operation is the Last Operation in the Product Structure**

Whether the on-hand balance on the material is updated depends on the settings on the order type after the goods receipt. If the operation is the last operation in the product structure it is preferable to update both the material plan and the projected balance.
Finish Mark the Subcontracted Operation

When the subcontracted item is goods-received, the manufacturing order status is updated. The subcontracted operation gets status 90, finish-marked. The goods receipt also creates financial transactions.

Additional operations following the subcontracted operation in the product structure, if any, are then carried out.

After the last Subcontracted Operation

After the last operation the manufacturing order receipt is the next activity. This transaction can also be set so it is conducted automatically upon reporting of the subcontracted operation. After receipt of the manufacturing order is reported, the status on the manufacturing order header will be 90/90. How to report an MO is described in:

See Also

"Define Basic Settings for Subcontracting" on page 329
"Define Settings for Subcontracted Operations " on page 340
"Define Settings for Subcontracted Item" on page 335
"Workflow for Subcontracted Items" on page 352
"Managing Subcontracting in Procurement" on page 345
Connect a Purchase Order to a Purchase Delivery Schedule

This document explains how you connect a planned purchase order and a purchase order to a purchase delivery schedule.

Outcome

A planned purchase order and a purchase order with a purchase delivery schedule are created. The purchase order for a purchase delivery schedule is delivered as ordered goods in 'Purchase Order. Receive Goods' (PPS300).

The following files are updated:
- Purchase Order Header (MPHEAD)
- Purchase Order Line (MPLINE)
- Planned Purchase Orders (MPOPLP)

Before You Start

- A purchase order must be created with the purchase delivery schedule. Demands in the delivery schedule within the firm time limit must be displayed as firm purchase order lines and demands outside the firm time limit as planned purchase orders. See "Create and Print Purchase Delivery Schedules" on page 362.
- The parameters in "Create Agreement for Purchase Delivery Schedules" on page 360 must be defined.
- A planned purchase order must be created. See "Create and Release Planned Purchase Order" on page 38.
- A purchase order must be created. See "Create, Release and Display Purchase Order" on page 31.
Follow These Steps

Display Purchase Order Attached to the Purchase Delivery Schedule

1. Start 'Purchase Order. Open' (PPS200).
2. Select the purchase order attached to the purchase delivery schedule. Select option 11= 'Lines' to continue to 'Purchase Order. Open Lines' (PPS201).
3. Select the purchase order line and then select the Display option.
   • The first line, 'Ln blank' with Status 00, indicates that the order is connected to a delivery schedule and the line cannot be deleted.
   • New deliveries are created as new lines in 'Purchase Order. Open lines' (PPS201).

Use Purchase Delivery Schedule in a Planned Purchase Order

1. Start 'Planned Purchase Order. Open' (PPS170).
2. On the P panel, set the panel sequence to E.
3. Press Enter to continue to the B1 panel.
4. Select the planned purchase order for the delivery schedule and select the Display option.
   • The E panel displays the planned delivery date. This date is the date displayed in the delivery schedule when the order is not released.
   • The delivery schedule agreement number is also displayed in the 'Our reference number' field.
   • The status and action messages help determine the action for the planned purchase order.
5. Select the planned purchase order that needs to be released and then select option 11 = 'Release line'.
6. Press F3 to close and continue to 'Purchase Order. Create from Planned' (PPS913).
7. On the E panel, enter the buyer, supplier number, facility, and purchase order number.
   • Two different period ranges can be selected.
8. Repeat the initial steps to check if deliveries are created as new lines in 'Purchase Order. Open lines' (PPS201).

See Also

"Managing Purchase Delivery Schedules" on page 381
"Define Settings for Purchase Delivery Schedules" on page 364
"Define Settings for Agreements" on page 155
"Create and Print Purchase Delivery Schedules" on page 362
"Create Agreements with Supplier" on page 152
"Receive Purchased Goods" on page 190
Create Agreement for Purchase Delivery Schedules

This document explains how you create an agreement in purchase delivery schedules and how you print the agreement.

Results

Outcome
An agreement for a purchase delivery schedule is created. You can attach the agreement to the purchase orders, and print a list of agreements for further reference.

Uses
A purchase delivery schedule can be created with the price and discounts retrieved from the valid agreement.

How the System Is Affected
The following files are updated:

• Purchase Agreement Header (MPAGRH)
• Purchase Agreement Line (MPAGRL)
• Purchase Agreement Prices (MPAGRP)

Before you start

• An agreement type for purchase delivery schedule must be defined in 'Agreement Type. Open' (PPS110).
• The parameters in "Define Settings for Agreements" on page 155 must be defined.
• The parameters in "Define Settings for Purchase Delivery Schedules" on page 364 must be defined.

Follow These Steps
Delivery Schedule Agreement

1 Start 'Purchase Agreement. Open' (PPS100).
2 Press F13 to open the P panel. Set the panel sequence to EF12 and press Enter.
3 On the B panel, enter the supplier number and agreement type. Select New.
4 On the E panel, select the valid parameters.
All the parameters are the same as that of a normal agreement.

5 On the F panel, enter the warehouse, firm delivery schedule, preliminary delivery schedule, forecast days, and number of print generations.

- All the other parameters are the same as that of a general agreement.
- The 'Firm delivery schedule' field controls the creation/updation of the purchase order. Only the first delivery creates an order, the deliveries following that will only update the existing order with a new order line. Orders outside the firm delivery days are to be considered as preliminary and forecast. These orders are printed on the delivery schedule document and created as planned purchase orders.
- The length of the 'Firm delivery schedule' is set to the same length or shorter than the lead time for the item. The length of the 'Preliminary delivery schedule' is often set to the same length as the planning time fence. The 'Forecast days' are set to the same length as the forecast period or planning horizon.
- The field 'Number of print generations' indicates how many printouts of the delivery schedule should be saved and stored. Every time a delivery schedule is sent to the supplier, it is also captured for further analysis.
- Warehouse is mandatory for a delivery schedule agreement since it affects the material planning.

Purchase Delivery Schedule Agreement Lines

1 Press Enter to continue to Purchase Agreement. Open Lines (PPS101).
2 On the B panel, enter the group ID, item number, and start Date. Select New.
3 On the E panel, enter the setup price, purchase price, discount 3 (if required).
4 On the F panel, enter the renewal quantity, renewal amount, bonus item, bonus generating, order total discount base, goods receiving method, and warranty limit 1-4. Press Enter.

Print Purchase Delivery Schedule Agreement

1 Start 'Purchase Agreement. Print Document' (PPS530).
2 On the B panel, enter the supplier number, agreement number, buyer, status, valid from, agreement date, agreement type, group ID, supplier agreement number, and supplier number/agreement number.
   - Two different period ranges can be selected.
   - Sorting order can be marked, using numerical values. The lowest numerical value is given the highest priority.
3 Press Enter.
   The printing job is submitted.

See Also
"Managing Purchase Delivery Schedules" on page 381
Create and Print Purchase Delivery Schedules

This document explains how you create a purchase delivery schedule either automatically or manually. It also explains how you print the purchase delivery schedule.

Outcome

A purchase delivery schedule is created automatically or manually, which in turn triggers the creation of purchase order lines or planned purchase orders connected to the delivery-scheduled purchase order.

Use the purchase delivery schedule to do the following:

- Purchase frequently used products where a partner relationship exists between the supplier and customer
- Present both purchase orders and planned purchase orders in one document.

As part of this process, the following files are updated:

- Delivery schedule prints (MPDEPR)
- Planned Purchase Order (MPOPLP)
- Purchase Order – Header (MPHEAD)
- Purchase Order – Line (MPLINE)
- Purchase Order Transactions (MPLIND)

Before You Start

- An agreement type for purchase delivery schedule must be defined in 'Agreement Type. Open' (PPS110).
- The parameters in "Define Settings for Agreements" on page 155 must be defined.
- The parameters in "Define Settings for Purchase Delivery Schedules" on page 364 must be defined.
Follow These Steps

Automatic Creation of a Purchase Delivery Schedule

1. Create a demand for the delivery schedule item by entering the safety stock in 'Item. Connect Warehouse' (MMS002) or by creating a customer order in 'Customer Order. Open' (OIS100).

2. Start 'Material Plan. Open' (MMS080).

3. On the B panel, enter the warehouse and item number.

4. Select option F18 = MRP Calculation.
   A planned purchase order is created.

5. Start 'Purchase Delivery Schedule. Open' (PPS210).

6. On the B panel, enter the warehouse for sorting order 1. Press Enter.
   A delivery schedule is automatically created and connected to a purchase order, with status 15.

Manual Creation of a Purchase Delivery Schedule

1. Start 'Purchase Delivery Schedule. Open' (PPS210).

   Important: It is not possible to manually create a delivery schedule via PPS200.

2. Press F13 to open the P panel and set the opening panel to A. Press Enter.

3. On the A panel, enter the warehouse, item number, supplier number, order type, and agreement number. Select New.

4. On the E panel, enter the proposed quantity below the time axis.
   - The date displayed in the delivery schedule is controlled from the parameters on panel P of 'Delivery Schedule. Open' (PPS210/P). The displayed day could be Monday (=1), Tuesday (=2), Wednesday (=3), Thursday (=4) or Friday (=5).
   - The character in front of the date indicates if the date lies in the firm (*) or in the preliminary (-) range.
   - If the line is open, the order quantity can be re-planned from here.
   - If changes are made, this will directly affect the purchase order or the connected planned purchase order.
   - If more than one order lies in the period, the line will be closed.
   - If these orders have to be re-planned this must be done from the purchase order or the planned purchase order.

5. On the F panel, enter the ship-via address and final destination address. Press Enter.
   The final destination is the optional address field that, if filled in, overrides the goods receiving address of the company.

Print a Purchase Delivery Schedule
1 Start 'Purchase Delivery Schedule. Open' (PPS210).

2 Select the Delivery schedule with status 15.
   Status 15 = Ready for printout.

3 Select option F14 = 'Prt dely sched' to continue to 'Purchase Delivery Schedule. Print' (PPS615/E).

4 Enter the facility, supplier number, printout code, control changes, and report layout.
   • Two different period ranges can be selected.
   • Activate the control change parameter if changes to the delivery schedules should be checked for buyers and suppliers.
   • If a check is requested, and changes were made within the agreement's preliminary time horizon and the schedule has status 20 (printed), then the status of the delivery schedule is changed to 15 (selected for printing).

5 Press Enter.
   • The printing job is submitted.
   • The purchase delivery schedule is assigned status 20 after it is printed.

See Also
"Managing Purchase Delivery Schedules" on page 381
"Define Settings for Purchase Delivery Schedules" on page 364
"Define Settings for Agreements" on page 155
"Connect a Purchase Order to a Purchase Delivery Schedule" on page 358
"Perform Goods Receipt for Delivery Schedule Items" on page 383
"Create Agreements with Supplier" on page 152

Define Settings for Purchase Delivery Schedules

This document explains how you define the settings for purchase delivery schedules.

Outcome
The parameters that control purchase delivery schedules are defined.

The following files are updated:
• Delivery schedule prints (MPDEPR)
• Planned Purchase Order (MPOPLP)
The parameters defined are used to create delivery schedules manually or automatically in 'Purchase Delivery Schedule. Open' (PPS210).

**Before you start**

- An item must exist in 'Item. Open' (MMS001).
- The item must be connected to a warehouse in 'Item. Connect Warehouse' (MMS002).

**Follow These Steps**

**Define Purchase Order Type**

1. Start 'PO Type. Open' (PPS095). Select order category 30 or 40. Select New.
2. On the E panel, enter the 'Number series – PO' and press Enter.
3. On the F panel, select the 'Mandatory item/supplier record' and 'Agreement check - PO entry' (optional). Press Enter.
4. On the G panel, select the 'PO type check' (optional) and press Enter.
5. On the H panel, select the parameter 'Representative price' and press Enter.
6. On the I panel, select the parameter 'Use buyer from agreement first' (optional) and press Enter.

**Settings for Item. Connect Warehouse**

1. Start 'Item. Connect Warehouse' (MMS002).
2. On the E panel, enter the acquisition code, period frame, planning policy, planning horizon, lead time, order type, and supplier. Press Enter.
3. On the F panel, enter the order policy and press Enter.
4. On the G panel, enter the buyer and the distribution/supplier calendar check and press Enter.

**Settings for Supplier. Connect Item**

1. Start 'Supplier. Connect Item' (PPS040).
2. On the E panel, enter the order type and the goods receiving method.
3. Press Enter.
## Parameters to Set

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Settings for Purchase Order Type</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(PPS095/E)</td>
<td>020 Number series - PO</td>
<td>…the number series used while entering purchase order numbers for the purchase order type. You can define alternative number series for different facilities.</td>
</tr>
<tr>
<td>(PPS095/F)</td>
<td>110 Mandatory item/supplier record</td>
<td>…the connection between an item and supplier in (PPS040). This is mandatory in order to enter the order lines. Select the check box if the connection is mandatory. Automatic order proposals are assigned a lower status when item numbers are not connected to a supplier.</td>
</tr>
<tr>
<td>(PPS095/F)</td>
<td>160 Multiple agreements per PO</td>
<td>…that the purchase orders are allowed to contain more than one agreement number. For a rolling delivery schedule this must be set to 1. For a time limited delivery schedule this must be set to 0. If you do not select the check box, automatically created purchase orders will be divided, and manually created orders will be locked for entry.</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates …</td>
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</tr>
</tbody>
</table>
| (PPS095/G)      | 190 PO type check | …whether the purchase order should be reconciled for each supplier against the table of approved purchase order types.  
The valid alternatives are:  
1 = No.  
2 = Yes, warning which can be overridden.  
3 = Yes, warning which cannot be overridden. |
| (PPS095/H)      | 320 Representative price | …that the specified purchase price is representative.  
The valid alternatives are:  
0 = No. The price should not affect the price history analysis. It can, for example, contain expensive support purchases.  
1 = Manually specified price.  
2 = Price according to agreement.  
This code is always displayed by default on the purchase order line. However, if the purchase price is changed on the line and the value in this field is 2, the code is automatically set to 1. |
<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
</table>
| (PPS095/I)      | Get buyer from agreement | …how the system prioritizes the buyer involved in the purchase agreement when you select which buyer is the default buyer for purchase orders.  
If you select the check box, the system uses the following priority:  
The buyer entered in the purchase agreement in (PPS100).  
The buyer entered for the item/warehouse combination in (MMS002).  
The parameter; responsible entered for the item/supplier combination in (PPS040).  
The buyer entered for the supplier in (CRS624).  
If you do not select the check box, the system uses the following priority:  
The buyer entered for the item/warehouse combination in (MMS002).  
The responsible entered for the item/supplier combination in (PPS040).  
The buyer entered for the supplier in (CRS624).  
The default buyer can be overridden when purchase orders are processed. |

Settings for Item. Connect Warehouse
<table>
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<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(MMS002/E)</td>
<td>Acquisition code</td>
<td>…how the acquisition must be performed in case of requirements (immediate or planned) for each item/warehouse. The valid alternative for a delivery scheduled item is: 2 = Purchasing</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates …</td>
</tr>
<tr>
<td>-----------------</td>
<td>-------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>(MMS002/E)</td>
<td>Period frame</td>
<td>…a period frame template that is used to group days into appropriate periods. Each template ID is user-defined and can include up to 50 periods/columns with varying lengths. The period frame template entered per planning unit is also used for forecast distribution, if appropriate. Each period template is defined by entering three pieces of information in four intervals: - Number of periods/columns - Unit multiplier, that is the number of units that will form the period/column - Unit, expressed in one of the following alternatives: The valid alternatives are: 1 = Days 2 = Weeks 3 = System periods In addition, it is possible to determine the way in which eventual changes from one unit to another are processed by specifying whether overlapping should be used.</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates …</td>
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<td>-----------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>(MMS002/E)</td>
<td>Planning policy</td>
<td>…the rules that determine how to use the generation of planned orders, action messages and warning messages. A delivery scheduled item normally uses a planning policy set with automatic release (status 60 if A1, A2).</td>
</tr>
<tr>
<td>(MMS002/E)</td>
<td>Planning horizon</td>
<td>…the planning horizon, which is entered for each item/warehouse and indicates the number of days covered by the requirements planning from the current system date. There may be requirements beyond the date fixed by the planning horizon, but these are not considered when orders are generated. To support long-term planning, it is possible to override the planning horizon for each simulated version of the requirements planning.</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates …</td>
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<td>-----------------</td>
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<td>----------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>MMS002/E</td>
<td>Lead time</td>
<td>…the lead time for each item. This is the time required to meet a requirement from the time acquisition activities are started to the time the requirement is fulfilled. Lead time includes: - Administrative time - Transmission time - Supply lead time - Transportation time - Inspection time For a delivery scheduled item, this lead time determines when the purchase proposals will be released automatically or receive action message A1/A2. This lead time will also normally correspond to the number of days defined in the purchase agreement as &quot;firm days.&quot;</td>
</tr>
<tr>
<td>MMS002/E</td>
<td>Order type</td>
<td>…a combined ID for settings that determine how the order is processed during order entry and in the processing flow. Order types for purchasing are defined per order category in PPS095.</td>
</tr>
<tr>
<td>MMS002/E</td>
<td>Supplier no</td>
<td>…the supplier who is considered the main supplier for an item.</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates …</td>
</tr>
<tr>
<td>-----------------</td>
<td>----------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>(MMS002/F)</td>
<td>Order policy</td>
<td>…the process to calculate order quantity for each item/warehouse. The alternatives are described in more detail below. Normally method 11 = &quot;Lot for Lot&quot; is used when using delivery schedule. Fixed quantity/variable period. The valid alternatives are: 00 = Manually entered quantity 01 = Fixed quantity calculated from run-out time. 02 = Economic order quantity - Wilson's formula. Variable quantity/fixed period. The valid alternatives are: 11 = Discrete order quantity 12 = Manually entered run-out time 13 = Economic run-out time 15 = Run-out time using point-of-time table Variable quantity/variable period. The valid alternatives are: 21 = Least unit cost 23 = Period-based order quantity without balance check 24 = Period-based order quantity with balance check</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates …</td>
</tr>
<tr>
<td>-----------------</td>
<td>-------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>25 = Up to maximum on-hand balance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regardless of the order policy (OP) you use, the expected requirements are converted into one or more replenishment orders.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>All of the methods can be used when material requirements planning (MRP) is used. MRP is a time-phased method, which means that a time dimension is added to the traditional inventory status information. Since all requirements and inventories always relate to a specific date, planning can be accomplished with greater precision.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Note: They are all maintained manually. These three pieces of information are: 1. Order multiple - the order quantity must always be a multiple of this quantity. 2. The minimum order size - the minimum quantity that can be ordered. 3. The maximum order size - the maximum quantity that can be ordered.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>For those methods based on a fixed-order quantity, the quantity is always increased when the daily requirement is greater than the fixed-order quantity (increases to the order multiple).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Detailed description of the alternatives are mentioned below:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>00 The quantity is manually</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates …</td>
</tr>
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</tr>
<tr>
<td></td>
<td></td>
<td>entered. 01 Fixed quantity calculated from run-out time - the number of run-out days is entered either per item/warehouse or per sales volume class - the requirement is based on the selections made in connection with the calculation, which include: - Yearly requirements - Running yearly usage - Historic usage - Forecasted usage.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>02 EOQ according to Wilson's formula. 2 * Year's required * Ordering cost Square root _________ Carrying cost * stock/costing price</td>
</tr>
<tr>
<td></td>
<td></td>
<td>11 Discrete order quantity - when using this method, an order is created for each requirement even if there are several requirements for the same day.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>12 Manually entered run-out time - the order quantity is calculated dynamically according to the logic used in MRP - as requirements arise, orders are placed that cover the number of days entered manually as the run-out time.</td>
</tr>
</tbody>
</table>
|                 |       | 13 Economic run-out time - the order quantity is calculated dynamically according to the logic used in MRP - as requirements arise, orders are placed that cover the number of days entered manually as the run-out time The following formula applies: The order
<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>quantity is calculated according to Wilson's formula, and then divided by the average usage per calendar day. This average usage is based on the yearly volume or on running yearly usage. The run-out time= EOQ/daily requirement. The run-out time is calculated in the same function which calculates the fixed quantities.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 Requirements are summarized according to the planning points specified in the Point of Time table - example: If the planning points specified are set up as every day at 10:00, then the system will summarize all requirements between day one 10:01 to day two 10:00, then summarize requirements between day two 10:01 to day three 10:00, and so on.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21 Least unit cost - this method estimates different order quantities by accumulating one daily requirement at a time - afterwards, the order receives the quantity that has the least unit cost - the following formula applies: Interest lay days.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inv. cost --------- *-------- *(price * ord. qty.) 100 365 (ordering cost + Inv. cost).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit cost -------- Number of units in the order.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Inv. interest according to parameter.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lay days Number of calendar days</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates …</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>days that elapse from the order's delivery date, up to and including the last requirement's date the order covers.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>23 Period-based order quantity without balance check - this method is developed specifically for environments where a requirements-determined order initialization is desirable, while at the same time production should be balanced and evenly distributed according to the max/min order quantities per day - the method requires that a production rate is established for the product.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>24 Period-based order quantity with balance check - this method is based on the same principle as method 23, with a few exceptions - the method considers the opening balance for each period and evens out the surplus requirements both backwards and forwards - as with the other cases, neither released nor fixed planned orders may be rescheduled automatically.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>25 Up to maximum on-hand balance - this method is mainly designed for reorder point determined ordering, which means that the order quantity is always calculated so the calculated balance after the transaction is the same as the maximum on-hand balance minus one.</td>
</tr>
<tr>
<td>Program ID/Panel</td>
<td>Field</td>
<td>The field indicates …</td>
</tr>
<tr>
<td>-----------------</td>
<td>--------------------------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>(MMS002/G)</td>
<td>Buyer</td>
<td>…the buyer normally responsible for purchasing. The buyer can, for example, be responsible for purchase orders, agreements, item/supplier combinations, or item/warehouse combinations. The specified buyer for each item/warehouse is copied to the planned orders generated by M3.</td>
</tr>
<tr>
<td>(MMS002/G)</td>
<td>Distribution/supplier calendar check</td>
<td>…how the distribution and supplier delivery calendars are checked when an order's delivery date is determined. The valid alternatives are: 0 = Calendars are not used 1 = Back scheduling 2 = Forward scheduling 3 = The closest date possible is selected, regardless of whether a previous or later delivery date is selected The acquisition method determines which calendar is used. For distribution orders, this field is selected for the item/warehouse (MMS002)</td>
</tr>
</tbody>
</table>
The field indicates …

<table>
<thead>
<tr>
<th>Program ID/Panel</th>
<th>Field</th>
<th>The field indicates …</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PPS040/E)</td>
<td>Order Type</td>
<td>…a combined ID for settings that determine how the order is processed during order entry and in the processing flow. Order types for purchasing are defined per order category in PPS095.</td>
</tr>
</tbody>
</table>
| (PPS040/E)       | Goods receiving method | …the method that controls processing of the goods receiving flow. Depending on the method, quality inspection might be performed; certain documents can be printed, and so on. On the purchase order line, a default goods receiving method is proposed. This method can be overridden. The proposal comes from one of three sources according to the following priority ranking. The valid alternatives are:
1 = Combination of item and supplier
2 = Item
3 = Purchase order type |

See Also

"Managing Purchase Delivery Schedules" on page 381
"Create Agreement for Purchase Delivery Schedules" on page 360
"Create and Print Purchase Delivery Schedules" on page 362
"Connect a Purchase Order to a Purchase Delivery Schedule" on page 358
"Perform Goods Receipt for Delivery Schedule Items" on page 383
Delivery Schedule - Purchasing

A delivery schedule specifies the time for delivery of goods or services from a supplier to a customer, and often covers a half to one-year period. The schedule is usually divided into periods with different status codes. Normally, the quantity requirements closest in time are direct orders. Following periods can be preliminary, where the customer promises to purchase material for products that are to be delivered in the delivery schedule. Other periods can contain quantities that are purely forecasted requirements.

Types of Delivery Schedules

The category selected for the purchase order type when the delivery schedule is created regulates the type of schedule to be used. There are three types of schedules:

Rolling
These delivery schedules are valid for an indefinite period of time and contain requirements that are updated regularly.

Time-limited
The validity period for these delivery schedules should correspond to the period stated in the purchase agreement.

Quantity-limited
Here, the total quantity on the order must not exceed the maximum quantity specified in the purchase agreement.

Blanket Releases

Blanket releases for the delivery schedule are divided into three periods depending on the order level. They are processed and saved differently for different order levels.

Definite Releases
Blanket releases having a delivery date within the item's planning time fence are definite. They are saved as purchase order lines.

Preliminary Releases
Blanket releases within the preliminary period defined in the purchase agreement are preliminary. They are saved as planned purchase orders with status 15. This indicates that the quantity is locked but that the delivery date can be changed.

Forecast Releases
Blanket releases after the preliminary period are forecasts. They are saved as planned purchase orders with status 10. This indicates that both quantity and delivery date can be changed.

See Also

"Procurement Overview" on page 11
Managing Purchase Delivery Schedules

This document explains how you create a purchase delivery schedule and use it for purchases of frequently used products.

Outcome

A purchase delivery schedule is created and printed.

The following files are updated:

- Delivery schedule prints (MPDEPR)
- Planned Purchase Order (MPOPLP)
- Purchase Order - Header (MPHEAD)
- Purchase Order - Line (MPLINE)
- Purchase Order Transactions (MPLIND)

The production of the items that are required in the future can be planned in order to meet demand.

Before you start

The parameters in "Define Settings for Purchase Delivery Schedules" on page 364 must be defined.

Follow These Steps

1 Demand

You can create a demand for the delivery schedule item by entering the safety stock in 'Item. Connect Warehouse' (MMS002) or by creating a customer order in 'Customer Order. Open' (OIS100).

2 Agreement for Purchase Delivery Schedule

An agreement regulates how and when the delivery schedule can be changed between the supplier and customer. Delivery schedules have three time limits: frozen, preliminary and forecast.

Within the forecast time limit, both time and quantity can be changed. In the preliminary period, there can be rules or intervals that determine how quantity and time can be changed.

Each agreement is connected to an agreement type. The agreement type controls the purchase delivery schedule. The status of the agreement must be set to 40. Agreements with other statuses cannot be used.

The delivery schedule items are entered in 'Purchase Agreement. Open Lines' (PPS101). The line type should be 1 for an item.

You can print agreement documents by selecting option 6 from 'Agreements. Open' (PPS100) or in 'Purchase Agreement. Print Document' (PPS530).

3 Purchase Order with Purchase Delivery Schedule
A purchase order is created when the delivery schedule is created. Each line will be assigned a sequence number (a line number).

Demand within the preliminary and the forecast time limits will create planned purchase orders. When the planned orders connected to a delivery scheduled item are released, they will be attached to the purchase order created from the delivery schedule.

The status and action messages help determine the action for the planned purchase order.

4 Delivery Schedule

There are two types of delivery schedules: rolling, which uses purchase order category 30, and time-limited, which uses purchase order category 40. Rolling agreements have no limitations on purchased quantities or the valid time intervals for purchases. When the allowed quantity is fully executed, the system searches for a new agreement number from which to continue the count.

You can create delivery schedules manually in 'Delivery Schedule. Open' (PPS210). This can be the case if the customer does not use forecasting and wants to work with delivery schedules and inform the supplier about future demands.

With delivery schedules, item number and quantity are used instead of purchase order and purchase order line number.

You can print delivery schedules by selecting option F14 from 'Delivery Schedule. Open' (PPS210/B), to continue to 'Delivery Schedule. Print' (PPS615). You can also print a delivery schedule by directly displaying 'Delivery Schedule. Print' (PPS615).

You can use the user-defined views in 'Delivery Schedule. Print' (PPS615) to create a default setup for your panel selections.

5 Goods Receipt

The goods receiving flow is the same for purchase delivery schedules as for regular purchased items. The flow is set up on the goods receiving method which determines if quality control is required.

When a delivery schedule item is received in 'Purchase Order. Receive Goods' (PPS300), only the item number and the quantity must be entered. The system automatically proposes the deduction of open lines in the age sequence.

If the delivery schedule item is purchased from several suppliers, the correct supplier must be selected in the S panel of 'Purchase Order. Receive Goods' (PPS300/S).

See Also

"Define Settings for Purchase Delivery Schedules" on page 364
"Create Agreement for Purchase Delivery Schedules" on page 360
"Connect a Purchase Order to a Purchase Delivery Schedule" on page 358
"Create and Print Purchase Delivery Schedules" on page 362
Perform Goods Receipt for Delivery Schedule Items

This document explains how you receive goods for purchase delivery schedule items.

Results

Outcome
The goods connected to your delivery schedule are received and put away at the plant.

How the System Is Affected
• View the balance identity of the goods in 'Balance Identity. Open Toolbox' (MWS060).
• Perform a quality inspection for the goods in 'Purchase Order. Inspect Goods' (PPS310).
• Monitor the status development in 'Purchase Order. Display Lines' (PPS220).
• Match the invoice connected to the purchase order in 'Supplier Invoice. Record' (APS100).

How the System Is Affected
The following files are updated:
• Planning overview (MITPLO)
• PO lines (MPLINE)
• PO line transaction (MPLIND)
• Stock transaction history (MITTRA)
• On-hand balance (MITLOC)
• Item/warehouse (MITBAL)
• Accounts payable (FPLEDX)

Before you start
The parameters in "Connect a Purchase Order to a Purchase Delivery Schedule" on page 358 must be set.

Follow These Steps

1 Start 'Purchase Order. Receive Goods' (PPS300).
2 Press F13 to open the P panel, and set the opening panel to A. Press Enter.
3 On the A panel, enter the item number and quantity. Press Enter.
   • If the delivery-scheduled item is purchased from several suppliers, the correct supplier must be selected in the S panel of 'Purchase Order. Receive Goods' (PPS300/S).
• The F panel will be displayed if the goods receiving method is direct put-away. Otherwise PPS300/B will be displayed.

4 On the F panel, enter the location and lot number, number of packages, delivery number, and lot reference.
• The report date is proposed by default.
• The received quantity will be proposed and distributed starting with the first open PO line.
• If a receipt is greater than the order quantity on one line, the remaining quantity will be deducted from the next line.
• If the received quantity is greater than all available quantities on the PO lines, the last line will get the remaining quantity proposed.

5 Press Enter.
• The job is submitted.
• After goods receipt, the received quantity is deducted from the remaining quantity and will be removed from the delivery schedule.

See Also
"Managing Purchase Delivery Schedules" on page 381
"Define Settings for Purchase Delivery Schedules" on page 364
"Define Settings for Agreements" on page 155
"Create and Print Purchase Delivery Schedules" on page 362
"Connect a Purchase Order to a Purchase Delivery Schedule" on page 358
"Create Agreements with Supplier" on page 152
"Receive Purchased Goods" on page 190
"Perform Quality Inspection of Goods" on page 182