SAP MM Procurement Process Intro

Business Processes - Operations

Contents

SAP MM PROCUREMENT PROCESS INTRO
Characteristics

1

General concepts

Unique ERP Tool for all the PTP process

Standardized process.

Unique category tree for all BU's.

2

Purchase orders (PO)

All purchase orders (PO) must be done via SAP.

PO's must be done before the service is done / goods received.

Approval flow.

3

Master Data

Procure to pay dept manages the Master Data in SAP.

4

Goods receipts (GR)

The receptions (goods, services) must be done via SAP.

The GR implies an automatic accounting.

5

Invoices

Vendors must include the PO number in the invoice to be accounted.

Any discrepancy between GR and invoice will generate an automatic incidence in SAP.

6

Reporting

Fast centralized reporting.

Real time info.

PO, GR, Inventories......

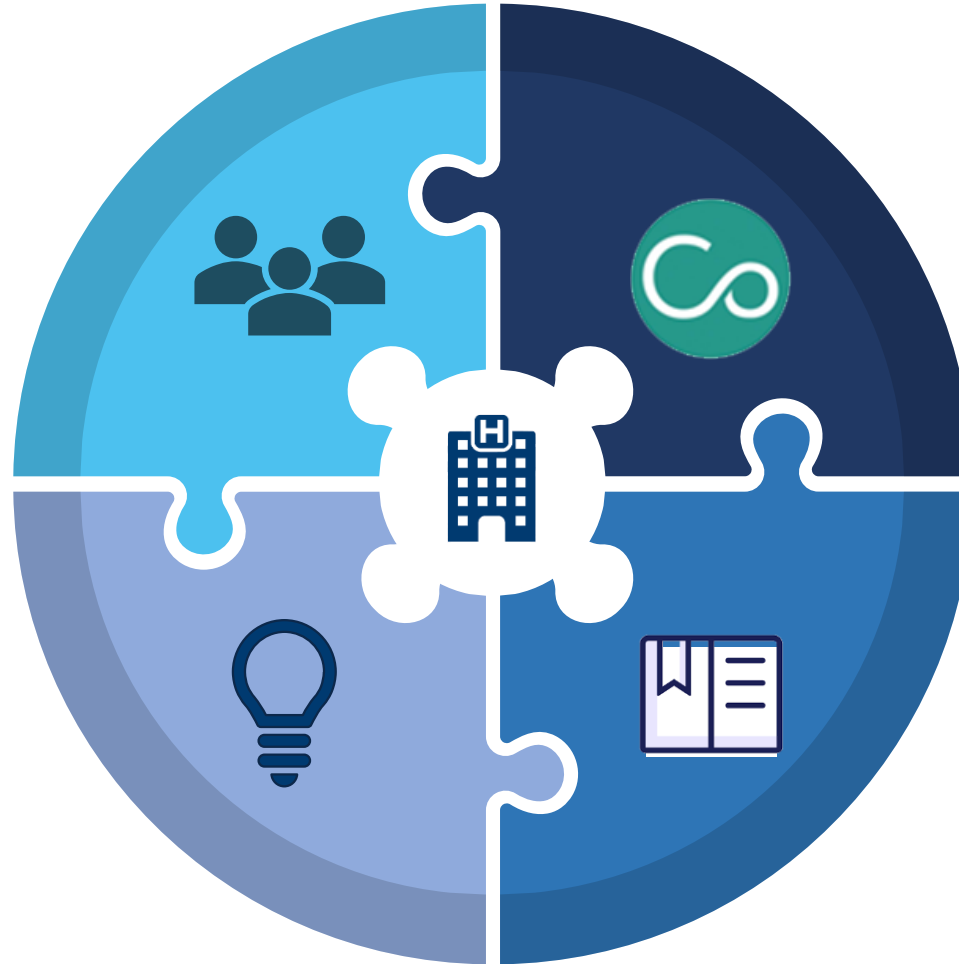# SAP MM PROCUREMENT PROCESS INTRO
Participants

MDM (PTP AREA)

Responsible for the SAP MM Module data

BUSINESS PROCESSES MM

Responsible for training and giving support in everything related with the procurement process

COPERAMA

Responsible for negotiating prices and nominated vendors

ADMINISTRATION (PTP AREA)

Responsible for accounting invoices

SAP MM PROCUREMENT PROCESS INTRO
Concepts

Company Code

Legal name of the Hotel Company . E.g.: DK01 NH STANDGADE APS; ES10 NH HOTELES ESPAÑA SA; DE01 NH HOTELES DEUTSCHL. GMBH …

Purchase Organization

Set of centers that belong to the same region. E.g.: DK10 Hovedstaden; DE12 Bremen Niedersachsen...

Business Area

SAP Hotel/Central Serv code. E.g.: 1010=NH Collection Copenhagen. Every hotel has its own warehouse structure.

Warehouse

Physical warehouse in a business area. E.g.: 1001 Kitchen. SAP Users only can see warehouses, but the warehouses are related with a COCE except the general warehouse.

Vendor

A person or company that sells goods or services to us, in SAP every vendor has an SAP number, and it is unique for all the company.

Material

Every article or service that Minor Hotels Europe & Americas procures, stores…. It is the company's central source for reporting and accounting
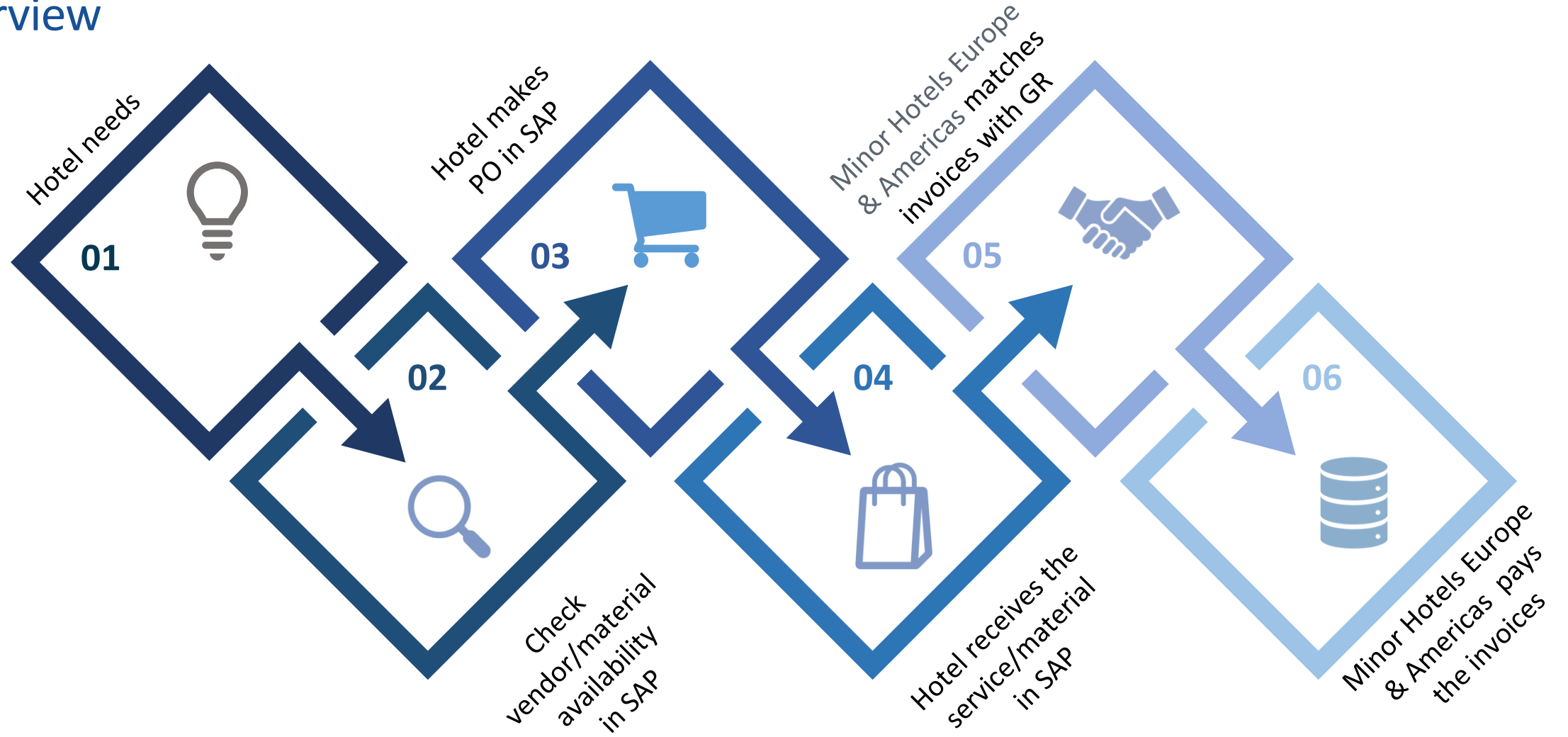
Master Data

Master data is the core data that is essential in SAP, it is created centrally, it remains over time, but it is updated on a regular basis. E.g.: Vendor is a type of master data that is used for creating purchase orders.

Transaction

A transaction consists in a code of letters, numbers, or both. You use a transaction code to go to any task or get a report in SAP.
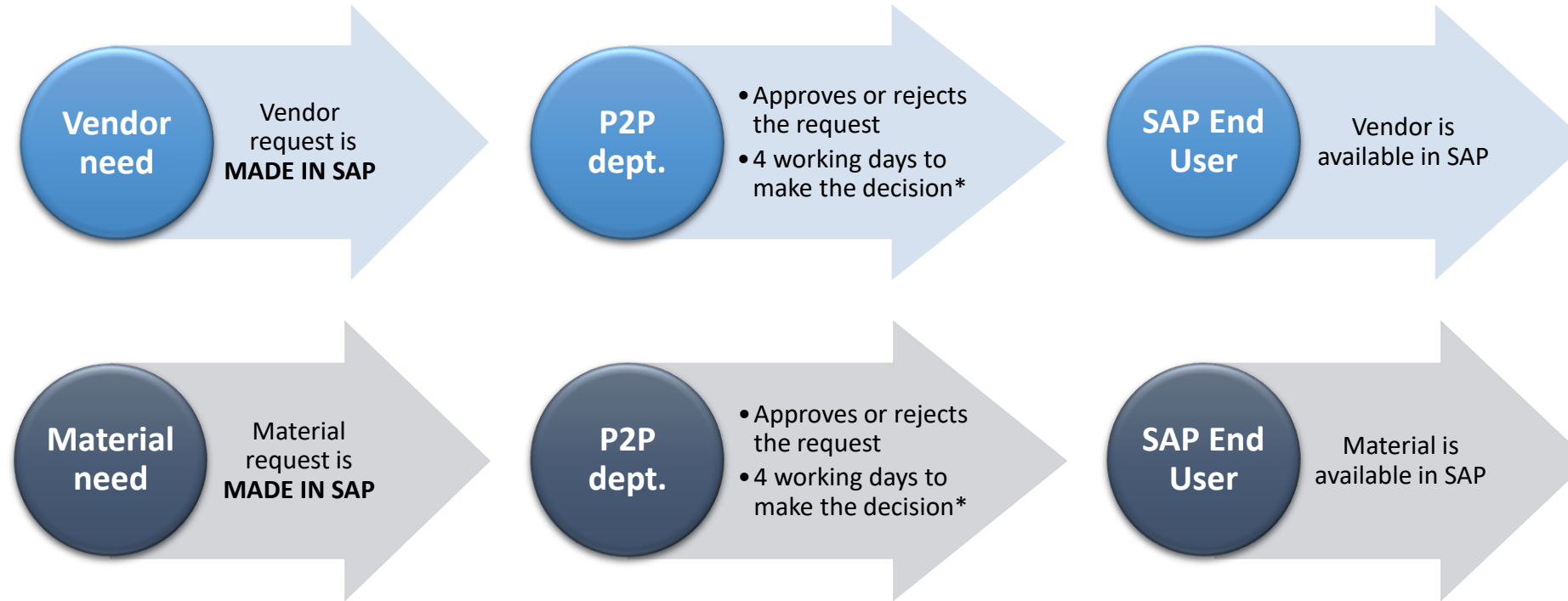
SAP MM PROCUREMENT PROCESS INTRO
Overview

01 Hotel needs

02 Check vendor/material availability in SAP

03 Hotel makes PO in SAP

04 Hotel receives the service/material in SAP

05 Minor Hotels Europe & Americas matches invoices with GR

06 Minor Hotels Europe & Americas pays the invoices

SAP MM PROCUREMENT PROCESS INTRO
Master Data Management: vendors & materials request in SAP

The process and timing of requesting vendors and materials in SAP is schematically as follows:

MANDATORY PROCESS MANDATORY

| Vendor need | Vendor request is **MADE IN SAP** | P2P dept. | • Approves or rejects the request
• 4 working days to make the decision* | SAP End User | Vendor is available in SAP |

| Material need | Material request is **MADE IN SAP** | P2P dept. | • Approves or rejects the request
• 4 working days to make the decision* | SAP End User | Material is available in SAP |

TIP!
Since the process can take 4 days (or 8 if it's vendor + material), if you want to have it available on time, the best way to achieve it is to **plan in advance**!!!

PLAN

SAP MM PROCUREMENT PROCESS INTRO
Supplier Data Management: vendors classification
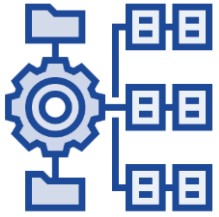
We can classify our vendors depending on 4 characteristics:

- Type of agreement we have with them
- Invoice classification by Minor Hotels Europe & Americas
- Way of invoicing
- CAPEX vs OPEX

1) Vendors classification according to the type of commercial agreement with Minor Hotels Europe & Americas:

NOMINATED SUPPLIERS

NON-NOMINATED SUPPLIERS

Vendors without agreement with Minor Hotels Europe & Americas. We can work with them to cover an operational need, but we must redirect these consumptions to nominative vendors if possible.

Vendors with a commercial agreement with Minor Hotels Europe & Americas (Coperama), at the HQ or BU level, and this agreement defines prices, rappels, delivery time and frequency, etc. It is mandatory due to our purchasing policy to prioritize working with these vendors.

MINOR HOTELS | ANANTARA HOTELS·RESORTS·SPAS | AVANI Hotels & Resorts | elewana COLLECTION | OAKS HOTELS·RESORTS·SUITES | NH HOTELS | NH COLLECTION HOTELS | nhow HOTELS | TIVOLI HOTELS & RESORTS

SAP MM PROCUREMENT PROCESS INTRO
Supplier Data Management: vendors classification

2) Vendors classification according to the invoice classification by Minor Hotels Europe & Americas:

FI SUPPLIERS

MM SUPPLIERS
Ind code A

No PO number to be included in the invoice.
Provides any of the following types of goods/services:

Insurances
Utilities (services, waste removal, water, gas, electricity)
Data lines, telecom costs (Mobile and land lines)
Hotel and Parking Rents
Operational taxes
Emballage/Packing materials
Post and Courier Expenses
Vouchers for lunch for employees
Condominium expenses

WiFi Services
Car leasing
Fuel cost for cars
TV and Radio licenses
Airline or rails tickets

MM

FI

The PO number is mandatory
to be in the invoice.
Suppliers that **do not** provide services
included in the list.

In SAP: Industry code B##

In SAP: Industry code A##

SAP MM PROCUREMENT PROCESS INTRO
Supplier Data Management: vendors classification

3) Vendors classification according to the way of invoicing:

PAPER INVOICING

ELECTRONIC INVOICING

WEB

EDI
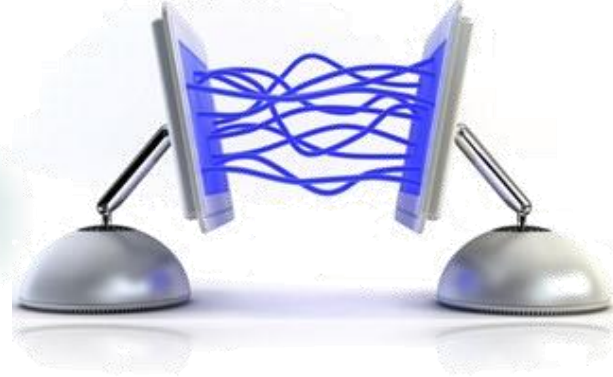
SAP MM PROCUREMENT PROCESS INTRO
Procurement execution: Purchase Order (PO)

A Purchase Order (PO) is the only valid way to request a merchandise or a service from a supplier.

<u>Main features of the PO:</u>

1. The PO must be done at the moment the need arises in the hotel, as general procedure, always before the merchandise is received or the service is done.

2. It is strictly forbidden to make orders by mail, phone…

3. PO must be made by SAP and will generate a number started in 45x… for Opex or 8… for Capex.

4. Suppliers receive these orders through their mail.

5. The PO number must be included by the vendor on the invoice.

To consider: some orders (IT, maintenance & projects, marketing, supplies & recurring operating expenses) are subject to a release process, in which you are the first approver. In the following link you can consult the approval flow for MM in hotels.

MM Approval Wokflow

SAP MM PROCUREMENT PROCESS INTRO
Goods Receipt (GR) Management: general concepts

➢ The reception implies an accounting entry.

➢ Reception in SAP must be done as soon as the goods / services are received in the hotel.

➢ It is necessary to write the reception number on the delivery note / packing slip.

➢ There is a tolerance to receive a percentage greater than the amount requested 99%.

➢ If the reception exceeds the tolerance limit, the user must modify the requested quantity.

➢ If the reception is not done on time or correctly you will have invoicing incidences (pay attention to next slides).

SAP MM PROCUREMENT PROCESS INTRO
Procurement Process: pain points
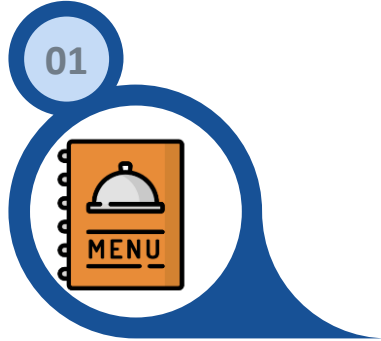
01 Goods/Service need
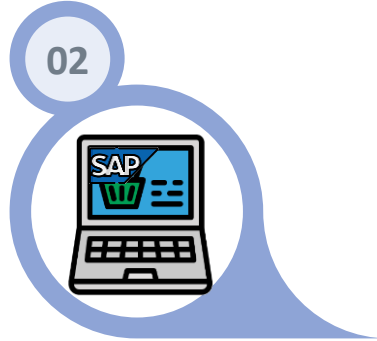
02 Purchase order creation in SAP
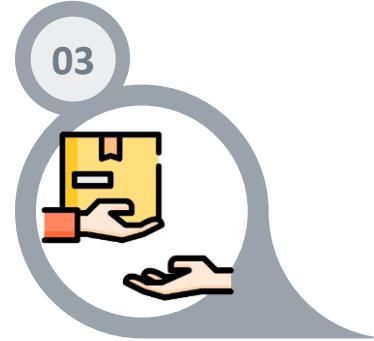
03 Goods received or Service done
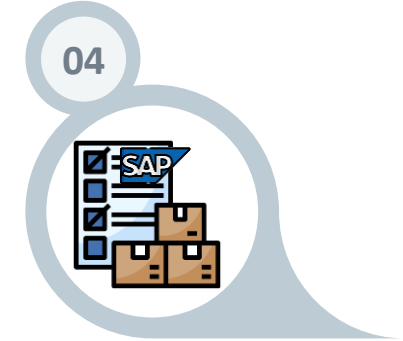
04 Reception in SAP

Vendor or material is not in SAP!!!

Vendor is not delivering, or material delivered /service provided is different than the one in SAP!!!

I didn't' make the reception in SAP. I cannot make the reception in SAP!

Always plan in advance. If needed, use the emergency process for vendor and material requests.

Modify the PO to adapt to the goods received service done. Inform the vendor that this without advising can generate delays in payment.

Make receptions in order and on time to avoid incidences. Open a JIRA ticket if necessary for extra help.

SAP MM PROCUREMENT PROCESS INTRO
Invoice travel

Vendor's Administration office:
Vendors **MUST** send the invoices to NH_invoice@epsportal.com with all the data required by Minor Hotels Europe & Americas provided in the invoicing instructions and in every PO PDF.

Lisbon document processing center:
The invoice header checker (hotel data, fiscal data, PO, …).
OK → Process the invoice for posting.
KO → Reject to vendor informing him by mail about the rejection reason.

Administration Manila's office:
The invoice will be tried to be posted checking with the data in SAP:
Invoice matches SAP data → Invoice posted and ready for payment.
Invoice does not match SAP data → Invoice incidence will be created in SAP to ask for extra info to the hotel to post the invoice.

HOTEL:
The hotel must manage the invoicing incidents to give the information requested by the SSC to post the invoice or request a Credit Memo if it does proceed.

SAP MM PROCUREMENT PROCESS INTRO
Invoicing incidences: general concepts

What is an incidence?

An incidence is a discrepancy between the reception done by the user and the invoice billed by the vendor.

Till the incidence is solved the invoice will be **BLOCKED FOR PAYMENT.** So, to avoid any service problem, we must solve incidences as soon as possible.

Invoice Payment

SAP user

↓

Purchase Order

↓

Goods arrives or service is done

Vendor

↓

Invoice →

SAP user

↓

GR in SAP

MINOR HOTELS | ANANTARA HOTELS·RESORTS·SPAS AVANI Hotels & Resorts elewana COLLECTION OAKS HOTELS·RESORTS·SUITES NH HOTELS NH COLLECTION HOTELS nhow HOTELS TIVOLI HOTELS & RESORTS
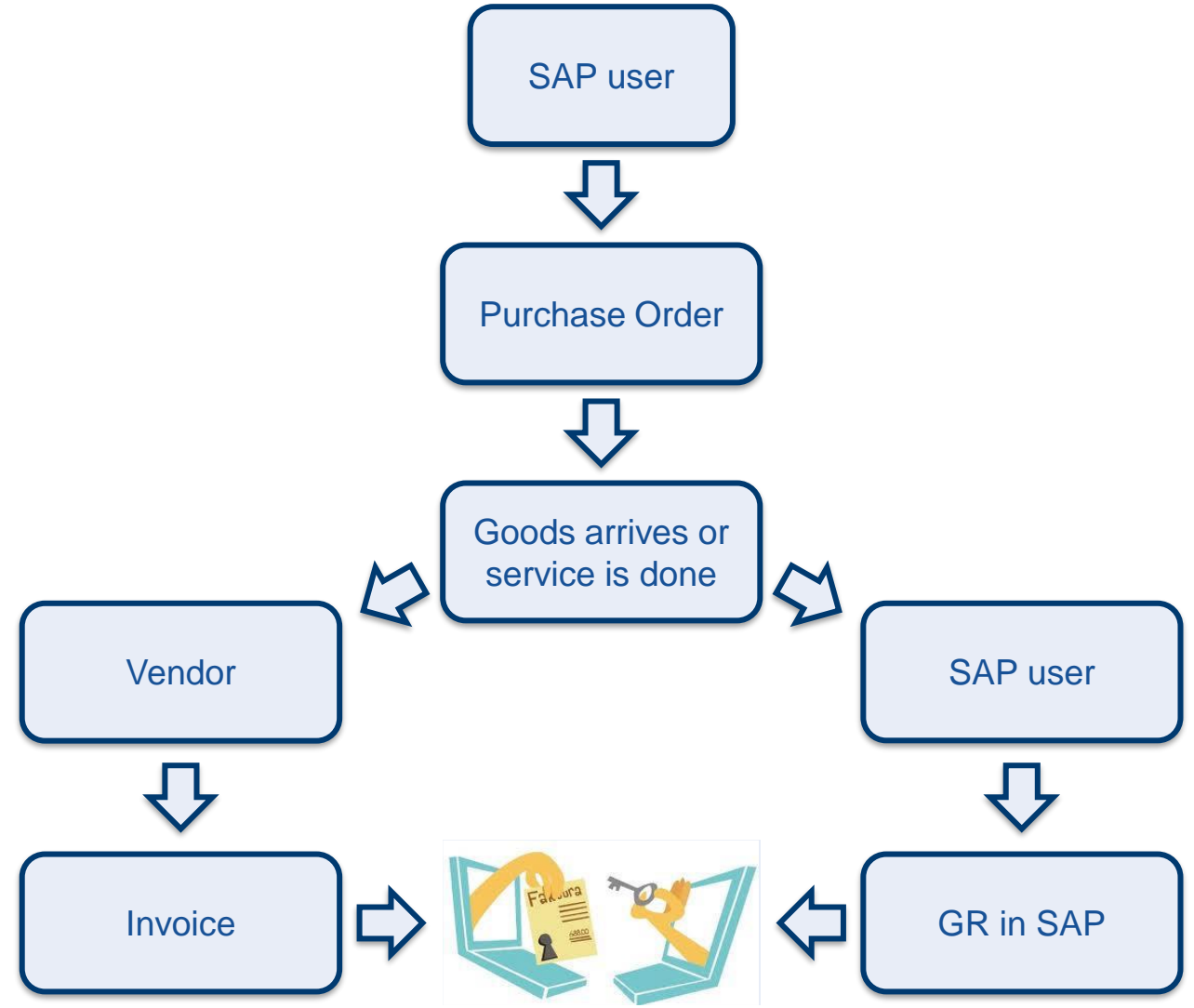
SAP MM PROCUREMENT PROCESS INTRO
Invoicing incidences: general concepts

Generating an incidence is the **only communication channel** that the CS or supplier (in case the supplier it is a portal or EDI vendor) has to ask us about a discrepancy observed between the invoice and the existing GR in SAP.

Until we solve the invoice incident, the invoice can not be processed and therefore paid.

Therefore, solving an incident is simply to **MAKE A DECISION** on who is right in this discrepancy, and for that we will have to have as much information as possible about the case under study.

Accept the invoiced quantity

Request a Credit Memo

Contact with Administration

Accept the invoiced price

Make a Goods Receipt
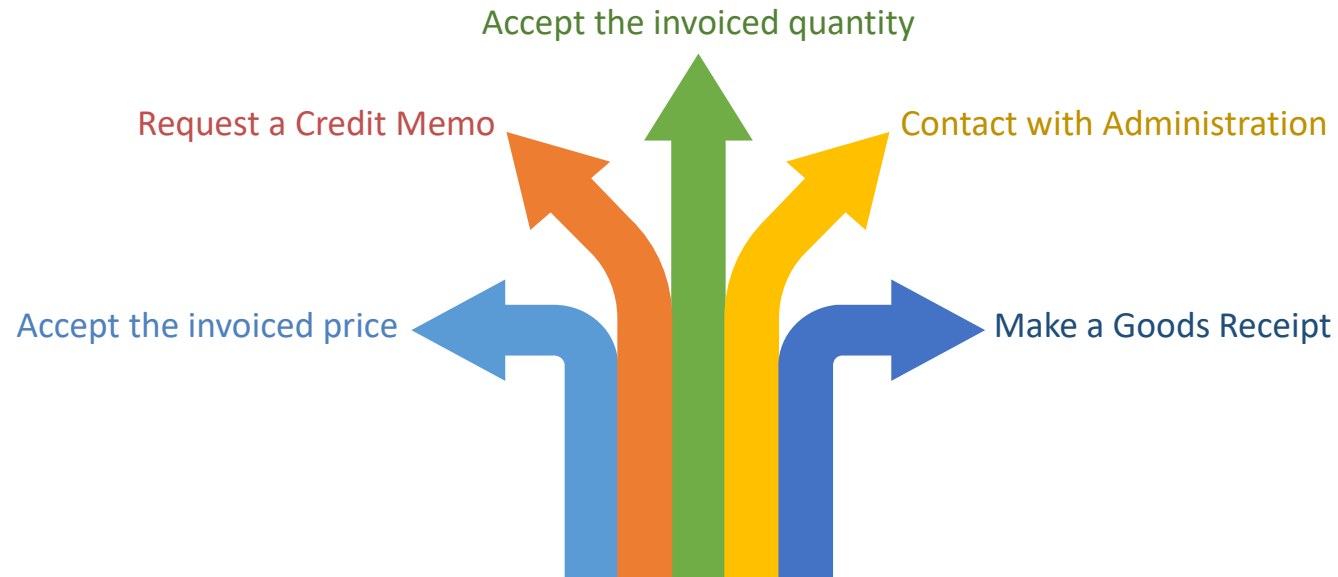
SAP MM PROCUREMENT PROCESS INTRO
Invoicing incidences

Where can I see if I have any incidences?

When the system detects a discrepancy between the GR and the invoice, it triggers a workflow in SAP and the user receives an incident notification in their SAP Business Workplace. Then, the user must review the incident and once resolved, the invoice is posted/released for payment and the workflow ends.

SAP MM PROCUREMENT PROCESS INTRO
Invoicing incidences

Actions ribbon: actions we can take to solve the incidence depending on the type of incidence.

Manual Receive   Automatic Receive   Contact with Admin   Credit Memo Request   Invoice WF History

Accept Price   Credit Memo Request   Invoice WF History

Price incidences about invoice nr

Quantity incidences about invoi

Type of incidence

Incidences about parked invoice nr 5108240079 2018 treatment

Manual Receive   Close Lines   Subsequent Delivery   Contact with Admin   Invoice WF History

Create...
Attachment list
Private note
Send
Relationships
Workflow

We can see the scanned invoice (this option is not available for EDI & Portal Vendors)

Invoice Document No. 5108240079 2018

Basic Data | Note

Additional info about what Administration cannot find in the GR or the PO (It does not apply for Quantity or Price incidences).

please add line item for Marzo a Mayo 2014. Invoice number 14.07.02620

Vendor	7332	COMUNICA MAS A AGENCIA DE PUBLICIDA/ E-28002 MADRID Spain
Company Code	ES10	NH HOTELES ESPAÑA, S.A.
Business Area	0094	ES10NH COLLECTION EUROBUILDING Document Date 30.08.2018
Text		TRADUCCION BROCHURE NHC EUROBUILDING Reference CFC18-2392
Gross inv. amnt	65,34	EUR ☐PO Line Missing ☐PO Consumed ☐Budget exceeded

Type of parked incidence

Purchasing...	Item	Material	PO Text	Quantity	U...	Received
4503111145	10	05000979	TRADUCCION BROCHURE NHC EUROBUILDING	1,000	PC	0,000

SAP MM PROCUREMENT PROCESS INTRO
Invoicing incidences

Data about the PO reference in the invoice (it can be in blank in Parked invoices). Here we will see the PO affected the materials affected, quantities prices… It depends on the type of incidence we have.

E.G.: In quantity incidence we will see the PO quantity, the GR quantity and the Invoice quantity, in Price incidences we will see the PO Price, the GR Price and the invoice Price.

We can access to display PO (transaction ME23N)

SAP MM PROCUREMENT PROCESS INTRO
Invoicing incidences: report ZWF_MM_IV_LOG

DO IT YOURSELF!

There is no need to wait for any report.

You can extract the open incidences in your hotel with the transaction

ZWF_MM_IV_LOG - Incoming invoice verification with WF info.

SAP MM PROCUREMENT PROCESS INTRO
Invoicing incidences

➢ Keep in mind the table below, it can help you have an overview of what is happening.

➢ Before requesting a Credit Memo or rejecting an invoice, please double check.

➢ If you need further help, please contact the S&T MM team via Jira. In the following link you will find help to select the correct category where you should open the Jira ticket: JIRA MM Structure.

Typology		Cause	Responsible	Accounted	How to solve	
					The invoice is correct	The invoice is NOT correct
Price Incidences	Price incidences in NOT NOMINATED VENDOR	The Supplier invoices higher prices that the Good receipt in SAP	Hotel	Yes (Blocked for payment)	Accept the invoice and liberate the invoice for the payment	Ask for a Credit Memo
	Price incidences in NOMINATED VENDOR		MDM Team			
Quantity Incidences	Quantity incidences	The supplier invoices more quantity than we have made the GR in SAP	Hotel		Accepting the missing quantity	
Parked Invoices	Packing Slip Missing	Administration can´t "find " the line / packing slip that is in the invoice	Hotel	No (Parked)	Making the missing GR	Reject the invoice
	PO Consumed		Hotel			
	PO Line Missing		Hotel			

SAP MM PROCUREMENT PROCESS INTRO
Inventory: general concepts

- The inventory is a detailed, ordered and valued list of the elements that make up the warehouse of a company at a given time.

- The inventory process has accounting consequences.

- The warehouse counts must be made at the times designated by the company.

- The inventory counting sheet must be completed without crossing outs, no corrections, not with pencil, and with clear numbers, and must be signed.

- They should be done with great care, considering that we are counting in the same units that the inventory count sheet reflects (verify with the prices).

Steps of the Inventory Process

| Previous checks | Create & Print Inventory lists | Physical counting | Introduce the data in SAP | Check and verify the introduced data | Posting the differences |

This process is fully documented in the Digital Knowledge Workplace (nhorganization.com): Physical Inventory Execution

SAP MM PROCUREMENT PROCESS INTRO
Procurement escalation matrix

The communication and escalation process between all the parties directly related to the Procurement Process shows a matrix with the **leading cases** of interaction in procurement administration and explains **how to behave in each of them**.

You can fin these documents in our Digital Knowledge Workplace (Organization Portal):

Procurement Communication and Escalation Matrix

Use case	Reporter	Responsible	Channel	How to behave to this case?
The nominated vendor does not cover the service expectations due to quality or service issues.	Hotel	Coperama	✉@	The hotel will contact Coperama to escalate any quality or service issue arisen that can solve the problem with the actual vendor or providing an alternative.
Price errors detected before receiving the invoice (when creating the order or consulting the database)	Hotel	MDM	Jira	Open a JIRA ticket in SAP MM (Materials Management) in category > Nominated Vendors Data Base
The PO received by the vendor contains data different from the signed with COPERAMA	Supplier	Coperama	✉@	Anyone receiving this request from the vendor must address the vendor to Coperama (for Nominated suppliers only), so that the incident can be escalated to MDM by electronic correction.
Doubts about the status of an invoice	Supplier	Vendor Query	✉@	Anyone receiving this request from the vendor must address the vendor to VQ.

SAP MM PROCUREMENT PROCESS INTRO
Support Channels
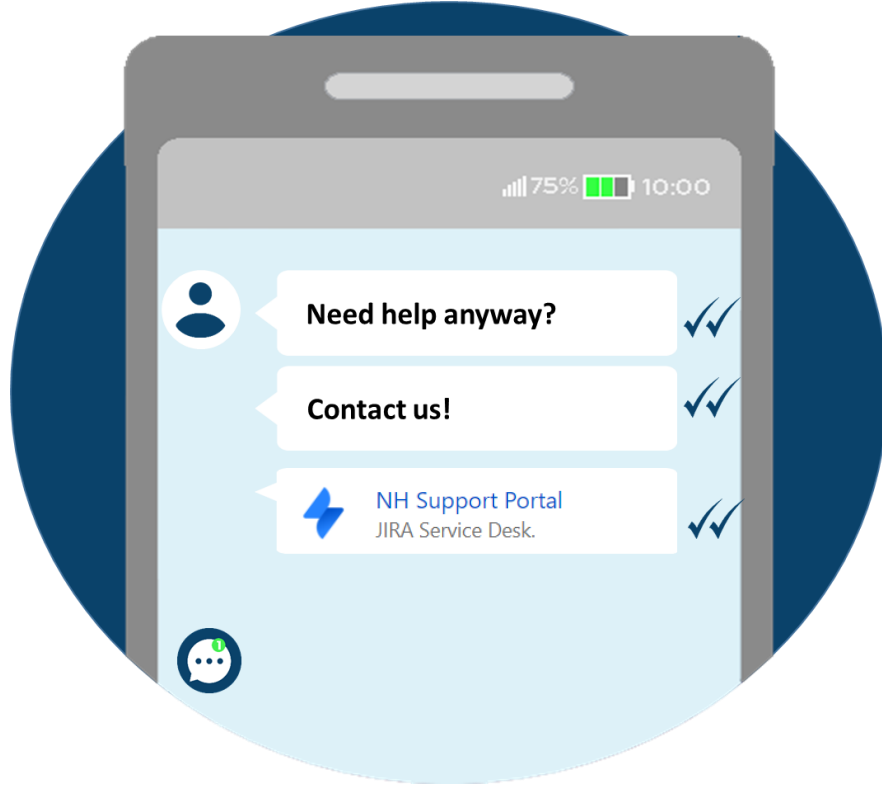
If you need help to select the correct category of JIRA to be opened, you have a helping document in the following link:

https://nhorganization.nh-hotels.com/content/jira-mm-structure

Microsoft Teams

Code to join the MM Calling group in MS Teams:

4m60ydo

SAP MM PROCUREMENT PROCESS INTRO
Support Channels

Keep learning!

Visit us at:

https://nhorganization.nh-hotels.com/

10:01
31/10/2023