PRICE 3 - PRICE MANAGEMENT TABLES

See Also
- ✓ DecEzy help files
- ✓ WP - Price 1 Item Pricing
- ✓ WP - Price 2 Item Discounts
- ✓ WP - Price 3 Price Management Tables
- ✓ WP - Price 4 Job Target Margin
- ✓ WP - Price 5 Job Discounts
- ✓ WP - Price 6 Pricing Setup Steps
- ✓ WP - Price 7 Setup Examples

Unit cost mark-ups, total item cost mark-ups and the job target margins are setup in the tables in *Inventory>Price Management>Item Mark-up/Margin Management.*

Unit cost mark-ups and total item costs mark-up together with the item wholesale costs are used by the item pricing algorithms in DecEzy to calculate the item prices before discounts are applied. The job item target margin is used as a guide in setting the discount for items in a job.

Unit Cost Mark-ups

This table lists the different mark-ups to be used for items of different costs. These should be set so as to cover company costs and, at the same time, be competitive with opposition prices

DecEzy allows for a 'default' unit cost mark-up table to be setup, as well as alternate tables for specific item price groups. This can be useful if you wish to use different mark-ups for a certain classification of item. The use of the item price group specific setup table is optional - if you don't set it up for a given item price group, then its items will fall back onto the default.

The default unit cost mark-up table should be setup first and the job target margin and total Item costs tables based on this table.

Total Item Costs Mark-up
This functionality is similar to the unit cost mark-up functionality, except while the unit cost mark-up is driven from the cost of a single item of what you are selling, the total item cost mark-up is driven from the total cost of what you are selling. This means that as the selling quantity (and hence total cost) increases, it effects the mark-up used.

As a rule, the price (calculated by the mark-up) for a particular quantity should be set between the unit cost mark-up price and the job items target margin price.

As well as being used for calculating prices on jobs, the total item cost mark-up is used by the price break calculation functionality.

Although total item costs mark-ups is a pricing method, it incorporates discounting as the price is reduced as the quantity is increased. Therefore, when using this method (i.e. if price breaks or total items cost mark-up) on large quantities, it is advisable not to apply any automatic discounting as it will apply a discount to an item that effectively already has had a discount applied.In some situations, it may be appropriate to manually add a discount, such as if the customer orders a small quantity of one item as part of a large order of many items.

Job Items Target Margins

Job Items Target Margins is a means to ensure that the item component of your jobs always achieve an acceptable profit margin. If you are using unit cost mark-ups, but not total item cost mark-ups, then the use of target margins is almost essential, to ensure your customers are getting a good deal when buying larger quantities. If you are using total item cost mark-ups, then the user of target margins is not so essential, but can still be helpful in some situations.

The job items target margin is intended to be a guide. Once set up, it will add up the total cost of each job, and display what the margin should be for the item component, both as a percentage and amount. This is helpful for larger jobs, where you may wish to ensure the customer receives a discount. As well as displaying the suggested total margin/price should be for the job, it can also automatically adjust the prices or discounts for the items in the job, in order to achieve the margin.

The job items target margins should be a little higher than the equivalent unit cost mark-up of the same value, this is to compensate for the extra cost in administration of a job involving several brands and/or brand item codes.

It is important that the job items target margin not be set too high above the equivalent unit cost mark-up as then the database algorithms may suggest a price increase rather than a decrease to obtain the job items target margin. Once the values have been set, experiment with quotes to ensure the algorithms operate as expected.