

PALADIN DATA CORPORATION™

# Biz Coach Webinars



FREE ADVANCED TRAINING



## The many uses for reference margin

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## The many uses for reference margin



- What is the purpose of a reference margin?
- How can reference margins help you?
- Types of reference margins
- How to set up each reference margin type:
  - Trickle-down tiered discounts
  - Dump SKU margin control
  - Fixed-margin pricing
- Learn more



## What is the purpose of a reference margin?

# PURPOSE

- To automate price updates based on cost
- To preserve proper margins on dump SKUs
- To maintain quantity price discounts



## How can reference margins help you?

You can use reference margins to:

- Preserve margin controls
- Stabilize revenue reports
- Automate price consistency
- Provide department-level margin control
- Reduce back-office errors
- Control profits or losses





## Types of reference margins



- Trickle-down tiered discounts
  - Automate quantity price discounts up to four levels deep
- Dump SKU margin control
  - Maintain item-level and department-level margins for non-inventory items
- Fixed-margin pricing
  - Automate price updates based on cost when receiving purchase orders manually or through EDI



### How to set up each reference margin type

**1** Item Cost Last:

Avg:	Mkt:	Cost	Qty / Date
<input type="text" value="1.588"/>	<input type="text" value="1.588"/>	<b>1.588</b>	<b>72</b> <b>15-May-17</b>
Cost Per: <input type="text" value="Item"/>			

**2** Pricing Levels Net:  Flex:  Sensitive:  Taxable:

	Quantity	Sale Price	Margin	Mkt Margin	Ref	Rounding
1	<input type="text" value="1"/>	<input type="text" value="2.94"/>	<input type="text" value="46.0"/>	<input type="text" value="46.0"/>	<input style="border: 2px solid blue;" type="text" value="0"/>	<input type="text" value="Default"/>
2	<input type="text" value="0"/>	<input type="text" value="0.00"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value=""/>
3	<input type="text" value="0"/>	<input type="text" value="0.00"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value=""/>
4	<input type="text" value="0"/>	<input type="text" value="0.00"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value=""/>

- Trickle-down tiered discounts
- Dump SKU margin control
- Fixed-margin pricing



## How to set up trickle-down tiered discounts

**1** Item Cost Last:

Avg:	Mkt:	Cost	Qty / Date
1.588	1.588	1.588	72

Cost Per: Item

**2** Pricing Levels Net:  F:  Sensitive:  Taxable:

	Quantity	Sale Price	Margin	Mkt Margin	Ref	Rounding
1	1	2.94	46.0	46.0	0	_Default
2	5	2.64	40.0	40.0	-10	(None)
3	10	2.35	32.5	32.5	-20	(None)
4	0	0.00	0	0	0	(None)

1 @ \$2.94 each  
 5 @ \$2.64 each  
 10 @ \$2.35 each

When you set the reference margin (**Ref**) for different **Price Levels**, anytime the (each) price changes, the quantity discount prices will change automatically.

The quantity discount prices are automatically calculated and cannot be edited.

Enter a percentage number, prefaced by a minus sign.



## How to set up a dump SKU margin control

For dump SKU's, set the **Item Cost** and **Sale Price** values to zero (0.00).

1 Item Cost		Last:	
Avg:	Mkt:	Cost	Qty / Date
0.00	0.00	0.00	0 01-Jan-00
Cost Per: Item			

  

2 Pricing Levels		Net:	Flex:	Sensitive:	Taxable:
Quantity	Sale Price	Margin	Mkt Margin	Ref	Rounding
1	0.00	0	0	35	
2	0.00	0	0	0	
3	0.00	0	0	0	
4	0.00	0	0	0	

In this example, any item sold under this dump SKU will have a 35% margin for that item and department, regardless of the sale price.

To maintain a consistent margin for departments, create a dump SKU for each department.





## How to set up fixed-margin pricing

During the **Receive P.O.** process, retail prices will automatically adjust to cost changes.

1 Item Cost
Last:

Avg:	Mkt:		Cost	Qty / Date
1.588	1.588		1.588	72 15-May-17

Cost Per: Item

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2 Pricing Levels
Net:  Flex:  Sensitive:  Taxable:

	Quantity	Sale Price	Margin	Mkt Margin	Ref	Rounding
1		2.94	46.0	46.0	46	Default
2	0	0.00	0	0	0	
3	0	0.00	0	0	0	
4	0	0.00	0	0	0	

This margin will remain fixed.

**Note:** This feature must be set up. In the **Paladin Configuration** window, **Company** tab on the **Purchase Orders** section, select the **Update retail pricing based on receiving cost and reference margin** checkbox.

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## How to activate fixed-margin pricing

The screenshot shows the 'Paladin Configuration' window with the 'Company' tab selected. The 'Purchase Orders' section is expanded, and the checkbox for 'Update retail pricing based on receiving cost and reference margin' is checked. A blue arrow points to this checkbox. Another blue arrow points to the 'Company' tab in the top navigation bar. A third blue arrow points to the 'Purchase Orders' section header. The 'Restricted Class' section above shows 'Enabled Restricted Classes' checked and 'Restricted Class Number' set to 8801.

1. On the **File** menu, click **Setup**.
2. Click the **Company** tab.
3. In the **Purchase Orders** pane, select the **Update retail pricing based on receiving cost and reference margin** checkbox.
4. Click **Save**, and then click **Close**.

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## Learn more

To learn more, see the following resources in our [Help Portal](#):

- [About reference margins](#)
- [Dump SKU Margin Protection](#)
- [How to add the reference margin to an inventory item](#)
- [Quantity Pricing Discounts \(Negative Ref Margins\)](#)
- [How to set up the reference margin feature for a manual purchase order](#)
- [EDI process for items with reference margins of 100](#)
- [How to apply a quantity discount using a negative reference margin](#)
- [Only non-inventory items can have a reference margin of 100](#)
- [Profit Analyst uses reference margin for non-inventory items](#)

A recording of this webinar will be available at [portal.paladinpos.com/webinars](http://portal.paladinpos.com/webinars).

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