

SAP Business One

To Go



8.8

SAP® Business One ... *To Go*

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1

The Essence of SAP Business One

In This Chapter

- ☐ What Is SAP Business One?
- ☐ Breaking Ground for Small and Midsize Businesses
- ☐ A Unique Approach
- ☐ What This Book Will Do for You

SAP® Business One is an integrated business management application designed from the ground up for small and midsize businesses like yours. This book provides a complete overview of how you can work with SAP Business One and how it can help your company automate its management, sales, production, logistics, and financial processes.

What Is SAP Business One?

Unlike most other software applications that focus on a specific area of business, such as accounting or customer relationship management (CRM), SAP Business One is an integrated business management application. It offers a complete set of core functions, including financials, customer management, sales, operations, and logistics, which address the business management needs of your entire company.

More Than a Point Solution

SAP Business One is more than the typical financials software that was born out of accounting and bookkeeping, or a standalone customer relationship management solution. It helps businesses like yours manage the entire process of selling and servicing clients, and once orders are taken, they flow directly into automated fulfillment.

Comprehensive and Integrated

SAP Business One is not a collection of one-size-fits-all components that have been cobbled together. Instead, SAP Business One is designed and architected specifically for small and midsize businesses to be a unified, integrated software application that supports accounting, manufacturing, warehouse management, and many other key processes.

An Application for Everyone

The easiest way to understand SAP Business One is to think of all of the people who are involved in a business:

- There are people in sales that gather leads, go on sales calls, and make sales.
- There are people who account for what has been bought and sold, and who make sure the money flows properly in and out of the company to and from suppliers, customers, and employees.
- There are people who take customers orders and fulfill them, either by sending goods or by providing services.
- There are people who manage operations such as inventory control or service delivery.
- There are managers who monitor and manage the entire business.

Now imagine that one application can help all of these people do their jobs, and that all of them work with the same set of information using the same application that can do the following:

- Integrate all parts of your business so everyone operates on the same core business information
- Supply users with interfaces specially designed to support the way they work
- Process data in real time so you never have to wait for nightly or weekly postings, which means that the financial data of your business is always up to date and available
- Issue warnings and trigger corrective actions to take place automatically when certain limits set by managers and other users are exceeded
- Simplify reporting and analysis with easy-to-create reports and data extraction into Microsoft Excel spreadsheets

Breaking Ground for Small and Midsize Businesses

Although each business is unique, common patterns of activities and challenges appear in almost every business.

The Challenges Facing Small and Midsize Businesses

Small and midsize businesses focus first on increasing sales and profitability. Getting orders from customers and fulfilling them at a profit is always job one, and software can be a tool to increase efficiency and productivity. But at some point, especially if growth has been rapid, most businesses find that the process of increasing sales is being slowed down because information is not flowing smoothly from one part of the business to the other. This can happen for many different reasons.

Information Gap

The information gap refers to the lack of timely business information needed to run the business efficiently. For example, if a large order comes in that is time sensitive, the key question is: When can we fulfill this order? In the face of an information gap, the right information must be assembled from a variety of sources, if it has been properly captured in the first place. In the face of a persistent information gap, business decisions are made without sufficient information, resulting in mistakes, rework, or missed opportunities.

Process Gap

A process gap exists when manual business tasks are not automated, or automation stops in one application and must be manually transferred to another. Process gaps are resolved by duplicate reentry of information from one application into another or by constructing brittle, special-purpose software to do the transfer. Process gaps slow a company down, retard change, and reduce the possibilities for automation. Effective and complete integration in which information flows from one step to the next bridges the process gap, as shown in Figure 1-1.

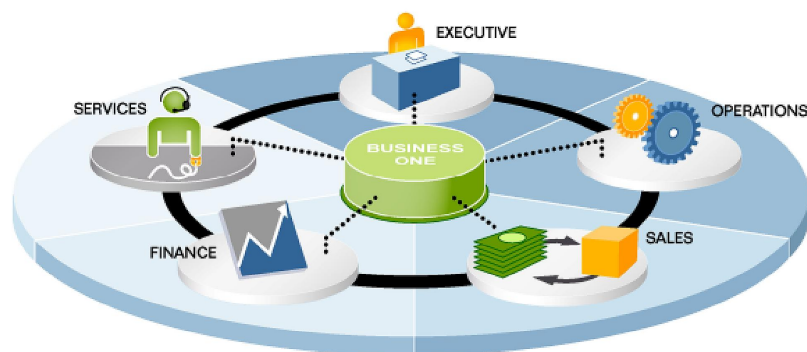


Figure 1-1: SAP Business One provides comprehensive integration

Multiple Point Solutions

Companies often acquire multiple point solutions to meet specific needs as business expands; for example, an accounting application to manage general ledgers and invoices, or a warehouse management solution to keep track of inventory. Keeping this combination of applications up to date, integrated, and running smoothly can be a challenge. To get a picture of what is happening in every part of the business takes a lot of work and requires information to be extracted and reconciled across many systems. While such applications may serve for a time, ultimately your business needs a more flexible and integrated solution.

How SAP Business One Addresses the Challenges

SAP Business One meets the challenges of small and midsize businesses because it is designed to do so, as shown in Figure 1-2.

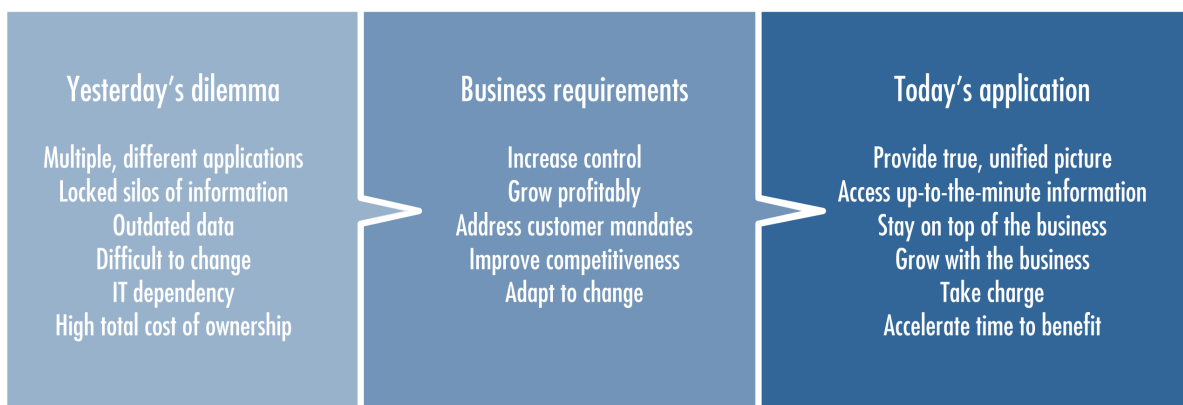


Figure 1-2: SAP Business One meets the challenges of small and midsize businesses

A Unique Approach

While most business software is focused on automation, few software companies, if any, approach the challenge of creating software in the same way as SAP. Most of the time, a software vendor picks one area, such as accounting or CRM, and builds a product to support the particular processes related to that area. How these processes work with the other fundamental processes of other areas is a question left unanswered. SAP Business One is the answer to that question.

An Integrated Solution

SAP Business One takes a “single solution” approach to business management and process automation. Sales, CRM, financials, and operations are all supported and automated in SAP Business One. The automation of each process is integrated, as sales orders flow into the accounting software and become requests to manufacture products, which may require materials to be withdrawn from inventory. The historical boundaries between applications do not exist in SAP Business One.

Streamlined Business Processes

The broad scope of SAP Business One helps you streamline and automate your entire business from end to end, including CRM, accounting, warehouse management, and manufacturing. Furthermore, when an important business event occurs, automatic responses can be executed as needed. This management-by-exception paradigm increases productivity by reducing information overload and inappropriate actions, allowing users to intervene in the automated process as needed.

Instant Access to Information

Having all business data stored in a single integrated application like SAP Business One means critical business information is simply a few clicks away in a configurable dashboard or through intuitive drill-down reports. Since SAP Business One works primarily in real time, changes are recorded instantly, without delay. You can get the state of the business whenever you need it through a variety of different reporting mechanisms, including Microsoft Office applications, mobile devices and Crystal Reports.

Customizable and Adaptable

SAP Business One is designed to be easily configured, integrated, and extended. Through its integration with Microsoft Office, SAP Business One unifies business applications and desktop productivity applications. Through SAP’s global network of certified solution partners, SAP Business One can be adapted to meet the specific needs of local markets and vertical industries. The adaptability of SAP Business One means that the software grows with your business and can be modified easily to meet your changing business needs.

Designed Exclusively for Small and Midsize Businesses and Backed by SAP

SAP Business One is a new breed of business management software built from the ground up exclusively for small and midsize businesses like yours. It draws on SAP’s more than 30 years of

experience in creating business applications that serve the needs of more than 12 million users worldwide.

As the worldwide leader in business management software, SAP is committed to bringing comprehensive business management solutions to meet your current and future business needs. Helping you run your business smoothly is one of the most important jobs of SAP and its global network of certified SAP Business One partners.

Internationalization note. SAP Business One, like all SAP software applications, is designed for companies around the world. *SAP Business One ...To Go* is aimed at a U.S. audience, and includes information that is relevant only to U.S. companies, such as 1099 reporting. However, for the most part, all users of SAP Business One will find this book helpful and relevant to their work.

What This Book Will Do for You

This book is intended to create a framework for further learning. First, we introduce SAP Business One and explain its general approach. Next, we cover the basics and explain the core functionality for keeping track of accounts and business partners, as well as the fundamental processes for purchasing and taking orders. Then we review the powerful functionality SAP Business One offers for manufacturing, sales using CRM, and reporting, as well as advanced forms of document handling and automation.

At times, this book provides step-by-step instructions for getting things done. But most of all, it explains the way to think about SAP Business One so that inspiring ideas about how to put the product to work in your business will follow quickly.

2

The Personality of SAP Business One

In This Chapter

- ☐ Getting Started
- ☐ Understanding the Personality of SAP Business One
- ☐ Knowing Where You Are
- ☐ Finding What You Are Looking For
- ☐ Getting Where You Want to Go
- ☐ Finding Answers to Your Questions

Getting acquainted with a new software application is like trying to find your way around a city you have never visited before. In New York City, for example, once you understand the grid of numbered streets and the way avenues are numbered, named, and lettered, you can figure out pretty quickly where any address is. In Paris, you need to know that the *arrondissements* go clockwise starting from the center of the city so that you can use your *Plan du Paris* to consult a map to find the street and the closest metro stop.

But the geography of a city is only a start. An enjoyable day in the city starts with a visit to one destination, then moves from one spot to the next: from breakfast at the hotel, to a museum, to a nightclub.

This chapter is all about helping you get your bearings so that when you look at an SAP® Business One screen, you know what you are looking at. Getting to know the SAP Business One application means understanding the map of the different types of information stored (the geography) and also knowing how a business transaction is recorded and tracked (the enjoyable trip).

Features such as drill down to underline data, Drag&Relate™, open multiple windows and building one document from another will quickly give you control over your business processes and real time insight into your company performances. We are sure that you'll find SAP Business One easy to use

with its intuitive navigation and familiar look and feel. And before too long you'll learn just how flexible and integrated it is.

Getting Started

To start SAP Business One, double-click the icon shown in Figure 2-1.



Figure 2-1: Starting SAP Business One, logging in, and choosing a company

The first screen that you see is the login screen where you enter your user name and password. At the bottom right of the login screen, you can click the *Change Company* button to select a different company to work with. Some organizations use multiple SAP Business One companies, keeping track of different companies, divisions, or business activities as separate companies.

The first time you login, you will need to select your database server as well. Consult your system administration to retrieve this information.

A user name and a password must be entered in order to login to the company database. The user information is recorded in every new record or modification to an exiting record that user performs for audit purposes.

SAP Business One comes with a sample company that is fully populated with data. This company can be used as a training ground for accelerating learning or testing new ways of using SAP Business One. The latest version of the sample company can be downloaded from SAP Business One Customer Portal, described later in this chapter in “Finding Answers to Your Questions.” Once you have successfully logged in, the learning process can begin.

Understanding the Personality of SAP Business One

Before we move into a detailed explanation of the user interface, we want to give you a sense for the style, or personality, of SAP Business One. The first time someone shows you the SAP Business One main window and the main menu, it all looks pretty simple. Then you ask a question: How can we find purchase orders related to a given supplier? Without hesitating a second, whoever is showing you the program clicks on the main menu a couple of times, brings up a blank purchase order window, enters the name of the supplier, and, quick as a flash, there is a purchase order for that supplier.

You can now scroll through and see all of the purchase orders for that supplier. Let’s say you want to see the items on a purchase order. You simply click on the Contents tab and can review the ordered items. You want to see the details for one item? One click, and you have the item window. What warehouse is that item stored in? Another click, and you’re looking at it. Before you realize it, you’ve accessed a number of windows. The most common reaction at this point is, well, that was fast. But where am I? And what can I do next?

Once you read this chapter, you’ll know where you were, where you are, and where you need to go next. And once you work with SAP Business One for just a bit, you won’t want to work with any

application that isn't as convenient and easy to use. But to get to this destination—the place where it all makes sense—you need to spend some time with a guide.

What happens in the moment when SAP Business One makes sense is that you see how the screens that you are looking at are connected to both the top-down way of finding information through the main menu and the transactional, process-oriented connections between each document in the application. You start to understand how each document in SAP Business One is constructed from reusable parts. Once you get all of this, SAP Business One is a snap. Our tour of the personality of SAP Business One starts by describing these structures.

Building Documents from Reusable Parts

SAP Business One tracks business activities using documents such as purchase orders, invoices, production orders, sales quotations, and so on. Each of these documents is constructed from smaller reusable chunks of data called master data. Master data, a topic covered in detail in Chapter 4, refers to the key information that describes your customers, vendors, and leads as well as items that your company buys and sells. Figure 2-2 shows how a document—a purchase order—is constructed from master data.

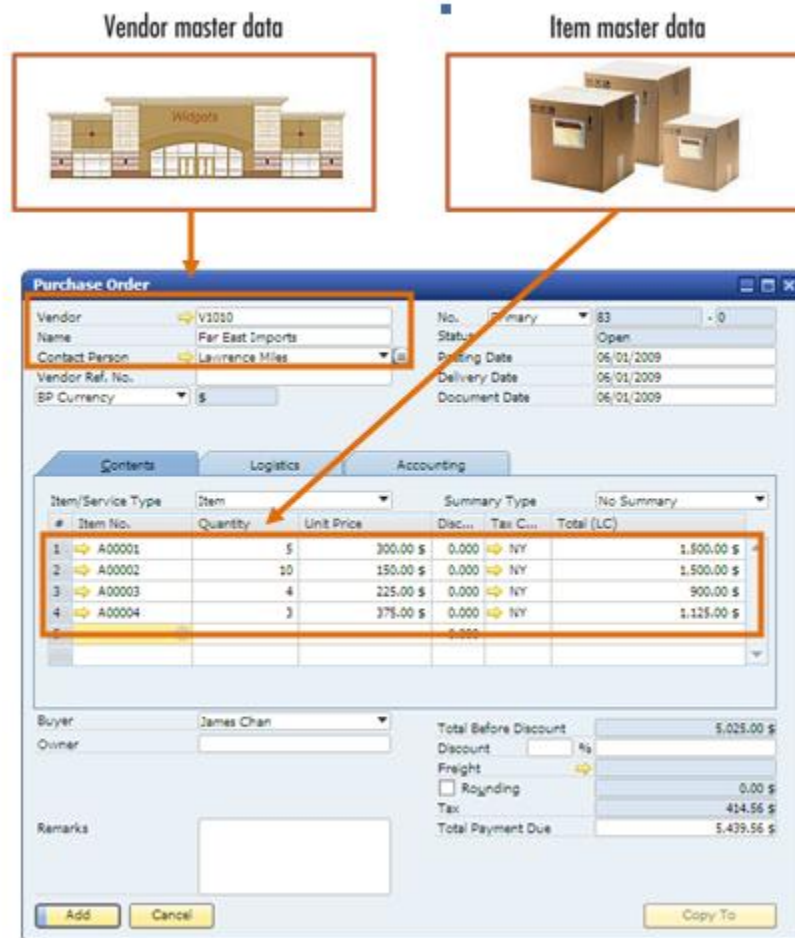


Figure 2-2: How SAP Business One documents are built from reusable master data

Creating documents from master data increases productivity, ensures data consistency, and reduces errors. As you learn more about SAP Business One, you will come to appreciate the benefits of building documents from reusable master data.

Opening Documents Using the Main Menu

The second key thing to learn about SAP Business One is how to put the main menu to work to help you find documents or master data records. When you first start SAP Business One, the *Main Menu* is shown. Using the *Main Menu*, as shown in Figure 2-3, you can open links leading to windows from which you can search for a particular document or scroll through all the documents of a particular type.

To open a document, open the *Main Menu*, select the area you are interested in, and then select the menu option for the document you need

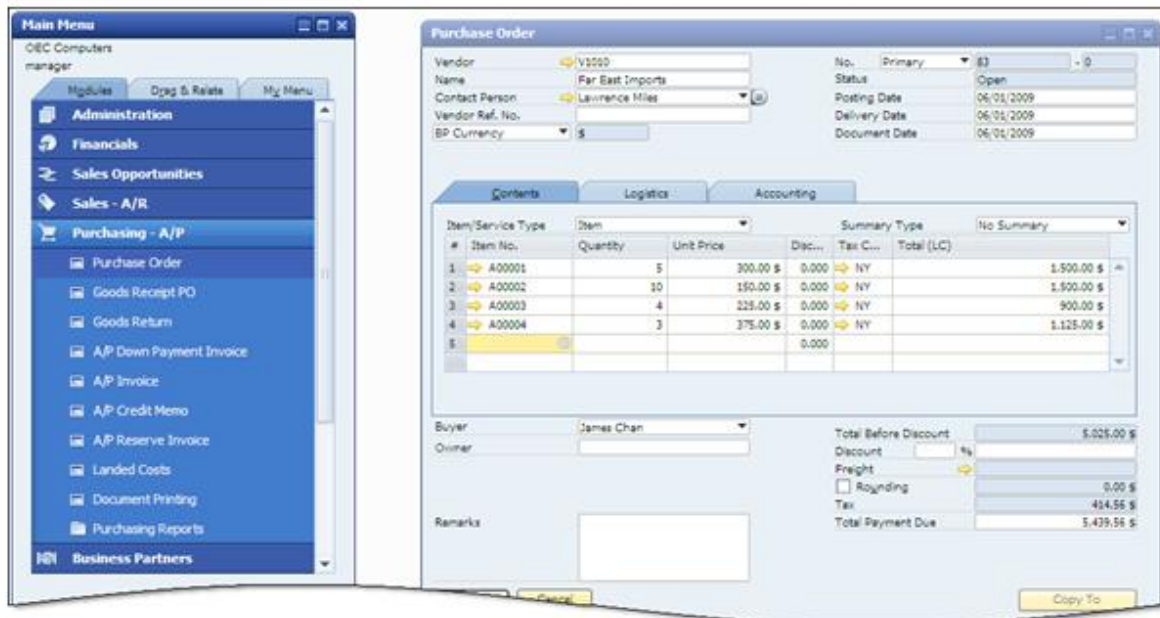


Figure 2-3: Top-down navigation from the *Main Menu*

Navigation reminder: all roads lead through the *Main Menu*. It is important to remember that all of the functions of SAP Business One are accessible through the *Main Menu*. The *Main Menu* is one of the starting points to find documents and master data records, run reports, perform administrative functions; start wizards; and so on. As you learn SAP Business One, the *Main Menu* will become the equivalent of your home page.

The Transactional and Process Structure of Information in SAP Business One

To record all of the relevant activity related to a business process, a sequence of documents can be used and the links between them must be recorded. Let's take a look at the sales process. First, a lead is recorded as master data, followed by sales activities such as calls and meetings. Eventually a sales quotation is issued, which may lead to a sales order and then an invoice. When a payment comes in, it must be reconciled with the invoice. So there is a stream of activity from document to document in which each step in the business process is recorded.

Each step is an individual business transaction in the most general sense of the word. A business process for selling or ordering supplies may require many transactions in sequence. One of the application's strongest features is the way that it allows you to use one document to create the next in

a sequence. SAP Business One also keeps track of the connections between the documents so that you can move through the sequence of documents related to a particular transaction. The transactional connections between documents are maintained in a variety of ways that are explained in this chapter and in later chapters.

Questions for Increasing Your Understanding

The moment of clarity, the moment that the personality of SAP Business One becomes crystal clear, happens after you have used it for a little while, and the concepts we have presented are confirmed and made concrete by actual experience. So far, this chapter has prepared you to ask the following questions any time you are faced with a new screen:

- Is this a document? Is this master data? Is this window something else and, if so, how does it relate to documents and master data?
- How does this screen fit in the top-down structure or in the transactional and process-oriented structure of SAP Business One?
- How can I get to this screen from the main menu?
- What process-oriented navigation allows me to find related documents and master data from this screen?
- Does this screen display data, allow me to search for data, or allow me to add data?

One of the innovations of SAP Business One is the way that the design naturally incorporates both top-down navigation through the main menu and process-oriented relationships, as well as navigation, search, and document creation mechanisms based on those relationships. The rest of this chapter explains all of these mechanisms in detail so that whenever you look at a screen you understand exactly what you are looking at.

Knowing Where You Are

One powerful aspect of SAP Business One is that it is possible to have many windows open at once, each of which may show a different document or master data record. The main window provides a context for all your work in SAP Business One.

The Main Window

The main window opens automatically upon launching SAP Business One and is the central place where you can initiate any task. Only the main window has a menu bar along the top. It also has a toolbar with icons that provide easy access to commonly used functions. It includes the *Main Menu*, which we now look at more closely.

The SAP Business One Main Menu

As shown in Figure 2-4, the *Main Menu* has three tabs:

- The *Modules* tab shows the top of the SAP Business One hierarchy. It lists all the modules in SAP Business One. Inside each module is a list of functions. Click on a function to launch it or to expand it and see more selections.
- The *Drag & Relate* tab is used for an innovative method of finding transactions linked to master data, as explained later in this chapter.
- The *My Menu* is a customizable menu for quick access to your most commonly used functions, similar to bookmarks in a Web browser. For more information, see “My Menu and My Shortcuts” later in this chapter.

If you don’t see the *Main Menu*, you can get to it from the menu bar by choosing *Window* → *Main Menu* or by using the keyboard shortcut **Ctrl + 0** (zero, not the letter O).

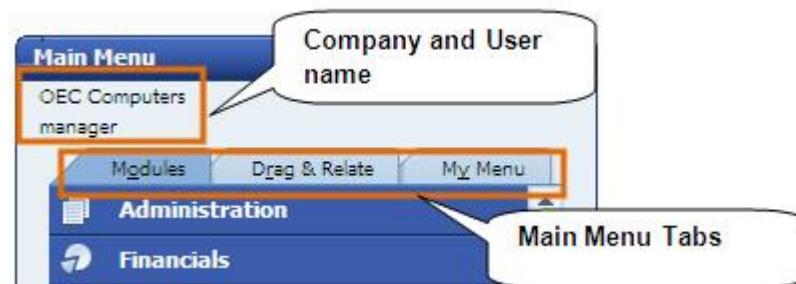


Figure 2-4: SAP Business One *Main Menu*

The Menu Bar and Toolbar

The SAP Business One menu bar is displayed across the top of the main window. Clicking on each menu item displays a pull-down menu that leads to more choices. Shortcuts using the **Alt** and **Ctrl** keys work the same way they do in many desktop applications.



Figure 2-5: SAP Business One menu bar and toolbar

The menu bar includes the following menus:

- *File*: Primary commands, such as *Close*, *Print Preview*, *Export to*, and *Launch Application*
- *Edit*: General editing commands, such as *Undo*, *Redo*, *Cut*, *Copy*, *Paste*, and *Delete*
- *View*: Commands that change the view of the data in the window, such as *User-Defined Fields*, *Picker Display*, *System Information*, *Restore Column Width*, and *Legend*
- *Data*: Commands that manipulate application data as well as commands for moving between records, manipulating rows in a table, and other editing commands pertinent to data
- *Goto*: Dynamic menu that changes according to the currently selected window
- *Modules*: Modules shown in the *Main Menu*
- *Tools*: Commands such as *Print Layout Designer*, *Form Settings*, *My Menu* and *Customization tools*
- *Window*: Commands associated with managing windows, including access to *Main Menu*, *Messages/Alert Overview*, and *Calendar*
- *Help*: Commands that provide access to online help and the support desk

The Toolbar

The toolbar is just below the menu bar. It is a collection of icons that provide easy access to commonly used functions. The same functions are also available as menu options from the menu bar.

Active functions are shown in color while inactive or unauthorized functions are in gray. To hide or display a toolbar icon group, place your cursor on the toolbar, right-click, and then check or uncheck the appropriate boxes. Toolbar icons are context sensitive, that is, they change depending on what you are doing.

If you forget what a particular icon does, simply move the cursor over the button to display a tooltip.

The Status Bar

The status bar extends along the entire lower edge of the SAP Business One main window and contains various fields.

- The bottom-left area of the status bar displays the following types of messages:
 - An **error message** appears over a red background and informs you that the procedure cannot continue until corrective action is taken.
 - An **information message** appears over a blue background and informs you about an issue that does not prevent the procedure from continuing.
 - A **confirmation message** appears over a green background and informs you about the successful execution of a procedure.
- The bottom-left area also displays system information when you click into a field, or roll your mouse over a field in the active window. The system information will indicate the database table name for the field, the field name, index number and form ID. System information is only active when you enable *View→ System Information* from the menu bar
- The middle of the status bar contains the current date and time as defined in the server.
- The top-left area displays important information about the active window. For example, when you move your cursor over an input field, text describing the input format and length appears.
- The four boxes on the right-hand side of the status bar allow you to show data from up to four specific fields that you can select. The data is based on the reusable master data you selected and is updated depending on the active window. For example, to display the business partner balance in the status bar, open the customer master data window and drag the balance field using the left mouse click onto one of the boxes in the status bar. For drop down list fields, hold down the CTRL key first. Now, whenever you create a transaction for any business partner, the corresponding balance will appear in the status bar. To remove this selection, hold down the ALT key and click the status bar box.

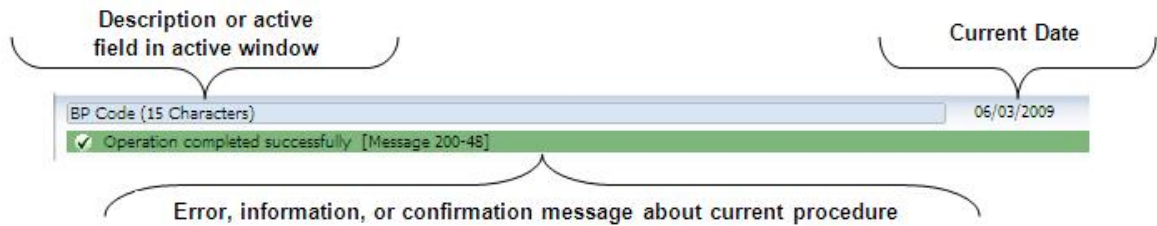


Figure 2-6: Anatomy of the status bar

The System Messages Log

The system messages log records all messages that appear on the status bar as you work. It includes errors, warning and information messages. Every time you log out of the application, the messages log clears. This is especially useful to track errors that occur while you enter data into the system. You can go back to the error at time to analyze it and find a resolution. Often an error message includes a link to the appropriate help files to assist you in resolving the error.

To open the system messages log use the *Windows* → *System Messages Log* from the menu bar. You can now minimize it or close it completely.

Using the Cockpit Instead of the Main Menu

An exciting new feature was introduced in SAP Business One version 8.8. The cockpit allows you to completely customize what each user sees when they first open the application. You can choose to activate the cockpit and add the different widgets into the main window. The widgets gallery includes

- An application wide search function including the search of database records and windows
- Common Functions - Drag and Drop only the windows you use on a daily basis
- Open Documents - Snap shot of selected open items list, with the ability to open the underlined details
- Browser – add your favorite websites and get a preview as you open the application
- Creation of graphical dashboards to provide an overview all sales, purchasing, inventory and financial activity of the company. This feature will be available in future versions.

In figure 2-7 you can see an example of a configured cockpit which includes the open documents, messages and alerts, two browsers and common functions

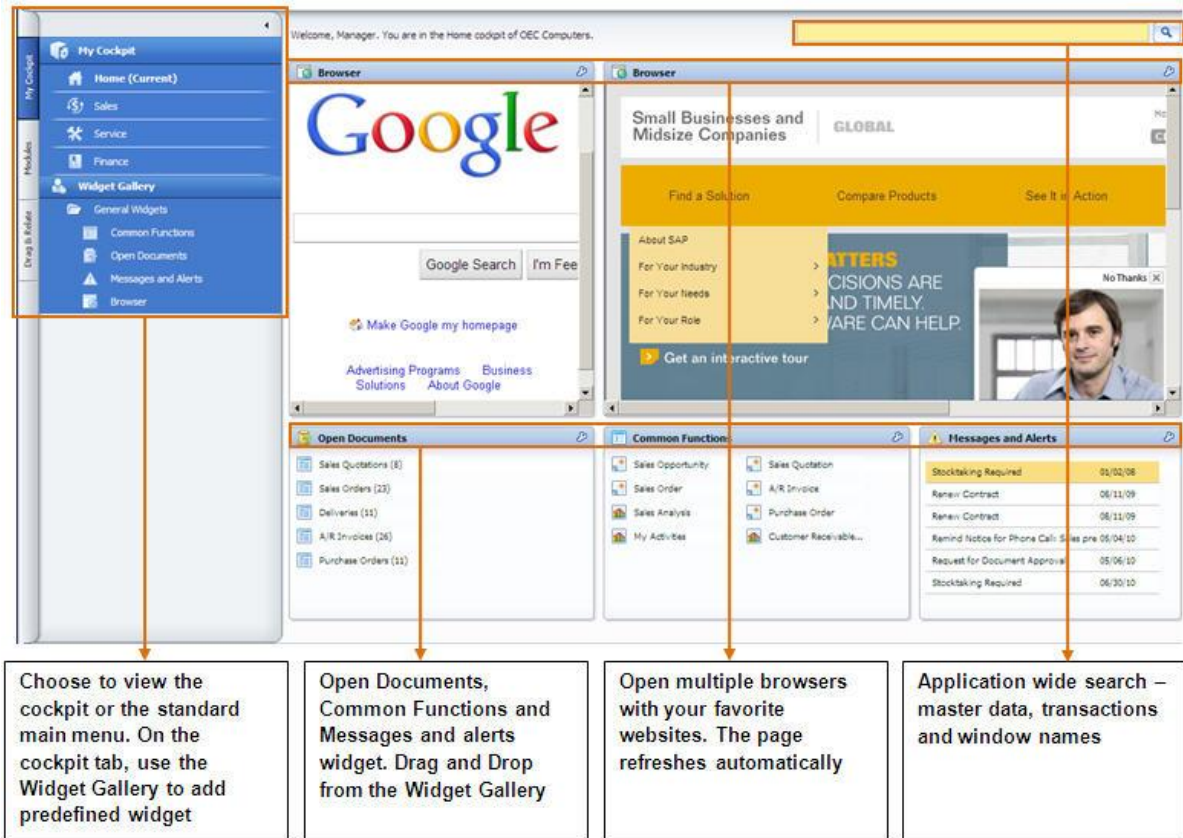



Figure 2-7: My Cockpit Window

Activating the Cockpit. The cockpit is an optional component. You can choose to activate for certain users. Go to *Administration → System Initialization → General Settings → Cockpit*. Then go to *Tools → Cockpit → Enable my Cockpit*.

To make adjustments the widgets click the settings icon  and choose Settings

Document Windows

Now that you have the big picture of the main window, it's time to explain some of the general rules of the SAP Business One user interface.

Window Operation Modes

There are four possible window operation modes in SAP Business One:

- Add: Add a new record or document

- Find: Search for existing records or documents
- View: View an existing record or document
- Update: Modify the data of an existing record or document

Windows in SAP Business One have a default mode, which can be either “add” or “find,” depending on the context of what you’re doing. For example, when you choose the *Business Partner Master Data* or the *Item Master Data* window, it opens automatically in find mode because you will most often want to display information that has already been entered. When you want to process a sales order or purchase order, on the other hand, the window opens automatically in add mode because you usually want to add a new purchase order.

How do you know what mode you’re in? The button in the bottom-left corner of the window changes to *Add*, *Find*, *OK* (for view mode), or *Update*, according to the current mode of the window.

You can switch between operation modes in several ways:

- To add a new object (such as a document or master data record), use the add function. There are several ways to activate the add function, such as the following:
 - From the menu bar, choose *Data* → *Add*
 - Press **Ctrl** + **A** on the keyboard
 - From the toolbar, choose the add icon
- To find an existing object (such as a document or master data record), use the find function. SAP Business One displays the object in find mode, with the *Find* button at the bottom-left corner of the window. There are several ways to activate the find function, including the following:
 - From the menu bar, choose *Data* → *Find*
 - Press **Ctrl** + **F** on the keyboard
 - From the toolbar, choose the find icon
- When you enter or change data in an existing object, SAP Business One automatically switches to update mode, causing the *Update* button to appear at the bottom-left corner of the window. Click on the *Update* button to save data you entered or changed; click on the *Cancel* button if you don’t want to save or update data.

Switching operation modes alert. You cannot always change data in a document or a master data record once it has been added. At certain points, documents become read-only if the business process related to the document has progressed beyond a certain stage or when one document has been copied to another. Data that cannot be changed is usually grayed out

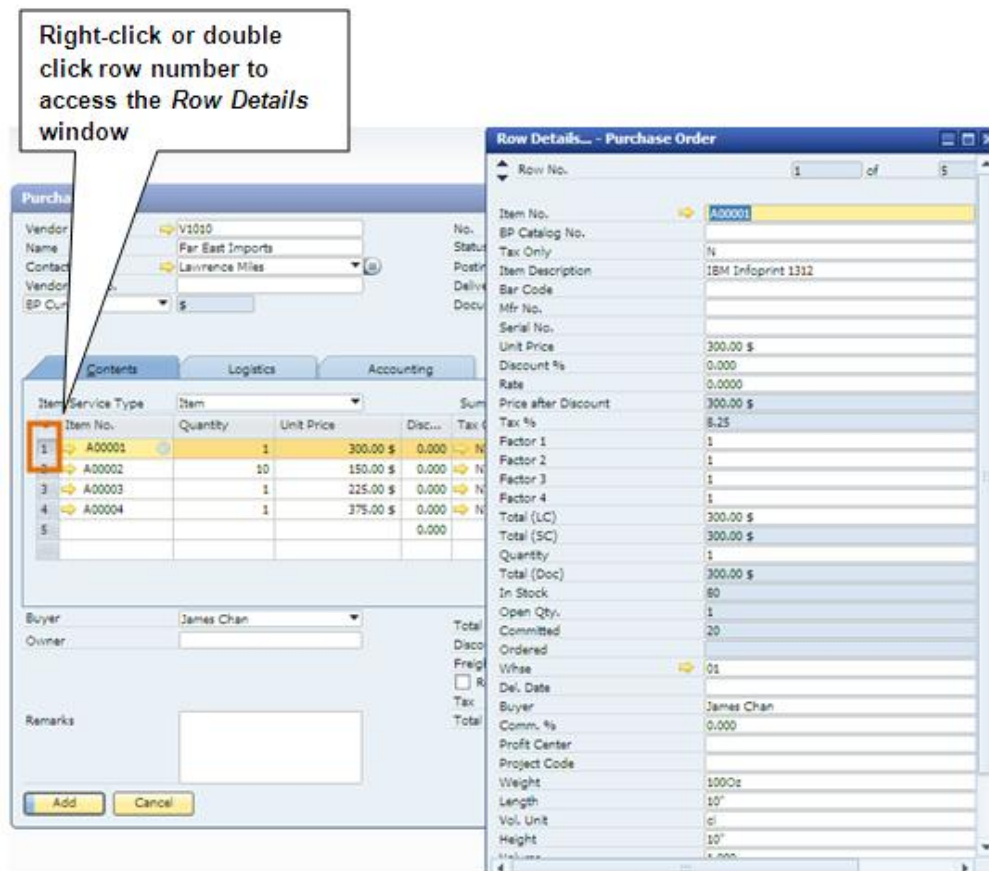
Context Menu

When you are working in any window, you can click the right mouse button to activate a context menu that provides access to the most commonly used functions for that section of the window. In some cases, when you right-click in a field, you see a context menu that provides a list of functions related to the field. Because these functions are context-sensitive, the options change, depending on the area of the screen you click on.

Row Details

Sales and purchasing documents include tables that provide information about quantities, prices, and descriptions. To work with these tables easily and extend the view available on the screen, you can open the *Row Details* window. This window allows you to view or edit rows in a table, such as that found in the *Contents* tab of a sales document.

The *Row Details* window shown in Figure 2-8 can be opened by right-clicking the row number of the required item, by double clicking the row number, pressing **Ctrl + L**, or by selecting *Row Details* from the menu bar's *Goto* menu. Some fields are “read only” and appear in gray. If a field is editable, once you enter the new data, the field is updated automatically—that is, there is no *OK* or *Update* button in this window.

Figure 2-8: Accessing the *Row Details* window

Finding What You Are Looking For

SAP Business One provides you with extensive support for searching for objects (sales and purchasing documents, and business partner and item master records). The two main methods are discussed below: looking up business partners and items and using the toolbar arrows to scroll through documents or master data records of a certain type.

Looking Up Business Partners and Items

SAP Business One makes it easy to look up business partner and item information while you are entering sales and purchasing documents. Figure 2-9 demonstrates how to use the selection list button to look up a customer or item.

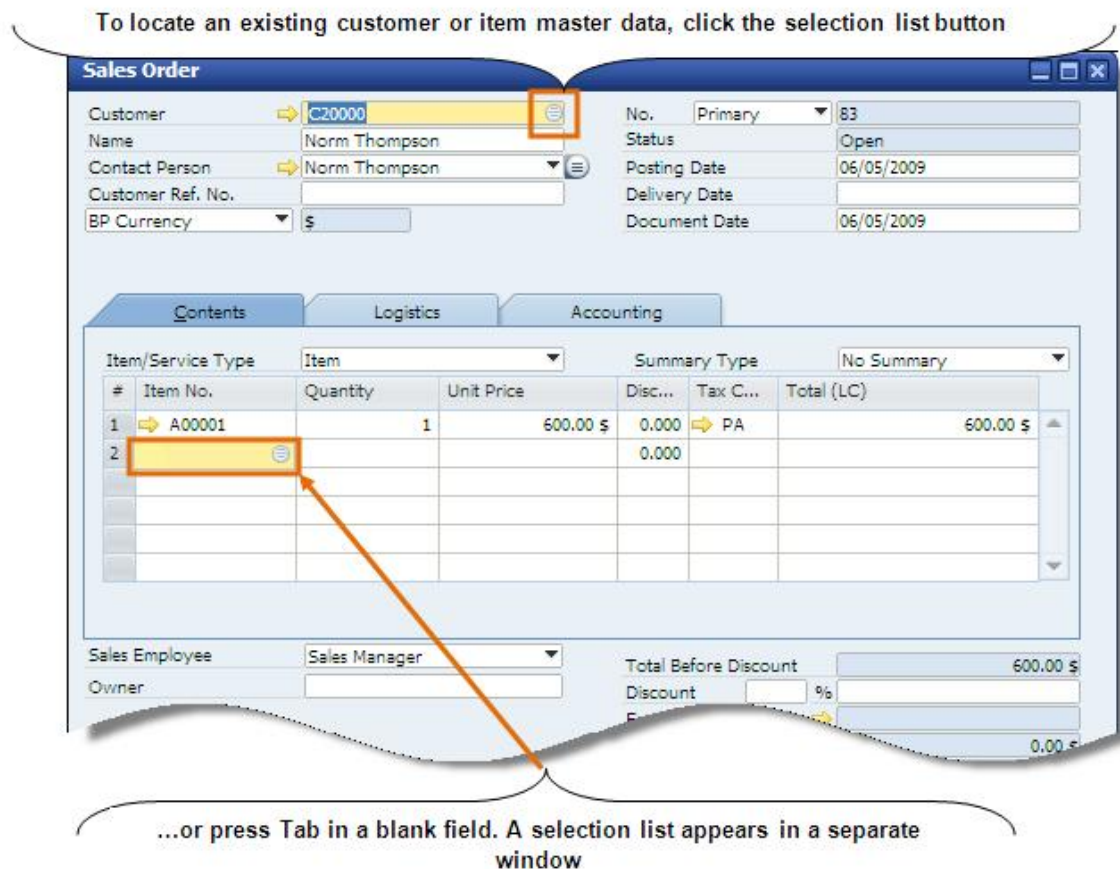


Figure 2-9: How to look up customers and items in a sales order

After you press the selection list icon, a selection list appears in a separate window. You can move through the list quickly by typing the first character of either the business partner code or item number; the selection list scrolls as you type. You can sort the selection list, by double clicking the column header. Now you can type in the beginning of the value you are looking for, and the system will search in the sorted column.

If you are more familiar with customer names and item descriptions than with their codes, you can use a “wildcard” to search. For example, to display a selection list of customers whose names begin with “Ch,” go to the *Name* field, type **Ch**, and then press **Tab** to display the list. If you know that the name contain **Ch**, type the wildcard character “*”first (***Ch**)

If you know that only one customer name starts with “E,” for example, simply type **E** (without the wildcard character) in the *Name* field and press **Tab**. SAP Business One fills in the information for that customer in the sales order. The *Item Description* field works the same way for finding item information.

The same search methods are available in the master data window as well. The only difference is that instead of pressing the Tab key, you press **Enter** or the **Find** button at the bottom of the window.

Using Toolbar Arrows to Find Documents

One easy way to scroll through documents or master data of a particular type is to use the arrows on the SAP Business One toolbar (see Figure 2-10). If you display a purchase order (by selecting *Purchase Order* from the SAP Business One *Main Menu*), you can use the arrow icons to quickly scroll through all the purchase orders you have. This works for any type of document in SAP Business One, such as sales orders, A/R invoices, as well as item and business partner master data records.

Click the double arrows to move to the first or last document; click the single arrows to move to the next or previous document. Next and previous are determined by document number. To see the last few purchase orders you entered, for example, in the *Purchase Order* window, click the right double arrow to go to the last purchase order and then click the left single arrow to move to previous ones.

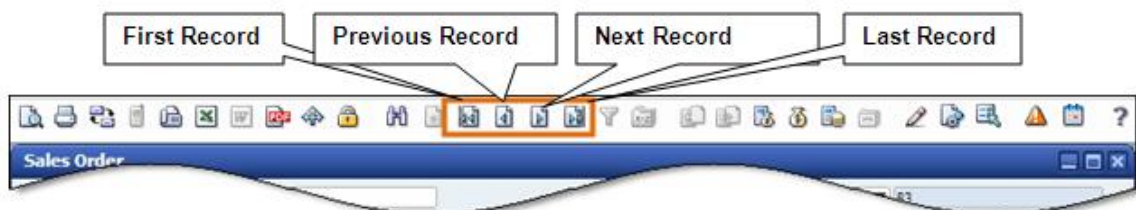



Figure 2-10: Using the SAP Business One toolbar arrow buttons

Getting Where You Want To Go

SAP Business One has some unique features that allow you to navigate quickly and successfully locate the information you need. This section explains some of these navigational features.

Orange Arrow Navigation

The orange arrow  that appears in almost every window is perhaps the most powerful tool in the application's user interface. Wherever you see it, you can click on it to display a master data record (as shown in Figure 2-11) or the details of master data settings, such as tax codes or payment terms. Sometimes orange arrows lead to linked documents, such as a base document or a journal entry. The arrows enable you to drill down to more detail about a transaction without having to perform a search or traverse a top-down menu structure.

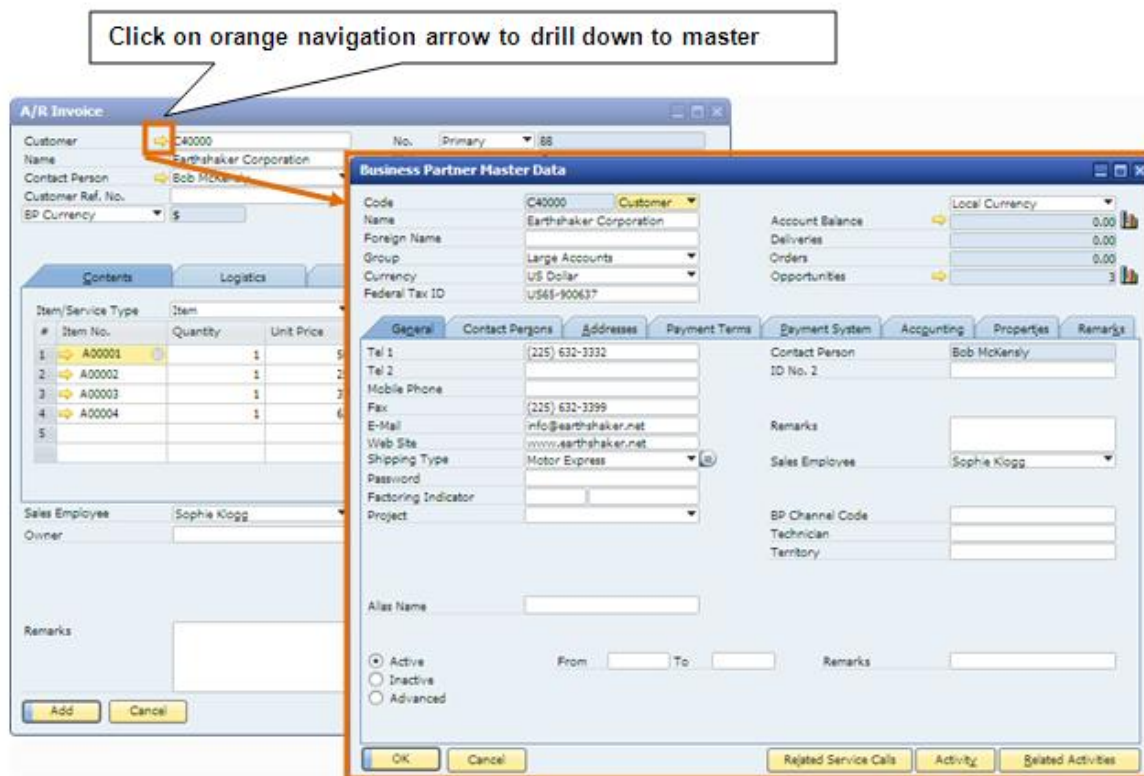


Figure 2-11: Using the link arrow to navigate from an invoice to master data

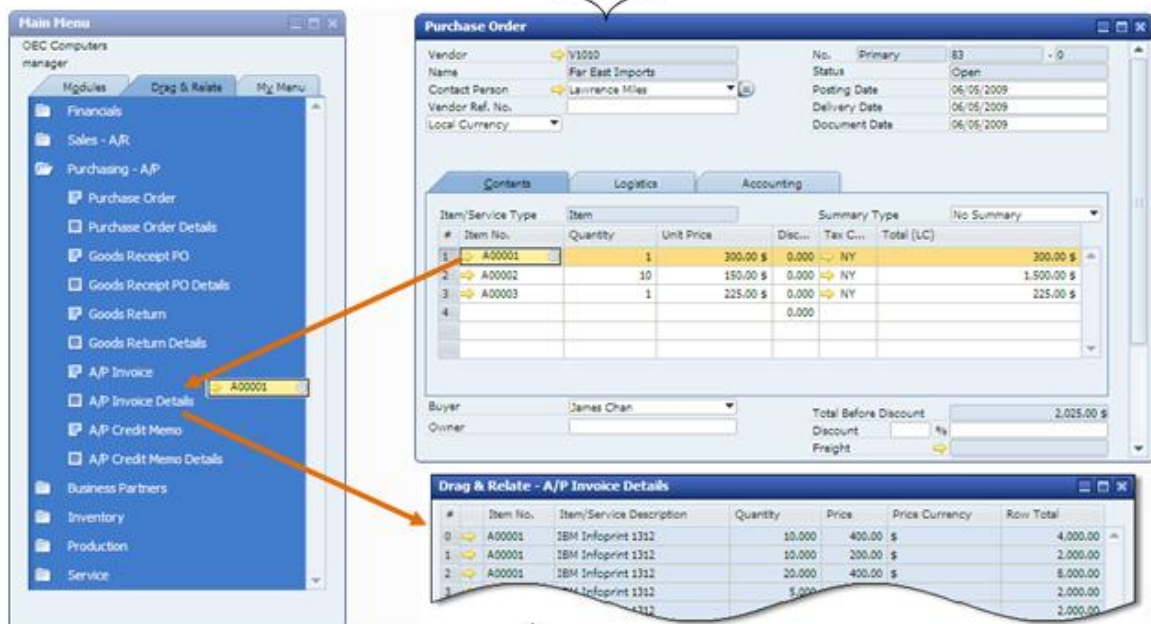
Drag&Relate

The Drag&Relate feature is an interactive tool that allows you to display a wide array of real-time information about your business quickly and easily. Drag&Relate generates ad hoc views of data by linking master data elements to transactions. The feature searches transactions as well as master data, such as G/L accounts and business partners.

You can compare just about any two objects within SAP Business One. For example, you can link a customer code to the sales order object and get a list of all sales orders for a particular customer. By dragging a master data object onto the list of transaction types on the *Drag & Relate* tab, you can gain an excellent overview of your company's performance in certain areas. In addition, you can further refine the resulting list by using the filter function (for example, selecting only open sales orders).

Figure 2-12 illustrates how you can use the Drag&Relate feature to get a list of A/P invoices for a particular item.

To use Drag&Relate, click and hold on a field that identifies data.
Drag the outline of the field to the desired transaction on the *Drag & Relate* tab



The *Drag & Relate* window appears with a list of documents that include information related to the data you dragged to the *Drag & Relate* tab. Dragging item A00001 from the purchase order to the *A/P Invoice Details* area, displays all A/P Invoices rows that include item A00001

Figure 2-12: Using Drag&Relate to find A/P invoices for a particular item

My Menu and My Shortcuts

You can increase your navigation efficiency by using the *My Menu* and creating user-defined keyboard shortcuts for one-step access to frequently opened documents.

For example, if you work in purchasing and are responsible for issuing purchase orders and updating business partner master data, save the *Purchase Order* and *Business Partner Master Data* window in your *My Menu* under *Forms* to provide easy access (see Figure 2-13). To save an item in the *My Menu*, display the document, report, or form that you want to add to the *My Menu*. With that window as the active window, choose *Tools* → *My Menu* → *Add to My Menu*.

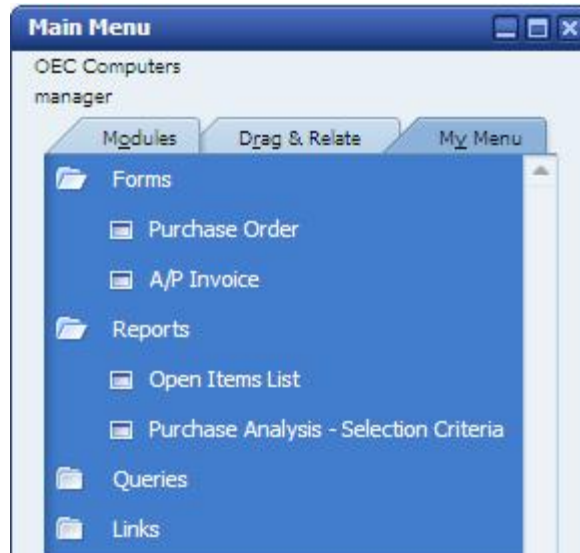


Figure 2-13: Saving frequently used documents to the *My Menu*

On the other hand, if you are a very busy purchasing agent for a manufacturing company and even two clicks are too far away for a purchase order, SAP Business One permits you to assign certain documents to function keys, such as **F1**, **F2**, and so on.

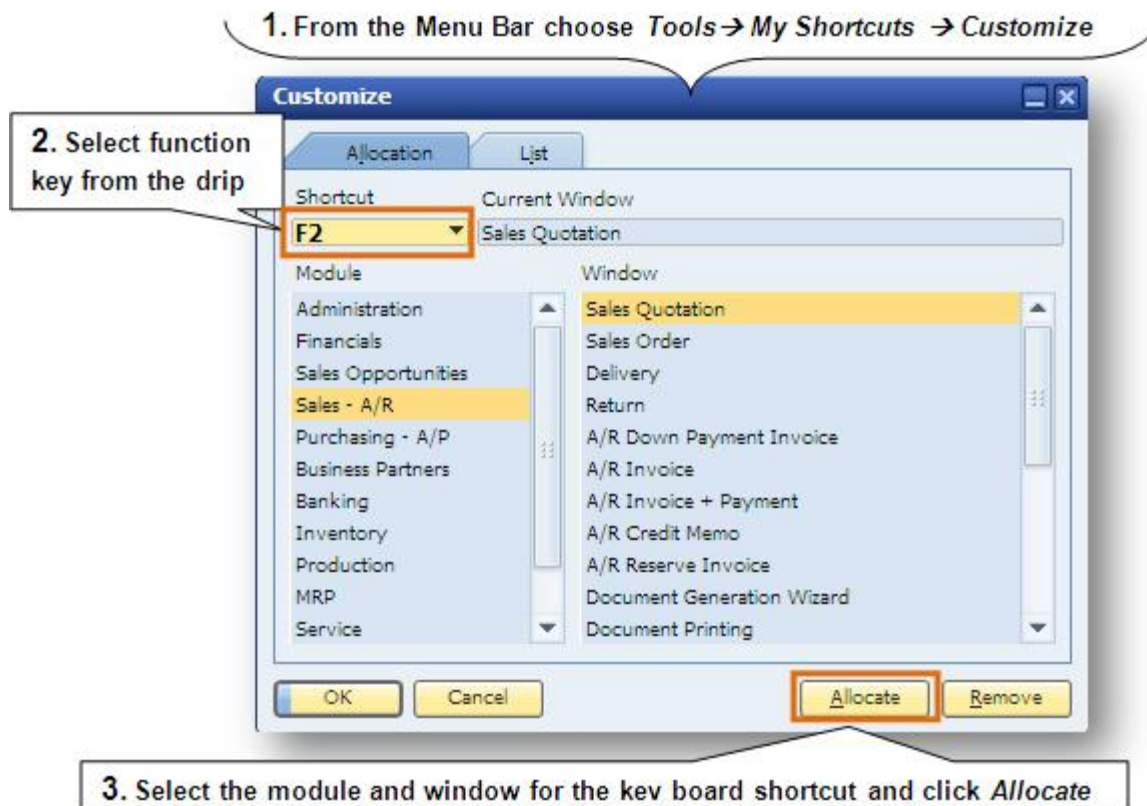



Figure 2-14: Creating user-defined keyboard shortcuts

Display Settings

You can change several display settings to personalize your SAP Business One workplace. You can add a company logo or staff photo to the desktop. Other settings include user interface language, font size, color, and date and time formats. Choose *Administration* → *System Initialization* → *General Settings* to make changes for the connected user.

Form Settings

In SAP Business One, each user can easily customize the content and behavior of most windows using the *Form Settings* function.

To activate *Form Settings*, make sure the window you want to customize is open and active, then click on  in the toolbar or choose *Tools* → *Form Settings*.

Although the *Form Settings* window does vary depending on the content of window you are customizing, the typical *Form Settings* window is divided into three tabs:

- *Table Format* tab: Customize how columns appear in the table (for those windows that contain a table)
- *Row Format* tab: Determine how fields appear in the *Row Details* window associated with the table in the window you are customizing
- *Document* tab: Make changes to the general settings related to the window and the table that you are customizing—but you should note that the changes you make in this tab affect only the current document, and not all documents of this type

The *Form Settings* function is a very powerful feature. SAP Business One has many fields that are not shown by default. Using *Form Settings*, you can select which fields are visible and which can be changed (the term for this is “active”). You can rearrange the order of fields by clicking on a field name and dragging it up or down. One common customization is to display the warehouse from which an item will ship on the *Sales Order* window. In Figure 2-15, we used the *Table Format* tab to make the *Whse* field both visible and active, and we repositioned the field so that it displays without the need to scroll to the right or open the *Row Details* window.

The form settings are saved by user. To save time, login using a user from each role, and make all the settings you need. Once you are done, login as a super user, open the user setup, located on the *Administration → Setup → General → Users*, find each user and press the *Copy Form settings*. This will copy all the settings from the selected user to the other users.

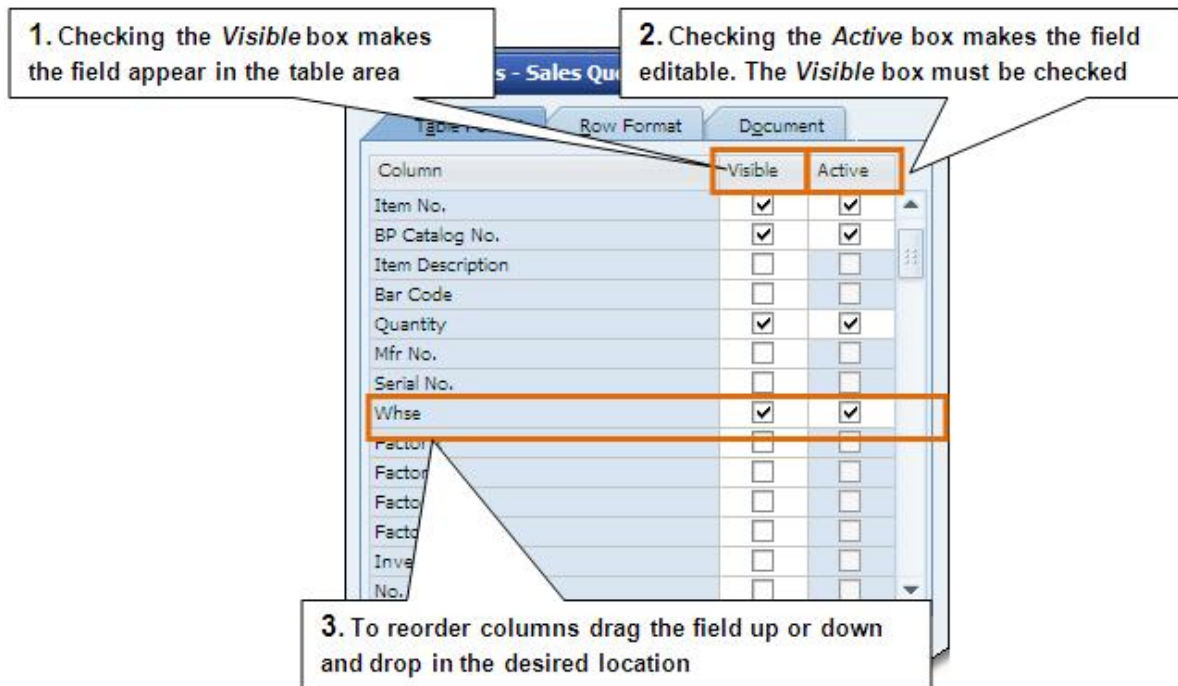


Figure 2-15: Using the *Form Settings* function

Customizing Field Names

Changing the names of fields in SAP Business One is remarkably easy. One of the most common customizations of the *Purchase Order* window is to change the *Vendor Ref. No.* field to *Vendor Invoice No.* Changing this or any field can be accomplished by holding down the **Ctrl** key and double-clicking the field name. A window then pops up that allows the field name to be changed or the original name to be restored. This change applies to all users. Only users with the appropriate general authorization can modify field names.

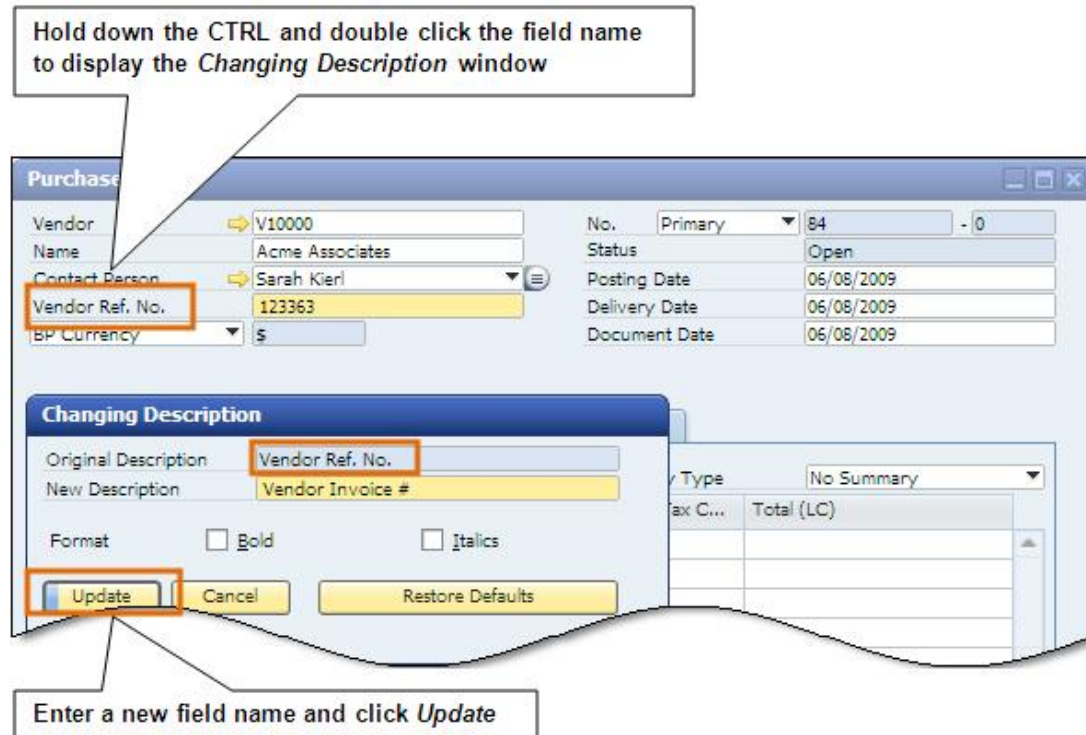


Figure 2-16. Changing field names

Adding User-Defined Fields and Tables

While SAP Business One provides a comprehensive set of fields in each of its modules, your company may need additional fields to pursue day-to-day work or to conform to particular business practices. The *User-Defined Fields* and *User Defined Tables* setup (found on the *Tools*→*Customization Tools* menu) lets you create your own fields in existing SAP Business One master data or transaction tables.

Portal pointer. For detailed, step-by-step instructions on user-defined fields and tables, go to SAP Business One Customer Portal at <http://service.sap.com/smb/sbocustomer> and download the “How to Create User-Defined Fields and Tables” guide.

Filling in Fields with User Defined Values

Another example of the robust flexibility of SAP Business One is its User Defined Values functionality. This feature can be used to calculate values or to display defaults for both SAP Business One fields and user-defined fields.

For example, you might want a sales order to display the name of the delivery driver. In this case you would use the *User-Defined Fields* function to add a field to the sales order, and add user defined

values to that field. The user defined values can be a static list of available drivers, one of which can be selected for the order. Alternately, the user-defined values can be a query that automatically fills in the name of the delivery driver based on the location of the customer or other criteria. Because user-defined values setup is an advanced feature, you may want to perform these types of customizations with the help of your implementation partner.

Finding Answers to Your Questions

In addition to the support and training that your implementation partner can provide, a wealth of information about SAP Business One features and functions is available through online help as well as on the customer portal.

Online Help

The online help provides details about many aspects of working with SAP Business One. If you are working with an unfamiliar screen and want to gain an understanding of its contents, you can find definitions of every field on the screen in the online help.

You can use SAP Business One online help in several ways. If you press **F1**, you get context-sensitive help; that is, help about the particular screen you are on. Use **Shift + F1** to get a field context help.

Selecting *Help* → *Support Desk* → *Find a Solution* from the main window menu bar displays an *SAP Library* window, which allows you to search for a solution by key words. If you select *Help* → *Welcome Screen*, a new window opens with links to different guides, end user training by role and additional documentation.

SAP Business One Customer Portal

The SAP Business One Customer Portal provides resources to help you master SAP Business One.

The portal is organized into areas for different types of activities, such as:

- *Get Support*: Collaborate with your implementation partner on technical support issues, search SAP Notes database, or request a license key

- *Solution Overview:* Review general information about the application and learn more about how to integrate SAP Business One with the SAP Business Suite family of business applications
- *Documentation:* Find documentation for the latest release, including release notes, how-to guides, and other useful guides on specific features and functions
- *Education:* View e-learning courses on the key components of SAP Business One modules including accounting, banking, master data, purchasing, and sales

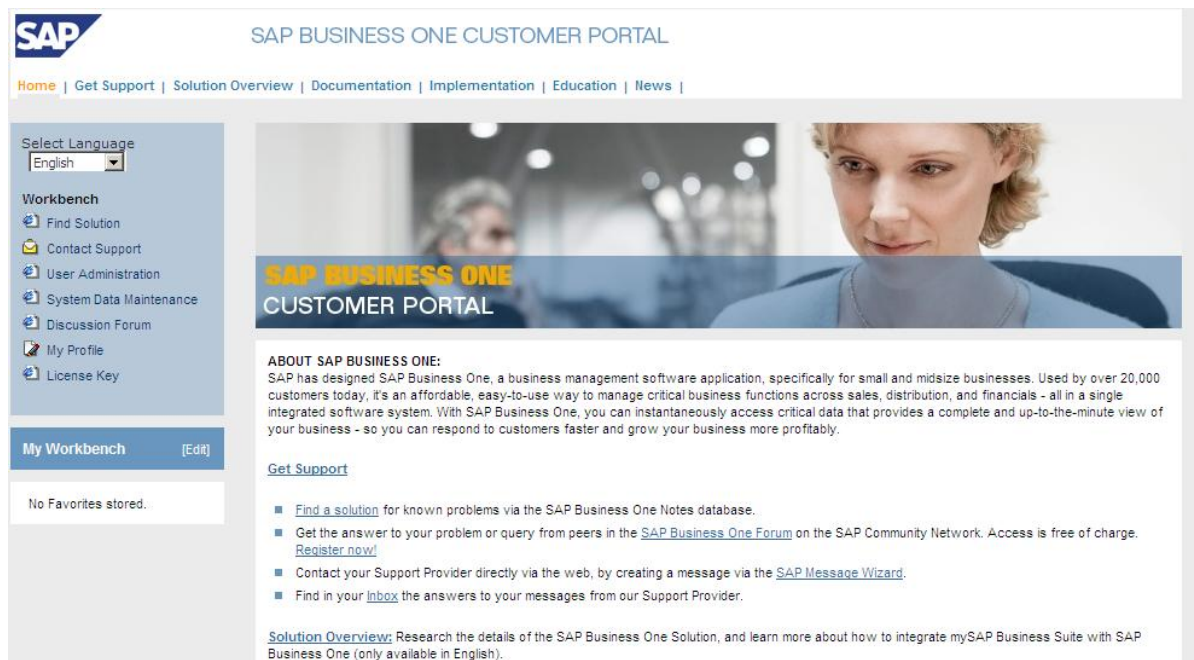


Figure 2-17: Using SAP Business One Customer Portal

SAP Business One Customer Portal is available in seven languages and is accessible at <http://service.sap.com/smb/sbocustomer>. You need a valid S-user name and password to log in. Consult with your implementation partner to get these.

3

The Basics of Financial Accounting

In This Chapter

- ☐ Overview of Financial Accounting
- ☐ Setting Up Financial Accounting
- ☐ Performing Daily Procedures
- ☐ Maintaining Records
- ☐ Period-End Procedures
- ☐ Incoming and Outgoing Payments
- ☐ Cost Accounting
- ☐ Budgeting
- ☐ Inquiries and Reports

SAP® Business One delivers the tools and reporting capacity you need to manage your company's finances effectively and according to Generally Accepted Accounting Principles (GAAP). SAP Business One can bring your financial accounting to a new level of automation:

- Real-time, really. Every time you add (or post) a transaction, your general ledger is updated. No need to batch journal entries for later posting—unless that's what you want to do.
- Automatic journal entries. Perhaps the largest productivity boost in SAP Business One is its ability to create various journal entries automatically—greatly reducing the need to make journal entries or corrections manually.
- Drill-down functionality. SAP Business One gives you the ability to drill down using the orange navigation arrows, not only to the general ledger but all the way to the source documents of a transaction—another powerful labor- and time-saving feature.
- Task automation. You can automate redundant tasks by using recurring postings and avoid posting mistakes by using posting templates.

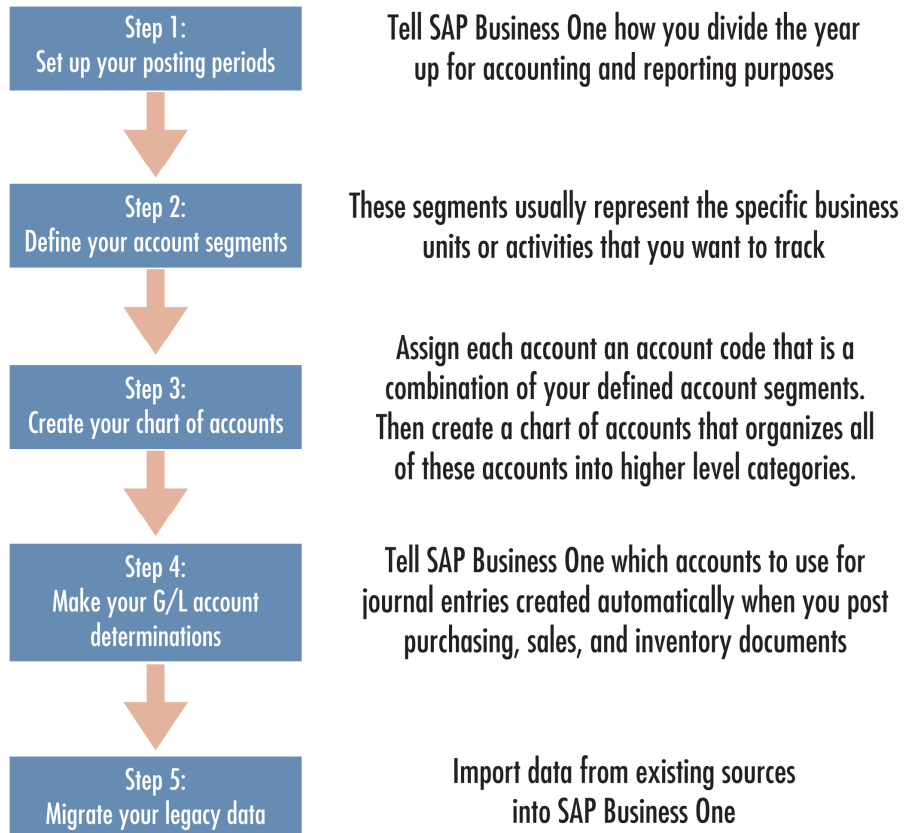
- Data integrity. To prevent users from posting manual journal entries to certain accounts, you can set up confidential accounts. In addition, alerts help you manage expenses by informing you when expenses reach their budget threshold.
- Automatic and manual reconciliation. Transactions are automatically reconciled allowing you to save time and get accurate reporting. In addition you can conduct a manual reconciliation to close outstanding activity.
- Audit trail. SAP Business One provides a complete audit trail, allowing you to track who made changes to all data or documents—and when.

Overview of Financial Accounting

The key to making the most of the finance and accounting features in SAP Business One is careful design and implementation to make sure that every part of the application precisely describes and tracks the way your business works. Of course, most companies come to SAP Business One with a well-established chart of accounts (and other financial accounting methods) as well as legacy databases of customers, vendors, and transactions. Working with your implementation partner, you translate and migrate the way your business works into SAP Business One. The five-step process of setting up financial accounting is shown in Figure 3-1.

These steps represent general guidelines. In any given implementation, the order of these steps may be changed or new steps may be added to reflect the unique needs and circumstances of your company.

Setup tip. When setting up your chart of accounts and financial accounting processes, discuss with your implementation partner the types of financial reporting you require. Financial reporting requirements drive most of the initial settings and configuration decisions. Your implementation partner knows the software and you know your business; together you can make SAP Business One work for you.



Accounting setup step-by-step

Figure 3-1:

Definitions

Account: Formal record of a type of asset, liability, equity, revenue, or expense that shows its beginning balance, increases and decreases (transactions), and resulting ending balance for a specified period.

Control account: Control accounts are linked to business partners. When a document is posted to the business partner, the journal entry includes also the control account. Each customer has one default A/R control account, and each vendor has one default A/P control account, however it is possible to replace the control account in any document. A control account holds the total A/R or A/P balance for all linked business partners. Control accounts are included in the balance sheet report, so their balance reflects your total balances for customers and vendors. Manual journal entries cannot be posted to a control account.

Clearing account: An account to which postings are recorded temporarily because of a time gap between accounting transactions, organizational task distribution, or accounting transactions requiring clarifications.

Active account: An account in the chart of accounts to which journal entries are posted.

Account segmentation: A bookkeeping method of creating account codes based on the hierarchical structure of a business. The individual segments correspond to different business units, such as company, division, region, department, group, and so forth, and to different categories, such as travel expense, box office revenue, product line, and so forth.

Natural account segment: The first segment of an account code that identifies the type of account, such as fixed asset, liability, revenue, expense, and so forth. Account codes can consist of numeric values only when using account segmentation, or be alphanumeric in a company that is not using account segmentation

Chart of accounts: The index or coded listing of the accounts in a general ledger.

General ledger (G/L): The main accounting record of a business. The G/L uses double-entry bookkeeping; it usually contains the accounts for all of a business's assets, liabilities, profit, loss, income, expenditure items, funds, and reserves.

Journal entry: A record of a transaction that usually includes transaction date, titles of affected accounts, amount of each debit and credit, and transaction description

Posting: The process of recording journal entries (credits and debits) in the G/L

Transaction: A business activity or event that debits one G/L account and credits another

Setting Up Financial Accounting

Proper setup of financial and accounting functionality is the foundation on which much of the automation of SAP Business One rests. With the right chart of accounts, posting periods, and account determination for automated journal entries, SAP Business One takes care of many tasks that are usually performed manually. That is why we spend much of this chapter on issues related to initial setup of financial accounting.

Step 1: Setting Up Your Posting Periods

The first step, which you may have already taken with your implementation partner, is to establish your posting periods: Will you have monthly posting periods? Daily? Somewhere in between? Will your fiscal year correspond to the calendar year or will it cross calendar years?

The first posting period must be defined at the time the company database is created. Afterwards, to set up new posting periods, go to *Administration* → *System Initialization* → *Posting Periods*. From here you can update the generated periods (such as date ranges) and create new ones. You can also set or change the start of the fiscal year.

While SAP Business One is very flexible when it comes to setting periods and fiscal years, you and your implementation partner should bear in mind the following important caveats:

- The beginning of the fiscal year can only be the first of the month
- It is recommended to create the posting periods from the oldest and up. Consider the oldest data you would like to migrate to determine the first period
- You cannot have overlapping posting periods
- G/L account determination is saved by period and is copied from the previous period to the next. So make sure you define your primary G/L accounts before you create additional posting periods
- The system determines which posting period the transaction belongs to based on the transaction's posting date
- Once you have created a posting period you cannot remove it from the system; however you can change the posting date range

Posting periods have one of four period statuses:

- *Unlocked.* This is the default status for new period creation. This status allows all users to post any type of transaction.
- *Unlocked Except Sales.* This status allows authorized users to post all types of transactions except for sales documents. This period status is often used at month- end time.
- *Closing period.* This status allows authorized users to post all types of transactions. Users that are not authorized for this period status cannot post any activity to this period status. In the posting period setup screen, you can determine the number of days, after the period has expired, to automatically change the period status to this status. This is commonly used at month-end or year-end time.
- *Locked.* This status prevents all users from posting any activity to this period status.

The period status can be changed back and forth any time.

Period Status Authorization. You can determine the authorized users for the different period statuses in the *Administration → System Initialization → Authorizations → General Authorizations*. Select the user, and expand the *General* module

Step 2: Defining Your Account Segments

If you plan to use a segmented chart of accounts, the next step for your implementation partner and you is to decide on and define the account segments you need.

To define account segments, go to *Administration → Setup → Financials → Account Segmentation*. You must have at least the first, natural account segment, but you can rename it or change its length, as you can with all other segments. Usually, companies determine their account segments based on their business processes and financial reporting needs. They can represent divisions, departments, regions, lines of business, entities, branches, and so forth. Figure 3-2 shows how account segments are merged to create an account code.

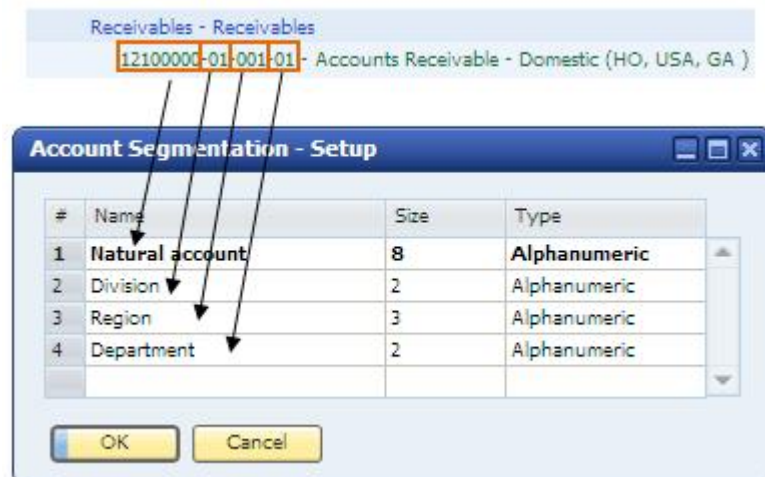


Figure 3-2: A segmented account code

SAP Business One provides four default account segments and allows up to 10. During setup you can change the size and name of any segment, as well as delete the entire segment, but the first segment must always be the natural account segment. To delete segments, right-click the last segment row and choose **Delete Row**.

Although you may currently use fewer than the ten segments available, it is recommended that you define additional segments to allow for growth. For example, if you are planning to expand, you may want to define an additional segment for business units you envision adding in the future.

Account segment alert. It is important that your implementation partner and you plan your use of account segments very carefully because you cannot add additional segments later, existing segments cannot be deleted once the very first G/L account is created; and you cannot change the length or the type of a segment later on.

Once you have defined all your account segments in SAP Business One, you have created the foundation for a fully qualified chart of accounts, which, in other words, is the concatenation of all account segments. A fully qualified account code, as shown in Figure 3-2, includes all account segments. For example, a travel expense account code used by your business's marketing department looks exactly like the travel expense account code used by your sales department, except for the segment of the account code representing the department.

Step 3: Creating Your Chart of Accounts

Once you have determined your financial or posting periods and account segments, you are ready to create your chart of accounts in SAP Business One. The organization of the chart of accounts follows

GAAP in which there is a separate “drawer” for accounts representing assets, liabilities, equity, revenues, cost of sales, expenses, financing, and other revenues and expenses. These drawers, which have been defined by SAP and cannot be changed, organize your accounts by level in a logical fashion appropriate to your financial accounting and reporting processes.

Chart of accounts reminder. The chart of accounts is an index of all G/L accounts used by your business. Every G/L account has an account code, an account description, and other information that determines the functions of the G/L account. To access the chart of accounts, select *Financials* → *Chart of Accounts*.

In the *Chart of Accounts* window, SAP Business One asks you to characterize every G/L account as either a title account or an active account and identify its level. Because only active accounts can be posted to in SAP Business One, it is a good practice to have all your active accounts at the same level. In reports, a title account summarizes all the balances of each active account below it. In the account segmentation shown in Figure 3-3, level 4 is the lowest level that contains postings of transactions. Thus it is not mandatory to use all levels. You can have active accounts in level 3 or 2.

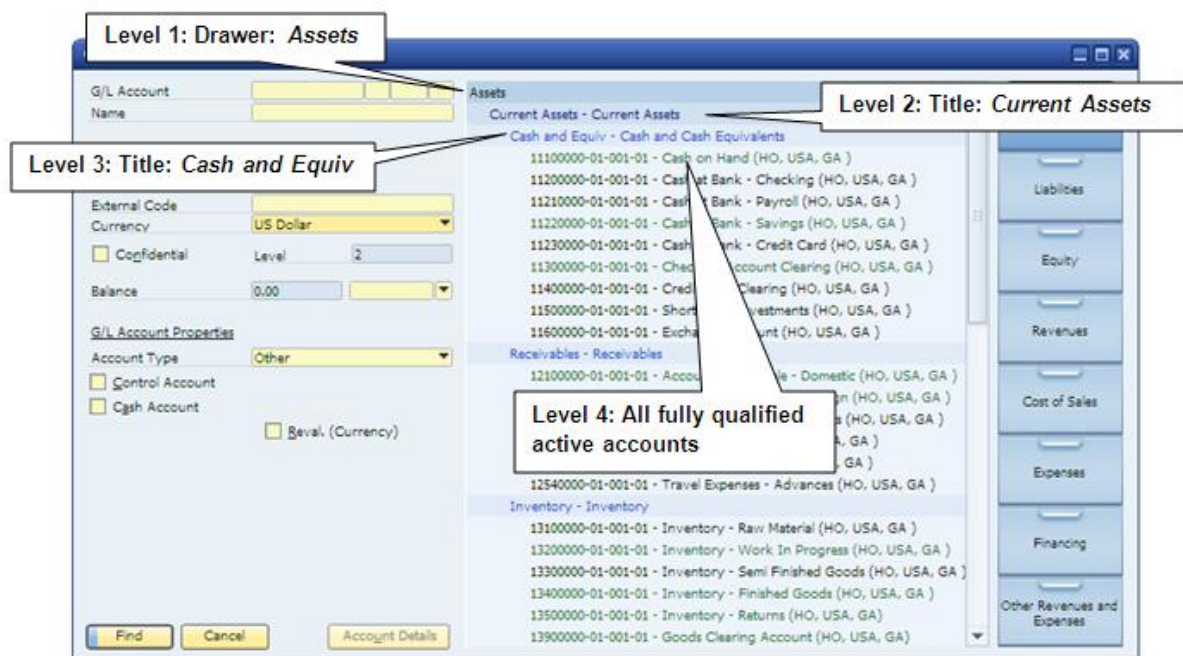


Figure 3-3: Chart of accounts organized by drawers and levels

Account activity alert. You cannot delete an account with activity against it. You can only make it inactive. When using segmentation accounts you can modify the account code at any point in time

To add an account or a title, click the drawer or title that you want to add the new account under. Choose *Data → Add* from the menu bar, and enter the complete account code, name, and other properties.

To rearrange your chart of accounts structure, use the *Edit Chart of Accounts* screen. Here you choose the account level and location in the chart of account.

Setup Tip. It is possible to import your legacy chart of accounts from a text file using the Data Transfer Workbench tool provided by SAP. You must define the corresponding account segmentation setup as well as the segments code prior to the import

Foreign Currency Management

Foreign currency management is available for companies that use multiple currencies. In SAP Business One, you can specify G/L accounts and business partners as local currency, specific foreign currency or as All Currencies. Defining an account as All Currencies allows you to post documents and journal transactions to the G/L accounts or business partner in any currency, as long as the currency is defined in the SAP Business One company. Reconciliations, reports, and balances of G/L accounts and business partners with All Currencies are performed, calculated, and displayed in the local currency. In the *Administration → System Initialization → Company Details → Basic Initialization* tab, you can determine whether a new G/L account is created by default in local or all currencies. Once transactions have been posted, it is not possible to change the account from an All Currencies or a specific foreign currency account, however, it is always possible to change to All Currencies,

You can define an additional currency in the system for maintaining accounts. This is called the *System Currency*. If your company is required to report to a parent company which is located overseas, you will define the parent company's local currency as the system currency.

All the system reports can be displayed in system currency, saving you the need to re-valuate your financials and other reports.

To define your local and system currency go to *Administration → System Initialization → Company Details → Basic Initialization* tab.

Foreign Currency maintenance. When working with foreign currencies, you must manually maintain the exchange rates in the Exchange Rate and Indexes table located in the Administration module. If there is no rate available for the current date, the system will automatically open the table for you to enter the exchange rate.

In certain cases the system posts exchange rate differences automatically. This can occur for example when you pay an invoice using a foreign currency. If the payment rate varies from the invoice rate the difference is posted to an exchange rate differences account defined in your G/L account determination. Periodically you should run the *Exchange Rate Differences* utility to manually identify and post additional exchange rate differences.

Step 4: Making Your G/L Account Determinations

One of the key advantages of SAP Business One is its ability to create various journal entries automatically, particularly those involving sales, purchasing, and inventory transactions. In a manual system, doing business and keeping track of it are separated. Invoices and other such documents are created first, and then later the accounting entries for keeping track of them are added. In SAP Business One, when an invoice is created, the accounting entries are created at the same time. But how does the application know how to create those accounting entries? G/L account determination is the process of telling SAP Business One in which accounts to put various sorts of automatically created accounting entries.

To take full advantage of the application's robust automation, you must take special care to provide SAP Business One with the correct information in the *G/L Account Determination* window.

To specify G/L accounts, go to *Administration* → *Setup* → *Financials* → *G/L Account Determination*.

G/L account determination tip. Your company's controller or accountant should provide final approval of your G/L account determination settings.

Basic Procedure

Determining your G/L accounts thoroughly and accurately is crucial to the automatic creation of journal entries in SAP Business One.

Portal pointer. For detailed G/L account determination instructions, consult your SAP implementation partner and download the “How to Determine G/L Accounts for Automatic Creation of Journal Entries” and “How to Make the Initial Settings in SAP Business One” guides from SAP Business One Customer Portal at <http://service.sap.com/smb/sbocustomer>.

Figure 3-4 shows the G/L account determination setup window. Some accounts are mandatory, for example, the revenue account under the *Sales* tab. The revenue account is the default revenue account used for any A/R invoice. It is overridden if another revenue account is specified in item or warehouse master data.

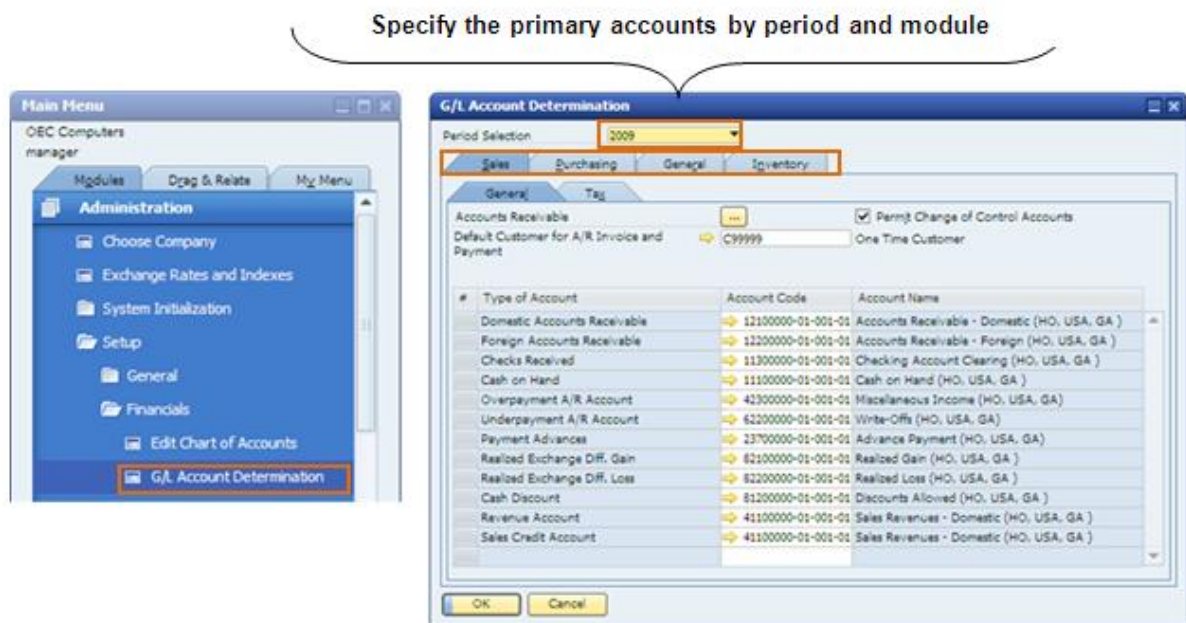


Figure 3-4: Mandatory fields for *G/L Account Determination: Sales* tab

Inventory alert. The *Inventory* tab is active only if the *Use Perpetual Inventory* checkbox is selected on the *Basic Initialization* tab. Go to *Main Menu* → *Administration* → *System Initialization* → *Company Details*. The accounts in this tab serve as default accounts for creation of item groups and warehouses.

Setup tip. Your implementation partner will make sure additional primary accounts are defined, such as tax accounts, credit card clearing accounts and house banks. Use the corresponding setup menu to define these accounts.

Step 5: Migrating Your Legacy Data

When making the change from your legacy financial accounting system to SAP Business One, you are faced with the challenge of having to keep historic data online for audit and research purposes as well as for ongoing day-to-day business activities.

The data transfer workbench add-on for SAP Business One is a migration tool that enables you to transfer data from your legacy system into SAP Business One. It transfers master data, such as business partner and item records, as well as transaction data, such as orders, invoices, and balances, since both types of data need to be available in SAP Business One.

How does the data transfer workbench work? Legacy data is exported into Microsoft Excel spreadsheet templates and then imported into SAP Business One. Legacy data migration is a process that is best done collaboratively with your SAP implementation partner. It is not recommended to import past activity that was already closed. Only import your master data, open documents, and opening balances for items and G/L accounts.

Setting Up 1099 Vendors (United States)

In the United States, certain vendors are subject to 1099 reporting, meaning that payments to them must be tracked and reported to the United States Internal Revenue Service (IRS). With a little setup, SAP Business One automates the tracking of payments that are subject to 1099 reporting and automatically creates 1099 forms at tax time.

When importing any existing vendor master data into SAP Business One, you should designate your 1099 vendors as such. This saves you from having to change business partner master data manually.

For setting up new vendors, you should know that the process of tracking 1099 payments starts in the *Business Partner Master Data* window. The *Accounting* tab has two subtabs, *General* and *Tax*. In the A/P invoice window, you can override the default form and box if needed.

Figure 3-5 shows two boxes on the lower right of the *General* tab that allow you to specify which 1099 form will be used to track payments to this vendor and the category for payments. With these boxes set, the payments to this vendor are tracked so that a 1099 form can be created and sent to the IRS as required.

The screenshot shows the 'Business Partner Master Data' window for Vendor V70000. The 'General' tab is selected, displaying fields for Name (SMD Technologies), Group (General Supplies), Currency (US Dollar), and Federal Tax ID (US11-345650). The 'Accounting' tab is also visible, showing fields for Consolidating BP, Payment Consolidation, and Control Accounts. The '1099 Form' and '1099 Box' fields are highlighted with a red box, indicating they are the focus of the setup tip.

Figure 3-5: Setting the 1099 Form and 1099 Box

Setup Tip. If you started working with the system in the middle of the year, you have the option to enter 1099 opening balances for your vendors. Go to *Main Menu → Administration → System Initialization → Opening Balances → 1099 Opening Balances*.

Performing Daily Procedures

Once you have set up your chart of accounts and your G/L account determination, you are ready to use SAP Business One for day-to-day activities as well as for period- and year-end closing tasks.

Posting Manual Journal Entries

The majority of journal entries in SAP Business One come from one of the other modules; sales, purchasing, payment, and inventory documents post transactions automatically to the G/L. However, in GAAP accrual-based accounting, you sometimes need to make manual journal entries in the G/L, such as depreciation entries, accrual entries, correcting entries, and the like—anything, in other words, that would not come from one of the other SAP Business One modules. When a journal entry

is added manually, it is recorded immediately and cannot be deleted—only reversed. (To do so, see “Reversing Transactions” later in this chapter.)

Using the *Journal Entry* window shown in Figure 3-6, you can create journal entries manually. The purpose of manual journal entries is to record transactions that are not automatically initiated from a sub ledger or from another process within SAP Business One. For example, a manual journal entry might be used to record a finance charge to a customer account or a service fee to a bank account.

The *Origin* and *Origin No.* fields indicate what the source of the journal entry is. Click the orange arrow to display the source document. In this example A/R Invoice

Click Expand Editing Mode to enter lines of data easily

Expand Editing Mode

#	G/L Acct/BP Code	G/L Acct/BP Name	Debit	Credit
1	C23900	Parameter Technology	1,431.00 \$	
2	22200000-01-001-01	Sales Tax Accrual (HO, USA, GA)		81.00 \$
3	41100000-01-001-01	Sales Revenues - Domestic (HO, USA, GA)		1,350.00 \$
4	13400000-01-001-01	Inventory - Finished Goods (HO, USA, GA)		675.99 \$
5	51100000-01-001-01	COGS - Domestic (HO, USA, GA)	875.99 \$	
			2,306.99 \$	2,306.99 \$

Debit must be equal to credit or the journal entry cannot be added

Figure 3-6: Entering a manual journal entry in the *Journal Entry* window

To create a manual journal entry, go to *Main Menu* → *Financials* → *Journal Entry*. A journal entry can be displayed and created in an expanded editing mode or reduced editing mode. Figure 3-6 shows the expanded editing mode, which allows you to easily enter lines of data without having to scroll left and right.

To enter amounts in foreign currency for an account defined as *All Currencies*, or to enter a specific foreign currency account, check the *Display FC box*

Journal Entry tip. Normally from the *Journal Entry* screen, you make postings to G/L accounts. To display a list of G/L accounts from the *G/L Acct/BP Code* field, press Tab. You can also use a journal entry to book an entry to a business partner code (for example, when posting a finance charge to a business partner account). To display a list of business partners instead of a list of G/L accounts, press Control + Tab in the *G/L Acct/BP Name* field.

Setup tip. You can define default settings for manual journal entries, such as whether to block posing of an unbalanced journal entry in a foreign currency, or whether the row posting date can be edited. Go to *Main Menu* → *Administration* → *System Initialization* → *Document Settings* → *Per Document* tab and select Journal Entry from the drop down list. Some of these defaults can be overwritten in the journal entry window, using *Form Settings*.

Making Recurring Postings

Some transactions recur monthly or weekly. The transaction amounts may not be the same each time and the percentages may not necessarily be fixed (although they recur on dates that are known in advance and are usually made up of the same G/L accounts).

You use recurring journal entries for expenses such as depreciation, equipment lease payments, payroll, and office rent and utility costs.

To access recurring postings, go to *Main Menu* → *Financials* → *Recurring Postings*.

When you define a recurring posting you must specify all the accounts or business partners, as well as actual amounts. You will determine the frequency and the expiration of the recurring posting. The system will duplicate the original posting each time the date arrives, and will allow you to either add the posting as is, or modify it before the final posting to the general ledger.

Another way to work with a recurring posting is to set the frequency to **Template**, and then use the recurring posting as a template each time you post a manual journal entry.

Using Posting Templates

Posting templates help streamline the posting of individual journal entries that repeat from period to period but where the actual amounts are not known in advance. You create a posting template with percentages defined in the rows, instead of amounts. When you post a journal entry based on a

posting template, you enter an amount on one of the rows and the system allocates the amounts in the other rows according to the percentages defined in the template

You can use the posting template function to allocate an expense, for example, marketing costs, as a percentage over two or more departments. With a posting template, you can take 100% of one account and allocate it automatically to the other relevant accounts based on fixed percentages.

It is also possible to leave certain rows without an account selection and instead provide a description for the type of account or business partner that should be selected when the journal entry is posted.

To access the posting template function, go to *Main Menu → Financials → Posting Templates*.

Using Journal Vouchers

You can use journal vouchers to review a batch of financial transactions before posting them. Before you post the entries as journal vouchers, you have the opportunity to edit, change, or delete entries, as required. Let's consider a couple of situations in which you would use journal vouchers. Perhaps you're training a new employee, and rather than risking that some or all of the new employee's journal entries might have to be reversed, you can allow the new employee to create journal vouchers that you can review. This eliminates the risk that the new employee could post incorrect journal entries that would have to be reversed later. You can also use journal vouchers to perform what-if analyses. You can run the cash flow report and include open journal vouchers to determine the effect of the postings before you actually post them.

In other systems, a journal voucher is used sometimes used for a single journal entry. In SAP Business One, a journal voucher is always used for a batch of transactions, meaning that you enter multiple journal entries in one voucher. When you post the voucher to the general ledger, all the journal entries contained in the voucher are posted together.

To create a journal voucher, go to *Main Menu → Financials → Journal Vouchers*.

Maintaining Records

A variety of tasks come under the category of maintaining records, including reversing transactions, editing G/L accounts, and editing 1099s. This section covers these maintenance topics.

Reversing Transactions

If you need to reverse a transaction that had been posted to the general ledger using the *Journal Entry* window or the *Journal Voucher* window, SAP Business One provides you with three options:

- Go to *Main Menu* → *Financials* → *Journal Entry* and create a correcting journal entry
- Run the *Transaction Journal Report* and open the relevant journal entry, then click *Cancel*
- Run the *Transaction Journal Report* and open the relevant journal entry, then check the *Reverse* box and click *Update* (see Figure 3-7)

Automatic reversal of manual journal entries is usually set up to occur on the first day of the following month. For a list of manual journal entries scheduled for reversal, go to *Main Menu* → *Financials* → *Reverse Transactions*. Note that this option is used primarily during month- and year-end closings.

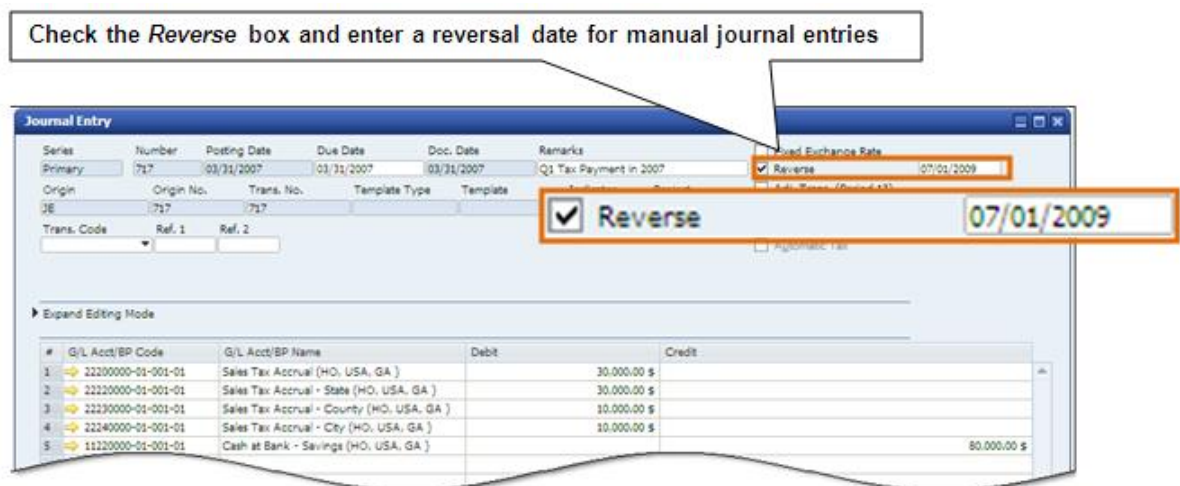


Figure 3-7: Automatic reversal of manual journal entries

Setup tip. The reversal transaction can either post negative amounts on the same side, or post a debit to reverse a credit and a credit to reverse a debit. To determine the reversal method, go to *Main Menu* → *Administration* → *System Initialization* → *Company Details* → *Basic initialization* tab.

Editing G/L Accounts

In the normal course of business, you may have to adjust the chart of accounts from time to time. Using the *Edit Chart of Accounts* window, you can make changes to the chart of accounts, create new accounts, rearrange groupings, and change and edit existing accounts.

To display the *Edit Chart of Accounts* window, go to *Main Menu* → *Financials* → *Edit Chart of Accounts*, or *Administration* → *Setup* → *Financials* → *Edit Chart of Accounts*.

Creating codes for a set of newly created accounts is a common task when adding new accounts. The account code generator is a tool that enables you to assign codes to newly created account segments at the click of a button. In addition, you can insert a new G/L account in a number of different account segments (for example, departments) simultaneously. To access the account code generator, select *Financials* → *Account Code Generator*.

Editing 1099s (United States)

Vendors that are assigned a 1099 form within business partner master data will have A/P invoices and credit memos that accumulate 1099 amounts for year-end reporting to federal authorities. If a document is incorrectly posted with the wrong 1099 amount, form, or box, you can use the 1099 editing function to modify the data. To access 1099 editing, go to *Main Menu* → *Financials* → *1099 Editing*.



Figure 3-8: The *1099 Editing* window

Reviewing Changes to Data: Audit Trail

When a change is made to a document, master data record, or setup element, an audit trail is created. To view these changes, select *Tools* → *Change Log* from the SAP Business One menu bar to display a *Change Log* window that lists changes, including user, date, and time, that have been made to that particular document or master data record. You can then click on an entry to see the change that was made. If there are multiple changes, hold down **Ctrl** and click on two or more lines, then click on

Show Differences in the lower right of the *Change Log* window to see what has changed between iterations of the document.

Period-End Procedures

Much of the work of financial accounting takes place at the end of each period and at the end of the year when transactions are examined and any corrections or adjustments are made. SAP Business One supports such activities in a variety of ways.

Period-End Closing Checklist

Period-end activities take place at the end of the month or the end of the quarter, or both, depending on how your financial accounting processes work. In either case, the checklist at the end of the period is much the same.

- ☐ Make sure that all transactions for the period were posted properly, including adjustments and accruals
- ☐ Print trial balance (a balance of each account and a current status)
- ☐ Print vendor liabilities aging and customer receivables aging reports to reconcile receivable accounts with the G/L
- ☐ Print inventory audit report to reconcile inventory with the G/L
- ☐ Print financial statements
- ☐ Make a backup of your database and put it in an off-site storage location
- ☐ Close or inactivate the fiscal period by locking it using the posting period window

Year-End Closing Checklist

Year-end closing is a big event that affects many aspects of how SAP Business One operates. For example, a year-end close will zero all profit and loss account balances to the retained earnings account. Balance sheet accounts are summarized, bringing the balances forward as the beginning balances in the new fiscal year. All of this activity takes time, of course. The year can remain open until all adjusting entries are received from accountants and other reporting entities.

Here is a general year-end checklist:

- ☐ Post final transactions for the period in all modules

- ☐ Complete the period-end procedures
- ☐ Post any final adjusting entries in the G/L
- ☐ Close the last period of the fiscal year
- ☐ Make a backup of your database and put it in an off-site storage location
- ☐ Print 1099s
- ☐ Print a final detailed trial balance
- ☐ Print financial statements
- ☐ Set up a new fiscal year
- ☐ Run the period-end closing routine to close the fiscal year

Year-end closing alert. It is strongly recommended that you consider your year-end closing processes during setup and implementation. Soon after going live with SAP Business One, perform the first-month or first-quarter closing together with your implementation consultant. Download the "Tips for Year-End Closing" guide from SAP Business One Customer Portal at <http://service.sap.com/smb/sbocustomer>.

Data Archiving

As part of the period end procedure you may consider using the Data Archiving wizard. If your company database is over two years old, you can optionally delete old activity such as sales and purchasing documents, inventory documents, sales opportunities, and more. Archiving old data helps you reduce your database size, increase performance, reduce hard disk space needed for backups, and even allow faster upgrades when a new version is available. Once you remove the old transactions you can also manually delete master data that is no longer is use, such as customer, vendors and items.

As you already learned, in SAP Business One you build one document from another, and journal entries are posted automatically with the document. For example, a sales quotation was copied to an order that was copied to two deliveries. The deliveries were copied to one A/R invoice which was fully paid. This is called a closed cluster. It means that all the transactions that are involved in a particular workflow are closed. The data archiving only removes closed clusters. In our example, if the invoice was partially paid, that means that the cluster is open, and none of these transactions will be removed. These prerequisites are important to keep the data integrity and consistency.

The Data Archiving Wizard

To open the wizard go to *Administration* → *Utilities* → *Data Archive Wizard*. Figure 3-9 describes the main steps of the wizard.

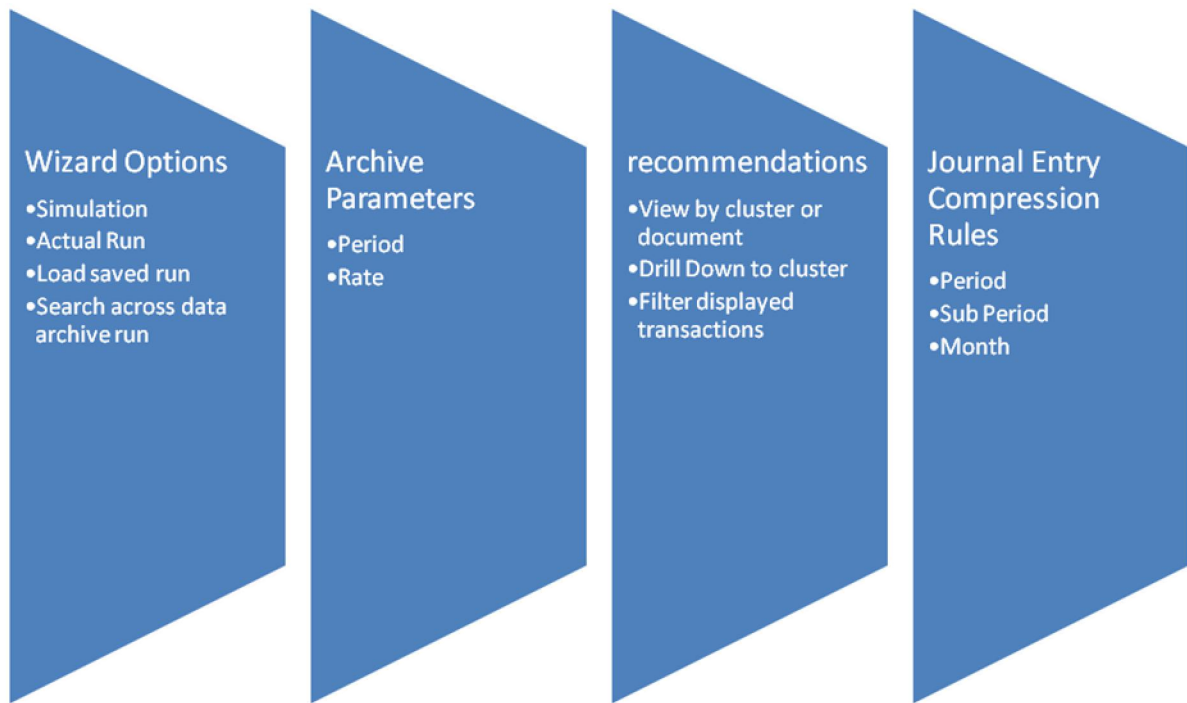


Figure 3-9: Data Archive Wizard's Main Steps

The wizard options consist of:

- **Simulation.** This will provide you with the information of what data will be archived, indicate non removable clusters, and show expected results with regards to the total number of transactions that are removed, and database size at the end of the process.
- The actual run will complete the process by removing the appropriate transactions and shrink the database size. You must conduct a backup prior to the actual run. Note that there is no roll back option, other than to manually restore the company backup.
- Loading a saved wizard run lets you view previous archiving runs in case you wish to search for a particular transaction or cluster.
- You can search for certain transactions across multiple data archive runs, in case you do not know in which run the transaction was removed. You can search by date and transaction type.

In the archive parameters you select the posting period range you would like to archive. The start date of the archived period is always the first period of the company. You can only archive periods that are 2 years or older than the system date. Additionally, the period must be locked, and a period end closing process applied to it.

In the recommendation step you can view all the transactions included in the date range. The wizard displays both removable and non removable transactions grouped by cluster, or without grouping. You can drill down to a specific cluster to view all the transactions belonging to it. The archiving wizard removes transactions such as sales and purchasing documents, sales opportunities, activities, payments and inventory revaluation. Master data, such as customer and items are not removed by the wizard. These will have to be removed manually by the user, after the wizard completed the transactional information.

Since journal entries are removed from the system, the accounts balances must remain intact. Thus during the archiving process consolidated journal entries are created to reflect those balances. You can choose to consolidate by period, sub period or by month.

Data Archiving Checklist:

- ☐ Run a simulation to find open clustered that can be closed
- ☐ Close open clusters
- ☐ Create a backup of the company database
- ☐ Run the data archive wizard

Audit trail. The data archive wizard creates a read only database backup that can be restored later on. This database consists of all the data before the deletion. For audit purposes, you can restore this back to view old transactions.

Incoming and Outgoing Payments

In SAP Business One, the functionality and reporting associated with processing payments are accessed through the *Banking* module. This section provides only the basic information you need to get started. For more detailed, field-by-field information go to *Help* → *Contents* tab → *Banking*.

When processing payments you should select the transactions to be closed by the payment, either


fully or partially. If there is no prior transaction to select, or you are unsure which transaction applies, you can enter a *Payment on Account*.

Incoming Payments

Incoming payments can be received in four ways: cash, checks, credit cards, and bank transfers. SAP Business One handles all of them in basically the same way—either by making a payment against a specific A/R invoice or by making a payment to a customer against two or more A/R invoices.

Creating Incoming Payments for Specific Invoices

The following steps explain how to create an incoming payment against specific invoices:

- 1) Go to the *Banking* → *Incoming Payments* → *Incoming Payments* window shown in Figure 3-10
- 2) Click the selection list button to the right of the *Code* field and then select a customer
- 3) Review the *Documents for Payment* table that displays all the open invoices for the customer
- 4) Select the invoices for which you want to apply a payment (check the selection box next to the row number); the cumulative amount is displayed in the *Total Amount Due* field in the footer of the window
- 5) Change the *Total Payment* amount field to do a partial payment
- 6) Select the payment means icon  from the SAP Business One toolbar to open the *Payment Means* window. Select the tab for the desired payment means, fill in the relevant details, and click *OK*, which brings you back to the *Incoming Payments* window.
- 7) Click *Add* to post the document

Incoming Payments

Select the customer: C20000
Norm Thompson
300 Billings Drive
Suite 500
Havertown PA 19083
USA

Bill To: Bill to

Contact Person: Norm Thompson

Select open transactions to be paid

Customer: ☒ Customer No. Primary 13
Vendor: ☐ Vendor
Account: ☐ Account
Posting Date: 08/17/09
Due Date: 08/17/09
Document Date: 08/17/09
Reference:
Transaction No.:

Selected	Document...	Document Type	Date	*	Total	Balance Due	Cash Discount %	Total Payment
<input checked="" type="checkbox"/>	22	IN	07/15/07	*	\$ 2,187.50	\$ 2,187.50	0.000	\$ 2,000.00
<input checked="" type="checkbox"/>	17	IN	12/27/07	*	\$ 8,375.00	\$ 8,375.00	0.000	\$ 8,375.00
<input type="checkbox"/>	18	IN	12/27/07	*	\$ 1,125.00	\$ 1,125.00	0.000	\$ 1,125.00
<input type="checkbox"/>	3	CN	08/17/09	*	\$ -562.50	\$ -562.50	0.000	\$ -562.50
<input type="checkbox"/>	25	IN	08/14/09	*	\$ -625.00	\$ -625.00	0.000	\$ -625.00
<input checked="" type="checkbox"/>	27	IN	08/17/09	*	\$ 500.00	\$ 500.00	2.000	\$ 490.00
<input type="checkbox"/>	99	JE	01/01/09	*	\$ 1,000.00	\$ 1,000.00	0.00	\$ 1,000.00

☐ Payment on Account

Total Amount Due: 10,865.00

Open Balance:

Remarks:

Journal:

☐ Cr

Or, to accept a payment with reference, choose **Payment On Account**

Adjust the **Total Payment** field for partial payments

Add Cancel Deselect All Select All Add in Sequence

Figure 3-10: Incoming Payments window

Once the incoming payment document is added, the following actions are taken:

- Journal entries credit the customer's accounts receivable control account and debit the bank account or a clearing account.
- The payment is applied to the invoice.
- The paid invoices are closed and no longer appear in the *Open Items List, Documents for Payment* table and in the customer's receivable aging report.
- When a partial payment is processed, the selected invoice remains open for the balance due amount
- When a full payment is processed, the invoice and the payment are internally reconciled and closed.
- If the payment is made by check, cash or credit card, the payment is posted to a clearing account, and a deposit document must be processed in order to transfer the funds from the clearing account to the house bank account

Creating Incoming Payments on Account

You can accept payments that are received without reference to specific invoice(s)—for example, a one-time point-of-sale purchase. To do this, you check the *Payment on Account* checkbox of the *Incoming Payments* window and fill in the required information. Once the incoming payment document has been posted, the appropriate journal entry is created.

Outgoing Payments

Just as with incoming payments, there are, generally speaking, four ways of sending outgoing payments: cash, checks, credit cards, and bank transfers. You can perform the following activities:

- Create outgoing payments for business partners and accounts using various payment means
- Print and void checks for a payment for various purposes, including employee bonuses
- Create, trace, and process drafts of outgoing payment documents and drafts of checks for payment
- Generate a *Check Register Report*

The main difference between incoming and outgoing payments is the need to define an account for the different payment means. For example if you create an outgoing payment with cash, you must select the outgoing cash account for the transaction. In this case, it can be your house bank account or a petty cash account.

For more information about managing outgoing payments with SAP Business One, go to the linked files under *Help* → *Contents* tab → *Banking* → *Outgoing Payments*.

Special Scenarios

You can define a maximum amount for over and under payment situations. One situation might be if your customers always round the invoice amount, which may result in up to \$1 difference between the invoice and the payment. To define the allowed over or under payment maximum amount, go to *Administration* → *System Initialization* → *Document Settings* → *Per Document* tab and select **Incoming/Outgoing Payment** from the drop down list.

When you process the payment, and if the payment difference is within the amount defined as an under or over payment, the system processes the payment as a payment in full. A posting is made to

the business partner for the payment amount, and the small difference is posted to a dedicated G/L account you define in the *G/L Account determination*.

Cash discount is a special discount given when your customer pays before the invoice due date, or when you pay your vendor ahead of time. The cash discount percentage is defined in the invoice's payment terms, and the discount amount is automatically calculated when the payment document is entered. The discount amount is posted to a dedicated G/L account. You can also adjust the cash discount percentage, or change the amount to include a cash discount, by modifying the appropriate fields on the invoice row in the payment document.

Payments made in a foreign currency often produce exchange rate variances. When you close an invoice with a payment, and the exchange rate varies between the payment and the invoice, the system automatically calculates the exchange rate gain or loss amount and posts it to a dedicated G/L account.

Payment Wizard

SAP Business One provides a payment wizard that allows you to create outgoing payments in batches for checks and bank transfers, and to batch process incoming payments by bank transfers. The payments are created according to your selection criteria and payment methods. Using the payment wizard requires the following steps to properly prepare the relevant master data:

- 1) Create a payment method by going to *Administration → Setup → Banking → Payment Method*
- 2) Define default payment methods for customers and vendors by going to *Administration → System Initialization → General Settings → BP* tab
- 3) Assign the payment method to the business partner on the *Payment System* tab of the *Business Partner Master Data* window if it differs from the default
- 4) Select the payment methods you want to include in the payment wizard by going to *Administration → Setup → Banking → Payment Run Defaults*

The payment wizard then steps you through the process of creating payments, deciding who you want to pay, how, and when.

To access the payment wizard, go to *Banking → Payment Wizard*.

The payment wizard consists of several steps:

- 1) *Payment Run Selection.* Choose whether to load a previous created payment run or create a new one
- 2) *General Parameters.* Determine the payment posting date and the payment type – outgoing or/and incoming, as well as the payment means – checks or/and bank transfer
- 3) *Business Partner Selection Criteria.* Select the customers and vendors to participate in the run. Business partners with a balance of zero are automatically excluded from the list.
- 4) *Document Parameters.* Determine the maximum due date of open transactions to include in the run. In addition you can filter by posting date, amount and document numbers,
- 5) *Payment Methods Selection Criteria.* Based on the payment type you selected, active payment methods appear. Select the payment methods you want to include, as well as the maximum balance for the entire run. The default balance is that of the G/L account linked to the payment method. In case you have open transactions to be paid, with a total higher than the balance, some transactions will not be included.
- 6) *Recommendation Report.* Based on the selection you made, open transactions appear here. Choose which transactions you would like to include. You can modify the balance due to be paid, cash discount as well the number of checks in case of outgoing payment by checks. Click the Non Included Transaction to view which ones are not part of the recommendation, and the reason they are not included.
- 7) *Save Options.* Choose between executing the run, saving the recommendation or save the selection criteria only.
- 8) *Document and Report Printing.* Print various reports such as the payment forms, non included transactions, outgoing checks and summary reports.

Block Payments. The payment wizard includes all type of open transactions: Invoices, Journal Entries, Payments on Account, and Credits. You have an option to block a particular invoice or journal entry from being paid by the wizard. Select the *Payment Block* checkbox on the business partner row in the journal entry or on the Accounting tab in the invoice window. You can also block a business partner by selecting the *Payment Block* checkbox on the Payment System tab in the business partner master data.

Printing Checks

Printing checks is an important payment process for most U.S. businesses. The setup for printing checks usually requires some help from an implementation partner. Part of the check printing process involves making sure that the correct printer is designated for check printing and that the check forms are loaded and ready to go.

Once properly set up, printing the checks is easy. Simply choose your house bank, verify the next check number is correct and print. Once the printing is done you will need to confirm the assigned check numbers, with an option to make additional corrections,

You can choose one of three preferences to print checks:

- ☐ **Blank Paper.** This option is primarily for companies that do not use a pre-printed check stock, where checks are printed in electronic format (also called MICR)
- ☐ **Overflow Check Stock.** If the check stub overflows to the next page, the system continues to use the pre-numbered check stock for all pages, while voiding the numbers that were used for overflow.
- ☐ **Overflow Blank Paper.** The system prints the first page of the check on the regular pre-numbered check stock. For overflow pages, the system pauses, asks you to replace the check stock, with non pre-numbered pages, and prints the rest on blank checks.

To define the printing preferences go to *Administration → System Initialization → Print Preferences → Per Document → Checks for Payments*.

You can override the company default printing method when you define your house banks. Go to *Administration → Setup → Banking → House Bank Accounts → Paper Type* field

Audit Trail. Use the *Check Register Report* to keep an audit trail of all check numbers that were used. Go to *Banking → Banking Reports → Check Register Report*

Internal Reconciliation

Internal reconciliation is a mechanism that runs in the background of SAP Business One and is automatically performed for documents; however users can also conduct internal reconciliation

manually. You may wonder how critical internal reconciliation is to the running of your company. Well, the answer is that internal reconciliation is absolutely critical! Essentially, internal reconciliation matches debits and credits in the same G/L account or business partner. For example, an invoice is matched with a payment or a credit, or a payment is matched with a deposit. If no internal reconciliation was performed by SAP Business One, invoices would remain open even if they had been paid. Imagine that your invoice remain open after they are paid. You would not be able to do collections from customers, pay vendors and more.

In SAP Business One, when you apply a document to another document, and a posting is made to the general ledger, an internal reconciliation normally takes place, and you do not have to do anything more. In a few cases you will have to complete the process by conducting manual reconciliation. Manual reconciliation is necessary in the following cases:

- ☐ For a payment on account, where the invoice was created after the payment
- ☐ When writing off any rounding or over/under payments differences
- ☐ To match transactions for a business partner that is both a customer and a vendor
- ☐ To make corrections to previously reconciled transactions

To internally reconcile a G/L account, go to *Financials* → *Internal Reconciliations* → *Reconciliation* and choose the account.

To access internal reconciliation for a business partner go to *Business Partners* → *Internal Reconciliation* → *Reconciliation*. Select the Business Partner and click *Reconcile*. If you have customers that are also vendors, check the *Multi BP's* box and choose both master records. You can also access internal reconciliation for a business partner if you open the business partner account balance, and choose the *Internal Reconciliation* button.

Reconciliation trail. Simply right click the mouse on any document window, and choose *Applied Transactions*. This will show you all the transactions that are reconciled with the current document.

Internal reconciliation supports cash discount calculation, exchange rate differences, and over/under payment scenarios when you reconcile a single payment with one or more invoices.

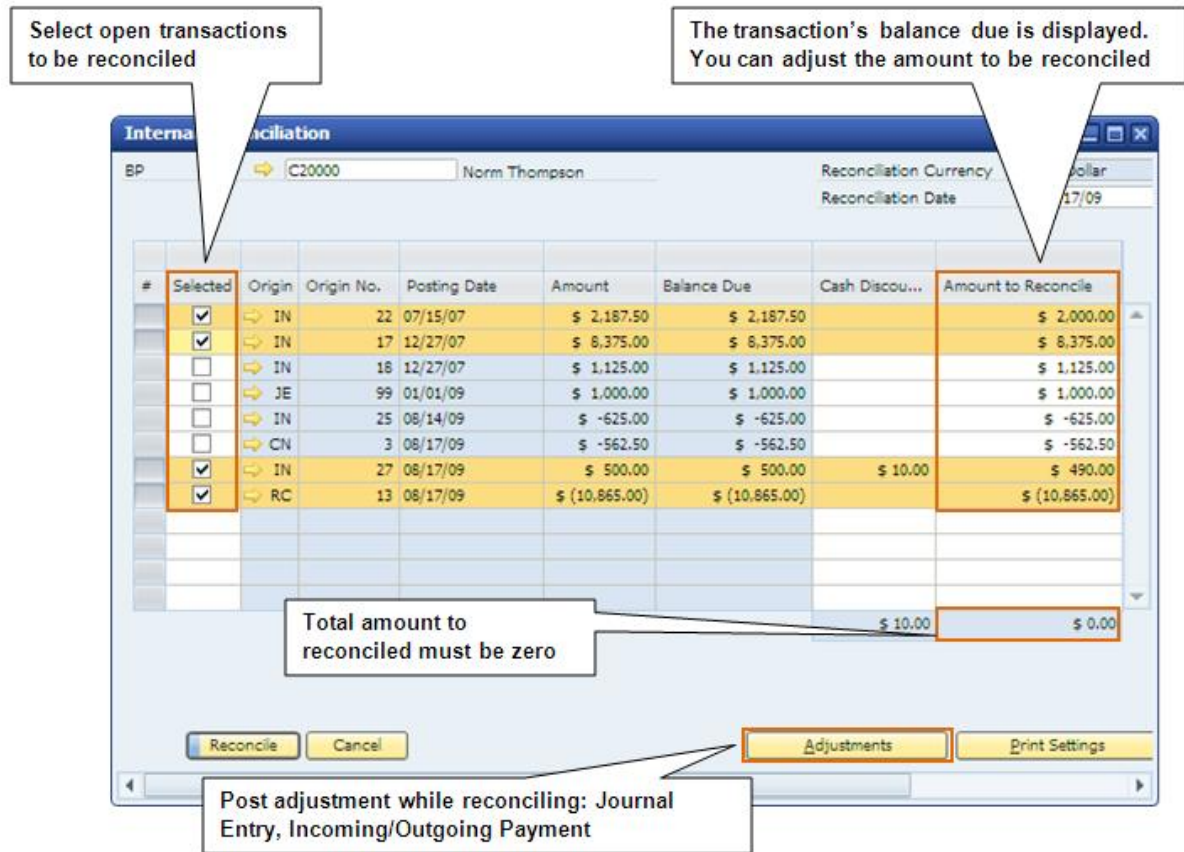


Figure 3-11: Internal Reconciliation window

Cost Accounting

In the United States, cost accounting is used to track the various cost and profit centers of a business. Using cost accounting, you can track departments, divisions, or various geographies as if they were separate entities. You can determine how much spending or revenue is being generated for various business purposes. In Europe and other parts of the world, segmented charts of accounts are not considered Generally Accepted Accounting Practices (GAAP); cost accounting is the prevalent method used.

Through SAP Business One's cost accounting functionality, you can establish profit centers for almost any purpose by going to *Main Menu* → *Financials* → *Cost Accounting* → *Profit Centers*.

Profit center definition. A profit center is a company unit or division that performs a specific business function. For example, a specific company unit might be responsible for manufacturing a product or providing a service. You can use the profit center function to define the profit centers that exist in your company. However, account segmentation often serves the same purpose and allows you to analyze profits and expenses by business unit in much the same way. Because of the general acceptance of account segmentation, this feature is rarely used by U.S. companies.

To use cost accounting, you define the various cost centers or departments in your company as profit centers. You then assign revenue and expense accounts to the profit centers so that any data relevant to a profit center can be updated automatically for all transactions entered in the application. Costs are allocated to profit centers using information that you define in a distribution rule (described in the next section). This means that any costs incurred are allocated to the profit centers on the basis of a specific distribution rule. If you decide that the way in which costs are allocated no longer reflects the way your company works, you simply change the distribution rule as required.

Cost accounting can be used to track and allocate shared expenses or revenues. In every company there are always expenses and sometimes even revenues that cannot be assigned to one specific business activity. These include administration costs, advertising costs, and financing costs. These indirect costs (and indirect revenues) are spread across multiple business activities using distribution rules.

How Are Distribution Rules Used?

A distribution rule is used to allocate direct and indirect costs and revenues to one or more profit centers. Consequently, each distribution rule contains information regarding the portion of costs or revenues to be allocated to each individual profit center.

To distribute indirect costs incurred by rent, for example, you could specify what portion of the total rented space a specific profit center uses. Alternatively, you could allocate by specifying the number of employees belonging to a profit center as a percentage of the total headcount in the company.

You can use a distribution rule for several different cost elements. If, for example, one store uses 1500 square feet of the total rented floor space of 2000 square feet while another uses only 500 square feet, you distribute the costs incurred by rent and professional cleaning services proportionately between the two stores on the basis of this information. To achieve this, you assign distribution rules to the appropriate expense accounts and revenue accounts.

If the ratio between the profit centers changes, or if you need to add or remove a profit center from the distribution rule, use the *Effective From* date to define multiple instances of the same distribution rule. This way you maintain the historical allocation of revenues and expenses, but activate new rules for reporting future transactions.

To access the cost accounting distribution rules function, go to *Main Menu → Financials → Cost Accounting → Distribution Rules*.

Assigning Distribution Rules. You can assign distribution rules to transactions throughout the application, including sales and purchasing documents, manual journal entries, and more. You can assign a default distribution rule to a specific revenue or expense account. To do this, open the chart of accounts, locate the account, select the Distribution Rule checkbox and choose the appropriate rule from the list.

Budgeting

You use the budget functions in SAP Business One to track corporate expenses and revenues. SAP Business One has an encumbrance function that allows you to block additional transactions if the budget is exceeded. SAP Business One can calculate budget amounts automatically based on a series of distribution methods that you specify. For example, you can base budget amounts on a previous year's budget and mark them up by a certain factor if you expect expenses or revenues will increase by a certain percentage. The markup can be distributed equally to all accounts or incrementally. SAP Business One can automate the process, but your accountant should help decide what distribution method to use.

In the course of routine work, SAP Business One checks the debit side of accounts for which you have defined a budget amount, and, if the budget is exceeded, issues a warning or blocks the action, depending on which method was chosen.

To begin the process of defining a budget, set the required options in the *Administration → System Initialization → General Settings → Budget* tab. For all other budget functions, go to *Main Menu → Financials → Budget*.

Budget Scenarios

Budget scenarios are used for planning as well as budget tracking and reporting. They help you analyze your company's (or division's or department's) financial position given certain conditions.

SAP Business One allows you to define these conditions as well as determine the fiscal period during which they apply. Whenever you set up a new company, a scenario called the “main budget” is created automatically. All the checks for budget deviation are done against the main budget. You can use this scenario as a basis of other scenarios, but you cannot delete the main budget scenario. When you create a new posting period, you must define the main budget first for this fiscal year.

When you run the different budget reports on the *Main Menu → Financials → Financial Reports → Budget reports*, you select which scenario to use for comparison. This way you can get insights regarding how your budget may be affected if you increased or decreased the budget amount.

To define the monthly budget amount, go to *Main Menu → Financials → Budget Setup → Budget*. Enter **debit** amount for expenses, and **credit** for revenues.

To set up budget scenarios, go to *Main Menu → Financials → Budget Setup → Budget Scenarios*.

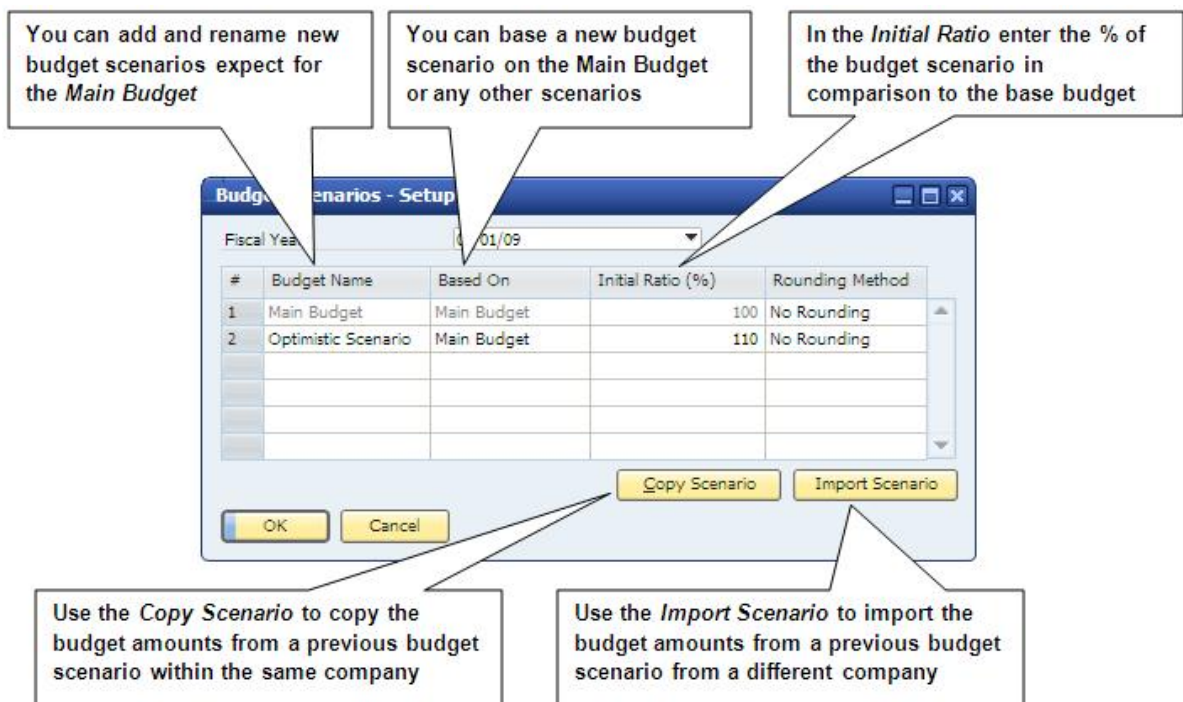


Figure 3-12: Setting up budget scenarios

Budget Distribution Methods

By default, each company in SAP Business One has three common methods of budget distribution:

- **Equal:** This method distributes the budget amount equally among the months of the year.

- Ascending order: This method distributes the budget amount in ascending order and is used when you increase your budget expenses over the year. For example, in January you use only a small portion of your budget, in February you increase your expenses, and so on.
- Descending order: This method distributes the budget amount in descending order and can be used when you decrease your budget expenses over the year. For example, in January, you use the largest portion of your budget, in February you use a little less, and so on.

You can use these methods or define new budget distribution methods for the budget scenarios you create by going to *Main Menu → Financials → Budget Setup → Budget Distribution Methods*.

Budget distribution method alert. Even if you work with an annual budget, the amount is still distributed between the months. This definition only applies to the budget alerts calculation. Remember that the amount is distributed by calendar months. If your sub periods are defined otherwise, the monthly budget amount may not match exactly the amount that should be distributed for a certain sub period.

Inquiries and Reports

SAP Business One offers a comprehensive suite of standard financial and control reports. Choose *Main Menu* → *Financials* → *Financial Reports* to access standard reports such as those in the following table. In addition to these standard reports, SAP Business One offers tools for creating custom reports, including Crystal Reports, and the Query Generator and Query Wizard tools to create ad hoc reports using SQL queries.

Report	How to reach	What it shows
Customer receivables aging	<i>Accounting</i> → <i>Aging</i>	All of the receivables that are current and past due, usually by several periods; receivables aging in aggregate as well as detail for each customer. Customer statements can be accessed and printed from this report. Available on the <i>Business Partners Reports</i> menu as well
Vendor liabilities aging	<i>Accounting</i> → <i>Aging</i>	How much is owed each vendor and how much is current and past due (in the same way as the customer receivables aging report)
Balance sheet	<i>Financial</i>	Summary of the financial position of a business: value of a company's assets, total liabilities, and owner's equity including a relative percentage of each account of the total
Trial balance	<i>Financial</i>	Details for each account: beginning balance for a particular period, all of the debits and credits, and the ending balance. You can include all customers and vendors in this report
Profit and loss statement	<i>Financial</i>	Income of your business
Cash flow	<i>Financial</i>	Cash flow forecast based on open A/R and A/P as well as cash accounts
Document journal	<i>Accounting</i>	All the detailed journal entries created manually or automatically
Transaction journal	<i>Accounting</i>	Posted journal entries by journal entry number, with drill-down to related transactions for more detail
Inventory audit	<i>Main Menu</i> → <i>Inventory</i> → <i>Inventory Reports</i>	Listing of all items in inventory, along with details of every posted transaction related to the item and cost of the remaining on-hand quantities; used by accountants and auditors to reconcile inventory transactions to their G/L
Check register	→ <i>Banking</i> → <i>Outgoing Payments</i>	Listing of all checks including complete details such as account code, vendor ID, payment amount, status, whether it was printed, and who printed it

4

Entering and Managing Master Data

In This Chapter

- ☐ How Master Data Is Used in SAP Business One
- ☐ The Master Data Creation and Management Process
- ☐ Setting Up Predefined Values and Defaults for Master Data
- ☐ Creating Business Partner Master Data
- ☐ Creating Item Master Data

Skillful use of master data is essential to getting the most out of the SAP® Business One application. Data describing business partners such as customers, vendors, and leads is master data. Descriptions of items that are kept in inventory or manufactured by the company are master data. G/L accounts which are used to post transactions are also master data. When a new document, such as a purchase order, an invoice, a sales quotation, or a goods receipt, is created, master data provides much of the necessary information.

Master data also keeps track of predefined values and settings that are used by the automated wizards for payment processing, dunning activities, and material requirements planning (MRP). Default control accounts assigned to vendors and customers are also master data. The rest of the information that describes what is happening for a specific transaction is called transactional data.

Proper setup and management of master data allow everyone to use SAP Business One to maximum efficiency. If master data is set up accurately, creating a document such as a sales order becomes a lot easier. You only have to confirm that the default information is correct.

However, if master data is not accurate, business processes come to a halt while people figure out how to enter the correct information. This chapter offers guidance to help you understand, set up, and use master data properly so that you and your company get the full benefit of SAP Business One.

How Master Data Is Used in SAP Business One

If business were a game like chess, master data would be a description of each of the pieces. Instead of kings, queens, and rooks, you have customers, vendors, leads, and items. Transactional data describes specific moves that a piece has made. Instead of “rook moves to square a3,” you have a task such as “create purchase order for vendor x.” Documents contain data that describes a set of moves that may involve master data records for several chess pieces. For example, a purchase order may include master data describing several items, the ship-to address of the correct warehouse, the preferred payment method, and the name of the contact at the vendor selling the items. All of this master data and more goes into a purchase order.

The reason that master data is so important in SAP Business One is that almost every document is created by starting with one or more master data records. What happens is that the player of the SAP Business One chess game tells the application: “Create a purchase order for this vendor” and the application takes the vendor information from the master data record and copies it into the newly created purchase order. If the data being copied is correct, the purchase order will be correct. If the data is not correct, the purchase order will have to be corrected somewhere down the road. Ensuring that master data is correct makes your work in SAP Business One easier.

Different Types of Master Data Records

In SAP Business One, master data falls mainly into two categories: business partners and items.

The business partner category includes:

- Lead data: Describes people and organizations in the sales pipeline—your potential customers. Lead master data records are used as the foundation for sales and marketing. When you make the first sale to a lead, you change the business partner type to customer, turning the lead into a customer.
- Customer data: Describes people and organizations to which your company sells products and services. Customer master data records are used as the foundation for documents related to processing and fulfilling orders for customers and for the wizard for dunning customers.

- Vendor data: Describes the people and organizations from which your company buys products and services. Vendor master data records are used to create documents related to purchasing and accepting delivery of goods and services and processing payments to vendors.

Because there is a great deal of similarity between the data for each of these types of master data records, SAP Business One uses windows with a common structure (see Figure 4-1) for each record type.

The header fields track basic information about the business partner and summarize the current level of business activity and balances

Each tab keep track of different business partner information

Business Partner Master Data

Code	C20000	Customer	Local Currency
Name	Norm Thompson	Account Balance	1,135.00
Foreign Name		Deliveries	0.00
Group	Construction	Orders	1,000.00
Currency	US Dollar	Opportunities	
Federal Tax ID	25-987634		

General | Contact Persons | Addresses | Payment Terms | Payment System | Accounting | Properties | Remarks

Tel 1: (619) 565-7676
 Tel 2:
 Mobile Phone: Mobile Phone
 Fax:
 E-Mail:
 Web Site:
 Shipping Type:
 Password:
 Factoring Indicator:
 Project:

Contact Person: Norm Thompson
 ID No. 2:
 Remarks:
 Sales Employee: Sophie Klogg
 BP Channel Code:
 Technician:
 Territory:

Alias Name:

☒ Active ☐ Inactive ☐ Advanced

From: To: Remarks:

OK Cancel Related Service Calls Activity Related Activities

Figure 4-1: *Business Partner Master Data* window

The various areas of this window are discussed in more detail in the following sections.

Item master records are used to create sales quotations, purchase orders, bills of materials, and documents used to move goods in and out of your company. Figure 4-2 shows the structure of the *Item Master Data* window.

Header shows basic item information and item type

Each tab keep track of different item information

Item Master Data

Item Number: A00001 Bar Code: ☒ Inventory Item

Description: IBM Inforprint 1312 ☒ Sales Item

Desc. in Foreign Lang.: ☒ Purchased Item

Item Type: Items ☐ Fixed Assets

Item Group: IBM Printers

Price List: Basic Price List Unit Price: \$ 400.00

General Purchasing Data Sales Data Inventory Data Planning Data Properties Remarks

☒ Tax Liabilities

Manufacturer: Compaq

Additional Identifier:

Shipping Type: Federal Express EM

Production Data

☐ Phantom Item

Issue Method: Backflush

Serial and Batch Numbers

Manage Item by: None

☐ Active ☐ Inactive ☐ Advanced

From: To: Remarks:

OK Cancel

Figure 4-2: *Item Master Data* window

Item data includes how the item may be purchased or sold, the price of the item, the inventory level, and how purchasing of the item is forecast and planned. Item master data supports a two-way process. Some items in inventory are sold by your company. Other items are purchased by your company. Some items may be fixed assets that are tracked for accounting purposes.

Master data record deletion reminder. One important rule applies to all master data. If a master data record is involved in an accounting or inventory transaction (such as an A/P invoice, A/R Invoice, Journal Entry and so on), it cannot be deleted. In addition, once a sales order is created, the business partner or the item linked to it cannot be removed.

Fixed Assets maintenance. Use the Fixed Assets SAP add-on to maintain the company assets. The add-on allows you to automatically calculate and post depreciation journal entries across fiscal years, and to create forecast reports with regards to the asset future value. The add-on is available with the software installation package and is free of charge.

Predefined Values and Defaults

One kind of data used in business partners and items is the data that populates the drop-down lists and shows up in each window by default as the first choice to populate certain fields.

We call the data that populates the drop-down lists “predefined values.” For example, when a list of countries is shown, where does that list come from? What about the list of vendors, customers, or items? Or what about different payment terms? All of this data describes various values that are used over and over again in master data records and that are crucial to reporting and to powering the automation performed by various wizards; for example, the payment wizard uses the payment methods information. You can add predefined values by selecting the **Define New** when you open the drop-down list, or go to the corresponding menu item, under setup.

Default data is also crucially important. When a new master record is created, SAP Business One uses the settings for default data to determine what data the records start with. What is the most common method of payment? That should be the default payment method. What warehouse are most products shipped from? That should probably be the default warehouse. And so on.

Master Data and Documents

One of the most useful features of SAP Business One is the ability to create documents such as invoices, purchase orders, using master data records as a starting point. When creating a new document, you have to specify which master records will be the foundation, and then the appropriate fields are copied into the document. This feature helps reduce data entry errors and speeds up the creation of new documents.

Most of the documents in SAP Business One can be created from one or more master data records. This is possible because an initial document can be created from one kind of master data record but completed by adding others. For example, let’s say that a purchase order is created for an item. The vendor information is drawn into that purchase order, and other items can be drawn in as well. This is covered later in this chapter and in greater detail in Chapter 10, which describes how to copy from one or several documents to create the next document in the process flow.

Master Data and General Ledger Account Determination

One of the most important aspects of master data for customers vendors is the control account determination that appears on the *Accounting* tab. The whole topic of account determination comes

up because SAP Business One automatically creates accounting journal entries when various documents such as invoices are saved.

When an A/P invoice is received and posted, for example, SAP Business One creates an accounting journal entry indicating an increase in accounts payable. The question that account determination answers is: To what control account should that journal entry be posted? The *Accounting* tab of master data records allows you to set which account receives automatically created journal entries.

Automatic postings from documents that affect business partners are made to what is called a control account, which is an account that represents all the business partner's transactions in the trial balance. Customers have a default accounts receivable control account; and vendors have a default accounts payable control account. On documents that create a journal entry; it is possible to replace the default control account for an individual transaction. This is useful if you need to separate outstanding transactions, without affecting the master data.

As explained earlier, using the *G/L Account Determination*, you can also define default accounts that are not control accounts. For example, you can define primary accounts for item master data in the account determination. After you make these definitions, the inventory finished goods, variance, allocation account and more are taken from the corresponding item master when you post a document to the system.

Proper general ledger (G/L) account determination is a critical task and is mentioned often in this book. If it is done incorrectly, hundreds of automatically generated incorrect journal entries must be reversed and reposted correctly, and much of that work has to be done manually. The point for this chapter is that G/L account settings are very important and must be set up correctly. This is an area in which your SAP Business One implementation partner provides a good deal of help.

Set G/L Accounts By. In Items document type, the accounts are retrieved from the item master data. You can determine the default method for creation on new items in the company level, but can override it in the item master data *Inventory Data* tab. To make this determination, go to *Administration*→*System Initialization*→*General Settings*→*Inventory*→*Items* tab. Choose between Warehouse, Item Groups or Item level.

How Master Data Is Used in Reporting

Master data plays a crucial role in allowing SAP Business One reports to be created to meet your needs. The *Group* and *Properties* fields of the business partner master data record and the item

master data record allow master data records to be classified in ways that help you keep track of and report on your business. Business partner and item master data records also have a set of general purpose properties, on/off switches if you will, that can be assigned values.

The reporting mechanisms in SAP Business One can use these classifications to select and aggregate data to help provide the right level of detail. If you want to report on how items introduced in a specific year fared, create an item property. If you want to separate retailers from wholesalers in reports, create a business partner property. You must consider the types of information you want in your reports to set up master data most effectively.

The Master Data Creation and Management Process

When you set up SAP Business One, you work with an implementation partner who is expert at making the application work for your business. As shown in Figure 4-3, there are two broad phases to creating master data—setting up the master data and then using it to run your business.

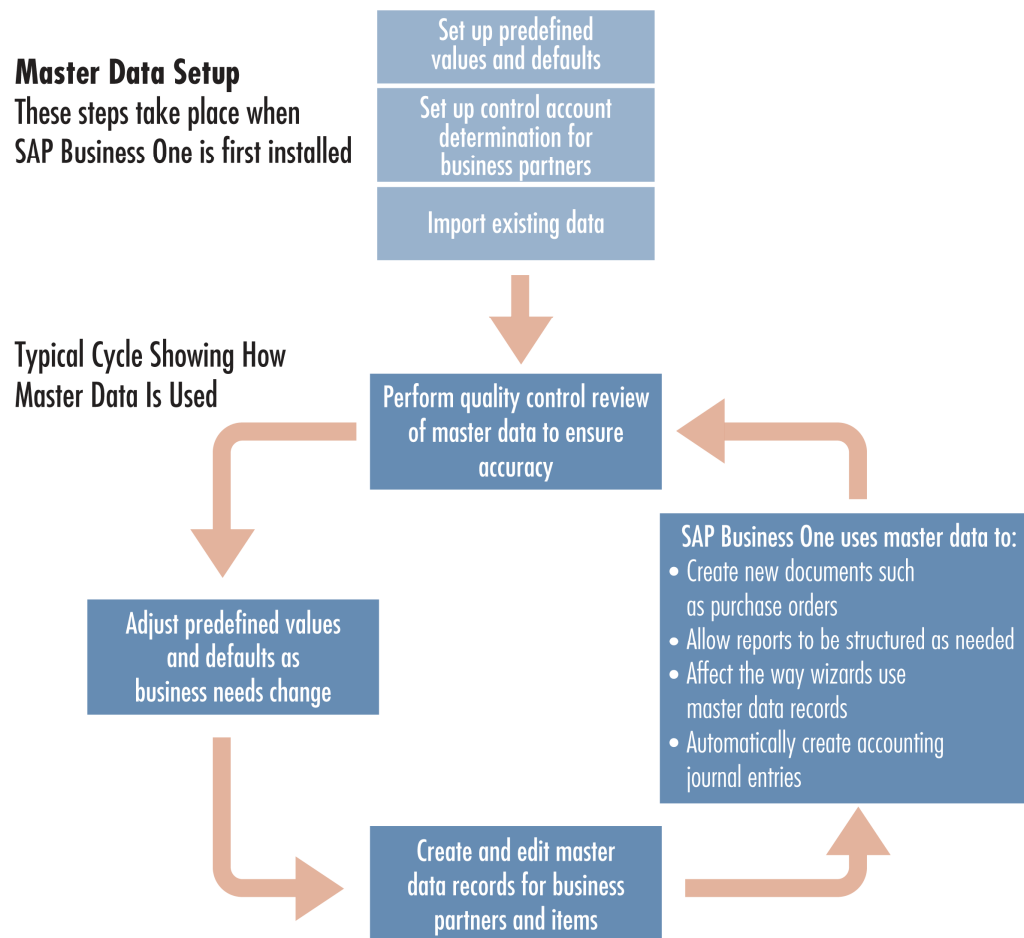


Figure 4-3: Master data process overview

Master data setup is a key part of implementation. This phase involves creating predefined values and defaults, making sure the primary accounts are properly determined, and importing data.

Data import tip. SAP Business One allows you to import data automatically by using a tool called the data transfer workbench, which works on data from all core business areas, such as accounting, sales, purchasing, and logistics. The data transfer workbench tool transfers master data, such as business partner and item records, as well as transaction data from actual sales orders and invoices; because both master data and transaction data must be available in your SAP Business One application. For more information on the data transfer workbench, please refer to SAP Business One online help or consult with your implementation partner.

The creation of master data records is part of the daily work of the SAP Business One user. While SAP Business One does everything it can to ensure master data is created correctly, mistakes are inevitable, and a regular quality control review is part of any sound master data management process.

As business needs change, predefined values and default values may also need to be adjusted (for example, if the company is reorganized).

The following sections summarize how each of the tasks involved in managing master data is performed. For additional information on any of these topics, refer to online help or consult with your implementation partner.

Setting Up Predefined Values and Defaults for Master Data

In the ideal situation, when a user creates a new master data record or a document that draws data from a master data record, adjusting the data is a simple process of looking everything over and changing a few data items here or there if needed, preferably by using drop-down lists and other error-resistant methods. The rationale for creating this type of master data is to help SAP Business One make this ideal situation happen as frequently as possible. The predefined values appear in the drop-down lists for countries, groups of customers, payment terms and more. The default data is the data that fills in fields as a first choice.

Each of these settings provides defaults that are used when master data records are created and controls various behavior in documents that use master data. For example, in the *Inventory* tab of the *System Initialization* window, you can select a checkbox to indicate that a given item should be added automatically to every warehouse. Please note that any change that you submit to the defaults already defined does not influence existing master data records. The change is applicable for master data records that are created after the change was submitted.

There is no magic formula for getting predefined values and default data right. The correct values for each type of data vary from business to business and industry to industry. SAP Business One implementation partners are valuable in getting predefined values and default data set up correctly, but even in the best case, corrections and additions are inevitable. Expect to make a few adjustments as your understanding of SAP Business One improves.

Setting up predefined values and defaults happens in four places in the administration module of SAP Business One:

- *Administration → System Initialization → General Settings → BP tab*
Defaults and settings such as credit and commitment limits, commissions, payment terms, payment methods, dunning terms, and approval procedures for business partner master records, as shown in Figure 4-4
- *Administration → System Initialization → General Settings → Inventory tab → Items subtab*
Defaults and settings such as management methods for serial and batch numbers, default warehouses for items, and G/L methods for setting up new item that determines where the default G/L accounts are taken from.
- *Administration → Setup → General / Business Partner*
Defaults and settings for predefined values such as countries, customer and vendor groups, custom properties, sales employees and address formats
- *Administration → Setup → Inventory*
Defaults and settings for predefined values such as item groups, item properties, warehouses, units of measurement, customs groups, and shipping types

When working with business partner and item master data, it's helpful to know what fields are mandatory, particularly if you are importing master data from another application.

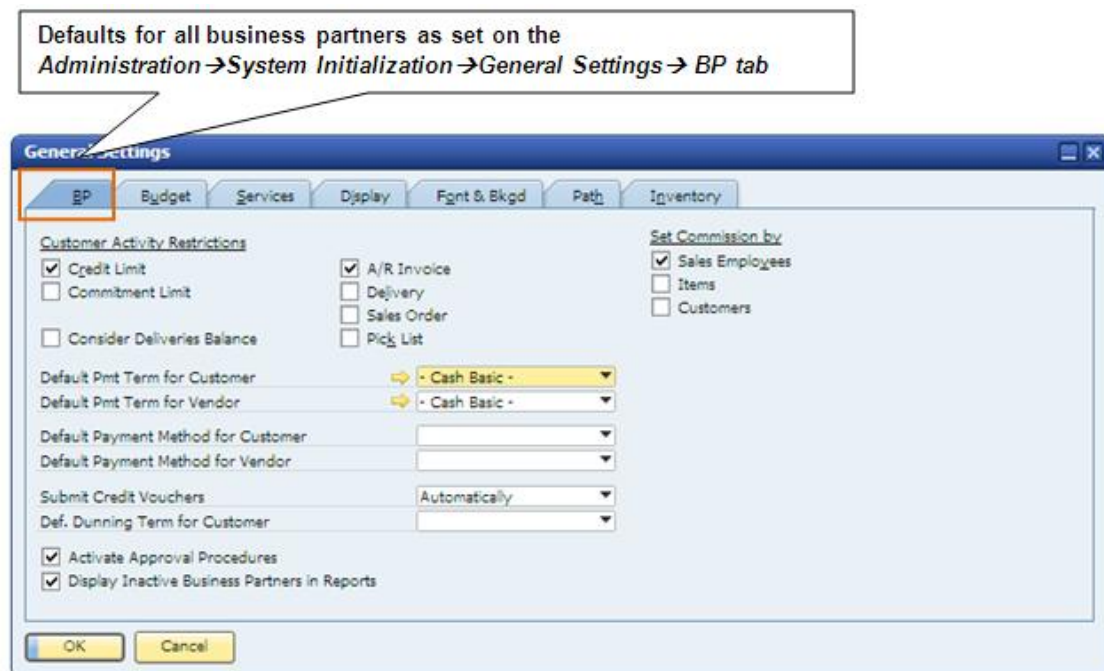


Figure 4-4: General settings for business partners

Creating Business Partner Master Data

With all of the predefined values and defaults in place, it is possible to create master data records quickly and efficiently. As we pointed out in the process overview of setting up master data earlier, it is likely that much of the data will be imported from existing sources and then massaged into shape. But after that is done, many people will be adding new business partner master records during the course of business as usual to keep track of new customers and vendors, and that's what we are going to review in this section. We will focus on:

- The data that resides in each type of master record
- How that data is used by other parts of SAP Business One

After we cover business partners, we will do the same for item master data in the next section.

Business Partner Master Data Window

The customer, lead, and vendor master data records share a common structure. Figure 4-1 showed the header information and the *General* tab. Figure 4-5 shows a customer master data record with the *Accounting* tab selected.

Note that in the following discussion we use the term “business partner” to describe both vendor and customer master data settings.

Figure 4-5: *Business Partner Master Data* window, *Accounting* tab

Each of the tabs in the master data record has the same header information and a footer that consists of a row of buttons along the bottom.

Right-click a field and choose **What's This?** To open a field level help and get a description of each field. Here's an overview of key aspects of the header and tabs of the business partner master record.

The *Business Partner Master Data* header is divided into two groups of fields. The left side lists crucial information about the company. On the right are several fields summarizing the financial activity related to the business partner. Here are some highlights:

- Each business partner has a unique ID assigned by the user, the *Code* field. If a business partner is both a customer and a vendor, you must create two business partner master data records: one customer type and one vendor type.
- The *Foreign Name* shows the name of the company in its native language.
- The *Group* specifies the user-defined category in which the customer falls. You choose from a drop-down list of groups defined in the predefined values mentioned earlier. Groups can be used for reporting and dividing up customers for other types of processing.

- The *Currency* setting is very important because it determines the currency that will be used for documents created for this customer.
- The orange link arrows next to the fields on the right side of the header allow you to drill down to see the detail of the documents that make up the summary numbers.
- The graph icons on the far right of the header allow you to display graphs that summarize the activity for the customer.

Master Data Codes. When you move your master data from the legacy system, it is a good opportunity to set new clean and improved codes for your business partners and items. The master data codes are alpha numeric with up to 20 characters for items and 15 for business partners. A common convention is to start customer codes with the letter "C" and certain number of zeros and to start vendor codes with the letter "V"

The *General* tab, shown in Figure 4-1, provides a summary of various important aspects of a customer as well as key information about how your company works with the customer. Information ranges from contact information, such as phone numbers and e-mail addresses, to preferred shipping methods to information about which salesperson on your staff handles the account. Business partners, either customers or vendors, can be assigned to territories in the *General* tab and can also be marked as active or inactive by date range. (Note that all business partners are active, by default.)

In the *Contact Persons* tab, you can keep track of the contact details for people associated with the business partner. One of those contacts can be set as the default, which means that one name appears when company information is displayed (for example, in the *General* tab of the customer master record). You can choose to remove a contact person, if it is not linked to a document, or make it inactive if it does.

The *Addresses* tab keeps track of multiple bill-to and ship-to addresses for each customer and vendor and allows one of each type of address to be set as the default. The ship-to address is used in the *Logistics* tab of the sales document. In the US, it is important to assign the appropriate tax code to the customer's ship to address, since the tax rate is determined by the selected location.

The *Payment Terms* tab enables you to define all the parameters related to the calculation of the due date of invoices, and how and when the payments should take place (for example, four installments, the first due 30 days after the invoice is created and whether holidays are considered as business days

for the payment date calculation). Here you also enter the business partner's bank information, credit card and priority.

The *Payment System* tab specifies the set of parameters required for efficient use of the payment wizard.

The *Accounting* tab, shown in Figure 4-5, displays the control account settings that were made as part of the crucially important G/L account determination. Other fields control dunning and enable you to assign one customer to a group that will be consolidated for billing and payments.

The *Properties* tab allows you to set any of the 64 custom properties associated with each master record. Defining the meaning of these properties is part of the job of setting up predefined values. Properties can be used in reporting or to control other behavior of SAP Business One.

The buttons at the bottom of the customer record shown in Figure 4-5 allow changes to be accepted or discarded (*OK* or *Cancel*) or send you to see lists of activities related to the customer (*Related Service Calls* and *Related Activities*). The *Activity* button allows you to record a new activity, such as the results of a sales call or an appointment.

Lead Master Data

When you identify a potential customer, you can create a lead master data record using the *Business Partner Master Data* window. This enables you to document and track the presales activities with this lead. You can create the following documents for lead master data: sales quotation, sales order, sales opportunity, and activity.

When the lead takes the next step and buys a product or service, the lead becomes a customer. In this case, all you have to do is to change the type of the business partner master record from lead to customer. All the information you have added to the lead master data record is saved, as well as the documents you created for this lead. It is recommended to use the same numbering sequence for lead and customer master data codes, since you will not be able to change the code once you have posted documents to this lead.

For example, if you created a sales order for a lead, once the lead becomes a customer and buys the items in the sales order, you can use the sales order as the basis for creating a delivery document and later on an invoice.

Additional functions. Once the business partner is set up, right mouse click anywhere in the business partner master data window to access additional functions. You can define Special Prices and Catalog Numbers for the business partner. You can also access a Dunning History report and an Inventory Posting List by BP report.

Creating Item Master Data

Although item master data is completely different from business partner master data in content, both are set up in a robust yet versatile way. For example, item master records keep track of items that are sold, purchased, and inventoried by your business. Frequently the same items are purchased, inventoried, and sold. The information is the same; it is just used differently.

Item master data is at the heart of almost every process in SAP Business One. It is used in almost every module, including the sales, purchasing, production, MRP, inventory, and service modules.

Item Master Data

Item Number: A00001 Bar Code: ☒ Inventory Item
 Description: IBM Inforprint 1312 ☒ Sales Item
 Desc. in Foreign Lang.: ☒ Purchased Item
 Item Type: Items ☐ Fixed Assets
 Item Group: IBM Printers
 Price List: Basic Price List Unit Price: \$ 400.00

Inventory Data

☐ Manage Inventory by Warehouse
 Set G/L Accounts By: Warehouse
 Inventory UoM:
 Valuation Method: Moving Average
 Inventory Level:
 Required (Purchasing UoM):
 Minimum:
 Maximum:

#	Whse ...	Whse Na...	Locked	In Stock	Committed	Ordered	Available	Item Cost
1	01	General War	<input type="checkbox"/>	15	5	16	26	400
2	02	NY	<input type="checkbox"/>	1			1	410
3	03	West Coast	<input type="checkbox"/>					
4	04	Drop Ship	<input type="checkbox"/>					
5			<input type="checkbox"/>					
				16	5	16	27	

Set Default Whse

OK Cancel

Figure 4-6: Item Master Data window, Inventory Data tab

Figure 4-6 shows the *Inventory Data* tab of the *Item Master Data* window. At the top of the window, a header provides the essential summary information about the item. Each tab on the window goes into greater detail about various aspects of the item.

What follows is a brief tour of the information in the header and on each tab, with an explanation of how the data on each page changes the behavior of SAP Business One.

The header of the item master data record contains general information about the item, including a unique ID number assigned by the user, a description (including a description in a foreign language), and settings to determine the type of the item, the group it belongs to, the first price list, and the applicable price. Checkboxes on the right indicate whether the item is kept in inventory and whether it is offered for sale or purchase (in many cases both apply). The item can be marked as a fixed asset with another checkbox.

The *General* tab of the *Item Master Data* window has a mix of information about the manufacturer of the item, additional identifiers, shipping methods, and issue method.

The *Purchasing Data* tab indicates the main vendor who sells the item, how to identify the item in a catalog, the units of measurement used for the item for purchasing purposes, and the actual size of the item. For items with a purchasing history, you can click on the chart icon on the lower left of the tab to display a graphical purchase analysis.

The *Sales Data* tab contains similar fields to the ones in the *Purchasing Data* tab such as units of measurement, packaging, and other parameters that determine how the item is handled. It also offers a graphical view of sales data for the item when you click on the chart icon in the lower left of the tab.

Units of Measure. In the sales and purchasing tab of the item, you can determine the Items per Purchase/Sales unit. The quantity entered here is multiplied by the quantity entered in the document to calculate the total quantity to reflect the inventory change. For example, you purchase cases of bottles and each case contains 12 units. When you buy the quantity of 1, 12 bottles enter stock. This field can be updated at any time in the item master or in the document itself to reflect different units of measure for the item.

The *Inventory Data* tab, shown in Figure 4-6, tracks quantities in warehouses and sets inventory and management parameters, such as the following:

- Valuation method. This is applicable when the perpetual inventory system is used in the company. The default is retrieved from the selected item group. When the item is first setup, you can choose a different valuation method. (Standard, Moving Average or FIFO)
- G/L Accounts. Based on the system initialization, the default G/L account method is displayed, you can modify it at any time to a different method. (By Group, Warehouse or Item level).
- Indication whether the item quantities are managed separately by each warehouse or at the item level. Based on this checkbox, the maximum, minimum and required quantity fields appear either at the warehouse table below, or set at the item level.
- The actual inventory quantities for the item in each of the warehouses

Read more about perpetual inventory system, in the Inventory chapter.

The *Planning Data* tab contains settings that control how the planning for purchasing or producing an item takes place. The order interval, order multiple, and minimum order quantity can be set here, as well as the required lead time in days. These settings are used by the MRP module.

5

Sales Documents and Accounts Receivable

In This Chapter

- ☐ Overview of Sales-A/R Process
- ☐ Getting Started
- ☐ Taking It Step by Step
- ☐ Building One Document from Another
- ☐ Processing Groups of Documents
- ☐ Accounting and Inventory Impact
- ☐ Sales Checklist

Today the sales process is rarely as simple as selling widgets over the counter for cash to one customer at a time. Rather, it has evolved into a complex collection of interrelated processes that may involve some, if not all, of the following: production planning, inventory and logistics management, ordering, billing and dunning, and maintaining customer relationships as well as seeking out new sales opportunities. The sales process starts with nurturing sales opportunities (see Chapter 8 for details), creating sales quotations, entering sales orders, and invoicing customers. This chapter covers the important steps once you've closed the deal, including how to convert a quotation into a sales order, how to make sure that an order is delivered properly, and how to ensure that a timely invoice is generated to enhance positive cash flow.

Overview of Sales-A/R Process

The sales-A/R process moves from issuing a sales quotation to selling the goods (and services) to delivering those goods to invoicing the customer for their purchases.

Figure 5-1 illustrates this process, and we describe each step in the “Taking It Step by Step” section. Each of the steps involves a document, such as a sales order or A/R invoice. SAP® Business One efficiently moves all relevant information from one document to the next in the document flow. (Note that you can adapt the steps for your needs and business processes.)

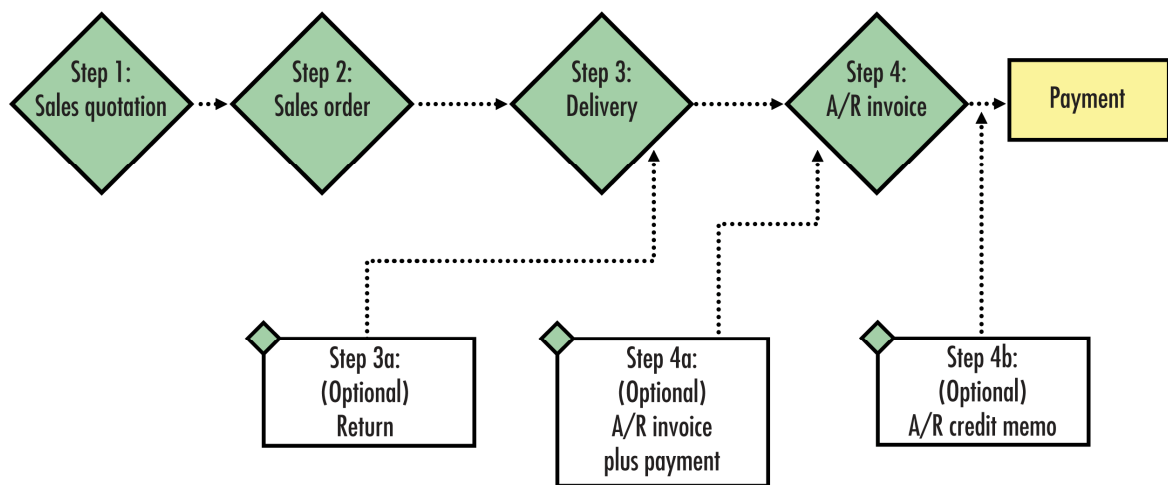


Figure 5-1: Sales and A/R document flow in SAP Business One

Getting Started

Sales and A/R documents carry much of the same information throughout the sales process. This section helps you recognize what is the same in each document so that you can quickly focus on just the information you need.

Definitions

The term item is used in a very specific way in SAP Business One. It refers only to goods and materials bought, produced, sold, and warehoused. Items can also be used for services the company provides. In this case, the item is defined as a non inventory item.

The sales quotation is an offer or proposal containing a price commitment for specific goods or services that you would provide to a customer or a lead if accepted.

The sales order is a commitment from a customer or lead to buy—at agreed-to quantities and price—a product or service from you.

The delivery indicates that the shipment of goods has occurred.

The return document reverses—either partially or fully—the postings of a delivery. It is used when customers send goods back or to correct errors made in the base document(s) before the A/R invoice is posted.

The A/R invoice is the only document that must be created in the sales process. It is the request for payment and records the revenue in the profit-and-loss statement.

The A/R invoice plus payment is the A/R invoice document you use for cash sales to one-time customers.

The A/R credit memo reverses—either partially or fully—the postings of an A/R invoice. It is used when customers send back goods for which an A/R invoice has already been created or to correct errors made in the A/R invoice.

The A/R Reserve Invoice is an alternative to the standard A/R invoice used to bill your customer before items are shipped. The inventory transaction will take place once the A/R reserve invoice is copied over to a delivery document

The A/R Down Payment Invoice is used in a prepayment scenario. The amount is recorded to a pre defined liability account, and moved to the revenue accounts once the down payment is applied to a standard A/R invoice. This document does not affect inventory.

Common Document Structure

Each sales and A/R document in SAP Business One has similar header and footer fields and three tabs for *Contents*, *Logistics*, and *Accounting*, as shown in Figure 5-2.

Header fields appear in every window of a sales document. You enter customer data and delivery dates here, unless you are building one document from another (as described near the end of this chapter).

Footer fields appear in every window of a sales document and contain the calculated totals for the sale, including discounts (if any), freight costs, and tax.

The screenshot displays the SAP Business One Sales Order window, which is organized into several sections:

- Header:** Contains customer information (Customer: C20000, Name: Norm Thompson, Contact Person: Norm Thompson, Customer Ref. No., BP Currency: \$), document details (No.: Primary, 15, Status: Open, Posting Date: 08/18/09, Delivery Date: 08/28/09, Document Date: 08/18/09), and a dropdown for Summary Type (No Summary).
- Contents, Logistics, Accounting:** A tabbed interface. The **Contents** tab is active, showing a table of items:

#	Item No.	Quantity	Unit Price	Disc...	Tax C...	Total (LC)
1	A00001	1	\$ 500.00	0.000	PA	\$ 500.00
2	A00002	1	\$ 500.00	0.000	PA	\$ 500.00
3	A00003	1	\$ 562.50	0.000	PA	\$ 562.50
4	A00004	1	\$ 625.00	0.000	PA	\$ 625.00
5				0.000		
- Footer:** Contains sales employee (Sophie Klogg), owner (Klogg, Sophie), a remarks field, and a summary of totals:

Total Before Discount	\$ 2,187.50
Discount (5 %)	\$ 109.38
Freight	\$ 0.00
Tax	\$ 197.43
Total	\$ 2,275.55

Figure 5-2: Anatomy of a sales document in SAP Business One

The *Contents* tab includes all the specific information about the ordered items or services.

The *Logistics* tab describes where items are to be sent and by what shipping method. It also includes a billing address for sending the A/R invoice. Most of the data here is pulled from item and business partner master data you've already entered in SAP Business One. See Chapter 4 for information on master data entry and management.

The *Accounting* tab contains information about the payment terms, payment methods, installments, the customer's control account and a link to the automatic journal entry that was created after the document is added.. See Chapter 3 for more information about G/L account determination and automatic journal entries that come from the sales and inventory modules.

Key Data

Ensuring that key data is correct from the outset helps avoid problems later on, especially since SAP Business One allows you to build one document from another, as described later in this chapter. Even if the information is filled in for you, it's a good idea to check and make sure it's correct.

Data entry alert. Only those with proper authorization may enter or update business partners, items, or other master data. See Chapter 10 for more information.

Key Data: Customer

Customer data provides information about those buying your goods or services. Before you create a sales document, make sure all relevant data has been entered correctly into the customer's business partner master record. Especially take a look at the bill-to and ship-to addresses to make sure they are correct.

To locate existing customer information, click on the button to the right of the *Customer* field in the document header or press the **Tab** key or the **Choose from List** icon in the *Customer* field. The *List of Business Partners* window appears (see Figure 5-3).

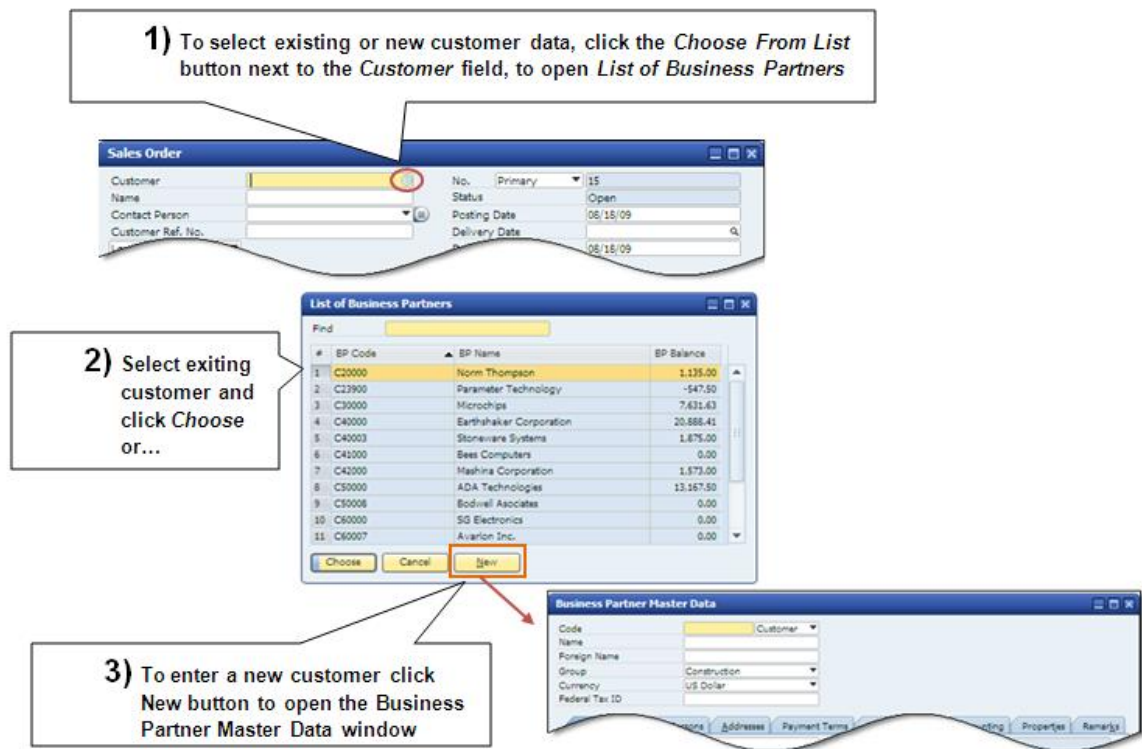


Figure 5-3: Specifying a customer in a sales document

If you are authorized, you can enter new customer information while creating a sales document. To do so, click on the *New* button on the bottom of the *List of Business Partners* window to open the *Business Partner Master Data* window.

Key Data: Item

Item data identifies goods or services being sold. To view a list of items, press the **Tab** key or the **Choose from List** icon from the *Item No.* field in the document's *Contents* tab. You either select from the list or click the *New* button to enter a new item. This process is similar to selecting a customer record as explain earlier.

Usability tip. What if the customer wants to order multiple items? You can select multiple items from the *List of Items* by holding down the **Ctrl** key and clicking on as many items as desired.

You can update customer or item information directly in the relevant fields in the sales document. However, you should note that this information does not update the master data record and is relevant only to the specific sales document where you entered it. If you do change a customer's name or an item's description directly in the sales document, press **Ctrl + Tab** to proceed when you are finished. Note, however, that if you want to make a permanent change or create a new item or

customer, we recommend that you change the relevant master data record or create a new one. That way, the data you update or the new item or customer is available from now on for all users.


Using the form settings feature in SAP Business One, you can add the **Type** column to the table in the *Contents* tab of any sales document. You may want to insert subtotals for groups of items ordered. Or you may want to communicate special information about the manufacturing, handling, or shipping of specific items. As long as you have made the appropriate changes using the form settings feature (see Chapter 6, Figure 6-5), all you need to do is click on the drop-down list in the *Type* field and select **T** (for text) or **Σ** (for subtotal).

Key data: ship-to and bill-to addresses. Because SAP Business One automates so much of the processes related to the sales-A/R process, it is essential that you select or enter the correct customer and item data when you initiate a sales order. For example, things as simple as a customer's ship-to and bill-to addresses, if entered inaccurately or incompletely, can have a huge impact on your company's bottom line when goods ordered show up where they are not supposed to or invoices are sent to the wrong office. The tax code and rate is determined based on the ship to assignment, so make sure you select the appropriate ship to address from the drop down list, rather than updating the address manually. See Chapter 4 for more information on entering and managing master data.

Key Calculations: Gross Profit and Weight and Volume

The SAP Business One toolbar provides icons for easy access to two useful calculations: gross profit and the weight and volume of all of the items in a sales document.

Calculating Gross Profit

You can immediately find out the impact of a sales document in terms of the bottom line using the gross profit calculation. Simply click on the gross profit icon  on the SAP Business One toolbar to display a window like the one shown in Figure 5-4.

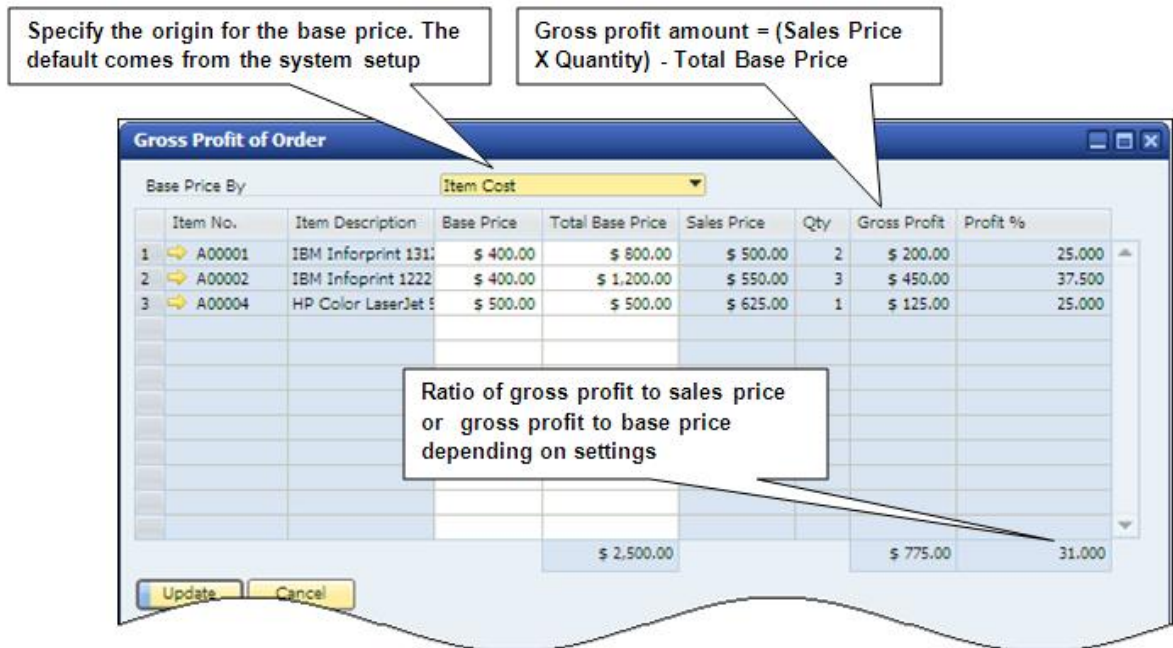



Figure 5-4: The gross profit calculation in action

Gross Profit is calculated by finding the extended sales prices (sales price multiplied by the quantity) minus the extended base price (base price multiplied by the quantity). You can always go back and update base amounts, even if the sales document is already closed. Note that there is not effect on the accounting figures in this case. The *Profit %* is calculated depending on settings on the *Administration* → *Document Settings* → *General* tab, where you (and your implementation partner) specified whether gross profit percentage is the ratio of gross profit to sales price or gross profit to cost price. On the *Document Settings* window's *General* tab you can set the default for how the base price is calculated: the item cost (the default shown in Figure 5-5), a specific price list, the cost of the item, which is the recommended option, the last purchase price, and so forth.

Gross profit for service documents. In service type documents, there is no item master data, therefore the base price cannot be retrieved automatically. If you would like to calculate gross profit in these documents, define the default % on the *Administration* → *Document Settings* → *General* tab.

Calculating Volume and Weight

Determining the volume and weight of an order is critical to the logistics of sending and receiving orders. To calculate the volume and weight of all the items in a given sales document, click on the volume and weight icon  on the SAP Business One toolbar. Volume and weight information is

pulled from master data for each item and totaled automatically. Note, however, that if some items do not have this information in their master data records, the total will not be accurate.

Key Reminders: Adding an Activity to a Sales Document

You may want to record information about your contacts with customers. For example, you might want make notes about a phone call or a meeting with customers. You might also want to set a reminder so that you can follow up to make sure the customer received the merchandise and is satisfied. You can add an activity to any sales document. Display the sales document as the active window and select *Goto* → *New Activity* from the menu bar to display the *Activity* window or right-click and select the *New Activity* option. In the *Activity* window, you can specify activity types and make notes about the activity. The activity is automatically linked to the sales document displayed. You can do the same for master data records and other document types. For more information, see Chapter 8.

Taking It Step by Step

Now we look at the Sales-A/R process in more detail, one step at a time, starting with the sales quotation.

Step 1: Sales Quotation

Before customers commit to ordering, they frequently want a sales quotation that they can review and circulate within their company. You can enter and work with sales quotations either in this module or through the Microsoft Outlook integration add-on for SAP Business One, as described in Chapter 8. Sales quotations can be created for leads or customers.

To create a sales quotation, select *Main Menu* → *Sales - A/R* → *Sales Quotation*. A blank sales quotation appears. You specify a customer (or lead) and the desired items. Once you are satisfied with the quotation details, click *Add*. SAP Business One adds the sales quotation. You can make changes later as needed.

As described in the previous section, you can view the calculation of the gross profit and the weight and volume of an item. Simply click on the relevant icons in the SAP Business One toolbar.

How does SAP Business One manage price information? In SAP Business One, prices are defined for items in price lists. A price list is assigned to a business partner (customer or vendor). When you post a transaction for a customer, the price of an item is determined on the basis of the assigned price list. When you first set up SAP Business One, you enter the data for your business partners, including payment terms and price lists. Over time, this information is revised and modified. Since SAP Business One is a real-time business management application, when you check pricing for a customer, it is always up to date. This gives you flexibility to offer special pricing to your customers. See Chapter 12 for more information on entering and managing special prices and various discounts for items.

Step 2: Sales Order

The sales order is an important document—it tells everyone to get busy filling that order. As such, this document is important for planning production, creating purchase orders, and scheduling resources. One unique feature of SAP Business One is that you can create purchase orders directly from sales orders, thereby streamlining your supply chain as well as material requirements planning processes (see Chapter 7 for details).

Creating and Adding a Sales Order

You can create a sales order either from a sales quotation or from scratch. Figure 5-5 shows how to create a sales order from a sales quotation using the *Copy To* button.

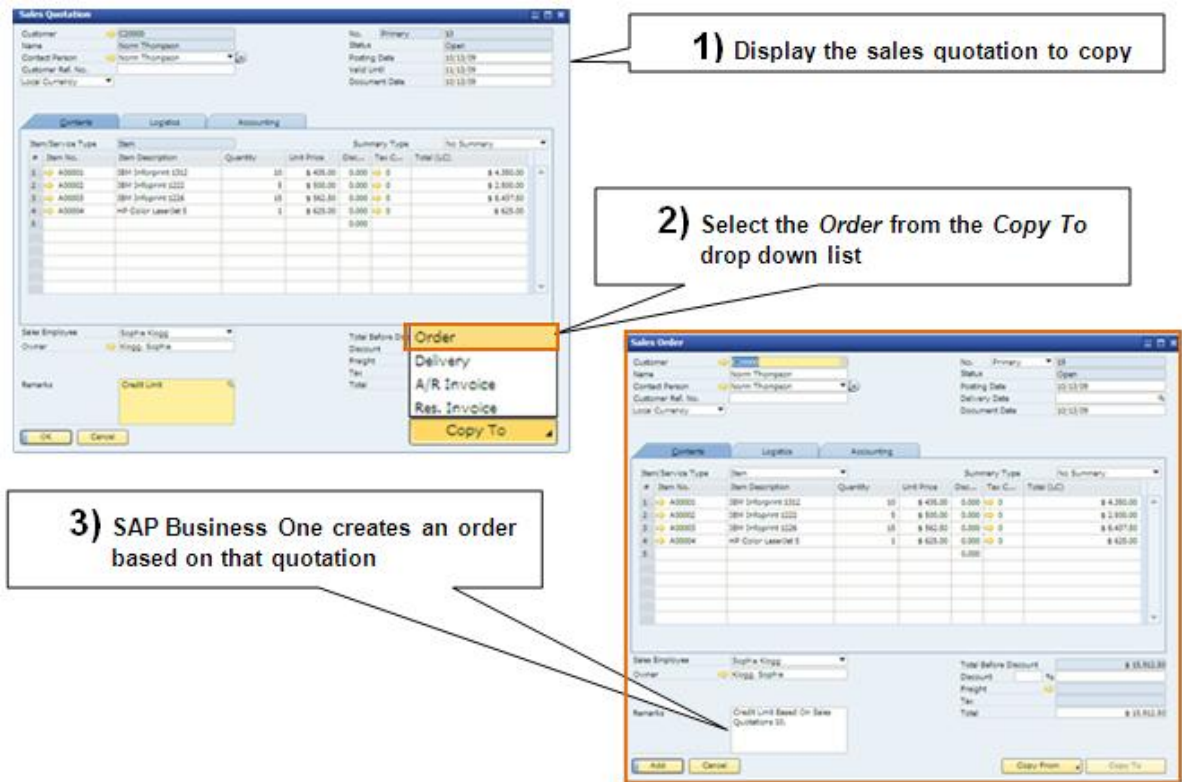


Figure 5-5: Copying a sales quotation to a sales order

The *Copy To* button provides an almost instantaneous way to create the next document in your process. It copies all the information from the base document. Now you can make changes in the target document, such as reducing quantity and adjusting prices. See “Building One Document from Another” later in this chapter for more information.

You can create a new sales order by selecting *Sales - A/R → Sales Order*. When master data is set up properly, you enter information in just a couple of fields:

- *Customer* field: See Figure 5-3
- *Items*: Enter items and specify quantities

If you are not ready to add the sales order (by clicking on the *Add* button), you can save it as a draft (by choosing *File → Save as Draft*). See Chapter 10 for more information about document drafts.

How do I create a blanket order? To create a blanket order for items or services to be delivered periodically (for example, leases for office space and equipment or service contracts or recurring deliveries of supplies needed by your customer), create a sales order with as many line items as needed (for example, 12 items to cover monthly deliveries for a year). You can then close one line at a time as the items or services are delivered.

You can change a sales order (changing quantities, updating prices or discounts, and so on) after you've posted it, if you have done the following:

- Selected the option to allow changes under *Administration* → *System Initialization* → *Document Settings* → *Per Document tab* → *Sales Orders*
- Not created documents such as a delivery or A/R invoice from the sales order

If a sales process is stopped, and the sales order has not been copied to a higher level A/R document, such as a delivery or an A/R invoice, it is possible to cancel it (as shown in Figure 5-6). However, when a sales order has been copied, either entirely or partially, to a higher-level A/R document, the sales order cannot be cancelled; it can only be closed. If you want to only cancel a particular row, right-click it, and choose **Close Row**.

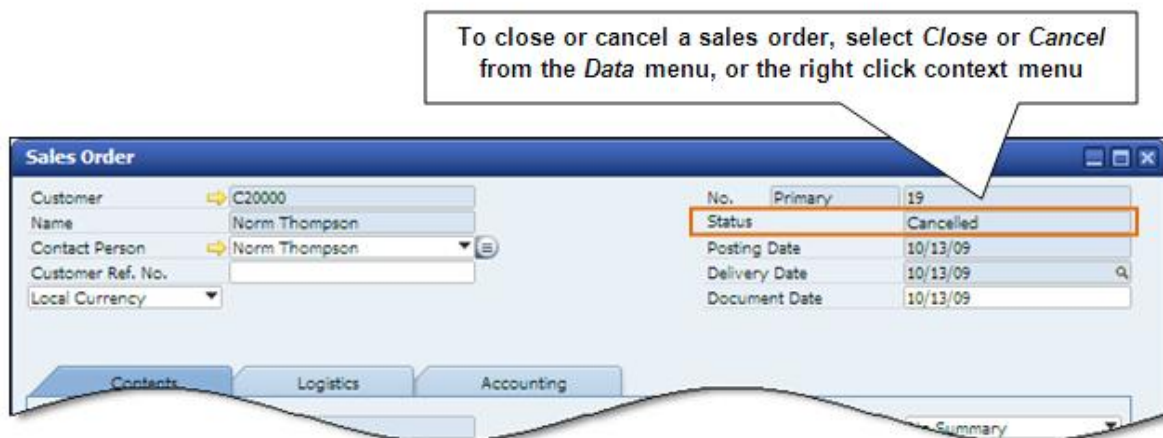


Figure 5-6: Cancelling or closing a sales order

Document handling alert. Like all documents in SAP Business One, a sales order is not deleted when cancelled or closed. It can still be displayed and printed but it cannot be changed or copied to a higher-level sales document. In addition, a cancelled or closed document in SAP Business One is no longer displayed in the open items list.

In a sales order, you can commit specific batch numbers to your customers, for items that are managed by batch numbers. Right-click the quantity field and select the *Batch Numbers* option. The selected batches are allocated to this sales order and cannot be taken by another sales document, however you still need to reconfirm this batch selection, when you deliver the item using a delivery or an A/R Invoice.

Item Availability Check

A sales order represent a commitment that the items will be delivered in full at a certain date. How can you make sure you fulfill this commitment to you customers? This where you can use the *Item Availability Check*. To activate this option, go to *Administration* → *System Initialization* → *Document Settings* → *Per Document tab* → *Sales Orders* and check the **Activate Automatic Availability** box

While you enter the quantity of a certain item in a sales order, if the available quantity for this item falls below, a new window opens that displays the following options:

- *Continue* – ignores the alert, and keep the items as entered
- *Change to Available Quantity* – the quantity in the row changes to what is currently available regardless of the date.
- *Change to Earliest Available* – the row's delivery date changes based on the earliest date that the quantity is available. If this quantity is not available in future, this option is disabled.
- *Display Available to Promise Report* – the report shows cumulative quantity by date, based on the report you can change the delivery date for that item. See figure 5-7
- *Display Quantities in Other Warehouses* – opens the *Items by Warehouse* report. If the quantity is available in another warehouse, this report can provide the information needed.
- *Display Alternative Items* – opens the *Alternative Items – Selection*, where you can choose to offer a different item that you do have available. The alternative items should be predefined for the current item
- *Delete Row* – deletes the current row

If you do not wish the system to automatically open the item availability check, you can manually open some of the options: right-click the item code to open the alternative items, right-click the quantity to open the available to promise report, and right-click the warehouse code to open the items

by warehouse report.

Inventory Status (Available-to-Promise)

Item No. IBM Infoprint 1222
 Warehouse

#	Document	Customer/Vendor	Order Date	Delivery Date	Ordered	Committed	Available	Unit of Measure	Items per Unit
1		In Stock			38		38		
2	→ OR 4	Earthshaker Corpo	12/13/07	12/23/07		1	37		1
3	→ OR 5	Stoneware Systems	12/13/07	12/23/07		1	36		1
4	→ OR 6	ADA Technologies	12/13/07	12/23/07		1	35		1
5	→ OR 7	Earthshaker Corpo	12/13/07	12/23/07		1	34		1
6	→ PO 8	Far East Imports	12/26/07	12/26/07	1		35		1
7	→ PO 12	Office Outlet	12/26/07	12/26/07	1		36		1
8	→ OR 17	Norm Thompson	09/01/09	09/11/09		1	35		1
9	→ PW 6		09/23/09	09/23/09			35		1
10	→ OR 22	Norm Thompson	10/19/09	10/29/09		1	34		1
11	→ PO 15	Far East Imports	11/04/09	11/04/09	5		39		1
12	→ OR 27	Parameter Technol	05/07/10	05/17/10		1	38		1
13	→ OR 29	Norm Thompson	05/17/10	05/27/10		1	37		1
14	→ PO 21	Acme Associates	05/17/10	05/27/10	1		38		1
15	→ PO 20	Far East Imports	05/11/10	05/30/10	10		48		1
16	→ OR 30	Norm Thompson	05/21/10	05/31/10		1	47		1
17	→ PW 11		05/12/10	05/31/10		1	46		1
					56	10			

☒ Display Orders Beyond Item's Lead Time

The report considers open sales orders purchase orders and production orders for the item

Available cumulative quantity based on delivery dates. Helps you make a decision regarding when and how much quantity to commit to

Figure 5-7: Available to Promise

Backorder. If you would like to place a backorder, simply create a regular order. Use the backorder report located under sales reports, to trace backorders and their status. The report shows open rows from sales orders, the ordered quantity, the delivered quantity and the backorder quantity.

Drop Shipment

How would you handle a sales process where your company only serves as the middleman between customers and vendors? Your customer orders from you and you order from a vendor that ships the items directly to your customer. This is where you can use the Drop Ship warehouse functionality. Dedicate one of your warehouses to drop shipment, and apply it to the sales order when appropriate. When you add the order, the system automatically recommends a purchase order creation. In the confirmation screen, you choose which items to order, the vendor and the prices. You just need to accept and a purchase order is created in addition to the sales order. The ship to address in the purchase order is the customer's ship to address from the sales order.

When using a drop ship warehouse, as opposed to a regular warehouse, no inventory transaction is posted and the committed quantity is not increased. This means that even during the delivery of the items, there will be no effect on the inventory level, nor is a journal entry posted to reflect inventory value changes. Thus the drop ship warehouse is not part of the different inventory reports.

To setup a drop ship warehouse go to *Administration* → *Setup* → *Inventory* → *Warehouses*. Select the **Drop Ship** checkbox

Automatic PO creation. It is possible to create a PO automatically, similar to drop ship function, by checking the Purchase Orders box on the *Logistics* tab of the sales order. This will open the PO confirmation window and once confirmed a PO is created. Use this function in cases where you don't keep your inventory items in your warehouse, but you want to purchase on an order by order basis and reflect the inventory movement in your general ledger.

Accounting and Inventory Impact of the Sales Order

In SAP Business One, a sales order affects the available stock level. This means that the stock available to sell is reduced by the quantity in the order. When you enter sales orders, no value-based changes are posted to the G/L, but the items are added to the committed quantity in the inventory module.

When an order for items is cancelled or closed, the committed quantity in the inventory module is decreased. You can view the ordered quantities in various reports, such as the inventory status report. This information is important for optimizing sales processes and stock levels.

Step 3: Delivery

A delivery indicates that goods have been shipped. A delivery is sometimes referred to as a packing slip.

Creating and Posting a Delivery

To create a delivery, select *Sales - A/R* → *Delivery*. A blank delivery appears; you select a customer and fill in the items being delivered. To post the delivery, click *Add*.

Often you may want to create a delivery from a sales order or sales quotation. To do so, simply display the sales order or quotation and select *Delivery* from the *Copy To* button's drop-down list. Alternatively, you can create a delivery from multiple orders or quotations; see "Building One Document from Another" later in this chapter for more details.

How does SAP Business One facilitate the pick and pack process? Once you have created a new sales order with an approved status, you may use the pick and pack manager, accessed through the inventory module, to handle your picking activities. The process starts with the creation of a pick list, moves to the reporting of picked quantities, and terminates with packaging and delivery. The pick and pack manager allows you to release some or all items to a pick list, perform a partial pick for the items, or pick all items. You can also create a delivery at any stage of the picking process. See chapter 12 for more information on the pick and pack process

You can close a delivery by choosing *Data* → *Close*, provided that it has not yet been copied to an A/R invoice or to a return document. Note that the delivery transaction is not reversed in this case. Inventory is increased only when you create a return document based on the delivery. You cannot create an A/R invoice from a delivery that has been closed nor can you create another sales document with reference to the delivery. You can no longer make changes to the closed delivery either.

Select Customer

Select Items or...

This delivery is based on a sales order

Copy from a base document

#	Item No.	Item Description	Quantity	Unit Price	Disc...	Tax Code	Total (LC)
1	A00001	IBM Infoprint 1312	10	\$ 435.00	0.000	0	\$ 4,350.00
2	A00002	IBM Infoprint 1222	5	\$ 500.00	0.000	0	\$ 2,500.00
3	A00003	IBM Infoprint 1226	15	\$ 562.50	-0.006	0	\$ 8,438.00
4	A00004	HP Color LaserJet 5	1	\$ 625.00	0.000	0	\$ 625.00
5					0.000		

Figure 5-8: Creating a delivery

Note that you cannot copy from a sales order to create a delivery if the business partner is still classified as a lead. See the following text box for details about changing a lead to a customer.

How does a lead become a customer? You change a lead to a customer in the business partner master data. Go to the business partner master record and select *Customer* from the drop-down list to the right of the business partner code.

You can identify the packaging structure in a delivery document. This is especially useful when you pack and ship large number of item. Right-click the mouse and select the *Packaging* option. Here you can allocate items and quantities to packages type.

If one or more items are managed by serial or batch numbers, right-click the quantity field, and select the *Batch/Serial Numbers* option, to identify which batch and serials are released from stock.

Accounting and Inventory Impact of Delivery

Creating a delivery in SAP Business One reduces the actual inventory levels. When you post a delivery, the corresponding goods issue is also posted. The goods leave the warehouse and the relevant inventory changes are posted. The inventory account is credited and the cost of goods sold account is debited based on the current item cost.

Perpetual inventory alert. When your company is setup to use perpetual inventory, it is crucial that all items have a cost before you sell them. Otherwise upon the delivery of the items the G/L changes are not reflected. You can choose to block this situation by deselecting the Allow Stock Release Without Item Cost checkbox from *Administration → System Initialization → Company Details → Basic Initialization*

Optional Step: Return

For various reasons, customers sometimes return goods. In this case, you create a return document. If the returned goods have already been invoiced, you should create an A/R credit memo instead, as described later in this chapter.

When you enter a return document, you reverse—either partially or fully—the posting of a delivery. Once a return document is posted, the inventory quantities are updated. Posting a return document also automatically updates the inventory value using the original item cost that was used in the delivery it's based on.

Step 4: A/R Invoice

Once you deliver goods or provide services, you bill the customer using an A/R invoice. An A/R invoice is a request for payment. Posting an A/R invoice records the revenue in the profit and loss statement.

Creating and Posting an A/R Invoice

You can create an A/R invoice from single or multiple sales quotations, sales orders, or deliveries (see “Building One Document from Another” later in this chapter). You can also create an invoice from scratch by selecting *Sales - A/R → A/R Invoice*.

Once an A/R invoice has been posted, it cannot be changed or deleted because it is a legal accounting document that creates entries in the G/L.

The screenshot shows the SAP A/R Invoice creation interface. Key elements and annotations include:

- Select Customer:** Points to the Customer field (C20000).
- Due date defaults based on payment terms in the Business Partner master:** Points to the Due Date field (11/12/09).
- Contents, Logistics, Accounting:** Tabs at the top of the item table.
- Item Table:**

#	Item No.	Item Description	Quantity	Unit Price	Disc...	Tax C...	Total (LC)
1	A00001	IBM Infoprint 1312	10	\$ 435.00	0.000	0	\$ 4,350.00
2	A00002	IBM Infoprint 1222	5	\$ 500.00	0.000	0	\$ 2,500.00
3	A00003	IBM Infoprint 1226	15	\$ 562.50	-0.006	0	\$ 8,438.00
4	A00004	HP Color LaserJet 5	1	\$ 625.00	0.000	0	\$ 625.00
5					0.000		
- Sales Employee:** Sophie Klogg
- Owner:** Klogg, Sophie
- Remarks:** Based On Sales Orders 20. Based On Deliveries 10.
- Copy from a base document:** Points to the Copy From button.
- Total Before Discount:** \$ 15,913.00
- Discount:** %
- Total Down Payment:**
- Freight:**
- Applied Am:**
- Balance Due:** \$ 15,913.00

Figure 5-9: Creating an A/R invoice

Tax Only Invoice. SAP Business One allows you to post a Tax Only invoice. For example if you gave away items as a gift or a trial, and you must charge sales tax, use the tax only function. The

tax amount is calculated based on the unit price and the journal entry reflects the tax posting only. Use the *Form Settings* icon to add the *Tax Only* column to the invoice table.


Accounting and Inventory Impact of the A/R Invoice

Once posted, the A/R invoice posts a journal entry to the corresponding customer and revenue accounts. If it is posted without reference to a delivery, the A/R invoice also decreases inventory values and quantities. The inventory account is credited and the cost of goods sold account is debited based on the current item cost in addition to the postings to customer and revenue accounts.

Negative Invoice. An invoice can include negative rows. This can be used to record credits or returns from the customer in the same document, instead of creating an additional one. It is also possible to have the invoice total as negative. A message appears once you add the invoice, however if you confirm it, the negative invoice is added.

Optional Step: A/R Invoice Plus Payment

You use this document for cash sales to one-time customers. However, before you can do so, you need to create a separate master record for one-time customers. This master record is usually defined during the configuration of SAP Business One when you determine the primary G/L accounts. If you haven't already specified a default one-time customer, you can do so by going to *Administration* → *Setup* → *Financials* → *G/L Account Determination*. Choose the *Sales* tab. On the *General* subtab, press **Tab** in the *Default Customer for A/R Invoice + Payment* field to display a list of customers. Select a customer or enter a new customer for this purpose.

To enter a one-time sale, select *Sales - A/R* → *A/R Invoice + Payment*. SAP Business One fills in the one-time customer's information for you; you can fill in details about this customer if desired. Enter the items, quantities, tax code, and any discounts, then click the payment means icon  to display the *Payment Means* window. Enter a payment for the full amount of the invoice and click *OK*. (Partial payments cannot be accepted.) Click the *Add* button to complete the sale.

SAP Business One manages the A/R invoice plus payment in the same way as a standard A/R invoice. The corresponding journal entries in the SAP Business One accounting and inventory modules are processed automatically once the document is posted.

Optional Step: A/R Credit Memo

When a customer returns goods, you issue a return document, as described earlier. But if you have already posted the A/R invoice, you issue an A/R credit memo. When you create an A/R credit memo, you reverse—either partially or fully—the posting of an A/R invoice. Once the A/R credit memo is posted, inventory quantities are increased, the customer account is credited, and the revenue account is amended by the same amount. The sales tax is also corrected automatically.

There is a restriction about copying return documents to A/R credit memos based on how you created the return document. If you created the return document based on a delivery, you cannot copy the return document to an A/R credit memo. However, if you did not base the return document on a delivery, you can copy the return document to an A/R credit memo.

In SAP Business One, an A/R credit memo can be created from existing A/R invoices and return documents. It is also possible to create A/R credit memos for services (non-inventory items). The posting of a credit memo for services has no effect on inventory quantities. Similar to A/R invoice, you can have negative rows in a credit memo. The negative rows behave as if you created an A/R Invoice, only used a negative credit memo.

Optional Step: A/R Reserve Invoice

Use the reserve invoice in cases where you bill your customer before you ship the items. In a reserve invoice, the revenues are recognized, but no inventory transaction takes place. Once the items are shipped, create a delivery, and copy from the reserve invoice. At this point the reserve invoice status changes to *Delivered* and the delivery is set to *Closed*.

If you credit an un-delivered reserve invoice, the credit memo will not increase inventory level.

Accounting and Inventory Impact of the A/R Reserve Invoice

Once posted, the reserve invoice posts a journal entry to the customer and revenue account. No inventory transaction is posted, however the committed quantity is increased. When a related delivery is created, the committed quantity is cleared, and the on hand inventory level is decreased.


Cancelling an A/R Reserve Invoice

To cancel a delivered reserve invoice, you must create an independent credit memo and use the internal reconciliation as explained in chapter 3 to match the two together.

If you credit an un-delivered A/R reserve invoice, the credit memo will not increase inventory level. It will only reverse the journal entry which resulted from saving the A/R reserve invoice initially.

Optional Step: A/R Down Payment Process

In some cases you require a portion of the total due in advance, usually at the time you create the sales order, in order to get a real commitment from your customer. This is also called a **Deposit on Order**. For example if your customer provided his credit card information at the time he signed the order, you will record this as a down payment.

To record this payment, while creating the sales order, click the payment means icon  to open the *Payment Means* window. Once you add the sales order, three documents are created:

- 1) The **sales order**
- 2) The **down payment invoice**. linked to the sales order
- 3) An **incoming payment** which closes the down payment invoice.

The process is complete when you issue the final A/R invoice. If you base the invoice on the sales order, the down payment invoice is applied, and the amount is reduced from the invoice amount.

Down Payment Amount Reminder. When you apply a down payment, you can choose to pay the full amount of the order, including tax and freight. It is also possible to pay an amount above the original order amount. In this case, when you create the A/R invoice, by default the invoice total about will be zero, however if you choose to, you can apply the entire down payment amount, so the invoice total is negative.

The down payment invoice can also be created from scratch with or without reference to a sales order. Depending on the business process in your company, you may not create sales orders, or perhaps the advance payment arrives at a later stage, after you add the sales order. In these cases, you can create the down payment invoice independently. When the payment arrives, create an incoming payment, and apply it to the down payment invoice.

Accounting and Inventory Impact of the A/R Down Payment Invoice

The down payment invoice has no effect on inventory. The funds identified in the document are credited to a predefined liability account, and customer is debited.

Once the down payment is paid, it can be applied to the A/R invoice. At this stage the amount is transferred from the liability to the revenue account. The customer is debited for the remaining balance.

Specify the default down payment account by going to *Administration → Setup → Financials → G/L Account Determination*. Choose the *Sales* tab. On the *General* subtab, press **Tab** in the *Payment Advance* to select the liability account. This account also appears on the business partner master data, and can be overridden with a different account.

Applying a Down Payment to an A/R Invoice. While creating the A/R invoice, click the browse button at the bottom of the document, next to the *Total Down Payment* field. A list of paid down payment invoices for the selected customer is presented. You can choose to draw the entire amount, or adjust the *Amount to Draw* field.

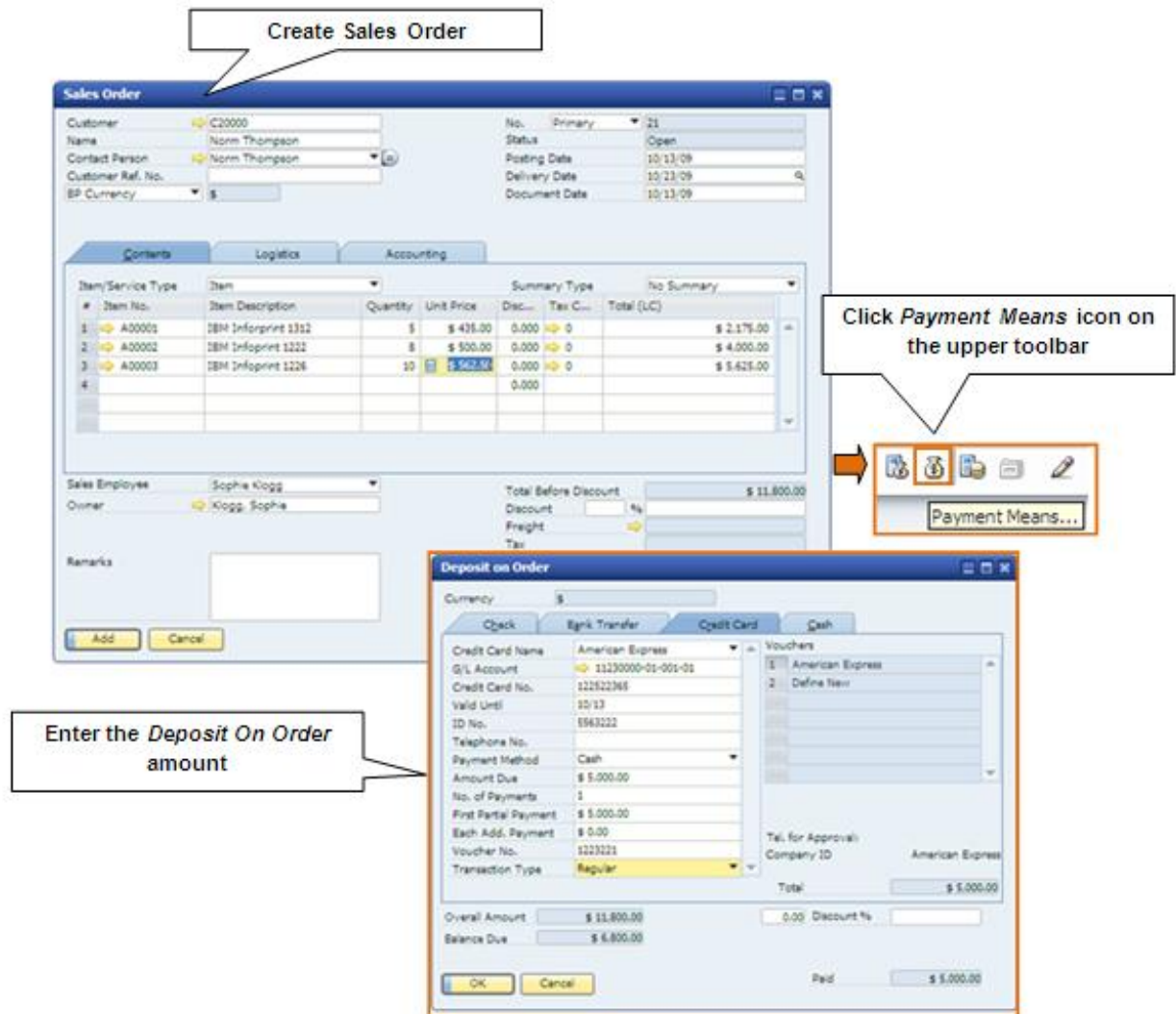




Figure 5-10: Creating Deposit on Order

You can apply multiple deposits on the same order. To view a list of all down payments, right click the sales order screen and choose *Related Down Payment Transactions*.

Building One Document from Another

Sales documents build on each other. Often, a quotation becomes a sales order that forms the basis for a delivery and finally an A/R invoice. Figure 5-5, earlier in this chapter, shows how to quickly copy a document to the next document in the sequence using the *Copy To* button. The original document is called a base document; the document you create from it is called a target document. Building one document from another saves time and effort.

Document type alert. When you copy one sales document to another, make sure that the base document and the target document are of the same type, whether items or services. Sales documents cannot mix items and services, and an item sales document cannot be copied to or from a services sales document.

SAP Business One makes it easy to follow the trail from document to document as well. If you display a sales order created from a sales quotation and click the base document icon , SAP Business One displays the sales quotation the document was based on. If you display the sales quotation and click the target document icon , SAP Business One displays the sales order.

The *Copy From* button allows you to select a base document or documents from which to create a new document. Clicking *Copy From* starts the draw document wizard, explained in Chapter 10.

Often the first step in building one document from another is locating the base document you want to use. For example, a salesperson may call from the field and say that she has closed a sale, asking you to enter the sales order. How do you find the relevant sales quotation? One tool for locating such documents quickly is the *Open Items List*. Figure 5-11 shows this report, which you create by selecting *Sales - A/R* → *Sales Reports* → *Open Items List*. The report shows all open documents of the type you select in the drop-down list in the upper right. You can then select the relevant sales quotation, for example, and create a sales order with a single click on the *Copy To* button. This is just one of many ways that SAP Business One saves you time in your day-to-day work. When one document is built from another in this fashion, all the relevant information is copied from the base document to the new document, reducing both data entry time and errors.

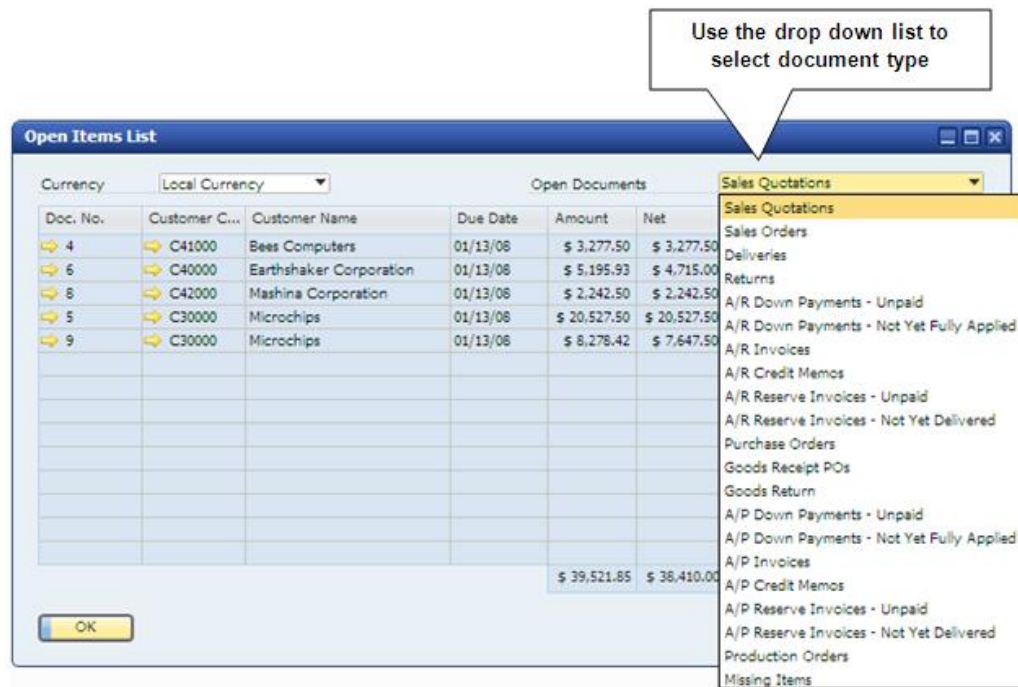


Figure 5-11. The *Open Items List* displays various types of open documents

Processing Groups of Documents

Sometimes it's convenient to create many sales documents at once. Perhaps you want to create a batch of A/R invoices or deliveries. In that case, you would use the document generation wizard. If you have a number of customers who are late with payments, you may want to use the dunning wizard to create late notices. This section describes these wizards.

The Document Generation Wizard

The document generation wizard allows you to perform mass processing of target sales documents. Many companies prefer to do an invoice run rather than generating individual invoices. This can also streamline invoicing for your customers. When you use this wizard, you can combine open sales orders in one invoice, making it convenient for customers to pay all they owe you from a single invoice instead of receiving multiple invoices from you.

In the wizard you select the type of the base and target document. For example the base is a delivery and the target is an invoice. It is also possible to select the base as sales order, and the target a delivery or invoice. Next, you identify whether one base document creates one target, or multiple base documents are consolidated into one target. Finally you select what to do in case of missing

data, such as exchange rate, as well as accounting and inventory alerts such as credit limit deviation. At the end of the run you receive a summary of all the documents that were created. In Figure 5-12 you can see the main steps for the document generation wizard.

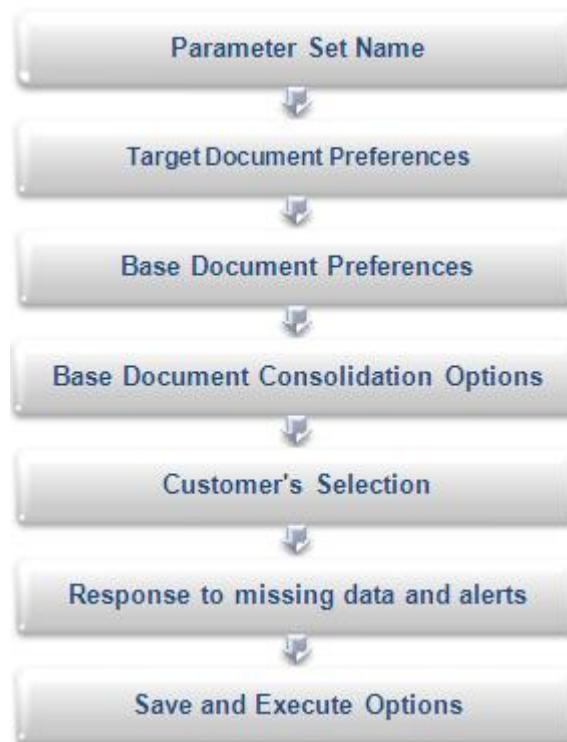


Figure 5-12. Document Generation Wizard Steps

Document generation wizard alert. Because creating sales documents creates automatic entries in the general ledger, the document generation wizard must be used with care and preferably with help from your implementation partner. See Chapter 10 for details.

The Dunning Wizard

The dunning wizard automates the process of sending late notices to customers. In addition, the wizard keeps track of a customer's "payment behavior," which allows you to make decisions about payment terms for future orders. This information is also useful when reporting to credit agencies and other financial institutions about customers.

You start the wizard by selecting *Sales - A/R → Dunning Wizard*. The first window explains what the wizard does. Click *Next* to reach step 1, where you specify whether to load a saved wizard, with its parameters, or start a new one. Click *Next* to move to step 2, where you can specify general parameters, such as the name of this dunning run and its date. Click *Next* to reach step 3, where you select business partners. Click *Add* to display the *BP Properties* window and click *OK* if you want to include all business partners (you can be more selective if desired). Click *Next* to reach step 4, which allows you to specify a posting date range to include. By default, all dates through today's date are included. Click *Next* to reach step 5, the *Recommendation Report*, shown in Figure 5-12.

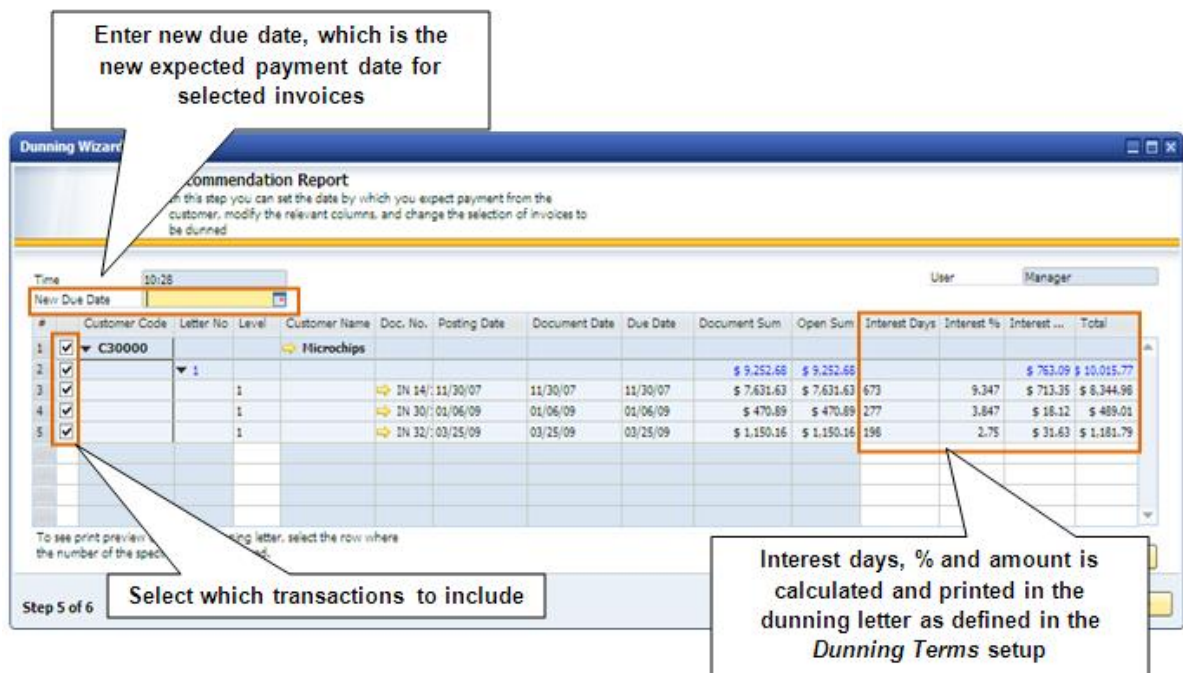


Figure 5-13: The Recommendation Report in the Dunning Wizard

This window lists overdue A/R invoices for which dunning letters will be created. You can choose to include manual journal entries, credits and payments that are not based on invoices in the run. You can collapse the list to include only business partners without invoice detail by clicking the *Collapse All* button. Click *Next* again to reach step 6, where you can save the parameter set and exit, save the recommendation report as a draft and exit, or print dunning letters and exit. For more information on the dunning wizard, go to *Help → Sales - A/R → Dunning Wizard*.

Dunning system setup. Prior to running the dunning wizard you must setup the dunning levels and dunning terms in the company. Go to *Administration → Setup → Business Partners*. Each customer must be assigned with a dunning term. It is possible to setup a default dunning term for new customers on the *Administration → System Initialization → General Settings → BP* tab

Accounting and Inventory Impact

Summarized below are the most important accounting and inventory implications of the SAP Business One sales documents discussed in this chapter.

Sales document	Accounting impact	Inventory impact
Sales quotation	No postings	No postings
Sales order	No postings	Increases committed quantity, decreases available inventory.
Delivery	Debits cost-of-goods-sold account and credits inventory account when using perpetual inventory system	Decreases actual inventory and committed quantity
Return	Debits inventory returns account and credits cost-of-goods-sold account when using perpetual inventory system	Increases actual inventory
A/R invoice	<p>If the A/R invoice is based on a delivery, debits business partner's A/R control account and credits sales revenue account</p> <p>If the A/R invoice is not based on a delivery, debits business partner's A/R control account and credits sales revenue account; also debits cost-of-goods-sold account and credits inventory account</p>	Decreases actual inventory if A/R invoice is created without reference to a delivery
A/R invoice plus payment	Debits business partner's A/R control account and credits sales revenue account; debits cost-of-goods-sold account and credits inventory account; debits checks-received account and credits business partner's A/R control account	Decreases available inventory
A/R credit memo	Credits business partner's A/R control account and Debits revenue account also credits cost-of-goods-sold account and	Increases actual inventory

	debits sales return account	
A/R reserve invoice	Debits business partner's A/R control account and credits sales revenue account	Increases committed inventory if not based on sales order
A/R down payment	Debits business partner's A/R control account and credits liability account	No postings

Sales Checklist

Getting started

- ☐ Customer master data contains accurate shipping and billing addresses
- ☐ Payment terms and dunning parameters are set
- ☐ Item master data contains goods and/or services previously sold

Step 1: Sales quotation

- ☐ Open sales quotation document
- ☐ Select a customer or lead or enter a new one
- ☐ Enter items, quantities, and prices

Step 2: Sales order

- ☐ Copy a sales quotation or open a new sales order document
- ☐ Select a customer or enter a new one
- ☐ Enter items, quantities, and prices

Step 3: Delivery

- ☐ Pick, pack, and send items to customer
- ☐ Confirm delivery using delivery
- ☐ If customer returns some or all items, or if errors were made in base documents, use return document

Step 4: A/R invoice

- ☐ Request payment from customer using A/R invoice
- ☐ If conducting a cash sale with a one-time customer, use A/R invoice plus payment
- ☐ If customer returns some or all items, or if errors were found in base documents after A/R invoice is posted, use A/R credit memo

6

Purchasing Documents and Accounts Payable

In This Chapter

- ☐ Overview of Purchasing-A/P Process
- ☐ Getting Started: Common Structure and Key Data
- ☐ Taking It Step by Step
- ☐ Building One Document from Another
- ☐ Accounting and Inventory Impact
- ☐ Purchasing Checklist

Purchasing is not just about ordering and paying for pencils and paper clips. Rather, purchasing is the process of making sure that a steady stream of required materials is on the way to your company when and where you need them. As a fully integrated, end-to-end business management application, SAP® Business One helps you run the purchasing process, starting with the purchase order and continuing with the rest of the purchasing documents. SAP Business One automatically captures information at each step so you always know what's on hand in inventory as well as the up-to-the-minute financial state of your business. The real-time view helps you identify potential shortages before they happen (see details about material requirements planning in Chapter 7). Precise historical information keeps track of which vendors come through for you consistently.

In this chapter we focus on the basic steps involved in executing a purchase order (PO) in SAP Business One and the other purchasing documents that flow from it.

Overview of Purchasing-A/P Process

In this section, we take you through the basic three-part process of ordering, receiving, and paying for goods or services. The flowchart in Figure 6-1 presents the “big picture” of how SAP Business One purchasing documents relate to each other, including all of the optional steps, which are discussed in the next section.

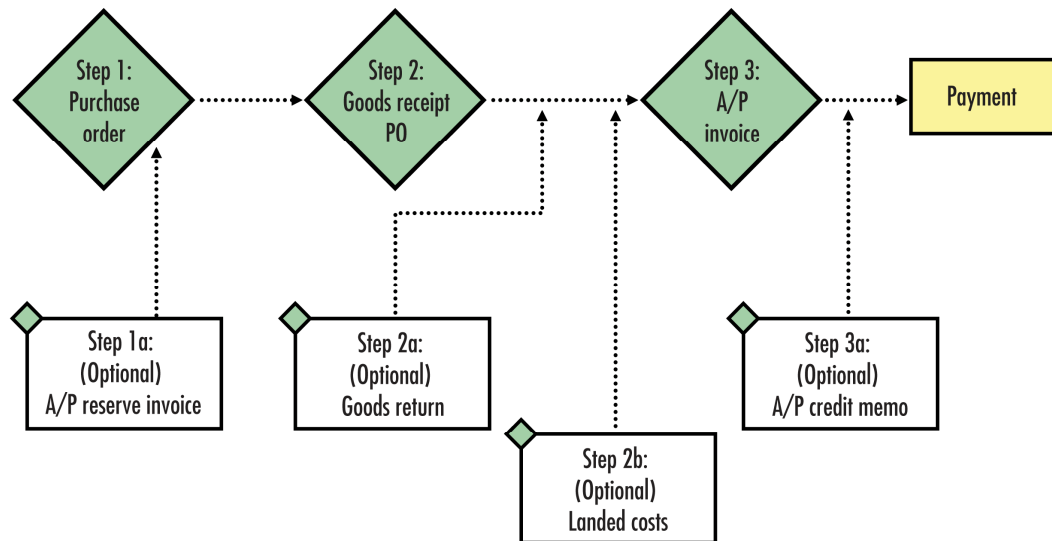


Figure 6-1: Purchasing document flow in SAP Business One

Sometimes the process doesn't take a straight path because of one problem or another. For this reason, SAP Business One allows you to create other related purchasing documents to address special circumstances. These additional purchasing documents allow you to account automatically for all changes that may occur along the A/P process path—such as having to return defective items, pay customs charges or other fees, and so on. Obviously, this will save you a lot of time and trouble because you won't have to manually match the changes to the original purchasing documents.

Definitions

The term item is used in a very specific way in SAP Business One. It refers only to goods and materials bought, produced, sold, and warehoused.

The purchase order (PO) is the document you provide to the vendor specifying the items or services you want to purchase, including agreed-to quantities and prices.

The A/P reserve invoice is similar to a PO but it includes a request for payment. It is used when the vendor bills you before delivering an item or service.

The goods receipt PO is the document that denotes the delivery of goods from a vendor to a company. It is used to update the inventory quantities and values.

The goods return document is used to reverse a goods receipt PO after it has been posted. It is used whenever part or all of the goods received are returned to the vendor.

The landed costs document is used when additional costs are involved in the purchase of items, usually from abroad, such as tariffs, brokers' fees, and so on.

The A/P invoice is the document into which accounts payable enters the vendor's invoice information and sets up the payment.

An A/P credit memo is used to reverse the A/P invoice—partially or in its entirety—after it has been posted. It credits the company for the goods returned to the vendor.

The A/P Down Payment Invoice is used in a prepayment scenario. The amount is recorded to a predefined asset account, and moved to the expenses or the inventory account once the down payment is applied to a standard A/P invoice. This document does not affect inventory.

Getting Started: Common Structure and Key Data

All of the purchasing documents in SAP Business One share a similar structure and use much of the same data. Before diving into the documents, here's an explanation of what is the same about each document.

Common Document Structure

Each purchasing document in SAP Business One has nearly identical header and footer fields and three tabs for *Contents*, *Logistics*, and *Accounting*. This structure helps to ensure that all relevant data is captured as the A/P process initiated by a PO gathers steam.

Header fields appear in every window of a purchasing document. You enter vendor data and delivery dates here, if SAP Business One does not fill it in automatically as part of the process flow.

Footer fields appear in every window of a purchasing document and contain the calculated totals for the purchase, including freight costs and tax.

The *Contents* tab is where all the specific information about the ordered items or services is entered, such as quantity, price, item number, and description.

The *Logistics* tab contains the details about where the items or services as well as payments are to be sent. Shipping method is also specified here. Most of the data is pulled from preconfigured master company details and vendor data.

The *Accounting* tab contains the relevant general ledger (G/L) account information for the purchase pulled from the financial accounting master data. See Chapter 4 for more information about G/L account determination and how SAP Business One handles automated journal entries that come via the purchasing as well as sales and inventory modules.

Purchase Order

Header

Vendor: V1010
 Name: Far East Imports
 Contact Person: Bob McKensly
 Vendor Ref. No.:
 Local Currency:

No.: Primary 15 - 0
 Status: Open
 Posting Date: 11/04/09
 Delivery Date: 11/04/09
 Document Date: 11/04/09

Contents, Logistics and Accounting tabs

Contents Logistics Accounting

Item/Service Type Item Summary Type: No Summary

#	Item No.	Quantity	Unit Price	Disc...	Tax C...	Total (LC)
1	A00001	10	\$ 10.00	0.000	0	\$ 100.00
2	A00002	5	\$ 400.00	0.000	0	\$ 2,000.00
3	A00003	1	\$ 450.00	0.000	0	\$ 450.00
4	A00004	1	\$ 500.00	0.000	0	\$ 500.00
5				0.000		

Footer

Buyer: Sales Manager
 Owner: Manager, Sales

Remarks:

Total Before Discount: \$ 3,050.00
 Discount: %
 Freight:
 Tax:
 Total Payment Due: \$ 3,050.00

OK Cancel Copy To

Figure 6-2: Anatomy of a purchasing document in SAP Business One

Key Data

Getting the most important data right from the start ensures that the A/P processes flow smoothly and avoids unnecessary roadblocks later on—especially since SAP Business One allows you to build documents from existing ones (see “Building One Document from Another” later in this chapter). For each of the purchasing documents, therefore, it is wise to make sure that the following information is complete and correct.

Data entry alert. Only users with the proper authorization may enter or update business partner or other master data. See Chapter 10 for more information.

Key Data: Vendor

Vendor data identifies who is supplying the goods and services. Before purchasing documents can be created, the vendor must be entered in the SAP Business One list of business partners. See Chapter 4 for instructions on entering master data.

To locate existing vendor information, either click on the button to the right of the *Vendor* field in the document header or press the **Tab** key in the *Vendor* field. The *List of Business Partners* appears in a pop-up window.

If you are authorized, you can enter new vendor information while creating a purchasing document. To do so, click on the *New* button on the bottom of the *List of Business Partners* pop-up window.

Payment method alert. If you plan to issue the vendor a check using the payment wizard, make sure you have defined the payment method in the vendor business partner master data record. See Chapter 4 for more information on master data management.

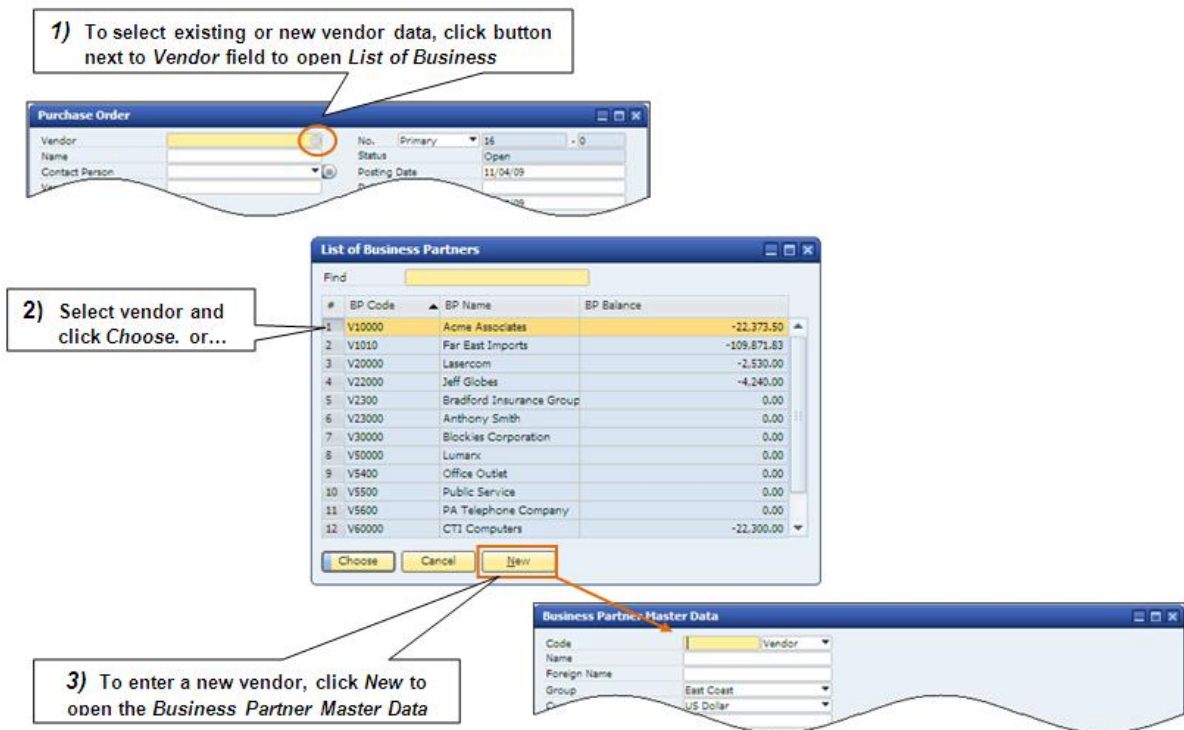


Figure 6-3: Specifying a vendor

Key Data: Item

Item data identifies what is being purchased. To locate the *List of Items* (goods and materials), press the **Tab** key or the *Choose From List* icon from the *Item No.* field in the document's *Contents* tab. From the resulting pop-up window, you can select from the list or enter new data by clicking on the *New* button.

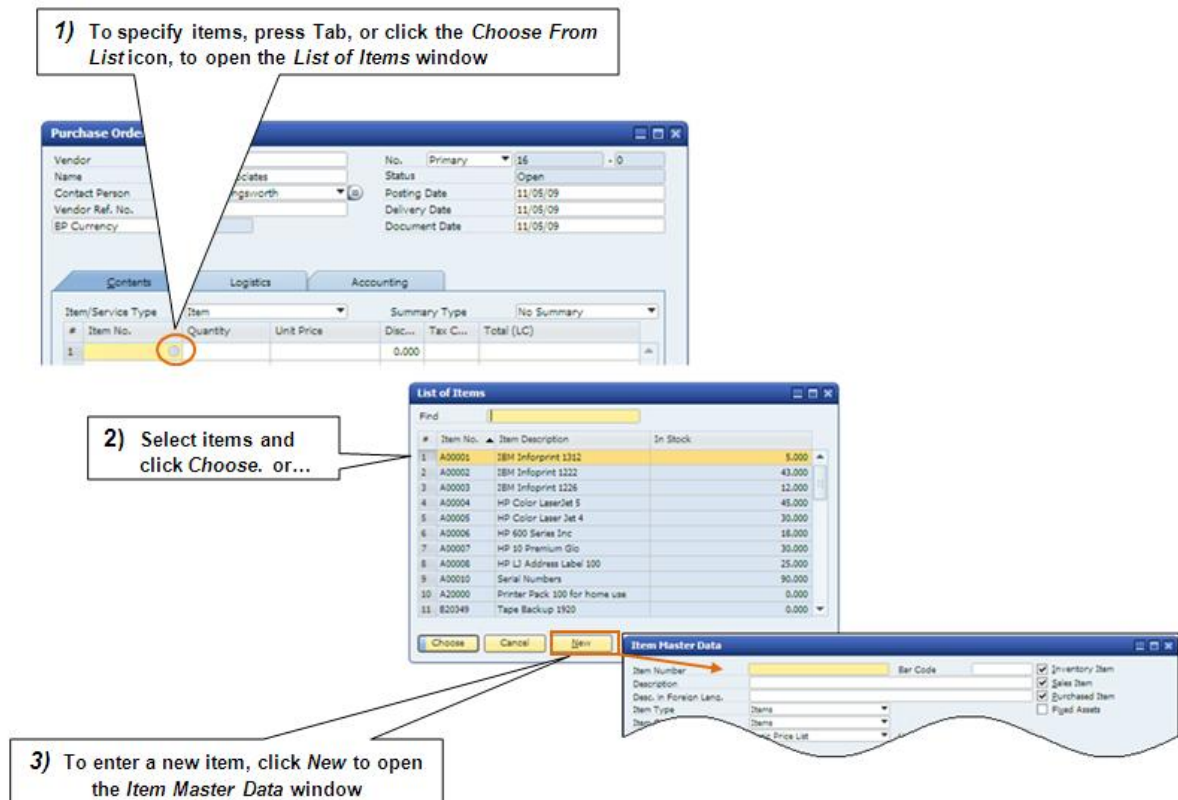


Figure 6-4: Specifying an item

Usability tip. You can select multiple items from the list by holding down the Ctrl key and clicking on as many items as desired. To select a range of items, click the first record, hold down the Shift key and click the last record.

You can enter new or updated vendor or item information directly into the relevant fields in the purchasing document. However, you should note that this information does not update the master data record and is relevant only to the specific purchasing document into which it has been entered. If you do change the vendor's name or an item's description directly in the purchasing document, press **Ctrl + Tab** to proceed when you are finished. However, if you want to make a permanent change or create a new item or vendor, we recommend that you change the relevant master data record or create a new item or vendor. That way, the data you update or the new item or vendor will be available from now on.

As shown in Figure 6-5, you can change the format of any row in the *Contents* tab of any SAP Business One purchasing document to insert text or a subtotal of the preceding row. Simply click on the drop-down list in the *Type* field and select **T** (for text) or **Σ** (for subtotal). When you select **T**, the *Text Editor* pop-up window appears. From here, insert predefined text from the drop-down list or

insert your own text. This is especially helpful when you want to convey specific instructions to your vendor about how items should be manufactured, handled, or shipped.

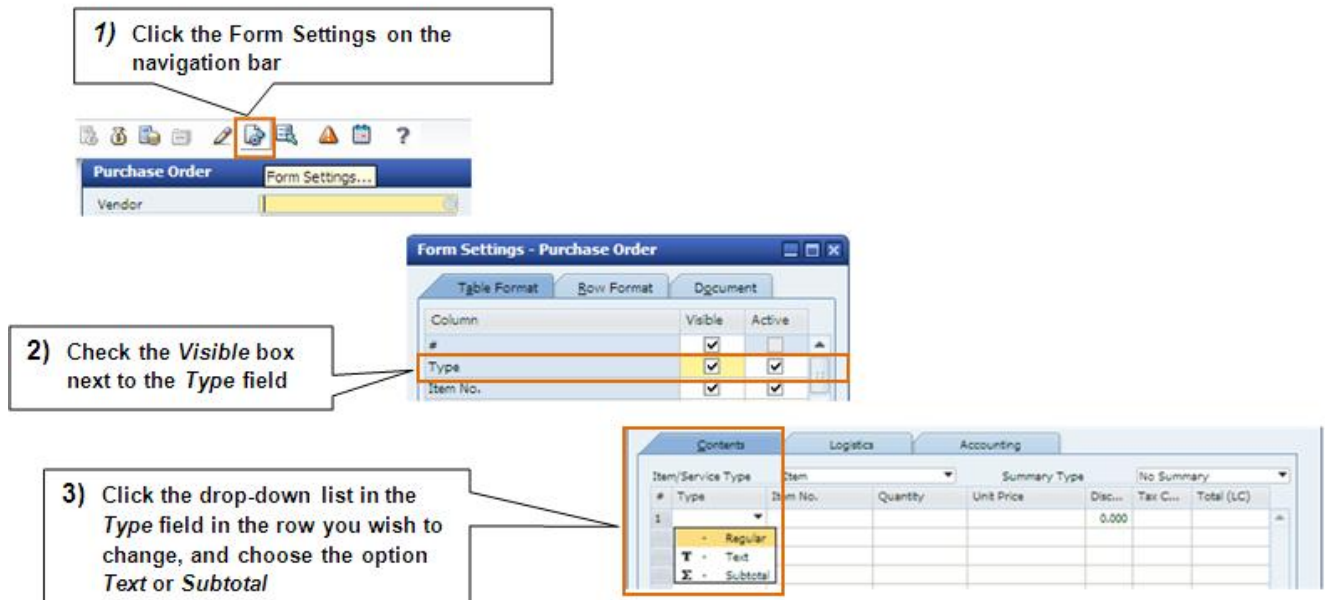


Figure 6-5: Changing the type of a row in a purchasing document

Key Data: Pay to and Ship to Addresses

It is important to understand how the *Ship to* and *Pay to* addresses are used in the purchasing process.

Ship to address: This information is displayed under the *Logistics* tab. If you check the *Use Warehouse Address* box under *Administration* → *System Initialization* → *Document Settings* → *General* tab, the ship to address displayed is the one from the first selected warehouse. Otherwise, the company's address is displayed here. You can modify the *Ship to* address in purchasing documents to ensure that goods are shipped to the correct location.

Pay to address: This information is displayed under the *Logistics* tab and is defined in the vendor business partner master data record. Make sure the *Pay to* address is the one you want for a given purchase since this information prints on the check when payment is issued.

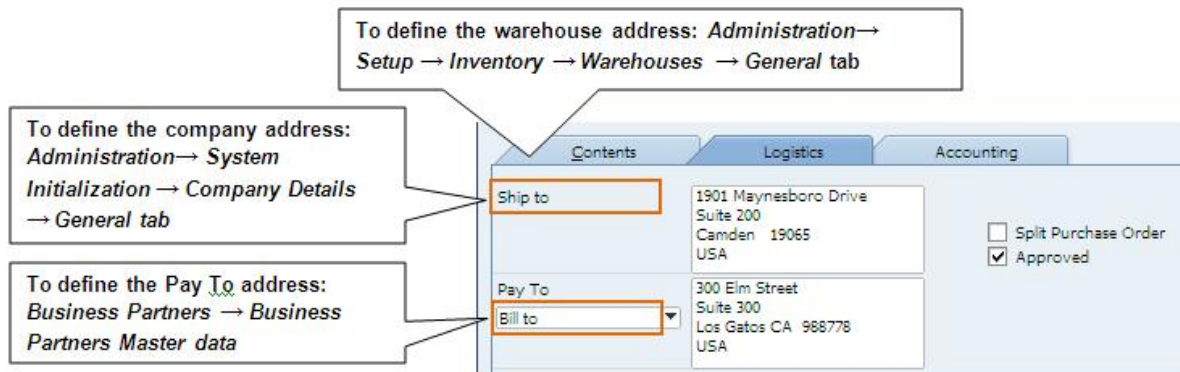


Figure 6-6: Where *Ship to* and *Pay to* addresses are defined

The tax code in purchasing documents is determined based on the selected warehouse. Go to *Administration* → *Setup* → *Inventory* → *Warehouse* to identify the tax code for the warehouse. If different items have different warehouses, the appropriate tax code appears for each row.

Approval alert. The *Approved* checkbox is selected only if the person creating the purchasing document has the authorization to post it. See Chapter 10 for more information.

Taking It Step by Step

Now we look at the process in more detail, one step at a time, starting with the purchase order.

Step 1: Purchase Order

Creating a PO is the first and most basic task in any purchasing application. In a nutshell, a PO is a commercial document issued by a buyer to a seller specifying the items (goods or materials) or services—along with agreed-to quantities and price—that the seller will provide the buyer.

Creating and Posting a PO

You may create a new PO by clicking on the document name in the module menu or by basing it on an existing sales order. This latter feature is especially useful if keeping inventory in the warehouse is expensive or dangerous (such as with diamonds or flammable materials), and the company orders the product from the vendor (that is, creates a PO) only after a customer wants to buy the product (that is, creates a sales order). See more information in the previous chapter about *Drop Shipment*. Additionally PO's may be created automatically from the MRP module. See chapter 7 for more information.

If you have attended to the master data issues discussed earlier, you need to enter only the following information in your PO:

- *Delivery Date*: This is the date that you would like to receive the items (or services) being ordered.
- *Vendor*: See “Getting Started: Common Structure and Key Data” earlier in this chapter. Figure 6-7 shows how to specify a payment method.
- *Contents tab*: In the *Item/Service Type* field, make sure the type you select corresponds to what you are ordering, as shown in Figure 6-7. Enter all items (or services—but note that you cannot mix the two items and services in a single purchasing document) you are ordering into the table. (See “Getting Started: Common Structure and Key Data” earlier in this chapter.)

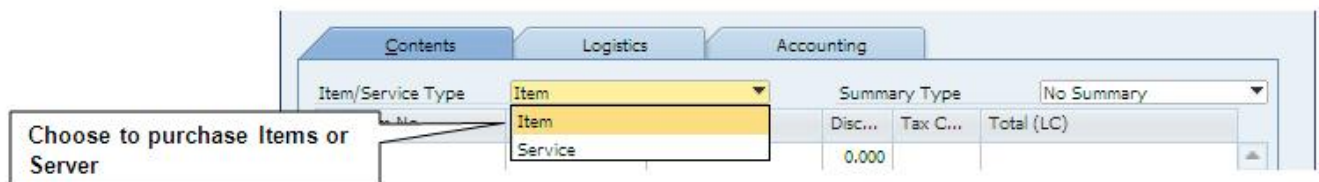


Figure 6-7: Purchasing an item and or a service

Once you have entered this information into the header and *Contents* tab of your PO, the rest of the document is populated with the data necessary to issue the PO. If you are not ready to add the PO (by clicking the *Add* button), you can save it as a draft (by pressing **Alt + S** or clicking *File* → *Save as Draft*; see Chapter 10 for more information about document drafts). In SAP Business One, the PO is the only purchasing document you can amend after it has been added.

How do I create a blanket PO? To create a blanket PO for items or services to be delivered over a specified timeframe or on a periodic basis (for example, leases for office space and equipment or service contracts), create a purchase order with as many line items as needed (for example, 12 items to cover monthly deliveries for a year). You can then close one line at a time as the items or services are delivered, until the entire PO has been used.

Approval procedures tip. In SAP Business One not only can you specify who may initiate purchase orders and who needs to sign off on purchase orders, but you can also set spending limits for each person so authorized. See Chapter 10 for more information.

Accounting and Inventory Impact of a PO

When a PO is added in SAP Business One, no value-based accounting changes occur. However, the order quantities listed in inventory management are increased. You can view items and quantities on order in various reports and windows, such as the inventory status report and the *Item Master Data* window. Obviously, having such real-time access to this information can play a key role in optimizing your company's purchasing and inventory management business processes.

How PO Information Is Used Later

In the course of a garden-variety accounts payable process, when goods are received, purchase orders are matched with packing slips and vendor invoices before the invoices are paid. In SAP Business One, this process is automated: the purchase order can be linked to the goods receipt PO (information from packing slip), which then can be linked to the A/P invoice (information from vendor's invoice), allowing information to be consistent and retained throughout the process. You never have to enter data twice—especially if you have been mindful to attend to the master data issues discussed earlier.

Report reminder. The vendor liabilities aging report and purchase analysis report are essential reports in the Purchasing-A/P module. The vendor liabilities aging report shows all the money a company owes and how long it has been owed. This is a key report in managing the cash flow of a company and choosing which bills to pay first in times of cash shortages. The purchase analysis report allows purchases to be listed by vendor, item, purchasing employee, and other dimensions to enable detailed analysis of purchasing patterns. Both reports are available under *Purchasing Reports* in the *Purchasing - A/P* area of the main menu.

Step 2: Goods Receipt PO

In SAP Business One, a goods receipt PO is created when you receive goods from a vendor. In most companies, the person in the warehouse or the office responsible for taking delivery of shipments executes the goods receipt PO. For services, the person for whom the services are rendered usually issues the document.

Creating and Posting a Goods Receipt PO

A goods receipt PO can be created new by selecting the document name in the module menu, or it can be built from an existing PO (Figure 6-8 shows both methods). If you are basing your goods receipt PO on an existing PO, you may copy all the data contained in the PO or use the draw document wizard (see Chapter 10) to select the data to copy from one or more existing POs. Even if

you copy all data from an existing PO you can still adjust quantities and prices—as well as dates, vendor, and item information—before you post (add) the document.

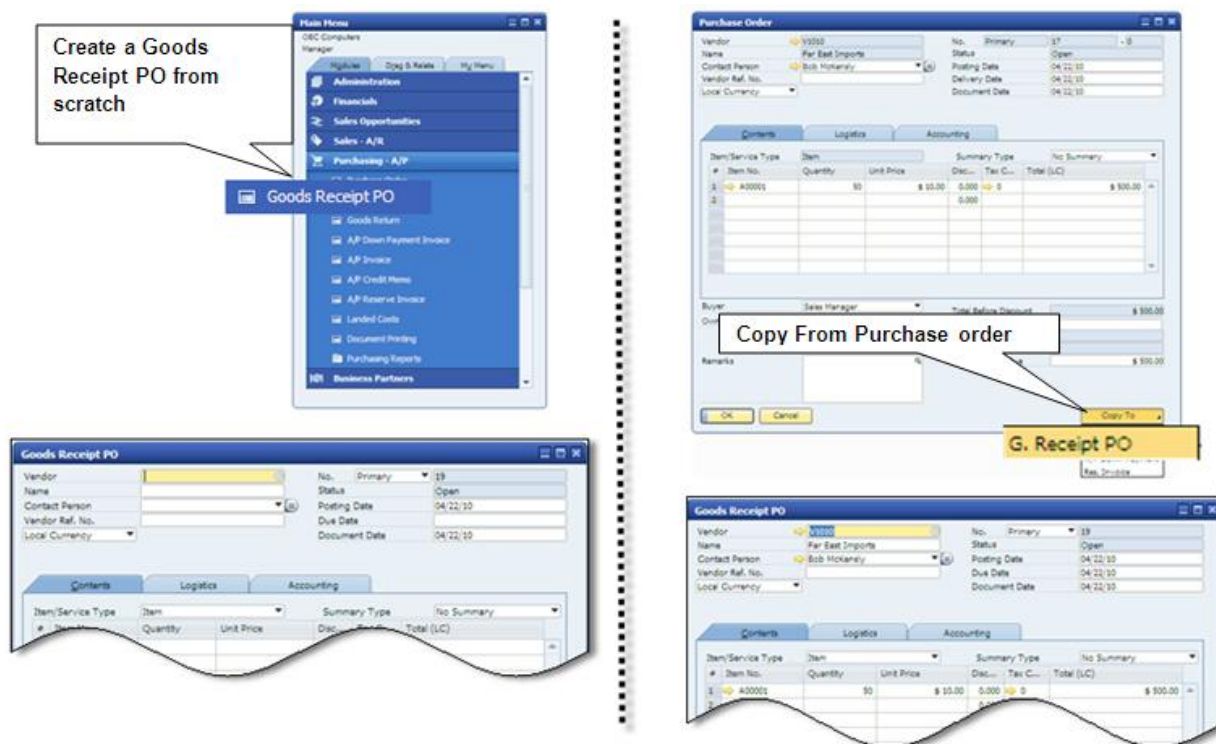


Figure 6-8: Creating a goods receipt PO from scratch and from an existing PO

Regardless of how you create your goods receipt PO, there should be no differences between the data in the goods receipt PO and the vendor's shipping document (packing slip) sent with the items, because the details in the vendor's document are legally binding. If there are any discrepancies between the base PO data and the vendor's shipping document, you should resolve them with the vendor before you post your goods receipt PO.

Managing serial numbers

Managing serial numbers for inventory items allows you to accurately locate and track particular units you have purchased and sold. Every stock movement records which serial number was used, and using various reports you can view the transaction log of each serial number. Serial numbers can be used in the Service module as well. Customer equipment cards can be created automatically when a serial number is sold. Read more about the service module in chapter 9. On the *Administration* → *System Initialization* → *General Settings* → *Inventory* → *Items* tab you can

determine the management method for serial numbers. If you select the *On Every Transaction* option, in every stock entry or release, a serial number must be identified. For item are received into inventory, for example, using a goods receipt PO, you must define the serial number attributes in order to create them and add the document. If you select the *On Release Only* option, serial numbers must be selected to be released on documents that reduces inventory such as a delivery. That means that upon creation of the goods receipt PO it is not necessary to define the serial number's attributes. That method is mainly dedicated for companies that purchases large volume, and do not wish the purchasing process to be withheld for the purpose of defining serial numbers. At a later stage, the serial number's attributes are updated.

To define serial number attributes on creation, or select ones to be released, right-click the quantity field and choose **Serial Numbers**.

Accounting and Inventory Impact of a Goods Receipt PO

It is essential that the quantities and prices in your goods receipt PO match the vendor's shipping document. Unlike a PO, a goods receipt PO cannot be amended after it has been added to SAP Business One because it triggers both inventory and accounting transactions.

Optional Step: Goods Return

Of course, there are always those occasions when items received are found to be defective or otherwise not acceptable and must be returned to the vendor. Since you can't change or cancel a goods receipt PO, you can create a goods return document, as shown in Figure 6-9. This purchasing document reverses partially or completely the quantity and value-based changes made by the goods receipt PO that was created when the items were received.

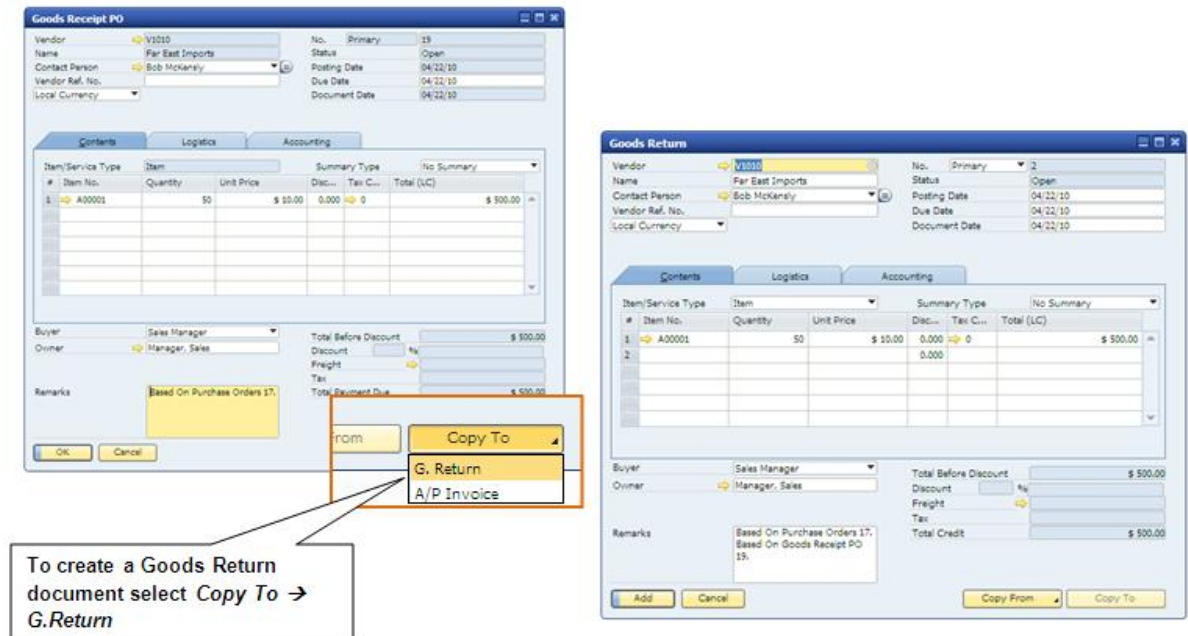


Figure 6-9: Creating a goods return document

Optional Step: Landed Costs

From time to time you may need to account for costs incurred when importing items from abroad, such as customs, broker, and insurance fees. For this purpose, in SAP Business One you can create a landed costs document that is used to update the cost of the imported items and is required for calculating inventory valuation, gross profit, or any other inventory-related calculation. It is mandatory that this purchasing document be based on a goods receipt PO. Since SAP Business One uses the goods receipt PO as the base reference for the entire import process, be sure to enter the item prices and quantities correctly at the time you create the goods receipt PO. After you post the landed costs document, the price of the imported items is updated. And since it also contains all the costs that were allocated, the landed costs document creates a journal entry to reflect the additional import costs in accounting.

If your final costs are not known yet, you can post landed costs as an estimate, and at a later stage post an adjusted landed cost document with the final numbers, by copying the first landed cost document to a new one.

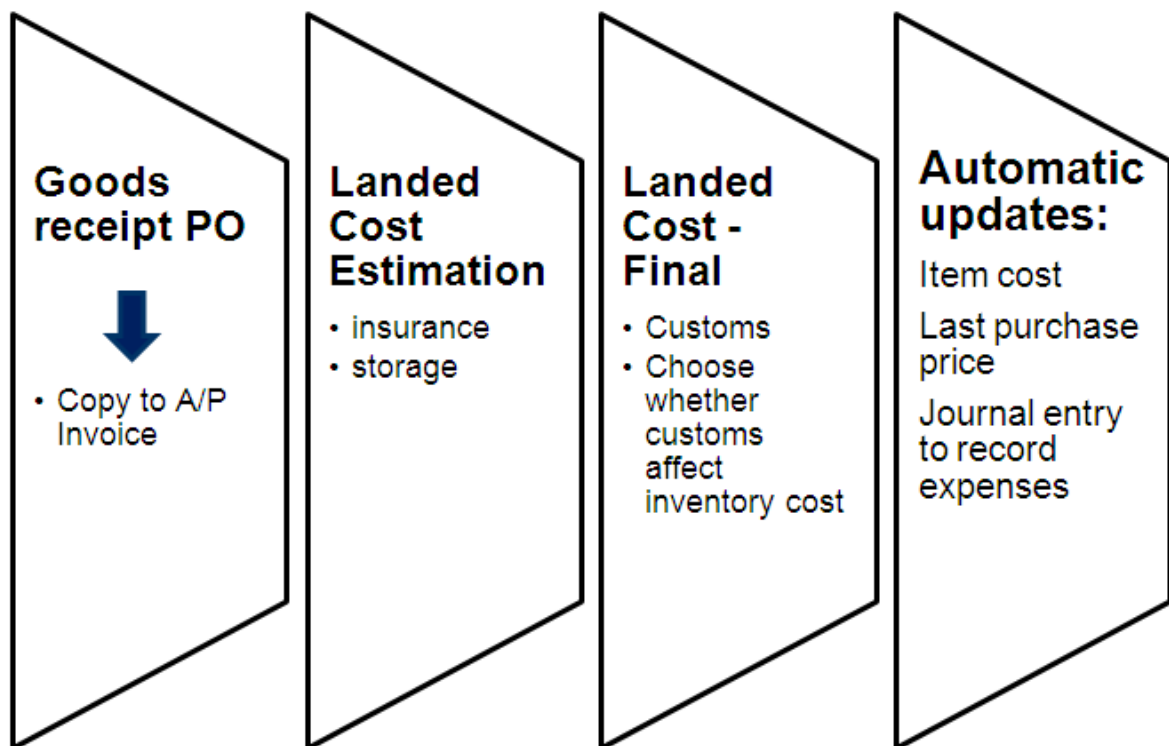


Figure 6-10: Landed Cost Steps

In order to enable automatic journal entries you must define the appropriate G/L accounts. Go to *Administration* → *Setup* → *Purchasing* → *Landed Cost* to define the landed cost's allocation account. Go to *Administration* → *Setup* → *Inventory* → *Customs Groups* to define the customs allocation and expense accounts.

Accounting and Inventory Impact of Landed Cost

The landed cost document does not change quantity levels in inventory. It does however update the item unit cost, based on the *Goods Receipt PO* original cost plus the additional expenses identified in the landed cost document. The journal entry will debit the inventory account and credit the *Customs Allocation* account for the customs amount. If you prefer that customs does not affect inventory cost, the amount will be posted to the *Customs Expenses* account instead. As for the landed cost expenses, the journal entry will debit the inventory account and credit the landed costs allocation accounts.

The final step of recording landed cost is to post a service A/P invoice to your vendor which represents the broker you paid the additional expenses to. Here you would credit the vendor, and debit the corresponding allocation accounts so the amount is cleared.

Step 3: A/P Invoice

The A/P invoice is the purchasing document in SAP Business One that “vouches” for the invoice that the vendor sends for items or services ordered and received. The accounts payable clerk usually creates the A/P invoice that is required to request payment for the vendor. The A/P invoice results in a journal entry that reflects an increase in the company's liability to the vendor and updates the tax account and relevant expense account(s).

Creating and Posting an A/P Invoice

You can create an A/P invoice directly by selecting the document name in the module menu or by basing it on one or more POs or goods receipt POs. If you are basing your A/P invoice on one or more existing purchasing documents, you may copy all the data contained in the PO or use the draw document wizard (see Chapter 10) to select the data to copy from one or more existing POs or goods receipt POs. Even if you copy all data from existing purchasing document(s), you can still adjust quantities and prices—as well as dates, vendor, and item information—before you post the document.

Data entry tip. Use the *Document Date* field in the A/P invoice header to enter the vendor's invoice date. This is important for accounting and auditing reasons as the invoice date and the posting date may differ. You may also wish to change the name of the *Vendor Ref. No.* field in the document header to *Vendor Invoice No.* This field prints on the check and allows your vendor to tie the payment to their invoice. See Figure 2-15 for details.

Accounting and Inventory Impact of an A/P Invoice

Once posted to SAP Business One, an A/P invoice cannot be changed, as it is the legal accounting document that generates entries in the general ledger. The posted A/P invoice also updates the related vendor accounts in accounting.

In those cases where a vendor's invoice arrives before the items are received and are for items whose purchase is managed in the warehouse, the resulting A/P invoice also increases inventory quantities and values.

Optional Step: A/P Reserve Invoice

The A/P reserve invoice is similar to a PO but it also includes a request for payment. It is used when the vendor is concerned about your creditworthiness and requires prepayment before delivering an item

The A/P reserve invoice is a combination of a PO and a request for payment. It can be created directly or from an existing PO. Once posted, the document debits the relevant accounts in the general ledger without affecting inventory quantities and values. The A/P reserve invoice cannot be used for services.

Optional Step: A/P Credit Memo

You use the A/P credit memo in SAP Business One to reverse in part or entirely the inventory or accounting transactions posted by an A/P invoice in the case you return items later or realize you have made mistakes while entering data in previous related purchasing documents that have not been corrected. You create an A/P credit memo using the A/P invoice as your base document (as shown in Figure 6-11) if you want to establish a link between the two transactions. However, you can also create an A/P credit memo without a base document.

A/P Credit Memo

Vendor: V1010
 Name: Fair East Imports
 Contact Person: Bob McKensly
 Vendor Ref. No.:
 Local Currency:

No.: Primary
 Status: Open
 Posting Date: 04/22/10
 Due Date: 04/22/10
 Document Date: 04/22/10

#	Item No.	Quantity	Unit Price	Disc...	Tax C...	Total (LC)
1	A00001	50	\$ 10.00	0.000	0	\$ 500.00
2	A00002	1	\$ 400.00	0.000	0	\$ 400.00
3	A00003	1	\$ 450.00	0.000	0	\$ 450.00
4				0.000		

Buyer: Sales Manager
 Owner: Manager, Sales

Remarks: Based On A/P Invoices 38.

Total Before Discount: \$ 1,350.00
 Discount: %
 Total Down Payment:
 Freight:
 Tax:
 Total Credit: \$ 1,350.00
 Applied Amount: \$ 1,350.00
 Open Balance:

Copy From:
 Goods Return
 A/P Invoices
 A/P Down Payment


Choose Copy From → A/P Invoice to open the Document Draw wizard and reverse the A/P Invoice

Figure 6-12: Creating an A/P credit memo

If, before you execute an A/P invoice, you have returned items and the vendor has sent you a goods return document, first create a goods return in SAP Business One that will update the inventory quantities and values. When you receive a credit memo for the returned items from the vendor, create an A/P credit memo to update the accounting transactions.

Optional Step: A/P Down Payment Process

In some cases you are required to pay a portion of the total due in advance, usually at the time you place the PO. For example if your vendor asks you to provide your credit card information at the time he commits to fulfill your purchase order, you will record this as a down payment.

To record this payment, while creating the PO, click the payment means icon  to open the *Payment Means* window. Once you add the PO, three documents are created:

- 1) The **PO**
- 2) The **A/P down payment invoice**. linked to the PO
- 3) An **Outgoing Payment** which closes the A/P down payment invoice.

The process is complete when you issue the final A/P invoice. If you base the invoice on the PO, the A/P down payment invoice is applied, and the amount is reduced from the A/P invoice amount.

Down Payment Amount Reminder. When you apply a down payment, you can choose to pay the full amount of the order, including tax and freight. It is also possible to pay an amount above the original PO amount. In this case, when you create the A/P invoice, by default the invoice total about will be zero, however if you choose to, you can apply the entire down payment amount, so the A/P invoice total is negative.

The A/P down payment invoice can also be created from scratch with or without reference to a PO. Depending on the business process in your company, you may not create PO, or perhaps the advance payment is done at a later stage, after you add the PO. In these cases, you can create the A/P down payment invoice independently. When the payment is done, create an outgoing payment, and apply it to the A/P down payment invoice.

Accounting and Inventory Impact of the A/P Down Payment Invoice

The down payment invoice has no effect on inventory. The funds identified in the document are debited to a predefined asset account, and the vendor is credited.

Once the A/P down payment is paid, it can be applied to the A/P invoice. At this stage the amount is transferred from the asset to the inventory or expense account. The vendor is credited for the remaining balance.

Specify the default down payment account by going to *Administration* → *Setup* → *Financials* → *G/L Account Determination*. Choose the *Purchasing* tab. On the *General* subtab, press **Tab** in the *Payment Advance* to select the asset account. This account also appears on the business partner master data. The account can be overridden by entering a different account.

Applying a Down Payment to an A/P Invoice. While creating the A/P invoice, click the browse button at the bottom of the document, next to the *Total Down Payment* field. A list of paid A/P down payment invoices for the selected vendor is presented. You can choose to draw the entire amount, or adjust the *Amount to Draw* field.

You can apply multiple outgoing down payments on the same PO. To view a list of all down payments, right click the sales order screen and choose *Related Down Payment Transactions*.

Building One Document from Another

Many of these documents have much of the same information. SAP Business One allows you to create each “target” purchasing document described here from the “base” document or documents that precede it in the process.

For example, a goods receipt PO is usually built from the PO through which the item was ordered. When one document is built from another, all the relevant information is copied from the base document to the new document. This saves you valuable time by cutting back on redundant data entry, and it also reduces data entry errors. However, you can build purchasing documents in SAP Business One from scratch by creating the document from the main menu without copying any data from an existing document.

Document type alert. When you copy one purchasing document to another, make sure that the base document and the target document are of the same type, whether items or services. Purchasing documents cannot mix items and services, and an item purchasing document cannot be copied to or from a services purchasing document.

Locating Base Documents

You can locate base documents upon which to build your target purchasing documents in several ways. See Chapter 10 for more information about document handling.

Here are the two most common methods:

- Go to *Main Menu* → *Purchasing – A/P* → *Purchasing Reports* → *Open Items List*
 - Select the type of base document you are seeking from the drop-down list
 - Select the base document you want and click to open
 - Once the document is opened, use the *Copy To* button's drop-down list to select the type of target document you want and click to create
- If you would like to create your target document using data from two or more base documents, use the draw document wizard. See Chapter 10 for more information

Accounting and Inventory Impact

Summarized in the following table are the most important inventory management and accounting implications of the SAP Business One purchasing documents discussed in this chapter.

Purchasing document	Accounting impact	Inventory impact
Purchase order	No posting of value-based changes	Allows viewing of ordered quantities in various reports and windows, such as inventory status report and <i>Item Master Data</i> window
A/P reserve invoice	Debits accrued payable/allocation account and credits business partner's A/P control account	Allows viewing of ordered quantities
Goods receipt PO	Debits inventory account and credits accrued payable/allocation account	Increases inventory quantities
Goods return	Debits accrued payable/allocation account and credits inventory account	Reduces inventory quantities
Landed costs	Debits inventory account and credits landed-costs and customs account	Updates last purchase price of imported item(s)—containing all costs that were allocated—in price lists
A/P invoice	<p>If the A/P invoice is based on a goods receipt PO, debits accrued-payable/allocation account and credits business partner's A/P control account</p> <p>If the A/P invoice is not based on a goods receipt PO, debits inventory account and credits business partner's A/P control account</p>	<p>Posts no changes in inventory (A/P invoice with reference to goods receipt PO)</p> <p>Posts inventory changes (A/P invoice without reference to goods receipt PO)</p>
A/P credit memo	Debits business partner's A/P control account and credits inventory account	Reduces inventory quantities only if not based on goods return

Purchasing Checklist

Getting started

- ☐ Vendor master data contains current vendors
- ☐ Payment method is set
- ☐ Item master data contains goods and/or services previously purchased
- ☐ Landed costs are defined with appropriate default accounts

Step 1: Purchase order

- ☐ Create a PO by selecting existing or entering new vendor and item data
- ☐ Specify *Delivery Date* in document header
- ☐ If vendor requires prepayment for goods or services, use an A/P reserve invoice instead of a PO

Step 2: Goods receipt PO

- ☐ You receive items or services from vendor
- ☐ Document receipt of items or services using the goods receipt PO
- ☐ If you need to return goods after creating the goods receipt PO but before the A/P invoice has been posted, use the goods return document
- ☐ If you must account for additional import-related purchasing costs, use the landed-costs purchasing document based on a goods receipt PO

Step 3: A/P invoice

- ☐ You receive an invoice from vendor
- ☐ Enter invoice information into an A/P invoice, which allows payment to be issued once an invoice is posted
- ☐ If you return goods after an A/P invoice is posted, use an A/P credit memo

7

The ABCs of MRP

In This Chapter

- ❑ Material Requirements Planning Defined
- ❑ Preparing for an MRP Run
- ❑ Using the Wizard to Execute an MRP Run
- ❑ MRP Checklist

Material requirements planning (referred to universally as MRP) is, in the most generic sense, a set of planning techniques that use bill-of-materials data, inventory data, and supply inputs from scheduled production and purchase orders, as well as demand inputs from actual and forecasted orders, to calculate material requirements for made or bought items. The output of an MRP run is a set of recommendations to reorder or produce materials as well as alerts about materials that will be past due. Based on the results of an MRP run, the arrival of materials can be accelerated and delays in production can be accommodated through schedule changes. MRP can also be used to maintain proper inventory levels of items purchased for resale.

This chapter explains how to properly model your inventory and demand for products so that you can use SAP® Business One to support a streamlined MRP process for your business.

Material Requirements Planning Defined

SAP Business One tailors the generic MRP process to meet the needs of small and midsize manufacturing firms. When a business is considering using MRP, the first and most important step is to understand exactly how the process steps are implemented in SAP Business One. In other words, before you prepare to use MRP, it is important to understand what SAP Business One can do for you.

MRP terms. For those who may be familiar with the way that MRP is implemented in industry, it is important to define precisely the terms used in this chapter.

The term generic MRP process refers to the general definition of MRP that is in common use. We use this term when referring to the larger concept of MRP, not just what SAP Business One does for MRP.

The term MRP process refers to the scope and definition of the generic MRP process that is supported by SAP Business One.

The term MRP functionality means the SAP Business One functionality that supports the MRP process.

The term MRP run means using the SAP Business One MRP wizard to execute the MRP process so that the results can be used to efficiently schedule and manage production and replenish needed inventory.

These terms enable a clear explanation of how MRP is implemented in SAP Business One.

The basic function of an MRP run is quite similar to some of the schedule creation functionality provided by project management software. In a project management application, you enter the resources available, the specific tasks, their duration, and the resources required. You also enter the dependencies among tasks—that is, which tasks must be completed before others can start. Most project management applications take this information as a starting point and then calculate a schedule that shows how long a project will take. This schedule calculation can start either with the deadline for the last task or with the starting date of the first task.

An MRP run is a schedule calculation that uses sales orders as the most important factor, although for goods for trade, the minimum inventory level is also crucial. An MRP run uses the date in the sales order indicating when the product must be delivered to customers as its basis for scheduling. This is like using the date for the last task to be completed in a project management planning run. The MRP run works backwards and calculates the dates at which items must be available at the factory, using the bill of materials and the information describing how long it takes to purchase or make items specified in the bill of materials.

MRP process scope reminder. The MRP functionality of SAP Business One assumes that sufficient production capacity is available. The results of an MRP run should be reconciled with the production schedule for a factory. Insufficient capability to fulfill the requirements is displayed on the Historic Data column in the MRP run.

The key to getting the most out of the MRP functionality in SAP Business One is understanding how inventory and demand are modeled and how the MRP run uses this information. Here is the definition of MRP as implemented in SAP Business One:

- The current state of **inventory** is modeled through the levels of items on hand in each warehouse, supplemented by the items that are already on the way through purchase orders or production orders.
- The current state of **demand** is modeled through open sales orders, minimum inventory levels, open production orders, and forecasts. Entire categories of demand can be included or excluded. For example, an MRP run can be configured to look only at sales orders and ignore forecasts or, alternatively, to have actual orders consume forecasted quantities to avoid inflating inventory.
- The result of an **MRP run** is a suggested set of purchase orders or production orders. These suggested purchase and production orders can be converted easily to actual orders. If enough materials are not going to be on hand in time, the MRP run signals when a required quantity will not meet its due date based on its lead time. The recommendation report highlights recommended purchases or production orders that are past due. The MRP run does not suggest whether it would be better to delay the date at which the sales orders will be delivered or to attempt to rush the arrival of the needed items.

MRP process scope reminder. In a company with multiple warehouses and factories, the warehouses, inventory, and sales orders that are included in an MRP run must be chosen carefully since SAP Business One does not associate specific warehouses with specific production facilities in its model. That means that if the factory is in New York and one of several warehouses is in California, the items in the California warehouse are considered as part of inventory for the MRP run, even though the required items from California are not useful until they are moved to the factory in New York. Make sure that you include only relevant warehouses in the MRP run.

The reason to use MRP is simple: it replaces informal, ad hoc, error-prone production scheduling based on the instincts of one or two people with a more structured process that allows more people to participate using better information. Here are the sorts of errors that the MRP functionality of SAP Business One can prevent and some efficiencies that can be introduced:

- If the warehouse staff keeps inventory up to date, procurement managers don't have to worry about double-checking the accuracy of inventory levels and can instead focus on strategic procurement—cutting a better deal with suppliers.
- To reduce procurement costs, order intervals can be set up to consolidate purchases of like items. Minimum order quantities and order multiples allow companies to take advantage of quantity and order discounts.
- If an answer is needed about the ability to fill a big order, you don't have to wait your warehouse staff to get back from vacation. You can do an MRP run yourself and get an idea of whether you have the required materials.
- Inventory levels can be reduced because you know how much of all the items you need are on hand. Surplus inventory kept as insurance to avoid shortages can be reduced, and so can the bulge in inventory that can result from two people noticing a shortage and each placing an order without the other's knowledge.

SAP Business One implements MRP in a way that provides structure, but in a flexible manner, so that the instincts about what orders may or may not arrive can be represented in the models of inventory and demand and can inform the MRP runs. The application does not place orders automatically, but instead suggests them. These orders can then be improved after inspection by purchasing professionals or production managers who may have special knowledge that goes beyond what can be captured in an MRP application. For small and midsize businesses, this architecture provides just the right balance between automation and hands-on control.

Preparing for an MRP Run

Much of the work of preparing for an MRP run takes place through the normal routine of using SAP Business One to run your business. If master data for items, inventory, bills of material, purchase orders, production orders, sales orders, forecasts, and so forth is kept up to date, MRP can provide a sharp, accurate view of your requirements.

An Overview of the MRP Process

As Figure 7-1 shows, to execute an MRP run, production, supply, and demand data must be accurate. Once a run is completed, any problems can be addressed so that production proceeds smoothly.

Key Master Data Settings Related to MRP

Most of the documents and data involved in the MRP process are simple and straightforward. Production orders, purchase orders, and sales orders are documents that list items being bought or sold.

Three kinds of master data represent the core of the MRP process: the bill of materials specifies the items used to produce a manufactured item, the item data specifies the lead time that it takes to acquire each item, and the inventory data represents how much of each item is on hand. Here are suggestions for keeping this sort of master data up to date to make sure that the MRP run has an accurate picture of how to produce goods.

Bill of Materials

The bill of materials lists all items used as inputs to a production process. Items in bills of materials can refer to items that are purchased or made. Made items must have their own bill of materials, which may include other made items, and so on. An MRP run starts with the products in all of the open sales orders, production orders, forecasts, and minimum inventory levels and then traverses the relevant bills of materials to see if all required items will be available when needed.

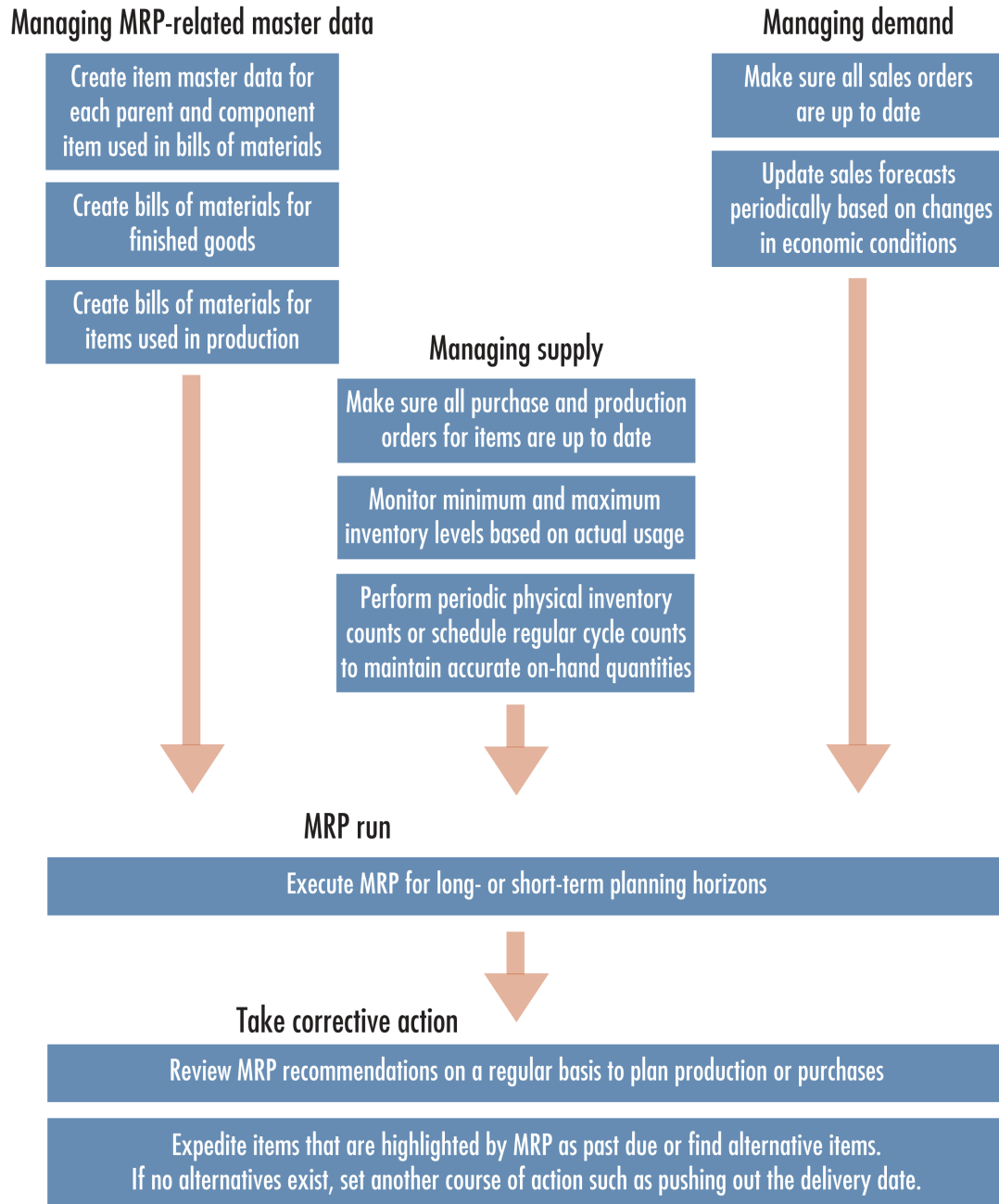


Figure 7-1: The MRP process

Labor costs reminder. Some MRP applications have what is called a “routing,” which is a description of the path items take through labor and production processes as they are being manufactured. SAP Business One has a simplified MRP process that does not model production capacity. Labor costs, however, can be accounted for. To get the total cost of producing an item, you must enter a special item used to represent labor costs, in addition to entering all of the items in the bill of materials. Learn more about the production process in chapter 13.

Item and Inventory Master Data

Figure 7-2 shows the *Lead Time* field on the *Planning Data* tab of the *Item Master Data* window (available by choosing *Inventory* from the *Main Menu*). This is one of the most important fields to specify correctly because the accuracy and usefulness of the MRP run is governed by this data.

The screenshot shows the 'Item Master Data' window with the 'Planning Data' tab selected. The 'Lead Time' field is highlighted with a red box. A callout box points to the 'Lead Time' field with the following text:

Lead Time indicates how long it takes an item to arrive after it is ordered. For *Made* items *Lead Time* indicates how long it takes to manufacture an item

Other fields visible in the 'Planning Data' tab include:

- Planning Method: MRP
- Procurement Method: Buy
- Order Interval: Every 5 days
- Order Multiple:
- Minimum Order Qty: 10,000

Figure 7-2: *Lead Time* field used in MRP calculations

The key steps in making sure an MRP run executes correctly are as follows:

- Make sure an item master data record exists for each parent and component item kept in inventory and used in bills of materials
- Enter the required minimum inventory level for each item on the *Inventory Data* tab
- Set the planning method to MRP for each item. If the planning method is not set to MRP, the item cannot be selected in the MRP wizard.

- Define the procurement method for the item as “make” or “buy”. For “buy” items a PO is created and for “make” items, a production order is created. Make sure all items that are parents of a production bill of material are set to “make”.
- Enter the intervals or multiples for the item, as well as the minimum quantity
- Specify the lead time it takes to purchase or make the item, as shown in Figure 7-2
- Create sales forecasts as needed. See **Consuming Forecasts** later in this chapter.

Using the Wizard to Execute an MRP Run

With an accurate model of your business in place, you are ready for an MRP run, which will help you figure out how to get the materials you need in time to make or sell products.

Executing an MRP run involves proceeding through the following steps:

- 1) Create an MRP scenario or choose an existing one
- 2) Select supply and demand data sources
- 3) Execute the MRP run and analyze recommendations
- 4) Take action based on recommendations of the MRP run

The complete picture of how you execute an MRP run is explained using three examples. In the first example, which covers how the MRP functionality handles a multilevel bill of materials, each step is covered in detail. The other two examples, covering consuming forecasts and order consolidation, explain these two advanced aspects of the MRP process at a higher level.

MRP Example 1: Multilevel Bill of Materials

One of the core features of the MRP functionality of SAP Business One is the way that it analyzes a multilevel bill of materials, in which one bill of materials refers to another bill of materials that could refer to still more. The challenge is to make sure that every item needed is available soon enough so that the components can be made far enough in advance to meet the schedule for the highest level item that includes them. With complex products, bills of materials can cascade for several levels.

Step 1: Creating or Selecting a Scenario

To begin the process of an MRP run, you first select *Main Menu* → *MRP* → *MRP Wizard*. This presents a simple welcome window that leads to a list of existing scenarios. Each scenario defines the scope of the MRP run. In this example, a bill of materials with two levels is analyzed:

Lexmax Printer Bill of Materials

Component	Lead time (days)	Make or buy	On-hand quantity
Memory board	2	Buy	0
Printer head	0	Buy	0
Power supply assembly	1	Make	0

Power Supply Assembly Bill of Materials

Component	Lead time (days)	Make or buy	On-hand quantity
AC adaptor	2	Buy	0
Power supply	0	Buy	0

At the time of the MRP run, a sales order containing 10 Lexmax printers has been created with a due date of June 21. There is no available on-hand quantity to fulfill the order as of the order creation date, June 13. The MRP run determines what we need to have on hand to fill this order. Figure 7-3 shows the *Scenario Details* window of the *MRP Wizard*, which appears after the welcome window.

MRP Wizard - Lexmark

Scenario Details
Define the planning horizon and the items you want to include in the MRP report, and choose specify display preferences.

Description: Lexmark Printer ☐ Simulation

Planning Horizon

View Data in Periods of: 1 Days

Start Date: 06/16/10

End Date: 07/15/10

Report Length: 30 Days

Max. Cumulative Lead Time: Days

Consider Holiday Table for: ☒ Production Planning ☐ Purchase Planning

Items

Code: From A10013 To A10013

Item Group: All

Properties: Ignore

Display Preferences

Sort by: Assembly Sequence

☐ Display Items Without Requirements

Save

Cancel < Back Next > Run

The *Planning Horizon* fields describes the report length, internal, and holidays table preference

In the *Items* fields, select which items to include in the run

In the *Display Preferences* choose how to sort the items. If you are using Bill of Material, choose *Assembly Sequence*

Figure 7-3: *Scenario Details* window

The most important dimensions of a scenario controlled in the *Scenario Details* window are the planning horizon that will be analyzed and the items that will be included in the run. This MRP run has a 30-day planning horizon that will analyze all sources for demand in the period from June 16 to July 15. The MRP run calculates the production and purchase orders needed for all items included in the bill of materials. The *Save Scenario* button that appears on this and later windows in the process saves the settings used in the MRP run.

Step 2: Selecting Data Sources

The next window in the *MRP Wizard*, shown in Figure 7-4, specifies the data sources used to calculate demand.

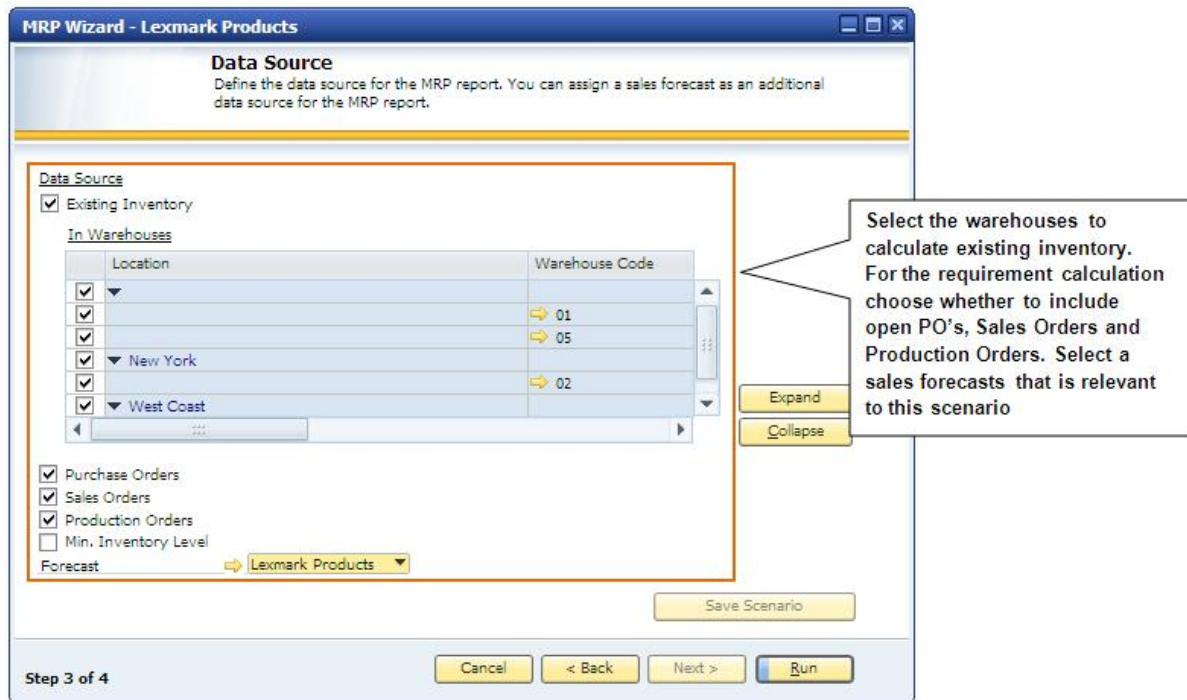


Figure 7-4: Data Source window

The *Data Source* window specifies the types of documents that are used to calculate demand for products, such as production orders, sales orders, and purchase orders, and identifies which warehouses hold the initial on-hand quantities to be included in the run. As described earlier, make sure that you choose only relevant warehouses.

Step 3: Executing the MRP Run and Analyzing Recommendations

An MRP run is executed by clicking the *Run* button in the lower right corner on any of the *MRP Wizard* windows. This triggers the MRP functionality that calculates current inventory and demand for products, reports whether you have enough materials on hand, and makes recommendations about which actions to take to acquire sufficient materials. Figure 7-5 shows the results from the MRP run.

The shaded area represent the item's lead time. Red quantities indicate requirements with insufficient lead time. Yellow fields, indicates that additional information will be displayed upon expanding the item's view

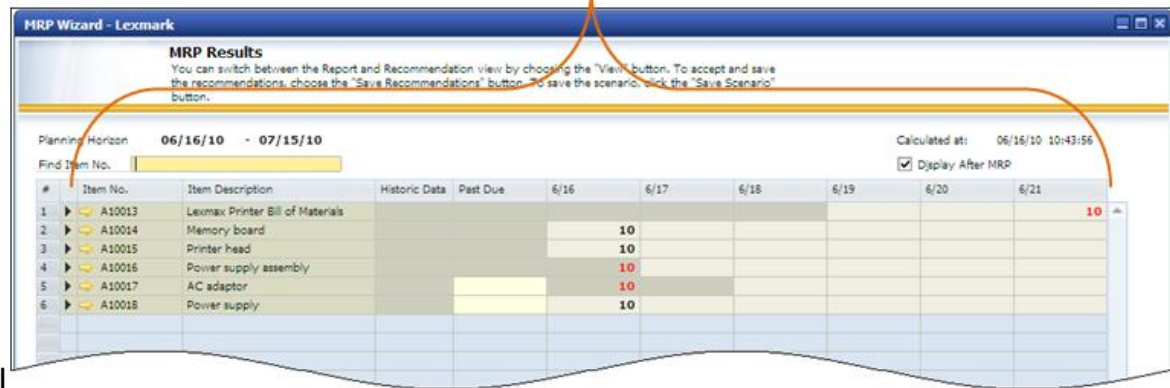


Figure 7-5: Item list from an MRP run

Let's look in detail at how the MRP functionality arrived at the results shown in Figure 7-5:

- The MRP run created a requirement for the parent item Lexmax printer to fulfill the sales order due on June 21 for 10 units.
- The Lexmax printer has a lead time of 3 days to produce, so the MRP run counts 3 days back from the due date of June 21 to determine the due date of each first-level component needed to build the Lexmax printer. June 20 and 19 are ignored during the count because they fall on the weekend and are considered nonworking days. Therefore the due date for each first-level component is determined to be June 16.
- The next step is for the MRP run to determine the second-level component requirements. One of the first-level components, the power supply assembly, is a subassembly with two items; it requires one day for production. In order to have the power supply assembly available on June 16, the AC adaptor and power supply need to be available on June 15.
- Results: The AC adaptor has a two-day lead time, so it is highlighted in red to show it is past due. If today is June 16 and the adaptor is needed today, there is no way the item will be in stock in time to fulfill the requirement.

Using the *MRP Results* window (shown in Figure 7-5), you can drill down to view the master data for each item by using the orange navigation arrows. In addition, you can examine existing purchase, sales, and production orders; review demand forecasts; and view the inventory levels if you expand the item row in this window.

To see any recommended versions of production orders needed to create the items for the sales order, click the *View Recommendations* button (not visible in Figure 7-5). If you click the *Save Recommendations* button, you accept and save the recommendations and make them available in the order recommendation report. Remember that saving recommendations does not mean that you have created the production and purchase orders recommended in the report—it simply means that you are saving the recommendations for later use. Read on for more information about this report.

Step 4: Taking Action Using the Results of an MRP Run

The final step of the MRP process is to use the order recommendation report to create the new production and purchase orders needed to satisfy the demand for products. In this step, you bring all your experience and knowledge to this process to supplement what SAP Business One has done.

You can take the following actions, among others:

- Change the dates on production, purchase, or sales orders and inform suppliers or customers of the changes
- Change quantities on purchase orders to take advantage of special offers or to round up or round down to lot sizes that may mean better prices
- Decide to make items rather than purchase them, or vice versa
- Shift inventory from one warehouse to another
- Change production schedules

Once such changes have been made and entered into SAP Business One, further MRP runs may be made to make sure that all required items will be available on time.

MRP Example 2: Consuming Forecasts

The previous example shows how the MRP analysis looks backward from the due date of an order, starting with the lead time for the items in a sales order, and then cascading all of the other lead times in bills of materials for components to determine whether all materials can be obtained on time. It is also important to understand that the MRP analysis reaches forward and reduces forecasted quantities so that inventory does not unintentionally get too high.

Excess inventory sometimes builds up after companies prepare annual, quarterly, and monthly forecasts for the number of units they plan to ship in order to avoid stock shortages and maintain on-time deliveries. If a company plans production based on forecasted quantities and then adds actual

ordered quantities to the forecasts, production may exceed actual needs and inventory may be inflated. To avoid this situation, SAP Business One has a feature that tells the application to reduce forecasted quantities by actual order quantities. As a result, only the net forecast quantity (forecast minus ordered quantity) will be added to the MRP run.

This capability of the MRP functionality of SAP Business One is important because forecasts are considered sources of demand for MRP. This means that if you make a forecast that orders for 50 units will come in during a certain period, MRP treats that forecast as actual orders and generates production orders so that the items are ready when needed. Continuing with this example, assume that an actual order for 10 units comes in. Now, MRP will adjust the forecast downward by the 10 units ordered to avoid a buildup of excess inventory. This is referred to as **consuming the forecast**.

Let's consider another example. Suppose you have received a sales order for 10 Lexmax printers with a due date of June 21. There is no available on-hand quantity to fulfill the order as of June 13, the order creation date. In addition to the sales order you created, there is also forecasted demand for 50 units on June 20. MRP is set up to have sales orders consume the forecast. (You can find this on the *Administration* → *System Initialization* → *General Settings* → *Inventory* tab → *Planning* tab.) In our example, the setting is 7 days backward, which means that the application searches 7 days back from the due date (June 21) to look for forecast quantities to consume.

The MRP analysis takes place as follows. Based on the settings in the consumption method, the analysis counts back 7 days and allows actual sales orders to consume forecasted amounts. In our example, the sales order for 10 units due on June 21 consumes 10 units of the forecasted quantities from June 20, reducing the forecasted quantities to 40 units as depicted in the MRP results shown in Figure 7-6.

Creating Sales Forecasts. The creation of forecast is a manual process. Based on your past experience selling certain items, you predict when a certain quantity will be required. Forecast can be defined as Daily, Monthly or Quarterly. To create new forecasts go to *MRP* → *Forecasts*. In step 3 of the wizard, choose the forecast from the drop down list.

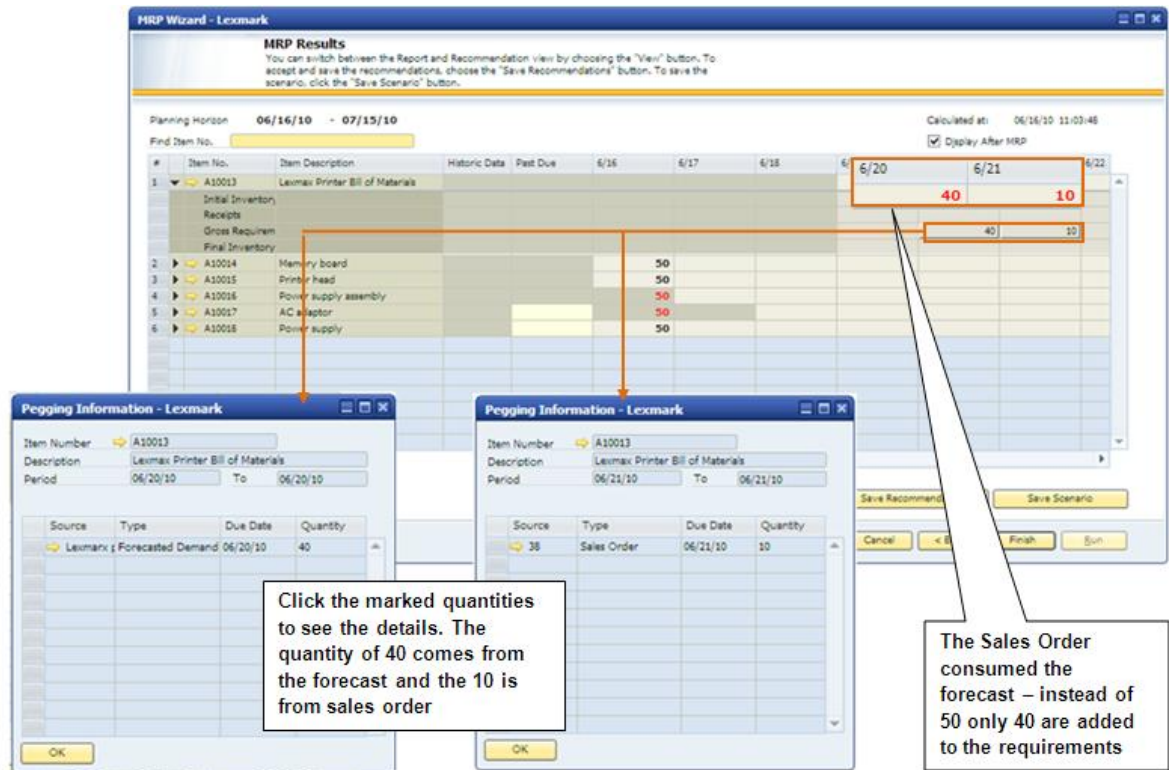


Figure 7-6: Results for MRP scenario in which forecasted orders are consumed

MRP Example 3: Order Consolidation

Another efficiency feature of the MRP functionality of SAP Business One is its ability to consolidate orders so that quantities are purchased in amounts that ensure the highest discounts. For example, if a significant discount were available for Lexmax memory boards when they are ordered in lots of 100, the MRP functionality will consolidate any needed orders for any Lexmax memory boards up to an order amount of 100 to maximize the discount. Figure 7-8 shows the *Order Recommendation* report. Here is where you confirm the creation of production and purchase orders. You can adjust quantities, dates and vendors as explained in the **Taking Action Using the Results of an MRP Run** section earlier. Use the *Form Settings* to choose the consolidation options in the order recommendation report prior to updating.

Order Recommendation

Find

#	Create	Order Type	Item Number	Item Description	Quantity	UoM	Due Date	Vendor Code	Vendor Name	Unit Price	Price After Discount
1	<input checked="" type="checkbox"/>	Production Order	LM4029	Lexmark 4029 Printer	9	ea	05/09/10				
2	<input checked="" type="checkbox"/>	Purchase Order	LM4029	Lexmark 4029 Printer	20	ea	05/13/10	V1010	Far East Imports	\$ 500.00	\$ 500.00
3	<input type="checkbox"/>	Purchase Order	LM4029	Lexmark 4029 Printer	3	ea	05/20/10	V1010	Far East Imports	\$ 500.00	\$ 500.00
4	<input checked="" type="checkbox"/>	Purchase Order	LM4029	Lexmark 4029 Printer	7	ea	05/23/10	V1010	Far East Imports	\$ 500.00	\$ 500.00
5	<input type="checkbox"/>	Purchase Order	LM4029	Lexmark 4029 Printer	5	ea	05/25/10				
6	<input checked="" type="checkbox"/>	Purchase Order	LM4029AC/ Lexmark 4029 AC Adaptor		18	ea	05/10/10	V1010	Far East Imports	\$ 10.00	\$ 10.00
7	<input checked="" type="checkbox"/>	Purchase Order	LM4029AC/ Lexmark 4029 AC Adaptor		15	ea	05/16/10	V1010	Far East Imports	\$ 10.00	\$ 10.00
8	<input type="checkbox"/>	Purchase Order	LM4029AC/ Lexmark 4029 AC Adaptor		20	ea	05/21/10				
9	<input type="checkbox"/>	Purchase Order	LM4029AC/ Lexmark 4029 AC Adaptor		5	ea	05/31/10				
10	<input type="checkbox"/>	Purchase Order	LM4029APC Lexmark 4029 AC Power Cord		18	ea	05/23/10				

Cancel

Choose which Orders and Production orders you would like to automatically create.

Rows 6&7 can be consolidated to one Purchase Order with two different delivery dates, based on the settings

Figure 7-: Order Recommendation report

MRP Checklist

Preparing item master data

- | |
|--|
| <input type="checkbox"/> Make sure item master data records exist for each item |
| <input type="checkbox"/> Enter the required inventory level for each item |
| <input type="checkbox"/> Set the planning method to MRP for each item |
| <input type="checkbox"/> Set the procurement method for each item to make or buy |
| <input type="checkbox"/> Enter the intervals or multiples in which each item should be made or purchased |
| <input type="checkbox"/> Enter the minimum quantity for each item |
| <input type="checkbox"/> Specify the lead time for making or ordering each item |
| <input type="checkbox"/> Choose if and how to consume sales forecast |

Running the MRP wizard

- | |
|--|
| <input type="checkbox"/> Select a scenario |
| <input type="checkbox"/> Define the planning horizon |
| <input type="checkbox"/> Specify the items to include |
| <input type="checkbox"/> Specify the data sources used to calculate demand |
| <input type="checkbox"/> View the results and recommendations |
| <input type="checkbox"/> Open <i>Order Recommendation</i> report |
| <input type="checkbox"/> Make adjustments as needed and click Update |

8

Sales Opportunities

In This Chapter

- ☐ Getting Started with Sales Opportunities
- ☐ Managing Sales Opportunities in SAP Business One
- ☐ Managing Sales Opportunities in Microsoft Outlook
- ☐ Reporting on Sales Opportunities
- ☐ Sales Opportunities Checklist

Closing business, turning leads into sales, is the lifeblood of your company's revenue stream. You have to monitor all the leads to view the sales stream as a whole and tend each lead as if it were your only sale. SAP® Business One gives you a simple way to enter and manage your sales opportunities, providing vital information for reporting and analysis. In addition, the day-to-day work of turning leads into sales, such as making calendar appointments, setting up meetings, and sending e-mails, can be managed either in SAP Business One or in Microsoft Outlook.

This chapter describes the tools that SAP Business One puts at your fingertips, giving you:

- An easy method for moving a lead through all the sales stages
- The ability to see what's in your sales pipeline, for individual salespeople or for the company as a whole
- Powerful reporting functionality
- A 360-degree view of leads and customers
- The ability to work with sales quotations right from Microsoft Outlook

SAP Business One provides you with all the tools you need to stay on top of sales and turn leads into revenue and, even more important, into satisfied customers who come back again and again.

Getting Started with Sales Opportunities

You need to track what is most important to your company's bottom line: the deals in the making that will become your revenue stream. You create a sales opportunity record for each sales opportunity and, since you may well be working on more than one deal per customer, SAP Business One enables you to track by opportunity, not just by customer and lead.

Sales Opportunities Process Overview

The basic process for managing sales opportunities in SAP Business One is shown in Figure 8-1.

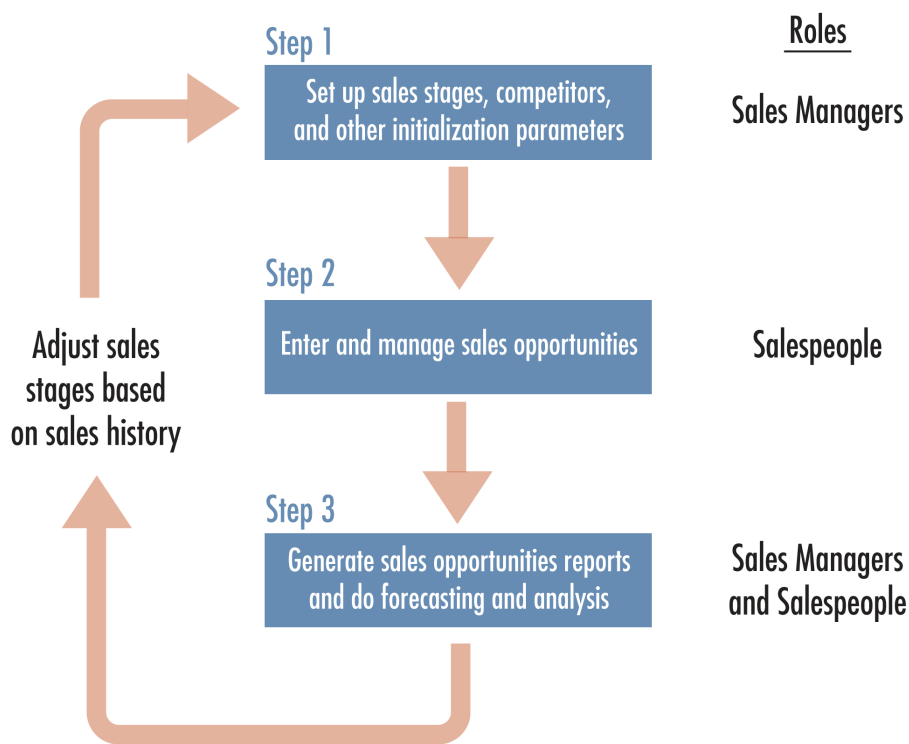


Figure 8-1: The sales opportunity process overview

Step 1: Setting up sales-related information

Sales managers set up important information such as the stages that a sale passes through and the likelihood (by percentage) that a sale in a given stage will close. This information helps with sales forecasting. Reports are key to the sales process, and the setup for the sales opportunities module in SAP Business One relates almost entirely to reporting. What do you want to monitor? What do you want to know? Do you want reports on who your competitors are? This information must be entered so that reports can be generated that help you monitor the all-important sales process.

Step 2: Managing sales opportunities

Salespeople enter sales opportunities and manage them throughout the sales process. One simple window in SAP Business One provides salespeople with comprehensive information about a particular sales opportunity. Again, the more details you enter for sales opportunities, the more visibility you have when you report on your leads, whether your own or those of your team.

Ongoing appointments, phone calls, tasks, and contact management can be done through SAP Business One or using Microsoft Outlook, as described later in this chapter.

Step 3: Reporting

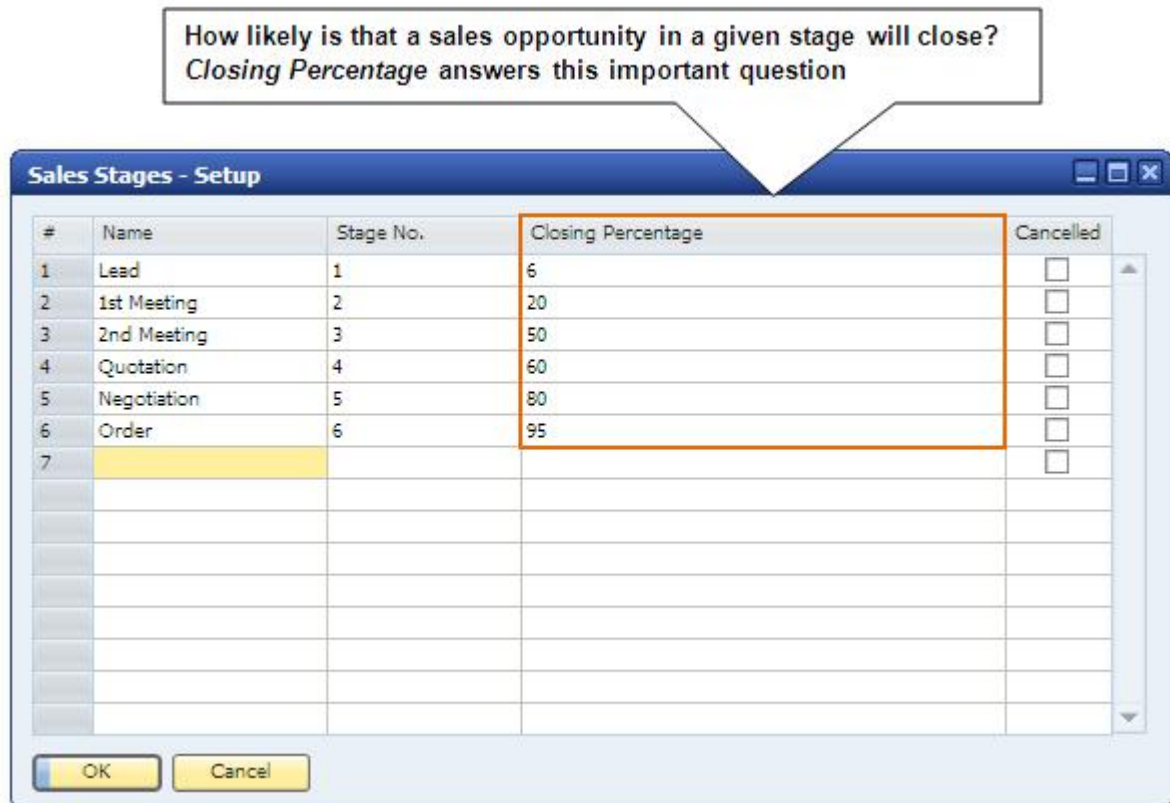
Sales opportunities reports give you visibility into the sales pipeline, won and lost opportunities, sales forecasting, and more.

Setting Up Sales-Related Information

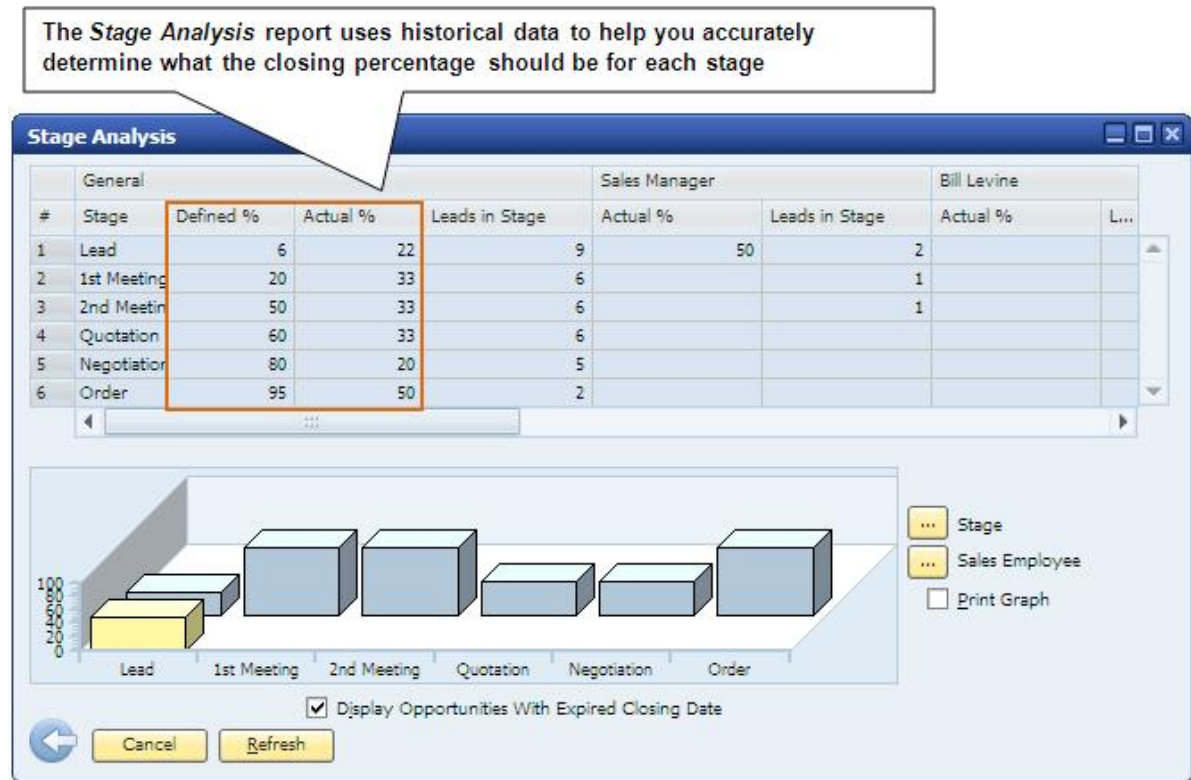
You set up information that you want to track for sales opportunities by going to *Administration* → *Setup* → *Sales Opportunities*. Here you can set up sales stages, competitors, partners, and relationships. You may want to set up all of these parameters, but most critical for sales forecasting are the sales stages.

Some sales cycles are long and some are short. Some have ten stages and some have two. Setting up sales stages, and the associated likelihood of closing based on those stages, is very important for accurate sales forecasting. For example, if a deal has a potential amount of \$100,000 but is at a stage where it has a 20% chance of closing, its weighted amount is \$20,000.

In the *Sales Stages – Setup* window, shown in Figure 8-2, you enter a name for each stage, a stage number, and a closing percentage. For example, let's say there are six sales stages, from *Lead*, which has a closing percentage of 6%, to *Order*, which has a closing percentage of 95%. How do you determine the closing percentage? Think of it this way. If you have 100 leads, how many turn into sales? That is the closing percentage for that sales stage. If the answer is 20 out of 100, you have a closing percentage of 20%.

Figure 8-2: *Sales Stages – Setup* window

What if you later discover that more realistic percentages are higher or lower than indicated here? That's no problem. Just go back into setup and change them; all your sales forecasting will be adjusted automatically. In fact, the *Stage Analysis* report, created by choosing *Sales Opportunity* → *Sales Opportunities Reports* → *Stage Analysis* and shown in Figure 8-3, is designed to help you fine-tune your closing percentages based on actual history. You can also modify the percentage in the opportunity itself. Perhaps you feel that in this particular sales cycle there is more or less chance for the opportunity to be successful. Additional information about sales reports can be found at the end of this chapter.

Figure 8-3: *Stage Analysis* report

So far, the SAP Business One features we have talked about help you manage the status of your leads and project their outcome. But what about the day-to-day work of turning a lead into a sale? This involves strategic contacts with key people, including phone calls, meetings, and e-mails. It also involves sending important documents such as sales quotations. It's critical that you have the ability to look at all this information in one place.

You have the option of handling these important activities either directly in SAP Business One or in Microsoft Outlook through the Microsoft Outlook integration add-on for SAP Business One. First, here's a brief look at how to handle these activities in SAP Business One. The next section describes Microsoft Outlook integration.

Managing Sales Opportunities in SAP Business One

The sales opportunities module allows you to create a sales opportunity in the application immediately after it has been identified. For example, a prospect inquires about certain products your

company is selling. You can respond immediately by creating a sales opportunity, allowing you to track this prospect and inform others about the status of this lead.

Entering a Sales Opportunity

To enter and track sales opportunities, go to the SAP Business One main menu and choose *Sales Opportunities* → *Sales Opportunity* to display the *Sales Opportunity* window (see Figure 8-4). In this section, we go into more detail about this window and the most relevant tabs.

The header shows information about the business partner. If your lead is already a customer, the **Total Amount Invoiced** shows total of invoices minus credits

The **Closing %** field is based on the current stage found in the **Stages** tab

Potential Amount is mandatory. You either enter it manually, or it's taken upon request from a linked sales document

Sales Opportunity window details:

- Business Partner Code:** C30000
- Business Partner Name:** Microchips
- Contact Person:** [Dropdown]
- Total Amount Invoiced:** \$ 9,252.68
- Business Partner Territory:** [Dropdown]
- Sales Employee:** Brad Thompson
- Owner:** [Dropdown]
- Opportunity Name:** [Field]
- Opportunity No.:** 10
- Status:** Open
- Start Date:** 05/04/10
- Closing Date:** [Field]
- Open Activities:** [Field]
- Closing %:** 20%

Tabs: Potential, General, **Stages**, Partners, Competitors, Summary, Attachments

Stages Tab Fields:

- Predicted Closing In:** 30 Days
- Predicted Closing Date:** 06/03/10
- Potential Amount:** 10,000
- Weighted Amount:** 2,000
- Gross Profit %:** 20
- Gross Profit Total:** 2,000
- Level of Interest:** [Dropdown]

Interest Range Table:

#	Description	Primary
1	Hardware	<input checked="" type="checkbox"/>
2	Software	<input type="checkbox"/>
3	IBM Printers	<input type="checkbox"/>
4	Lexmark Printers	<input type="checkbox"/>
5		<input type="checkbox"/>

Buttons: OK, Related Activities, Related Documents

Figure 8-4: Anatomy of a sales opportunity in SAP Business One

Who Is Your Prospect?

The first step in entering a sales opportunity is identifying your prospect. Click on the button to the right of the *Business Partner Code* field to display the *List of Business Partners* window. If your prospect has already been entered as a customer or as a lead, then the prospect will be listed here. If not, click on the *New* button to display the *Business Partner Master Data* window. Chapter 4 provides information about entering business partner master data.

If you are selling to an existing customer, the *Sales Opportunity* header includes details such as the total of all invoices the customer currently owes, taking into account any credit memos they might have. Such information doesn't apply, of course, to new leads.

Business Partner Territory and *Sales Employee* default from the business partner master data record; you can change them. *Owner* indicates the default connected owner, who will be used for authorization purposes, in case the data ownership module is used. See chapter 10 for more details on data ownership

You can give a name to your opportunity in the *Opportunity Name* field; SAP Business One assigns a number automatically. The *Status* field defaults to *Open*; the sales opportunity remains open until you close it on the *Summary* tab, providing flexibility for you to continue to track the opportunity, if desired, even after the sale is closed and the delivery has been made, to ensure customer satisfaction.

Closing % is associated with the stage of the sales opportunity, as discussed previously.

Note that only the *Potential* tab has required fields, but each tab holds a particular type of information that helps you track not only this sale, but all your sales opportunities as a whole.

The Bottom Line: What's the Potential for This Sales Opportunity?

Sales managers are especially interested in the *Potential* tab as shown in Figure 8-4, and so are you if you receive a commission on your sales.

On this tab you enter information about when this sale might close. Enter either a *Predicted Closing Date* or a number of days or weeks or years in which you expect this sale to close in the *Predicted Closing In* field (and the drop-down list allows you to specify days, weeks, or months). You fill in one field and SAP Business One calculates the other one, so if you fill in a date, the number is filled in for you (the reverse is also true).

You must fill in a *Potential Amount* for your sale. The *Weighted Amount* is calculated by SAP Business One based on the likelihood that this sale will close. In our example (see Figure 8-4), 6% of leads turn into sales. Therefore the *Weighted Amount* is calculated to be \$21,002.82, which is 6% (*Closing %*) of \$350,047 (*Potential Amount*). On the *Stages* tab, as we will see, each sales stage is associated with a percentage that is used to estimate how likely it is that a given sale will close (the

Closing % field in the header shows the percentage for the current stage of the sale). This methodology produces more realistic forecasting.

Another factor that is important for forecasting is the *Level of Interest*. Is this a hot lead or just lukewarm? This drop-down field contains entries defined by your company.

Interest Range helps you keep track of the kinds of things this client is interested in; making notes here may help you in the future to make additional sales to this prospect. You can indicate the prospect's primary interest using a checkbox.

Rounding Out the Sales Opportunity

The remaining tabs on the *Sales Opportunity* window help you track a variety of important information.

On the *Stages* tab, you track the sales opportunity through the stages, moving it from one stage to another as the deal progresses. The *Potential Amount* may not change from stage to stage (though it can), but the *Weighted Amount* changes because later stages typically have a higher likelihood of closing than earlier stages. For each stage you can link an activity or a sales document. For example link a quotation to the quotation stage. You can either link an existing quotation, or create one from the opportunity window. Do this by choosing the *Document Type* and press **Tab** in the *Document No.* field. To create an activity, click the orange link arrow from the *Activity* field. Later you can view all related documents and activities by pressing the button at the bottom of the window.

The *General* tab allows you to manage sales opportunities in which a third party, such as a reseller, is handling the sale on your behalf. The *Partners* tab, on the other hand, is available for defining relationships of any type. If you are a general contractor, for example, you could include subcontractors on the *Partners* tab. Using these two tabs, you can manage complex sales opportunities that involve a number of parties.

On the *Competitors* tab you specify who else is competing for this sale and the threat level of that competitor. The intensity of the competition is gauged in the *Threat Level* field; you can either select the default for this competitor or choose a different threat level for this particular opportunity.

If the sale is ultimately won by a competitor, click the *Lost* checkbox. By tracking such information, you can later perform competitive analyses about which sales are being lost and won, who is winning business from you, and why, if you know the reason.

The *Summary* tab is important for indicating the status of this opportunity: whether it is open, won, or lost.

On the *Attachments* tab you find related documents such as sales orders or sales quotations as well as e-mail messages, Microsoft Word documents, spreadsheets, and presentations—any type of document. By keeping all this information together, you can create a coherent view of this particular sales opportunity.

Attachments tip. You can attach documents related to a sales opportunity on a shared server or on your PC. If you attach documents stored on your PC, SAP Business One creates a copy of the document on a central server directory, which makes it available to anyone viewing the sales opportunity. If you attach a document to a sales opportunity, therefore, you are in effect sharing the document with anyone who can view sales opportunities.

Managing Sales Activities

In SAP Business One, everything you do with a customer is called an activity. There are five kinds of activities: phone calls, meetings, tasks, notes, and “other,” which can include e-mail, for example.

Select *Business Partners* → *Activity* from the SAP Business One main menu to display the *Activity* window (shown in Figure 8-5). (Note that you can also attach activities to any document, and item.)

In the *Activity* window you can set reminders that pop up in SAP Business One. Activities also appear on your SAP Business One calendar. You can link documents and attachments as well as free-form content such as e-mail messages.

The header fields indicate the type of activity, the assigned user and the business partner it is connected to. If you start the activity from a document, the business partner is filled automatically, and the document appears on the Linked Document tab

Specify the duration of the activity. If the activity is in the future, a reminder can be sent to the user

Figure 8-5: Entering sales activities in SAP Business One

To schedule meetings, simply click on the calendar icon on the SAP Business One toolbar. The calendar provides multiple views, including a group view that can facilitate scheduling team meetings. Click on a given date and time, and SAP Business One takes you to the *Activity* window (Figure 8-5) where you can describe activities and link them to business partners and documents.

Activities not only report what you have done with a given contact, but what you plan to do. For example, you record a phone call and set a follow-up reminder to call again.

When you log in to SAP Business One, reminders for scheduled activities appear, helping you manage your work with clients.

Managing Sales Opportunities in Microsoft Outlook

It's true that you can manage sales activities in SAP Business One, and that can be very convenient when you are updating sales opportunities or entering sales orders, for example. But since many people use Microsoft Outlook to manage both their e-mail and their daily schedule, you have the option of using the Microsoft Outlook integration add-on for SAP Business One to keep track of your day-to-day work on sales opportunities.

Microsoft Outlook integration gives you access to sales data without having to be logged on continuously to SAP Business One. This is especially valuable for sales managers who travel frequently and need to be able to view prospect and customer data while on the road. For example, a sales manager needs to prepare for a meeting at a customer's site. Microsoft Outlook integration allows him to synchronize information between his contacts in Microsoft Outlook and business partners in SAP Business One.

Microsoft Outlook integration add-on installation alert. Microsoft Outlook integration requires an SAP Business One add-on that should be installed by your implementation partner.

The sales manager can generate an Excel-based snapshot of additional customer data, such as open activities, open deliveries, and invoices, as well as quotations and orders that need to be processed. He can change data and synchronize the changes later with SAP Business One. It is also possible for the sales manager to create quotations directly from Microsoft Outlook and send them to the customer via e-mail. At the next synchronization, the quotation will be imported into SAP Business One and made available to the sales department for further processing.

Figure 8-6 illustrates the functionality of the Microsoft Outlook integration add-on.

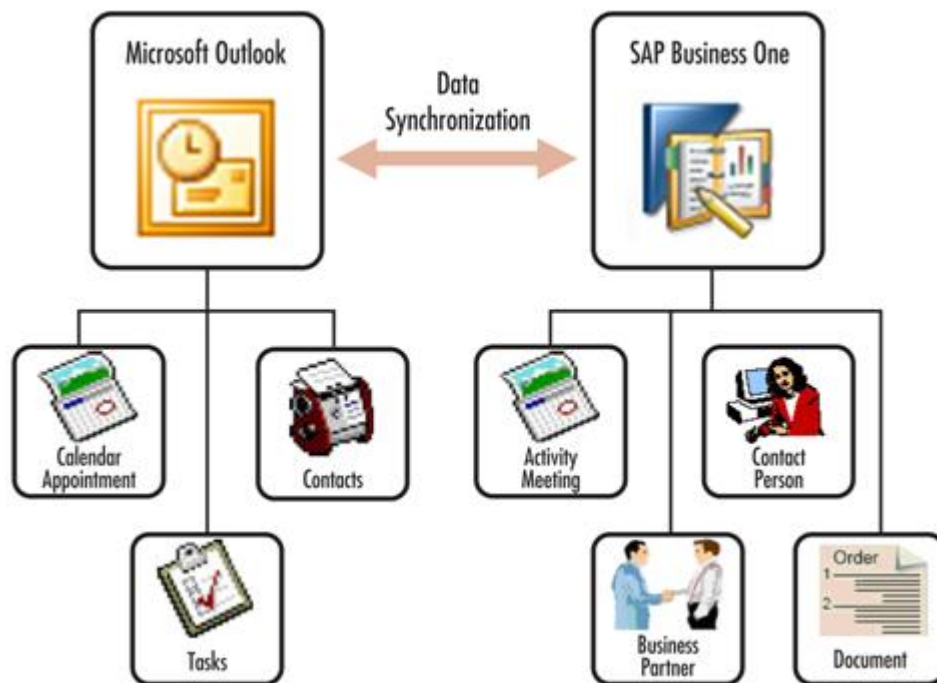


Figure 8-6: Microsoft Outlook integration with SAP Business One synchronizes your work in Microsoft Outlook with your work in SAP Business One

What kinds of things can you do with Microsoft Outlook integration? Take a look at this list:

- Import contacts from SAP Business One and synchronize them with Microsoft Outlook
- Save e-mail messages and attachments as SAP Business One activities
- Import tasks and calendar activities created in SAP Business One into Microsoft Outlook
- Edit, view, and create sales quotations and save them to SAP Business One
- Create up-to-the-minute snapshots of customer sales and vendor purchasing activities

Most importantly, Microsoft Outlook integration helps increase your productivity and simplify your work. It provides you with a holistic, integrated way to manage your schedule, e-mail, and activities while giving you access to all the latest information from SAP Business One.

What Does Microsoft Outlook Integration Look Like?

Figure 8-7 shows the integration of SAP Business One into Microsoft Outlook. To work with the Microsoft Outlook integration add-on, you must be logged in to SAP Business One.

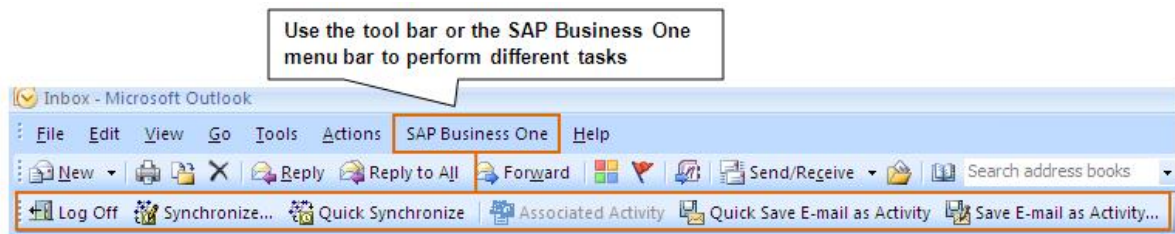


Figure 8-7: SAP Business One menu in Microsoft Outlook

Synchronizing SAP Business One and Microsoft Outlook

SAP Business One has contact persons, activities, and documents. Microsoft Outlook has calendar appointments, contacts, and tasks. Since this information is stored in separate databases, it is important to synchronize it. And to synchronize this information, we need a common link between Microsoft Outlook and SAP Business One. Business partner information serves as that common link between the two applications.

To synchronize with SAP Business One, therefore, each calendar appointment, contact, or task in Microsoft Outlook must be associated with a business partner. To associate a contact with a business partner, display the contact in Microsoft Outlook and select *SAP Business One* → *Associate with* to display an *Associate with* window shown in Figure 8-8.

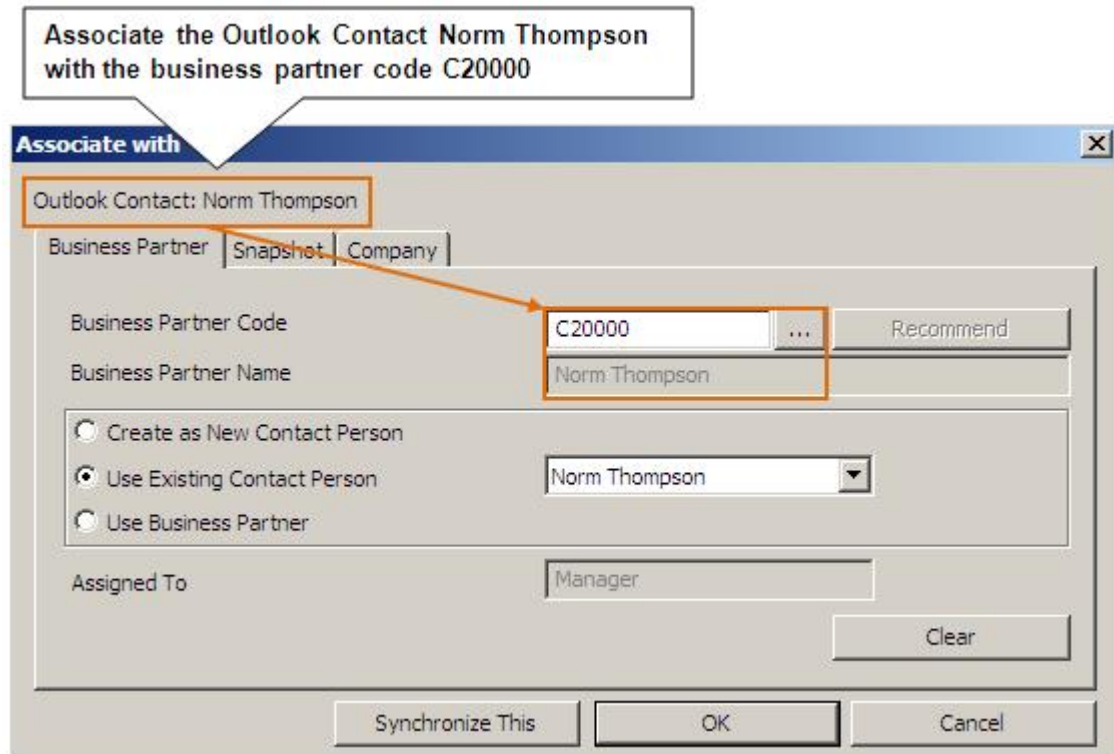


Figure 8-8: Associating a Microsoft Outlook contact with an SAP Business One business partner

Click the lookup button to the right of the *Business Partner Code* field to display a list of business partners, or click *Recommend* to display a *Select Contact from Recommendation* window. This window lists business partners who share the same e-mail domain name with the Microsoft Outlook contact. Select the appropriate business partner and click *OK*.

If the contact names in Microsoft Outlook and SAP Business One are different, the *Create as New Contact Person* button is activated automatically. If the names are the same, the *Use Existing Contact* button is activated. Click *Synchronize This* and then *OK* to dismiss the message that pops up, then click *Save and Close*. At this point, you can go into SAP Business One and see that the Microsoft Outlook contact is included on the business partner record.

You associate tasks and calendar appointments with SAP Business One business partners in a similarly intuitive fashion. When you add an appointment to your calendar in Microsoft Outlook and synchronize, it updates your calendar in SAP Business One. Similarly, tasks are added as activities in SAP Business One.

Calendar appointment, task, and contact deletion alert. When deleting a calendar appointment, task, or contact in Microsoft Outlook, check whether it should be deleted in SAP Business One as well. Deletions are not automatic since they are irreversible.

Bulk Synchronization

Often you'll want to synchronize not just one contact, calendar appointment, or task, but many at once. To do a bulk synchronization, in Microsoft Outlook select *SAP Business One* → *Synchronization* → *Quick Synchronize*. If you want fine-grained control over what is synchronized, choose *Synchronization* → *Synchronize* instead. Consult the online help for details.

Saving E-Mail as an Activity

Keeping e-mail messages as part of a business partner record is a great strategy. Everyone in the organization can see the e-mail related to a given business partner, enabling everyone to have the complete details about a given customer or prospect.

Another key benefit to saving e-mail as an activity is that you can automatically create follow-up activities that remind you to take certain actions. To specify what the default follow-up activity should be, in Microsoft Outlook select *SAP Business One* → *Default Settings* → *Save E-mail as Activity*.

To save an e-mail as an activity, display the e-mail message in Microsoft Outlook, then choose either *Quick Save E-mail as Activity* or *Save E-mail as Activity* from the *SAP Business One* menu in Microsoft Outlook. Similar to synchronization, selecting *Save E-mail as Activity* gives you fine-grained control over exactly how this e-mail is saved, including, if necessary, creating a new contact person for the business partner. You can choose whether to save any attachments along with the e-mail message. Figure 8-9 shows how an e-mail message looks in SAP Business One. This e-mail message was a follow-up to a phone call. To display an attachment, simply double-click on the *Attachments* tab of the *Activity* window.

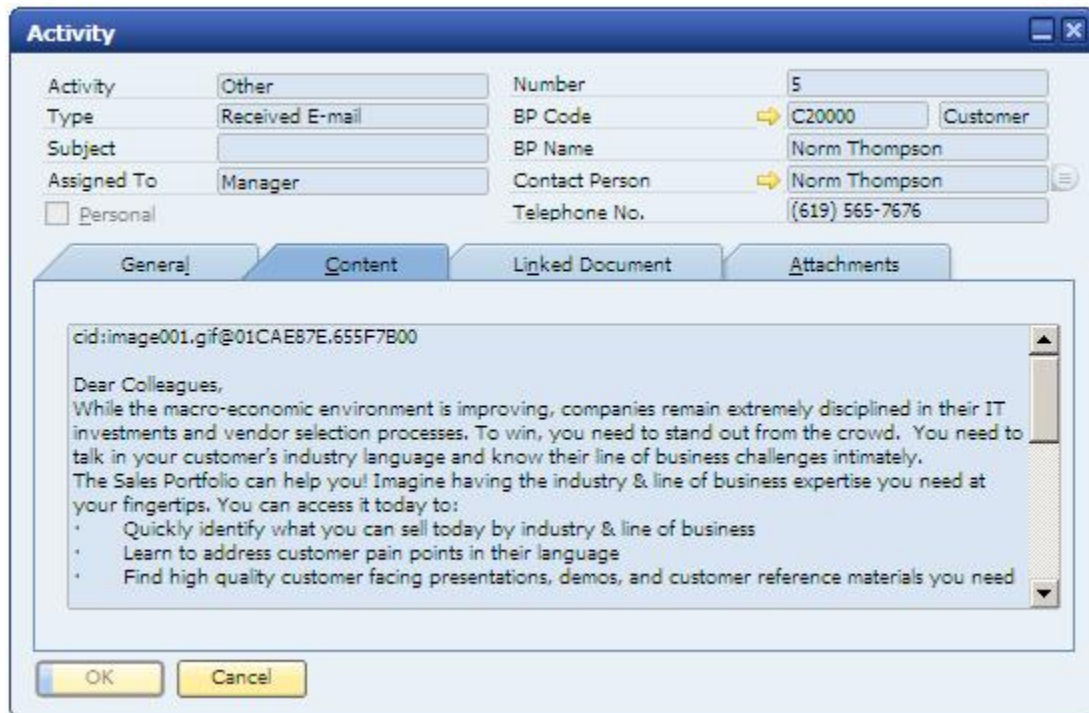


Figure 8-9: An e-mail from Microsoft Outlook saved as an activity in SAP Business One

Working with Quotations in Microsoft Outlook

Quotations in Microsoft Outlook work a little bit differently from what we have discussed so far. To import quotations from SAP Business One, go to the *SAP Business One* menu in Microsoft Outlook and choose *Quotations* → *Set Filter* to display the *Quotations Filter* window. In this window, you set options that filter which quotations are imported. Click *Save and Refresh* to import quotations using these options. Quotations are stored in an e-mail folder called *Quotations*, shown in Figure 8-10.

You can create quotations in SAP Business One and then import them into Microsoft Outlook. After you import them, you can display them, edit them, or send them as e-mails. You can also create new quotations directly in Microsoft Outlook. The *Quotation* window provides you with direct access to information such as warehouse quantities and the latest pricing, just as you have when creating quotations in SAP Business One. In fact, when you add or update quotations through Microsoft Outlook, they are updated or added in SAP Business One; no additional step (such as synchronization) is needed.

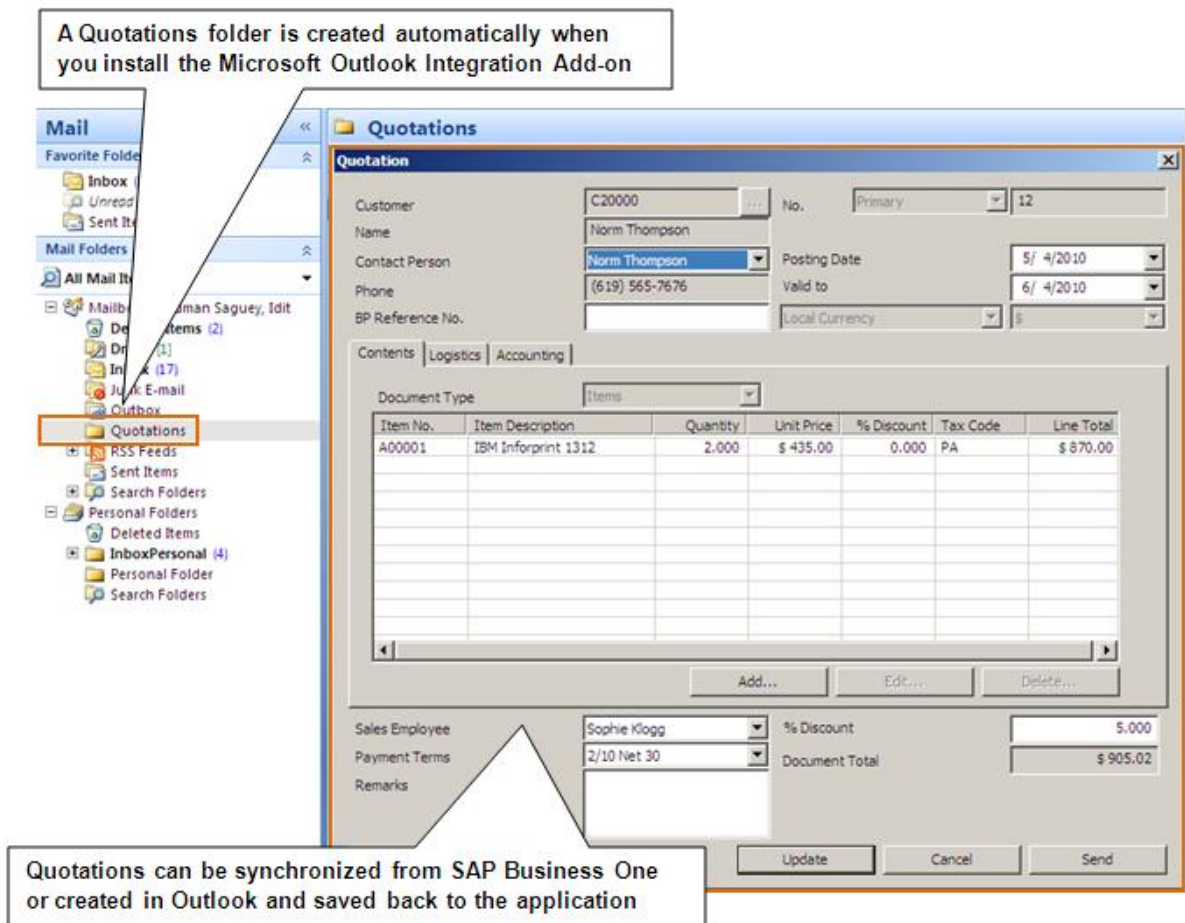


Figure 8-10: Importing sales quotations into Microsoft Outlook

Generating Snapshots of Business Partner Activity

Snapshots provide you with powerful, detailed information so that you can effectively work with customers and leads. Microsoft Outlook integration gives you the opportunity to see a snapshot of information about business partners when you synchronize a given contact's information. When you choose *Synchronize This* from the *SAP Business One* menu in Microsoft Outlook, you are prompted to create a snapshot of information for that business partner. Snapshots are Excel workbooks that provide detailed information about a given business partner. You can choose from 10 snapshot templates or create your own.

You can select a snapshot and generate it in one step by displaying the contact in Microsoft Outlook and choosing *SAP Business One* → *Associate with*. The *Associate with* window appears, as shown in Figure 8-11.

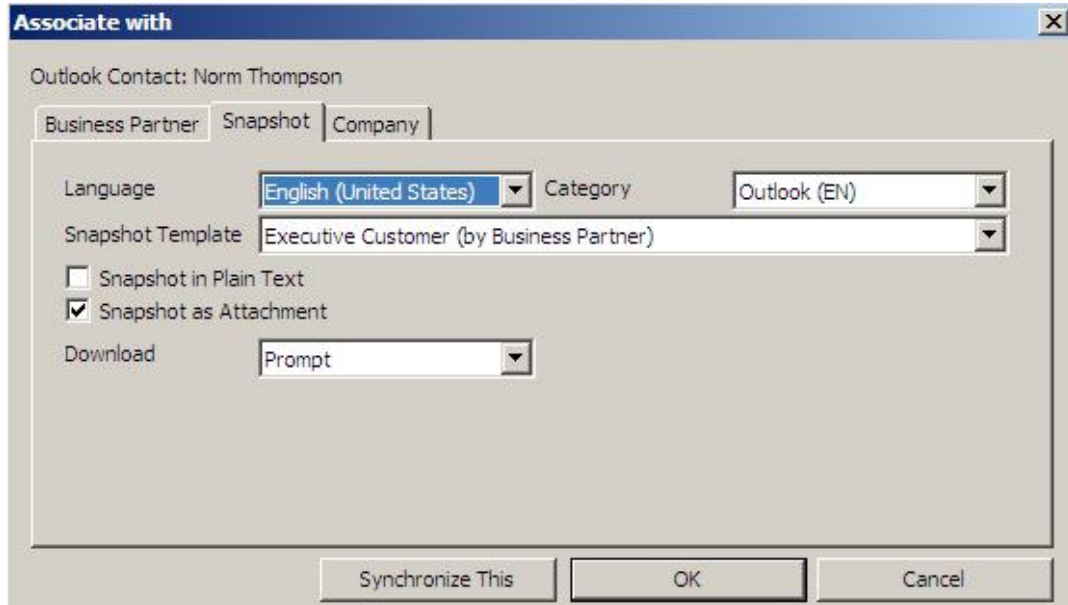
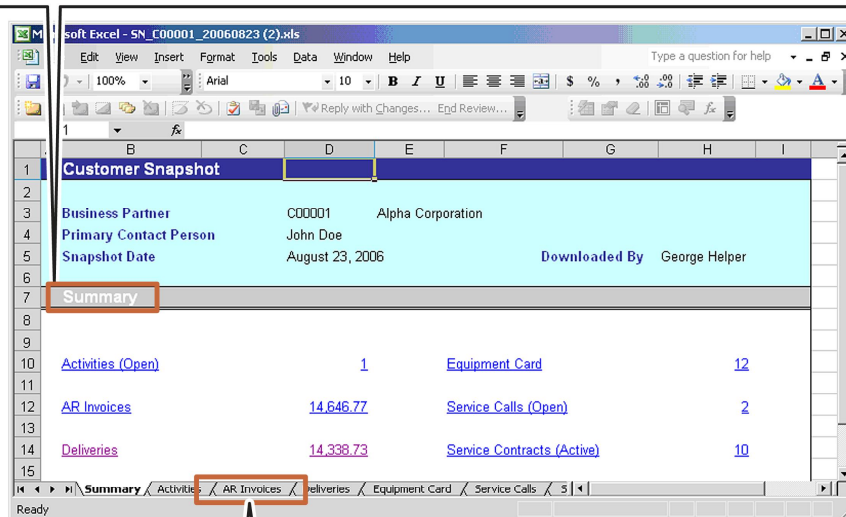


Figure 8-11: Selecting a snapshot

On the *Snapshot* tab, choose a *Snapshot Template* from the drop-down list. To generate the snapshot, click *Synchronize This*.

The snapshot that you create appears in the *General* tab of the contact's record in Microsoft Outlook. Double-click on the snapshot to open it in Microsoft Excel, as shown in Figure 8-12.

Summary page (shown by default) is linked to detailed worksheets for all summarized information



To view more details about A/R invoices, click the *AR Invoices* tab

Figure 8-12: A customer snapshot opened in Microsoft Excel

The snapshot includes a summary page (shown by default) that is linked to detailed worksheets for all the summarized information. To view more details about service calls in the snapshot shown in Figure 8-12, for example, double-click to go to that page of the workbook or simply choose the *Service Calls* tab at the bottom of the workbook.

From Microsoft Outlook to SAP Business One

The preceding sections outline all the things you can do in Microsoft Outlook to manage your day-to-day work on turning leads into sales. There's one more thing you can do in Microsoft Outlook to help you manage data: SAP Business One has key sales forecasting and reporting data that you should update on a regular basis. Why not set a reminder in Microsoft Outlook once you decide how frequently to update your sales opportunities in SAP Business One, whether daily, weekly, or biweekly? In particular, update the value of the opportunity (if changed), the sales stage as the sale progresses, and the status of each opportunity.

Reporting on Sales Opportunities

Reporting on sales opportunities is a key step, both for individual salespeople and for sales managers and corporate executives. The SAP Business One main menu lists 11 standard sales reports that you can create to manage sales opportunities and perform forecasting and analysis. To generate any of these reports, select *Sales Opportunities* → *Sales Opportunities Reports* and choose the report you are interested in. The table on the next page summarizes the available reports.

Using these reports, you can analyze every aspect of the sales process to determine the status of opportunities that are currently on the table as well as those that have closed. This data helps your sales managers plan their sales strategy and evaluate what is working and what isn't in terms of winning new business.

Report	Selection criteria	What it shows
Opportunities forecast	Business partner, territory, main sales employee, last sales employee, stage, date, industry, documents, amount, percentage rate, sources, partners, and competitors	All open sales opportunities Sort order: territory, main sales employee, and business partner (two grouping levels)
Opportunities forecast over time	Same as opportunities forecast plus status	Forecast that can facilitate revenue projections over time; can include closed opportunities Sort order: month, quarter, and year
Opportunities statistics	Same as opportunities forecast over time	Open, won, lost, and total opportunities Sort order: same as opportunities forecast plus item number and item group (two grouping levels)
Opportunities	Same as opportunities forecast over time	Simple list sorted by opportunity number
Stage analysis	Start date range, predicted closing date range, sales stage, sales employee, business partner, and optional inclusion of opportunities with expired closing date	A graphical report (see Figure 8-3) that can be used to analyze stages in which opportunities are and the actual closing percentages for each sale
Source distribution over time	Same as opportunities forecast over time	Sales opportunities by source; can be displayed graphically
Won opportunities	Starting date range, closing date range, sales employee, and business partner	Sales opportunities that have been won
Lost opportunities	Same as won opportunities	Sales opportunities that have been lost
My open opportunities	No selection criteria	Open sales opportunities
My closed opportunities	No selection criteria	Closed sales opportunities
Opportunities pipeline	Business partner, sales employee, stage, date, documents, amounts, and percentage rate	A graphical display of the sales pipeline (Figure 8-13); right-click on the graphic to create a dynamic opportunity analysis (Figure 8-14)

Running the Opportunities Pipeline Report

Perhaps one of the most important reports is the *Opportunities Pipeline* report, shown in Figure 8-13, as it provides a visual answer to the perennial sales question, “What’s in the pipeline?” This report is used to analyze the open opportunities in the sales pipeline and makes it easy to identify the proportion of open opportunities in each stage relative to all open opportunities.

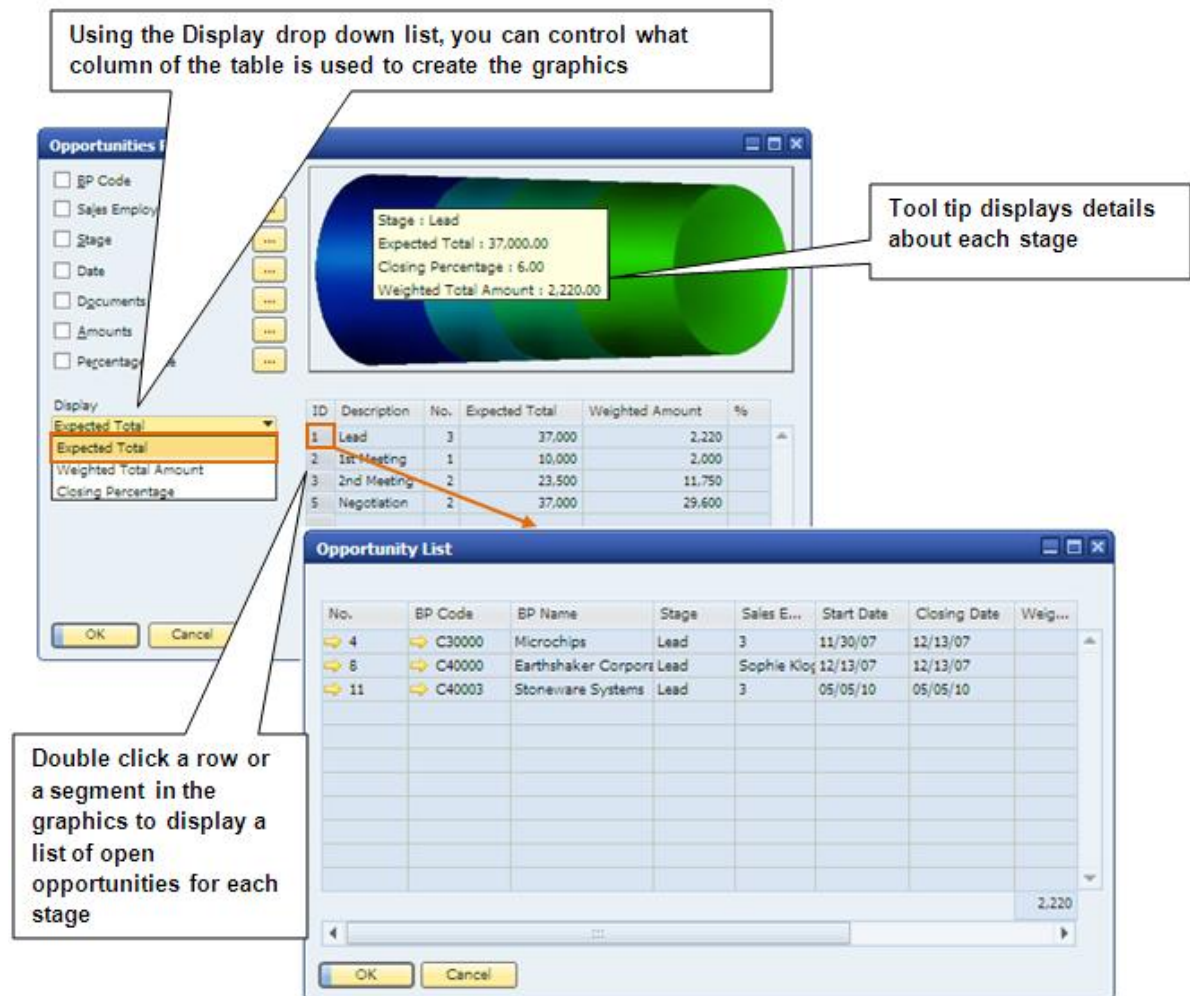


Figure 8-13: *Opportunities Pipeline* report

You can display the *Opportunities Pipeline* as a dynamically changing graphic by selecting *Goto* → *Dynamic Opportunity Analysis* or by right-clicking anywhere in the *Opportunity Pipeline* and selecting this option (see Figure 8-14).

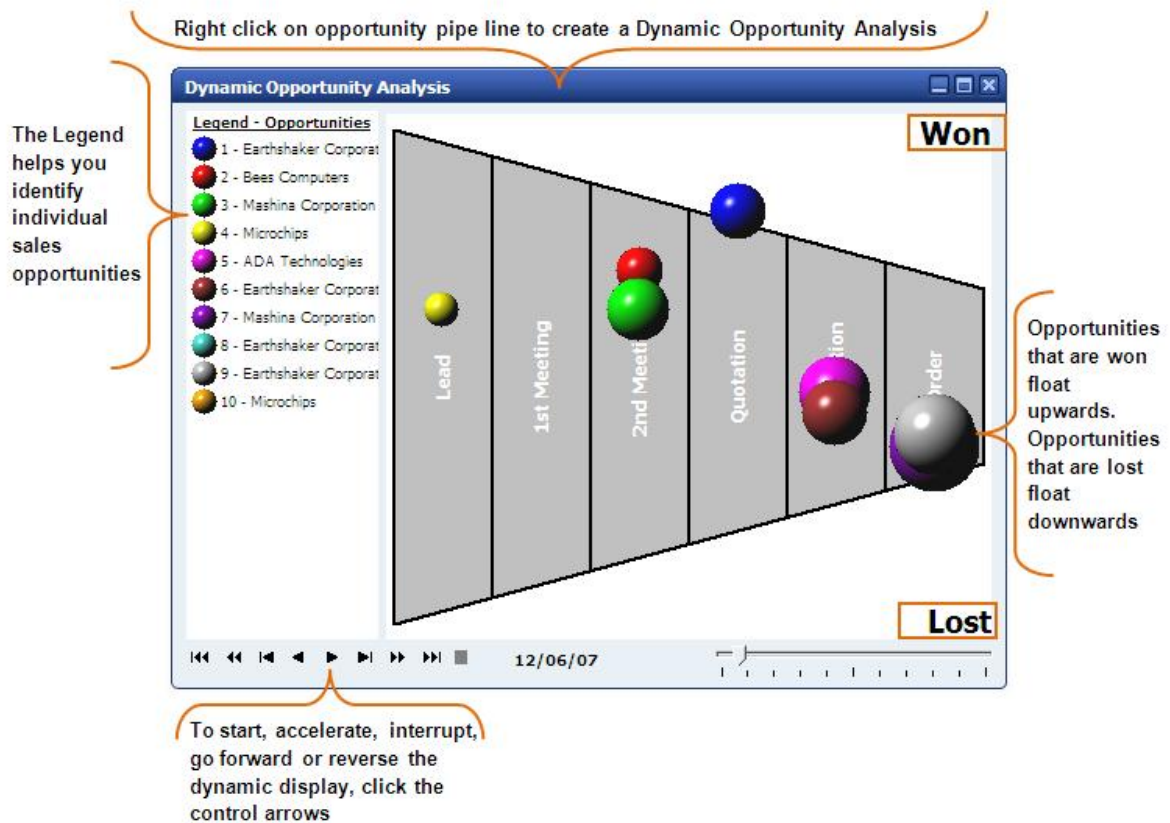


Figure 8-14: Dynamic representation of the sales opportunities pipeline

The *Dynamic Opportunity Analysis* window represents each sales opportunity as a balloon whose size corresponds to the potential amount of the sales opportunity. Both open and closed sales opportunities are included. Each of the vertical divisions represents a stage in the sales process. The balloons move according to their changing status along the longitudinal axis, which represents the stages of the sales process.

Sales Opportunities Checklist

Set up sales opportunities

- ☐ Go to *Administration → Setup → Sales Opportunities*
- ☐ Set up sales stages and define a closing percentage for each stage
- ☐ Set up competitors, partners, and relationships

Enter a sales opportunity

- ☐ From the main menu, go to *Sales Opportunities → Sales Opportunity*
- ☐ Select a business partner or create a new one for this lead
- ☐ Enter an expected closing date
- ☐ Enter a potential amount for this sale
- ☐ Fill in other information such as competitors and partners as desired

Report on sales opportunities

- ☐ From the main menu, go to *Sales Opportunities → Sales Opportunities Reports*
- ☐ Select a report from the list

Enter a sales activity in SAP Business One

- ☐ Select *Main Menu → Business Partners → Activity*
- ☐ Specify an activity
- ☐ Specify a business partner, a date, and any further details

Associate a Microsoft Outlook contact with an SAP Business One business partner

- ☐ In Microsoft Outlook, select a contact
- ☐ Choose *SAP Business One → Associate with*
- ☐ Select a business partner

Synchronize Microsoft Outlook and SAP Business One

- ☐ In Microsoft Outlook, choose *SAP Business One → Synchronization → Synchronize*
- ☐ Set synchronization parameters and resolve any conflicts

Synchronize one contact and generate a snapshot

- ☐ In Microsoft Outlook, select a contact
- ☐ In the *Contact* window, choose *SAP Business One → Synchronize This*
- ☐ When prompted to create a snapshot for this business partner, click *Yes*

9

The Service Module

In This Chapter

- ❑ Getting started
- ❑ Customer Equipment Card
- ❑ Creating Service Calls
- ❑ Service Reports

This chapter describes the Service module in SAP Business One. Use this module if your company provides different services to your customer and wishes to track it in a formal way. The service can be based on particular items, serial numbers, item groups, or generally provided in the customer level. Using this module, you can also get robust reports with regards to open service calls, resolution time, and more. This allows you to analyze and evaluate the service level and service representatives in your company.

Getting Started

In order to start working with the service module accurately; you need to set up service contract templates and determine whether a customer equipment card will be created automatically.

Service Contracts

The system has three default service contract templates: **Bronze**, **Silver** and **Gold**. You can add additional ones to define different coverage, expected response times and expiration date. Figure 9-1 shows the gold service contract type, which provides full coverage including parts and labor, as well as service on holidays

	Start Time	End Time
<input checked="" type="checkbox"/> Monday	08:00	17:00
<input checked="" type="checkbox"/> Tuesday	08:00	17:00
<input checked="" type="checkbox"/> Wednesday	08:00	17:00
<input checked="" type="checkbox"/> Thursday	08:00	17:00
<input checked="" type="checkbox"/> Friday	08:00	17:00
<input checked="" type="checkbox"/> Saturday	00:00	23:59
<input checked="" type="checkbox"/> Sunday	00:00	23:59

Include

☒ Parts

☒ Labor

☐ Travel

☒ Including Holidays

Figure 9-1: Gold Contract Template

Customers that are entitled to receive service from your company should be assigned a contract. You can use one of the templates as a basis, or create it from scratch. To assign service contracts to your customers go to *Service* → *Service Contracts*.

As mentioned earlier, in SAP Business One you have three types of service, and this is determined in the service contract. Figure -9-2 shows an existing service contract for a customer, and the different types of service. Contract entitlement can be limited to specified serial numbers or item groups, or if the contract type is **Customer**, no restrictions apply.

Service Contract

Customer Code: C40000 Contract No.: 1
 Customer Name: Earthshaker Corporation Start Date: 12/27/07
 Contact Person: End Date: 12/27/08
 Telephone No.: 603.627.3814 Termination Date:
 Description: Silver Support

General Items Coverage Attachments Service Calls

Service Type: Regular Status: Approved
 Contract Type: Serial Number
 Template: Silver
 Response Time: 3 Hour(s)
 Resolution Time: Day(s)
 Renewal: ☒
 Reminder: 30 Day(s)
 Active Items:
 Remarks:
 Contract Template Remarks:

OK Cancel

If the contract type is:
 Serial Number – on the Items tab, select the supported serial numbers
 Item Group – on the Items tab, select the supported groups
 Customer – the Items tab is disabled.

Customer
 Item Group
 Serial Number

Figure 9-2: Service Contract Types

Service contract type reminder. Although you define a default contract type, at any point in time it is possible to update this field. If you change the contract type from a Serial Number to Item Groups for example, the serial numbers will be deleted and you will have to select item groups. An alert will be displayed before the change is applied.

Setting up the automatic creation of customer equipment cards

If you provide services for particular units you have sold, that means that your service type is serial numbers. In this case, a customer equipment card (CEC) must be created for these serial numbers. If you choose to, SAP Business One can automatically create a CEC when you sell a serial number via a delivery or an A/R Invoice. For this to occur, one of the attributes of the serial number must be a unique value per item. Go to *Administration* → *System Initialization* → *General Settings* → *Inventory tab* → *Items subtab*. In the **Unique Serial Number by** field, choose one of the three attributes, and check the **Auto. Create Customer Equipment Card** box.

To further automate the process, link a **Warranty Template** to the item master data, general tab. This is one of the service contract templates that exist in the system. Once you deliver a certain serial number, both a CEC and a service contract are created automatically for the customer.

Customer Equipment Card

As we mentioned before, the CEC can be created automatically. However it is also possible to create it manually from the *Main Menu* → *Service* → *Customer Equipment Card*. For manual creation, you must enter a unique value in the serial number attribute, as you defined it in the system initialization. Additionally, you must select an item code and a customer code.

Figure 9-2 shows a customer equipment card that was created automatically. All the service contracts, existing service calls, sales data and more are displayed in the CEC window.

Customer Equipment Card

Mfr Serial No. MFG-1969-1207 Status Active
 Serial Number OEC-DEC07-19562 Previous SN
 Item No. A00006 New SN
 Item Description HP 600 Series Inc
 Customer Code C40000 Technician
 Customer Name Earthshaker Corporation Territory
 Contact Person Peter Dimarzio
 Telephone No. 603.627.3814

Address Service Calls Service Contracts Sales Data Transactions Attachments

#	Call No.	Creation Date	Subject	Item No.	SN	Customer Name	Status
1	3	12/27/07	Paper Jam	A00006	MFG-1969-1	Earthshaker Corp	Open

OK Cancel

All related activity is displayed in the different tabs of the Customer Equipment Card

Figure 9-3: Customer Equipment Card

Creating Service Calls

Now that we have service contracts and CECs, we can start creating service calls. Go to *Service* → *Service Call*. The service call represents an event where your customer contacts you to request service, and you wish to record it in the system for monitoring purposes. The service call contains the CEC, the time it was opened and closed, which user handled the call and the time it took to resolve the issue. You can link an Activity, for example to set up a reminder for a follow up. You can record the solution provided, and list additional expenses that were required to resolve the issue. To create a Service Call, follow these steps:

- Select a customer: the system performs a credit check and determines whether this customer has a valid contract. If there is no contract, you can confirm the alert and continue anyway.
- Select an item and a serial number
- Enter the subject of the call
- Optionally enter general information such as problem type.
- The call is assigned to you by default; however you can assign to another user, or to a queue.

Figure 9-4 shows an existing service call. You can add more information to the call such as remarks, solutions expenses and the history of the call.

Service Call

Customer: C40000
 Name: Earthshaker Corporation
 Contact Person: Daniel Brown
 Telephone No.: 603.627.3814

Call Status: Open
 Call ID: 8
 Priority: Low

Mfr Serial No.: MFG-1969-1207
 Serial Number: OEC-DEC07-19562
 Item: A00006
 Description: HP 600 Series Inc
 Item Group: HP Printers

Created On: 06/15/10 16:09
 Closed On:
 Contract No.: 1
 End Date: 12/31/10

Subject: Printer doesn't print

Tabs: General, Remarks, Activities, Solutions, **Expenses**, Resolution, History

#	Date of Upd...	Update Time	Updated by	Description	Previous Value	New Value
1	06/15/10	16:09	Manager			
2				Service Call Created		
3	06/15/10	16:21	Manager			
4				Solution added		
5				Response		
6				Resolution		

Buttons: OK, Cancel, Collapse All, Expand All

Document Type

- ☐ Transferred to Technician
- ☐ Order
- ☐ Delivery
- ☐ Returned from Technician
- ☐ Returns
- ☐ Invoice
- ☐ Credit Memo

Buttons: OK, Cancel

Annotations:

- The **History** tab shows all previous updates to the call
- On the **Expenses** tab you can add these document types. If you included items defined as labor or travel, these are displayed in a separate table

Figure 9-4: Service Call

Recommended solutions. On the *Solutions* tab, press the Recommended button. Solutions from the knowledge base that were used in the past for this item are displayed. Choose the appropriate solution if it is applicable to your problem.

Service Reports

The various service reports give you the opportunity as a manager to monitor and analyze the service level provided by your company. As a manager, you can run the reports by user, by response type and view average closure time. As a service representative, you can view open calls waiting to be handled, as well as see a list of your open service calls and overdue calls.

Report	Selection criteria	What it shows
Service Calls	Created On, Resolved On, Customer Code, Handled by, Item, Queue ID, Problem Type, Priority, Call Type, Origin, Call Status, Overdue Calls	All service calls within the selection criteria, including Call ID, customer and item information, serial number, subject, creation date and more.
Service Calls by Queue	Same as Service Calls report	Same as Service Calls report, except grouped by Queue
Response Time by Assigned to	Same as Service Calls report	Grouped by user, Call ID, Response type, Time in Queue
Average Closure Time	Same as Service Calls report	Closed service calls, including the creation time and date, closure time and date, and the calculated time for closure
Service Contract	Customer code, contract start and end date, contract type, status and service type	All service contracts with their type and status.
Customer Equipment Card	Customer and Item selection. CEC status	All CEC, with customer name, serial number attributes, item code, contact person and status
Service Monitor	Handled by, queue, and priority	Live report displays a graphic of open and overdue service calls
My Service Calls	NA	All service calls that are handled by the current user
My Open Service Calls	NA	All open service calls that are handled by the current user
My Overdue Service Calls	NA	All overdue service calls that are handled by the current user

10

Document Creation, Authorizations, and Approvals

In This Chapter

- ❑ Overview of Document Creation Features
- ❑ Authorizations, Approval Procedures, and Document Drafts
- ❑ Accelerating Document Creation Through Wizards

This chapter examines document creation features such as document drafts, drawing documents from one another, and mass creation of documents. These are three ways that SAP® Business One helps users accelerate and automate the process of creating documents. By combining authorizations and approvals with document creation features, the application provides a powerful toolset so that users can perform only tasks that are appropriate for their level of responsibility and authority.

Overview of Document Creation Features

The document creation features of SAP Business One make repetitive tasks as easy as possible, so that with little effort or repeated work you can quickly create the documents you need. Because document creation is such a central activity in SAP Business One, different methods exist to serve the different situations that users find themselves in. The two most common ways to manually create documents one at a time—using add mode or using an existing document draft—are shown in the following two figures.

When you navigate through the main menu, frequently the document is opened in add mode. When searching or scrolling through documents, you can enter add mode by pressing **Ctrl + A** or by clicking the add mode icon (see Figure 10-1). In add mode, the *Add* button appears in the bottom left of the screen. Once you enter data, you post the document or add master data by clicking the *Add* button.

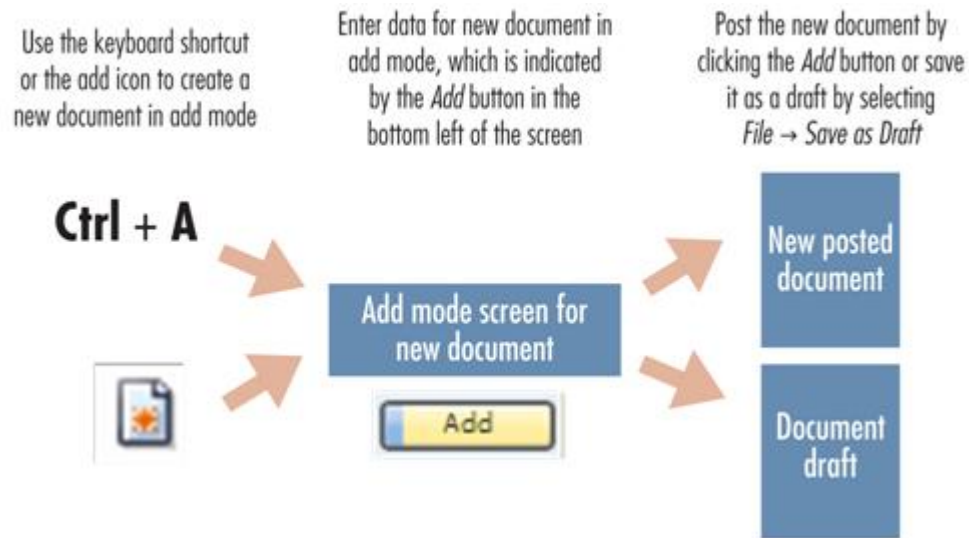


Figure 10-1: Creating documents using add mode

Instead of clicking the *Add* button, you can use the *File* menu to save documents as drafts, or right-click the document header. A document saved as a draft can be used as a template to create similar documents over and over. Document drafts are also used to store documents that are moving through an approval procedure.

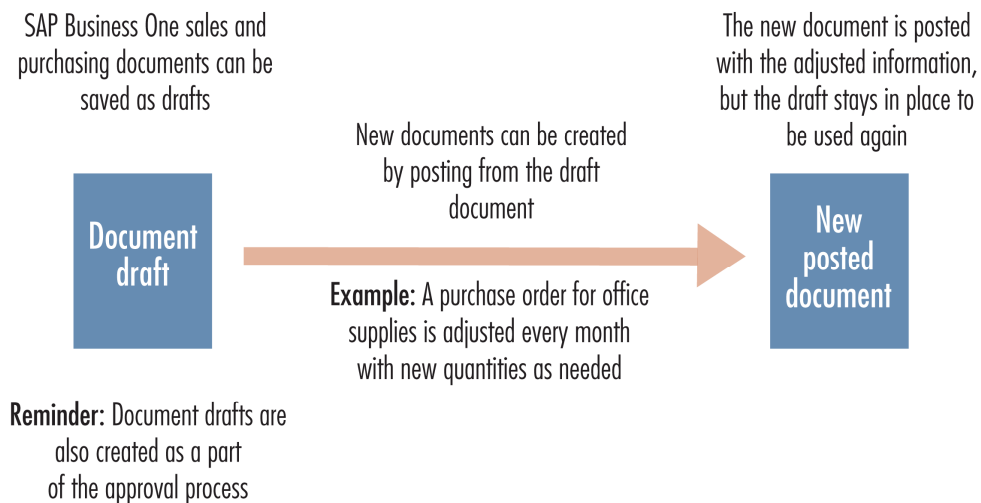


Figure 10-2: Using document drafts to create documents

Both of these methods for creating documents are straightforward and involve the typical process of filling out a form and saving it.

In addition to supporting the manual creation of documents, SAP Business One offers two wizards for document creation, the draw document wizard and the document generation wizard, which are explained in greater detail later in this chapter.

Authorizations, Approval Procedures, and Document Drafts

Approval procedures and authorizations are two aspects of role definition in SAP Business One. By granting and limiting authorizations of a specific user, you determine what functions the user can access and what actions he or she can perform. Approval procedures provide the administrator a way of fine-tuning what each user can do.

Perhaps you are wondering about the relationship between authorizations, approval procedures, and document creation. Well, these features can be combined; for example, a salesperson can create sales orders and grant specified discount percentages. As the administrator, you can then fine-tune this authorization so that the salesperson can create sales orders up to a specific amount. You can also use approval procedures so that a salesperson's manager has to approve sales orders that exceed a certain discount percentage.

User Authorizations

The process of setting up authorizations in SAP Business One is like handing out a set of keys that allow access to certain features and functions. Authorizations permit or prevent certain users or groups of users from performing such functions as:

- Creating certain types of documents
- Viewing or managing certain types of data
- Creating user accounts
- Setting permissions for other users
- Accessing features from the main menu
- Posting documents when the period status is Closing Period or Unlocked Except Sales

Authorizations make use of the organizational model of your business to allow access to be controlled by the management level of a staff member. Authorizations can be copied from one user to another, and all changes made to authorizations are tracked.

The authorization mechanism of SAP Business One provides fine-grained control of which features of the application are available to each user. As Figure 10-3 shows, the *Authorizations* window (reached by selecting *Administration* → *System Initialization* → *Authorizations*) brings together a list of users and a list of all functions available in each module of SAP Business One.

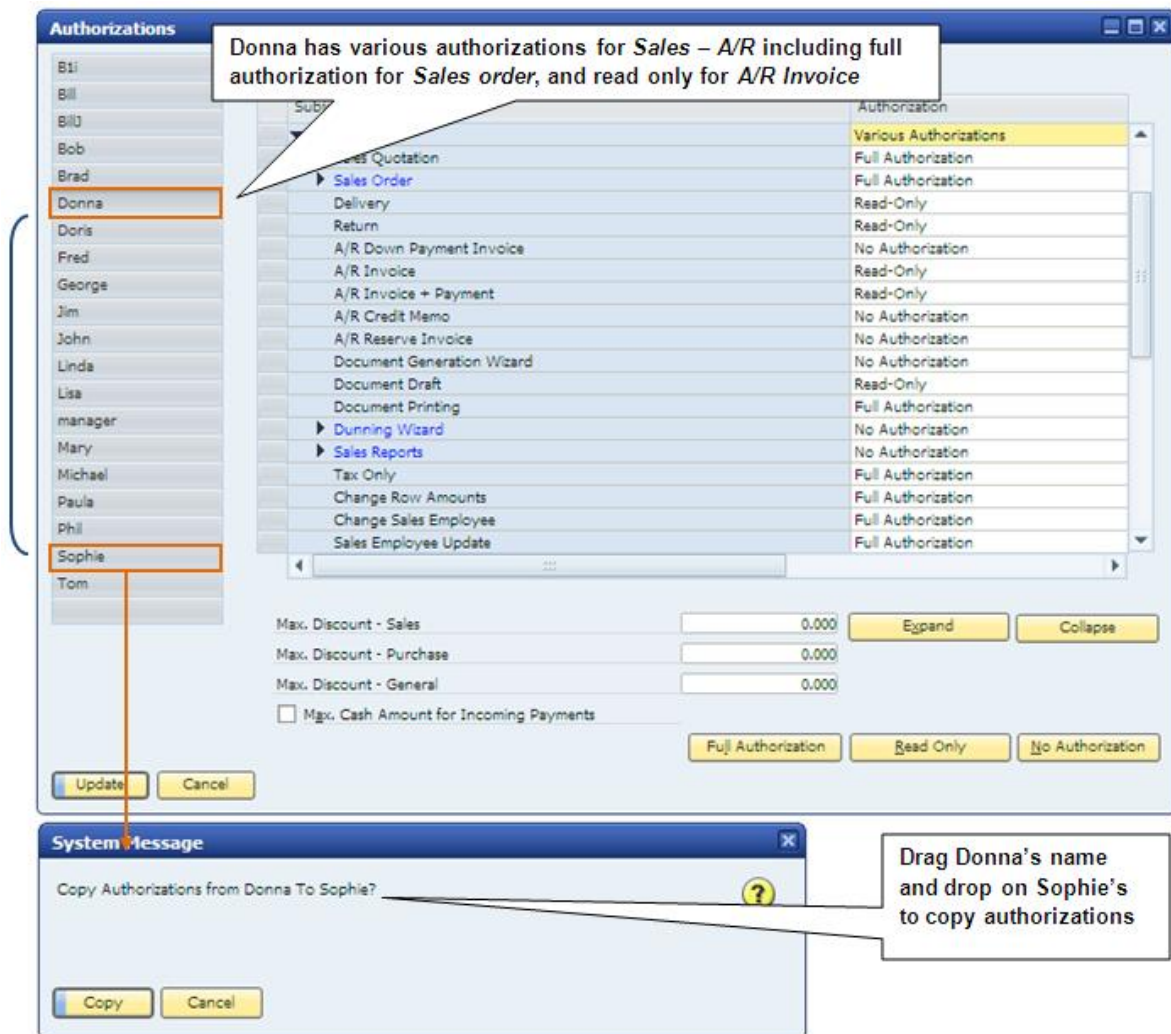


Figure 10-3: *Authorizations* window

Each module includes a list of the functions available and access rights that can be granted or denied on a per user basis. This window provides additional settings for maximum discounts, cash disbursements, and the use of encryption.

To save time when you have multiple users with similar authorizations, define the full authorizations for one user, and then copy it to others by dragging and dropping the user name on top of the others.

Portal pointer. For details on user authorizations, see the "How to Define Authorizations" guide available at <http://service.sap.com/smb/sbocustomer>.

Password Administration

Use the password administration window to define the security level for passwords in your company. Go to *Administration → Setup → General → Security*. You can choose one of the three built in levels: low, medium or high, or use the **Custom** option to define your own. Here you can choose minimum length, minimum upper and lower case characters, minimum digits, expiration, and more. All users are required to follow these rules in order to login to the system.

Data Ownership

In addition to general user authorizations, you can control document access using *Data Ownership* authorizations. The data ownership authorization identifies the owner of a specific sales or purchasing document and permits other users to access or change that document according to their relationship with the owner. For example, two sales employees are authorized to create quotations, but as a manager, you would like to prevent one sales employee from accessing the other's quotations. With data ownership you can define the relationship between the two employees as a *Team* or *Department*, and restrict access to quotations created by others in the team or department.

To setup data ownership, follow these steps:

- 1) Go to *Administration → System Initialization → Authorizations → Data Ownership Exceptions*. Check the **Enable Ownership Filtration**
- 2) Choose between three options for each document type: *No Filtering*, *By Header and Row Owner* or by *Header Owner Only*
- 3) Create employee master data under the *Human Resource* module. Each employee should be assigned with a user code and a sales employee. Optionally assign the employees to department, branch, team and a manager

- 4) Associate your customer with *Sales Employees*. The owner will be the human resource's record that is linked to the sales employee of the selected customer in a sales document. You can override the owner in the document header or row.
- 5) Finally you need to define the relationship between employees, go to *Administration* → *System Initialization* → *Authorizations* → *Data Ownership Authorizations*. See Figure 10-4 for setting up data ownership authorizations.

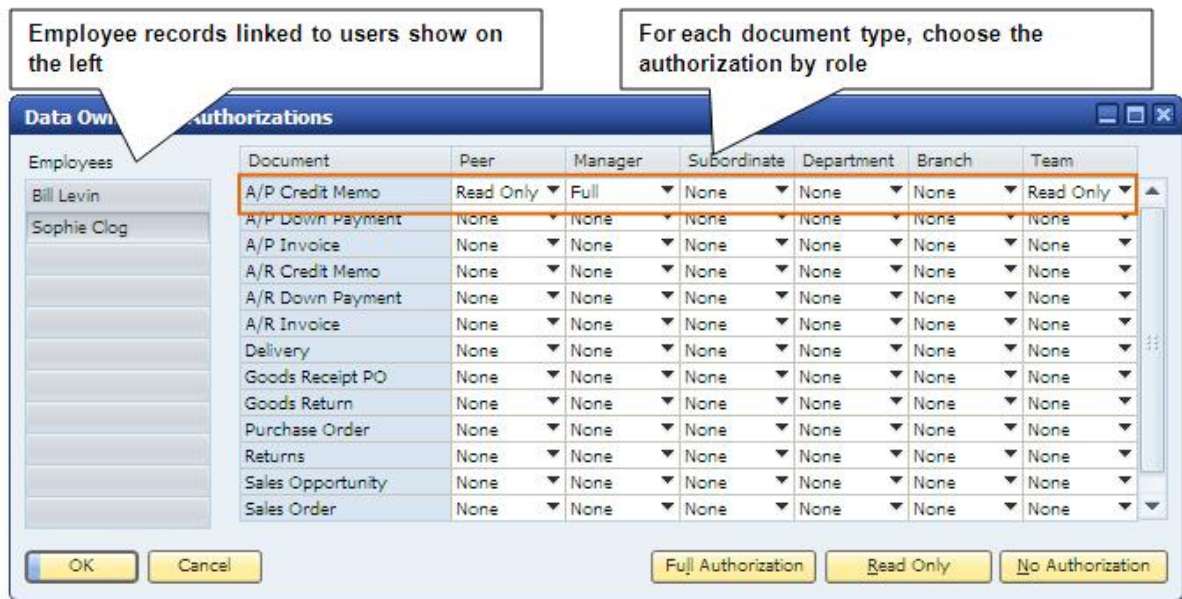


Figure 10-4: Define Data Ownership Authorizations

Note that some authorizations may overlap. If two employees are in the same team and have the same manager, it is sufficient to define Team authorizations only.

Data is filtered based on each user's data ownership authorizations. The filter applies to reports, drag& relate, and browsing through existing documents. While browsing, if the user encounters a document that is restricted by authorization, the system skips it or shows it as read only, depending on whether authorization was setup as No Authorization, Read Only, or Full Authorization.

Approval Procedures

Approval procedures in SAP Business One are a collection of powerful mechanisms for controlling who can do what and who must be consulted to permit exceptions. Approval procedures involve setting limits on the size and nature of the business transactions that each user is authorized to

execute. When someone tries to post a document that exceeds a limit set through the approval procedures, that document is automatically saved as a draft during the approval process.

SAP Business One supports thresholds for approvals, stages for approvals, and a general purpose mechanism that can subject almost any type of document to approval. When a document is flowing through the approval process, it is stored as a draft until approval is granted, and that is when the person who initiated the document can post it.

Approvals have two dimensions:

- Approval thresholds, which are criteria above or below which approvals are needed for various categories of documents. SAP Business One includes predefined terms that you can use to build criteria, or you can create customized criteria by writing a query.
- Approval stages, which are the steps the approval follows from the originator of the request to one or many people who must approve the work

The best way to get an idea of how approvals work is through an example. Let's imagine that Fred, a departmental administrator responsible for ordering office supplies, has a limit of \$1000 per purchase order. One day, to prepare for a large meeting, Fred has to order a much larger than normal amount of supplies, which results in a purchase order for \$2,000. When Fred tries to add that purchase order, he gets a message that indicates approval is necessary, and that it has been requested. The purchase order is not added but saved as a draft, and a message is sent to Fred's manager. If Fred's manager grants approval, Fred can add the purchase order.

Figure 10-5 shows the steps in the approval process.

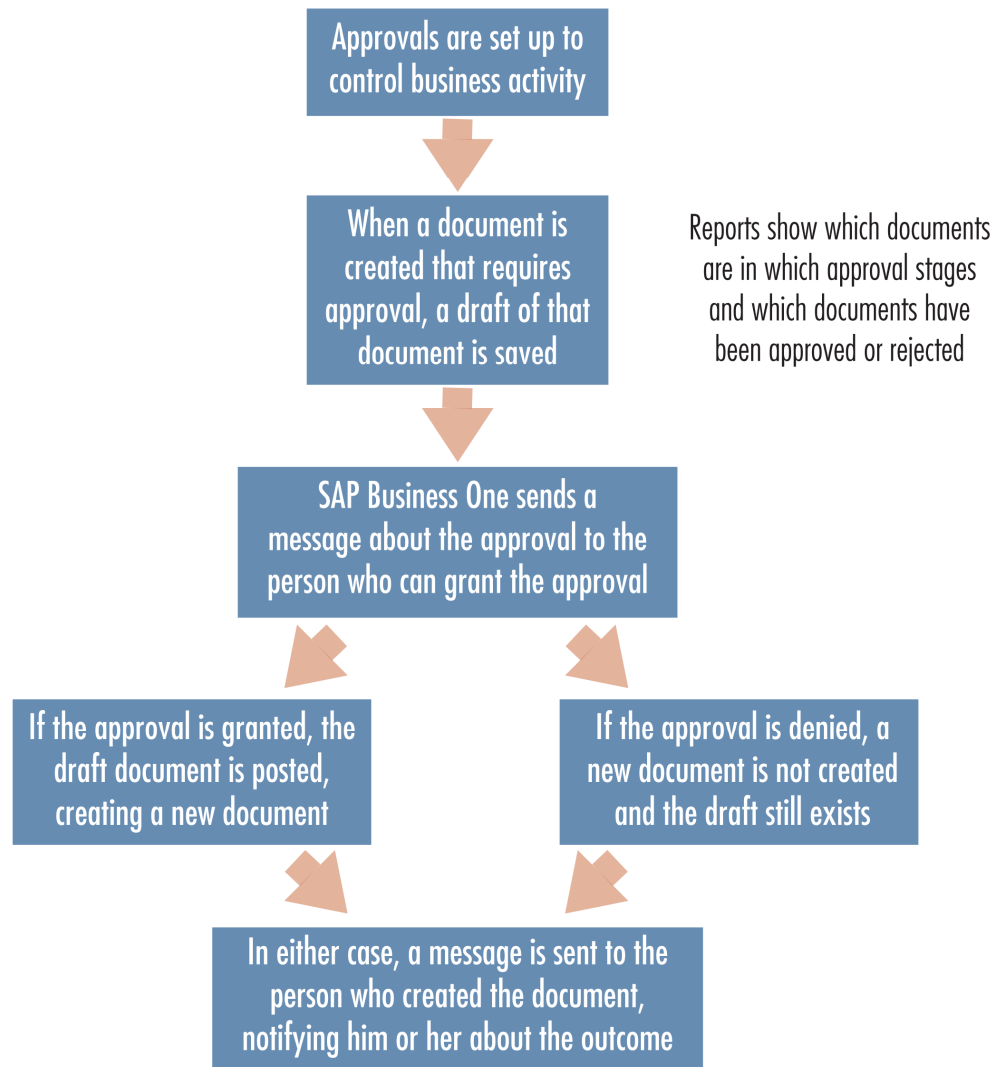


Figure 10-5: Steps in the approval process

If the approval is denied, the user can modify the document to meet the approval criteria. Once updated, if the document now meets the terms, the document is added to the system. If approval is still required, a new approval process starts.

SAP Business One implements the process described in the example through approval templates that can be accessed via the main menu by selecting *Administration* → *Approval Procedures* → *Approval Templates*. Approval templates include four types of information:

- On the *Originator* tab you specify users to whom the approval procedure is applied. The departmental administrator in the example would show up here.

- On the *Documents* tab you indicate which documents need approval. You can choose sales and purchasing documents, inventory documents, or outgoing payment. Following the example above, the purchase order would be specified here.
- On the *Stages* tab you define approval stages. In our example, there would be one stage created for manager approval.
- On the *Terms* tab (shown in Figure 10-6) you set thresholds that trigger an approval. This is where the \$1000 threshold would be set. You can alternately indicate that every document requires an approval.

Templates can be named (the template in Figure 10-6 is named *PO Approval*). The *Active* checkbox (to the right of the *Name* field) must be checked for the approval template to be enforced. Approval templates can govern a wide variety of parameters; for example, Figure 10-6 shows a rule that requires approval for a purchase order with a value more than \$10,000. In addition a customer query can be assigned as an additional condition. In this example, the approval applies to specific vendors. Special query syntax is required here. Consult your implementation partner for more details.

Approval Templates - Setup

Name: PO Approval ☒ Active

Description: PO greater than 10,000

Originator Documents Stages **Terms**

Launch Approval Procedure:

☐ Always

☒ When the Following Applies

Choose	Term	Ratio	Value
<input type="checkbox"/>	Deviation from Credit Limit	Undefined Type	
<input type="checkbox"/>	Deviation from Commitment	Undefined Type	
<input type="checkbox"/>	Gross Profit %	Undefined Type	
<input type="checkbox"/>	Discount %	Undefined Type	
<input type="checkbox"/>	Deviation from Budget	Undefined Type	
<input checked="" type="checkbox"/>	Total Document	Greater than	\$ 10,000.000

Terms Based on User Queries

#	Query Name
1	PO from selected vendors
2	

Total Selected Terms: 2

Add Cancel

Figure 10-6: *Terms* tab of *Approval Templates – Setup* window

Approvals reporting reminder. Two reports are key to the day-to-day use of approvals. The approval status report shows originators the status of their requests for approvals. The approval decision report shows authorizers all documents that are pending approval. Both reports are options under *Administration → Approval Procedures*.

With templates for approvals properly set up, approvals are managed in the following way. When an originator creates a document that needs approval, SAP Business One sends a message to the authorizer who is required to approve the document (there could be a chain of approvals required). An authorizer can approve or reject the document using the *Messages/Alert Overview* window (shown in Figure 10-7). If there are alerts pending for you, this window appears when you log in to SAP Business One. This window can also appear while you're in the application, depending on settings made for you by your system administrator in *Administration → Alerts Management*.

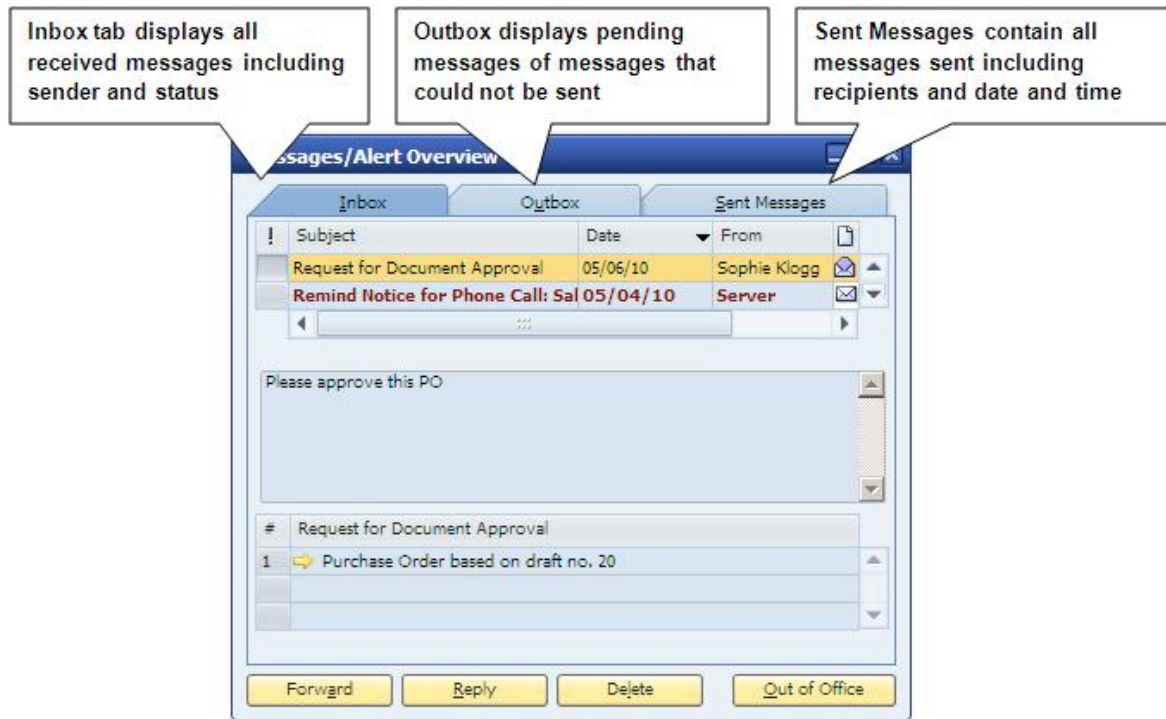


Figure 10-7: The *Messages/Alert Overview* window

The *Messages/Alert Overview* shows information about the document that is pending approval; clicking on the orange link arrows allows authorizers to quickly review documents requiring their approval. Authorizers can add remarks that clarify the rationale behind decisions.

No matter what the outcome, as soon as the authorizer acts on the document, SAP Business One sends a message to the originator of the document, and the message is displayed in that user's *Messages/Alert Overview* window.

If the document is approved, the originator can then convert the approved draft to a document directly from the *Messages/Alert Overview* window if desired.

If the authorizer does not approve the document, the originator receives a message to that effect as well. As you would expect, in this case the draft cannot be converted to a regular document.

Creating Document Drafts Manually

Approval procedures create document drafts automatically. It is also possible to create document drafts manually for a variety of reasons. This may be required because a document is only partially filled out and it will be completed later. Or perhaps someone knows how to fill out one part of the document but needs help from someone else to finish another part. Document drafts can also be used as templates for documents that must be filled out over and over again with minor changes.

Manually creating document drafts in SAP Business One is simple and straightforward. Document drafts can be created for sales and purchasing documents. When creating documents in these two areas, you can choose the *Save as Draft* menu option from the *File* menu, or right-click the document header to save as draft. (Figure 10-8).

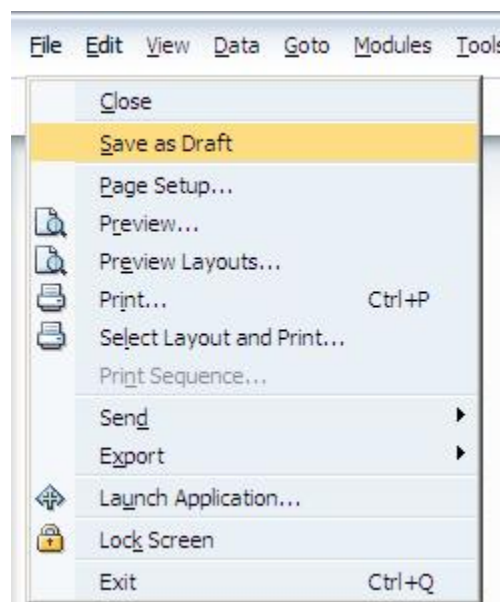


Figure 10-8: *File* menu for creating document drafts

If you save a document as a draft, it is available for later use. The next step in using a document draft is finding the existing drafts and then choosing one as the basis for creating a new document, a process summarized in Figure 10-9.

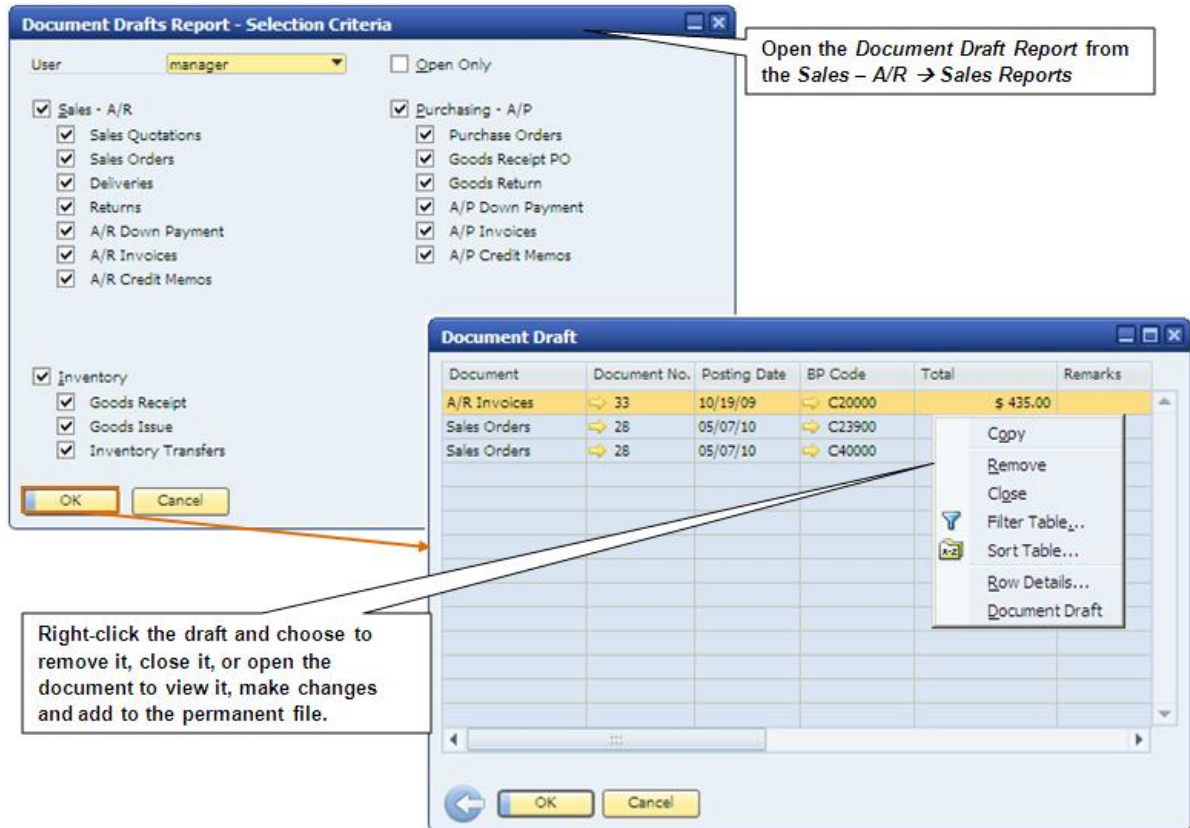


Figure 10-9: Finding document drafts

After you open the document draft, you can adjust the information and save it again, either as a draft or as a regular document.

Here are a few more examples of common ways you can work with document drafts in addition to the ones mentioned so far:

- Creating templates for recurring documents
- Saving work for use by another staff member
- Capturing information for a document you don't have authority to approve
- Saving work in progress to come back to later

Document drafts can be deleted from the *Document Draft* report (see Figure 10-9) by right-clicking on a draft and selecting *Remove* from the context menu. If you add a document using a draft, the draft is not deleted automatically. You delete it once you no longer need it. Users can save their own drafts and can use drafts created by other users.

Accelerating Document Creation through Wizards

SAP Business One offers two wizards to automate the creation of documents. The draw document wizard guides you through the process of creating a new document by using information from one or more other documents as a starting point. This automated copying to and from documents to new documents saves time and reduces errors. For example, you send out a sales quotation for a set of goods and, after talking with the customer, you find that the requested quantities have changed for a few items and one item will not be ordered. The advantage is that you don't have to reenter data from the quotation into a sales order; you can copy the quotation to a sales order or you can copy the sales order from one or more quotations. In this way, SAP Business One helps you save time and avoid errors.

The document generation wizard automatically creates multiple new sales documents using other sales documents as a starting point. In this way, for example, all of the orders collected by a call center can be turned into deliveries at the same time so those products can be recorded as shipped from the warehouse. Or if a sales order contains items to be shipped to two locations, then two deliveries could be created for one sales order. Both wizards are explained in the following sections.

Draw Document Wizard

The draw document wizard helps you create a new document from an existing one by guiding you step-by-step through the process and giving you advice along the way. The wizard is available for most documents in the sales and purchasing modules. To get the process started, you create a blank version of the document. For example, after opening a blank sales order and specifying the relevant customer, you start the wizard by clicking on the *Copy From* button in the bottom right corner of the window (see Figure 10-10).

You choose the document you want to use to create a new document from the list of eligible sales quotations shown. Multiple sales quotations can be used in creating a new sales order.

Choosing a document starts the draw document wizard, which provides different choices for customization and altering data based on the document that is being created and the source documents used to create it. For example, you can choose whether to use the exchange rate as it was when the sales quotation was created or the current exchange rate as it is updated today in the exchange rate table.

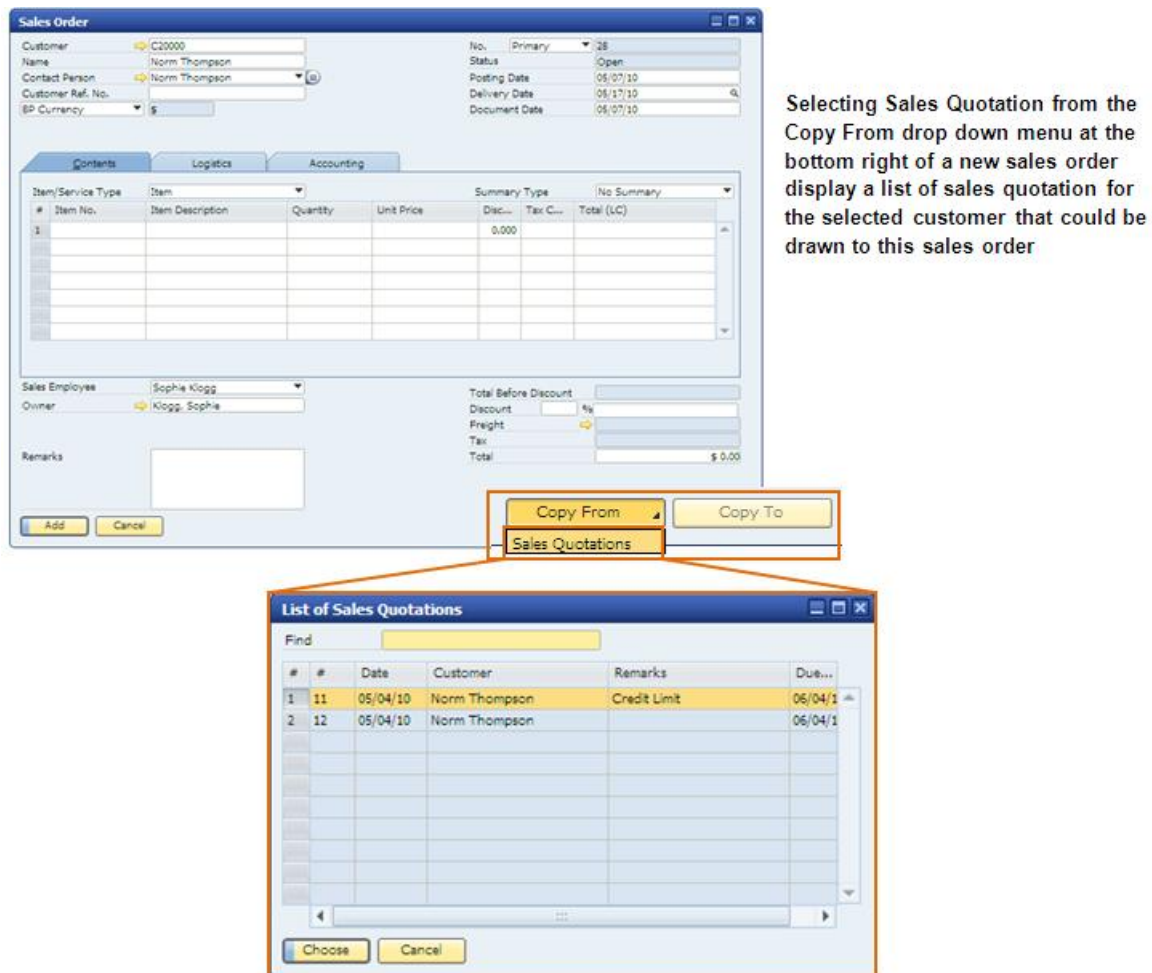


Figure 10-10: Starting the draw document wizard

As Figure 10-11 shows, you can choose to customize item-level data—and here you can change almost everything. You can delete rows, change quantities, change prices, provide discounts, and so on.

Backup reminder. The document generation wizard may create tens or hundreds of documents at a time, many of which have significant accounting impact and are difficult to roll back. For this reason, you should use this wizard carefully and usually only after creating a full backup of the database. This makes recovering from a misstep a matter of restoring a database rather than manually rolling back hundreds of journal entries. Another way of experimenting safely with document generation is to configure the wizard to create draft documents so that you can execute the wizard and see if everything worked properly before posting the documents.

Because of its power, the document generation wizard is usually something that your implementation partner will train you to use. This section provides an overview of the main steps involved in using the document generation wizard.

The wizard, started from the sales – A/R module, presents a welcome screen followed by a screen for step 1, which allows you to retrieve a named set of saved parameters for a document generation run. The screen for step 2 of the wizard is shown in Figure 10-12.

Document Generation Wizard

Target Document
Select the document type and the characteristics of the target documents. In addition, set the summary method (can be changed after addition).

Target Document: [Dropdown] ☐ Create Draft Documents

Posting Date: 05/07/10
Document Date: 05/07/10
Series: [Dropdown]

☒ Items: No Summary
☐ Service: No Summary
Exchange Rate: Use Current Rate

Step 2 of 8 Cancel < Back Next >

The Target Document step allows you set your preferences regarding the documents that will be created including date, numbering series and summary level for items and service

Using the Document Generation Wizard you can create Sales orders, Deliveries, Returns and invoices. One document type per run

Sales Order
Delivery
Returns
A/R Invoice

Figure 10-12: Target document settings

Target document settings shown in this figure let you control the type of document you are creating (sales orders, deliveries, returns, or invoices) and customize other parts of the document. Here you

can choose to save as draft, and determine which type of documents will be created: items, service, or both.

In step 3 of the wizard, you specify which documents to use as the base documents for document generation. Just as with the draw document wizard, the document generation wizard allows you to select documents to draw from to create new documents. Figure 10-13 shows the screen used to select base documents.

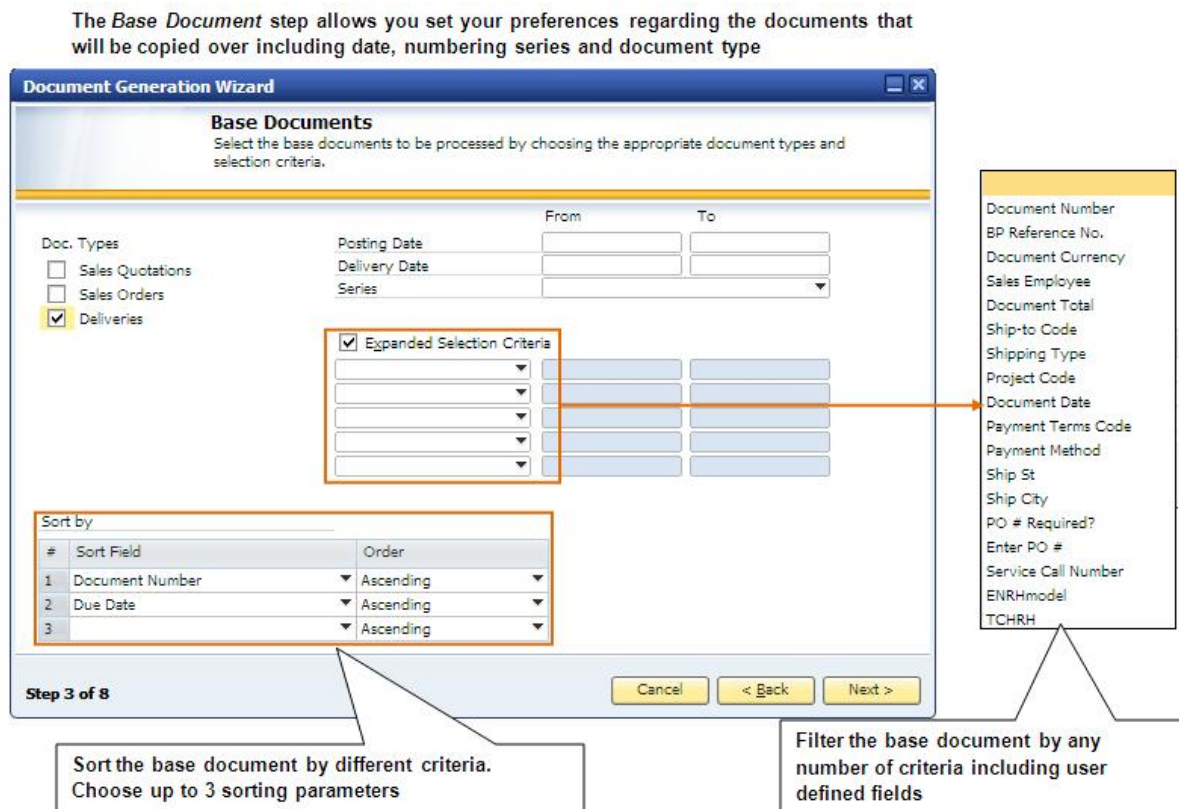


Figure 10-13: Selecting base documents

One of the more powerful features of the document generation wizard is the way that it understands which document is the most authoritative. For example, if a sales order was created from a sales quotation, and both the sales order and sales quotation are included as base documents, the document generation wizard ignores the sales quotation because the sales order supersedes it. The base and target document icons can also be used to find the base and target documents that were created through the document generation wizard.

In step 4 of the wizard you select how (and whether) you want to consolidate documents. If you just keep the default, the basic rules for consolidation are implemented: documents are consolidated if the

base and target document are for the same customer, and same type. You can define additional criteria for consolidation, such as ship-to name, payment terms, payment method, or custom criteria based on user defined fields. In step 5 you choose specific customers for which documents should be created in the run. Step 6 specifies what should happen if there is missing data or bookkeeping or inventory errors when creating documents. The choices are either to skip to the next document, to the next customer, or to obtain confirmation interactively.

In step 7 you can save the settings for the run using name and description, execute the run, or both. Before executing the run, the application reminds you that you should have a current backup. Step 8 of the wizard is a listing of the documents that were created, along with any error messages that may have been generated.

While this overview provides a good idea of what the document generation wizard can do, it is prudent to seek help from an implementation partner or do a lot of experimentation in a test environment before using this feature in production. With great power comes great responsibility.

11

Printing Documents and Reports

In This Chapter


- ❑ Overview of printing capabilities
- ❑ Initial setup
- ❑ Print layout designer
- ❑ SAP® Crystal reports

Printing documents and reports to a hard copy or to a file, is an essential part of your day to day work. With SAP Business One you can print immediately after you created your company database. Each document or report comes with a predefined print layout template created based on industry standards, that can be used as is, but can also be modified based on your company's unique needs.

We distinguish between document layouts and reports:

- ❑ Document Layout. Each document type, such as invoice and delivery, has a print layout template that allows you to print the individual documents.
- ❑ Report. A set of data arranged in a report, based on your selection criteria. Each report also has a print layout template. Reports also refer to independent Crystal Reports located on the main menu .

Screen layout versus print layout. What you see on the screen is not how the document or report will look like when you print. For example, if you add a column to the document table on the screen, it will not affect your print layout unless you also add this to the layout. Print layouts can be maintained using the Print Layout Designer (PLD) or the SAP Crystal Reports tool.

Any document or report can be print previewed on the screen by clicking the print preview icon  . If the default template is a PLD report, the PLD preview screen opens. If the default template is a Crystal Report, the Crystal Report viewer opens.

You can choose to export your print layout to a PDF, text, or an image file by opening the desired document, and choosing *File → Export → Layout to*. While sending an external email from a certain

document, the system asks the user whether to attach the edited report. This will create a PDF file and attach it to the email message. SAP Business One tracks the printing status of sales and purchasing documents. Once a document has been printed, its status updates. This allows you better control over what is printed, and what is yet to be printed.

You can choose to print documents automatically after they are added, or print them in a batch using the *Document Printing* window. In the *Document Printing* window, choose the document type to be printed, and filter by date, series, and printing status.

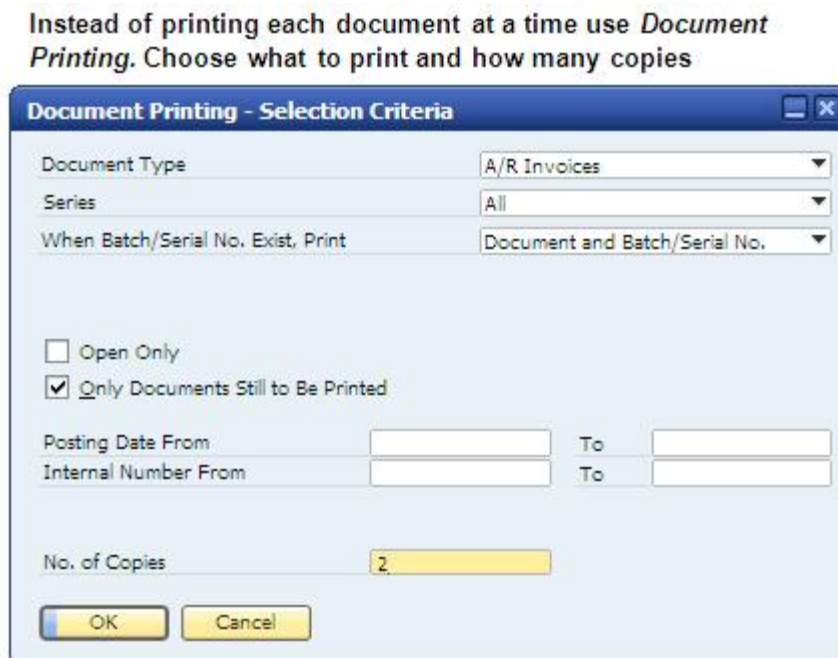


Figure 11-1: Print documents in a batch

Initial Setup

You can choose if, when and which documents to print. You can set defaults for how each document type will print, as well as how many copies will be printed. Go to main menu *Administration* → *System Initialization* → *Print Preferences*. See Figure 11-2 for company level printing settings

On the general tab define preferences in the company level such as margin, max rows, and which serial number attributes to print with documents

If you select a company logo, system templates that contain a Logo field will automatically print this logo

Figure 11-2: General Print Preferences

On the *Per Document* tab, select the document type and make your printing preferences:

- **Print Document.** Will print the document right after its addition. Specify the number of copies you are interested in.
- **Print Discount Data.** For sales and purchasing documents, choose whether to print the header discount information
- **Print Amounts.** For certain document types, such as Purchase Order you choose whether to print the document prices and totals

These preferences only affect PLD templates. If you need to implement these changes on Crystal Reports layouts, you must create additional templates to match your needs.

Setup options. You can override some of the print settings by user. Identify *User Defaults*, when you setup your users to make this determination. Go to *Administration → Setup → General → Users*. On the *Default* field, press tab, and choose New to create a new user default.

Report and Layout Manager

All templates, both document layouts and reports, are managed in a single location in the application. This is the *Report and Layout Manager*, located under the menu *Administration → Setup → General*.

Here you can view which templates you have for each document and report. You can delete templates, and make certain changes such as defining the default printer and number of copies. The report and layout manager also allows you to export and import Crystal reports, and to define print sequences. We will now explain how to work with the report and layout manager.

Document Layout Management

To locate a layout, navigate through the tree structure, which is identical to the application main menu structure. When you select the document type, all the assigned templates are displayed on the right. See figure 11-3 for an example for A/R invoice templates.

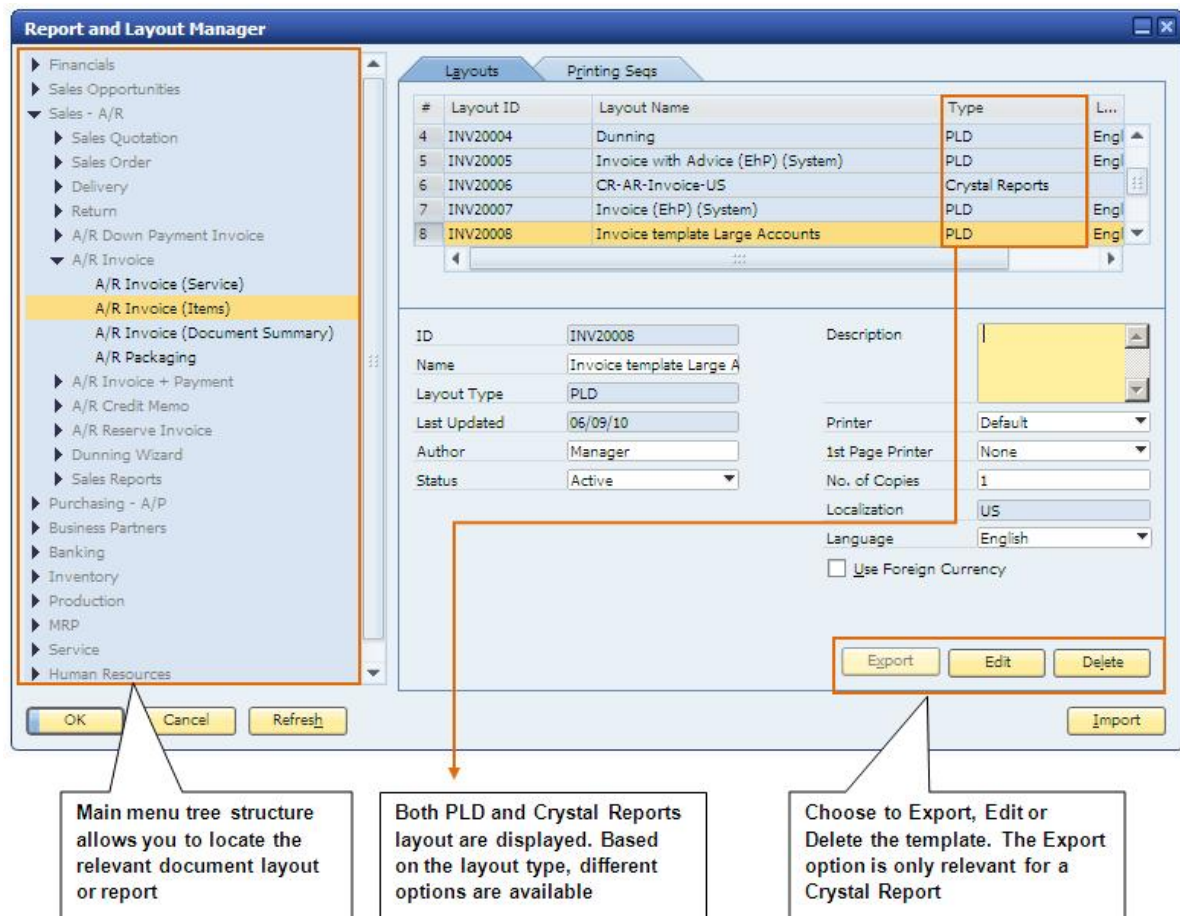


Figure 11-3: Manage document layouts

Export and Import Document Layouts

During the course of a SAP Business One implementation, you may have situations where you would like to move templates from one company to another, or to apply a layout to different types of documents. If your layouts are created in Crystal Reports, you can use the export and import options to fulfill this need, and save you time and redundant work.

To export a template, or multiple templates, locate the layout you need, and click the *Export* option. The *Report and Layout Export Wizard* opens. The wizard shows the module your template is located in, and you can select this and other layout templates from the same module. For example, if you are exporting an A/R invoice template, you can now choose different layout templates from the A/R sales module. The next step is to provide a name and a location for the file. The export process creates a B1P file (Business One Package) which can be imported to another company.

Now, click *Import*. You can import either B1P (packages) or RPT files (Crystal Reports files). Select the file and press *Next*. If this is a package that was previously exported from SAP Business One, the wizard knows where to place the imported template. In our example, the templates are displayed under the A/R sales module, A/R invoice. In this step you can specify if the template is a *Master Layout*. This option allows you duplicate the master layout to other document types. For example, if your quotation and order layouts look the same as the invoice layout, then instead of redesigning these two layouts, simply define the invoice as a master, and duplicate it to the quotation and order. See figure 11-4 for duplicating layouts.

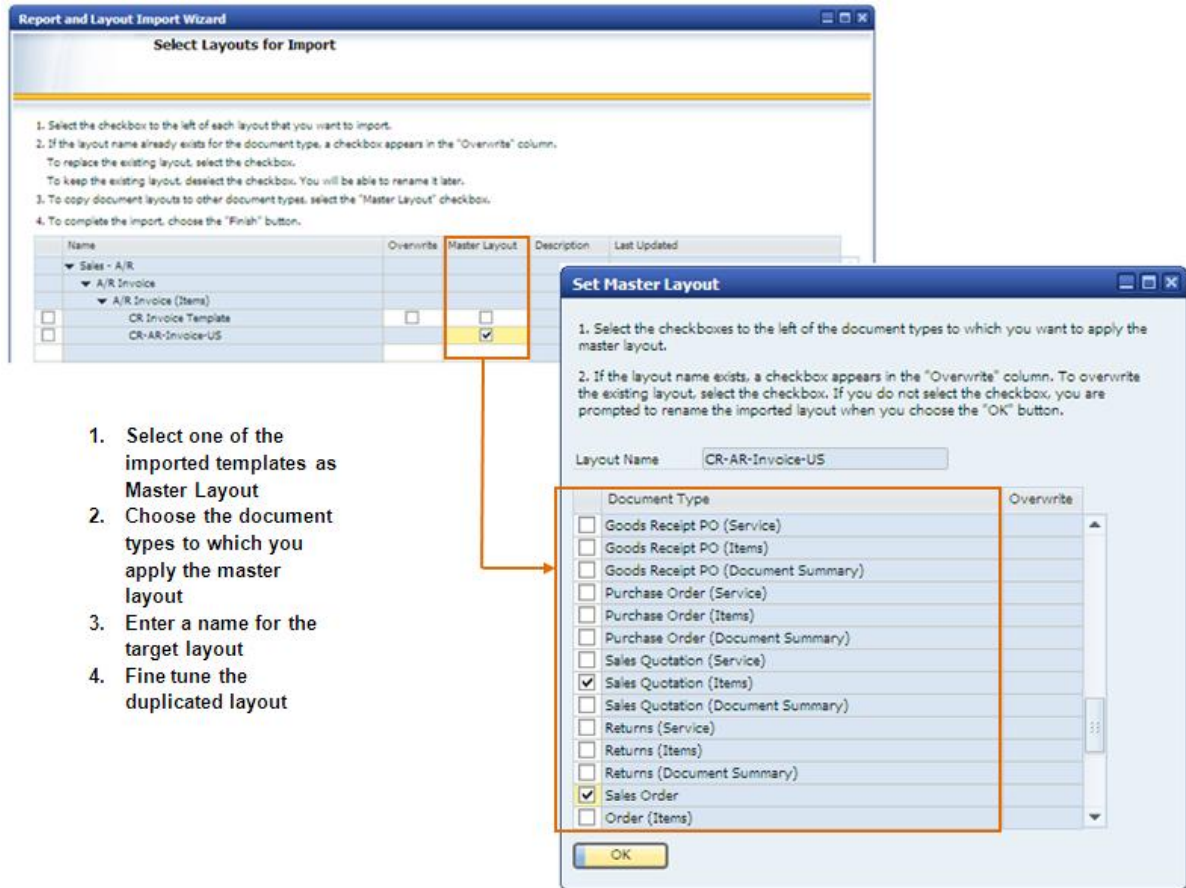


Figure 11-4: importing and duplicating layouts

Once the import is complete, you can view the newly imported templates for the respective document type in the Report and Layout Manager. For layouts that were duplicated from a master layout, it is recommended that you fine tune these layouts - update text fields that refer to the document type, and delete or add fields based on your needs.

Import stand alone Crystal Report. Use the import, to add new independent reports to the main menu. For example, a new custom sales report, or a commission report can be imported and placed under the Sales Reports menu. In this case, on the import process you choose the Report option, rather than the Layout, and determine where in the main menu the report will be located.

Printing Sequence

Different companies have different printing needs and procedures. With the printing sequence you can customize how documents are printed to match these procedures. Figure 11-5 presents an

example of printing an invoice with two different templates and with other related documents in a set sequence.

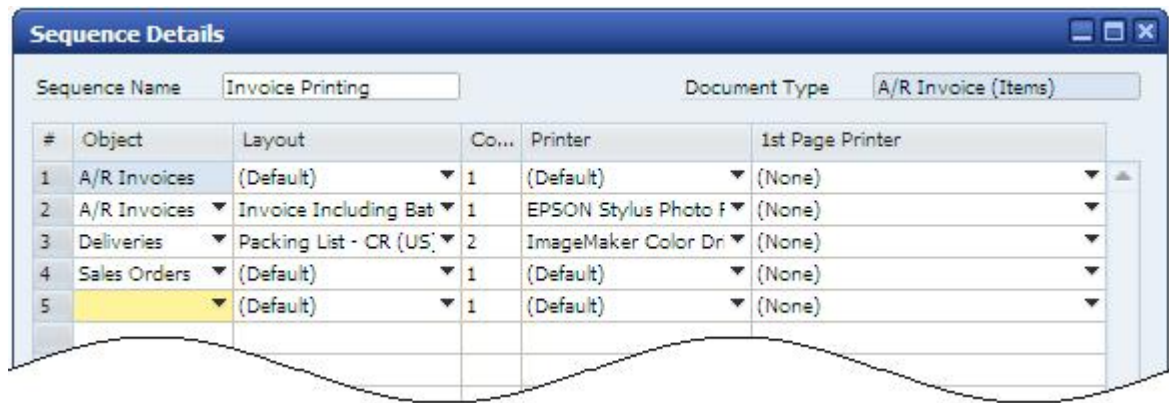


Figure 11-5: Printing Sequence

This printing sequence reflects the following: the first copy of the invoice is printed using the default template, the second copy includes batches and serial numbers and is printed to the warehouse printer, then two copies of the related deliveries are printed as a packing list to the loading area printer, and one copy of the original order is printed for the customer's reference.

This means that once you print this invoice, 5 different documents and templates are printed. Note that you can combine PLD reports and Crystal Reports in the same sequence.


Print Layout Designer

The Print Layout Designer is one of the two tools for producing all your document and report print layouts. When you choose to print, or print preview, the system accesses the print layout designer tool, and use the default template for the printing process.

When you create a new company, every document and report in the system has a default print template called the **System** template. You can identify these templates by the (system) indicator next to the template name. Sometimes there are multiple system templates for the same document type. The best way to start is by printing your documents using each of the system templates, and choose the one that most matches your needs. Note that it is not possible to delete system templates.

Using the Print Layout Designer tool, you can access the system template and modify it. For example you can add your company logo, add the customer's fax number to the invoice form, or add a user-defined field to the sales order printout.

To make changes to the template:

- 1) Open the document or report
- 2) Click the print layout designer icon  from the icon toolbar
- 3) Select the desired PLD layout (the default layout is automatically highlighted)
- 4) Choose the *Manage Layout* button
- 5) In the *Report and Layout Manager* window, choose *Edit*

If the template you chose is a PLD type, the Print Layout Designer tool is automatically opened for you. The first thing you should do is save the template under a different name, in case you are starting from a **System** template. The Print Layout Designer contains the following components:

- The Print Layout Designer Tool Bar and Menu Bar. Use these to create new fields, expose field's dependencies, and define document properties.
- Document area. Represents the template itself. Here you will create new fields and adjust field's location and measurements.
- Field index. Lists all the fields in the template, by areas. You can use the field index to search fields by their unique ID and view their properties.
- Area and field properties. Once you click an area or a field, its properties appear. Here you can identify the field's content, format, links and more.

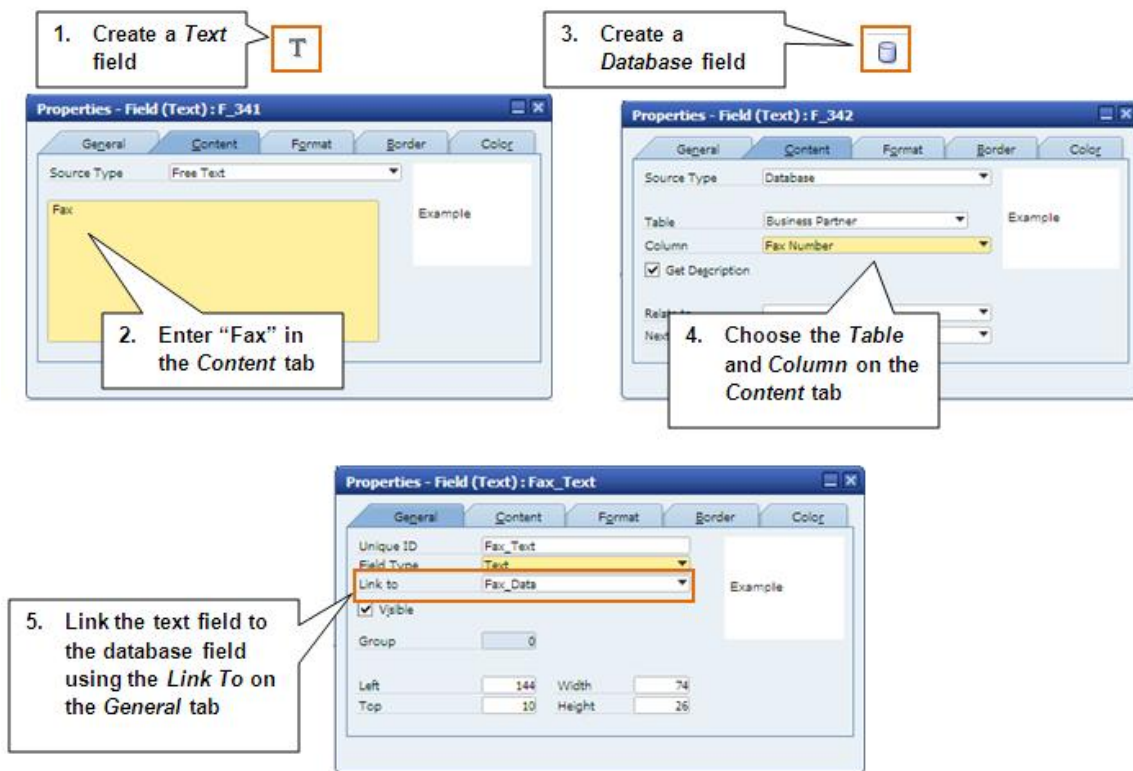


Figure 11-6: Creating Fields

Let's assume you would like to add the fax number of your customer in a sales order form. Follow Figure 11-6 for the steps to add a text field, a database field and *link* them together. This way, if the customer doesn't have a fax number, the text field that serves as a label is not printed.

The field's unique ID can be changed by you. Providing significant names to the fields can help you find fields more quickly in the field index, in formulas, and when linking fields to one another.

Save copies of your templates. If you have a good working template, make sure you save it under a different name before you make additional changes. Use the *Print Layout Designer* → *Save as*. Later you can delete unnecessary templates using the *Print Layout Designer* → *Delete Layout*

To go deeper into the Print Layout Designer tool, go to the SAP Business One Customer Portal at <http://service.sap.com/smb/sbocustomer>. There you will find information such as:

- Additional field types that can be added – picture, barcode and system variables
- How to create formulas
- How to add subtotals and sorting to a template

- How to attach a template to a user defined query using the *Query Print Layout* tool

Duplicate Layout Template Utility. You can duplicate a Print Layout Designer template from one document type to another, similar to the *Master Layout* functionality when you work with Crystal Reports templates. Go to *Administration* → *Utilities* → *Duplicate Layout Template*. Select the base and target template and choose Add.

SAP Crystal Reports

This newly integrated reporting tool gives you additional flexibility and robust capabilities for easy creation of report and document layouts. As an SAP Business One customer with a current maintenance agreement, you are entitled to receive one free designer license for the Crystal Reports designer tool, allowing you to create new reports and layouts and modify existing ones. Many reports are provided when you create a new company database or upgrade to SAP Business One version 8.8. Using SAP Crystal Reports designer, you can create new layouts and reports, and import them in the *Report and Layout Manager*, as explained earlier.

To edit an existing report, select the template in the *Report and Layout Manager*, and click *Edit*. If you want to create a new SAP Crystal Report, open Crystal Reports from the start menu, *All Programs* → *SAP Business One* → *Crystal Reports 2008*.

Creating a Basic Report using SAP Crystal Reports

In this section we will describe the creation of a basic sales report, based on A/R invoices, grouped by sales employee. The report will be imported to the main menu, under sales reports.

Start by selecting the **Report Wizard** as you open the SAP Crystal Reports tool.

In the first step choose the data source for the report. Click the Create New Connection and choose the SAP Business One options. Figure 11-7 shows the credentials that need to be entered in order to create the connection.

SAP Business One

Enter connection details below:

SAP Business One Server: SERVER

License Server: SERVER:30000

Server Type: MSSQL2008

Company Database: Demo1

Company User ID: manager

Company User Password:

Trusted Connection (optional): ☐

Database User ID (optional): sa

Database Password (optional):

< Back Next > **Finish** Cancel Help

Enter SAP Business One server name and license server name

Choose the company you wish to connect and enter a valid user name and password

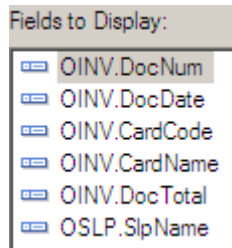
Enter database credentials

Figure 11-7: Creating a new connection

Now expand the new connection, select the database name and the **B1 Tables**. A list of all the tables in the database is presented by module. In our example we need the A/R invoice table (**OINV**) from the sales module and the sales employee table (**OSLP**) from the menu *Administration* → *Setup* → *General*.

The next step presents the relationship links between the two selected tables. Usually the links are automatically created based on the SAP Business One database schema and are correct; however, when multiple tables are selected, occasionally you will need to fix and create the links yourself. You can use the *Query Generator* tool, select the same tables, and view which links are suggested by the system.

In the next step you select the fields from each table to appear in the report. In our report the following fields are selected:



The *Grouping* step is optional. Here we select the fields to group by, either from the fields already selected in the report, or from the fields available in selected tables. In our report, we select the sales employee name and click *Next*. In the *Summaries* step, the system suggests to summarize each group by document number and document total. We remove the document number and click **Finish**.

Figure 11-8 shows the report results as they are displayed in preview mode for our report. The Crystal Reports designer tool has two modes: Preview and Design. Here we can add new fields, change their formats, add formulas, filter the report using parameters, add charts and much more.

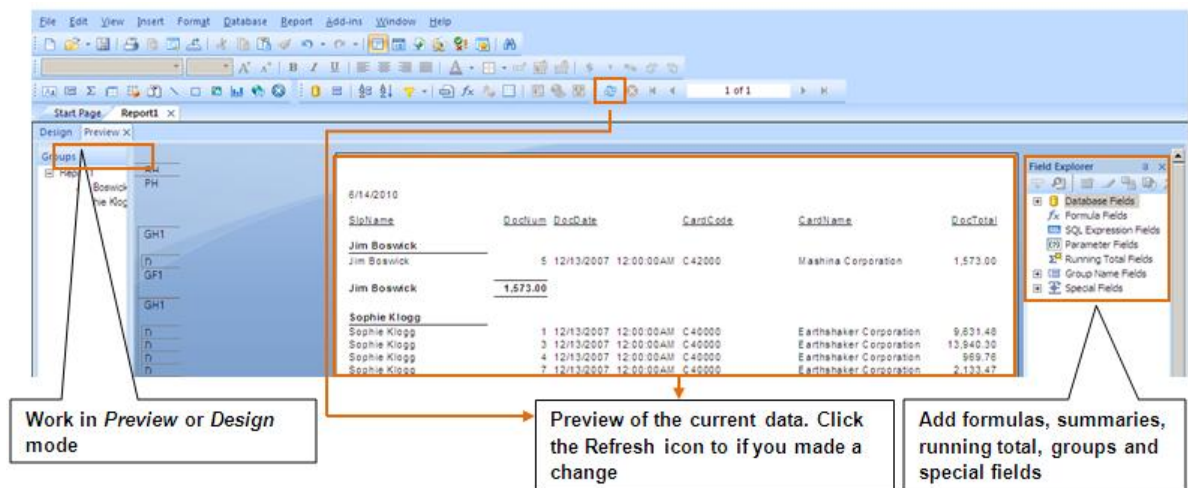


Figure 11-8: SAP Crystal Reports Designer

When the report is ready, choose *Add-ins* → *SAP Business One* → *Save As* to save the report. To see how the report looks in SAP Business One, choose *Add-ins* → *SAP Business One* → *Preview in SAP Business One*.

Special Fields in a Crystal Report. The integration of SAP Business One with Crystal Reports provides additional features. You can create search criteria parameters that look like the built in selection criteria of other reports in the application. In addition, you can add the drill down orange arrow to Crystal Reports, so users can open the related master data screen.

Portal pointer. For detailed, step-by-step instructions on creating and maintaining reports, go to SAP Business One Customer Portal at <http://service.sap.com/smb/sbocustomer> and download the "How to work with Crystal Reports in 8.8" guide

Setting Default Layout Templates

You can maintain multiple layout templates for each document and report. You can have, for example, an invoice layout for each of your customers' languages, or set a different invoice layout for certain types of customers.

SAP Business One allows you to choose different templates as default for different business partners and for users. So you can assign your large account invoice form to your customers that are assigned to the large accounts group. Or use different purchase order templates for users in the different departments of your company. Figure 11-9 shows how to set the default templates for business partners and users.

Authorization Alert. Non super users can only set a default template for themselves and specified business partners. You can further control a user's accessibility by choosing if the user can change the default template using the *General Authorizations*.

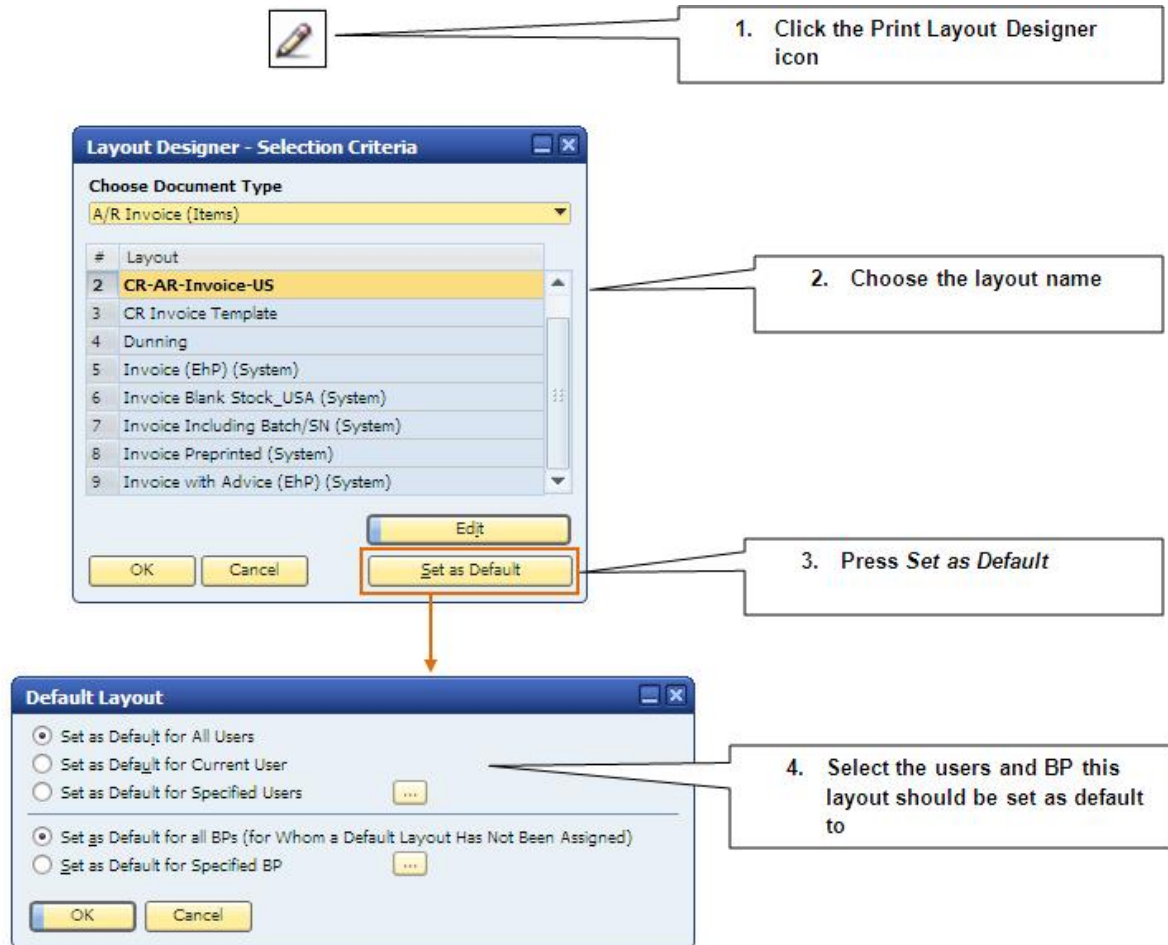


Figure 11-9: setting print template as default

If you selected the option of specified users or business partners, click the browse icon to make your selection.

12

Inventory

In This Chapter

- ☐ Inventory Valuation Methods
- ☐ Cycle Count and Inventory Tracking
- ☐ Pick and Pack
- ☐ Pricing

Using SAP Business One, you can track your inventory in the warehouse in real time. Every transaction that you add, will update your inventory quantity levels, and if you are using perpetual inventory, the monetary value as well. Most companies require the ability to report their inventory situation at any time; while some companies such as services providers, do not have the need to track inventory information at all. In SAP Business One, you can choose between activating “Perpetual Inventory” which will track the monetary value as you add or remove inventory or you can run your accounting without this function.

To activate Perpetual Inventory follow these steps:

- Select the **Use Perpetual Inventory** checkbox on the *Administration → System Initialization Company Details → Basic Initialization* tab
- Choose the default valuation method: **Moving Average, Standard** or **FIFO**
- Choose whether to **Manage Item Cost per Warehouse**
- Define the primary inventory accounts to accommodate automatic postings to the G/L. Go to *Administration → Setup → Financials → G/L Account Determination → Inventory* tab

Setup Tip. You can choose how the system behaves when inventory goes below minimum quantity levels, or to negative values. Go to *Administration → System Initialization → Document Settings → General* tab. If you choose the Warning Only option, you can identify which users can confirm this warning and add the document using the *General Authorizations*

Valuation Methods

Let's first try to understand how your choice of valuation method affects your accounting system. At the end of the year, you need to know the monetary value of your inventory in the warehouse. You may say – that is easy, it's the summary of all my purchases. That is almost correct, except this does not really give us the cost of the units remaining in the warehouse. Commonly, a particular item may be purchased throughout the year at different prices. The valuation method you choose will help the system to determine how much the item sold actually costs. This is also called **Cost of Goods Sold**. Based on the company line of business, an appropriate valuation is determined. We will now look at the three options available in SAP Business One.

Moving Average

The item cost is calculated by dividing the total inventory value by the on hand quantity.



Figure 12-1: Moving Average

FIFO

The item cost is calculated as the cost of the oldest unit on hand.



Figure 12-2: FIFO

Standard Cost

The unit cost is determined manually when you setup the item. Variances that occur due to a different purchase price are recorded to a variance account, and the unit cost is not affected.



Figure 12-3: Standard Cost

Setup Tip. The valuation method you choose in the System Initialization, will serve as default for new item groups. You can set a different method as a default for the item group if desired. Based on the item group assigned to the item, the valuation method is determined automatically. You can override it manually in the item master.

Inventory Revaluation allows you to re-evaluate your item costs and inventory value without changing quantity levels. Typically revaluation is done during the year-end closing process. Go to *Inventory* → *Inventory Transactions* → *Inventory Revaluation*.

Cycle Count and Inventory Tracking

Periodically, you are required to conduct a cycle count to verify that the on hand quantities as they appear in SAP Business One match the physical count in the warehouse. You can assign cycle codes to each item and warehouse, and receive an alert from the system based on your preferences. See Figure 12-4 for information on setting up cycle count alerts

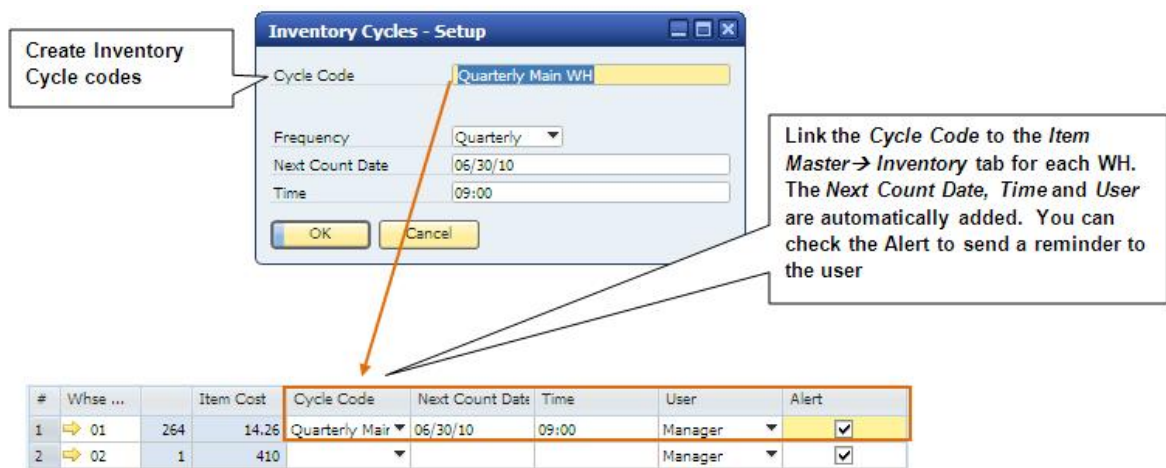


Figure 12-4: Setting up Cycle Count Codes

Open the *Cycle Count Recommendation* report to view all items that are due to be counted. When you open the *Inventory Tracking* window, select *Counted*, so the system updates the next cycle count date for the item. Go to *Inventory* → *Inventory Transactions* to access these documents,

Entering your inventory updated quantities consist of two stages:

- 1) Use *Inventory Tracking* to enter your initial count
- 2) Use the *Inventory Posting* to save your count. This stage creates the inventory adjustment transaction. Here you can choose what will be your unit cost. It is recommended not to accept inventory posting differences without a proper cost.

Backdating inventory count. If you conducted the count at the end of year, but you enter it into the system at a later date, make sure you enter the actual count date, and press the Update Quantities button in the *Inventory Posting* document. This will backdate your inventory level, and post the correct differences.

Pick and Pack

The pick and pack process is an optional step in your sales cycle. If you manage a large warehouse, and have dedicated personnel to collect the items, pack and ship them, then the pick and pack manager can be helpful. The pick and pack manager scans your open sales orders and reserve invoices- by requested delivery date and priority. It also presents the accumulative available quantities ready to be picked and shipped. If there is not enough available quantity, the column *To Release* will be blank. If your configuration allows you, you can choose to release for pick list quantities that are not available.

The pick and pack manager supports three stages. Go to *Inventory* → *Pick and Pack* → *Pick and Pack Manager*

- Release to Pick List. From the **Open** drawer choose the orders you wish to pick and press **Release to Pick List**. This creates a pick list of the selected items. You can print this document and give to the warehouse manager
- Update picked quantity. Click the **Released** drawer, then drill down to the pick list to update the quantities that were picked. You can choose to delete item rows from the **Released** list, if those were selected by mistake. The items will reappear in the **Open** drawer
- Deliver. From the **Picked** drawer, select the items you want to deliver and press **Deliver**. This stage creates a delivery document. You can deselect picked items, by opening the pick list and choose to **Clear All**, or simply by updating the picked quantity individually. Items that were cleared reappear in the **Released** drawer.

If you prefer, you can skip the first and second step and immediately delivery the items. To do so, select the items in the first or second drawer and press the **Deliver** button. One delivery document is created per customer.

Pricing

Using the different pricing options in SAP Business One, you can set predefined prices for selling and buying items. Prices are assigned to price lists and to specific business partners. For example if all your large accounts have discounted prices since they purchase in larger volumes you can create a relationship between pricing levels that updates automatically. On top of the basic price list functionality, you can add discounts based on percentage, dates and quantities.

Every company is created with 10 default price list. Here is how you setup and maintain price lists:

- You can add or remove price lists *Inventory* → *Price Lists* → *Price Lists*.
- You can base a price list on another price list by using a factor. For example if your margin is 20%, you can set your sales price list to be based on the purchasing price list with a factor of 1.2. When a base price list is updated, the target price updates automatically.
- You can set a price to be manual. For example you can lock down a price in your sales price list. This means the price will not change unless you specify otherwise.
- To enter prices, double-click the price list row number
- Assign the appropriate price list to your business partners. First assign the price list to the payment terms, next assign the payment terms to the business partner. If needed you can override this price list in the business partner master.

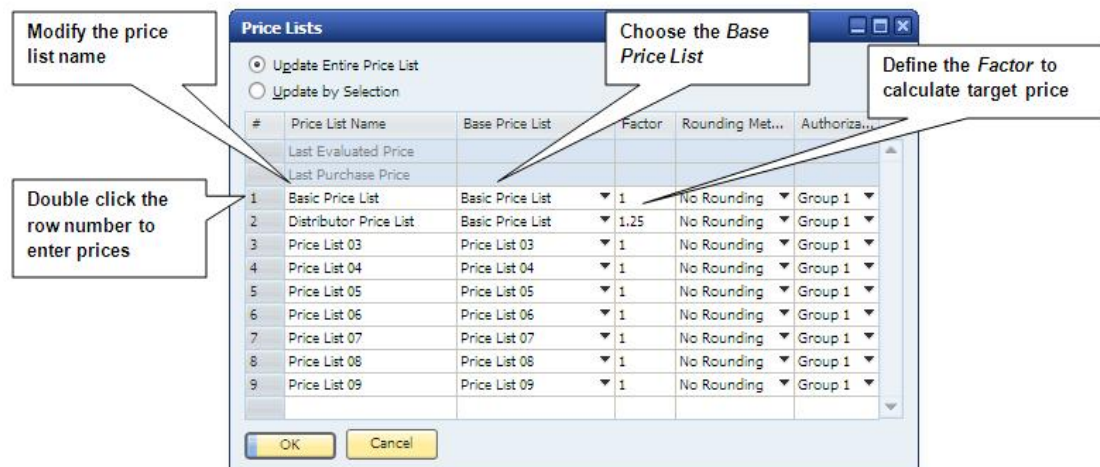


Figure 12-5: Price Lists

Authorization. Assign each price list to an authorization group. Use the *General Authorization* to define which users can access which group. You can also prevent some users from modifying the price that appears by default in your sales and purchasing document. Set the *Change Row Amount* to *No Authorization*, in the sales module.

Additional pricing options are available. You can use special prices to define detailed pricing and discount structures for a business partner. You can base your discounts on any price list, or simply enter them manually. Double-click the row to enter expiration dates, double-click again to determine quantity level discounts. Go to *Inventory* → *Price Lists* → *Special Prices*. See Figure 12-6 for a list of all the pricing options available in SAP Business One and which levels take priority. This is applicable when a business partner has more than one pricing level assigned to him.

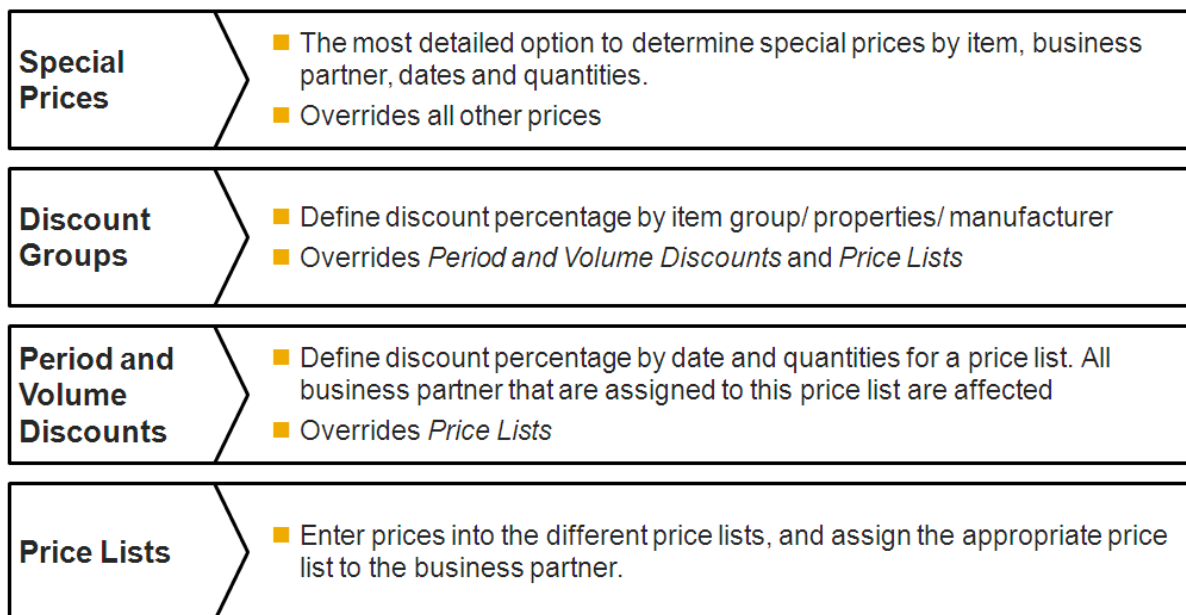


Figure 12-6: Pricing Options

Copy Discounts. You can copy *Special Prices* and *Discount Groups* from one business partner to multiple business partners. After you define your discounts for the first business partner, press the *Copy Discounts* or *Copy to Select Criteria* to define the target business partners you wish to copy the discounts to.

13

Production

In This Chapter

- ❑ Bill Of Materials
- ❑ Production Orders

The production module in SAP Business One is useful for companies that do light assembly, or sell items in bundles. In a bill of material, you identify a top level item, also called finished material or parent, and its components that also called child items. With the production order, you bring everything together to produce the parent from its components.

Bill of Material Types

- ❑ **Sales.** This BOM is used in sales documents. The parent item must be a sales item only. For example, if you sell a gift package that contains multiple products, this could be set up as a sales bill of materials. The parent item will be the package name, and the children will be the inventory items inside the package. Once you selected the parent in a sales document, all its children appear as sub-items. You can update the quantities of the parent or the children; however you cannot delete children or add new sub-items to the package in the sales document. When you set up the BOM, you can select the *Hide BOM Components in Printout* option, so that when you print the document, only the parent appears. The gross profit, for sales BOM is calculated for the child items only.
- ❑ **Assembly.** This BOM is similar to the sales BOM with one difference - the child items do not appear in the sales document, but only the parent item. When you add the document, the inventory level of the child items is updated. The base price for the gross profit calculation is taken from the sum of base prices of the child items and is displayed in the parent item's row.
- ❑ **Template.** This BOM has no restrictions. Both the parent and the children can be any type of items. It can be used in sales and purchasing documents. Once you select the parent item, all its children appear. You can delete, add or duplicate rows and make any modification as necessary.
- ❑ **Production.** This BOM is used in the production order document. The parent item is the finished goods, and the children are the components. You can add labor as one of the components, this will be a non inventory item with a standard cost.

Sales BOM Prices. When working with a Sales BOM you need to decide if the sales prices will come from the parent or the children. Based on your preference the price fields are enabled or disabled. To make this determination go to *Administration → System Initialization → Document Settings → General Tab*

Production Order

The production order document records the finished material to be produced, its components and their issue method. There are three types of production orders. See Figure 13-1 for the production order types and how the items in the bill of materials are handled in inventory.

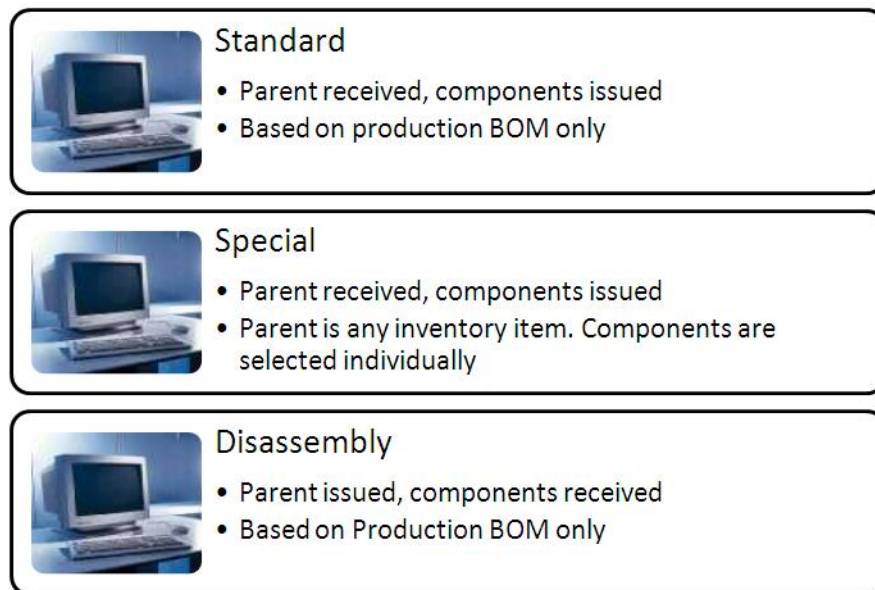


Figure 13-1: Production Order Types

Take the following steps to enter a production order:

- 1) Select the production order type and the parent item
- 2) Enter the quantity of the parent item
- 3) Enter the production order due date which represents the production completion date
- 4) Optionally you can assign a sales order to the production order.
- 5) Components appear based on the BOM setup. You can add/delete components, modify the base quantities, warehouse and issue method.

6) Add the production order.

Once the production process begins, open the production order and change its status to **Released**. You need to issue any manual components. Right-click on the mouse to bring up the context menu and choose *Issue Components*. At the end of the process, you report completion of production. This will receive the finished item into stock and calculate the cost of producing the item. Use the context menu to choose *Report Completion*.

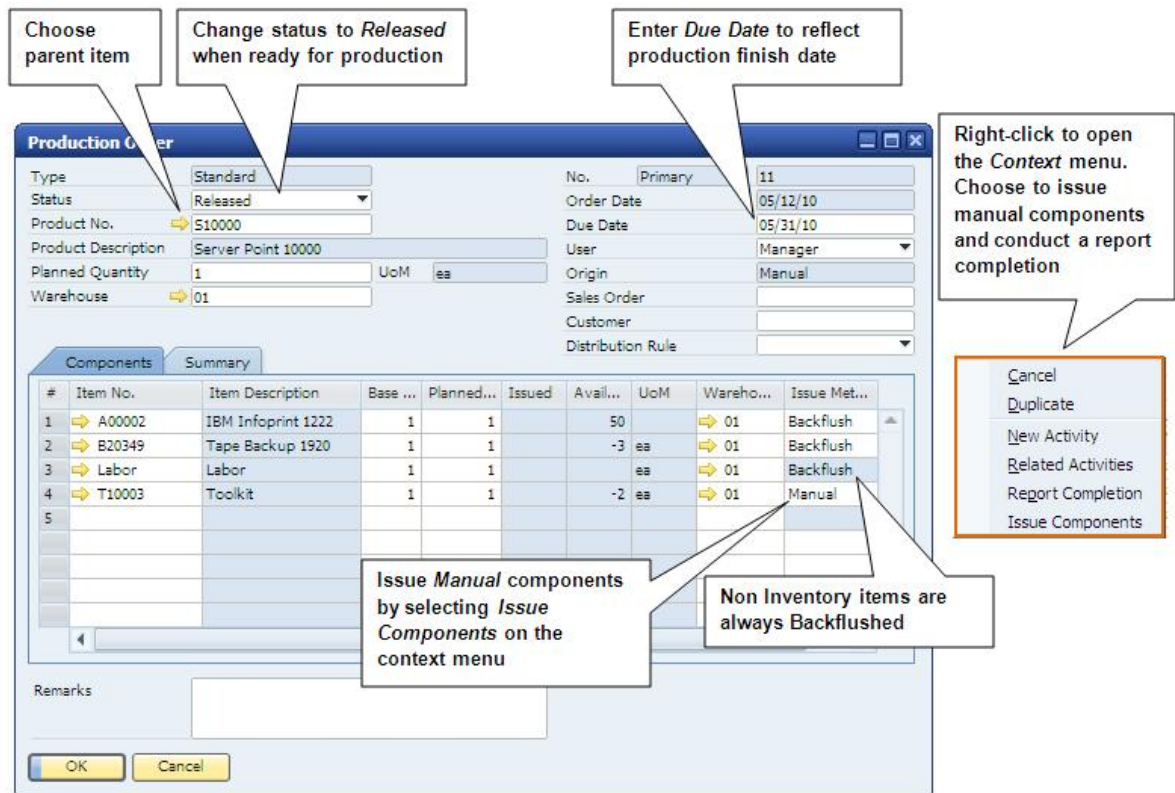


Figure 13-2: Production Order window

Items that are set to backflush are issued automatically when you choose *Report Completion*. Items that are managed with serial numbers or batch numbers cannot be backflushed; therefore, they are automatically set to a manual issue method. When you issue these components, you identify the serial numbers or batches to release them from inventory.

Summary. On the summary tab you can see the components total cost, the finished goods cost, and whether there is any variance between them when you use standard costing method. Once you change the production order status to *Closed*, the variance is posted to the WIP variance account. If you use Moving Average or FIFO, the parent cost is updated based on the component's total cost.

14

XL Reporter

In This Chapter

- ☐ Overview of XL Reporter
- ☐ Creating a Report in Report Composer
- ☐ Saving Reports
- ☐ Building XL Reporter Skills in Report Designer

XL Reporter is an additional reporting tool, based on Microsoft® Excel. XL Reporter allows you to create financial reports in various views, as well as different dashboards. You can start using XL Reporter to create customized views of information about your business activities that are as panoramic or as detailed as you desire.

Rather than reviewing 10 reports, a sales manager might want a dashboard that shows where sales opportunities are in the pipeline, the top 10 leads by the size of the deal, and a competitive analysis. A CEO might want summary information from reports in different modules (overall receivables, summary sales data, inventory reports, and, of course, the bottom line: a profit and loss summary). Or perhaps a dashboard with a series of “Top 10” reports such as top 10 open quotes, top 10 sales opportunities, top 10 orders, and so on.

We’ve discussed a wide range of standard reports and highlighted many in this book, including SAP Crystal Reports, Print Layout Designer and the Query generator. XL Reporter allows you to create additional reports that meet the unique needs of your business and its mission. The strength of XL Reporter is in the financial area. It allows you to create multiple views of your financial information, by periods, by budget scenario, and more. Thus you can use XL reporter to report on other modules such as sales and purchasing.

Overview of XL Reporter

XL Reporter, as the name suggests, is fully integrated with Microsoft Excel, giving you a familiar interface and allowing you to leverage existing skills when creating custom reports. It reports on live

data, ensuring that your reports provide up-to-the-minute information from SAP Business One. You can view data in summary form and then drill down to the transaction level if desired.

XL Reporter provides the ability to schedule report generation and delivery. Using XL Reporter, you can create everything from quick queries that answer a pressing question to custom dashboards for decision makers who need to be able to keep their fingers on the pulse of the business.

Components of XL Reporter

XL Reporter consists of three modules: Report Composer, Report Designer, and Report Organizer.

Installation alert. XL Reporter is installed automatically as a SAP add-on to the application, when installing the SAP Business One client. You can choose to start it on the *Administration* → *Add-ons* → *Add-on Manager*

Report Organizer

When you launch XL Reporter, you see Report Organizer, which has an interface that looks like Windows Explorer. It allows you to package, distribute, and organize the reports you create. It also allows you to add reports to the SAP Business One main menu. Using the report organizer you can create a Report Package that bundles multiple report definitions together. You can then link one or more report packages to a Report Job, and set up a scheduled time for the reports to be executed and distributed based on your needs.

Report Composer

Report Composer's drag-and-drop interface makes it easy to start creating custom queries and reports right away. Using this tool, your reports can provide drill-down functionality.

Reports you create with Report Composer can be printed, saved, and distributed. They can be formatted using Excel templates. You can then save these reports as report definitions and further enhance them using Report Designer.

Report Designer

Report Designer uses Microsoft Excel as its interface. It combines the power of Microsoft Excel with XL Reporter tools, allowing you to create advanced reports and dashboards. Using Report Designer, you can create custom formulas and report layouts, and view finished reports in Microsoft Excel.

The following table provides an at-a-glance comparison of Report Composer and Report Designer.

Feature	Report Composer	Report Designer
Formatting	Basic (using predefined templates)	Advanced
Graphical reports	No graphics	Full charting and graphing offered by Microsoft Excel
Filtering	Basic filtering	Extensive filtering
User interface	Work in Report Composer's simple drag-and-drop interface	Work directly in Microsoft Excel
File format of reports produced	Microsoft Excel	Microsoft Excel
Custom dashboards	No	Yes
Training required	None; simple guided interface	Training resources available from SAP Business One Customer Portal
Ability to apply Microsoft Excel layout templates	Yes	Yes
Ability to combine Microsoft Excel functions with XL Reporter functions	No	Yes

Who Uses XL Reporter?

Typically, one or two people at a company learn to use XL Reporter. XL Reporter users are often in the IT department, but they could be in accounting, sales, or another department with serious reporting requirements. You'll want to discuss your XL Reporter implementation with your implementation partner to address permissions. You should determine which users need to access the XL Reporter tool to create new reports or update existing reports, and which users should only have the option to run pre built reports.

Creating a Report in Report Composer

In the course of our tour through XL Reporter, you will learn to create queries that provide immediate answers. You'll also learn how to turn that query into a report definition that can be saved and executed from the SAP Business One main menu, if desired.

Starting XL Reporter

Check the *Tools* menu to open XL Reporter Organizer, as shown in Figure 14-1.

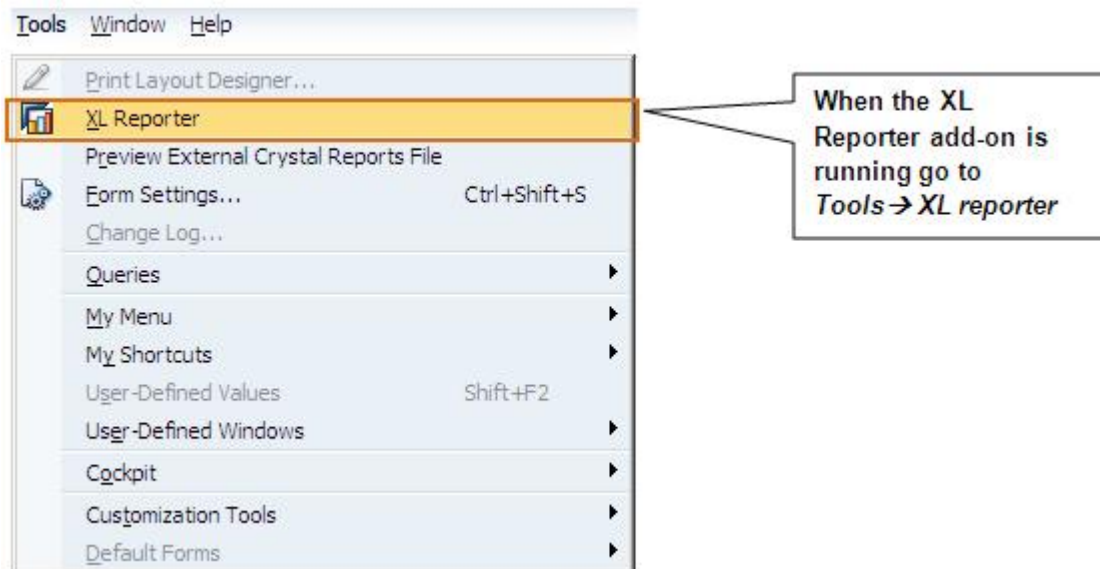


Figure 14-1: SAP Business One *Tools* menu

XL Reporter runs as a separate program, so you select it from the Windows taskbar; it appears in its own window, as shown in Figure 14-2.

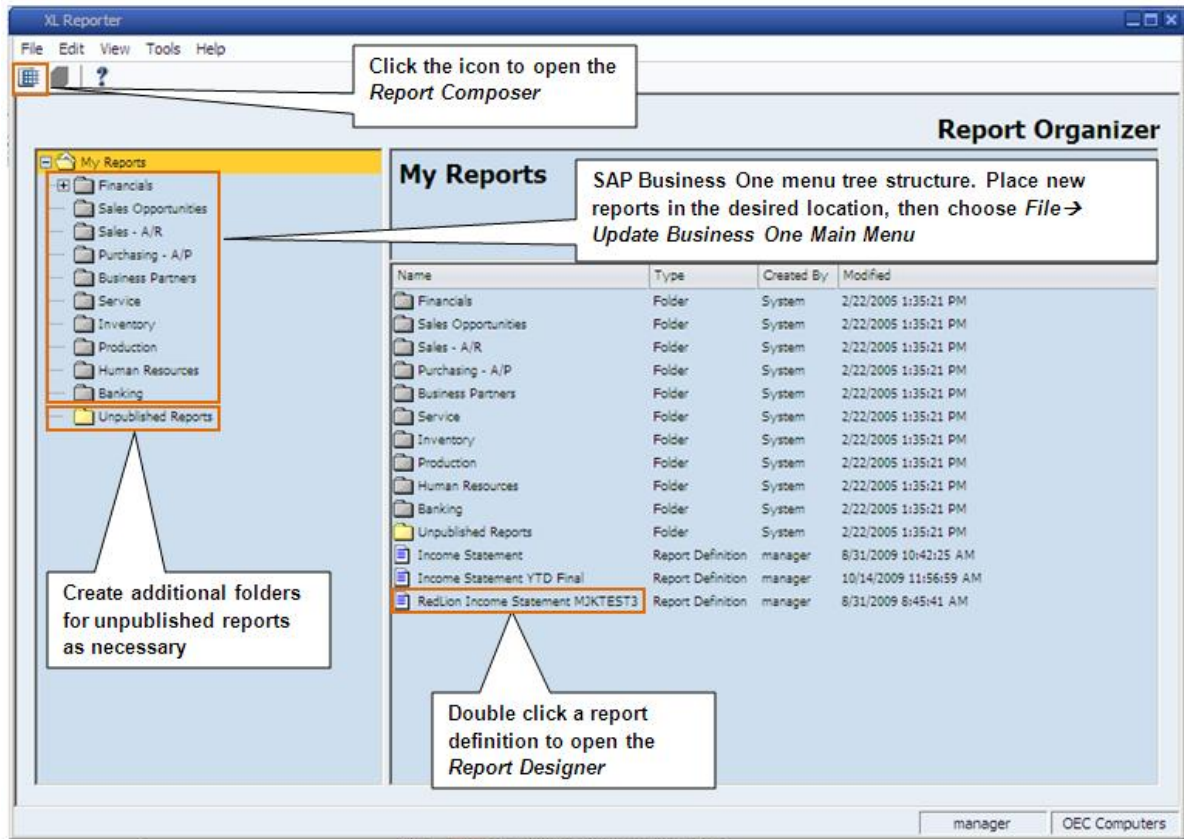



Figure 14-2: *Report Organizer* interface

The gray folders represent the SAP Business One main menu. You can place new reports in the gray folders and these will be added to the application interface.

By right-clicking the left area, you can choose to import new report definitions, create packages, jobs and new yellow folders. Now, click on Report Composer icon  to open Report Composer.

Creating a Report with Report Composer

In this section, we'll create a sample report in Report Composer, shown in Figure 14-3. The *Report Composer* window is divided into several areas, including a data area, a selections area, a blue grouping area, and a large report view area.

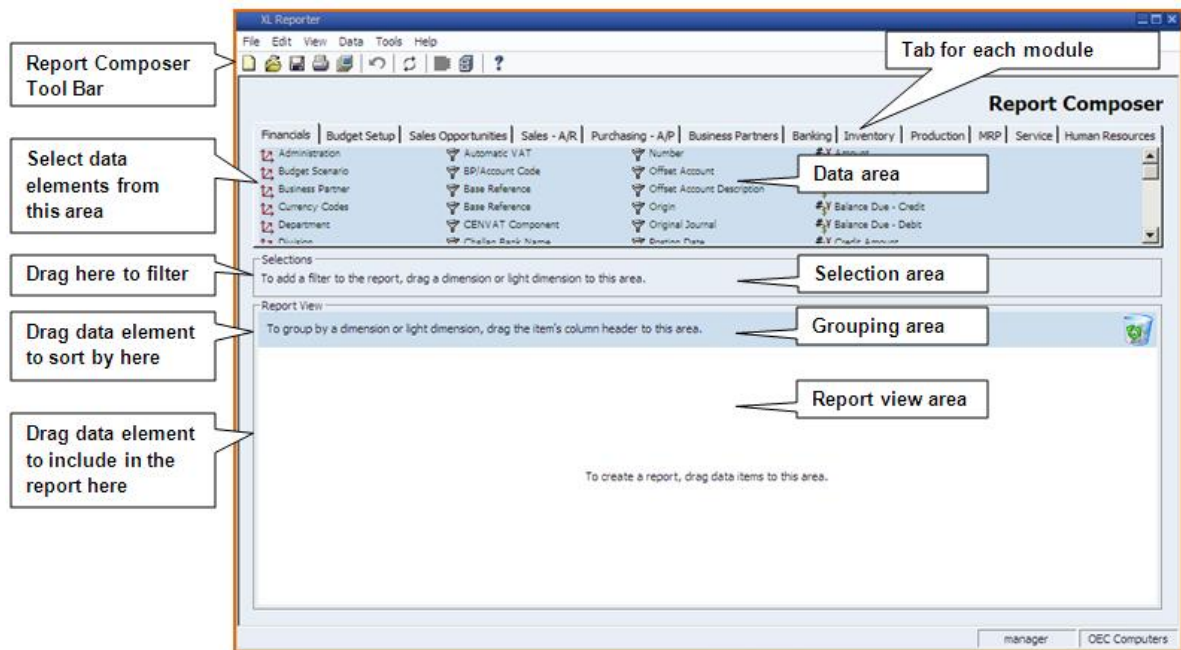





Figure 14-3: *Report Composer* window

The data area has tabs that group data elements by the modules in SAP Business One. Each tab offers data elements that you can select and drag to include in your report. Simply click on an element and drag it to the gray report view area near the bottom of the window.

Looking more closely at the data area, you can see an icon to the left of each data element. This icon provides information about the type of data element and what you can do with it. The icons show three basic types of data elements:

- Dimensions : Dimensions are data elements with attributes. Business partner is a dimension, and it has many attributes, including account balance, name, credit limit, billing address, and fax number, to name just a few. After you drag a dimension to the report view area, you can right-click on it to add its attributes to the report. It is possible to group, sort and filter a report by a dimension.
- Light dimensions : Light dimensions are “light” because they are simple data elements that do not have attributes. Document-related details such as dates are light dimensions. It is possible to group, sort and filter a report by a dimension.
- Measures : Measures are numbers such as quantities, amounts, and prices. You cannot use a measure field to group or sort a report.

An example will make these data elements and their practical application more concrete. You can follow the directions in this section of the chapter like a tutorial, gaining the skills you need to create your own ad hoc reports.

User- defined fields. You can make User Defined Fields available to XL Reporter. To do this, go to *Tools → User Defined Fields*. You can add user-defined fields as a dimension attribute, light dimension or as a measure.

Choosing Report Elements

To start with, select the *Sales-A/R* tab in the data area near the top of *Report Composer* window. Select *Business Partner* and drag it into the report view area, the large gray area near the bottom of the window. Right-click on *Business Partner* to display the context menu, as shown in Figure 14-4.

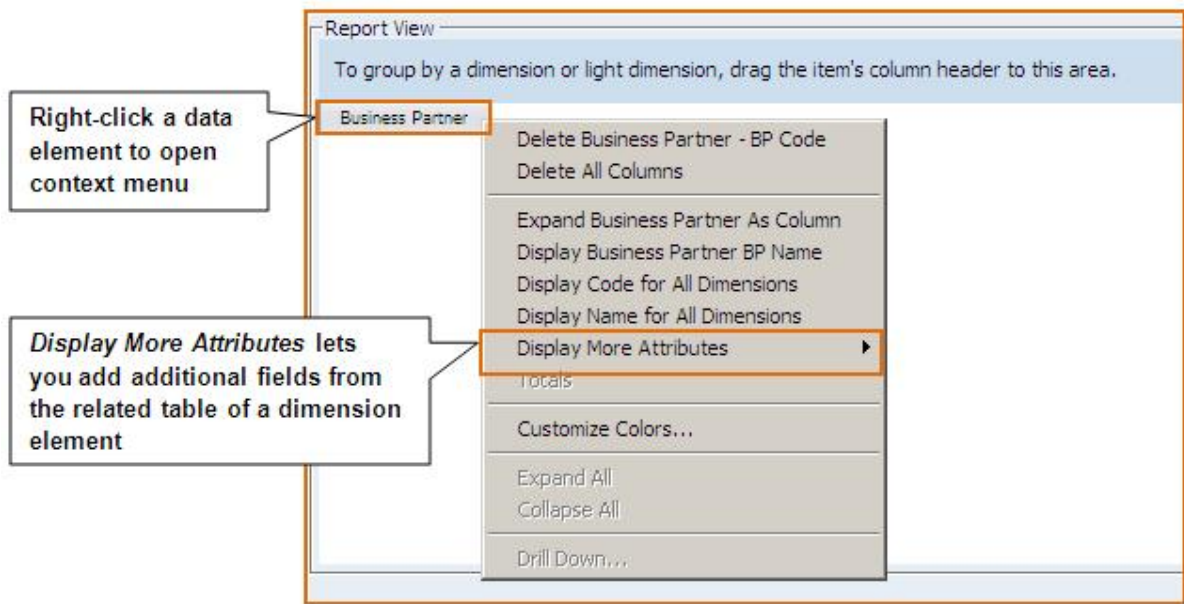


Figure 14-4: Displaying *Business Partner* attributes

This context menu is very important when you build reports, so let's take a closer look at some of the options:

- *Delete Business Partner - BP Code*: Delete the current column
- *Delete All Columns*: Delete all columns and start over
- *Expand Business Partner as Column*: Create a column for each business partner
- *Display Business Partner BP Name*: Display the business partner name rather than the business partner code
- *Display Code for All Dimensions*: Display the code rather than the name for all dimensions included
- *Display Name for All Dimensions*: Display the name rather than the code for all dimensions included
- *Display More Attributes*: Go to a menu of possible attributes for a dimension (remember: only dimensions have attributes)

Select *Display Business Partner BP Name*. XL Reporter queries the database and then displays the business partner names in a list, as shown in Figure 14-5.

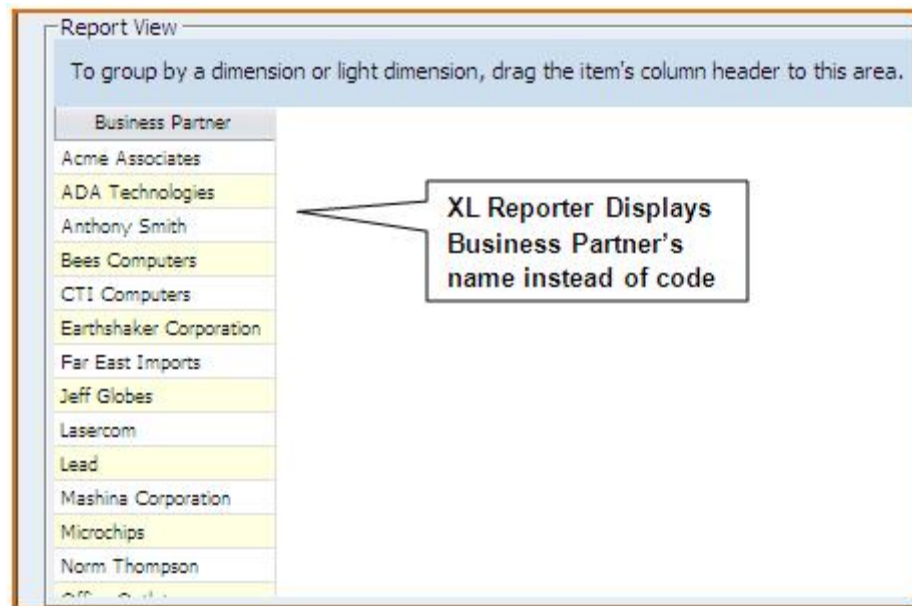


Figure 14-5: Displaying business partner names

Now let's go back to the data area and select more data elements. You can move through the list by typing the first letter of the data element's name. Type **S** to reach the next data element that starts with S, which should be *Sales Document Type*. Drag this element to the report view area. Now drag *Sales Employee* to the report view area. Now the report needs a measure. Type **R** repeatedly (or scroll) to reach *Row Total* and drag it to the report view area.

Although the *Business Partner* column has data (the names), the other columns (*Sales Document Type*, *Sales Employee*, and *Row Total*) are blank, as shown in Figure 14-6.

Report View

To group by a dimension or light dimension, drag the item's column header to this area.

Business Partner	Sales Document Type	Sales Employee	Row Total
Acme Associates			
ADA Technologies			
Anthony Smith			
Bees Computers			
CTI Computers			
Earthshaker Corporation			
Far East Imports			
Jeff Globes			
Lasercom			
Lead			

New columns added are initially blank. Click **Refresh** to query the database

Figure 14-6: Data elements initially have blank columns

Click the refresh icon  on the toolbar to populate the report with live data.

Specifying a Selection

Right now the report lists all sales documents. But what if we would like to be more specific and show only sales orders? This is called a selection. Since we're going to display just one type of sales document, we first delete the *Sales Document Type* column by dragging it to the recycle bin on the right side of the window.

Now select *Sales Document Type* from the data area and drag it into selections area in the middle of the window. A field appears to the right of *Sales Document* where we can specify a selection, as shown in Figure 14-7. Click on the selection list button to display the *Dimension Lookup* window. (The X to the right of the selection list button allows you to cancel the selection.)

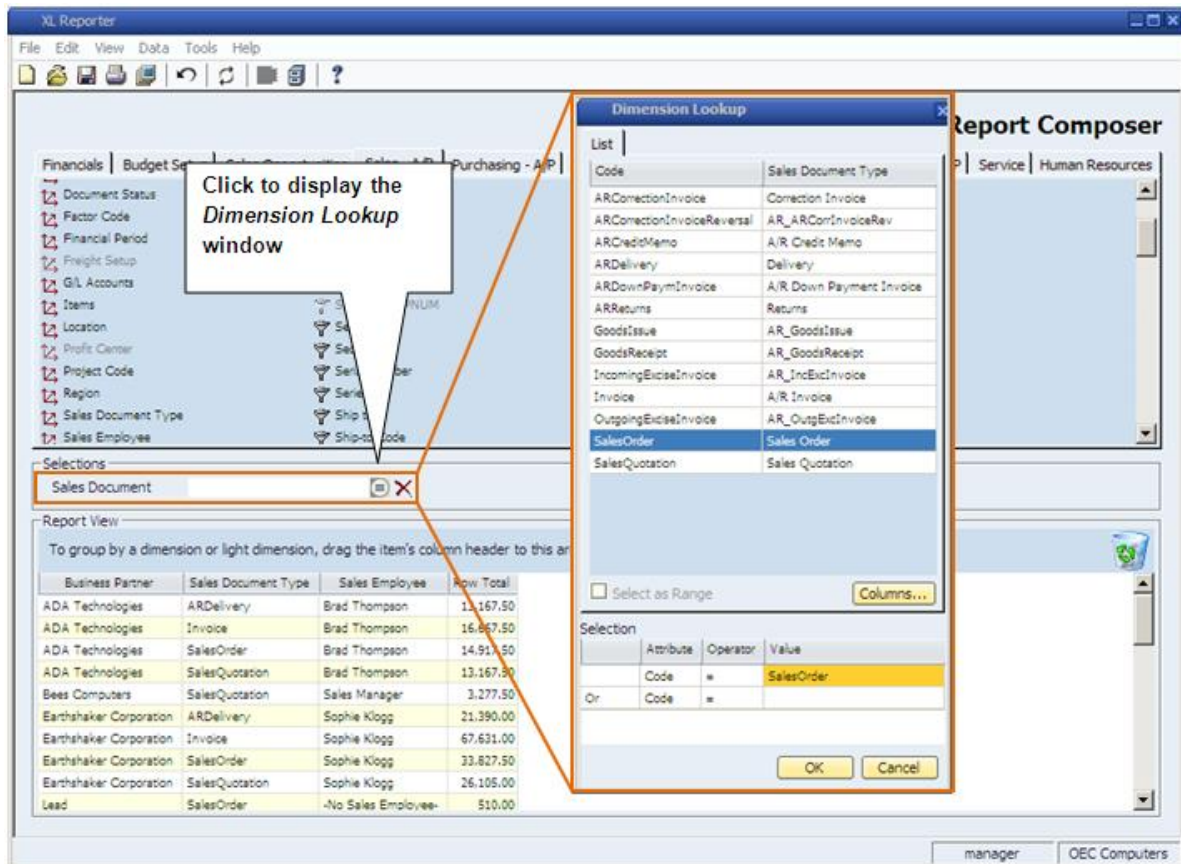


Figure 14-7: Specifying a selection

The *Dimension Lookup* window allows you to specify one or more types of sales documents to include on the report. Clicking on *Sales Order*, as shown in the *List* tab in Figure 14-7, adds this criterion to the *Selection* area at the bottom of the window. You could add other criteria as well, selecting sales quotations in addition to sales orders, for example.

A selection can be either a dimension or a light dimension, such as a date. It is not possible to use a measure as a selection criterion. If you select a date, a calendar appears in which you can select a date, rather than the *Dimension Lookup* window.

Click *OK* to finish your selection, and then click the refresh icon. The report now lists only sales orders.

Grouping the Report

Now let's group, or sort, this report by sales employee. To do so, simply drag the *Sales Employee* column header into the blue grouping area directly above it. The report is automatically refreshed and sorted by sales employee, as shown in Figure 14-8.

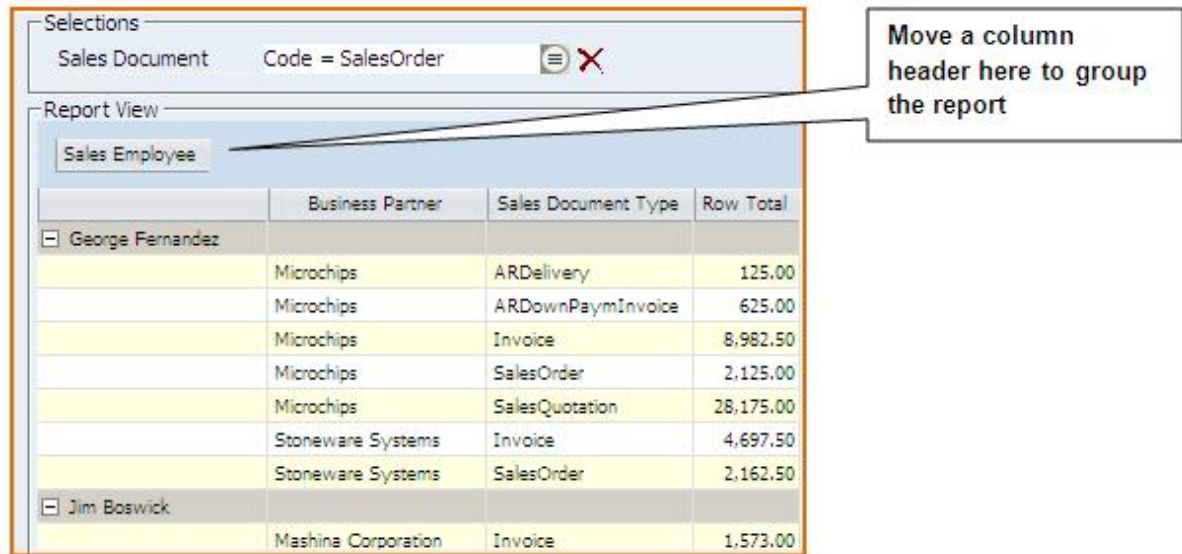


Figure 14-8: Grouping the report

Grouping note. You can have multiple levels of grouping; for example, you might group by sales territory and then by sales employee.

Adding Financial Period

So far, we've been working with fields on the *Sales-A/R* tab. Typically you use fields from a single module to create your reports in the Report Composer, but some dimensions are available in all modules. Financial period is a useful field to bring into your reports.

Press the **F** key to reach *Financial Period*. Drag *Financial Period* into the gray reporting area. XL Reporter adds a blank column for *Financial Period*.

When you click the refresh icon, XL Reporter reorders the columns, placing *Financial Period* before *Row Total*.

Expanding Columns

What if you want the report to show each financial period as a separate column? To achieve this, right-click on the *Financial Period* column and select *Expand Financial Period as Column*. XL Reporter adds a column for each financial period, as shown in Figure 14-9.

Report View

Sales Employee

Selecting *Expand Financial Period as Column* creates multiple columns

	Business Partner	Sales Document Type	200707	200712	200801	200908	200909	200910	201005	201006	201007
Brad Thompson	ADA Technologies	SalesOrder		14,917.50							
	Parameter Technology	SalesOrder	1,000.00			500.00			15,397.50	5,062.50	
George Fernandez	Microchips	SalesOrder								625.00	1,500.00
	Stoneware Systems	SalesOrder		2,162.50							
John Patrick	Norm Thompson	SalesOrder				2,500.00					
No Sales Employee											

Figure 14-9: Expanding *Financial Period* as a column

Note that XL Reporter doesn't display all financial periods—only those in which there were sales orders.

Adding Totals to the Report

What is a report without totals? Totals give you an at-a-glance view of the bottom line. To add totals to the report, right-click anywhere on the report and select *Totals*. XL Reporter adds a grand total row for all amounts near the top of the report as well as a totals row for each sales employee, as shown in Figure 14-10.

Report View


Sales Employee

Add totals and subtotals simply by right-clicking and selecting *Totals*




	Business Partner	Sales Document Type	200707	200712	200801	200908	200909	200910	201005	201006	201007
Grand Total			1,000.00	43,657.50	7,250.00	4,500.00	2,197.50	33,295.00	20,840.00	6,278.00	
Total Brad Thompson			1,000.00	14,917.50	0.00	500.00	0.00	0.00	15,397.50	5,062.50	
	ADA Technologies	SalesOrder		14,917.50							
	Parameter Technology	SalesOrder	1,000.00			500.00			15,397.50	5,062.50	
Total George Fernandez			0.00	2,162.50	0.00	0.00	0.00	0.00	0.00	625.00	1,500.00
	Microchips	SalesOrder								625.00	1,500.00
	Stoneware Systems	SalesOrder		2,162.50							
Total John Patrick			0.00	0.00	0.00	2,500.00	0.00	0.00	0.00	0.00	

Figure 14-10: The final report, with rows for a grand total and totals

Saving Reports

We've just built a powerful query that demonstrates many of the features of Report Composer. What can we do with this query? We can print it using the print icon  on the toolbar. But what if we want to save it?

Saving the Report as a Query


You might start working on a query and want to come back to it later using the Report Composer. To save this report as a query, click the save icon , name the query, and click *Save* in the pop-up window. The query is still displayed. At this point, you can close Report Composer if desired. As a quick exercise, click on the new query icon  to clear the screen (after saving the report first). Now click the open icon , select the query you saved, and click *OK*. The query you created earlier is redisplayed.

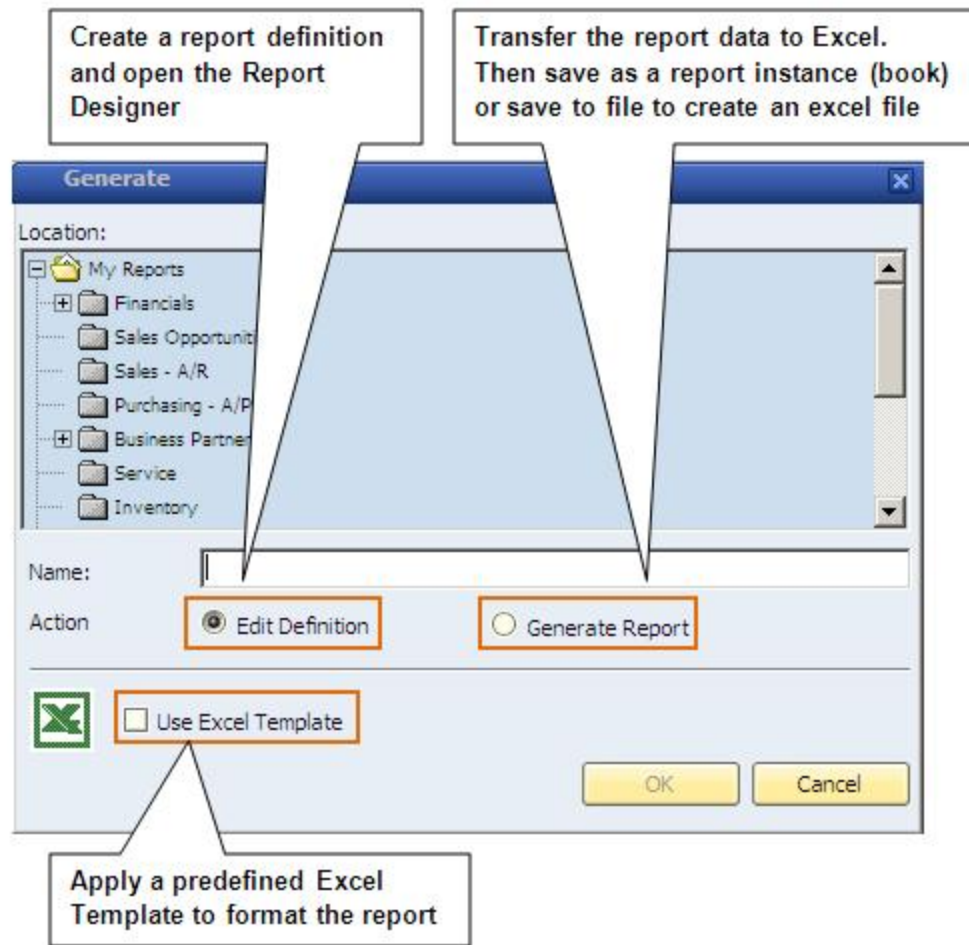
Saving the Report as a Report Definition

What if we want to do additional formatting or data manipulation? What if we want to add this report to the SAP Business One main menu so that others can run it? XL Reporter enables us to achieve these goals by saving the report as a report definition. A report definition can be saved, revised, and generated again and again into a fresh report instance, a snapshot of the data. Think of a report instance as a cake that you bake; a report definition is the recipe that allows you to bake that cake again whenever you want to. Someone else can also bake the cake or change the recipe. And it can be saved in a shared recipe file. The difference, of course, is that it's a lot easier to select an option and generate a report than it is to bake a cake. In fact, SAP Business One actually does the baking for you, using the report definition to generate a report with fresh data on demand.

More to the point, the report we started in Report Composer can be further enhanced, both in terms of formatting and data content, in Report Designer.

Report generation alert. If you generate a report and create a report instance or save the report as a report definition, it must include either a light dimension or a measure, as required by Report Designer. If you don't include a light dimension or measure, the generated report or report definition will include only headings—no data.

To save the report as a report definition, click the generate icon  to display the *Generate* window shown in Figure 14-11.

Figure 14-11: The *Generate* window

Give the report a name, making it as descriptive as possible. This name appears on the SAP Business One menu, so it needs to be descriptive, such as “Sales Orders by Sales Employee.” The option for working with this query as a report definition, *Edit Definition*, is selected by default. The other option, *Generate Report*, creates a single instance of this report (in other words, a cake rather than a recipe you can reuse). Check *Use Excel Template* and click *OK*.

Report Composer formatting tip. Your implementation partner can provide you with a Microsoft Excel template that is customized for your business. Open the template in Microsoft Excel and save it as a template in order to use it with XL Reporter.

XL Reporter displays a window in which you select a Microsoft Excel template to use to format the report. Select the template provided by your implementation partner and click *OK* to display the report definition in Report Designer, as shown in Figure 14-12.

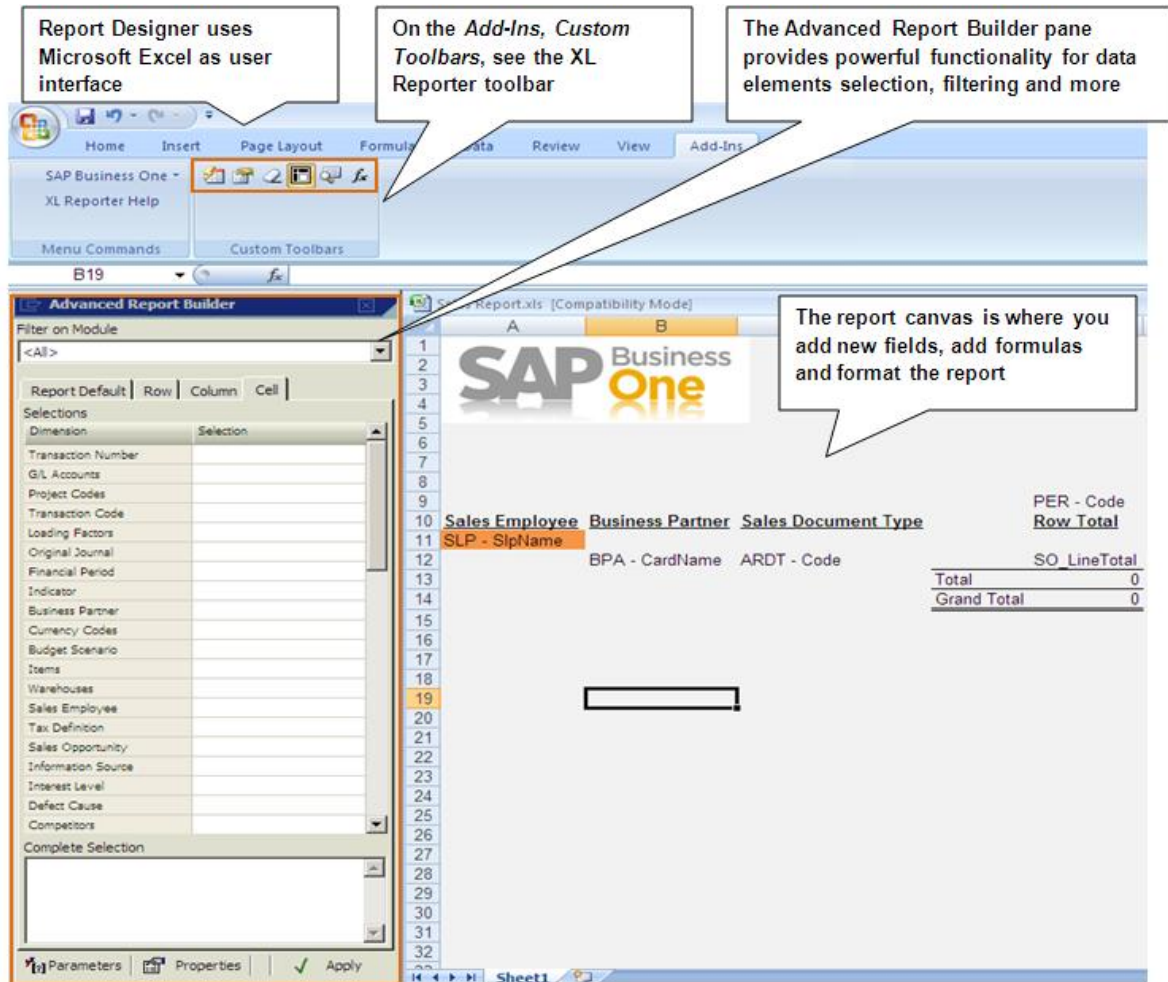



Figure 14-12. Report Designer interface

If desired, click the generate report icon  on the Report Designer toolbar to create a report instance in Microsoft Excel.

We'll describe Report Designer and its benefits later in this chapter. For now, close Microsoft Excel, by clicking *Yes* to save the report definition.

Next, go to Report Organizer by clicking on the file cabinet icon on the Report Composer toolbar. In Report Organizer, the report we created is now listed on the location you selected earlier.

Adding the Report to the SAP Business One Main Menu

Now we want to add the sales orders by sales employee report to the SAP Business One main menu. We'd like it to appear in the *Sales-A/R* module, so drag the report definition to that file folder.

Select *File* → *Update SAP Business One Main Menu*. This adds our new report to the SAP Business One main menu. Now let's go back to SAP Business One and have a look. Go to *Main Menu* → *Sales - A/R* → *Sales Reports* and scroll down to the bottom of the list to see the report we created. The report definitions created with XL Reporter start with XL, so our report is called *XL – Sales Orders by Sales Employee*, as shown in Figure 14-13. You may see additional sample report definitions that you can run and, if desired, customize in Report Designer.

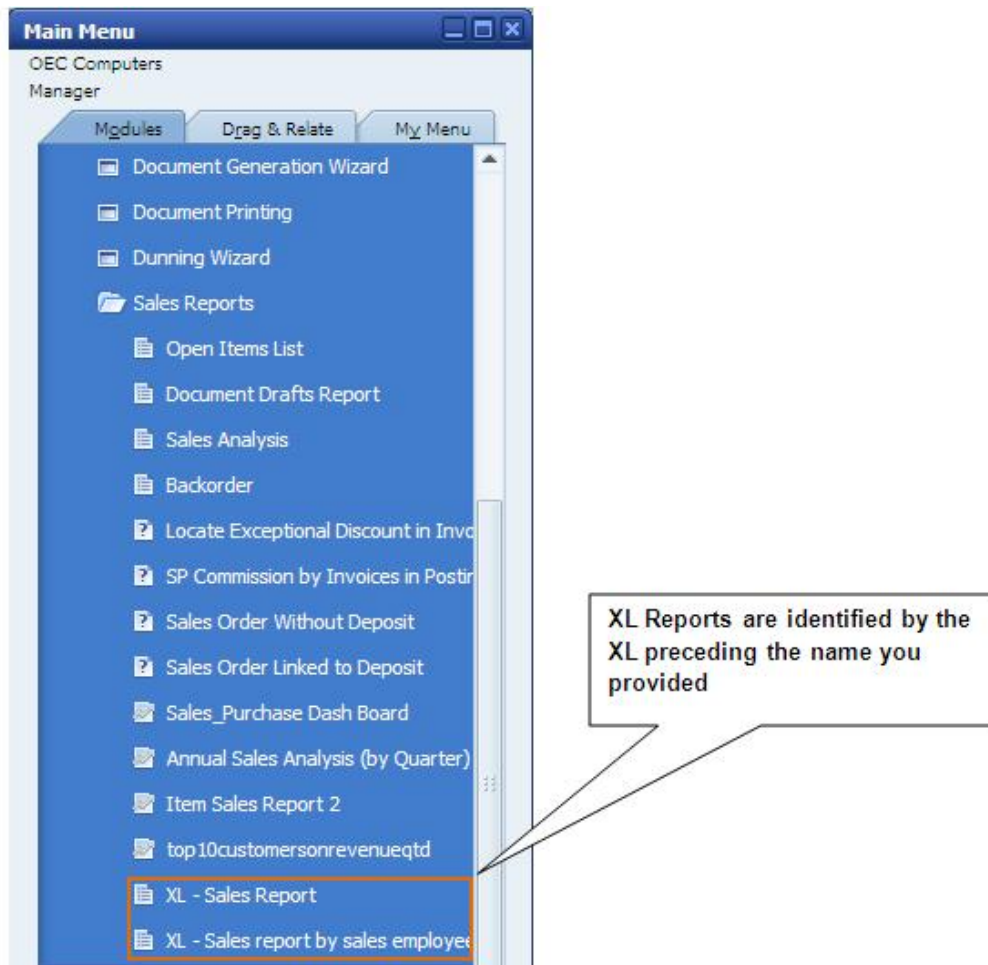


Figure 14-13. The report definition as an option on the SAP Business One *Main Menu*

Authorization Alert. You can define general authorization for the users, per report. Non super users have no authorization by default to new reports. Open the General Authorization, and look under the User Authorization section to find and change the authorizations for your XL Reporter reports

Building XL Reporter Skills in Report Designer

As you build your skills with XL Reporter, you can create dashboards such as the one shown in Figure 14-14. When looking at Report Designer, you may have noticed that Report Composer provided a simplified view of the *Advanced Report Builder* pane in the *Dimension Lookup* window we used in the tutorial. The skills you gain using Report Composer will help you in learning to use Report Designer's many features, which include:

- Creating custom formulas and parameters
- Designing layouts that present data visually, helping decision makers get the big picture
- Leveraging Excel features and functions while exploring live data from SAP Business One

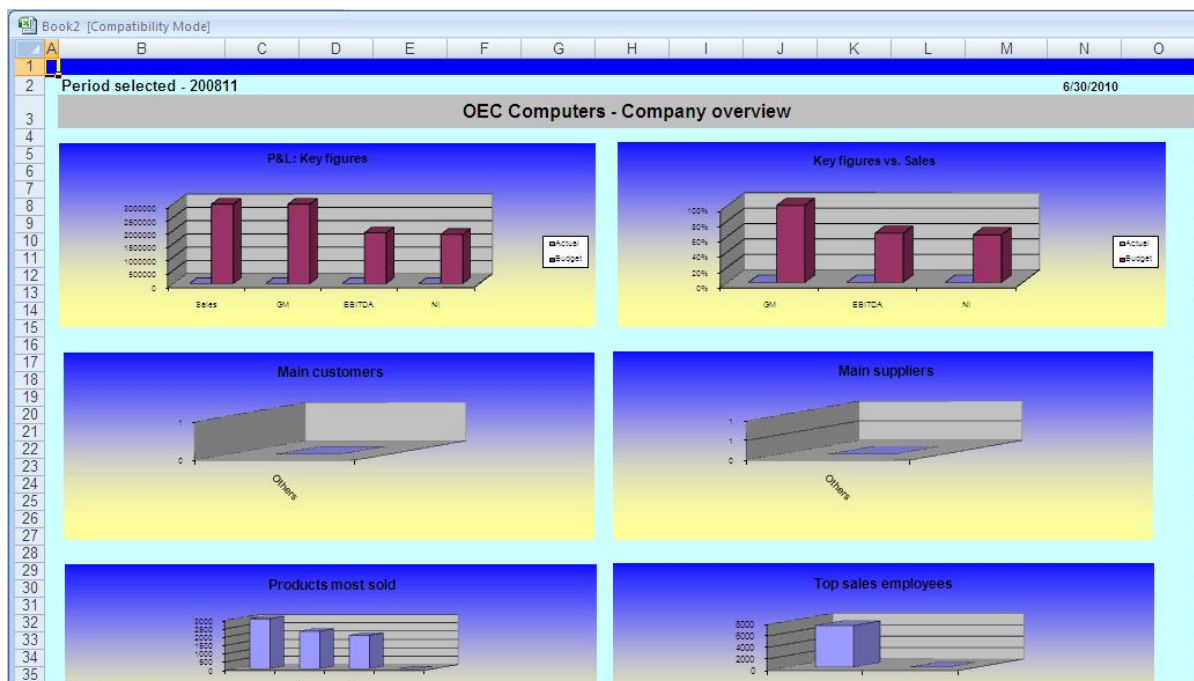


Figure 14-14: A dashboard created in Report Designer

XL Reporter online help is just a click away as you use XL Reporter. To go deeper, the best source for building your skills with XL Reporter—or any aspect of SAP Business One—is SAP Business One Customer Portal at <http://service.sap.com/smb/sbocustomer>. There you will find information such as:

- Report definitions that you can download and customize
- How-to guides that provide tutorial instructions for creating useful, targeted reports in Report Designer
- E-learning courses, recorded presentations, and Adobe Flash demonstrations
- A wide range of documentation

A

Selected Keyboard Shortcuts

This appendix lists useful keyboard shortcuts that can help accelerate your efficiency in using SAP® Business One. You might want to keep a copy of this appendix near your keyboard for easy reference.

General Shortcuts

Task	Shortcut
Display the SAP Business One main menu	Ctrl + O (zero, not the letter O)
Print the current document or record	Ctrl + P
Display transaction journal	Ctrl + J
Exit SAP Business One	Ctrl + Q
Undo	Ctrl + Z
Redo	Ctrl + Shift + Z
Cut	Ctrl + X
Copy	Ctrl + C
Paste	Ctrl + V
Find customers or items that start with a certain letter in a document	Type letters in name or description field * Tab
Select multiple items	Hold down Ctrl or Shift and click all desired items
View user-defined fields	Ctrl + Shift + U
View the next record or document	Ctrl + right arrow
View the previous document or record	Ctrl + left arrow
Change to add mode (if displaying document or master data, opens a blank document or master data window)	Ctrl + A
Change to find mode	Ctrl + F
Change a field name	Ctrl and double-click field name
Enter today's date in a date field	any key but a number and Tab
Enter a date in the current month	Day of month and Tab
Enter a date in the current year	Day and month and Tab
Close all windows except the SAP Business One main menu	Shift and click X in window's upper right corner
Open a window from the main menu	Enter
Close the current window	Esc

Table Shortcuts

Task	Shortcut
Add a row	Ctrl + I
Duplicate a row	Ctrl + M
Delete a row	Ctrl + K
Sort table by column in ascending order	Double-click column header
Sort table by column in descending order	Alt + double-click column header
Display detailed information about a row	Ctrl + L
Go to the first row	Ctrl + H
Go to the last row	Ctrl + E
Copy from cell above	Ctrl + ↑

Shortcuts in Sales and Purchasing Documents

Task	Shortcut
Calculate gross profit	Ctrl + G
Specify a payment method	Ctrl + Y
Calculate volume and weight	Ctrl + W
Open base document	Ctrl + N
Open target document	Ctrl + T
Go to business partner code field	Ctrl + U
Go to the <i>Remarks</i> field	Ctrl + R
Choose a serial number for an item	Ctrl + Tab in <i>Item Quantity</i> field
Check the latest prices	Ctrl + Tab in <i>Item Price</i> field
Display alternate items	Ctrl + Tab in <i>Item No.</i> field
Copy an amount when entering a payment	After clicking the moneybag icon to specify an incoming payment, press Ctrl + B to copy the amount into the document
Open <i>Item By Warehouse</i> report	Ctrl + Tab in <i>Whse</i> field