MYOB Exo Business White Paper

Pricing and Discounting

Last modified: 8 June 2017

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Overview

MYOB EXO Business includes comprehensive mechanisms in for automatically determining appropriate prices to be offered to customers for goods, dependent on a number of pre-set pricing rules. These rules make up your pricing policies.

The purpose of this white paper is to illustrate the options available, and to detail the mechanisms involved, so that you can decide which methods will best suit a particular business scenario. It presupposes a reasonable level of familiarity with Stock control, EXO Business configuration (EXO Config), and the invoicing functionality in EXO Business.

Rationalizing Pricing Strategies

EXO Business allows for a very precise level of control of customer/product pricing, down to a single customer against a single stock item if required. However, the application of pricing and discount rules can quickly become difficult to maintain if too many pricing rules are in operation at once.

If pricing and discount policies are employed, it is strongly recommended that someone within the organisation gain a thorough understanding of their behaviour, and that due consideration is placed on designing rational pricing schemes at the outset to ensure successful long-term operation.

A guiding principle should be to use the method that is the **simplest possible**, using groups of customers and groups of products wherever possible, and avoiding singular or unique price rule exceptions. The most common failure of discounting schemes is setting too many price rules to too fine a specification resulting in an accumulation of redundant or outdated price rules. A degree of discipline is required in order to prevent an accumulation of unique price rules, which are easy to create but not so easy to maintain for every customer over a period of time. Accordingly, there are a number of security controls that can be employed to control who can create or change pricing policies.

Terminology

There are several key principles that should be understood before describing how prices are formulated in EXO Business. The following terms used extensively in this white paper; this section can serve as a glossary until the terms become familiar.

Price Names

Price names represent the names of various customer price lists. There are ten price names configured as standard although some businesses have added more. These are set up in EXO Config at **Admin > Stock > Price Names**. Using these ten prices you can define price values for each stock item. Each customer is also assigned one price level. Any % discounts offered as part of discount policies or manually applied at time of sale, are applied against these "base" prices.

Stock Price Groups

Stock Price Groups allow you to collect similar products together that may share common pricing but are distinct products. Example whiteboard markers are stocked and sold in different colours but are all the same price, any discount policies that refer to them refer to every colour in the range. Using Stock price Groups you need only change the policies relating to the group and not every individual colour. Stock Groups are set up in EXO Config at **Admin > Stock > Stock Price Groups**.

Price Rules

A price rule defines a product or list of products with a discount percentage, or substitute price together with conditions that activate the rule. Price policies (See below) are collections of price rules. A single price rule can involve a single product or an entire group of products.

Substitute Price

Price rules can involve a discount factor or can be a substitute dollar price. Even for an entire product group range.

Price Policies (Shared)

Price Policies are collections of price rules for products (or groups of products) that can be shared between customers (or whole groups of customers). Using price policies helps you to maintain pricing rules with the least possible elemental changes. Each price policy has a name and notes. A single customer can be attached to many price policies, but a well-rationalised discounting model would avoid this. It might be useful to have one price policy called "Global Policy" to which every debtor price policy group (see below) belongs. This can be used to apply or remove promotional items or specials to your entire customer base with a single entry rather than simply changing the list price.

Debtor Price Policy Groups

These are named groups that allow you to simplify the maintenance of pricing and discounting policies by collecting customers who have similar pricing requirements. A debtor price policy group may be created for a list of debtors with a branch/head office relationship to allow policy changes to take place for the entire group rather than making individual changes. A debtor can be assigned to a single price policy group. It would be unwise to design debtor policy groups that contain debtors in a variety of currencies unless they were to be used only on policies that contained discount based price rules and not substitute prices.

> **Note:** Debtor Price Policy Groups are defined in EXO Config at Admin > Debtors > Debtor Price Policy Groups.

Unique Price Rules

Unique prices are price or discounting rules that are not defined as part of a policy, but are instead defined via the Discounts/Prices tab for an individual account. In some cases these exceptional instances cannot be avoided, but each must be maintained individually from the account that they were created from, and these price rules cannot easily be attached to a pricing policy at a later date. It is worth noting that unique price rules are not shared across Parent/Child account relationships if they are created on the parent account.

Pricing Rule Factors

Price rules can be made up of absolute net prices in dollars, or they can be expressed as discount +- % based on list price. Discounts have the advantage, in that if the list price fluctuates, the selling price fluctuates proportionally. However, net prices are often used to avoid inconveniently rounded net unit prices that can result from discounting.

Price Rule Conditions

1. Minimum Quantity (1 is the default)
2. Active Date Range - Start Date and Stop Dates Inclusive

Pricing and Discounting Practices

There are a number of business practices commonly employed, either to encourage a customer to continue trading with you, or to induce them to trade on terms that best suit you. These are detailed below.

Invoice Line Discounting

Line discounting is the most widely used method of offering preferential pricing and is covered extensively in this white paper. This is where the base (or list) price of a stock item is discounted by a positive or negative percentage, or the unit price is altered directly **at time of invoice or order entry.** This is either by the automatic application of a price rule, or manually being applied by the user in the invoice line. If a discount percentage is offered, this appears as a separate column on the entry screen and the invoice line total is shown with discount removed. The appearance of discount amounts (or overwritten prices) on business forms such as packing slips, invoices, quotations etc. is subject to user preference using the Clarity form design tool.

Discounting is generally a more popular way to provide a preferential price than adjusting the unit price directly (which is also well supported in EXO Business). This is because:

- It clearly distinguishes an amount that a customer pays from the perceived "public" price and quantifies that benefit on the invoice.
- Discounting requires less maintenance, as it adjusts proportionally when the base selling price is changed.

Invoice Total Discounts

This practice is <u>consciously eliminated from EXO Business by design</u>, due to the subsequent difficulties in analysing profitability by invoice line. If you want to "round off" an invoice by discounting the total of an invoice, we recommend applying the discount to a line on the invoice.

Prompt Payment Discounts

Prompt payment discounts (also referred to as statement, or deferred discounts) are discounts offered for timely payment and can be claimed by the debtor. When the discount is claimed, a tax credit note is issued for the discount amount. The credit note need not be sent to the customer, but the customer's statement must clearly show the amount of discount available and the net value to be paid if paid on time. Prompt payment discount given will not be analysed proportionally against the products already sold. Therefore the selling price and profit will appear inflated on sales reports that do not take PPD into account.

Other Discounting Methods

The following variations of discounting have been deployed on particular EXO Business sites but are not defined as standard methods.

Loyalty or Points Schemes

Advanced EXO Business implementation partners are known to have exploited EXO Business's inherent flexibility and have employed SQL triggers, SQL stored Procedures, Extra Fields and custom reports in EXO Business to develop bespoke rebates or points-based loyalty discounting schemes. Where the sale of particular products adds to accumulator totals on the account, reports are periodically produced showing the credit due. A credit note is generated manually for a "POINTS" stock code and the accumulative totals are zeroed. MYOB has no plans to standardize a points method at this time because generally there are unique requirements for each scheme.

Buying Group Premiums

Administration companies often get their operating income from a taking a commission on each stock line bought by their members. A common requirement is for the packing slips and pro-forma invoices that are sent to the member to exclude the discount offered to the buying group. Therefore these documents are displayed at a false, inflated value. This is done by calculating amounts, using appropriate logic and formulas, in the Clarity form. The form should not be titled as a tax invoice. The invoices for the buying group administration are usually printed in bulk using the Batch Invoice Print option. These are attached to a group statement to save postage.

Rebates or Vendor Discount Schemes

A company may offer a distribution service for a manufacturer. The manufacturer agrees to a particular selling price, which yields a profit that covers operating costs. Where a customer has a price below the set selling price a rebate can be reclaimed from the manufacturer. Several EXO Business users accommodate this method, but they do this using custom features in EXO Business (not intended for general use), combined with custom reporting.

Supplier Promotions

A supplier (or buying group) may offer a limited number of units to be ordered at a special price. When taking orders from your customers you may wish to promote this product for the first X number of orders taken.

A common way to handle this is to use the linked stock code function to create a "PROMO" code linked to that stock item. If the suppliers promotion is not limited by quantity, but is based on orders received during a given time frame then the best method would be to create a promotional price with an appropriate date range on a global price policy.

Setting and Maintaining Base Sell Prices

Some businesses can run based quite effectively using a single price list. A retail cash sale business for example may expect little repeat business from their customers, so there is no benefit in negotiating or maintaining permanent preferential pricing rules based on repeat business. Setting up and maintaining the base price list prices (on which any discounts will operate) is therefore a prerequisite step before pricing rules can be considered.

Individual via Stock Details Screen

Sell prices can be maintained on an individual basis from on the Details 1 tab of the Stock Item Details window. If more than eight Sell Price names are active, a scroll bar will appear.

If there are a large number of products to maintain, then this method can be quite inefficient.

Expected Margin/ GP Variance by Stock Group

Products and services can be organised into stock groups. These are maintained in EXO Config at **Admin > Stock > Stock Groups**.

Each Stock Group has an option to set an Expected Margin, together with an allowable variance from this expected margin. The variance below indicates that a margin of 40% plus or minus 5% is acceptable, i.e. 35% to 45% inclusive.
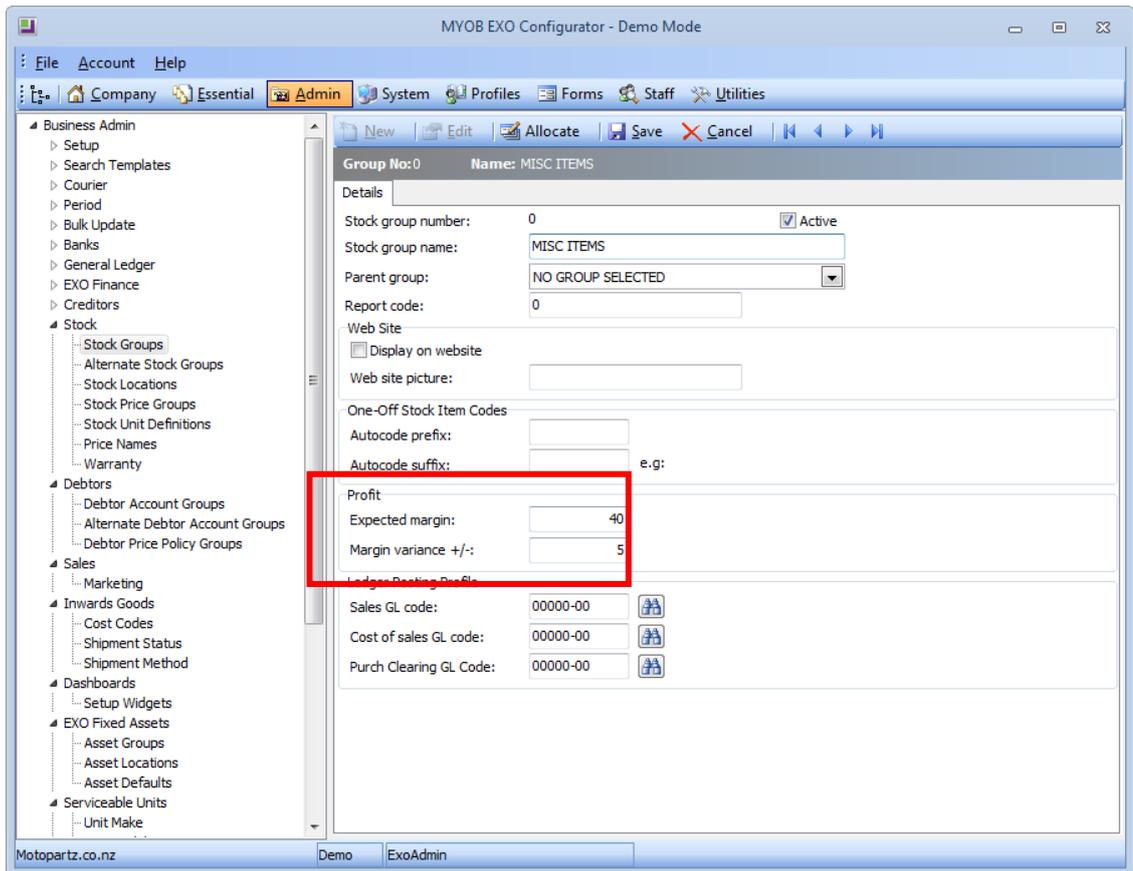
Base Price Names and Pricing SQL

Each price name (ten are provided for in the standard database) can have an associated price formula known as the **Price SQL**, and a **Currency**:
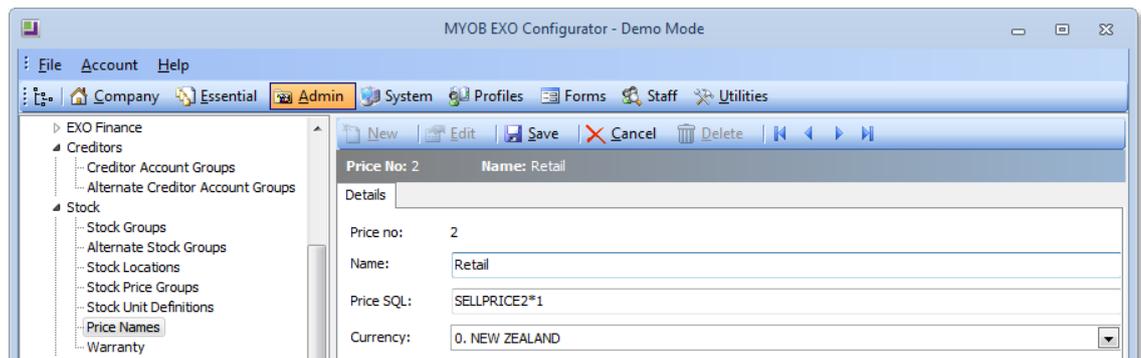
The **Price SQL** represents any valid SQL formula involving any field present on the STOCK_ITEM record (including Extra Fields). This can be any standard mathematical function present in MS SQL.

> **Note:** Extra Fields can in themselves be calculated fields.

Commonly used fieldnames are:

- SELLPRICE1 ….SELLPRICE10
- AVECOST
- STDCOST

Additional variables provided for formulation are prefixed with an @ symbol and are:

- @Currency (The current exchange rate for the nominated currency)
- @Newprice

Common examples might include:

- Price should be equivalent to Average Cost Plus 30% Mark-up
  AVECOST/0.70
- Price should be equivalent to standard cost Plus 30 Margin
  STDCOST*1.30
- Price should be equivalent to Retail price (Sellprice2) less 10%
  SELLPRICE2*0.9
- Price Should be equivalent to Sellprice1 in this price names Foreign Currency
  SELLPRICE1/@CURRENCY
- Price should be equivalent to Average cost + 33% rounded down and then
  rounded back up to just under the next dollar. Eg $5.99. Floor is an MSSQL only
  function.
  FLOOR (AVECOST*1.33)+0.99

> **Note:** SELLPRICEN on its own is a valid formula.

These price formulae can be useful in margin reporting. Also, for each stock item, the pricing in relation to these formulae can be monitored and reviewed using the Sell Price Formulation function.

To use the Sell Price Formulation function:

1. Go to the Account> Stock Items Details screen.
2. Click the **Sell Price Formulation icon** (blue calculator) on the Stock Item toolbar:
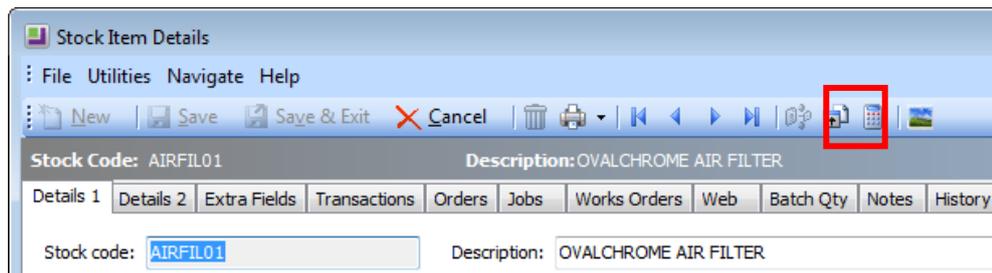
The following window is displayed:

Green or Red arrows show margins outside the expected GP variation range for this stock group. A "−" sign shows that the margin is within the expected range.

The New Price column suggests a theoretical price for this item based upon the defined formula for each price name. This can be applied to any or all of these prices if chosen.

Cost prices used to formulate current GP can be selected, but the default will be the cost basis selected for the company in EXO Config at **Business Essentials > General Settings**.

Only price names with valid price formulae will appear on this screen.

> **Note:** The availability of this functionality is governed by two user profile settings: Show Price Formulations must be set to 'Y' and Stock Costs Hidden must be set to 'N'

Cost Price Change Method (Continuous)

This method is centred on the principle of **maintaining existing margins** by prompting to proportionally adjust selling prices in line with any changes in cost price. This pre-supposes that customers will accept price changes without prior notification.

When goods are receipted and costed and the cost differs from the previous average cost, a window will appear for each stock item affected, giving the opportunity to review and reset the selling price if necessary.

Often the staff member in the purchasing department who is responsible for costing the goods is not the correct person to be updating selling prices, so another suggested method is to add profitability information on the costing sheet. A member of the sales and marketing department can then review pricing based on the reported changes as a separate process.

The availability of this functionality is governed by three profile settings:

- Stock Costs Hidden – User profile that attempts to prevent users from seeing cost prices while browsing the stock records.
- Check Prices when Costs Change – Custom level User profile that enables the display of the price review pop up screen if the cost price of the item has changed on a purchase order or creditor invoices (using stock), prompting the operator to reset the sell prices in order to maintain the same percent margin.
- Cost change check threshold – Custom user profile that sets the minimum percentage variance in landed cost (local currency) required to activate price review popup screen.

Price Update Utility

The Price Update Utility is available as a menu option, and is used to review and change base sell prices and cost prices (excluding average cost) for ranges of stock items at once.

The Price Update Utility works by setting a price equal to another price multiplied by a specified amount. The above example will set the Internet Price to whatever the trade price is plus 20%, but only for those stock items in the "ENGINE" Stock Group.

Price Change Scheduler Utility

The Price Change Scheduler is a menu option that allows you to prepare base price changes for ranges of stock items in advance and schedule these price changes to be applied at a certain date and time.

Some examples of use include:

- 24-7 operations operating Internet Shopping businesses where customers may be ordering at all times of the day or night and where any price changes must be instantaneous across the range of products affected.
- Businesses that operate on the basis that customers must be formally notified of price changes in advance. Once again the price scheduler can be useful to produce a proposed price list in advance.
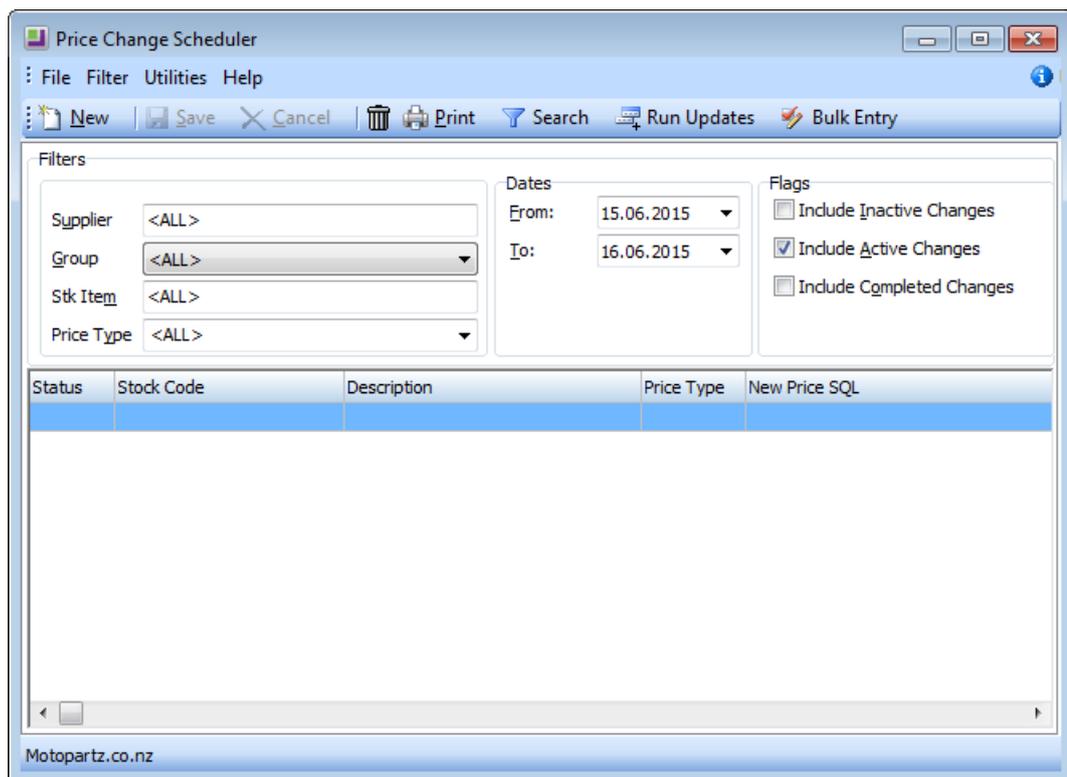
Price Warnings

EXO Business can be set up to alert suspicious selling prices at the time of invoicing. This may occur because the cost price has changed, the selling price has been mis-keyed, or there is confusion over the unit of sale. Price warnings not only alert of selling below expected margins, but also above expected margins.

This option is set via the **Sales entry price exception warning level** a profile setting.

Price Rules and Price Policies

Once the base prices are established, Price Rules can be applied that govern the prices (or discounts) offered on an invoice line.

Price Rules that are created directly from inside the Debtor account on the Discount/Prices tab, rather than via the setup Price Policy screen are known as Unique Price Rules. These prices will only apply to the Debtor Account the user created them in.

As individual Unique Price Rules can be applied that govern the prices (or discounts) offered on an invoice line, several Price Rules can be collected together under a Price Policy. These can then be offered to any customers who have similar buying patterns.

Unique Pricing Rules

To create a new Unique Price Rule:

1. Open the required Debtor account and go to the Discounts/Prices tab. Click the **New Price Rule** button.
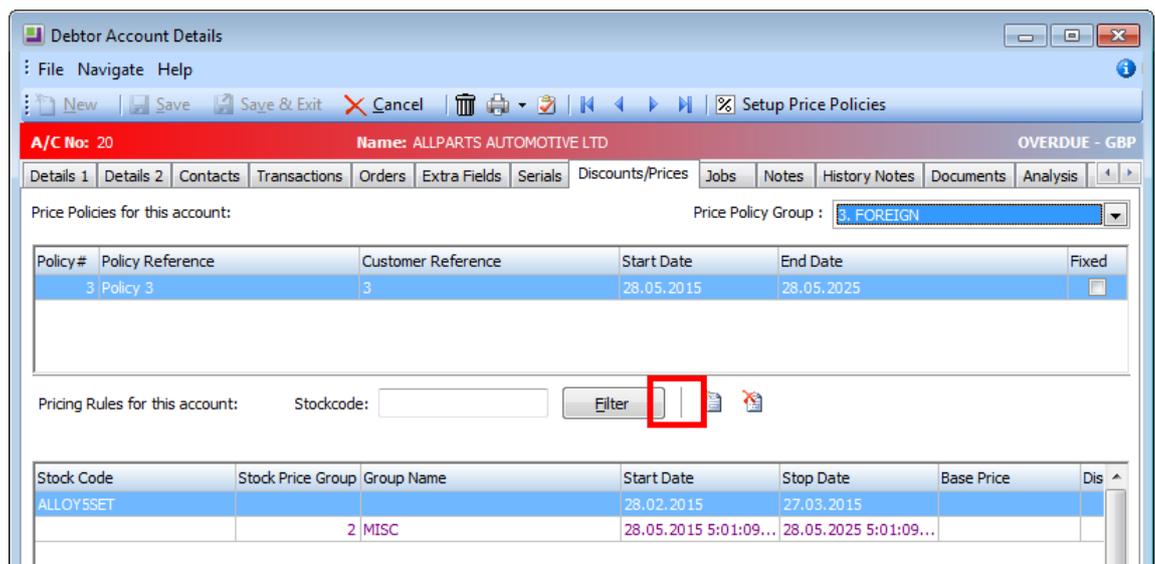
2. The Stock Price Rule window is displayed:

Field	Setting
Stock code **Stock price group**	Select whether this discount is for an individual stock item or an entire stock group. If activate by stock code was selected, this field will be available to enter the stock code that this discount will apply to. If activate by stock group was selected, this field will be available to select the stock group from a drop-down list that this discount will apply to. The list of stock groups available will depend upon your choice of whether to use Stock price groups or use Stock groups when creating price rules.
Discount (%) Factor	Enter the discount percentage that the selected debtors are to receive once they purchase the required quantity. The discount will work off the price level that is assigned to the selected debtor(s).
Base Price	Select the base price you wish to use as the basis for calculating the new price. Please note that the base price used will depend upon that which is selected on the debtor. This dialogue serves only to review the new price if the selected discount was applied. This box is disabled when the substitute price mode is selected. The dialogue will be grey if the selection is anything other than Stock item, because the prices of individual items within the group will vary and therefore a theoretical unit price cannot be shown.
New Price	If the selection is by Stock item, then the calculated unit price is displayed after discount is removed from the base price selected.

Substitute Price	Actual dollar price value to be used in place of the base price if the price rule conditions are met.
Sell Price Band #	Select to vary the price pointer(Price Band) by stock item or stock group (e.g. a customer may pay retail for some items and trade for others).
Minimum quantity	Specify the minimum quantity that is to be purchased in order to receive a discount. You can have several rules that represent each threshold of minimum order quantity.
Date range	Enter the discount percentage that the selected debtors are to receive once they purchase the required quantity. The discount will work off the price level that is assigned to the selected debtor(s).

3. Select a Stock Item or group. The Regular price is automatically displayed.
4. Complete the price rule, Minimum quantity and the Start date and Stop date fields.
5. Click **OK** to add this Unique Price Rule to the Debtor account.

Pricing Policies

Price Policies are a collection of Price Rules. Price Polices can then be associated to customers who have similar buying patterns.

Related Profiles

The following options should be selected from EXO Business Config> Profiles:

- Debtor discount/price policy access level – User profile. Select an editing level to enable this user to view and edit a Debtor Discount/Price policy.

    o Hide - Hides the discount/price policy page on Debtor Account Screen

    o View Only - Shows discount/price policy page but will not be able to edit or drill to the discount/price policy details

    o Edit - Shows discount/price policy page and full access to discount/price policy details

- Automatically calculate discounts on debtor invoice lines – Company profile. Select to enable setting of Discount Policies so that the discounts by line can be automatically pre-determined for each customer on various stock items and stock groups.

- Allow debtor line discounts – User profile. Select to allow Debtor Line Discounts for this user.

Setting up Price Policies

To create or set up Price Polices, select the Debtors Utilities > Setup Price Policies from the Utilities menu or click the Setup Price Policies button on the toolbar of the Debtors window when the Discounts/Prices tab is selected.

> **Note:** It is also possible drill to a specific price policy from the price policies grid on the Discounts/Prices tab.

The following window appears:
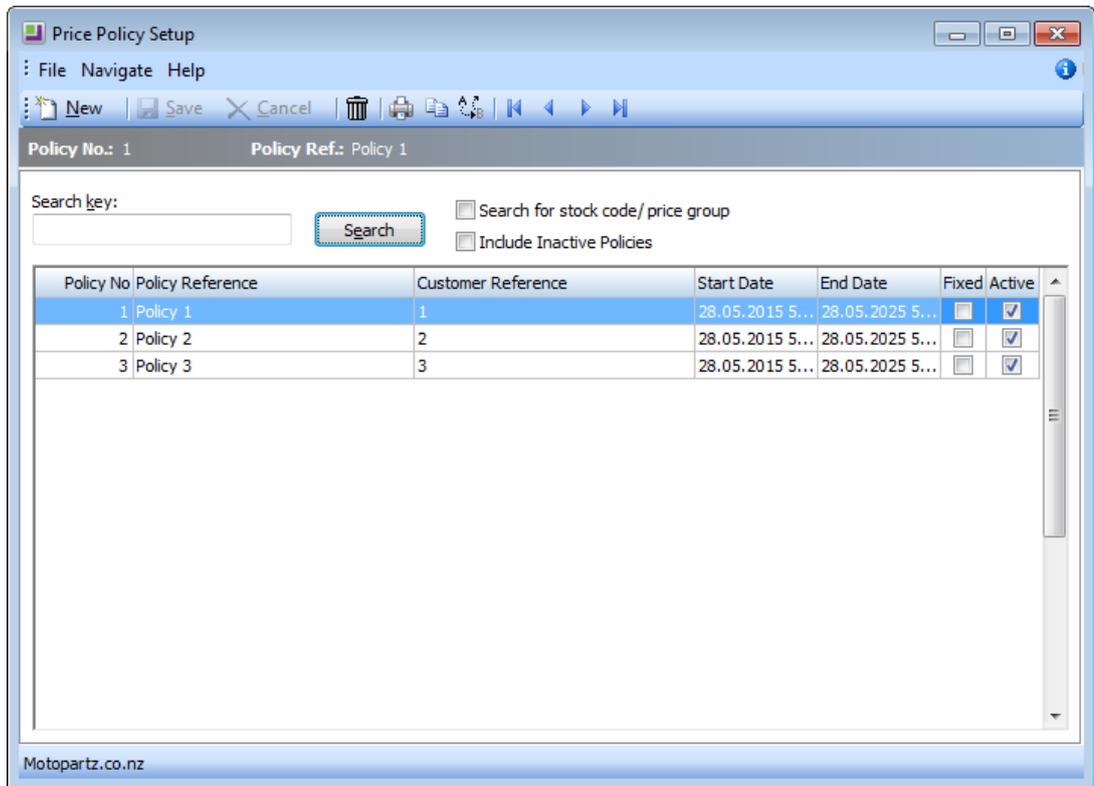
All existing price policies can be viewed, printed, copied, replaced, deleted or edited from this screen.

> **Note:** Printing the selected policy uses the Clarity form PricePolicy.CLF.

To copy a selected policy in order to create a variation of it, click the **Copy Price Policy** toolbar button. The new policy will have the name prefixed with 'Copy of - ' by default.

To replace the currently selected policy with another, click the **Replace Price Policy** toolbar button. The following prompt appears:
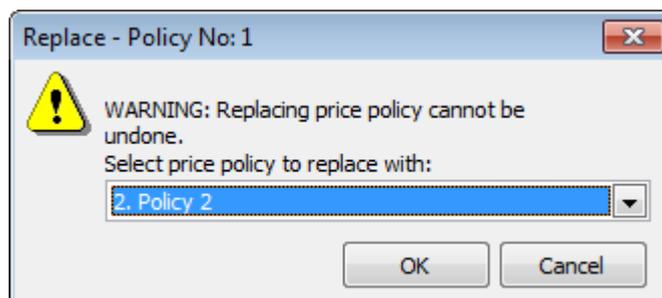
To open an existing policy, double-click a policy or select it and press ENTER. The following screen is displayed:
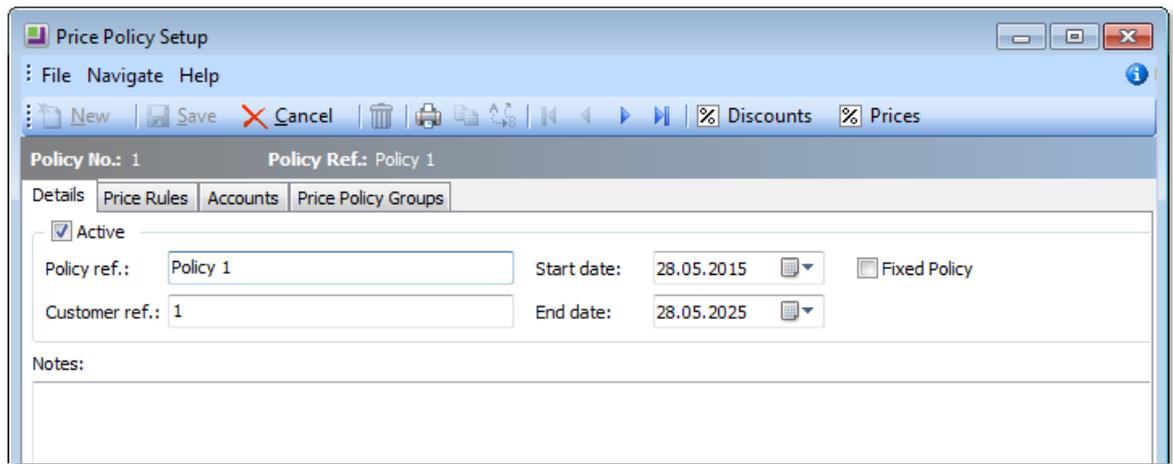
The Price policy set-up screen consists of four tabs, detailed below

Price Policy Details Tab

The main Details tab allows you to record any contractual notes related to the agreements.

Field	Setting
Active	Price policies can be decommissioned or can be suspended temporarily using this flag.
Policy ref.	The "friendly" name by this price policy will be referred to as.
Customer ref.	The customer's own price agreement reference number, if they keep a record of supplier prices and discounts for price checking.
Start date	The Activation date for rules in this policy.
End Date	The review date for price rules contained in this policy and may be the last date on which rules contained in this policy are effective. Price rules can be maintained with individual start/ end dates – or can be tied to the price policy header. If the date on the policy is change, a prompt will appear to update the activation dates on all price rules contained in this policy.
Fixed Policy	This specifies that although lower prices may be available (or may become available in time) that the price rules contained in this policy are absolute and are always applied regardless of normal 'best price' logic. These prices may be considered 'contractually agreed'.

Price Policy Rules Tab

The Price Rules tab contains a list of individual stock items or groups of stock items together with the price rules that are to be applied to this policy.

To create a new Price Rule:

1. Click **Add Item** or press the INSERT key.

2. Follow the same procedure as creating a Unique Pricing Rule (see page 12).
3. After entering the required information click **OK**. The process is then repeated to build a complete set of price rules.

Price Policy Accounts Tab

Once price rules have been created, a list of specific accounts to whom these rules will apply can be created.

The **Add Item** and **Remove Item** toolbar buttons are used to maintain the Debtor Account list, using the standard Account Search functionality.

A well-rationalised pricing scheme will have very few specific Debtors listed on this tab. Instead, debtors will be attached to price policies using the Price Policy Group tab.

Price Policy Groups Tab

Every customer belongs to a price policy group. On this tab you can assign entire groups of accounts to a price policy. See "Stock Price Groups" on page 18.

The **Add Item** and **Remove Item** toolbar buttons are used to maintain the Debtor Account list, using the standard Account Search functionality.

Stock Price Groups

A *Stock Price Group* is an alternative way of grouping together stock items that have the same pricing structure. Price rules can be set up for a Stock Price Group as an alternative to using Stock Groups.

> **Note:** A company profile setting controls the use of stock price groups for organising your pricing rules: Best Price Stock Group. This setting specifies how stock items are grouped for pricing calculation. These can be stock groups or stock price groups.

A good example of the use of Stock Price Groups is a stock item range such as coloured pens. There may be eight different colours of pens with the same price, but they have distinctly different stock codes. Since a Primary and secondary stock group probably refer to a level above a particular model of pen. It is not usually appropriate to set a price rule at stock group level, because prices would vary between models of pen. But a Stock Price Group could be created that contains all the pens that are variants of the same model and have the same price. A price rules can then be created that refers to all variations of that model.

To create a Stock Price Group:

1. In EXO Config, go to Setup > Business Admin Settings (General Setup), and chose the Stock Price Groups option. The following screen is displayed:
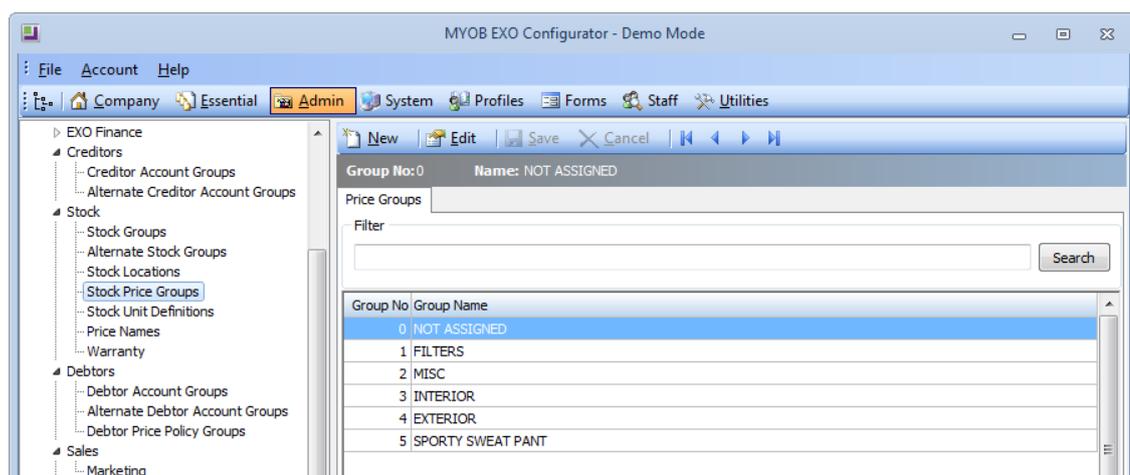
2. Click the **New** button.
3. Enter a name for the group and click **Save**.

This price group is now available on the Details 1 tab of the Stock Item Details window Details 1 tab in the **Price group** field, allowing the stock item to be assigned to that group:
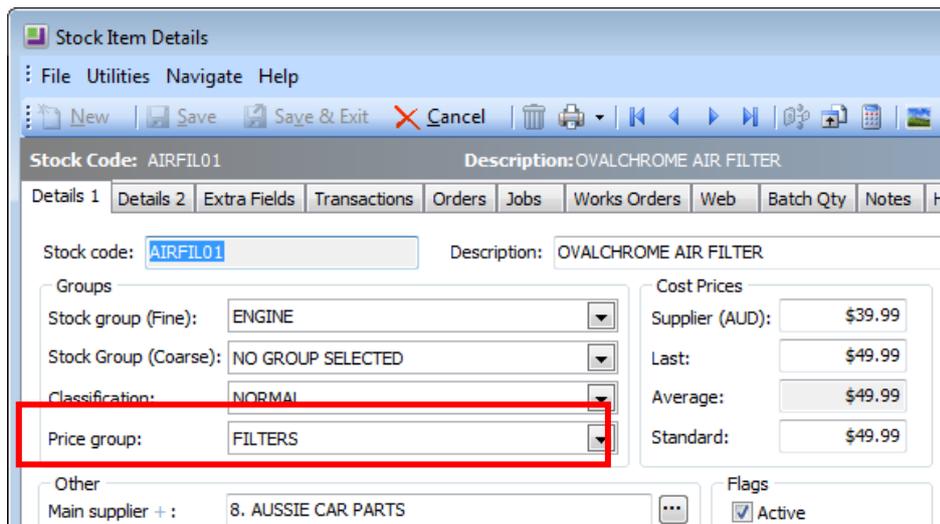
Price Rules for Stock Price Groups

Once the required stock items have the correct stock price groups set for them, price rules can be set up.

Setting a price rule for a stock price group is the same as setting a price rule for a stock item (see page 17). The only difference is the **Stock price group** option is enabled, and a stock group is selected.

Debtor Price Policy Groups

> **Note:** Debtor Price Policy groups were introduced in EXO Business version 6.18x. When upgrading form a version prior to 6.18x, Debtor Price Policy Groups will be populated with the values that exist in your Debtor Primary Account groups by default. This means sites who were previously setting discount policies by account group are now able to use these Debtor Price Policy Groups, and use their primary account group for a more traditional purpose other than defining price models.

To add a Debtor account to a Price Policy Group, open the Debtor account and go to the Discounts/Prices tab. You can select the Price Policy Group form the dropdown at the top of the tab:
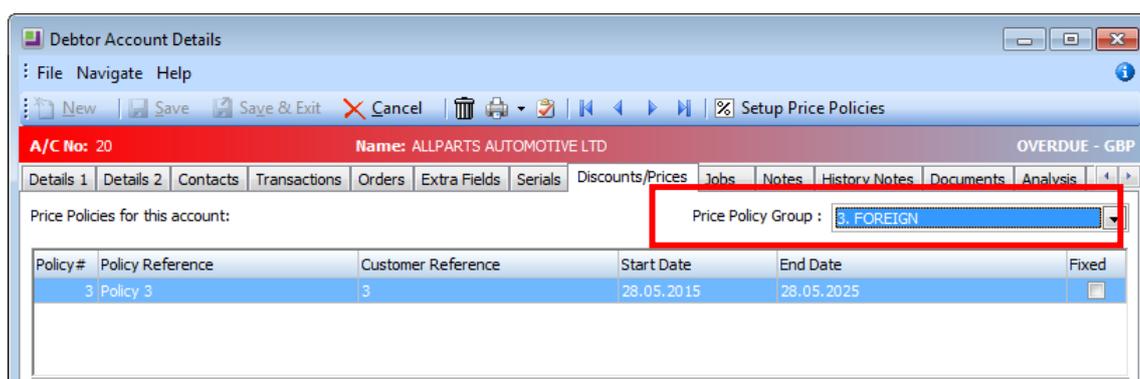
To add a Debtor Price Policy Group to a Price Policy, open the policy from the Price Policy Setup window and go to the Price Policy Groups tab (see page 17). Click the **Add Item** button and select the required Price Policy Group.

Once a Price Policy Group is added to a Price Policy, all accounts that are in that Price Policy Group will receive the prices and discounts of that Price Policy.

Transaction Entry

For convenience in reporting, EXO Business holds the calculated net unit sell price of a stock item: NUNITPR.

This is calculated as:
([UNITPRICE_INCTAX] * (100 - [DISCOUNT]) / 100)

The absolute unit-selling price after discount and Excluding Tax is calculated as:
LINETOTAL / QUANTITY

Obviously there is a potential for rounding whenever dividing a small line total by a large Quantity.

Bear in mind that all these prices are in the customer's currency.

The total price is calculated as:
Total = (@Price – (@Price * (Disc%/100)) * Qty

Many reports resolve the unit price ex tax by taking the Amount/Quantity. This is theoretically correct however can appear as an unusually rounded figure. If this value is shown prominently on your invoices can lead to customer queries.

The debtors invoice line also holds the list price (ListPrice), which is the base price that was initially retrieved before any policies were applied. This allows the displaying of the value of preferential pricing given to the customer when compared to normal pricelist price, e.g. 'Retail less' even when the pricing policy uses an actual set dollar price rather than a discount percentage.

Another useful formula for reporting is the actual amount of discount given off the list price for that stock item for that customer, this includes any price overrides and discount policies.

Discount Value $ = (LISTPRICE*QUANTITY) – LINETOTAL

Price Reports

Pricing Policy Reports

To review the details of a Price Policy, open the price policy and click the **Print** button on the Details tab toolbar (see page 16).

> **Note:** The format of the Price Policy report is controlled by the Clarity form PricePolicy.CLF.

Pricing Rules by Stock Item

To review the details of all Price Rules associated with a stock item, open the stock item record and click the **Print** dropdown on the Details 1 tab toolbar. Select the **Print Price Rules** option.
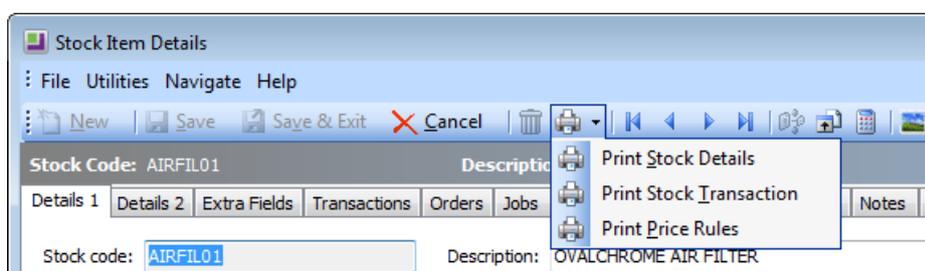
> **Note:** The Clarity form STKPriceRules.CLF controls the format of the Price Rules report.

Customer Price List

To print all the pricing policies applied to a Debtor, open the Debtor account and click the **Print** dropdown on the Discounts/Prices tab toolbar. Select the **Print Price Policies** option.
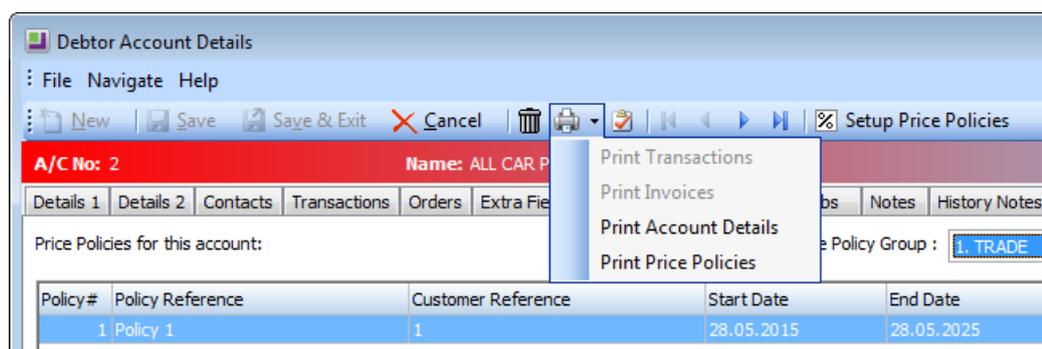
The details of all price rules associated with a specific account can be reviewed. This can be used to produce a pricelist for a customer that incorporates all of the specific pricing policies applied to that customer.

> **Note:** The Clarity form DRPriceRules.CLF controls the format of the Price Rules report.

Show Best Price Formulation

The **Price Formulation** button on the transaction line periscope allows you to display the underlying rules and computational steps taken by the best price procedures in order to arrive at a resulting unit price or discount on a sales invoice or sales order line.
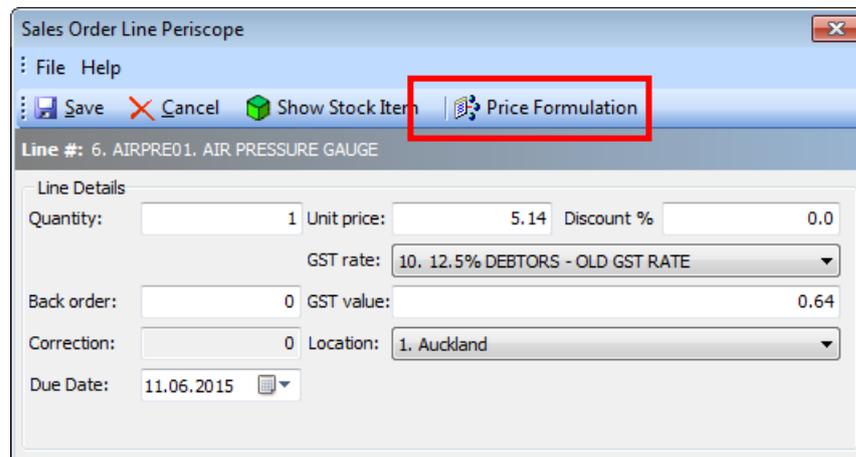
If an unexpected price appears on an invoice line, you can use this function to research the cause.

> **Note:** Expired price rules are shown even though they are not active.

Price Policy Verification and Maintenance

If an undisciplined approach is taken towards pricing policies, it is possible to accumulate multiple pricing strategies that contain redundant or expired rules, and in some cases rules that compete directly with each other. For example, two fixed contract policies containing competing rules for the same stock items for the same customers (or groups) both active at the same time. In this case the best price procedures will select the lower of the two.

Contending fixed price policies should be removed manually as they involve subjective decision as to which one should remain active.

Price Rule Contention

A number of checks are performed to ensure that there are no overlaps in the pricing policies; you may receive a number of warnings that prevent you from creating conflicting price rules.

When attempting to create price rules with identical conditions on contending policies EXO Business will prevent duplicate or overlapping stock price policies and display warnings to prevent an account appearing on the Account tab when it is already referred to in a debtor Price Policy group (or vice-versa).

Prompt Payment Discounts

Prompt payment discounts are discounts offered for timely payment and can be claimed by the debtor. When the discount is claimed, a credit note is issued for the discount amount. Prompt payment discount given will not be analysed proportionally against the products sold.

Prompt payment discounts require a stock code to be set up before use. The EXO Business implementation partner normally performs this. See "Creating a Prompt Payment Stock Item" on page 25. If this is not done, a warning message will appear when using Prompt Payment Discounts.

To set up a Prompt Payment Discount on a debtor, go to the Debtor Account Details > Details 2 tab. In the **Prompt Payment** section enter the discount is set as a percentage in the **Discount (%)** field. After the discount has been calculated the **Amount** field displays the discount amount. Once payment is made, the amount displayed here is 0.

Creating a Prompt Payment Stock Item

Before a Prompt Payment Discount can be credited, a stock item must be created to be used on the credit invoices. An EXO Business implementation partner normally undertakes the following setup steps.

In the EXO Business Config the **Prompt Payment StockCode**, profile setting should be set to the stock code for the stock item that has been created (e.g. PPDISC).

Enter the following fields on the Details 1 tab of the Stock Item Details window:

Field	Setting
Stock code	A code that will be used to call up the stock item.
Description	A description for the stock item.
Groups > Primary	A primary stock group to which the stock item belongs.
Lookup	This field should be checked, as it is not a physical 'stock kept' item.
Ledger Posting Profile	(Details 2 tab) Set the GL account codes as required

Using Prompt Payment Discounts

The sequence of events for running the Prompt Payment Discount is important. Ideally, the Prompt Payment Discount and Statement printing for the month should be run back-to-back, after the month's invoicing and just before End of Period.

It is recommended that the first step is to review the outstanding discounts from the previous month. Doing so will ensure that existing data is not erased.

Calculation of Prompt Payment Discount

To calculate a prompt payment discount, select Utilities > Debtors Utilities > Prompt Pay Discount Calculation. This displays the Set Prompt Payment Discounts window:
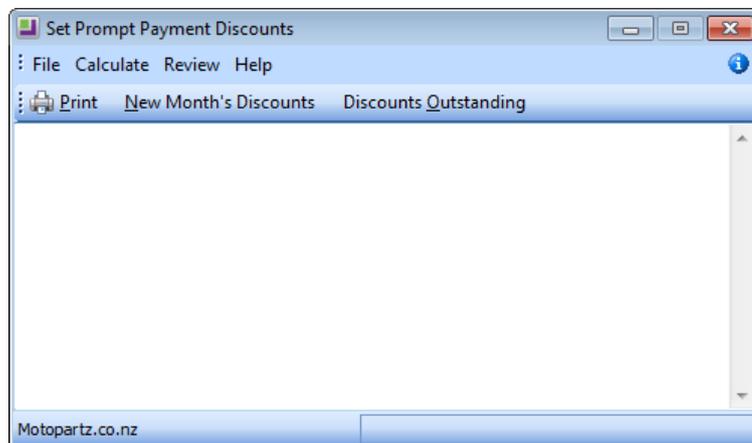
Click the **New Month's Discounts** button—a warning message is displayed:
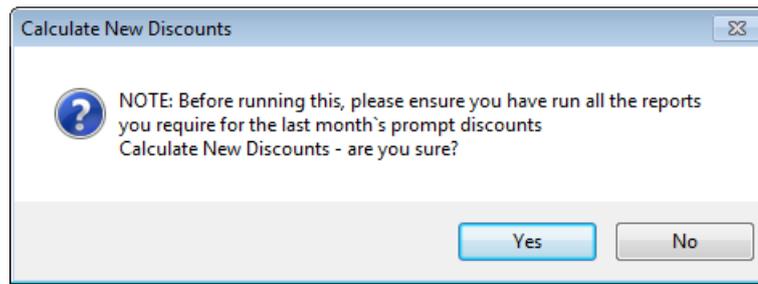
Click **Yes** to display a list of the new discounts. This includes a list of debtors who have been offered the discount, the related discount percentage and the amount to be paid by each debtor.

Reviewing Currently Outstanding Discounts

To review outstanding discounts, go to Utilities> Debtors Utilities> Prompt Pay Discount Calculation. Click the **Discounts Outstanding** button in the *Set Prompt Payment Discounts* screen. This displays a list of debtors who are entitled to the discount but have not as yet settled their account.

Receipting a Payment

To receipt a payment, go to Transactions > Debtors Receipts > Debtor Receipt. The Payment/Receipt Entry window appears.

Field	Setting
Account Details	The name and number of the debtor account.
Date	The date the payment is being made.
Period	The GL period to which this transaction will be posted.
Age	The accounting period to which this invoice is posted.
Type	The payment type, e.g. cheque.
Amount	The amount being paid. This is automatically entered after the discount is set in the Prompt Payment Discount screen.
Currency	The currency rate that applies to the currency of the debtor, e.g. NZD, AUD.
Cheque Details	If payment is by cheque, the relevant bank, branch and drawer details.
Chq/Ref	The cheque or reference number.
Invoice no	The invoice number.
Bank A/c	The bank account number.

To set the discount, click the **Prompt Discount** button. The Prompt Payment Discount screen is displayed.
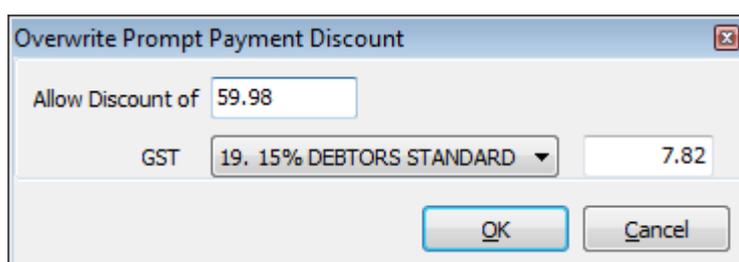
> **Note:** The Prompt Discount button is available only if the selected debtor has been granted the Prompt Payment Discount. The button is visible only when a discount is claimable. Once the discount credit note is created, the button disappears.

Enter the discount details. The discount may have a GST content based on the GST rate indicated. In the case of the example above, the discount of 59.98 is GST inclusive. 52.16 will be posted to the stock item *PPDISC* and 7.82 will be posted to GST.

Click **OK** to automatically create a credit note transaction for that debtor using the Prompt Payment Discount stock item that had been created. The **Amount** field on the Debtor Account Details > Details 2 tab now displays a $0 amount (see page 24).

Appendices

Appendix A – Technical Data

The following advanced information is intended for trained EXO Business partners' use.

Related Company Profile Settings

BEST_PRICE_STOCK_GROUP - Stock grouping method for best price calculation

Specify how stock items are grouped for best price calculation. These can be stock group or stock price group

JOBCOST_BEST_PRICE - Best pricing and discounting in Job Costing

You may un-tick this option to disable auto discounting and best price checking in Job Costing if you use this module.

AUTOLINEDISC - Automatically calculate discounts on debtor invoice lines

Select to enable setting of Discount Policies so that the discounts by line can be automatically pre-determined for each customer on various stock items and stock groups. To enable Discount Policies, select Invoice Line Discounts also.

Related User Profile Settings

ALLOWLINEDISCOUNTS - Allow debtor line discounts

Select to allow Debtor Line Discounts for this user.

DRLINEDISCS - Allow manual entry/override of discounts on debtor invoice and sales order lines

Select to enable manual entry or overriding of the predefined discount percentage on each debtors invoice line and each sales order line.

HIDE_DISCOUNT - Hide the title in the discount % column in debtor invoice and sales order entry screens

Select to remove the 'Discount%' column from the debtor invoice entry screen (POS) and the sales order entry screen.

DISCPAGEONACCT - Debtor discount/price policy access level

Select to enable a Discounts/ prices tab on each debtors account screen showing what discounts and any discounts polices that has been assigned to this debtor. Select Line Discounts option also to enable Discount policies

CUSTOM_PRICE_LOGIC - Custom client price logic

If selected, the CUSTOM_CLIENT field is activated to enable preset custom pricing logic pertaining to that client.

These are usually highly specific and mostly provided for backward compatibility. Most custom pricing logic mechanisms have been superceded by subsequent development of generic features.

DEFDRPRICEGROUP - Default debtor price group for new debtors

Enter the default price group number for new debtor accounts.

HIDESTOCKCOSTS - Hide stock costs

Select to hide Stock cost prices and profitability information from inadvertent disclosure to customers on screens commonly associated with the sales processes in a potentially customer facing scenario.

AUTOCOSTCHECK - Check supplier cost prices when purchase prices change

Select to display a price review pop up screen if the cost price of the item has changed on a purchase order or creditor invoices (using stock), prompting the operator to reset the sell prices in order to maintain the same percent margin.

AUTOPRICECHECKMIN - Minimum percentage cost variance requiring price review

Set the minimum percentage variance in landed cost (local currency) required to activate price review popup screen. The **Check supplier cost prices when purchase prices change** setting must also be enabled.

Appendix B – Metadata

The following tables are used by the pricing and discounting system:

- DR_PRICES
- DR_PRICE_POLICY
- DR_PRICEGROUPS
- DR_PRICE_POLICY_ACC

Full information on these tables is available in the Database Schemas section of the EXO Business Education Centre: http://help.myob.com.au/exo/index.htm

> **Note:** The DISCOUNTS table is present for backward compatibility; it represents a method that is no longer fully supported. Later versions may remove this table.