Inbound Transportation in Logistics Execution

Applies to: SAP R/3 and SAP ECC

Summary
The objective of this document is to assist in setting up the inbound transportation process in Logistics chain. The business process flow and the IMG settings are discussed in this document.

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Prerequisite
The basic knowledge of SAP MM is required to make use of this document in real practice.

Overview
Transportation processing is a central element in the Logistics chain. This functionality is very much required to control and monitor the entire shipment. Transportation processing can be used both for goods receipt and goods issue so that all goods movements can be represented in the system. Incoming shipments are made on the goods receipt side following the goods purchase order and shipping notification; outgoing shipments are made on the sales side following the sales order and delivery creation.

Purpose
The aim of this document is to provide an understanding of the Inbound Transportation Process. The business Requirement is that the delivery cost is not known at the time of creation of purchase order and the actual cost incurred for freight has to be posted to the inventory.

The same can be handled via inbound transportation. This functionality can be used irrespective of assignment of warehouse to the particular storage location. The actual freight cost is captured in Shipment cost document. When PGR is done from the inbound delivery, the material cost and freight cost is posted to the inventory.

The following working shows how the freight cost from shipment cost document is posted to inventory along with the material costs.

Purchase order is raised for the Material A for the qty of 100 pcs @ Rs 20/piece
Inbound delivery for 100 pcs
Shipment cost with inbound delivery: INR 250
Material cost INR 2000
Shipment cost INR 250
Overall costs posted to the material account INR 2250

Business Process Flow
Create purchase order (Me21n)
Create inbound delivery (VL31n)
Create Shipment document (VT01n)
Complete the shipment document of shipment. (VT02n)
Create Shipment cost document (VI01)
Post Goods Receipt from the inbound delivery (VL32n)
Create Invoice For the freight cost as planned delivery cost (MIRO)
Creation of the Purchase order

FRB1 condition with no value needs to be maintained in the purchase order. In IMG setting of the freight condition FRB1, copy shipment cost (control data 2) is to be enabled.
In confirmation control, the inbound delivery 0004 has to be selected.

**Creation of Inbound delivery**
The goods receipt storage location should be specified for the system to determine goods receipt point. The requirement of warehouse transaction is determined here based assignment of the Warehouse the storage location.

**Creation of shipment**
Creation of shipment cost
The actual freight cost is maintained in the shipment cost document.

PGR from Change inbound delivery
The document flow

### Goods Receipt Material document

![Display Material Document](image-url)
Accounting document

The Material cost is INR 750.00, which is flowing from the purchase order.
The freight cost is INR 135.00, which is flowing from the shipment cost document.

Invoice payment to Freight Vendor as planned delivery cost
Simulation of the Accounting Entries

**IMG settings**

The important IMG settings required are given below

**Maintain Transportation Planning Point**

Menu Path: Enterprise structure->Definition->Logistics Execution->Maintain transportation planning point
Define Condition Types

Menu Path: Materials Management -> Purchasing->Conditions->Define Price determination Process -> Define condition types
Maintain Transportation Relevance

Menu Path: Logistics Execution > Transport > Shipments > Maintain Transportation Relevance
**Shipment Cost types and item categories**

Menu path: Logistics Execution -> Transportation -> Shipment costs -> Shipment Cost document -> Shipment Cost types and item categories

![Change View “Define item categories”: Details](image)

A – to transfer the cost from shipment cost doc to delivery

**Pricing procedure for shipment**

Menu path: Logistics Execution -> Transportation -> Shipment costs -> Pricing -> Pricing control -> Define condition types
Logistics Execution ->Transportation->shipment costs->Pricing->pricing control->Define and assign pricing procedure ->Maintain pricing procedure
Logistics Execution -> Transportation -> shipment costs -> Pricing -> pricing control -> Define and assign pricing procedure -> Define pricing procedure determination for shipment costs
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