Agenda

- Logistics, Ground Rules & Introduction
- Workshop Objectives
- Project Overview/Timeline
- Business Process Review
  - SAP terms glossary
  - As Is Process Discussions
  - Process improvement opportunities
  - SAP concepts & functionality
  - Leading practices
  - Enterprise readiness challenges
- Action Items
- Questions
Logistics

Before we get started ...
Ground Rules

- Has everybody signed in?
- Everybody participates – blueprint is not a spectator sport
- Silence means agreement
- Focus is key – please turn off cell phones and close laptops
- Challenge existing processes and mindsets
- Offer suggestions and ideas
- Think Enterprise
- Ask questions at any time
- One person at a time please
- Creativity, cooperation, and compromise
Introduction

- **Roles**
  - **Process Analyst and Functional Consultant (IBM)** – lead and facilitate the discussions and drive design decisions
  - **Documenter (State Employee)** – take detailed notes to support the formal meeting minutes to be sent by the Process Analyst to all participants for review and feedback
  - **Team Members (LaGov)** – provide additional support for process discussions, address key integration touch points
  - **Subject Matter Experts** – advise team members on the detailed business process and participate in the decisions required to design the future state business process

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*Round the Room Introductions*

Name  
Position  
Agency
Blueprint Schedule - Tentative

- Please refer to the handout for the upcoming Blueprint Sessions
Blueprint Objectives

1. Review and discuss the current or As-Is Business Processes
2. Define Master Data – Info Record, Source List, Quota Arrangement
3. Define Future or To-Be Business Processes
4. Identify Development Requirements:
   - Forms
   - Reports
   - Interfaces
   - Conversions
   - Enhancements
   - Workflow
5. Understand and communicate any Organizational Impact / Enterprise Readiness Challenges
6. Gather system Security Authorizations and State-wide Training Requirements
TODAY’S WORKSHOP OBJECTIVES
Topics to be Discussed

- Goods Receipt
- Transfer options between storage locations within a plant
- Transfer options between plants
- Goods issue for Cost Center, Sales Order and Plant Maintenance Work Order
- Scrapping
- Status change - e.g. transfer between Unrestricted, Quality Inspection Stock and Blocked Stock
- Control data in Account Determination for Inventory Management
AS-IS Process Flows
As-Is Goods Receipt Process

1. Receive items in the holding area
2. Verify Material against PO and Packing Slip
3. Perform QI testing in Lab
4. Enter info. In the current system and submit Aisle/Bin location to warehouse personal
5. Move Item from holding area to appropriate location
6. Send information to financial services for P.O. payments
7. Return Items to Vendor
As-Is Goods Issue Process

1. Receive item request by manual request form or email
2. Verify if the item is in the inventory
3. Procure item through standard purchasing process
4. Create a pick list for the items to be issued
5. Move items from the aisle / bin to issue location
6. Issue goods and enter information in the system
As-Is Obsolete/Scrap Process

- Identify item that is obsolete
- Adjust inventory in the system
- Remove inventory items from stock
- Deliver items to LPAA
- Scrap to LPAA
- Dispose of items
- Dispose of items
- Disposing of items
GLOSSARY
Glossary

- **Goods Movement Type** – When you enter a goods movement in the system, you must enter a movement type to differentiate between the various goods movements. A movement type is a three-digit identification key for a goods movement.
- **Goods Receipt** – Posts the receipt of goods from an external vendor or from production. A goods receipt leads to an increase in warehouse stock.
- **Goods issue** – Posts a material withdrawal, a material issue, or a shipment of goods to a customer. A goods issue leads to a reduction in warehouse stock.
- **Container List** - List of items contained inside the container (e.g. One box containing 10 pens and 5 markers).
- **Packing List** - List of goods and packaging (e.g. 15 cartons containing 1500 plain white envelopes).
- **Stock Transfer** – Removes materials from storage in one storage location and places them in another storage location. Stock transfers can occur either within one plant or between two plants or company codes.
- **Transfer Posting** – Usually refers to a change in a material’s stock such as release from quality inspection or putting in blocked stock. In a transfer posting, the material can remain in its original storage location or be transferred.
- **Reservation** – Request to the warehouse to keep materials ready for withdrawal at a later date and for a certain purpose.
Glossary

- **Material Document** – In the Inventory Management system, when a goods movement is posted, a material document is generated that serves as proof of the movement and as a source of information for any applications that follow.

- **Accounting Document** – If the movement is relevant for Financial Accounting (that is, if it leads to an update of the G/L accounts), an accounting document is created parallel to the material document.

- **Batch** – The structure of the material master record allows you to manage inventory of a material by value at plant level or company code level and by quantity down to storage-location level. Under certain conditions, it is necessary to make further subdivisions for a material and manage quantities in batches.

- **Serial Number** – Identifies and differentiates individual items of material. This component supplements the material master record, which may contain all data for describing and managing a piece of material, but which does not enable you to differentiate between individual items of that material.
Glossary

- **Authorization** – Allowing a person, system, or module to have specified access limitations. An authorization specifies one or more permissible values for each of the authorization fields that are listed in an authorization object.

- **Background Processing** – To schedule a process to happen without coming onto the screen. Data can be processed in the background while other functions are being carried out in parallel on the screen. Some programs can be scheduled to run on weekends at a particular time. This is particularly useful for batch processing, performing back-up of data, etc.

- **Batch Processing** – The procedure to process large volumes of data at once. This processing can not be modified once processing has begun.

- **EDI** – Electronic Data Interchange. The way to transfer the data from one system to another system electronically.

- **IDOC** – Intermediate Document. Data container for data exchange between SAP systems or between SAP system and a Non-SAP system.

- **Job** – A continuous chain of programs using control commands.

- **Zero Stock Check** – Check or inventory procedure used to increase the level of accuracy in stock figures. If a storage bin becomes empty after a goods movement, the bin is checked as to whether it is really empty or not.
Glossary

- **Quarantined** – A status designated for batches found in the middle of a production process or quality check. A batch that is quarantined can not be released in Sales Documents or Purchase credit notes.

- **Shipment** – The grouping together of goods at a transportation planning point, which have been transported together from the respective points of departure.

- **Delivery** – Process for receiving, sending or transferring goods. The delivery can be either an inbound or an outbound delivery.

- **EAN** – European Article Number (EAN). The number category defines which check criteria an EAN of this category must satisfy.

- **Scraping** – A posting in the inventory management system that is made if a material can no longer be used. This occurs, for example, if a material has deteriorated in quality or becomes obsolete due to having been kept in storage for too long. Both the intentional and unintentional destruction of a material also have to be posted in the system as “scraping”.

General MM Overview

Stocks → Material Requirements Planning

→ Requirement

→ Production (Internal Procurement)

→ Purchasing (External Procurement)

→ Goods Receipt

→ Goods Issue

→ Transfer Posting

→ Invoice Verification

→ Accounting

→ Invoice

→ Sales and Distribution

→ Forecast

→ Demand

→ Material Requirements Planning

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Inventory Management Only
IM Goods Movement

- Purch Ord
- W/O ref.
- Prod Ord

Delivery

Goods Receipt

Production

Inventory

Transfer Posting

- Goods Issue
- Goods Issue
- Consumption
- Samples
- Sales Order
IM Transfers

Stock Transfers

Transfer Postings

- Product 123
- Product 789
- Quality Inspection
- Unrestricted Use
- Consignment Stock
- Stor. Loc. 1000

Plant 1000 → Plant 2000

Stor. Loc. 1000 → Stor. Loc. 2000

Unrestricted Use

Quality Inspection

Consignment Stock

Stor. Loc. 1000
IM Goods Movement - Summary

- The three types of Goods Movements are:
  - Goods Receipt
  - Goods Issue
  - Transfers

- When a goods movement is entered:
  - Stock records are updated
  - Documents are created to record the event
Documents for IM Goods Movements

Material Document

Accounting Document

Movement Type

----- $......
----- .... -- +
----- ----- -- -
----- --- -- --
### Material and Accounting Documents

<table>
<thead>
<tr>
<th>Item</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>99 300000 40.00</td>
</tr>
<tr>
<td>2</td>
<td>99 300000 5.00</td>
</tr>
</tbody>
</table>

### Material Document Header

<table>
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</tr>
</tbody>
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### Accounting Document Header

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<thead>
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<th>Details</th>
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</thead>
<tbody>
<tr>
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<td>99 300000 5.00</td>
</tr>
<tr>
<td>004</td>
<td>81 400000 -5.00</td>
</tr>
</tbody>
</table>

*Total*

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</tbody>
</table>

*Total*
Effects of an IM Goods Receipt Posting
## Purchase Order History

<table>
<thead>
<tr>
<th>Category</th>
<th>Document No.</th>
<th>Item</th>
<th>Movement Type</th>
<th>Posting Date</th>
<th>Quantity in OUM</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>GR</td>
<td>50000050</td>
<td>001</td>
<td>101</td>
<td>01/15/08</td>
<td>4 pcs.</td>
<td>$20</td>
</tr>
<tr>
<td>GR</td>
<td>50000051</td>
<td>001</td>
<td>101</td>
<td>01/17/08</td>
<td>2 pcs.</td>
<td>$10</td>
</tr>
<tr>
<td><strong>Total Goods Receipts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>6 pcs.</strong></td>
<td><strong>$30</strong></td>
</tr>
<tr>
<td>IR</td>
<td>5100000000</td>
<td>001</td>
<td></td>
<td>01/18/08</td>
<td>6 pcs.</td>
<td>$30</td>
</tr>
<tr>
<td><strong>Total Invoice Receipts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>6 pcs.</strong></td>
<td><strong>$30</strong></td>
</tr>
</tbody>
</table>

Category GR = effects of Goods Receipt
Category IR = effects of Invoice Receipt
Effects of a Goods Receipt posting include:

- Accounting document is created
- Material document is created
- Stock quantity is updated
- G/L accounts are updated
- Goods receipt slip can be printed (optional)
- Purchasing data is updated (purchase order history)
Stock Types

Valuated Stock

Non-Valuated Stock

Unrestricted-Use Stock

Stock in Quality Inspect.

Stock in Transfer

Consignment Stock

GR Blocked Stock

Blocked Stock

Inventory

Qty:

Qty:

Qty:

Qty:

Qty:
IM Goods Movement and Stock in Quality Inspection

Vendor

Stock in quality inspection

Sample

Unrestricted Stock

GR Blocked Stock
IM Goods Receipt into Quality Inspection

3 Places where the Quality Inspection Indicator can be set:

1. In the Material Master
2. On the Purchase Order
3. At Time of Goods Receipt
IM Reversal (Reversing Entry) and Return Delivery

Reversal due to an entry error

- Goods Receipt
  - 101 MvT
  - 103 MvT

- GR
  - 102 MvT
  - 104 MvT

Reason for MvT
 Optional

Wrong:
- Location
- Qty
- PO #
- Line #
- etc

No Return Slip Printed

Items returned to a vendor

- Goods Receipt
  - 101 MvT
  - 103 MvT

- GR
  - 105 MvT

Reason for MvT
 Mandatory

- GR
  - 122 MvT

Return Slip Printed

No Return Slip Printed
IM Goods Receipt against a Purchase Order Assigned to an Account – No Inventory Update

- **Vendor**
  - **Goods Receipt**
    - **Cost Center**
      - **Plant 1000**
    - **$**
  - **K = Cost Center**

**Purchase Order**
- 1 computer
- K
  - G/L
  - CC

**Note:**
- K = Cost Center
Setting the “Delivery Complete” Indicator

Can be set via one of the three options below:

1. Automatically if full quantity received
2. Manually at time of Goods Receipt
3. Manually in the Purchase Order
Under Delivery and Over Delivery Quantity Checks

<table>
<thead>
<tr>
<th>Order Quantity</th>
<th>Under Delivery Tolerance</th>
<th>Over Delivery Tolerance</th>
<th>Partial Delivery - Warning</th>
<th>Over Delivery - Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>200</td>
<td>400</td>
<td>600</td>
<td>800</td>
</tr>
</tbody>
</table>

No messages within tolerances
IM Goods Receipt - Summary

- A goods receipt into "GR Blocked Stock" is used when the goods are temporarily placed in a quarantine area before they are officially accepted. No valuation (and thus no accounting document) occurs.

- Posting to "blocked stock" is used to perform a small quality inspection on the goods before they are moved to unrestricted use. This "blocked stock" is valuated.

- A Reversal is used when a mistake was made in entering the movement. For example, the goods were received into the wrong storage location.

- A Return Delivery is used when we wish to return goods to the vendor. On this movement, the "reason for movement" is a mandatory entry and allows an analysis to be carried out.
IM Goods Receipt - Summary

- If a goods receipt is done for a purchase order with an account assignment, no inventory updating takes place.
- A quality inspection indicator may be set in 3 different locations to ensure receipt into stock quality inspection:
  - Material master
  - Purchase order
  - At time of goods receipt
- The Delivery Complete indicator specifies whether or not a further goods receipt is expected.
- When you enter a GR item, the system compares the GR quantity with the open purchase order quantity to identify any over deliveries or under deliveries. You can enter under delivery and over delivery tolerances in the info record or directly in the purchase order.
- Valuation and Invoice Verification is based on the goods receipt quantity and the order unit price.
Reservations

Planning

Of Withdrawal or Issue

MRP

Of Receipt

August 2008
Reservations

Creation of a Reservation

Automatically
PM Order
Stock Transfer

Manually
Need Determined
Reservations

- Reservations are requests to the warehouse to have materials ready for issue at a specific date

- Reservations can also be thought of as the pre-planning of a particular movement type
IM Goods Issue

Goods Issue

- Order
- Cost Center
- Sales Order

From Warehouse

From Consignment Stock

Sample

Scrap
Creating IM Goods Issues

Without Reference

Unplanned

With Reference

Planned

Individual Entry

Collective Entry

To Material Document

For Reservation
Effects of an IM Goods Issue

Reservation

Accounting Document

Material Document

Posting of Goods Issue

G/L accounts: Stock account Consumption acct. ...

Stock quantity Consumption statistics ...

Point of Consumption: Cost center Order ...

Material
IM Goods Issue - Summary

- Effects of a Goods Issue include:
  - Accounting document is created
  - Material document is created
  - Stock quantity is updated
  - G/L accounts are updated
  - Reservation is updated (if applicable)
  - Point of consumption is updated (if applicable) - cost center, etc.

- Goods Issues can be either planned or unplanned. Examples of planned goods issues include: delivery to customer, return delivery to vendor, or reservations. Examples of unplanned goods issues include issues to scrap or drawing of a sample.

- Goods Issues can be created via individual entry or collective entry. Goods Issues can also be created with reference to a material document or a material reservation.
Transfers

Physical Movement
i.e. Stock Transfer
Storage Location 1000

Storage Location 1000

Storage Location 2000

Logical Movement
i.e. Transfer Posting
In Quality Inspection

Quality Inspection

Logical Movement
i.e. Transfer Posting
Unrestricted Use

Unrestricted Use
Physical Stock Transfer

Plant 1000

Stor. Loc. 1000

Plant 2000

Stor. Loc. 2000
Stock Transfer from Storage Location to Storage Location
Two-Step Procedure

Stor. Loc. 1000

MvT 313

Unrestricted Stock

MvT 315

Unrestricted Stock

Stor. Loc. 2000

Stock in Transfer Bucket
Stock Transfer from Plant to Plant
Two-Step Procedure

Plant 1000

MvT 303

Unrestricted Stock

Plant 2000

MvT 305

Stock in Transfer bucket

Unrestricted Stock
Stock Transfer
Material to Material

Material 123

“Young” Wine

Material 789

“Old” Wine
Transfers - Summary

- Physical stock transfer - occurs at two different levels:
  - Plant to plant
  - Storage location to storage location

- One-step vs. two-step stock transfer

- Transfer posting – i.e. from Quality Inspection to Unrestricted use

- Material to material transfer - used when the characteristics of two different materials are the same and you want to consolidate into one material number
# Standard IM Movement Types

(See handout for complete listing)

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<tbody>
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<td>GR goods receipt</td>
</tr>
<tr>
<td>102</td>
<td>GR for PO reversal</td>
</tr>
<tr>
<td>103</td>
<td>GR into blocked stck</td>
</tr>
<tr>
<td>104</td>
<td>GR to blocked rev.</td>
</tr>
<tr>
<td>105</td>
<td>GR from blocked stck</td>
</tr>
<tr>
<td>106</td>
<td>GR from blocked rev.</td>
</tr>
<tr>
<td>121</td>
<td>GR subseq. adjustm.</td>
</tr>
<tr>
<td>122</td>
<td>RE return to vendor</td>
</tr>
<tr>
<td>123</td>
<td>RE rtn vendor rev.</td>
</tr>
<tr>
<td>124</td>
<td>GR rtn blocked stck</td>
</tr>
<tr>
<td>125</td>
<td>GR rtn blkd stck rev</td>
</tr>
</tbody>
</table>

T156LHT.xls
Account Determination

- Valuation Class
  - Used to influence the allocation of a material to a group of G/L accounts in Automatic Account Assignment Process
  - Is established on Accounting view of the material master at the plant level
  - Is driven by material type

- Integration between Inventory Management and Financial Accounting
Inventory Management and Warehouse Management Integration
Movement Types
Overview

- Inventory Management (IM) is the most important component that is linked to WM. Most activities that take place within WM are initiated in IM. The IM component communicates with WM through interim storage types.

- When a goods receipt is processed in IM and is posted to a WM-managed storage location, the quantity is automatically posted to an interim storage area (i.e. goods receipt area). When this happens, a quant is created in a storage bin in the interim storage area. Afterwards, WM posts the goods to a storage bin in the warehouse. This second step can take place automatically. This increases the total stock quantity in both IM and WM.
Movement Types
Overview

- When a goods issue is processed, the system posts a quantity to an interim storage area (goods issue area or shipping zone). This time, however, a quant with a negative quantity is created since the IM posting reduces the total stock quantity.

- It is through the interim storage areas that the stock quantities remain constant in both IM and WM. The total sum of the stock of all the WM storage areas for a warehouse number, both physical and logical, should always be identical to the sum of the stock in the IM storage location.
PROCESSES & SCENARIOS

- Truck Unloading
- Goods Receipt
- Putaway
- Cross Dock Non Stocked
- Quality Inspection, Breakage and Obsolete Scrapping
- Goods Issue
Truck Unloading

Receipt of goods onto the loading dock

- Requirements
  - Assignment of truck to unloading area or door
  - Visual check of product received
Truck Unloading

1. Truck Arrives
2. Verify Delivery with PO/STO
3. Accept
   - Yes: Unload Truck
   - No: Refuse Delivery
4. Manual Check of quantity / Label / Damage
5. All ok?
   - No: Highlight errors, Sign
   - Yes: Document Signed
6. Truck Leaves
7. Un-receipted stock on unloading dock
WM Goods Receipt

- Transacting the Goods Receipt includes:
  - Quality Inspection
  - Transfer Order Creation
WM Goods Receipt
(Scenario 1)

- **Requirements**
  - Book goods receipts with reference to PO
  - Scan barcode
  - Quality Inspection (QI) materials follow same goods receipt process, QI flag passed to WM so that QI materials can be identified in bins

- **Optional Information**
  - Barcodes provided by external site or upon receipt
  - Product flagged for QI in purchase order, etc.
WM Goods Receipt
(Scenario 2)

Requirements
- Automatically putaway T/O creation upon goods receipt. Goods receipt can be split into multiple T/Os or remain together for single putaway. System to propose destination bin and quantity based on material master data (Storage Type).
- Ability to place non-standard pallet quantities into storage. This can be a manual process.
- More than one user can putaway stock at any time

Optional Information
- Each product can have a standard pallet quantity (master data)
- Product received in non-standard packaging may be repackaged whenever permitted
Example

- Standard pallet quantity = 10
- Goods receipt for 2 pallets with quantities 7 PC and 6 PC
- System proposes putaway for 1 pallet of 10 PC and a pallet of 3 PC
- Exceptions will be handled by a manual process
Optional Barcode scanning

- EAN pallet label – unique EAN indicating material number and quantity
- EAN label provided by manufacturing plant or vendor
- Standard pallet quantities by product
- Define RF transactions with material EAN, quantity, and destination bin
Goods Receipt (IM / WM)

Inventory Management

Transfer Requirement

Reference

Transfer Order

Warehouse Management

Putaway:
- Storage Type?
- (Storage Section?)
- Storage Bin?

Control

Check

Confirm Transfer Order
WM Putaway

- Confirmation that the product has been placed into storage in the correct location
  - Barcode Enabled Functionalities
    - Transactions to be carried out on RF gun
    - Confirmation by scanning “from” and “to” location
    - QI materials follow same process but can be identified in the correct location at any point of time
  - Requirements
    - Barcode labels on pallets (material)
    - Barcode labels on “from” and “to” location (Storage)
WM Putaway

T/O items waiting to be confirmed for putaway

Scan location (GR area)

List of all TOs for putaway

Search material by scanning?

Yes

Scan barcode

No

Scroll through items

List of all TO items for that material for putaway

Only 1 item exist?

Yes

Material and Qty for putaway displayed

Scan Material

No

Choose item by typing the line number, Enter

Confirmed Stock in Correct Bins

Item Confirmed

Scan Bin

Take product to Bin

Enter Quantity

Repeat process for additional items
WM Cross-Docking

- Receiving product and moving it immediately to an outbound area

- Requirements
  - Cross-dock products identified upon receipt
  - Cross-dock products are not put in to storage
  - System to propose cross-dock area as ‘To’ location in putaway T/O
WM Cross-Docking

Un-receipted stock on unloading dock

Scan or Enter PO Number → Is label required? → Yes → Print EAN label → Attach label to Pallet → No → E.g. Material Master Data/indicator in PO

Delivery Document

Post → Enter Quantity received → Identify that this stock is to be cross docked → Scan/Enter Material Number

TOs created automatically to move to Cross Dock area

Move Product and confirm TO → T/O items waiting to be delivered
Quality Inspection Stock

- Quality Inspection stock is:

  - New stock from vendor being tested
  - Physical inspection of stock at the time of receipt from vendor
  - Potential quality issue with existing stock
Scrapping

Scrapping can be done from:

- Unrestricted stock
- QI stock
- Block Stock
QI, Breakage and Obsolete Scrapping

- Quality Inspection Scrapping
- Damage or Broken Product Scrapping
- Obsolete Product Scrapping
- All Scrap transactions can be executed through the RF process
- There will be an area for Quality Inspection
WM QI Scrapping

Product in Unrestricted Stock → Move product to QI Stock MB1B 322 → Quality Inspection needed? → Yes → Carry out Inspection → Return to Stock? → Yes → Repair → Yes → Back to Unrestricted Stock MB1B 321

No → Scrap MB1A 553 → Return to Vendor? → Yes → Return to Vendor (if Cost Justified)

No → Complete
WM Damage Scrapping

1. Review the damage
2. Analyze the degree of damage
3. Usable?
   - Yes → No action
   - No → Execute scrapping process
     Reason for Breakage
     MIGO or MB1A 551
4. Product Scrapped
WM Obsolete Scrapping

Valid reason to scrap the product

Check if the status in MM is obsolete?

Yes

Scrap the product

No

Contact Material Master Record Maintainer (MMRM)

Complete
WM Goods Issue

- Requirements
  - Print Pick list with reference (Outbound delivery)
  - Scan barcodes

- Optional functionalities
  - Outbound deliveries can be created automatically or manually
  - Barcoded container list may be printed
  - Packing List should be printed
  - Back Order items can be printed with an indicator
WM Goods Issue
**WM Movements**

**Receive Goods against PO**

**MvT 101**
- Interim Storage (Transfer Requirement)
  - Storage Type 902 (GR area)
- Putaway to Bin (Transfer Order)

**Warehouse**
- Bin

**Issue Goods**

**MvT 601**
- Interim Storage (Transfer Requirement)
  - Storage Type 916 (GI area)
- Create Transfer Order against a Delivery note For Picking

**MvT 101**

**MvT 601**
"Other" primary includes movement types used for initial stock take. But also other movement types used rarely are included (102, 104, 202, 262 etc.)
Questions?