Enterprise Structure

As per SAP Help definition, it portrayal of an enterprise's hierarchy. There are the following types of enterprise structure:

- Logical enterprise structure, including the organizational units required to manage the SAP System such as plant or cost center.
- Social enterprise structure, description of the way in which an enterprise is organized, in divisions or user departments. The HR application component portrays the social structure of an enterprise.

In other words, SAP enterprise structure is organizational structure that represents an enterprise in SAP R/3 system. It consists of some organizational units which, for legal reasons or for other specific business-related reasons or purposes, are grouped together. Organizational units include legal company entities, sales offices, profit centers, etc. Organizational units handle specific business functions.

Organizational units may be assigned to a single module (such as a sales organization assigned to Sales and Distribution (SD) module, or to several modules (such as a plant assigned to Materials Management (MM) and Production Planning (PP) module).

Following are some of the organizational units related to SAP SALES & DISTRIBUTION module.

Follow the Diagram for the relationship among the Organizational Units

**CLIENT**

- A client is an independent organizational unit.
- A client is considered synonym for a group.
- A client is self-contained technical unit.
- General data & tables used for several organization structure are stored at client level.
- Client is positioned in the highest level in Enterprise Structure.
- Several company code can be uniquely assigned to a client.

**COMPANY CODE**
A Company Code is a legal entity & independent accounting unit.
Balance Sheet & Profit & loss account are created at Company Code level.
Company Code is organizational unit prepared by FI.
Several Company Code can be uniquely assigned to a Client.
Several Company Code under same client can have same chart of accounts.

SALES ORGANIZATION

Sales Organization is an organizational unit of Logistics, which groups the enterprise according to the requirement of Sales & Distribution.
Sales Organization distributes goods & services.
Sales Organization is liable for sold products, responsible for the customers right of recourse & negotiating sales condition.
One or more Sales Organization can be uniquely assigned to a Company Code.
Sales Organization can be assigned to one or more plant. This assignment is not unique, so several Sales Organizations can also be assigned to one plant.
Each Sales Organization has its own master data, for eg customer & material master data, as well as conditions, pricing & output type.
A Sales Organization is the highest level (after the Client) to which sales figure are summed for SD with statistics currency.
Sales Organization can be used as selection criteria for listing of sales document, as well as for creating delivery & billing worklist.
Different output type can be defined for sales & billing document, for each Sales Organization.
Sales Organization is also used to take regional, national, international sub-division of the market into account.

DISTRIBUTION CHANNEL

A Distribution Channel is a mean through which saleable material or services reach the customer.
A Distribution Channel represents the strategies to distribute goods and / or services to the customers. Eg: wholesale, retail, institutional, etc.
Distribution Channel can be assigned to one or more Sales Organization.
Same customer can be served through one or more Distribution Channel, within a Sales Organization.
Distribution Channel can be set as per company's marketing strategies or internal organization.
Master data can vary (Customer & material Master data, Prices, discounts / surcharge, output type, etc) for each Sales Organization & Distribution Channel, i.e, within Distribution Channel master data can be defined separately.
Master data created for one Distribution Channel can also be used in other Distribution Channel.
Different sales document type can be defined for Distribution Channel.
Sales Office can be assigned to Distribution Channel.
Items in a delivery & billing documents can belong to different Distribution Channel.
Distribution Channel can be used as selection criteria for creating lists.

DIVISION

Division represents a product line or grouping of materials or services.
Division can be assigned to one or more sales organization.
Division can be assigned to one or more distribution channels.
Material always belongs to only one Division.
Master data can vary from Division to Division.
Different Division can share same master data, if shared master data is created.
Sales Office can be assigned to Division.
In sales document type, if Item Division is not activated, it will accept material from the Division at header level only & if material at item level is from different Division from header level, the same is not accepted.
Item in delivery or billing can belong to different Division.
Division can be used as selection criteria in sales document & also for creating delivery worklist.
Different output type can be used for printing sales document for each Division.

SALES AREA

Sales Area is made up of combination of Sales Organization, Distribution Channel & Division.
Division defines the distribution channel a sales organization uses to sell products from a certain division.
A Sales Area belongs to only one Company Code.
During the processing of SD documents, system accesses various master data, according to Sales Area. The system also carries out various checks concerning the validity of certain entries according to Sales Area.
Sales document, delivery document & billing document is always assigned to Sales Area.
Each SD document is assigned to exactly only one Sales Area. This assignment cannot be changed.
Various analyses can be carried out within Sales Area. So, Organization structure should be as simple as possible.
Sales Area is used for reporting & pricing.
The customer data record contains pages (views) with the data that is specific to Sales Area.

PLANT & STORAGE LOCATION
In SD, a Plant represents the location from which material & services are distributed & correspond to a distribution centre. Which is also known as Delivering Plant. The relevant stocks are kept here.

In SD, the Plant has a central function:
- At least one Plant is necessary in order to be able to use SD module.
- A Plant is uniquely assigned to a Company code.
- Assignment between Sales organization & Plant is not unique.
- Delivering Plant is important for determining shipping point.
- For a Plant to deliver goods to the customers, it must be configured appropriately as a delivering plant in SD customizing.
- It is possible that a Plant in one company code may have transaction with sales organization in another company code within same client. This is known as "cross company sales."
- Plant & Storage location are organizational units that can be used by all logistic area in the system.

**DELIVERING PLANT**

For a plant to be a Delivering Plant, following are essential, i.e,

- A plant is referred as delivering plant, when the said plant is assigned to a combination of Sales Organization & Distribution Channel.
- Plant should be uniquely assigned to a company code.
- Plant should also be assigned to sales organization & distribution channel.
- During sales process, the Delivering Plant is first used to verify stock (availability check) & later to supply the goods the customer has ordered.
- Only if plant is a Delivering Plant, a shipping point can be assigned to a plant. Material cannot be despatched without a shipping point.

**SHIPPING POINT**

- The Shipping Point is highest level organizational unit of shipping that controls shipping activities.
- Material can enter or leave the premises of an organization through Shipping Point.
- System determines Shipping Point on the bases of Delivering Plant, Shipping Condition from Sold to Party & Loading Group from material master.
- The transaction code OVL3 is used to maintain the determination of shipping point
- Shipping Point can be changed manually, only if it is in close proximity & relevant changes are permitted by the system in customizing setting.
- Each outbound delivery is processed by only one Shipping Point. For example, Loading ramp, mail depot, rail depot, group of employees, etc.
- Shipping Point is assigned to a plant.
- Shipping Point is a physical place & should be near delivering plant.
- Shipping Point can be assigned to more than one plant & a plant can also have more than one shipping point. Assignment between plant & shipping point is not unique.

**WAREHOUSE**

For efficient processing of goods receipt & goods issue, Warehouse is made up of:

- Warehouse number: The entire warehouse structure is managed under one warehouse number.
- Storage type: The different warehouse area, which differ with respect to their organizational & technical features, are defined as storage types.
- Picking area: The picking area groups storage bins together in the storage type.
- Staging area: The staging area is an area in the warehouse where the goods are stored immediately after unloading or shortly before loading.
- Doors: A door within a warehouse can be used both for inbound delivery as well as outbound delivery of goods.
  For Sales & Distribution, Lean Warehouses are applicable. This b'coz lean warehouse have fixed bins as storage type.

**BUSINESS AREA**

- Business Area represents an organizational unit, which can carry out internal reporting.
- A company code can be divided into multiple Business Area.
- A Business Area may also be shared by several company code & in such case, business area must have same description in all company code.
- Business Area can be used to prepare balance sheet & Profit & loss statement not only for company code, but also for other internal area (eg: division).
- Determination of BUSINESS AREA takes placed based on following rules:

**Rule no 1:**

Plant / Item Division

**Rule no 2:**
Sales Organization / Distribution Channel / Division, i.e Sales Area.

**Rule no 3:**
Sales Organization / Distribution Channel / Item Division.

**SALES OFFICE**
- Sales Office is an organizational unit responsible for sales & distribution, within geographical area.
- Sales Office establishes contact between company & customer.
- Sales Office can be assigned to one or more sales area.
- A Sales Office can be sub divided into several sales groups.

**SALES GROUP**
- Sales Group is an organizational unit that carries out sales & is responsible for the process internally.
- Sales Group can be assigned to one or more sales office.

**SALES PERSONS**
- A sales group consists of certain number of Sales Person.
- A Sales Person is assigned to a sales office & sales group in the sales employee record.

SAP R/3 system can represent a complex enterprise structure. Its flexibility can integrate the structure of an enterprise by linking its organizational unit. Enterprise structure design is a fundamental process in a SAP implementation project. The design is mainly determined by the business scenarios performed in an enterprise. Once the design is determined, it will affect many things such as how to perform a transaction and generate reports on SAP system. Although it’s possible, it requires great effort to change the enterprise structure. So, we must ensure that the enterprise structure designed in the SAP implementation project can accommodate all business scenarios and enterprise’s requirements for current and future situation.