

PRICE 4 - JOB TARGET MARGIN

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

A jobs total items margin (profit from items) is normally related to the total cost of all items in the job, when a certain outlay is required for a job then the expectation is to make a profit of a certain amount.

The job target margins table (*Inventory> Price management>Item Mark-up-Margin Management*) lists target margins for different total job item costs (the total cost of items on a job). The target margin is shown in the financial summary tab of the job window, and is automatically updated as items are added to the job, or existing items details are modified.

The job target margin is only intended to be a guide. While it can be useful to give an idea of what sort of margin should apply to a given job, based on its costs, numerous other factors can affect the optimum margin for a job. These other factors include:

- Type of industry the customer is in e.g. customers purchasing sport items may have different price expectations to those purchasing work wear on a more regular basis.
- The number of items of different brands and brand item codes, the cost to administer the purchase of items varies from job to job and is increased if some items are not immediately available.

Auto Calculate Job Target Margin

A feature of DecEzy is the ability to automatically adjust the item margin discount to achieve the job target margin, this is achieved by clicking the Job Button>Auto Adjust Margin on the job window. The algorithm varies the margin discount rather than the job items price discount, this is considered safer to use than price discounts as no sale price will go below the cost price (the discount cannot exceed 100% - see Price 4 Job Discounts).

After using the Auto Adjust Margin feature, the margin for each item should be checked with what is reasonable for the job, this can be adjusted individually by the line price discount or as a group by the items price discount (use with care) or the items margin discount. After changing any of these, the new item margin is calculated and displayed for each item, these values should be checked to ensure they are appropriate.

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Since the job target margin is a guide only, after using the Auto Adjust Margin feature it is not unusual to then manually change the items margin discount to a value more appropriate to the job being priced. It is advised to always change this value to a whole %, perhaps rounding to the nearest 2% or 5% to make replicating the discounts easier for future jobs.

In using the Auto Adjust Margin feature, the following factors need to be considered:

- The job margin you wish to achieve can vary between jobs of the same total cost depending on whether a number of different items are required or a large number of one item only. If there are many different items then administration costs will be higher (especially if some items are not immediately available). This element is not factored into the job target margin functionality.
- When ordering a number a high cost items (say 10 items costing \$50 each), the job margin can only be slightly higher then the item unit mark-up, otherwise the job target margin will produce a discount of less than 0%. Therefore, as the total job cost becomes higher the job margin should become closer to the item unit mark-up for an item of the same cost, if not the margin discount may be less than 0%; in this case the discount should be set to 0% or more (i.e. to provide some form of job discount).
- By having the item mark-up and the job target margin on the one graph it is possible to see the relationship between the two margins.
- Need to check when items of very different mark-ups are discounted in the same job, if the unit mark-ups vary from say 150% to 80%, may need to adjust the line discount on the higher mark-up item if a large number are required.