Sales Price Matrix

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The sales price matrix is used when multiple items use the same pricing scheme. Item level pricing (Simple Pricing) does not display on the Sales Price Matrixes screen. A price matrix determines where inventory item selling prices are established. The sales price matrixes can be setup to establish sales prices by the following methods: fixed price with no quantity breaks (default method), fixed price with quantity breaks, gross profit margin pricing, mark up base price percentage, or cost markup percentage. The decimal place precision for prices is determined by the Price selection in File > Preferences > General > Cost and Price Decimal Settings. The Sales Price Matrixes report provides a detailed list of all sales price matrixes setup. The report includes quantity break information and rates assigned to the sales price matrixes.

Creating a Sales Price Matrix

Assigning a Price Matrix to an Item

Reporting Sales Price Matrixes

Creating a Sales Price Matrix:

1. Select **Setup > Sales > Sales Price Matrixes.** Click **New.**
2. Assign an **Abbreviation** and **Name** for this sales price matrix.
3. Select the pricing **Method** used to establish pricing for this matrix:
    - **Fixed Price (No Quantity Breaks)**- Enter actual dollar amount(s) as the selling price in the pricing level entries. (No calculations are done by the system.) The number of pricing levels that display is determined by the Pricing Levels selection in File > Preferences > Items > Price Levels. Fixed price methods should only be used if you have more than one item that uses the same fixed prices. If prices are different for items, then item level pricing should be used.
    - **Fixed Price (With Quantity Breaks)**- Enter as many pricing levels as you need to handle any quantity breaks you offer. The number of pricing levels that display is determined by the Pricing Levels selection in File > Preferences > Items > Price Levels. Enter actual dollar amount(s) as the selling price in the pricing level entries. Fixed price methods should only be used if you have more than one item that uses the same fixed prices. If prices are different for items, then item level pricing should be used.
        - **Quantity More Than/But Not Over-** Enter quantities in ascending order. As you enter the **But Not Over** quantity, the system will automatically fill in the next **Quantity More Than**quantity, for example if your price breaks are at 20 and 40, enter 20 in the But Not Over box and the next line will automatically display 20 in the Quantity More Than box, enter 40 in the But Not Over box and the next line will automatically display 40 in the Quantity More Than box. The quantity decimal place precision is set in File > Preferences > General > Quantity Decimal Settings.
    - **Gross Profit Margin %**- Gross profit margin percentage is the percentage of the selling price that is profit. Enter as many pricing levels as you need to handle any quantity breaks you offer. The number of pricing levels that display is determined by the Pricing Levels selection in File > Preferences > Items > Price Levels. Enter a percentage from 0 to 99 for the pricing levels. The gross profit margin is calculated using the formula Price = Cost / (1 - Gross Profit Margin %). For example:

- If the first selling price needs to produce a gross profit margin of 70%, enter 70. An item that costs $60 with a markup of 70% will have a selling price of $200.00. ($60/[1-.70] = $200.00).
- An item that costs $60 with a gross profit margin of 40% will have a selling price of $100.00. ($60/[1-.40] = $100.00).

Gross Profit Margin gets costs as follows:

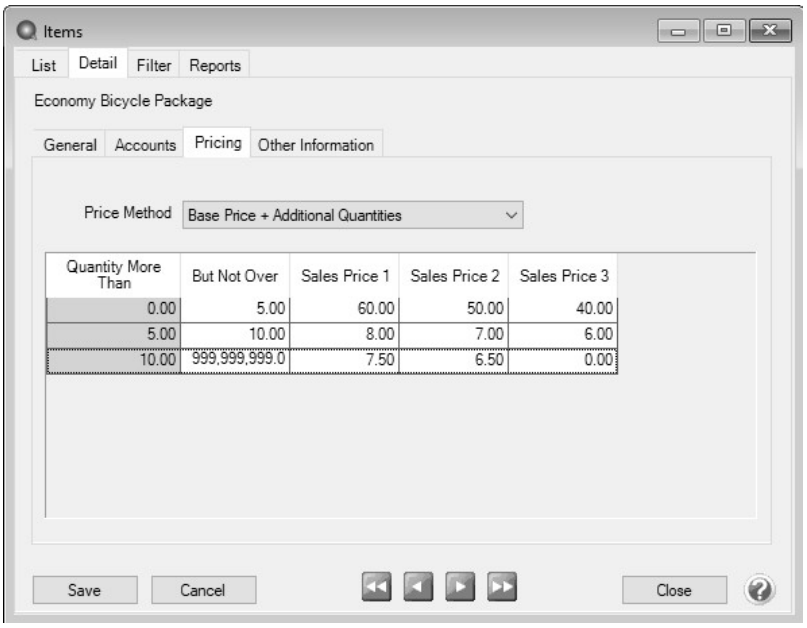
- First, Last Cost is determined. Normally, the last cost is the last purchase cost of the item, but could have been updated with an inventory adjustment when inventory quantity is added. Second, if there is no Last Purchase Cost on record then it is determined if there is a Unit Cost on the Setup > Sales > Items > General tab or Setup > Inventory > Items > General tab.
- The Last Cost can be found on the Setup > Sales > Items > Purchases Information tab or Setup > Inventory > Items > Purchases Information tab. You can change that amount if a mistake has been found with the cost. Your change will be overridden with the next purchase or inventory adjustment is made.
- If you have the Multiple Inventory Location add-on module activated, when the Last Cost and Standard Cost is available for calculating a sales price, it is determined from the inventory location. However, when the Last Cost = 0.00 the Unit Cost is is found on the Setup > Sales > Items > Purchases Information tab > Standard Cost by inventory location or Setup > Inventory > Items > Purchases Information tab > Standard Cost by inventory location instead of the Setup > Sales > Items > General tab > Unit Cost or Setup > Inventory > Items > General tab > Unit Cost.

- **Cost Markup %**- Cost markup percentage is the percentage of total cost that is profit. Enter as many pricing levels as you need to handle any quantity breaks you offer. The number of pricing levels that display is determined by the Pricing Levels selection in File > Preferences > Items > Price Levels. Cost markup is usually a percentage added to cost, but in some businesses cost markup is greater than one. Enter a percentage from 0 to 1000 for the pricing levels. The cost markup % is calculated using the formula Price = Cost x (1 + Mark-Up Percent). For example:
  - If you want the first selling price to be an 80% mark up on the cost of an item, enter .80. An item that costs $60 with a markup of .80 will have a selling price of $108.00 (60 x [1 + .80] = $108.00).
  - If you want the selling price to be 3 times (300%) the cost of an item, enter 3. An item that costs 60 with a markup of 3 will have a selling price of 180. (60 x 3).

  Cost Markup % gets costs as follows:
  - First, Last Cost is determined. Normally, the last cost is the last purchase cost of the item, but could have been updated with an inventory adjustment when inventory quantity is added. Second, if there is no Last Purchase Cost on record then it is determined if there is a Unit Cost on the Setup > Sales > Items > General tab or Setup > Inventory > Items > General tab.
  - The Last Cost can be found on the Setup > Sales > Items > Purchases Information tab or Setup > Inventory > Items > Purchases Information tab. You can change that amount if a mistake has been found with the cost. Your change will be overridden with the next purchase or inventory adjustment is made.
- **Base Price %**- The key to this pricing method is the base price established for an item. Then, for each pricing level enter a percentage from 0 to 999%. The selling price is calculated using the formula: Price = Base Price x Base %. Enter as many pricing levels as you need to handle any quantity breaks you offer. The number of pricing levels that display is determined by the Pricing Levels selection in File > Preferences > Items > Price Levels. For example:
  - If you want the first selling price to be 100% of base price, enter 100. An item with a base price of $180.00 will have a selling price of $180.00. (180 x 1.00 = $180.00)
  - If the second price level is 90% of the base price, the selling price is $162.00. (180 x .90 = $162.00).
- **Cumulative Quantity Pricing** - This pricing method can be applied to non-inventory item types and is set up similarly to the Fixed Pricing with Qty Breaks description above, however, the quantity break pricing is

calculated cumulatively across multiple quantity breaks with an initial minimum price specified in the first break.

- **Base Price + Additional Quantities** -
  - Pricing Examples:
    - Enter a Quantity of 3 for Sales Price 1 - the Extended Amounts = $60.00 (Base Price)
    - Enter a Quantity of 5 for Sales PRice 1 - the Extended Amount = $60.00 (Base Price).
    - Enter a Quantity of 7 for Sales Price 1 - the Extended Amount = $76.00 ($60.00 for the first Quantity of 5 and an additional $16.00 for the next Quantity of 2).



- **Gross Profit % (Using COGS)** - The pricing method calculation is similar to the current Gross Profit Margin % method. The difference is that in the calculation the numerator is replaced by the Cost Of Goods Sold offset to the inventory cost (FIFO, LIFO, Average). Then to arrive at the Sales Price the resulting Amount is divided by Quantity Sold. Sales Price = (Cost Of Goods Sold * ((1 + SalesPriceMatrixDetails.Value) / 100)) / Qty Sold
  - For Example, a customer invoice is entered for a company with a FIFO cost valuation for an inventory item with a sales price Gross Markup % = 20%, Quantity Sold = 7, and the following FIFO costs:
    - 1/1/2022: Qty = 2 Total Cost = 2.00
    - 1/5/2022 : Qty = 3 Total Cost = 15.00
    - 1/10/2022: Qty = 5 Total Cost = 35.00

    The following calculation occurs when the invoice is entered:
    - COGS = 31.00 (2@2.00 + 3@15.00 + 2@14.00)
    - Sales Price = (31.00 / (1 - .20)) / 7 = 5.535714
    - Extended Amount = 7 * 5.535714 = 38.75
- **Cost Markup % (Using COGS)** - This pricing method calculation is similar to the Cost Markup % method. The difference is that in the calculation the numerator is replaced by the Cost Of Goods Sold offset to the inventory cost (FIFO, LIFO, Average). The resulting Sales Price amount is divided by Quantity Sold: Sales Price = (Cost Of Goods Sold * ((1 + SalesPriceMatrixDetails.Value) / 100)) / Qty Sold

This documentation is for informational purposes only. For specific accounting guidance, please contact your accountant.

- For Example, a customer invoice is entered for a company with a FIFO cost valuation for an inventory item with a sales price Cost Markup % = 20%, Quantity Sold = 7, and the following FIFO costs:
  - 1/1/2022: Qty = 2 Total Cost = 2.00
  - 1/5/2022 : Qty = 3 Total Cost = 15.00
  - 1/10/2022: Qty = 5 Total Cost = 35.00

  The following calculation occurs when the invoice is entered:
  - COGS = 31.00 (2@2.00 + 3@15.00 + 2@14.00)
  - Sales Price = (31.00 * (1 + .20)) / 7 = 5.31429
  - Extended Amount = 7 * 5.31429 = 37.20

4. If you selected the methods of Gross Profit %, Cost Markup %, or Base Price %, you can also establish the way the selling price is rounded. After the selling price is calculated, it is rounded to the accuracy determined by this entry. In the **Round To** box, the options are:

Option	Decimal Position	Example
None	No rounding performed	$13.666667 or $12.168168
Tenth of a Cent	3rd (.000)	$13.667 or $12.168
Penny	2nd (.00)	$13.67 or $12.17
Dime	1st (.0)	$13.70 or $12.20
Dollar	Whole Number (0.)	$14.00 or $12.00

5. The Adjust By box is used to adjust the selling price to a specific fraction of a dollar. This amount is added to the selling price calculated by the Method and Round To boxes. Enter any number from .00 (the default) to .99.
   - For example, if you are rounding to the nearest dollar and have an adjustment of .95, the selling prices will all end in $.95, such as $10.95 and $5.95.
6. Enter the appropriate information in the pricing levels. See the Method box above for more information.
7. Click **Save**.
8. Repeat steps 1-8 for each sales price matrix needed.

Assigning a Price Matrix to an Item:

1. Select **Setup > Sales > Sales Items** or **Setup > Inventory > Items.**
2. To change the price matrix on an existing sales item, select the item and click **Edit**.
3. Select the **Pricing** tab.
4. In the **Price Method** field, select **Price Matrix Pricing Per Item** or **Price Matrix Pricing per Unit of Measure**.
5. Click **Save**.

Reporting Sales Price Matrixes

The Sales Price Matrixes report provides a detailed list of all sales price matrixes setup. The report includes quantity break information and rates assigned to the sales price matrixes. Select **Reports > Reports > Setup Lists > Sales > Sales Price Matrixes**.