

CHAPTER 2: SALES PRICES AND DISCOUNTS

Objectives

The objectives are:

- Define sales prices and set up sales prices and customer price groups.
- Explain how to maintain sales prices using the Sales Price Worksheet.
- Describe and set up line discounts.
- Explain the use of invoice discounts and how to allow or disallow discounts.

Introduction

Companies, both producers and distributors, that are operating in price-sensitive markets with diverse customer bases, often need pricing strategies that enable them to differentiate, attract, and maintain customers. One of the typical strategies is based on having several individual price agreements with large customers and offering standard prices and discounts to other customers within a specific market segment or across the segments. One agreement may cover more than one individual customer if an agreement is made with a chain headquarters, where items can be sold to customers of an individual chain member.

These strategies imply that companies' sales and marketing departments develop and maintain comprehensive and complex price and discount structures. The complexity of price and discount structures increase when companies do internally driven initiatives, such as special campaigns aimed at removing soon-to-be-obsolete items or as a way to introduce new items to the market.

Maintaining flexible price and discount structures can appear to be a tedious and resource-demanding task. Without suitable price-management tools, price agreements, and special sales, prices are stored in private folders, spread sheets, binders, and so on. This frequently creates problems related to price consistency when the customer is faced with price confusion or even billed the wrong price. Companies that use pricing strategies often have more satisfied customers and can avoid lost sales or unnecessary rework for themselves.

Sales Line Pricing and Sales Line Discounting offer comprehensive pricing functionality to companies with flexible price structures. Specifically, the application provides a functionality characterized by the following key features:

- Targeted specific customer segments
- Consistent and transparent pricing
- Minimized maintenance costs

Sales Prices

The ability to specify price information for each item on the item card significantly improves sales price management. The program automatically retrieves price information that is stored on an item card to copy it to the sales order line for an item. This price information is universal in nature; it is the same in all sales situations regardless of individual price agreements or different pricing policies applied toward customer profiles. These agreements and policies may be based on several conditions:

- Item variant
- Quantity purchased
- Currency paid
- Order date

To manage and maintain alternative sales prices, sales representatives need extended pricing functionality that goes beyond the standard item card. In Microsoft Dynamics® NAV, Sales Line Pricing offers comprehensive pricing functionality.

Procedure: Review Alternative Sales Prices

Salespeople must use the **Sales Prices** page to record the alternative sales prices a company has established by using their customers/group of customers to strategically segment their customer base.

Access the **Sales Prices** page from either the customer card or the item card. Follow these steps to review sales prices for customer 10000:

1. On the navigation pane, click **Sales & Marketing** and then click **Sales**.
2. On the **Sales** page, click **Customers**.

3. Select the line for customer 10000.
4. On the **Related Information** menu, point to **Sales** and then click **Prices**.

Edit - Sales Prices - Customer 10000 The Cannon Group PLC

Actions

General

Sales Type Filter: Customer Starting Date Filter:

Sales Code Filter: 10000 Currency Code Filter:

Item No. Filter:

Sales Type	Sales Code	Item No.	Unit of Measure Code	Minimum Quantity	Unit Price	Starting Date	Ending Date
Customer	10000			0.00	0.00		

OK

FIGURE 2.1 SALES PRICES FOR CUSTOMER 10000

On this page, a sales representative can specify the conditions that must be met before a customer is offered a unit price for an item. For example, the conditions can require that the customer belongs to a particular customer price group or a purchase is made within a certain period. Special sales prices can also depend on:

- Unit of measure
- Item variant
- Minimum quantity
- Currency

The **Sales Prices** page provides the option for defining whether alternative prices combine with line and invoice discounts when a sales price is offered. (Controlling the combination of sales prices and discounts is described in more detail in the "Allow/Disallow Discounts" topic of the "Invoice Discounts" lesson)

Because this page was accessed through the customer card, the **Sales Type** is set to Customer and the **Sales Code** is set to the customer number on the customer card. These default settings can be edited. The **Sales Type** options are:

- Customer
- Customer Price Group
- All Customers
- Campaign

The **Sales Code** options depend on the selection in the **Sales Type** field.

The following demonstration illustrates a situation where a company needs to set up individual prices based on both:

- A price agreement reached with one of its key customers about some selected items
- A pricing decision targeting a specific customer segment

Demonstration: Set Up Sales Prices

Scenario: CRONUS International Ltd.'s sales to customer 40000 have been increasing lately. Until now, the customer has made purchases based on CRONUS' ordinary price rates, but now wants to purchase items at more favorable prices.

Based on an agreement, Nancy, the sales representative at CRONUS, decides that the customer can save 50 LCY for any purchase of item 1976-W if the quantity is at least ten units. This agreement takes effect starting 01/28/10 and has no expiration date.

Nancy must now set up this pricing agreement in the program.

Follow these steps to set up alternative sales prices:

1. On the **Customers** list page, select customer 40000.
2. On the **Related Information** menu, point to **Sales** and then click **Prices**.
3. In the **Item No.** field, enter 1976-W.
4. In the **Minimum Quantity** field, type 10.
5. In the **Unit Price** field, type 206.10. This is the reduced unit price.
6. In the **Starting Date** field, enter 01/28/10.
7. Click **OK** to close the **Sales Prices** page.

Nancy does not need to enter an ending date as a condition in the price agreement. If an agreement is renegotiated at a later date, a new sales price line is entered with a new starting date, which replaces the previous agreement.

Demonstration: Set Up Customer Price Groups

Scenario: As part of a long-term marketing strategy, Kevin, the sales manager at CRONUS, decides that the company's high-performing wholesale customers are granted, as a group, a favorable price of 800 LCY when buying item 1972-W during the month of February 2010.

To implement the pricing decision for the company's wholesalers, Kevin must consider grouping the wholesalers together and applying the price reduction to the whole group. Such an approach is an efficient way to manage the sales prices compared to recording individual prices for each customer.

After Kevin decided how customers are categorized related to price rates, he sets up the groups in the **Customer Price Groups** page.

Follow these steps to set up customer price groups:

1. On the **Sales & Marketing** page, click **Administration** and then click **Customer Price Groups**.
2. In the **Code** field, type Wholesale1, and in the **Description** field, type Wholesalers, Top Performers.

When the price group code is entered in the **Sales Prices** page, the program copies the information from this page to the corresponding fields in the **Sales Prices** page.

The **Allow Line Disc.** and **Allow Invoice Disc.** fields offer the possibility to combine the alternative price rate set up for a customer group with two other discount types that may apply to customers in this group in certain sales situations.

3. Ensure that the **Allow Line Disc.** and **Allow Invoice Disc.** check boxes are selected.

The status of these two discount-related fields copies to the corresponding fields on the line with the customer price group code selected in the **Sales Prices** page. The user can always change the enabled discount combinations.

Follow these steps to set up the Wholesale1 group with the price of 800 LCY when buying item 1972-W:

1. On the **Related Information** menu, point to **Cust. Price Group** and then click **Sales Prices**.
2. In the **Item No.** field, enter 1972-W, and in the **Unit Price** field, type 800. In the **Starting Date** and the **Ending Date** fields, enter 02/01/10 and 02/28/10 respectively.

Because customers are offered a regular price of 850 LCY both before and after the period, you can reflect that in the program by creating a separate line in the **Sales Prices** page.

3. On the next line, enter item 1972-W in the **Item No.** field.
4. In the **Unit Price** field, type 850.
5. Leave the starting and ending dates blank.

NOTE: Using the Sales Line Pricing functionality assumes customers maintain price-related information in the **Sales Prices** page without using the standard pricing functionality on the item card.

For customers moving from standard pricing to Sales Line Pricing, this may require transferring all the item price information from item cards to the sales prices tables. You can transfer the information using the Suggest Item Price on Worksheet batch job, described in the "Maintain Sales Prices" lesson.

Assume that customer 40000 is a CRONUS top wholesaler. Follow these steps to assign this customer to the new price group:

1. Open the customer card for customer 40000.
2. Expand the **Invoicing** FastTab.
3. In the **Customer Price Group** field, enter Wholesale1.
4. Click **OK** to close the customer card.

Pricing Functionality

Setting up alternative prices in the program supports sales representatives who always offer customers the best prices. The best price is defined as the lowest possible price with the highest possible line discount on the order date.

When an order processor creates an order for a customer, the program checks whether:

- Alternative sales prices are set up for the customer.
- The sales header and line details meet the conditions for applying an alternative price.

If all the conditions are met, the program copies the applicable price from the **Sales Prices** page to the **Unit Price (Excl./Incl. VAT)** field on the sales line. Refer to the "Best Price" topic in online Help for more information about how the program selects the best price when more than one alternative price is set up.

If there are no alternative sales prices or the conditions for applying an alternative price are not satisfied, the program uses the regular unit price specified on the item card as a suggestion on the sales document.

NOTE: The principles of including/excluding VAT in the unit price calculations are explained in the "Finance in Microsoft Dynamics® NAV 2009" training material.

Demonstration: Create a Sales Order with Sales Pricing

Scenario: On 01/28/10, customer 40000 orders eight units of item 1976-W and five units of item 1972-W. The customer inquires about the unit price of the purchase.

Susan, the order processor at CRONUS, must create a sales order and inform the customer about the price. In addition, Susan may investigate if there are other conditions the customer may want to accept to obtain a better price.

Follow these steps to create a sales order for customer 40000:

1. On the **Sales & Marketing** page, click **Order Processing** and then click **Sales Orders**.
2. Click **New** and then press ENTER or TAB.
3. In the **Sell-to Customer No.** field, enter 40000.
4. Accept any warning messages.
5. On the **Lines** FastTab, in the **Type** field, select Item.
6. In the **No.** field, enter 1976-W.
7. In the **Quantity** field, type 8.
8. On the next line, in the **No.** field, enter 1972-W.
9. In the **Quantity** field, type 5.

The **Sales Prices** field in the Sales Line Details FactBox indicates whether alternative prices exist for the item on the line applicable to the customer. If the field contains a number, the order processor may want to investigate the conditions on which more favorable prices can be offered to the customer.

10. Select the first sales line and then click the **Sales Prices** link in the Sales Line Details FactBox.

The **Get Sales Price** page contains the pricing details of item 1976-W that customer 40000 is allowed to obtain under different conditions.

***HINT:** You can also access the **Get Sales Price** page by selecting the line, clicking **Actions** on the **Lines** FastTab, pointing to **Functions**, and then clicking **Get Price**.*

In this situation, if the customer agreed to buy two more units of the item, then the customer receives a quantity break. After the quantity break, the purchase is based on a reduced unit price.

11. Click **Cancel** to close the **Get Sales Price** page.
12. Select the second sales line and then click the **Sales Prices** link. The details for all the prices and conditions for item 1972-W display.

Susan notifies the customer that he or she can obtain a better price for the item if he or she postpones the order until February 1. Assume the customer accepted the new conditions to obtain better prices for both products.

Follow these steps to modify the sales lines:

1. Close the **Get Sales Price** page.
2. Change the **Order Date** to 02/01/10 and then click **OK** to close the message.
3. On the first line, in the **Quantity** field, type 10.
4. Select the second sales line, and then click the **Sales Prices** link.
5. Select the line in the **Get Sales Price** page that shows the discount for buying in February. Click **OK** to update the price on the line.

Review the discounted price for each line in the **Unit Price Excl. VAT** field.

Lab 2.1 - Manage Alternative Sales Prices

Scenario

You are the order processor at CRONUS responsible for restructuring prices for item 70200 and item 1928-S according to the following conditions:

- Item 70200: As of 01/25/10, if any CRONUS customers buy this item in boxes (which contain 100 pieces) instead of pieces, offer 30 LCY off the regular price (1.30 for each piece).
- Item 1928-S: As of 01/25/10, when the CRONUS overseas customer 31505050 buys this item and pays in local currency (EUR), you offer a 1 LCY discount of the item's regular price (35.60 for each piece).

***HINT:** Add a new unit of measure BOX that contains 100 pieces to the item's units of measure list. Add the currency code field to the **Sales Prices** page using the Choose Columns feature.*

Challenge Yourself!

Set up each item with alternative sales prices as specified in the scenario.

Need a Little Help?

1. Open the item card for item 70200 and set up the Box unit of measure as indicated in the scenario.
2. Open the **Sales Prices** page and set up all customers to receive the 100 sales price when boxes of this item are purchased starting 01/25/10.
3. Close the **Sales Prices** page.
4. Open the customer card for customer 31505050.
5. Open the **Sales Prices** page and add the **Currency Code** field.
6. Set up this customer to receive the 1 LCY discount of item 1928-S starting 01/25/10.

Step by Step

Follow these steps to set up sales prices on item 70200:

1. On the **Sales & Marketing** page, click **Inventory & Pricing** and then click **Items**.
2. Open the item card for item 70200.
3. On the **Related Information** menu, point to **Item** and then click **Units of Measure**.
4. Click **New**.

5. In the **Code** field, enter BOX and in the **Qty. per Unit of Measure** field, type 100.
6. Click **OK** to close the **Item Units of Measure** page.
7. On the **Related Information** menu, point to **Sales** and then click **Prices**.
8. In the **Sales Type** field, enter All Customers.
9. In the **Unit of Measure** field, enter BOX.
10. In the **Unit Price** field, type 100.
11. In the **Starting Date** field, enter 01/25/10.
12. Click **OK** to close the **Sales Prices** page.
13. Click **OK** to close the Item Card.

Follow these steps to set up sales prices for item 1928-S on customer 31505050:

1. On the navigation pane, under Sales & Marketing, click **Sales** and then click **Customers**.
2. Open the customer card for customer 31505050.
3. On the **Related Information** menu, point to **Sales** and then click **Prices**.
4. Add the **Currency Code** field using the Choose Columns function.
5. Reopen the **Sales Prices** page to activate changes if necessary.
6. Ensure that the **Currency Code** field is set to EUR.
7. In the **Item No.** field, select 1928-S.
8. In the **Unit Price** field, type 34.60, which is the reduced unit price.
9. In the **Starting Date** field, enter 01/25/10.
10. Click **OK** to close the **Sales Prices** page.

Maintain Sales Prices

Adjusting and changing item prices is a task sales managers and sales representatives perform periodically because of changing market conditions, new agreements with customers, and new sales initiatives.

Depending on the scope of a pricing policy, companies typically store price information about item cards where the price structure is simple. For more complex structures, individual sales prices are specified and stored in the sales prices table. Using a combination of the two is also commonplace. In the program, sales representatives have two tools that help them in preparing and adjusting sales prices. Which one they use depends on the preferred pricing setup.

The Sales Price Worksheet is used to enter changes to the alternative sales prices recorded in the **Sales Prices** page. It is also used to apply those changes to an individual customer, a group of customers, or all customers under specified conditions.

The Adjust Item Costs/Prices batch job is used to update the cost-related and price-related values in the corresponding fields on the **Invoicing** FastTab of the item card. The outcome of this batch job does not affect the alternative sales prices.

Sales Price Worksheet

The main function of the sales price worksheet is to enable sales representatives to work with sales prices in a similar manner as they do in a Microsoft® Office Excel® spreadsheet or other means. By providing an overview of the existing pricing structure (either based on item prices or alternative sales prices), the worksheet is a convenient space where a sales representative can simulate, rearrange, and update price information in a consistent and efficient way.

Sales prices entered in the worksheet are only the suggested prices, which do not take effect until they are implemented (by running the Implement Price Change batch job). Generally, suggestions in the worksheet for changing the existing sales prices can be created in two ways:

- Manually
- Automatically

To fill in the worksheet automatically, run one of the following batch jobs:

- **Suggest Sales Price on Wksh.** With this batch job, sales representatives can suggest unit sales prices based on sales prices specified in the **Sales Prices** page. They can change sales prices already set up or create new ones.

- **Suggest Item Price on Wksh.** With this batch job, sales representatives can suggest unit sales prices based on the prices in the **Unit Price** field on the item cards, for example, giving a particular customer group a unit price that is lower than the regular price. The price in the **Unit Price** field on the item card is not changed by this batch job.

Both batch jobs end by displaying the newly calculated unit prices in the Sales Price Worksheet. Users can change unsatisfactory unit prices or delete unnecessary lines.

Demonstration: Create Sales Prices and Customer Groups

This demonstration explains how sales prices valid for one customer group are also applicable for another customer group under an additional condition.

Scenario: Currently, CRONUS offers top wholesale customers reduced prices on item 1972-W. In the program, these customers are categorized into a price group and the reduced price is applied to the whole group. Nancy, the sales representative, wants to grant other wholesalers the same price offer, however, on the condition that the quantity of their purchase exceeds 15 units.

Nancy's task is to create new sales prices for the specified customers. The most efficient way of performing the task is to copy existing sales prices from one customer group to another and make necessary modifications.

Follow these steps to create sales prices and customer groups using the Sales Price Worksheet:

1. On the **Sales & Marketing** page, click **Inventory & Pricing** and then click **Sales Price Worksheet**.
2. On the Action Pane, click **Suggest Sales Price on Wksh.**

The screenshot shows the 'Suggest Sales Price on Wksh.' dialog box. It has a title bar with a close button. Below the title bar is an 'Actions' menu. The main area is divided into two tabs: 'Options' and 'Sales Price'. The 'Options' tab is selected and contains the following fields:

- Sales Type: Customer (dropdown)
- Sales Code: (dropdown)
- Unit of Measure Code: (dropdown)
- Currency Code: (dropdown)
- Starting Date: (dropdown)
- Ending Date: (dropdown)
- Only Prices Above: 0.00 (text input)
- Adjustment Factor: 1 (text input)
- Rounding Method: (dropdown)
- Create New Prices:

The 'Sales Price' tab is visible below and contains a 'Show results:' section with a list of filters:

- Where Sales Type is Select a value
- And Sales Code is Enter a value
- And Item No. is Enter a value
- And Currency Code is Enter a value
- And Starting Date is Enter a value
- + Add Filter

At the bottom of the dialog are 'OK' and 'Cancel' buttons.

FIGURE 2.2 SUGGEST SALES PRICE ON WKSH. BATCH JOB REQUEST FORM

In the request form for the batch job, define what is included in the batch job by setting filters.

- Entering filters on the **Options** FastTab determines the suggestion of whom (a customer, customer group, or all customers) and on what conditions the sales prices (as specified on the **Sales Price** FastTab) apply.
- Filling in the **Sales Price** FastTab determines the filtering of existing sales prices when you copy them to the worksheet.

Refer to online Help for more information about the request form.

3. On the **Options** FastTab, in the **Sales Type** field, enter Customer Price Group and in the **Sales Code** field, click the drop-down arrow.

4. Click **New** to create a new customer group.
5. In the **Code** field, type Wholesale2 and then in the **Description** field type Wholesalers, others.
6. Ensure that the **Allow Line Disc.** and **Allow Invoice Disc.** check boxes are selected.
7. With the new customer group selected, click **OK**.

Since this new customer price group does not have alternative sales prices set up, when you copy prices valid for the Wholesale1 group to the worksheet, indicate that the prices must be created.

8. Select the **Create New Prices** check box.
9. On the **Sales Price** FastTab, set the filter for the **Sales Type** field to Customer Price Group and the **Sales Code** filter to Wholesale1.
10. Click **OK** to start the batch job.

The **Sales Price Worksheet** page populates with price suggestions based on the specifications of the batch job.

Starting Date	Ending Date	Sales Type	Sales Code	Item No.	Unit of Measure Code	Minimum Quantity	Current Unit Price	New Unit Price
2/1/2010	2/28/2010	Customer Price Group	WHOLESALE2	1972-W		0.00	0.00	850.00
2/1/2010	2/28/2010	Customer Price Group	WHOLESALE2	1972-W		0.00	0.00	800.00

FIGURE 2.3 SALES PRICE WORKSHEET FILLED IN WITH PRICE SUGGESTIONS FROM THE BATCH JOB

The reduced prices in the period of 02/01/10 through 02/28/10 for the customers in this group are valid on the condition that they buy at least 15 units of the item.

11. For the line in the worksheet that has the starting and ending dates, in the **Minimum Quantity** field, type 15.

The contents of the fields in the worksheet are temporary until they are deleted or transferred to the **Sales Prices** page.

12. On the Action Pane, click **Implement Price Change**.
13. Click **Yes** to rename the record.

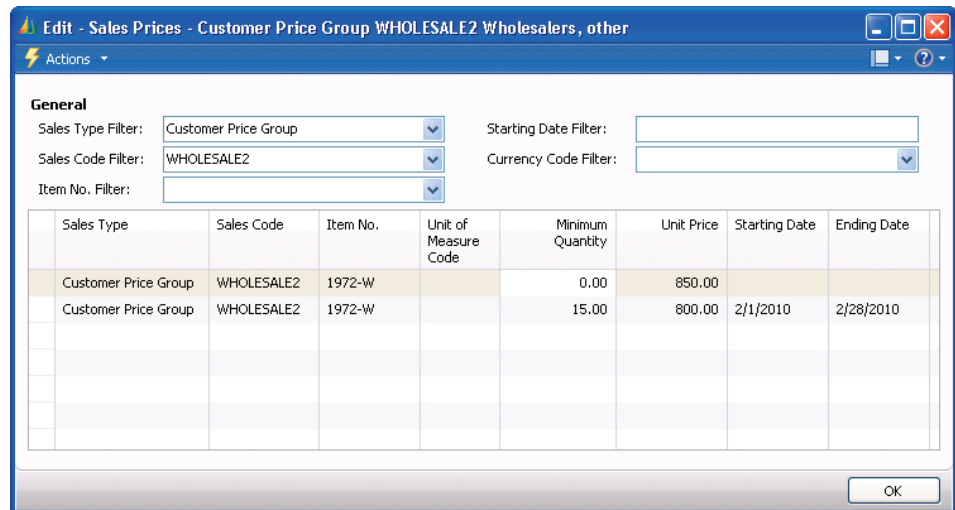
14. In the Implement Price Change request form, click **OK** to start the batch job.
15. Click **Yes** to delete the suggested price changes.

The batch job creates alternative sales prices for the new customer group in the **Sale Prices** page and deletes the suggestion lines in the price worksheet.

16. Click **OK** to close the Sales Price Worksheet.

Follow these steps to verify that the new sales prices have been created for the customer group Wholesale2:

1. On the **Sales & Marketing** page, click **Administration** and then click **Customer Price Groups**.
2. Select the line for Wholesale2 and on the **Related Information** menu, point to **Cust. Price Group**, and then click **Sales Prices**.



Sales Type	Sales Code	Item No.	Unit of Measure Code	Minimum Quantity	Unit Price	Starting Date	Ending Date
Customer Price Group	WHOLESALE2	1972-W		0.00	850.00		
Customer Price Group	WHOLESALE2	1972-W		15.00	800.00	2/1/2010	2/28/2010

FIGURE 2.4 SALES PRICES CREATED FOR CUSTOMER GROUP WHOLESAL2 USING THE SALES PRICE WORKSHEET

The options that are provided for the **Suggest Item Price on Worksheet** batch job, also available from the sales prices worksheet, are identical to the **Suggest Sales Price on Worksheet** batch job. The only difference is that the suggested unit sales prices are retrieved from the **Unit Price** field on the item cards, instead of the **Sales Prices** page.

This batch job does not change the amounts in the **Unit Price** field on the item card. This is the function of another batch job called **Adjust Item Costs/Prices**.

Adjust Item Costs/Prices

When sales representatives update pricing information about item cards, they can use the Adjust Item Costs/Prices batch job. There is no worksheet associated with the Adjust Item Costs/Prices batch job. This means that changes specified for the batch job are implemented directly on the item cards upon completion of the batch job. This also implies that the price information about the item card is replaced; no historic records of the original information are kept.

***NOTE:** Verify that the information in the request form of the batch job is correct before you run the job.*

Lab 2.2 - Update Sales Prices

Scenario

As the sales manager at CRONUS, you have decided to make the modifications to current prices as follows:

- Because of changed market conditions, increase the prices offered to all customers for selected items (from 70100 to 70104) by 10%. The new prices take effect on 02/01/10. You also consider rounding the new prices to the nearest whole LCY.
- As the CRONUS overseas-customer base expands, extend the offer of a reduced price for item 1928-S (if the purchase is paid in EUR) valid for customer 31505050 to all international customers.

HINT: Consider grouping overseas customers.

Challenge Yourself!

Implement the price-change modifications specified in the scenario using the appropriate batch jobs.

Need a Little Help?

1. Open the Sales Price Worksheet and run the Suggest Item Price on Wksh. batch job for items 70100 through 70104 for all customers.
2. Set filters as specified in the scenario.
3. Run the Implement Price Change batch job.
4. Run the Suggest Sales Price on Wksh. batch job for item 1928-S for all international customers.
5. Set filters as specified in the scenario.
6. Create a new customer group for Foreign customers.
7. Run the Implement Price Change batch job.

Step by Step

Follow these steps to update pricing for items 70100 through 70104 for all customers using the Sales Price Worksheet:

1. On the **Sales & Marketing** page, click **Inventory & Pricing** and then click **Sales Price Worksheet**.
2. On the Action Pane, click **Suggest Item Price on Wksh.**
3. On the **Options** FastTab, in the **Sales Type** field, enter All Customers.
4. In the **Starting Date** field, enter 02/01/10.
5. In the **Adjustment Factor** field, type 1.1.

6. In the **Rounding Method** field, enter WHOLE.
7. Select the **Create New Prices** check box.
8. On the **Item** FastTab, in the **No.** field, set a filter for the range 70100..70104.
9. Click **OK** to start the batch job.
10. On the Action Pane, click **Implement Price Change**.
11. Click **OK** on the request form to start the batch job.
12. Click **Yes** to delete the suggested price changes.

Follow these steps to update pricing for item 1928-S for all overseas customers using the Sales Price Worksheet:

1. On the Action Pane, click **Suggest Sales Price on Wksh**.
2. On the **Options** FastTab, in the **Sales Type** field, enter Customer Price Group.
3. In the **Sales Code** field, click the drop-down arrow to open the **Customer Price Group** page.
4. Click **New** to create a new customer group.
5. In the **Code** field, type Foreign and in the **Description** field, type Foreign Customers.
6. Ensure that the **Allow Line Disc.** and **Allow Invoice Disc.** check boxes are selected.
7. With the Foreign group selected, click **OK**.
8. In the **Currency Code** field, enter EUR and in the **Starting Date** field, press the W key for the work date.
9. Select the **Create New Prices** check box.
10. On the **Sales Price** FastTab, set the filter for the **Sales Type** field to Customer and the **Sales Code** filter to 31505050.
11. Set the filter for the **Item No.** field to 1928-S.
12. Click **OK** to start the batch job.
13. On the Action Pane, click **Implement Price Change**.
14. Click **OK** on the request form to start the batch job.
15. Click **Yes** to delete the suggested price changes.
16. Click **OK** to close the Sales Price Worksheet.

***NOTE:** For customers to receive the reduced price, assign them to the Foreign customer price group. Do this on the **Invoicing** FastTab of the customer card.*

Line and Invoice Discounts

Companies' pricing policies may include different kinds of discounts offered to the customers. It is common to distinguish three discount types:

- Item-related
- Invoice
- Payment

Item-Related Discounts

In Microsoft Dynamics NAV, item-related discounts are referred to as line discounts and managed by using the Sales Line Discounting functionality. As with alternative sales prices, line discounts can be granted to customers on the basis of predefined conditions, such as minimum quantity of a purchase, unit of measure, currency paid, and so on. Companies can offer discounts to individual customers, groups of customers, or all customers. In addition, discounts can apply to both individual items and group of items.

Invoice Discounts

Invoice discounts are granted on the basis of the total invoice amount independent of the item(s) being sold. Line and invoice discounts can be combined.

Payment Discounts

Payment discounts are only granted to a customer if the customer pays the total invoice amount within a specified time period. More information about payment discounts is in the "Finance in Microsoft Dynamics® NAV 2009" training material.

General Discount Setup

Before a company uses the line and invoice discount functionality, it must decide how it wants discounts posted and whether invoice discounts calculate automatically when the sales document is created or the user must apply the calculating function to calculate discounts.

These decisions are implemented in the **Sales & Receivables Setup** page. You can find this page on the **Sales & Marketing** page by clicking **Administration** and then clicking **Sales & Receivables Setup**.

The **Discount Posting** field on the **General** FastTab offers four options for defining the way invoice and line discounts post to the general ledger:

- No Discounts
- Invoice Discounts
- Line Discounts
- All Discounts

The user can specify whether and what type of sales discounts post to the G/L separately. For a detailed definition of each option, refer to the online Help for the field.

If the option is selected that determines whether a specific (line or invoice) discount or both discounts post separately, the user must ensure that:

- A dedicated account(s) is (for example, Sales Invoice Discount account) created in the chart of accounts.
- The option is set up in the **General Posting Setup** page.

When posting sales documents, the program uses the general business posting group of the customer and the general product posting group of the item to retrieve the account set up in the **General Posting Setup** page.

If discounts are not set up to post separately, they become part of a sales amount posted to the Sales account.

Line Discount Setup

Sales representatives use the **Sales Line Discounts** page to record price discounts agreed upon with their individual or group of customers. They can also use this page to help strategically segment their customer base and can access the page from both the customer card and the item card.

The **Sales Line Discounts** page enables a sales representative to specify the conditions that must be met before a customer is offered a discount price. For example, the conditions can require that the customer buys a certain quantity or that a purchase is invoiced in a specified currency before a discount can be granted.

Similar to alternative sales prices, line discounts can apply to an individual customer, customer group, and all customers. Unlike sales prices, discounts can extend from a single item to several items grouped by common characteristics.

The following demonstration illustrates a situation where a company has set up price discounts for certain item categories based on a pricing decision that targets a specific customer segment.

Demonstration: Review and Set Up Customer Discounts

Scenario: To manage the company's discount structure, Kevin, the sales manager, has categorized customers in two major groups:

- Large account
- Retail customers

Because the purchase volume differs from one customer group to another, the price discount offered to customers must differ.

Price discounts are also offered depending on what item category the customer is purchasing:

- Bigger discounts for raw materials
- Reduced discounts for finished and retail items

Review how this discount structure was set up in the program.

Follow these steps to review the discount groups for customers:

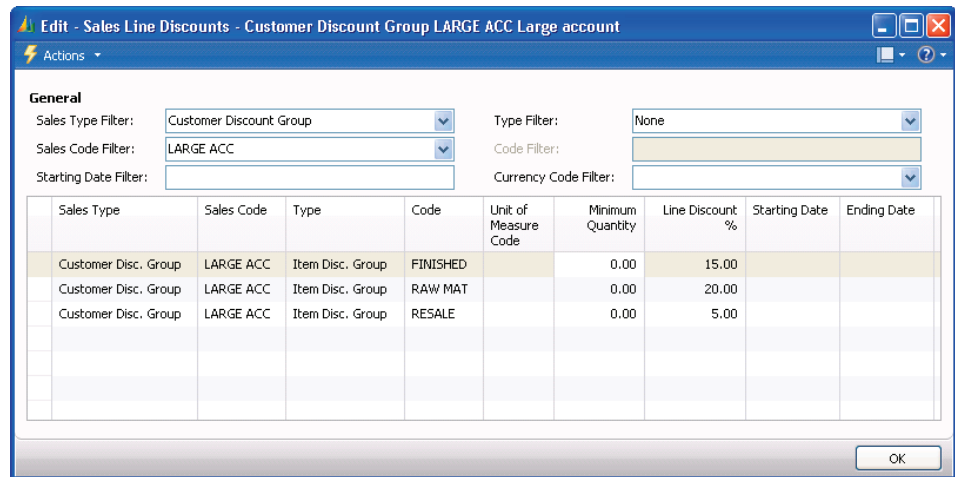
1. On the **Sales & Marketing** page, click **Administration** and then click **Customer Disc. Groups**.

A code identifying a customer discount group can be assigned to a customer to indicate that this customer is allowed to receive the discount price specified for the group. This is done by selecting an appropriate code in the **Customer Disc. Group** field on the customer card.

2. Close the **Customer Disc. Groups** page.
3. Open the customer card for customer 30000.
4. Expand the **Invoicing** FastTab. Customer 30000 belongs to the discount group of large accounts.

Follow these steps to review the sales conditions that must be fulfilled before the group of large accounts can receive a discount:

1. In the **Customer Disc. Group** field, click the drop-down arrow to open the customer discount groups list. With the Large Account group selected, click **Advanced**.
2. On the **Related Information** menu, point to **Cust. Disc. Groups** and then click **Sales Line Discounts**.



Sales Type	Sales Code	Type	Code	Unit of Measure Code	Minimum Quantity	Line Discount %	Starting Date	Ending Date
Customer Disc. Group	LARGE ACC	Item Disc. Group	FINISHED		0.00	15.00		
Customer Disc. Group	LARGE ACC	Item Disc. Group	RAW MAT		0.00	20.00		
Customer Disc. Group	LARGE ACC	Item Disc. Group	RESALE		0.00	5.00		

FIGURE 2.5 SALES LINE DISCOUNTS FOR THE LARGE ACCOUNT CUSTOMER DISCOUNT GROUP

Customers that belong to the discount group can receive three different discounts depending on the item group:

- FINISHED
- RAW MAT
- RESALE

Categorizing items into discount groups is based on the same principles as categorizing customers. The user must set up an item discount group by giving it a code. The user then assigns this code to the individual item for which the user wants to apply a discount.

At CRONUS, there are five item discount groups. When you use the line discount functionality, it is not mandatory to assign customers and items to discount groups; you can set up discounts for a combination of individual customers and items.

Follow these steps to review the item discount groups:

1. On any of the lines in the **Sales Line Discounts** page, click the **Code** field, click the drop-down arrow, and then click **Advanced**.
2. Close the **Item Disc. Groups** page.

Follow these steps to create a line discount for customer 30000 offering a 20 percent discount when it buys at least 15 units of item 1972-W:

1. Close the **Sales Line Discounts** and **Customer Disc. Groups** pages to return to the customer card for customer 30000.
2. On the **Related Information** menu, point to **Sales** and then click **Line Discounts**.
3. On the line with the **Sales Type** set to Customer and **Sales Code** set to 30000, in the **Type** field, enter Item and then enter 1972-W in the **Code** field.
4. In the **Minimum Quantity** field, type 15.
5. In the **Line Discount %** field, type 20.
6. Click **OK** to close the **Sales Line Discounts** page.

Line Discount Functionality

Setting up a line discount supports the sales representatives in their task of always offering the customers the best prices.

After the line discounts and terms are set up, when an order/invoice is created for a specific customer, the program checks whether:

- Line discounts are set up for the customer in question.
- The sales header and line details meet the conditions for applying a discount price.

If all these conditions are met, the program copies the applicable discount percentage from the **Sales Line Discounts** page to the **Line Discount %** field on the sales line and enters the calculated discount price in the **Line Amount Excl./Incl. VAT** field. When more than one discount percentage is set up for a customer, the program selects the highest discount to comply with "the best price" rule (described in the online Help topic "Best Price").

If no discounts are recorded, or the conditions for applying a discount are not satisfied, the program uses the regular unit price specified on the item card as a suggestion on the sales document (unless there is a special sales price set up for the customer).

The **Sales Line Discounts** field in the Sales Line Details FactBox shows the number of discounts available. Click this link to see the available line discounts.

The best price is defined as the lowest possible price with the highest possible line discount on the order date. This functionality is illustrated in the "Set Up Sales Line Discounts" demonstration.

Demonstration: Set Up Sales Line Discounts

Scenario: A representative of customer 30000 calls Susan, the order processor, to order 20 units of item 1972-W. The order date is 01/25/10. The customer also inquires about the total price of the purchase, as well as the granted discount (if any).

Susan must create a sales order and inform the customer about the price. She may also investigate whether there are other conditions that the customer may want to accept to obtain a better price.

Before beginning this demonstration, Susan assigns this customer to the customer price group Wholesale1 as instructed by Kevin, the sales manager.

Follow these steps to assign customer 30000 to the Wholesale1 customer price group:

1. On the **Sales & Marketing** page, click **Order Processing** and then click **Customers**.
2. Open the customer card for customer 30000.
3. Expand the **Invoicing** FastTab.
4. In the **Customer Price Group** field, enter WHOLESAL1.
5. Click **OK** to close the customer card.

Follow these steps to create the sales order and review the sales pricing:

1. On the **Customers** list page, with customer 30000 selected, click **Sales Order** on the Action Pane.
2. Press ENTER or TAB.
3. Accept any messages.
4. On the **Lines** FastTab, in the **Type** field, select Item.

5. In the **No.** field, enter 1972-W.
6. In the **Quantity** field, type 20.

1006 · John Haddock Insurance Co.

General

No.: 1006 Document Date: 1/28/2010

Sell-to Customer No.: 30000 Requested Delivery Date:

Sell-to Contact No.: CT000003 Promised Delivery Date:

Sell-to Customer Name: John Haddock Insurance Co. Quote No.:

Sell-to Address: 10 High Tower Green External Document No.:

Sell-to Address 2: Salesperson Code: P5

Sell-to Post Code: MO2 4RT Campaign No.:

Sell-to City: Manchester Opportunity No.:

Sell-to Contact: Miss Patricia Doyle Responsibility Center:

No. of Archived Versions: 0 Assigned User ID:

Posting Date: 1/28/2010 Status: Open

Order Date: 1/28/2010

Type	No.	Description	Quantity	Unit Price Excl. VAT	Line Amount Excl. VAT	Line Discount %
Item	1972-W	SAPPORO Whiteboard, black	20	850.00	13,600.00	20

Invoicing: 30000 | CM | 1/31/2010

Shipping: MO2 4RT | 1/28/2010 | Partial

Customer Sales History...

Customer No.: 30000

Quotes: 0

Blanket Orders: 0

Orders: 6

Invoices: 0

Return Orders: 0

Credit Memos: 0

Pstd. Shipments: 5

Pstd. Invoices: 2

Pstd. Return Rece...: 0

Pstd. Credit Memos: 0

Sales Line Details

Item No.: 1972-W

Availability: -20

Substitutions: 1

Sales Prices: 3

Sales Line Discounts: 2

Notes

Click here to create a new note.

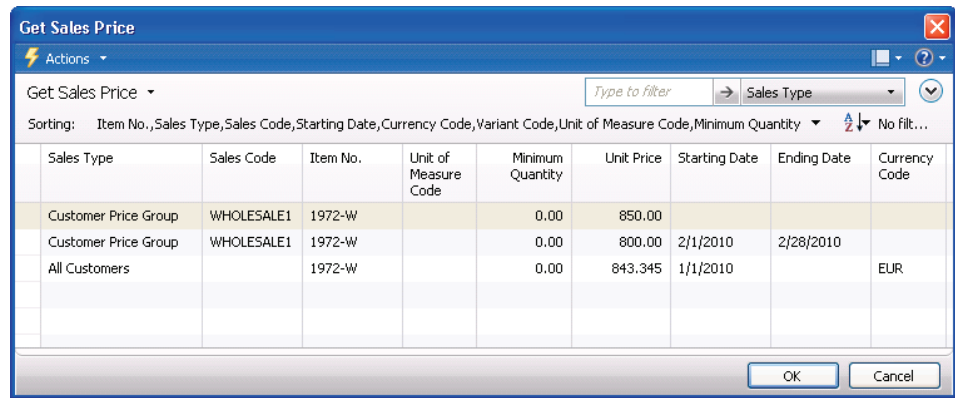
FIGURE 2.6 SALES ORDER TO CUSTOMER 30000 FOR ITEM 1972-W WITH A 20% LINE DISCOUNT

By looking at the values in relevant fields, Susan informs the customer that the total price for the 20 pieces of the item is 13,600 LCY (based on the unit price of 850 LCY and a discount of 20 percent). This is the best price the customer can receive considering the terms of this sale.

At the same time, as indicated by the numbers next to the **Sales Prices** and the **Sales Line Discounts** fields in the Sales Line Details FactBox, Susan may check the terms that determine whether the customer is allowed to receive an even better price/discount.

Follow these steps to check the customer's sales terms:

1. On the Sales Line Details FactBox, click the **Sales Prices** link.
2. Add the **Currency Code** field using the Choose Columns feature. Reopen the **Get Sales Price** page to activate changes.



Sales Type	Sales Code	Item No.	Unit of Measure Code	Minimum Quantity	Unit Price	Starting Date	Ending Date	Currency Code
Customer Price Group	WHOLESALE1	1972-W		0.00	850.00			
Customer Price Group	WHOLESALE1	1972-W		0.00	800.00	2/1/2010	2/28/2010	
All Customers		1972-W		0.00	843.345	1/1/2010		EUR

FIGURE 2.7 SALES PRICES FOR CUSTOMER 30000 FOR ITEM 1972-W

The **Get Sales Price** page suggests that if the purchase of item 1972-W was paid in Euros instead of the local currency, the unit price is more favorable. Assume that the customer accepts this condition.

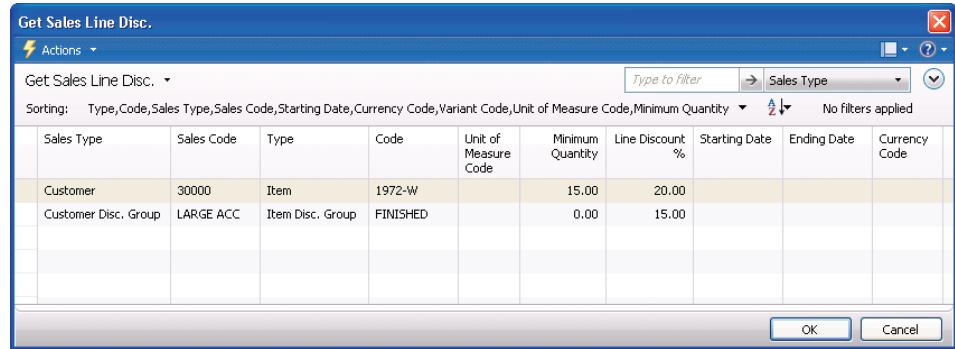
Follow these steps to update the sales lines:

1. Click **Cancel** to close the **Get Sales Price** page.
2. Expand the **Foreign Trade** FastTab.
3. In the **Currency Code** field, enter EUR.
4. Click **Yes** to change the currency code.

The unit price copies from the sales prices table to the **Unit Price Excl. VAT** field on the sales line and recalculates the line amount value.

Follow these steps to check the line discounts that exist for a combination of the customer and item:

1. On the Sales Line Details FactBox, click the **Sales Line Discounts** link.
2. Add the **Currency Code** field using the Choose Columns feature. Reopen the **Get Sales Line Disc.** page to activate changes.



The screenshot shows a dialog box titled "Get Sales Line Disc." with a table of discounts. The table has the following columns: Sales Type, Sales Code, Type, Code, Unit of Measure Code, Minimum Quantity, Line Discount %, Starting Date, Ending Date, and Currency Code. The data is as follows:

Sales Type	Sales Code	Type	Code	Unit of Measure Code	Minimum Quantity	Line Discount %	Starting Date	Ending Date	Currency Code
Customer	30000	Item	1972-W		15.00	20.00			
Customer Disc. Group	LARGE ACC	Item Disc. Group	FINISHED		0.00	15.00			

FIGURE 2.8 SALES LINE DISCOUNTS FOR CUSTOMER 30000

The records specify that the customer is allowed a 15 percent discount when buying items in the group Finished (to which item 1972-W belongs). There is also a line discount of 20 percent offered individually to customer 30000 when buying at least 15 units of item 1972-W.

Following the "best price" rule, the higher discount for price calculation on the sales line is used. The same rule also determined that because the line discounts do not have a currency code set up as a condition, the program selected the highest line discount available in local currency.

Both the alternative sales price and line discount have been combined when calculating the total sales price. This is because of the condition associated with the sales price setup (**Allow Line Disc.** check box is selected), which allows for this combination.

Lab 2.3 - Offer the Best Price Available to a Customer

Scenario

You are the order processor at CRONUS. Customer 50000 is ordering 200 pieces of item 70200.

Offer the customer the best (least expensive) price for the purchase.

Challenge Yourself!

Create the sales order for customer 50000 for 200 units of item 70200 and review the sales pricing options for the best price.

Need a Little Help?

1. Create the sales order for customer 50000 for 200 units of item 70200.
2. Review the sales line discounts to check if this is the best price offer.
3. Review the sales prices to check if there is a better price offer.
4. Update the sales order line to provide the best price offer.

Step by Step

Follow these steps to create the sales order:

1. On the **Sales & Marketing** page, click **Order Processing** and then click **Sales Orders**.
2. Click **New** and then press ENTER or TAB.
3. In the **Sell-to Customer No.** field, enter 50000.
4. On the **Lines** FastTab, in the **Type** field, select Item.
5. In the **No.** field, enter 70200.
6. In the **Quantity** field, type 200.

The **Line Amount Excl. Vat** field should be 221.00. The **Line Discount %** field shows 15.

Follow these steps to review the discounts and update the sales lines:

1. Click the **Sales Line Discounts** link in the Sales Line Details FactBox. The **Get Sales Line Disc.** page shows that because customer 50000 belongs to the Retail Customer Disc. group, this customer receives a 15 percent line discount.
2. Close the **Get Sales Line Disc.** page.

3. Click the **Sales Prices** link in the Sales Line Details FactBox. The **Get Sales Price** page shows that the customer can obtain a better price by ordering in boxes instead of pieces.
4. Close the **Get Sales Price** page.
5. In the **Unit of Measure** field on the sales line, enter BOX and then click **OK**.
6. In the **Quantity** field, type 2.

Now the **Line Amount Excl. VAT** field is 170.00. This represents a combination of the sales price for purchasing in boxes instead of pieces and the sales line discount for this customer. The best price for the customer is 170.00.

Invoice Discounts

Independent of the line discounts, sales representatives may also offer customers an invoice discount. This is based on the whole invoice amount. Invoice discounts are given if the invoice is larger than a minimum amount.

Different from line discounts, which calculate by the program automatically as soon as the sales line is created, automatic calculation of invoice discounts is an option that companies may decide not to use. This option is set up in **Sales & Receivables Setup**.

The **Calc. Inv. Discount** and the **Calc. Inv. Disc. per VAT ID** check boxes define how the program automatically calculates the invoice discount amount for sales documents.

Sales representatives use the customer invoice discounts table to define the rules for discounts and service charges for different customers. They set up the invoice discount code for which a set of terms - a minimum amount, discount percentages, and service charges - can be specified.

The program fills in the code for the invoice discount in the **Invoice Disc. Code** field on the **Invoicing** FastTab of the customer card automatically when a new customer is created. The program uses the customer number as a default value when creating the invoice discount code because, typically, invoice discounts are granted to the customers individually.

Follow these steps to review the invoice discounts set up on customers 10000 and 49633663:

1. Open the customer card for customer 10000.
2. Expand the **Invoicing** FastTab. The value in the **Invoice Disc. Code** field matches the customer number.

Users can set up several discount groups to assign the customers with the same invoice discount type by replacing the default code with a different code. This code is entered in the **Invoice Disc. Code** field for each customer receiving the same invoice discount.

3. Open the customer card for customer 49633663 and review the **Invoice Disc. Code** field on the **Invoicing** FastTab.

Instead of the customer number, the invoice discount code is specified as A.

After the invoice discount code is specified, the terms under which a discount can be granted are specified in the **Cust. Invoice Discounts** page.

4. On the **Related Information** menu, point to **Sales** and then click **Invoice Discounts**.

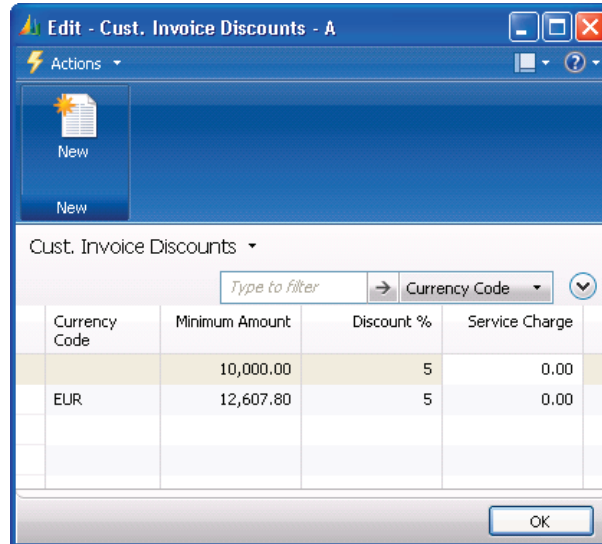


FIGURE 2.9 INVOICE DISCOUNTS FOR CUSTOMERS IN GROUP A

Customers in group A receive an invoice discount of five percent, based on one minimum invoice amount in local currency and another minimum invoice amount in a specified foreign currency.

The **Cust. Invoice Discounts** page also lets the user specify a service charge amount the customer must pay on a purchase whose total amount is below a specified minimum amount.

Invoice Discount Functionality

After the invoice discount code and the associated terms have been set up, the program enables the user to calculate the invoice discount when invoicing a specific customer.

Depending on the specifications in **Sales & Receivables Setup**, this calculation can be initiated manually or performed automatically.

To initiate the calculation of the invoice discount, use the function called **Calculate Invoice Discount** on the sales order/invoice. The calculated amount of the invoice discount can be verified in the **Sales Order Statistics** page.

Allow/Disallow Discounts

Alternative (often reduced) sales prices can be combined with line and invoice discounts. The option of allowing line discounts is available on the customer card, a line in the **Customer Price Groups** page, and a price line in the **Sales Prices** page.

The status of the **Allow Line Disc.** field on a price line in the **Sales Prices** page has priority over the setting of the same field in the **Customer Price Groups** page and on the customer card. For example, the line discount is granted to the customer - even if it is disallowed for the customer in question - if the sales price to which they are allowed justifies the line discount.

According to this rule, if the user wants to stop offering line discounts to a specific customer, they have the following alternatives:

- Clear the **Allow Line Disc.** check box in the **Sales Prices** page for the lines that allowed the customer to a special price.
- Assign the customer to a customer price group for which a line discount is disallowed in relation to all sales prices.

Where no alternative sales prices records exist, clear the **Allow Line Disc.** check box on the customer card for the customer.

Similar principles apply when controlling invoice discounts, with the differences that:

- The option of (dis)allowing invoice discounts is associated with the item (and found on the item card).
- The option can be (de)activated on the sales line (or sales price line if such one exists).

Summary

Sales Prices and Discounts deals with the way sales prices and discounts are set up and maintained in Microsoft Dynamics NAV depending on the special agreements made with the customers. Sales Prices and Discounts are both important aspects of providing the best possible service and maintaining long-lasting relationships with customers.

Test Your Knowledge

Test your knowledge with the following questions.

1. Which of the following batch jobs are used to update pricing information on item cards?
 - Update Item Costs/Prices
 - Adjust Item Costs/Prices
 - Adjust Cost - Item Entries
 - Update Cost - Item Entries

2. What information is available about sales lines from the Sales Line Details FactBox on the sales order? (Select all that apply)
 - Sales price information
 - Sales invoice discount information
 - Sales line discount information
 - Sales order total discount information

3. Explain the purpose of the Sales Price Worksheet and then how to process information in it.

4. What conditions can you specify when setting up sales prices? (Select all that apply)
 - The customer must belong to a particular customer group.
 - The purchase must be made by a particular buyer.
 - The purchase must be made within a certain period.
 - The purchase must be made in a specific unit of measure.

Fill in the blanks to test your knowledge of this section.

5. Item-related discounts are referred to as _____ discounts.
6. Clear the _____ Line Disc. check box on a customer card to prevent line discounts for a customer.
7. _____ discounts are granted on the basis of the total invoice amount independent of the item(s) sold.
8. Payment discounts are granted if the _____ invoice amount is paid within the specified time period.

Quick Interaction: Lessons Learned

Take a moment and write down three Key Points you have learned from this chapter:

1.

2.

3.

Solutions

Test Your Knowledge

1. Which of the following batch jobs are used to update pricing information on item cards?
 - Update Item Costs/Prices
 - Adjust Item Costs/Prices
 - Adjust Cost - Item Entries
 - Update Cost - Item Entries
2. What information is available about sales lines from the Sales Line Details FactBox on the sales order? (Select all that apply)
 - Sales price information
 - Sales invoice discount information
 - Sales line discount information
 - Sales order total discount information
3. Explain the purpose of the Sales Price Worksheet and then how to process information in it.

MODEL ANSWER:

Provides users an overview of the existing pricing structure (either based on item prices or alternative sales prices), where he or she can simulate, rearrange, and update price information in a consistent and efficient way. Information can be entered manually or suggested using batch jobs, and then made effective using the Implement Price Change batch job.

4. What conditions can you specify when setting up sales prices? (Select all that apply)
 - The customer must belong to a particular customer group.
 - The purchase must be made by a particular buyer.
 - The purchase must be made within a certain period.
 - The purchase must be made in a specific unit of measure.

Fill in the blanks to test your knowledge of this section.

5. Item-related discounts are referred to as line discounts.
6. Clear the Allow Line Disc. check box on a customer card to prevent line discounts for a customer.
7. Invoice discounts are granted on the basis of the total invoice amount independent of the item(s) sold.
8. Payment discounts are granted if the total invoice amount is paid within the specified time period.

