

# Introduction to MS Dynamics

## NAV VII. (Drop Shipments)

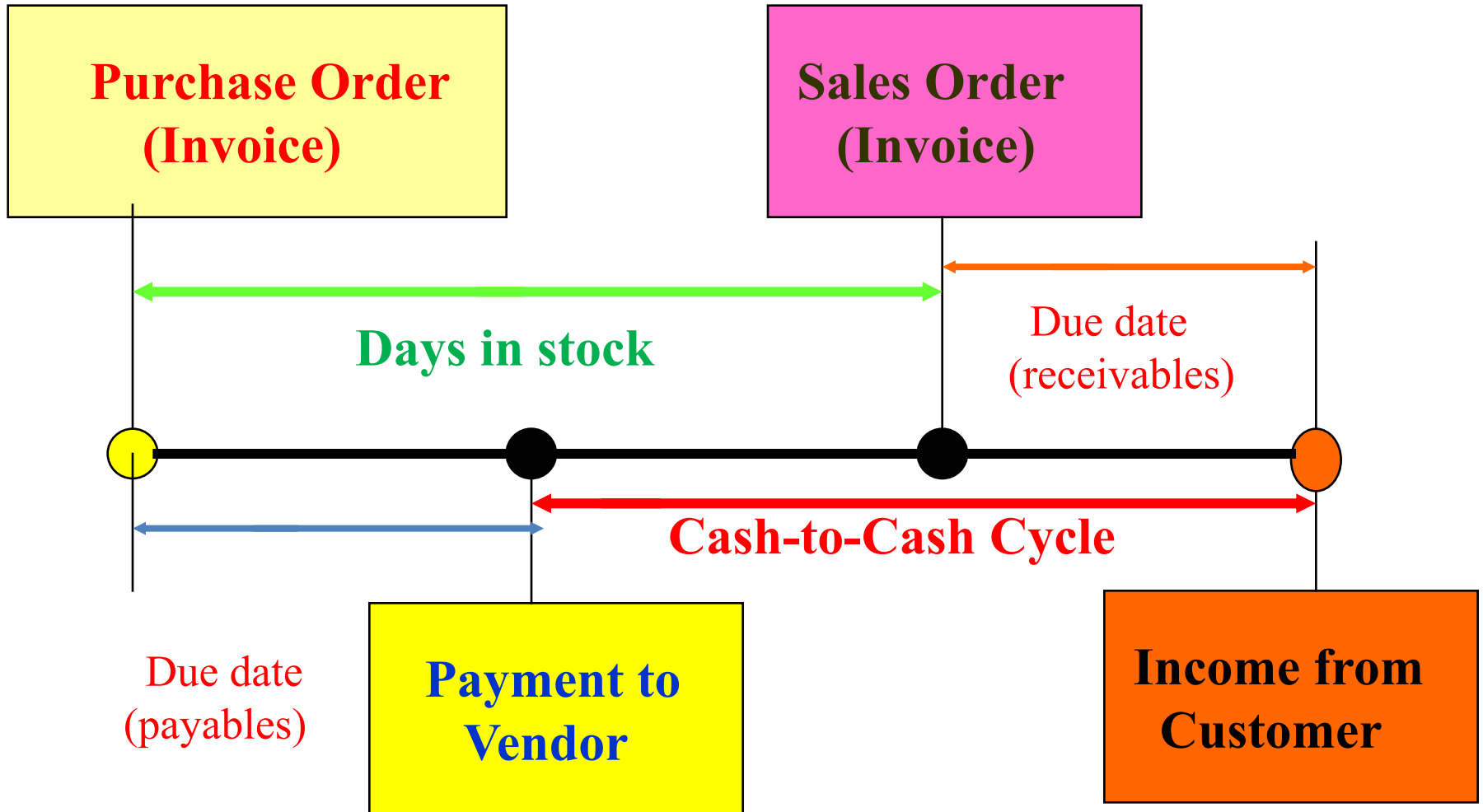
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MASARYK UNIVERSITY BRNO, Czech Republic  
Faculty of economics and business administration  
Department of corporate economy

# Drop Shipment

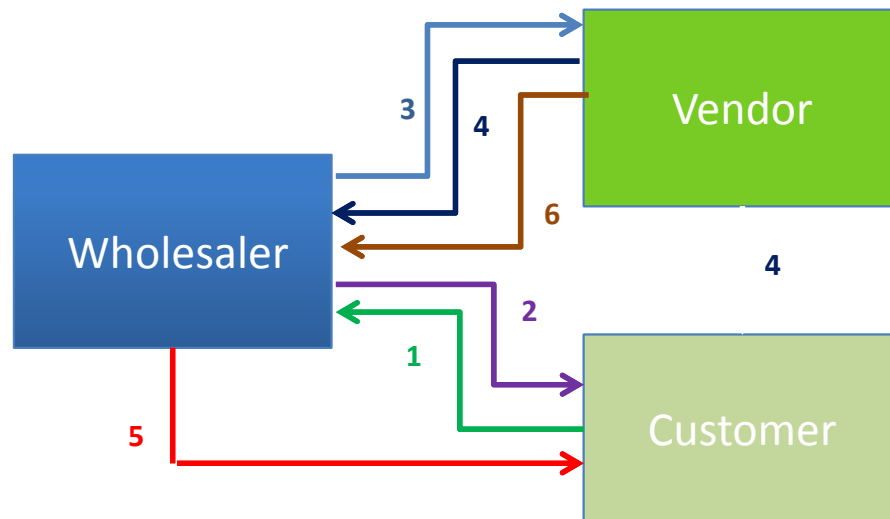
- Reasons- benefits
  - Direct shipment from Vendor to Customer
  - Lower cost of transportation
  - Lower costs of warehousing (zero)
  - Faster reaction to requirements
  - Shorter cash-to-cash cycle (Customer must be invoiced first)->Also Payment condition should be set e.g. like so : PC Vendor >PC Customer (rules) and values :1M>14days

# Cash-to-Cash Cycle



# Drop Shipment principles I.

- Specifies whether your vendor has to ship the items on the line directly to your customer.
- You use a drop shipment when an item or group of items is shipped directly from your vendor to your customer and is therefore not physically received in inventory or shipped from there. In reality Drop Shipment results in Item Ledger Entry generation (inbound and outbound operation in one moment)



1	Quote
2	Sales Order
3	Purchase Order
4	Delivery list and delivery itself
5	Sales invoice
6	Purchase invoice

# Drop Shipment principles –setup

- First place a check mark in the field to indicate that the item on the sales order is a drop shipment and in the Purchase code field you have to choose Drop Shipment code
- Then create a purchase order to order the corresponding items from your vendor. You can create the order directly from the sales order or indirectly from the Requisition Worksheet. **In this model we will use direct method**
- When you set up the purchase order, use the function Drop Shipment, Get Sales Order to link to the relevant sales order. The sales order lines will be copied to the newly-created purchase order. **We will not use Item tracking in this model and if yes - > see next clause**
- You cannot post a drop shipment order that has item tracking unless item tracking is synchronized - serial numbers and lot numbers must be the same between the two orders **(our model uses synchronization)**

# Create new SO and add Drop shipment and Purchase Code

The screenshot shows a software interface for creating a new Sales Order (SO). The interface is divided into several sections:

- General Tab:** Contains fields for No. (1008), Posting Date (26.01.12), Sell-to Customer No. (10000), Order Date (26.01.12), Sell-to Contact No. (CT000001), Document Date (26.01.12), Sell-to Customer Name (The Cannon Group PLC), Requested Delivery Date, Sell-to Address (192 Market Square), Promised Delivery Date, Sell-to Address 2, Quote No., Sell-to Post Code/City (B27 4KT, Birmingham), External Document No., Sell-to Contact (Mr. Andy Teal), Salesperson Code (PS), No. of Archived Versions (0), Campaign No., Opportunity No., Responsibility Center (BIRMINGHAM), Assigned User ID, and Status (Open).
- Customer Information:** Includes Sell-to Customer, Ship-to Addresses (2), Contacts (5), Sales History, Bill-to Customer, and Avail. Credit (0).
- Item Information:** Includes Item Card, Availability (147), Substitutions (0), Sales Prices (0), and Sales Line D...

The main data table is as follows:

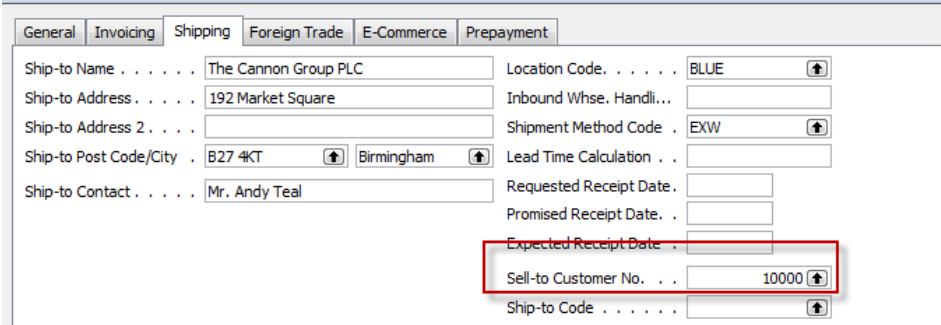
Type	No.	Cross-Reference No.	Drop Shipment	Purchasing Code	Description	Location Code	Reserved Quantity	Unit of Measu...	Unit Price Excl. VAT	Line Amount Excl. VAT	Lin Dis
Item	1960-S		<input checked="" type="checkbox"/>	DROP SHIP	ROME Guest Chair, green	BLUE	1	PCS	125,10	125,10	

Two blue arrows point from the 'Purchasing Code' and 'Drop Shipment' checkboxes in the table to a dropdown menu. The dropdown menu contains the following options:

- Type
- No.
- Cross-Reference No.
- IC Partner Code
- IC Partner Ref. Type
- IC Partner Reference
- Variant Code
- Substitution Available
- Purchasing Code
- Nonstock
- VAT Prod. Posting Group
- Description
- Drop Shipment
- Special Order

# Create new PO

1. CREATE HEADER WITH Vendor=10000
2. Tab Shipping -> Sell-to Customer No. -> 10000
3. Button Order->Drop Shipment->Get Sales order ->see next slide



The screenshot shows the SAP Shipping tab with the following fields:

- Ship-to Name: The Cannon Group PLC
- Ship-to Address: 192 Market Square
- Ship-to Address 2:
- Ship-to Post Code/City: B27 4KT Birmingham
- Ship-to Contact: Mr. Andy Teal
- Location Code: BLUE
- Inbound Whse. Handl...:
- Shipment Method Code: EXW
- Lead Time Calculation:
- Requested Receipt Date:
- Promised Receipt Date:
- Expected Receipt Date:
- Sell-to Customer No.: 10000
- Ship-to Code:

A red box highlights the 'Expected Receipt Date' and 'Sell-to Customer No.' fields. A blue arrow points from the 'Drop Shipment' menu to the resulting table.

The 'Drop Shipment' menu is open, showing the following options:

- List (F5)
- Statistics (F9)
- Card (Shift+F5)
- Comments
- Receipts
- Invoices
- Prepayment Invoices
- Prepayment Credit Memos
- Dimensions
- Approvals
- Whse. Receipt Lines
- Invt. Put-away/Pick Lines
- Drop Shipment (highlighted)
- Special Order

The 'Drop Shipment' sub-menu is open, showing the following options:

- Get Sales Order (highlighted)
- Sales Order

The resulting table is as follows:

No.	Sell-to Cu...	Sell-to Customer Name
1008	10000	The Cannon Group PLC
2001	10000	The Cannon Group PLC
2006	10000	The Cannon Group PLC
2011	10000	The Cannon Group PLC
101016	10000	The Cannon Group PLC

# Created PO after Sales lines were transferred to PO lines

General Invoicing Shipping Foreign Trade E-Commerce Prepayment

No. . . . . 1008

Sell-to Customer No. . . . . 10000

Sell-to Contact No. . . . . CT000001

Sell-to Customer Name . . . The Cannon Group PLC

Sell-to Address . . . . . 192 Market Square

Sell-to Address 2 . . . . .

Sell-to Post Code/City . . . B27 4KT Birmingham

Sell-to Contact . . . . . Mr. Andy Teal

No. of Archived Versions.

Posting Date . . . . . 26.01.12

Order Date . . . . . 26.01.12

Document Date . . . . . 26.01.12

Requested Delivery Date

Promised Delivery Date

Quote No. . . . .

External Document No. . .

Salesperson Code . . . . . PS

Campaign No. . . . .

Opportunity No. . . . .

Responsibility Center . . . BIRMINGHAM

Assigned User ID . . . . .

Status . . . . . Open

Customer Information

Sell-to Customer

- Ship-to Addresses (2)
- Contacts (5)
- Sales History

Bill-to Customer

- Avail. Credit 0

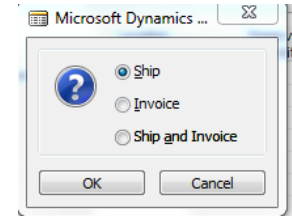
Type	No.	Cross-Reference No.	Description	Location Code	Reserved Quantity	Unit of Measu...	Unit Price Excl. VAT	Line Amount Excl. VAT	Line Disco...	Qty. to Ship	Quantit Shipped
Item	1960-S		ROME Guest Chair, green	BLUE	1	PCS	125,10	125,10		1	

Item Information

- Item Card
- Availability (147)
- Substitutions (0)
- Sales Prices (0)
- Sales Line Dj... (0)



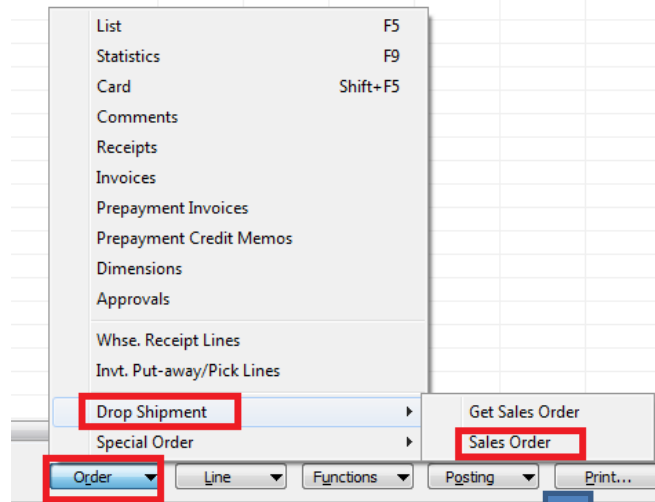
# Posting PO (Only Ship)



Purchase line after Ship

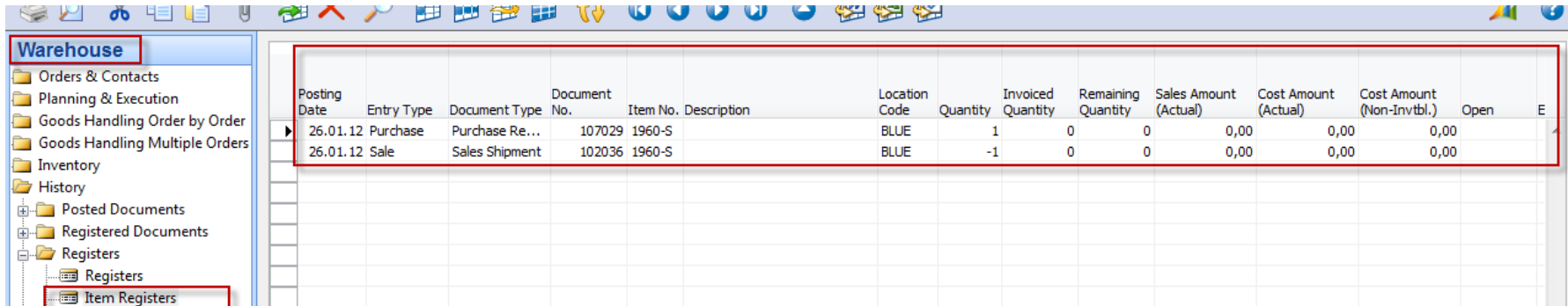
Type	No.	Description	Location Code	Quantity	Reserved Quantity	Unit of Measu...	Unit Price Excl. VAT	Line Amount Excl. VAT	Line Disco...	Qty. to Ship	Quantity Shipped	Qty. to Invoice
Item	1960-S	ROME Guest Chair, green	BLUE	1		PCS	125,10	125,10			1	1

Sales line after Ship automatically created as well as Item Ledger Entries



Description	Location Code	Quantity	Reserved Quantity	Unit of Measu...	Unit Price Excl. VAT	Line Amount Excl. VAT	Line Disco...	Qty. to Ship	Quantity Shipped	Qty. to Invoice	Quantity Invoiced	Qty. to Assign
ROME Guest Chair, green	BLUE	1		PCS	125,10	125,10			1	1		

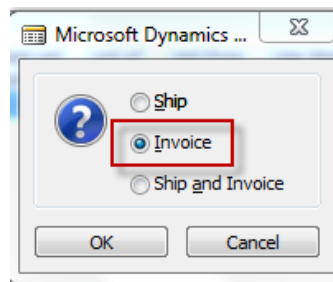
# Item Ledger Entries



The screenshot shows the 'Warehouse' application window with a table of Item Ledger Entries. The table has the following columns: Posting Date, Entry Type, Document Type, Document No., Item No., Description, Location Code, Quantity, Invoiced Quantity, Remaining Quantity, Sales Amount (Actual), Cost Amount (Actual), Cost Amount (Non-Invtbl.), Open, and E. Two entries are visible:

Posting Date	Entry Type	Document Type	Document No.	Item No.	Description	Location Code	Quantity	Invoiced Quantity	Remaining Quantity	Sales Amount (Actual)	Cost Amount (Actual)	Cost Amount (Non-Invtbl.)	Open	E
26.01.12	Purchase	Purchase Re...	107029	1960-S		BLUE	1	0	0	0,00	0,00	0,00	0,00	
26.01.12	Sale	Sales Shipment	102036	1960-S		BLUE	-1	0	0	0,00	0,00	0,00	0,00	

**Next step->post Invoice  
on Sales Order**



# Post PO – only Invoice

**Purchase - Invoice**  
Page 1

London Postmaster  
Mrs. Carol Philips  
10 North Lake Avenue  
London, N12 5XY  
Great Britain

**CRONUS, London RC.**  
Jack S. Richins  
Kensington Street, 22  
N12 5XY London

Phone No. +44-999 154642  
Fax No. +44-999 154625  
VAT Reg. No. GB77777777  
Giro No. 888-9999  
Bank World Wide Bank  
Account No. 99-99-888

Pay-to Vendor No. 10000

26. January 2012

VAT Registration No. 895741963  
Purchaser Richard Lum

Invoice No. 108028  
Order No. 106024  
Posting Date 26.01.12  
Due Date 31.01.12  
Prices Including VAT No

No.	Description	Quantity	Unit of Meas	Direct Unit Cost	Disc. %	Allow Invoice VAT Disc. Identifier	Amount
1960-S	ROME Guest Chair, green	1	Piece	97,50	Yes	VAT25	97,50
<b>Total GBP Excl. VAT</b>							<b>97,50</b>
25% VAT							24,38
<b>Total GBP Incl. VAT</b>							<b>121,88</b>

**VAT Amount Specification**

VAT Identifier	VAT %	Line Amount	Inv. Disc. Base Amount	Invoice Discount Amount	VAT Base	VAT Amount
VAT25	25	97,50	97,50	0,00	97,50	24,38
<b>Total</b>		<b>97,50</b>	<b>97,50</b>	<b>0,00</b>	<b>97,50</b>	<b>24,38</b>

Payment Terms Current Month  
Shipment Method Ex Warehouse

**Ship-to Address**  
The Cannon Group PLC  
Mr. Andy Teal  
192 Market Square  
Birmingham, B27 4KT  
Great Britain

# Entries

## General Ledger Entries

26.01.12	I...	103025	6110	Order 1008		S..	N..	R..	-125,10	G..
26.01.12	I...	103025	5610	Order 1008					-31,28	G..
26.01.12	I...	103025	2310	Order 1008					156,38	G..
26.01.12	I...	108028	7110	Order 106024		P..	N..	R..	97,50	G..
26.01.12	I...	108028	5630	Order 106024					24,38	G..
26.01.12	I...	108028	5410	Order 106024					-121,88	G..

## Item Ledger Entries

Posting Date	Entry Type	Document Type	Document No.	Item No.	Description	Location Code	Quantity	Invoiced Quantity	Remaining Quantity	Sales Amount (Actual)	Cost Amount (Actual)	Cost Amount (Non-Inv/tbl.)	Open
31.12.11	Positive A...		START	1960-S		BLUE	136	136	130	0,00	12 597,00	0,00	✓
31.12.11	Positive A...		START	1960-S		RED	32	32	24	0,00	2 964,00	0,00	✓
31.12.11	Positive A...		START	1960-S		BLUE	17	17	17	0,00	1 574,62	0,00	✓
09.01.12	Sale	Sales Shipment	102004	1960-S		RED	-3	-3	0	375,30	-292,50	0,00	
12.01.12	Sale	Sales Shipment	102006	1960-S		RED	-2	-2	0	250,20	-195,00	0,00	
15.01.12	Sale	Sales Shipment	102011	1960-S		RED	-2	-2	0	250,20	-195,00	0,00	
23.01.12	Sale	Sales Shipment	102023	1960-S		RED	-1	-1	0	118,85	-97,50	0,00	
26.01.12	Sale	Sales Shipment	102033	1960-S		BLUE	-1	-1	0	125,10	-92,62	0,00	
26.01.12	Sale	Sales Shipment	102034	1960-S		BLUE	-1	-1	0	125,10	-92,62	0,00	
26.01.12	Sale	Sales Shipment	102035	1960-S		BLUE	-3	-3	0	375,30	-277,87	0,00	
26.01.12	Sale	Sales Shipment	102035	1960-S		BLUE	-1	-1	0	125,10	-92,62	0,00	
26.01.12	Purchase	Purchase Receipt	107029	1960-S		BLUE	1	1	0	0,00	97,50	0,00	
26.01.12	Sale	Sales Shipment	102036	1960-S		BLUE	-1	-1	0	125,10	-97,50	0,00	

# Indirect drop shipment using Requisition worksheet

1042 The Cannon Group PLC - Sales Order

General Invoicing Shipping Foreign Trade E-Commerce Prepayment

No. . . . . 1042 [edit] Posting Date . . . . . 10.12.14  
Sell-to Customer No. . . . . 10000 [up] Order Date . . . . . 10.12.14  
Sell-to Contact No. . . . . CT000001 [up] Document Date . . . . . 10.12.14  
Sell-to Customer Name . . . . . The Cannon Group PLC Requested Delivery Date . . . . .  
Sell-to Address . . . . . 192 Market Square Promised Delivery Date . . . . .  
Sell-to Address 2 . . . . . Quote No. . . . .  
Sell-to Post Code/City . . . . . B27 4KT [up] Birmingham [up] External Document No. . . . .  
Sell-to Contact . . . . . Mr. Andy Teal Salesperson Code . . . . . PS [up]  
No. of Archived Versions. . . . . 0 Campaign No. . . . . [up]  
Opportunity No. . . . . [up]  
Responsibility Center . . . . . BIRMINGHAM [up]  
Assigned User ID . . . . . [up]  
Status . . . . . Open

Customer Information  
Sell-to Customer [edit]  
• Ship-to Addresses (2)  
• Contacts (5)  
• Sales History  
Bill-to Customer  
• Avail. Credit -487 600

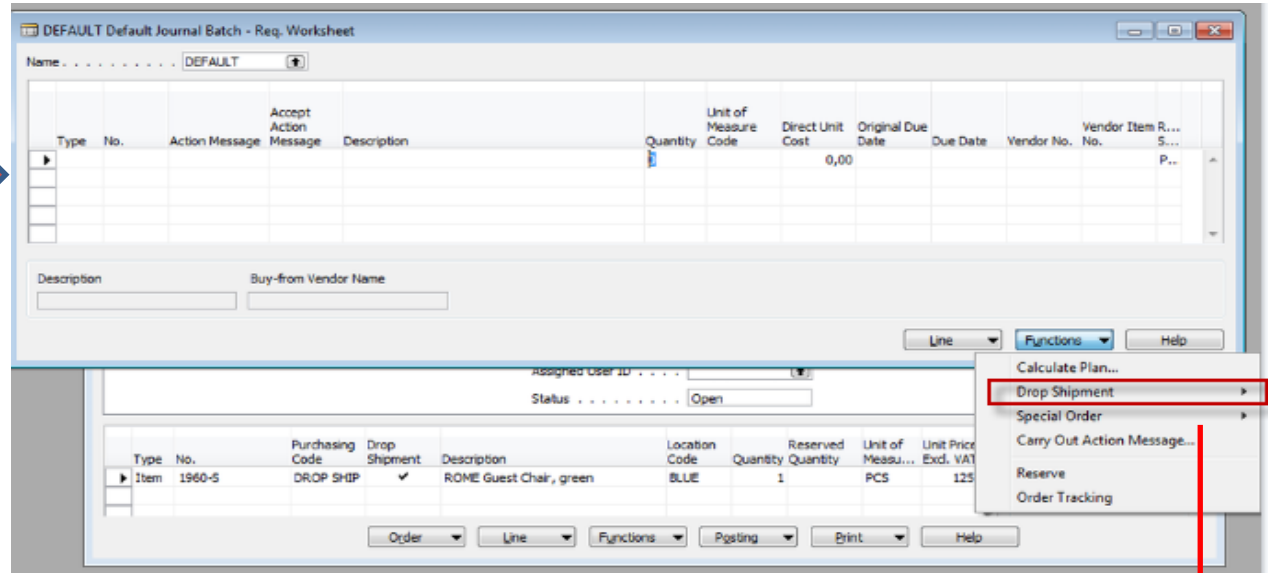
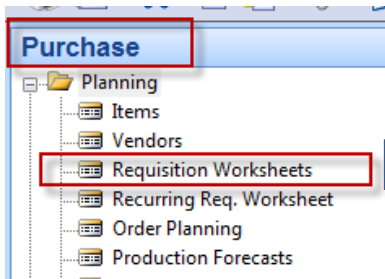
Type	No.	Purchasing Code	Drop Shipment	Description	Location Code	Quantity	Reserved Quantity	Unit of Measu...	Unit Price Excl. VAT
Item	1960-S	DROP SHIP	✓	ROME Guest Chair, green	BLUE	1		S	125

Item Information  
• Item Card [edit]  
• Availability (145)  
• Substitutions (1)

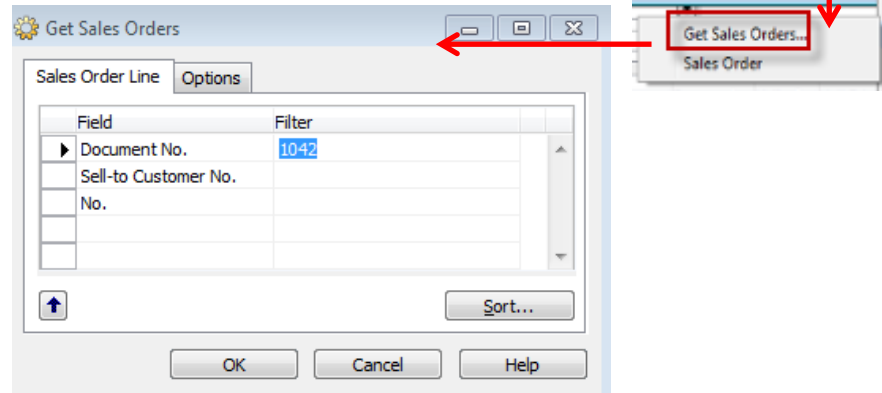
Order Line Functions Posting Print Help

Sales order where two new columns are shown (Purchase Code and Drop Shipment)

# Requisition worksheet (Sešit požadavků- for Czech students)



You have to enter number of sales order in question



# Requisition worksheet (Sešit požadavků- for Czech students)

DEFAULT Default Journal Batch - Req. Worksheet

Name: . . . . . DEFAULT

Type	No.	Action Message	Accept Action Message	Description	Quantity	Unit of Measure Code	Direct Unit Cost	Original Due Date	Due Date	Vendor No.	Vendor Item No.	R...
Item	1960-S	New	✓	ROME Guest Chair, green	1	PCS	97,50	10.12.14		20000	20-124	P...
Item							0,00					P..

Description:  Buy-from Vendor Name:

Assigned User ID:  Status: . . . . . Open

Type	No.	Purchasing Code	Drop Shipment	Description	Location Code	Quantity	Reserved Quantity	Unit of Measure	Unit Price Exd. VAT
Item	1960-S	DROP SHIP	✓	ROME Guest Chair, green	BLUE	1		PCS	125

Order Line Functions Posting Print Help

- Calculate Plan...
- Drop Shipment
- Special Order
- Carry Out Action Message...**
- Reserve
- Order Tracking

# Created Purchase order

106051 AR Day Property Management - Purchase Order

General Invoicing Shipping Foreign Trade E-Commerce Prepayment

No. . . . . 106051 [edit] Posting Date . . . . . 10.12.14  
Buy-from Vendor No. . . . . 20000 [up] Order Date . . . . . 10.12.14  
Buy-from Contact No. . . . . CT000067 [up] Document Date . . . . . 10.12.14  
Buy-from Vendor Name . . . . . AR Day Property Management Quote No. . . . .  
Buy-from Address . . . . . 100 Day Drive Vendor Order No. . . . .  
Buy-from Address 2 . . . . . Vendor Shipment No. . . . .  
Buy-from Post Code/City GU3 2SE [up] Guildford [up] Vendor [Microsoft Dynamics NA... [X]  
Buy-from Contact . . . . . Mr. Frank Lee Order  
No. of Archived Versions. 0 Purch  
Respo  
Assign  
Statu

Vendor Information  
Buy-from Vendor [edit]  
Order Addresses (2)  
Contacts (1)  
Purchase History  
Pay-to Vendor

Item Information  
Item Card [edit]  
Availability (145)  
Purchase Prices (0)  
Purchase Line Di... (0)

Type	No.	Description	Location Code	Qty.
Item	1960-S	ROME Guest Chair, green	BLUE	

Microsoft Dynamics NA... [X]

Receive [checked]  
Invoice  
Receive and Invoice

OK Cancel

Order Line Functions Posting Print... Help



# Delivery from Purchase order (PO)

## Purchase order line

Type	No.	Description	Location Code	Quantity	Reserved Quantity	Unit of Measure...	Direct Unit Cost Excl. ...	Line Amount Excl. VAT	Line Disco...	Quantity Received	Qty. to Receive
▶ Item	1960-S	ROME Guest Chair, green	BLUE	1		PCS	97,50	97,50		1	

Sales order line : can be accessed directly from **PO- button ->Drop Shipment->Sales order**

Type	No.	Cross-Ref... No.	Description	Location Code	Quantity	Reserved Quantity	Unit of Measure...	Unit Price Excl. VAT	Line Amount Excl. VAT	Quantity Shipped	Line Disc
▶ Item	1960-S		ROME Guest Chair, green	BLUE	1		PCS	125,10	125,10	1	

As you can see, SO lines was automatically updated

# Creation of sales invoice from Sales order (SO)

The screenshot shows the '1042 The Cannon Group PLC - Sales Order' window in Microsoft Dynamics CRM. The 'General' tab is active, displaying various fields for customer and order information. A dialog box titled 'Microsoft Dynamics ...' is open in the center, with the 'Invoice' radio button selected and highlighted by a red box. A red arrow points from the text 'F11' to the dialog box. The background form includes fields for 'No.', 'Posting Date', 'Sell-to Customer No.', 'Order Date', 'Sell-to Contact No.', 'Document Date', 'Sell-to Customer Name', 'Requested Delivery Date', 'Sell-to Address', 'Promised Delivery Date', 'Sell-to Address 2', 'Quote No.', 'Sell-to Post Code/City', 'External Document No.', 'Salesperson Code', and 'Campaign No.'. The 'Customer Information' pane on the right shows 'Sell-to Customer' and 'Bill-to Customer' details. The 'Item Information' pane at the bottom right shows a table with columns for 'Type', 'No.', 'Cross-Ref...', 'Description', 'Unit Price Excl. VAT', 'Line Amount Excl. VAT', 'Quantity Shipped', and 'Line Disc'. The table contains one row: 'Item 1960-S ROME Guest Chair, gre' with a unit price of 125,10, a line amount of 125,10, and a quantity of 1. The bottom of the window features a menu bar with 'Order', 'Line', 'Functions', 'Posting', 'Print', and 'Help' buttons.

Type	No.	Cross-Ref...	Description	Unit Price Excl. VAT	Line Amount Excl. VAT	Quantity Shipped	Line Disc
Item	1960-S		ROME Guest Chair, gre	125,10	125,10	1	

# Purchase order

106051 AR Day Property Management - Purchase Order

General Invoicing Shipping Foreign Trade E-Commerce Prepayment

No. . . . . 106051 Posting Date . . . . . 10.12.14  
Buy-from Vendor No. . . . . 20000 Order Date . . . . . 10.12.14  
Buy-from Contact No. . . . . CT000067 Document Date . . . . . 10.12.14  
Buy-from Vendor Name . . . . . AR Day Property Management Quote No. . . . .  
Buy-from Address . . . . . 100 Day Drive Vendor Order No. . . . .  
Buy-from Address 2 . . . . . Vendor Shipment No. . . . . A1  
Buy-from Post Code/City . . . . . GU3 2SE Guildford Vendor Invoice No. . . . . A1  
Buy-from Contact . . . . . Mr. Frank Lee Order Address Code. . . . .  
No. of Archived Versions. . . . . 0

Vendor Information

- Buy-from Vendor
- Order Addresses (2)
- Contacts (1)
- Purchase History

Pay-to Vendor

Item Information

- Item Card
- Availability (145)
- Purchase Prices (0)
- Purchase Line Di... (0)

Microsoft Dynamics NA... ?

Receive  
 Invoice  
 Receive and Invoice

OK Cancel

Type	No.	Description	Loc	Co	Unit Cost	Line Amount	Line	Qty. to	C
					l. VAT	Excl. VAT	Disco...	Receive	F
Item	1960-S	ROME Guest Chair, green	BL		97,50	97,50			

Order Line Functions Posting Print... Help

End of the section VII.

