

Applies to:

SAP CRM 7.0 – Marketing. For more information, visit the [Customer Relationship Management homepage](#).

Summary

SAP CRM does not provide the functionality for creating standalone chargebacks but only as a follow up from a claims document. However in the Hi-tech industry there are scenarios where a business might want to have this functionality. This document explains the various steps for creation of standalone chargebacks which result in a Debit Memo posting on the FI. This way businesses can recover the 'leftover' fund allocated to a reseller for a marketing campaign/initiative.

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Author Bio



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Introduction

This document details on CRM Market Development Funds [MDF] functionality and illustrates the solution to a typical business scenario in the Hi-Tech Industry in the B2B domain.

The 'Limitation'

SAP CRM provides the functionality of 'chargebacks' from an existing claim. However, SAP CRM does not provide the feature of generating an "independent" chargeback.

SAP CRM Marketing – An Insight

Marketing in a literal parlance can be defined as anything and everything an organization does to create awareness among the targeted customer segment about its products.

Like all successful activities, marketing begins with a strategy and a plan. A marketing strategy defines conceptually at a high level how an organization wants to use its limited marketing resources to best optimize brand awareness and sales revenue to create a competitive advantage. For example, for a FMCG company the marketing strategy might be to rely on in-store trade promotions — essentially paying grocery store retailers to prominently display and advertise relevant products in the store. An enterprise software company might strategize to launch a television and print media campaign to make a push into the SMB market.

Whereas a marketing strategy defines the goals one wants to accomplish, a marketing plan describes the details of how one plans to achieve those goals. With marketing plans, marketing companies/departments can decide what their prospective customers should know about the companies' products or services, allowing them to distinguish their products from the many other choices available. A marketing plan is composed of marketing plan elements, namely campaigns and trade promotions:

A campaign contains information such as the campaign objectives, tactics, priority, channel (email, telephone, mail, print media, etc.), and target market.

A trade promotion contains information such as the trade funds (or budget), trade activities, maximum price discount, maximum duration, whether there is allowed overlap with other promotions, and so on.

But whether one is targeting customers directly through campaigns or indirectly through retail trade promotions, the goal is the same: to acquire new customers, to increase one's market share of existing customers, and to protect and retain one's most valuable customers from competitors.

A common perception of marketing has been to focus on outward activities such as advertising and telemarketing designed primarily to capture new customers. However, an important but sometimes overlooked role of marketing is to identify and retain a company's most valuable and profitable customers. It is a commonly known fact that it is 5 to 10 times more expensive to acquire new customers than to sell to existing customers.

Many experts recommend that companies focus most of their marketing efforts on activities designed to increase customer loyalty and to prevent customer churn and defections.

SAP CRM Marketing assists an organization in planning, budgeting, executing, analyzing, and optimizing all aspects of marketing and campaign execution.



Figure 3.1 SAP CRM Marketing Solution Map

Fig: Depicts the various functionalities provided in SAP CRM marketing applications

Market Development Funds: MDF Program

An MDF program is a tool that a brand owner uses to create and manage cooperative marketing with channel partners. It can span over several years and acts as a container for other MDF objects. Channel partners can search for and view MDF programs that the channel manager has released and assigned to the channel partner.

The header of an MDF program contains attributes such as ID, description, type, and start and end dates indicating its validity period.

The following can be assigned to an MDF program:

- One or more MDF special programs*, which are assigned to a unique MDF program
- One or more initiative templates** and initiatives**, which one can assign to the MDF special program or directly to the MDF program itself
- One or more partners, that is, channel partners or corporate channel partners
- Funds plans from which to generate funds
- Products and product categories relevant to the marketing activity
- Notes and attachments

* MDF Special Programs are promotional activities with specific, midterm goals and always reside within an MDF program. An MDF program is a pre-requisite for an MDF special program.

** Initiatives are used to outline the kind of fund requests that channel partners can make in the form of initiatives, thus demarcating activities for funding. Once released, initiative templates can be assigned to MDF programs or MDF special programs.

Chargebacks

Chargeback management serves to map the different settlement procedures that are used in the wholesale trade. These include the processes that, based on price agreements, trigger payments for invoices between manufacturers and your own company.

The agreement between the involved business partners and also all necessary information such as prices, conditions, and validity of the agreement are defined in the condition contract. This condition contract is the basis for the conditions and also for settlement of payables with the manufacturer/vendor.

As a result of the chargeback process, a wholesaler grants its customers a reduced price based on the condition contract and does a posting for it also. The claims against the vendor resulting from the agreement between customers and vendor have been created as chargeback requests. Based on these, the claims are posted in Financial Accounting. Simultaneously, the granting of the conditions was documented in the form of document flows from condition contract to orders and sales invoices, and also sales invoices after chargeback requests.

Business Scenario

Let's take the example of 'ABC Ltd', which is a leading company in the Hi-Tech industry. This company would have many resellers/retailers in the market located in different geographical locations.

ABC Ltd has marketing targets for specific financial year. They also have allocated budget for marketing.

In order to meet marketing targets ABC Ltd will ask all the distributors to run marketing campaigns on their locations from time to time. ABC Ltd has defined a budget per retailer which they can use to carry out marketing programs.

Distributors would run campaigns on their own expenses. They will claim this amount on "actuals" from ABC Ltd. ABC Ltd would then need to approve the expenses in CRM and subsequently the available budget would reduce on each such approval.

Once the Chargeback claim is approved, it creates settlement. Once settlement is approved, it goes to SAP FI where the actual money charged to ABC Ltd. is credited to Distributors' account.

How the SAP CRM behaves:

ABC Ltd will create a MDF program where Distributors will enroll using 'Initiatives'. This means that Distributors would have an initiative assigned to them and a budget associated with it. This is a kind of quotation in CRM Marketing parlance.

Every MDF Program needs to have a fund associated with it. When a fund is created, it has a value '0'. One or more budget postings are done to credit money in the fund. The sum total of all such budget postings is the budget associated with the MDF program.

Every fiscal transaction that is associated with this MDF Program would have an effect on the amount available in the fund.

An Initiative is typically used in one of the following scenarios:

- a. Reservation → A reservation blocks money from the fund. This money will be blocked for a particular reseller / distributor. As soon as a reservation is created a fund posting document is created, this transaction would update the check book of the associated fund and would reduce the available amount.
- b. Claim – To be used to get the money back from the manufacturing company.

In order to get money back from ABC Ltd., distributors would create Charge Back Claims in SAP. Once the Charge Back claim is approved by the respective manager, the relevant amount is deducted from the funds associated with the MDF program. This further creates a settlement transaction. All such settlements are processed in the settlement due list.

As soon as Settlement is approved, it flows to SAP FI system where the actual monetary transfer takes place.

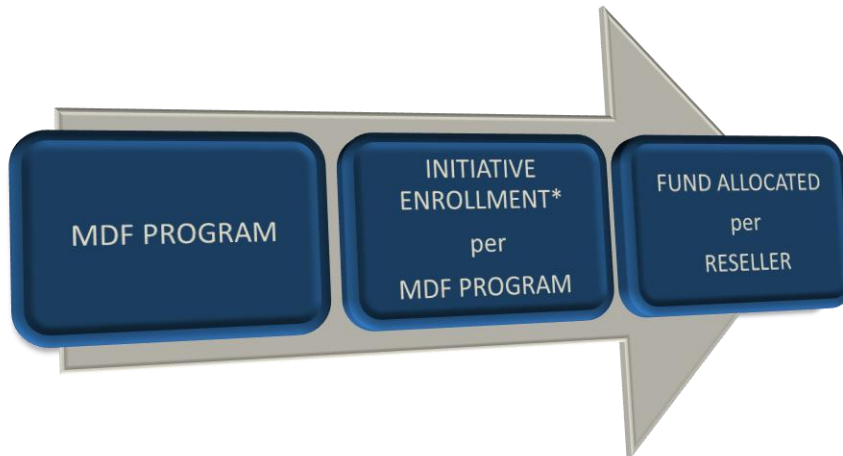


Fig: Depicts the various building blocks of the MDF process in SAP CRM.

* MDF Enrollment → An optional supplementary process available with MDF programs and MDF special programs. It allows you to enroll channel partners that you want as part of the MDF program or lets you leave the option open to the channel partners.

The 'Expectation'

- I. Possibility to create 'chargebacks' from independent claims.
- II. Claims to be done without a budget:
 1. No fund posting which deducts the budget.
 2. Perform budget posting instead of fund posting.
- III. Generate a debit memo instead of a credit memo.
- IV. Post debit memo to SAP FI.

Why SAP CRM does not provide an independent chargeback?

Standard SAP CRM Marketing business application suite provides for the Marketing Development Fund (MDF) application. The MDF module generates debit memo as an output of 'Chargeback' claim. But 'Chargeback' claim is always created as a follow up transaction to an existing claim. In the present scenario **the business requirement is to have an automation to generate a debit memo document out of an independent claim transaction, which SAP does not support.**

Claims, per se, are one order transactions and generation of a debit memo out of an independent claim transaction is not provided by SAP for the simple reason that such a business process is not an industry practice. However, in the case of a Hi-Tech B2B company the market development funds tend to get “over allocated” and ‘chargebacks’ need to be created to claim the “extra” funds from resellers/distributors that got transferred during the marketing phase.

Debit memo generation is possible only from chargeback claims, which in turn are created as follow up documents from existing claims.

Every line item expects a fund, an expense type and an amount.

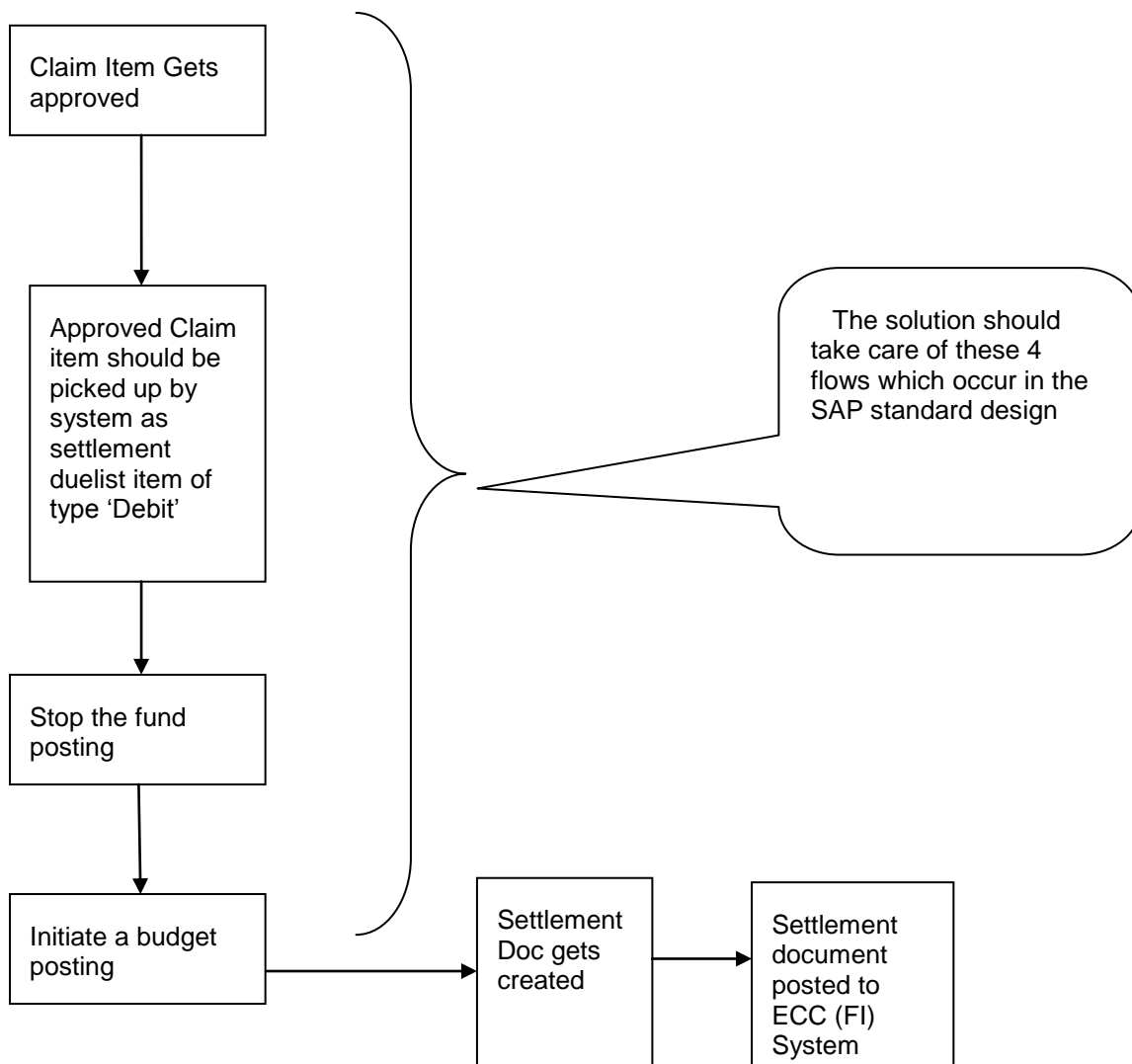
On approval of the line item the system generates a settlement due list of type ‘Credit’ which subsequently gets converted to ‘Settlement’.

The ‘Approach’

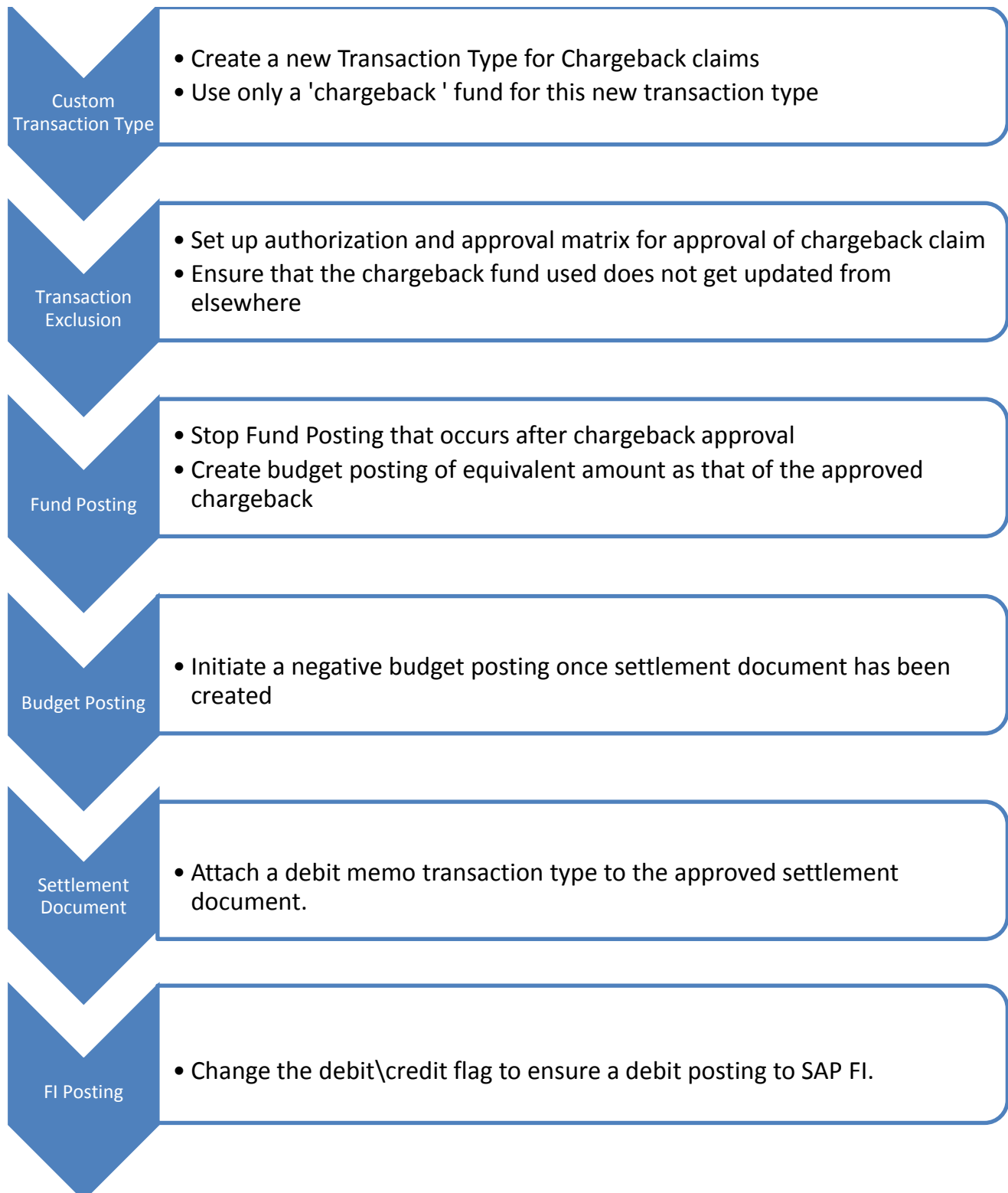
In certain business cases, the brand owner pays advance to distributors to carry out marketing campaigns rather than asking resellers / distributors to claim actual expenses. Once the campaign is over, the brand owner needs to claim back money back from its resellers / distributors.

In the current scenario the business wants to create a Charge back claim. But as per SAP CRM standard process, as soon as, Chargeback is approved, respective amount is deducted from the associated Fund.

The current business scenario expects just the opposite, since the brand owner wants to recover money from resellers / distributors as soon as Chargeback is approved the amount in the associated fund should increase. In order to meet this requirement the following needs to be done:



The 'Solution' - Design



The 'Solution' – Details

Creation of Chargeback

System configuration would need to be changed to create a new claim type for resellers and a new fund type for 'Chargeback'. Chargeback funds would be used in the Claim line item. However, as per the SAP design, the system would try to do a fund posting, which we need to stop and trigger a budget posting instead.

The following class→ method can be utilized to stop fund posting

CL_CRM_CLA_CSR_POSTING_HANDLER->POST_CHANGES_FUND {for the claim type for resellers}



Fig: depicts claim from resellers

To trigger a budget posting the standard API needs to be enhanced with a new method which would post budget for claim line items for the specific associated fund type:

ZCL_CRM_BUDGET_POSTING=>CREATE_BPO_API

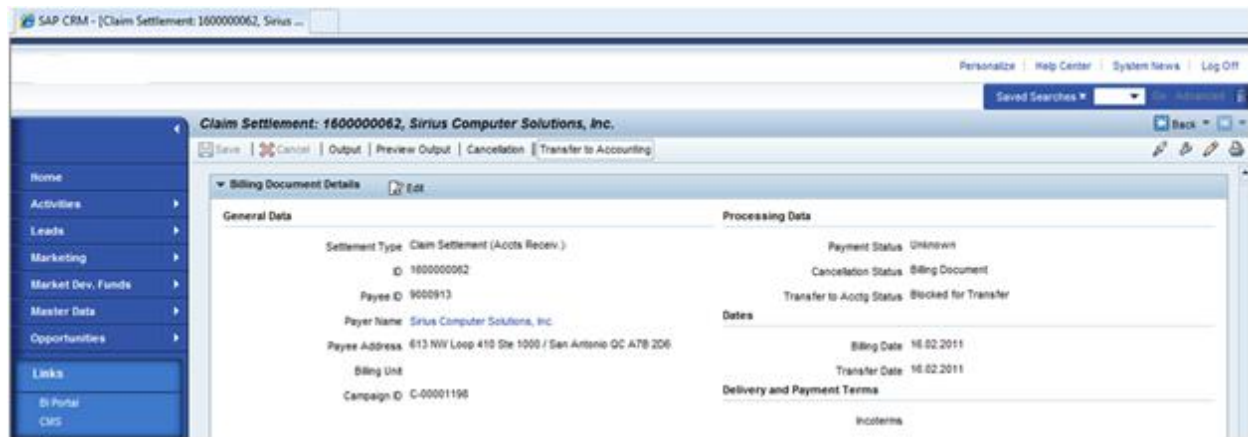


Fig: Depicts budget posting happening in the background when user clicks on 'Transfer to Accounting' button.

Once the line item is approved a settlement due list would get created automatically in the SAP CRM system. The settlement due list gets created as a credit document. System configuration needs to be enhanced to raise a debit document. Also the fund availability check needs to be removed from system configuration since there are no funds associated with the chargeback fund.

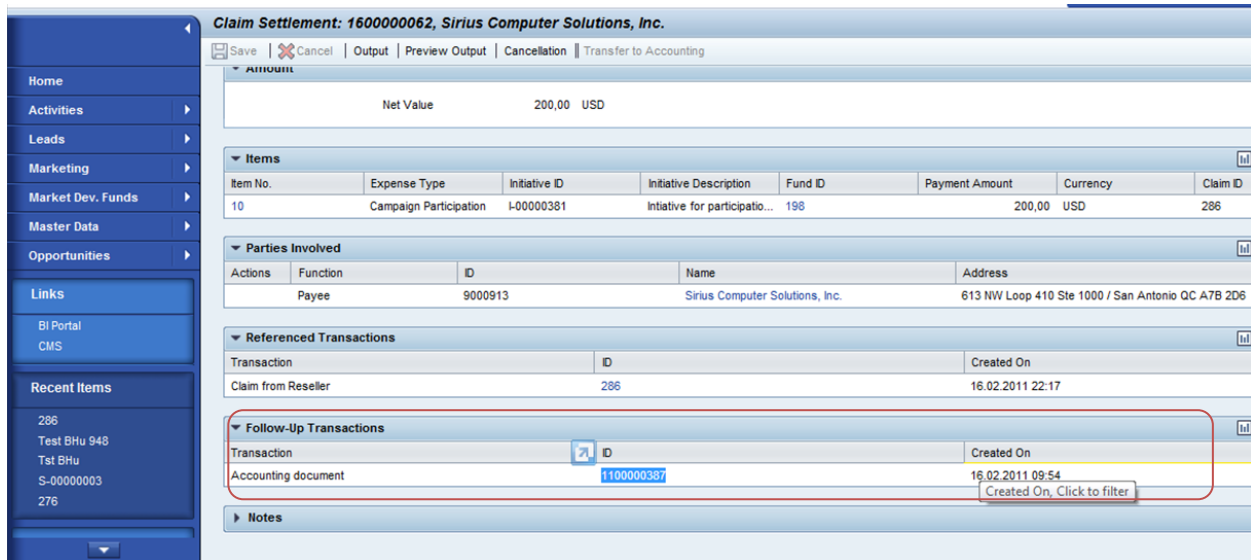


Fig: Depicts the accounting document number flowing in from SAP FI system

Similar configurations need to be done to stop a direct budget posting to the newly created fund type and to stop the use of this fund type in any other claim type document.

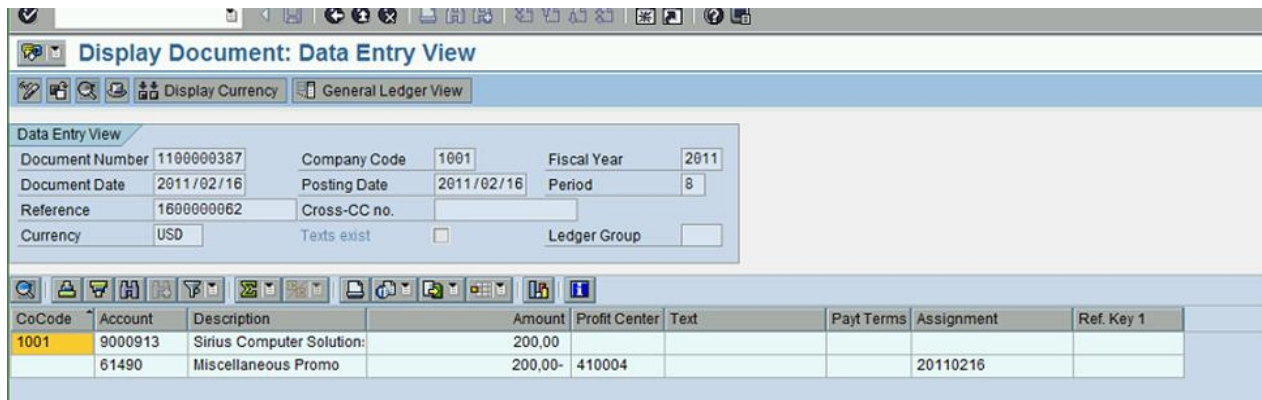


Fig: Depicts the actual accounting document as seen in the SAP FI system.

Enhancements need to be done on the CRM Web UI in the component BEADLS_BILLDUE to suppress the negative signs which might confuse the user.

Cancellation of chargeback:

There would be an underlying requirement for this business process to be able to 'roll back' or cancel the 'chargeback' itself.

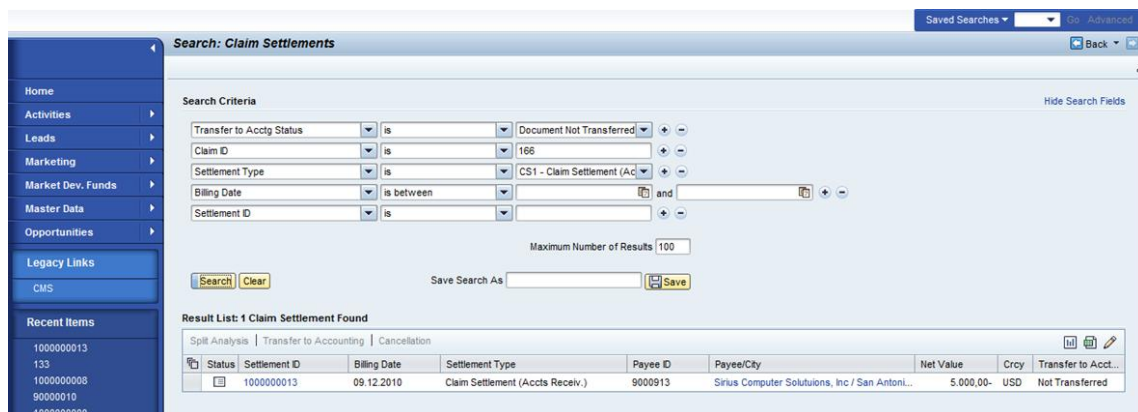


Fig: Depicts the claims as seen in SAP CRM 7.0

Once the settlement document for our claim type and billing type 'CS1' is cancelled it is required to do negative budget posting to a fund so that the budget posting done in the fund will also be cancelled with cancellation of settlement document.

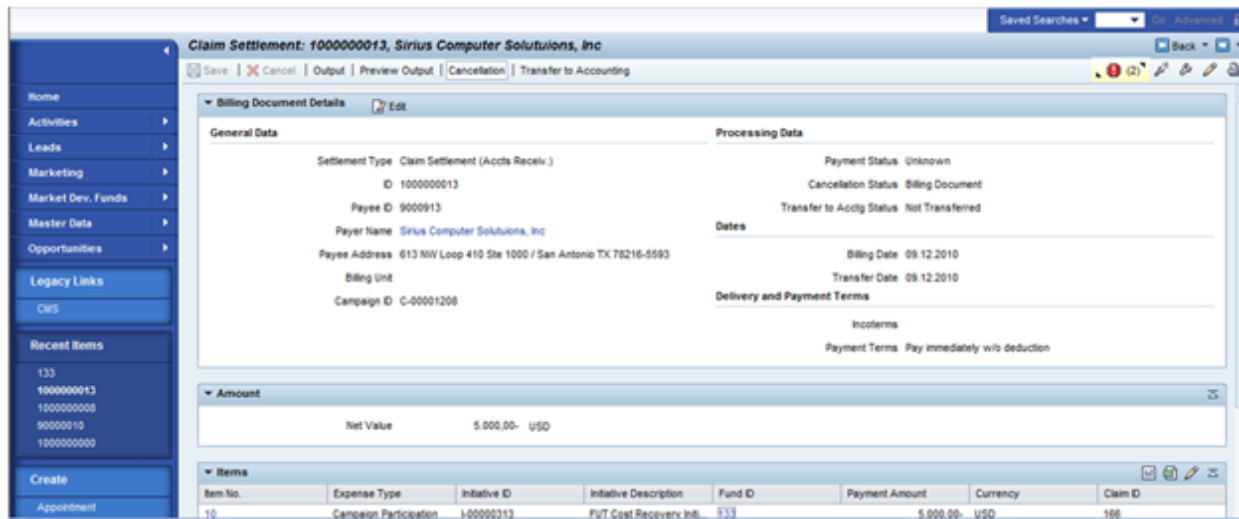


Fig: Depicts 'cancellation' of the reseller claim.

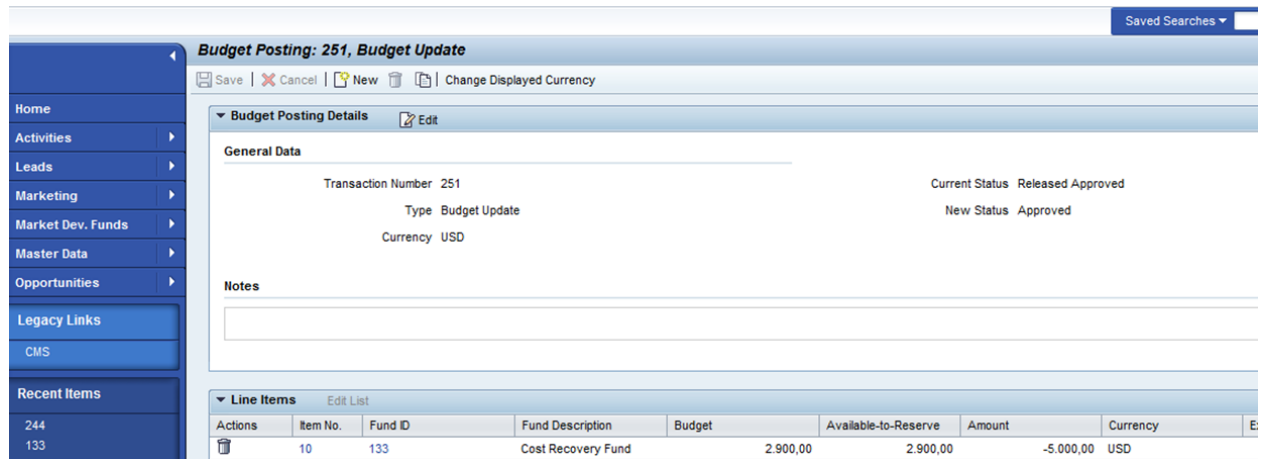
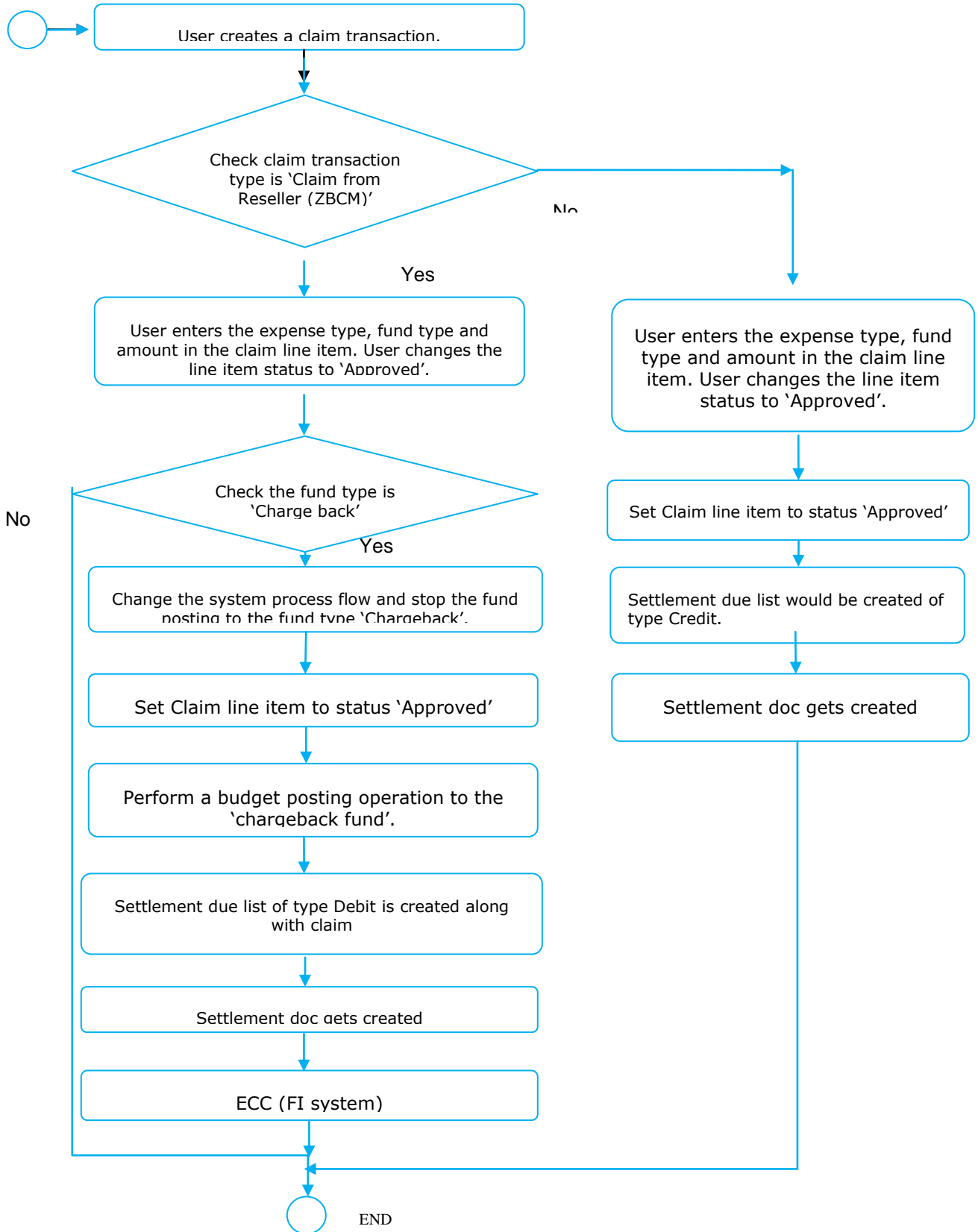


Fig: Depicts the cancelled amount being reflect in the available budget.

This enhancement to do a negative budget posting in the background can be achieved by enhancing the component BEABDH_BILLDOC.

Process Flow

START



The Conclusion

Although SAP CRM does provide 'chargebacks' to claim money back from resellers, the current SAP CRM design does not provide for the generation of standalone 'chargebacks'. Independent 'chargebacks' might be required by Hi-Tech industries especially the ones playing in the B2B domain and utilizing cooperative marketing strategy.

Note: The solution provided here is just one possible approach to a business requirement and does not in any way reiterates that this is a best practice. However, this is a proven solution approach.

Related Content

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