



# **GLOSSARY OF SAP S/4HANA MANUFACTURING (PP)**

**A Quick Reference Guide to  
SAP Terminologies**

Concept/Term	Definition
SAP PP (Production Planning)	A module in SAP S/4HANA that focuses on planning and managing production processes, including order creation, scheduling, and tracking.
Bill of Materials (BOM)	A structured list of materials and components needed to manufacture a product, including quantities and specifications.
Routing	A detailed description of the steps required to produce a product, including operations, work centers, and resources involved in production.
Work Center	A location in SAP PP where specific operations or tasks are performed, often representing machines, equipment, or labor resources.
Production Order	A document in SAP used to authorize and track the production of goods, including quantities, schedules, and resources required.

Concept/Term	Definition
Master Production Schedule (MPS)	A plan in SAP PP that outlines the production quantities and timings for finished goods over a defined time period.
Material Requirements Planning (MRP)	A process that calculates material requirements based on demand, stock levels, and lead times to ensure materials are available for production.
Capacity Planning	The process of determining the production capacity needed to meet demand, considering resource availability and constraints.
Production Version	A version of a product's production process, specifying which BOM and routing to use for manufacturing a particular product.
Demand Management	A process in SAP PP that generates planned independent requirements for materials based on customer demand or forecasts.

Concept/Term	Definition
Production Scheduling	The process of planning the specific dates and times for manufacturing activities to ensure timely order fulfillment.
Work Order	A document that provides detailed instructions to workers regarding the production process, often linked to a production order in SAP PP.
Capacity Evaluation	The analysis of whether the available work centers and resources can handle the planned production demand within the required time frame.
Production Planning Run	A process in SAP that schedules and releases production orders based on material requirements, lead times, and production capabilities.
Kanban	A pull-based system for inventory management in production, where material replenishment is triggered by consumption or production needs.

Concept/Term	Definition
Material Master	A central repository in SAP that contains detailed information about materials, such as descriptions, units of measure, and storage locations.
Production Costing	The process of calculating the cost of producing a product, taking into account material, labor, and overhead costs.
Order Confirmation	A confirmation in SAP PP that indicates the completion of specific operations or the production order as a whole.
Shop Floor Control	A feature in SAP that provides real-time monitoring and control of production activities on the shop floor, including order status and resource usage.
Backflushing	A process where the consumption of materials is automatically recorded when a production order is confirmed, eliminating the need for manual entries.

Concept/Term	Definition
Post Production	Activities that take place after production is completed, including quality checks, packaging, and the movement of finished goods to inventory.
Subcontracting	A process in SAP where part of the production is outsourced to a third-party supplier who handles specific manufacturing tasks.
Production Order Settlement	The process of assigning costs to a production order, including materials, labor, and overhead, and ensuring financial completion in SAP.
Routing Group	A collection of similar routings in SAP, used to assign specific routings to production orders based on product types or processes.
Order Types	A classification of production orders in SAP that defines specific characteristics, such as standard production, repair orders, or external processing.

Concept/Term	Definition
Production Scheduling Profile	A configuration in SAP that defines rules for how production orders should be scheduled, considering factors like shift times and lead times.
Production Order BOM	The Bill of Materials used specifically for a production order, defining the materials required for a specific manufacturing process.
Stock Overview	A real-time report in SAP PP that shows the status of materials in inventory, including stock levels, availability, and location.
Planned Order	A type of order in SAP PP that is created based on MRP results to meet future production needs and can be converted into a production order.
Goods Receipt (GR)	The process of receiving materials into inventory from production or external suppliers, updating stock levels in SAP.



Concept/Term	Definition
Goods Issue (GI)	The process of issuing materials from inventory to a production order or sales order, reducing stock levels in SAP.
Production Line	A set of work centers or operations where materials undergo a series of processing steps to create finished goods.
Work Center Capacity	The available time or resource capacity in a work center, used to schedule and allocate production operations in SAP.
Product Cost Collector	A tool in SAP PP to collect and track costs associated with the production of goods, used for tracking actual costs against planned costs.
Cost Center	A unit in SAP where costs are tracked, such as departments or work centers, used to assign and monitor production costs.



Concept/Term	Definition
Process Order	A document used in process industries (e.g., chemicals, pharmaceuticals) to plan and execute the production of goods, often associated with batch production.
Batch Management	A method of managing production and inventory in SAP where products are tracked and managed by batch numbers, ensuring traceability.
Material Availability Check	A process in SAP that verifies if sufficient stock is available to fulfill production orders, ensuring timely manufacturing.
Work Order Confirmation	A process where workers confirm the completion of tasks or operations within a production order, updating the status in SAP.
Production Planning Board	A visual tool in SAP used to plan, manage, and track the status of production orders across work centers and production lines.

Concept/Term	Definition
Maintenance Order	A type of order in SAP used for managing the maintenance of production equipment or facilities, impacting production scheduling.
Capacity Leveling	A technique used to adjust production schedules or shift resources to ensure that work center capacity is utilized efficiently.
Product Lifecycle Management (PLM)	A process that integrates product design, manufacturing, and lifecycle data, enabling seamless production planning in SAP.
MRP (Material Requirements Planning)	A process used in SAP to calculate the materials needed for production based on demand, ensuring material availability for production.
Batch Production	A manufacturing process where goods are produced in large quantities, grouped into batches for more efficient production and tracking.

Concept/Term	Definition
Order Settlement	The process of allocating costs to a production order after the order is completed, ensuring that costs are tracked and recorded accurately.
Production Scheduling Agreement (PSA)	A long-term agreement between a company and its supplier to deliver materials according to a predefined schedule for production.
Shift Planning	The process of managing work shifts and resources for workers involved in the production process, ensuring optimal resource utilization.
Assembly Processing	The process of combining components into finished products, including scheduling, labor, and material handling, all managed in SAP.
Work Order Creation	The process of generating a work order in SAP to authorize and track a specific production task or maintenance operation.