How to create a cost center in SAP S/4HANA

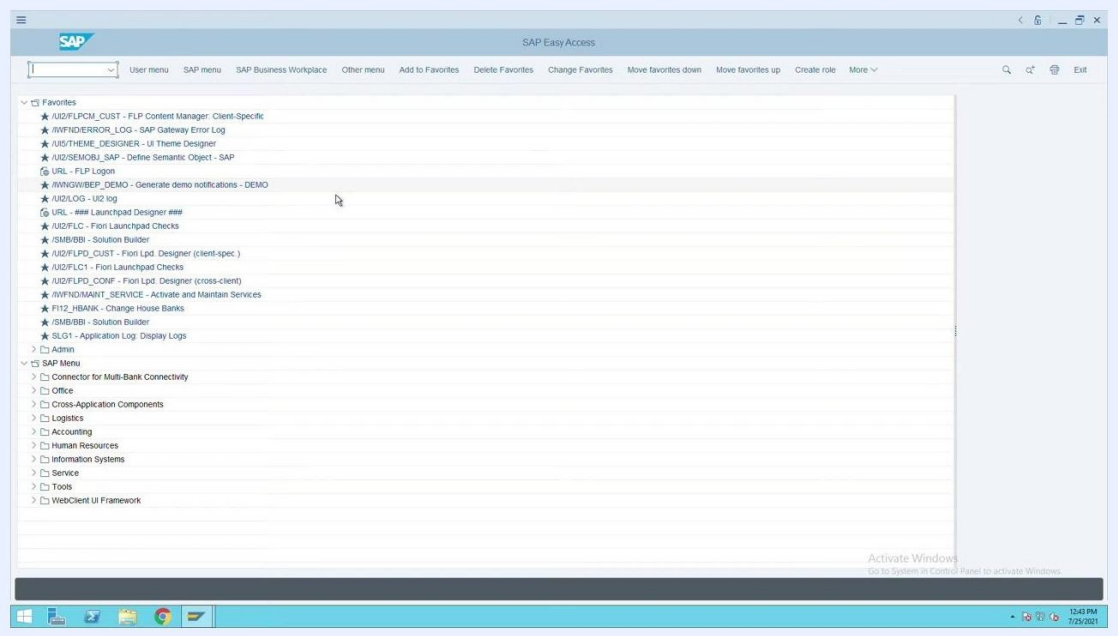
This guide walks you through how to create a cost center in SAP S/4HANA using transaction code KS01. You will learn how to set the correct controlling area, enter basic cost center data, assign a cost center category, link a profit center, and save your new cost center record.

Prerequisites

- Access to the SAP Easy Access main menu.
- Authorization to run transaction KS01.
- The correct controlling area, cost center ID, and validity dates for your organization.
- A profit center to associate with the cost center (recommended, though not mandatory).

Step 1: Open the SAP Easy Access screen

Launch SAP and confirm you are on the SAP Easy Access main menu. Here you will see navigation menus such as User menu, SAP menu, SAP Business Workplace, along with a list of favorites and SAP menu folders.



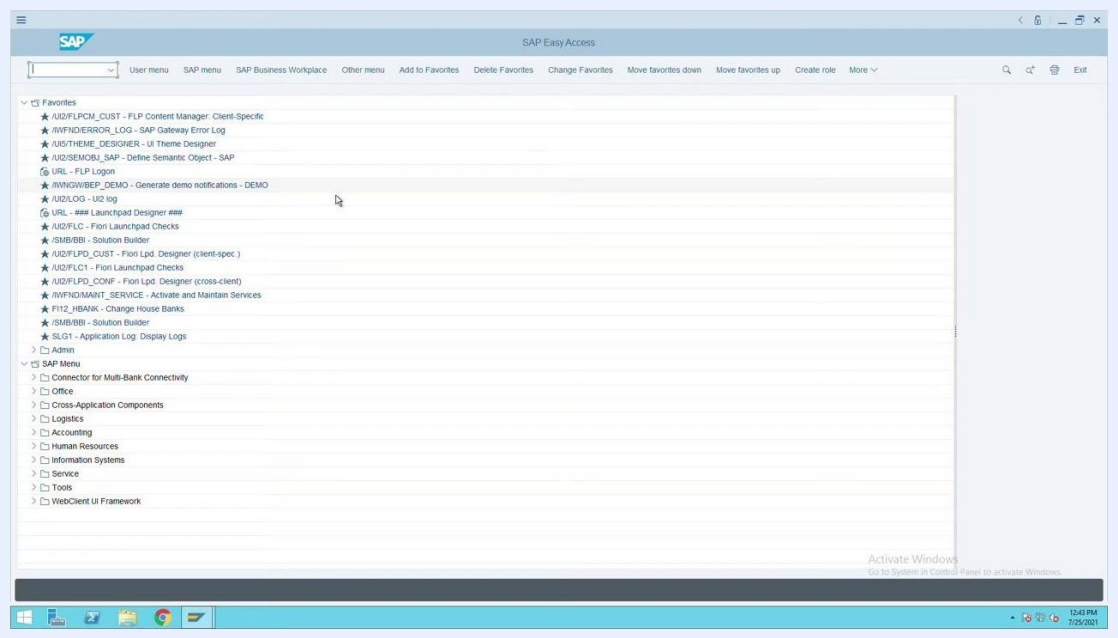
SAP Easy Access main menu with navigation options and favorites list

Step 2: Navigate to transaction KS01

In the command field, enter KS01 and press Enter. This opens the Create Cost Center: Initial Screen.

Step 3: Check the controlling area

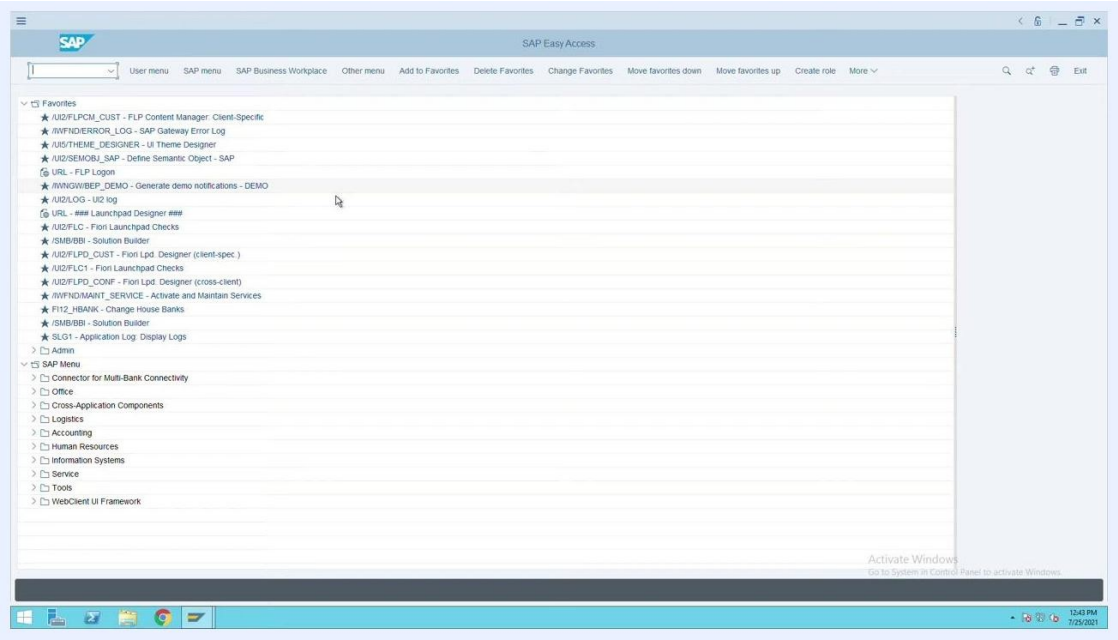
On the Create Cost Center: Initial Screen, check the Controlling Area field. If the controlling area shown is incorrect (for example, it displays A000 instead of the required area), you will need to change it before continuing.



Create Cost Center: Initial Screen with Controlling Area field and empty Cost Center/Valid From fields

Step 4: Change the controlling area (if needed)

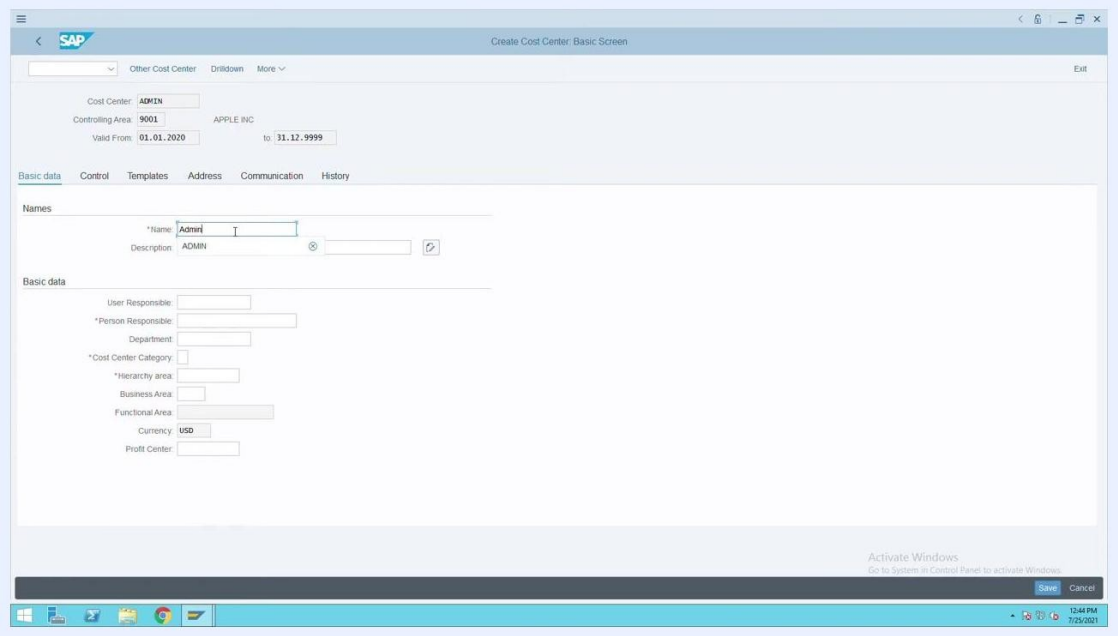
Go to the top menu and select More > Extras > Set Controlling Area. A dialog box opens, allowing you to set the correct controlling area.



Menu open showing More, Extras, Set Controlling Area option

Step 5: Enter the correct controlling area

In the Set Controlling Area dialog, enter 9001 as the controlling area, then click Continue to confirm.



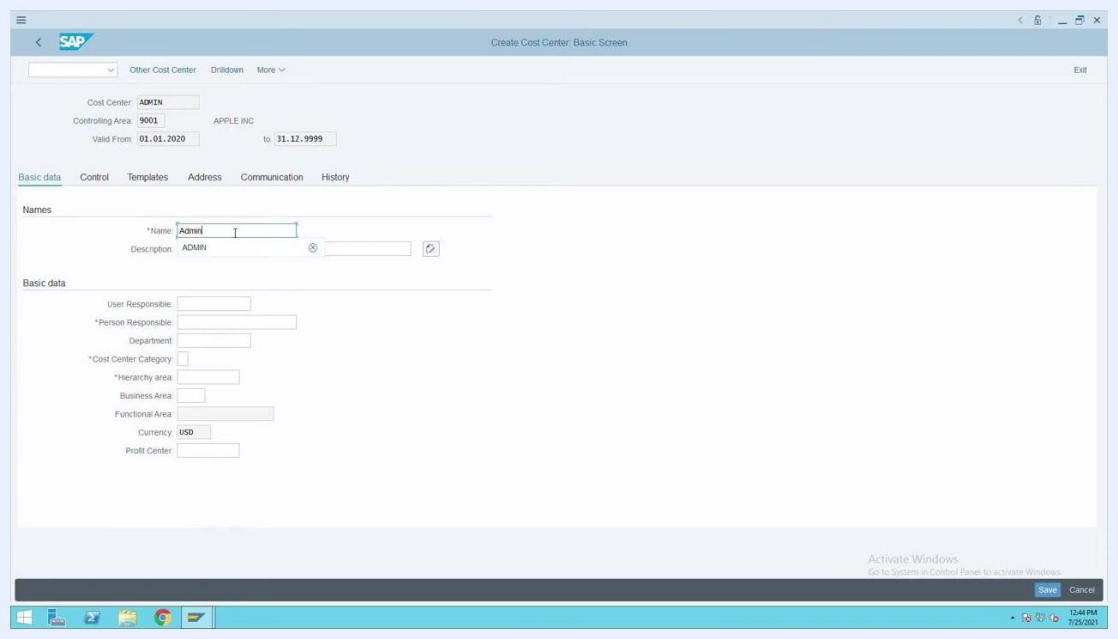
Set Controlling Area dialog with 9001 entered

Step 6: Enter the cost center ID and validity dates

Back on the initial screen, enter the following:

- Cost Center: Admin
- Valid From: 01.01.2020
- To: defaults to 31.12.9999

Press Enter to proceed to the basic data screen.



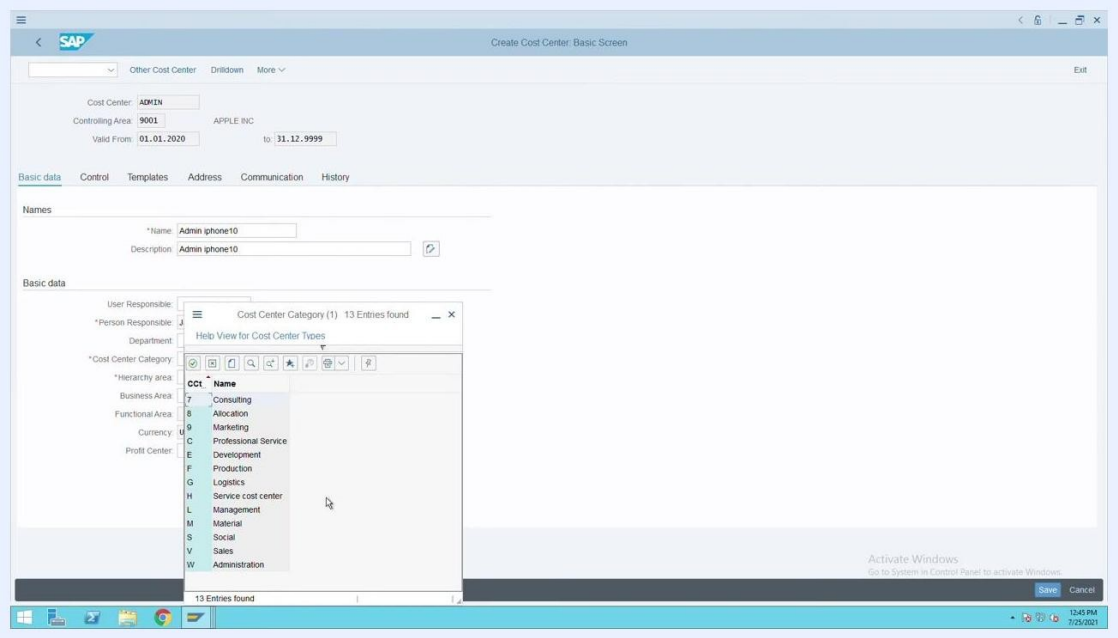
Create Cost Center: Initial Screen with Controlling Area 9001, Cost Center Admin, Valid From 01.01.2020

Step 7: Enter basic data for the cost center

On the Create Cost Center: Basic Screen, fill in the following fields:

- Name: Admin iphone10
- Description: Admin iphone10
- Person Responsible: Jack

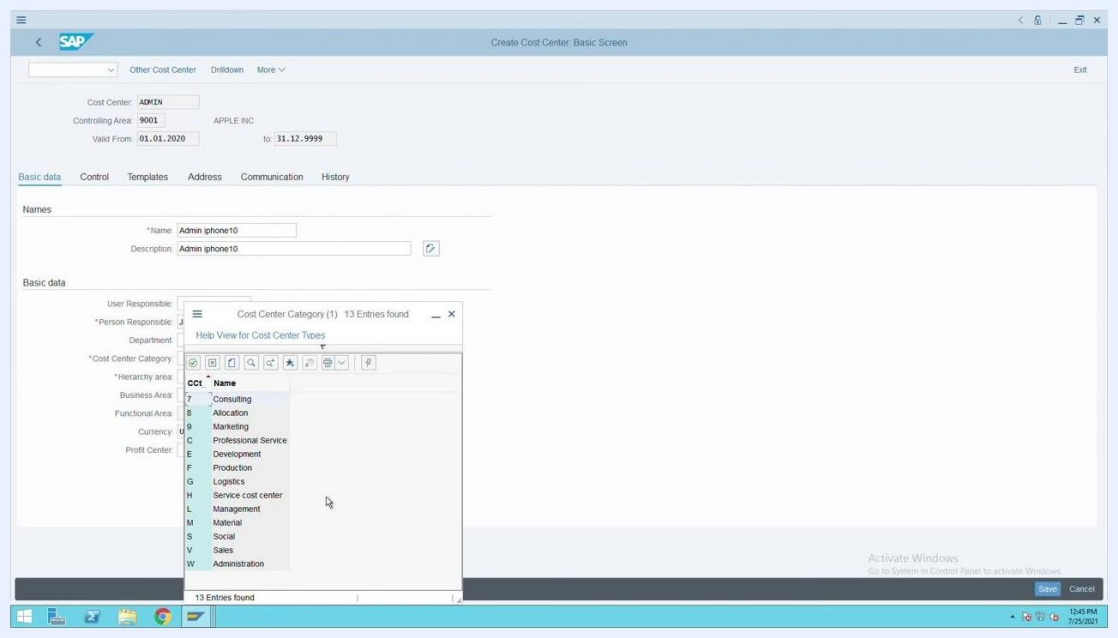
You can also complete other fields as needed, such as Department or User Responsible.



Create Cost Center: Basic Screen with Name and Description fields being filled

Step 8: Select the cost center category

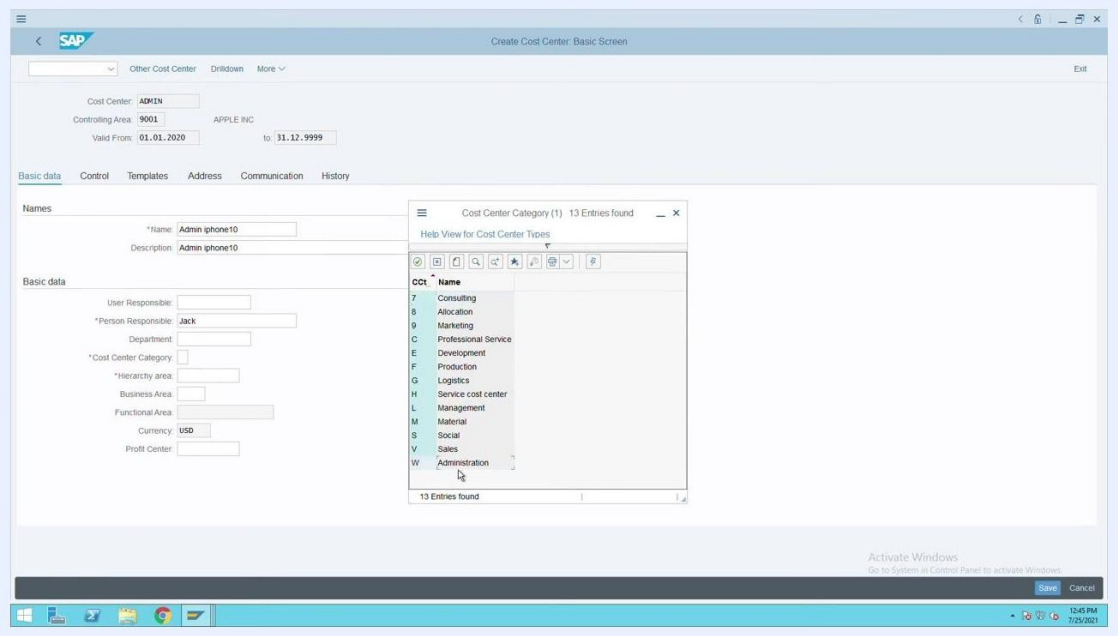
Click the search/help button next to the Cost Center Category field. A list of available cost center types appears. Review the categories and select the one most appropriate for your call center.



Cost Center Category selection dialog with various categories listed

Step 9: Choose the category

From the list, select Administration as the cost center category, since it best matches the admin call center you are creating.



Cost Center Category selection with Administration highlighted

Step 10: Complete additional fields

Fill in any other relevant fields based on your organization's requirements, including:

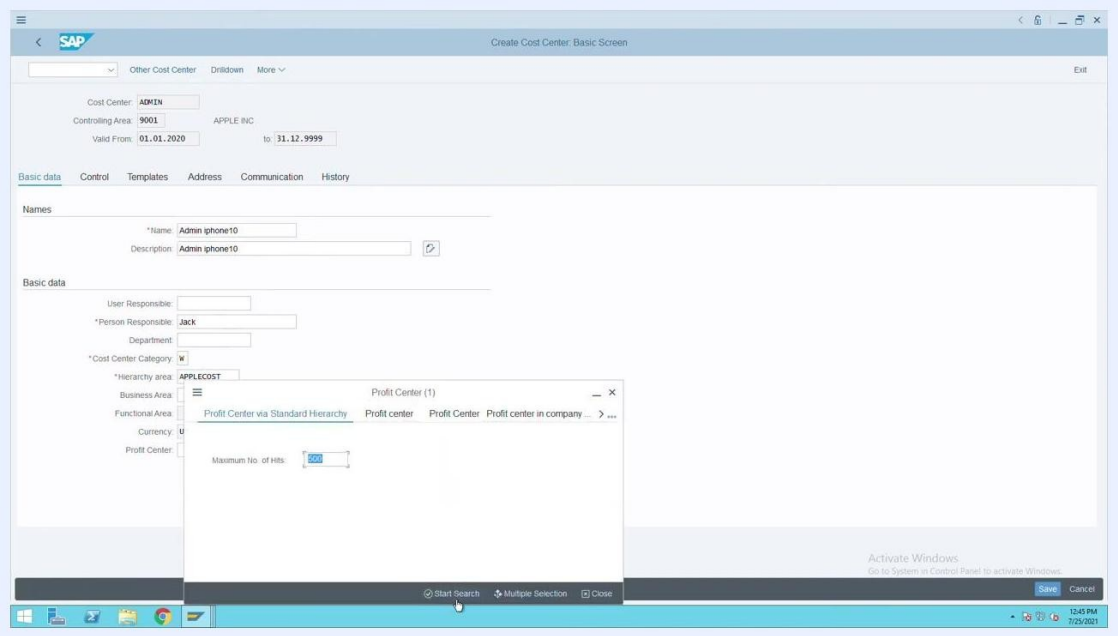
- Hierarchy Area
- Business Area
- Functional Area
- Currency (defaults to USD)
- Profit Center

Step 11: Enter the hierarchy area (optional)

If your organization uses a specific hierarchy for this cost center, enter it in the Hierarchy area field — for example, APPLECOST. If you leave this field blank, SAP applies the standard hierarchy by default.

Step 12: Assign a profit center

Although the Profit Center field is not mandatory, assigning one is recommended for better reporting and tracking. Since this cost center relates to iPhone 10, click the search/help button next to the Profit Center field to open the selection dialog.



Profit Center selection dialog open, with search options and maximum number of hits field

Step 13: Select the appropriate profit center

In the selection dialog, search for and select the profit center labeled IPHONE10. Confirm your selection so that IPHONE10 appears in the Profit Center field.

Step 14: Review all entered data

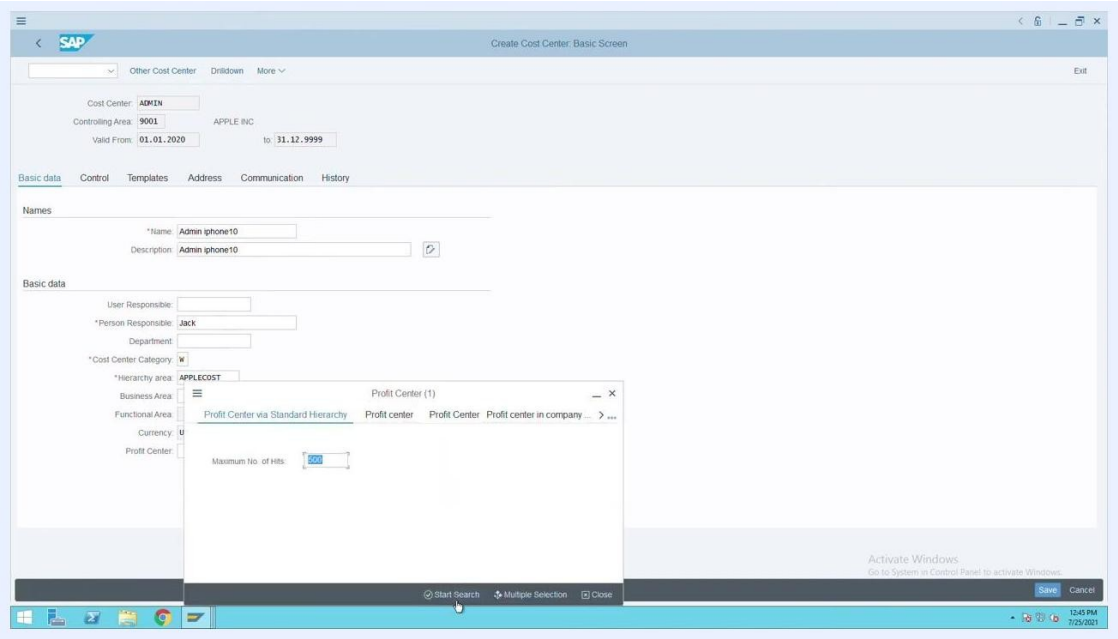
Before saving, confirm that all required and recommended fields are filled in correctly:

- Name: Admin iphone10
- Description: Admin iphone10
- Person Responsible: Jack
- Cost Center Category: Administration
- Hierarchy Area: APPLECOST
- Currency: USD
- Profit Center: IPHONE10

Fill in any additional fields required by your organization.

Step 15: Save the cost center

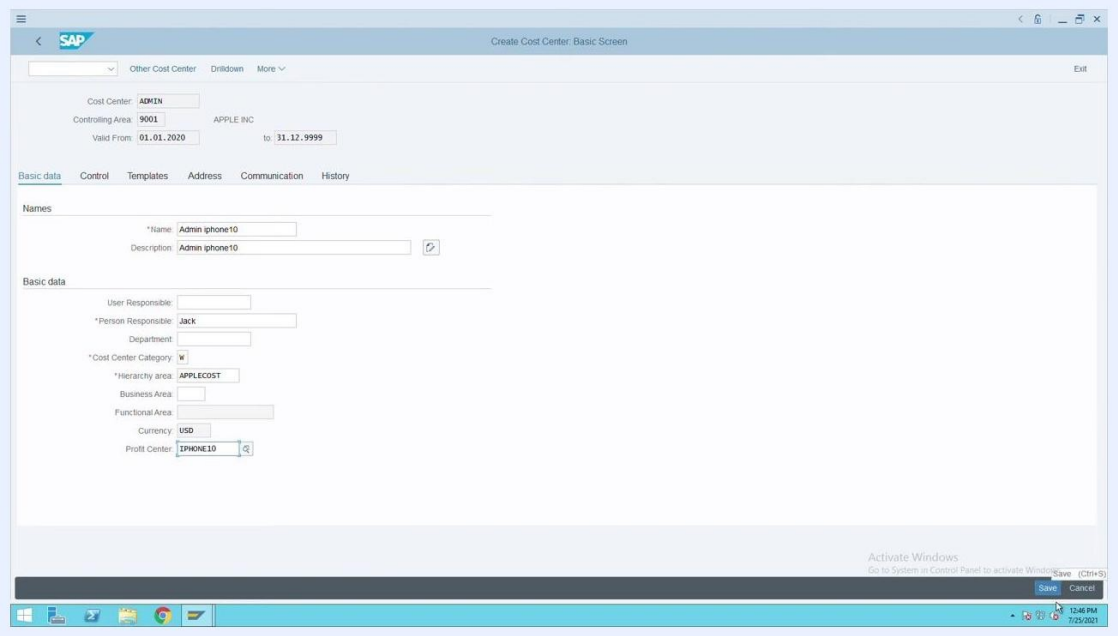
Click the Save button at the bottom right of the screen to create the cost center.



All fields filled, including Profit Center IPHONE10, and Save button being clicked

Step 16: Confirm the cost center was created

After saving, the system returns you to the initial screen and displays a confirmation message at the bottom: "Cost center has been created."



Confirmation message "Cost center has been created" on the initial screen

Step 17: Explore additional tabs (optional)

The Create Cost Center: Basic Screen includes additional tabs such as Control, Templates, Address, Communication, and History. You can navigate to these tabs to enter further details or configure advanced settings as needed.

Summary

By following these steps, you have successfully learned how to create a cost center in SAP S/4HANA, including setting the correct controlling area, entering basic data, selecting a cost center category, and assigning a profit center. Your cost center is now ready for use in organizational and reporting activities.

What's next

With your cost center created, you can use it to allocate costs, generate reports, and track performance within your organization. You may also want to explore the additional tabs on the Basic Screen, such as Control or Templates, to configure further settings for the cost center.