

SAP MM

30 Interview Questions & Answers

Sample from the 200-Question Interview Series

CBP • ESM • Inventory Management • LIV • Purchasing / P2P

Prepared as a practical interview revision sample

PART 1 | CONSUMPTION-BASED PLANNING (CBP)

1. What is Consumption-Based Planning (CBP) in SAP MM, and what is its primary purpose?

Answer: Consumption-Based Planning (CBP) is an inventory control methodology that triggers automated procurement based on historical consumption data or physical stock depletion, rather than relying on future production schedules like standard MRP. Its primary purpose is to ensure a continuous supply of low-value or steady-demand items without heavy administrative oversight.

Example: A manufacturing plant uses CBP for generic nuts and bolts. Instead of linking bolt procurement to complex production orders, SAP simply monitors the physical stock. When the bolts drop below 1,000 units, SAP automatically initiates replenishment.

2. What is the fundamental difference between standard MRP and Consumption-Based Planning?

Answer: Standard MRP with MRP Type PD is forward-looking and deterministic. It calculates exact material requirements based on future Sales Orders or Planned Independent Requirements (PIRs), including requirements generated through a Bill of Materials. CBP with MRP Type VB is backward-looking and stochastic. It reacts primarily to historical consumption or stock falling below a predefined threshold rather than future demand.

Example: A car engine uses standard MRP because the company knows how many cars it plans to build. Safety gloves can use CBP because their consumption is less predictable and SAP can replenish them when stock becomes low.

3. What are the three primary types of Consumption-Based Planning available in SAP?

Answer: The three primary types are Reorder Point Planning — Manual and Automatic, Forecast-Based Planning, and Time-Phased Planning. Each method is suited to a different replenishment requirement.

Example: A company may use Reorder Point Planning for office paper, Forecast-Based Planning for seasonal antifreeze, and Time-Phased Planning for materials supplied on a fixed weekly schedule.

4. What is Manual Reorder Point Planning (MRP Type VB)?

Answer: Manual Reorder Point Planning uses a planner-defined Reorder Point and Safety Stock maintained in the Material Master. When the available stock plus relevant open receipts falls below the defined threshold, the MRP run generates a procurement proposal, such as a Purchase Requisition.

Example: If the planner maintains a reorder point of 500 units for printer ink and stock falls to 499, the MRP run can generate a Purchase Requisition for replenishment.

5. What is Automatic Reorder Point Planning (MRP Type VM)?

Answer: Automatic Reorder Point Planning uses SAP's statistical forecasting functionality to analyze historical consumption and dynamically calculate the Reorder Point and Safety Stock. This reduces the need for planners to manually determine replenishment thresholds.

Example: If historical consumption was 100 units per month but recent demand increased to 500 units per month, the forecasting process can detect the increased consumption and adjust the replenishment parameters accordingly.

6. What is Forecast-Based Planning (MRP Type VV)?

Answer: Forecast-Based Planning relies on historical consumption data to project future demand using statistical models such as moving average, trend, or seasonal analysis. Unlike Reorder Point Planning, it generates scheduled future requirements rather than simply waiting for stock to fall below a reorder point.

Example: An ice cream manufacturer can use MRP Type VV to analyze previous summer consumption and generate future requirements for packaging during June, July, and August.

PART 2 | EXTERNAL SERVICES MANAGEMENT (ESM)

7. What is External Services Management (ESM) in SAP MM?

Answer: External Services Management is an SAP MM capability designed to procure and manage intangible services such as consulting, maintenance, cleaning, and other contractor-based services. It provides functionality to manage service descriptions, service hierarchies, value limits, service entry, and approval processes.

Example: A manufacturing plant hires a contractor for maintenance. ESM allows procurement to define the service, record the work performed, approve the Service Entry Sheet, and subsequently process the vendor invoice.

8. What is the fundamental difference between a standard material PO and a Service PO using Item Category D?

Answer: A standard material PO deals with physical goods that can be stored in inventory and received through MIGO. A Service PO using Item Category D deals with intangible work. It uses a hierarchical Service Package, where the main PO item acts as a container for detailed service sub-lines.

Example: For office renovation, the main PO line may represent one Activity Unit, while the service details underneath could include plumbing hours and electrical work.

9. What is a Service Master Record and which transaction is used to maintain it?

Answer: The Service Master Record is the central repository for standardized service descriptions, units of measure, and valuation-related information. The transaction used to maintain it is AC03. It serves a role for intangible services similar to the Material Master for physical materials.

Example: A hospital can create a Service Master for 'Registered Nurse - Night Shift' so that buyers consistently use the same service description and unit of measure.

10. What is a Service Entry Sheet (SES), and how does it relate to a Goods Receipt?

Answer: A Service Entry Sheet is the logistical equivalent of a Goods Receipt for intangible services. It records and confirms the quantity or value of work actually performed by the contractor. Once accepted, it triggers the relevant financial recognition in the system.

Example: If a consultant was contracted for 100 hours but completed 40 hours during the first week, the project manager can create an SES for those 40 hours. After approval, the service can proceed toward invoice processing.

11. What is the difference between Classic Services and Lean Services in S/4HANA?

Answer: Classic Services use Item Category D, Service Masters, and transaction ML81N. Lean Services were introduced in S/4HANA and treat services more like standard materials. They use Product Type Group 2 and rely on modern Fiori applications such as Manage Service Entry Sheets.

Example: A Classic Service is processed using the traditional ML81N process, while a Lean Service is handled through the S/4HANA Fiori service-entry process.

12. What is the Product Type Group, and why is it important for S/4HANA Lean Services?

Answer: The Product Type Group categorizes a material as either a physical product or an intangible service. For Lean Services, the material must use Product Type Group 2, which tells the system that the material represents an intangible service and should follow the Lean Service procurement process.

Example: An IT Support service maintained through MM01 with Product Type Group 2 is treated as a service rather than warehouse stock.

PART 3 | INVENTORY MANAGEMENT (MM-IM)

13. What is SAP MM Inventory Management and what are its core functions?

Answer: SAP MM Inventory Management manages material stocks on both a quantity and value basis. Its core functions include Goods Receipts, Goods Issues, Transfer Postings, Stock Management, and Physical Inventory.

Example: When raw materials arrive at a warehouse, the Goods Receipt increases the physical stock quantity and updates the corresponding inventory value in the General Ledger.

14. What is a Movement Type in SAP MM?

Answer: A Movement Type is a three-digit classification key that defines the business purpose of a goods movement. It controls important aspects such as stock quantity updates, stock value updates, screen behavior, and account determination through OBYC.

Example: Movement Type 101 represents a standard Goods Receipt against a Purchase Order, while 201 represents Goods Issue to a Cost Center.

15. What is the difference between Unrestricted-Use, Quality Inspection, and Blocked Stock?

Answer: Unrestricted-Use Stock is available for normal production or sales consumption. Quality Inspection Stock is physically available but must be inspected before it can be consumed. Blocked Stock is restricted from normal use, for example because it is damaged or expired.

Example: A newly received chemical batch can initially be placed into Quality Inspection stock. After a successful quality inspection and usage decision, it can be transferred to Unrestricted-Use stock.

16. What is the difference between a Valuated and Non-Valuated Goods Receipt?

Answer: A Valuated Goods Receipt updates both physical stock and inventory value and generates an FI accounting document. A Non-Valuated Goods Receipt updates the physical stock quantity without an immediate financial accounting impact.

Example: Receiving raw steel as valuated stock can debit Inventory and credit GR/IR. Free promotional T-shirts can be received as non-valuated stock without an immediate FI posting.

17. Explain the difference between Movement Type 101 and Movement Type 103.

Answer: Movement Type 101 records a standard Goods Receipt into the company's stock and normally generates the corresponding FI document. Movement Type 103 receives material into GR Blocked Stock. It records the receipt without immediately creating the financial liability associated with a valuated Goods Receipt. Movement Type 105 can subsequently release the blocked receipt into valuated stock.

Example: If goods arrive without the required documentation, a company can use 103 to record receipt into GR Blocked Stock and later use 105 once the documentation is cleared.

18. What is an Availability Check (ATP), and how is it different from MMBE?

Answer: MMBE provides a static view of the physical stock currently available at a particular point in time. An Availability Check (ATP) considers future availability and relevant reservations or requirements to determine whether the required quantity can actually be supplied.

Example: MMBE may show 100 laptops physically available, but an ATP check may determine that only 20 are truly available because 80 are already reserved for an upcoming requirement.

PART 4 | LOGISTICS INVOICE VERIFICATION (LIV)

19. What is Logistics Invoice Verification (LIV) in SAP MM?

Answer: Logistics Invoice Verification is the final stage of the P2P process where SAP verifies the vendor invoice against purchasing and goods-receipt information. It validates quantity and price and, after successful validation, posts the vendor liability to FI.

Example: If the PO is for 100 laptops and the warehouse has received 100 laptops, MIRO can verify that the vendor's invoice also represents the correct quantity and price before posting the liability.

20. What is the difference between MIRO and FB60?

Answer: MIRO is an MM Logistics Invoice Verification transaction used for invoices that reference purchasing documents such as Purchase Orders or Delivery Notes. FB60 is an FI transaction used to post vendor invoices directly to G/L accounts without requiring a purchasing document reference.

Example: A raw-material vendor invoice is normally processed through MIRO against the PO, while a corporate electricity expense without a PO can be posted through FB60.

21. What is a Three-Way Match in SAP Invoice Verification?

Answer: A Three-Way Match compares three documents: the Purchase Order, the Goods Receipt, and the Vendor Invoice. SAP checks whether the relevant quantities and prices are consistent before allowing the invoice to proceed.

Example: If the PO is for 50 units at \$10, the GR confirms 50 units, and the invoice is for 50 units at \$10, the three-way match is successful.

22. What is a Two-Way Match and when is it used?

Answer: A Two-Way Match compares the Purchase Order and Vendor Invoice without requiring a Goods Receipt. It is generally appropriate for services, blanket orders, and recurring non-stock expenses where physical receiving is not relevant.

Example: For an annual office-cleaning framework order, the invoice can be verified against the PO without requiring a warehouse Goods Receipt.

23. What is the role of the GR/IR clearing account?

Answer: The GR/IR account is a temporary Balance Sheet reconciliation account that bridges the timing difference between Goods Receipt and Invoice Receipt. At Goods Receipt, inventory is debited and GR/IR is credited. At Invoice Receipt, GR/IR is debited and the Vendor Payable account is credited.

Example: When the receipt and invoice are fully matched, the GR/IR balance for the transaction is cleared.

24. What is the difference between Simulate and Post in MIRO?

Answer: Simulate allows the user to preview the accounting entries, including debits, credits, and tax lines, without actually posting the document. Post formally commits the invoice to FI and updates the relevant purchasing document history.

Example: An AP clerk can use Simulate to verify that freight and tax are hitting the correct accounts. After validating the accounting entries, the clerk can Post the invoice.

PART 5 | PURCHASING / PROCURE-TO-PAY (P2P)

25. What is SAP MM Purchasing / Procure-to-Pay?

Answer: SAP MM manages procurement, inventory, and invoice verification. The Purchasing/P2P process covers the complete procurement lifecycle from Purchase Requisition through sourcing, Purchase Order creation, Goods Receipt, Invoice Verification, and payment through FI.

Example: A department raises a requirement for bolts, procurement creates the PO, the warehouse posts the Goods Receipt when the bolts arrive, AP processes the vendor invoice, and FI ultimately handles the payment.

26. What is a Plant in SAP MM?

Answer: A Plant is an organizational unit representing a physical or operational location such as a factory, warehouse, or distribution center. It is a key organizational level for inventory management and material valuation.

Example: Plant 1000 can represent a manufacturing facility that maintains its own stock quantities and valuation for materials received there.

27. What is a Purchasing Organization?

Answer: A Purchasing Organization is the organizational unit responsible for procurement activities such as vendor negotiations, purchasing conditions, and procurement execution. It can operate centrally across multiple plants or be organized more locally.

Example: Purchasing Organization PO01 can centrally negotiate raw-material prices for both Plant 1000 and Plant 2000.

28. What is a Purchasing Group?

Answer: A Purchasing Group represents an individual buyer or a group of buyers responsible for specific procurement activities. Unlike a Plant or Purchasing Organization, it primarily represents purchasing responsibility rather than a physical or legal organizational unit.

Example: Purchasing Group 101 can represent the Raw Materials Buying Team responsible for raw-material procurement across multiple plants.

29. What is a Storage Location?

Answer: A Storage Location is a subdivision of a Plant used to manage stock at a more detailed level. A single Plant can contain multiple Storage Locations, each representing a physical or logical area where stock is stored.

Example: Plant 1000 could have Storage Location 0001 for raw materials and 0002 for finished goods, allowing stock to be tracked separately.

30. What is the relationship between Company Code, Plant, and Purchasing Organization?

Answer: A Company Code represents the legal entity used for financial reporting. One or more Plants can be assigned to a Company Code. A Purchasing Organization can be assigned to one or more Plants and can also operate across multiple company codes in certain cross-company purchasing scenarios.

Example: Company Code 1000 can contain Plants 1000 and 1100, while Purchasing Organization PO01 centrally manages procurement for both plants.

Sample Coverage: 6 questions each from CBP, ESM, Inventory Management, LIV, and Purchasing / P2P.