CHAPTER 3: SALES PRICES AND DISCOUNTS

Objectives

The objectives are:

- Overview of Sales Prices
- Define Sales Prices
- Set up Sales Prices and Customer Price Groups
- Maintain Sales Prices
- Set up Line Discounts and Invoice Discounts

Introduction

Sales Prices and Discounts describe the background and key features and pricing functionality of Microsoft Dynamics™NAV.

The right pricing of a company’s services and items is a crucial factor in the sales order management process. It directly affects how the company it placed in the marked place, the relationship with the customers, and the bottom line result.

To explain how the program supports companies in their tasks of managing sales prices and discounts, demonstrations and examples are used. For an overview of typical procedures associated with setting up, using, and maintaining sales prices and discounts, refer to the respective topic in online Help.
Overview of Sales Prices

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, spreadsheet, 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. This leads to customer dissatisfaction and lost sales or unnecessary rework for the company.

As the Internet is becoming a preferred form of shopping alongside conventional channels, such as call center, mail, and fax, the same requirements of segment-tailored prices must be met consistently regardless of the channel used.

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:

- Target 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 an extended pricing functionality that goes beyond the standard item card. In Microsoft Dynamics NAV, Sales Line Pricing offers comprehensive pricing functionality. Sales representatives need to perform the following to maintain sales prices:

- Setting up alternative sales prices
- Using the pricing mechanism
- Maintaining sales prices

Setting Up Alternative Sales Prices

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

Access the Sales Prices window from either the customer card or the item card.
From the Sales & Marketing menu, click **Customers** and locate customer card for customer 10000. Click **SALES → PRICES** to open the **Sales Prices** window:

**FIGURE 3-1: SALES PRICES WINDOW**

In this window, 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 price table provides the option for defining if alternative prices are combined 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 topic “Allowing/Disallowing Discounts.”)

Because this window 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
- None

The Sales Code options depend on the selection in the **Sales Type** field.
The following scenario 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 – Setting up Sales Prices**

Cronus' sales to customer 40000 have been increasing lately. Until now, the customer has made purchases based on Cronus’ ordinary price rates, but now want to purchase items at more favorable prices. Based on the agreement, a sales representative decides that the customer can save 50 LCY for any purchase of item 1976-W if the quantity is at least ten units.

At the same time, as part of a long-term marketing strategy, the sales manager 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, 2001.

A sales representative must set up these decisions in the program.

**Steps**

Alternative sales prices are entered in the Sales Prices window.

1. Open the customer card for customer 40000. Click SALES → PRICES.

   In the Sales Prices window, enter the conditions under which the customer can obtain a favorable price rate (notice that the Sales Type and the Sales Code fields contain values. This is done by default as based on the respective filters in the window’s header).

2. In the Item No. field, select 1976-W, in the Minimum Quantity field enter 10, and in the Unit Price field, enter 206.10 (or alternatively, 256.10-50). This is the reduced unit price.

Assume that the price agreement with this customer takes effect on the current date, which is 01/25/08.
3. In the **Starting Date** field, enter *01/25/08*.

   The sales representative may 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.

   To implement the pricing decision for the company’s wholesalers, the sales manager 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.

### Demonstration – Setting up Customer Price Groups

After the company has decided on how its customers are categorized related to price rates, the groups are set up in the program in the **Customer Price Groups** table.

**Steps**

Perform the following steps:

1. From the Sales & Marketing menu, click **ORDER PROCESSING → SETUP → CUSTOMER PRICE GROUPS**.

   In this table, the user can assign a code to each customer price group. When the price group code is entered in the **Sales Prices** window, the program copies the information from the customer price group table to the corresponding fields in the Sales Prices table.

   Assume that the sales manager wants to create a group that consists of the company’s key wholesalers, to whom a reduced price rates will be offered:

2. In the **Customer Price Groups** window, in the **Code** field, enter *Wholesale1*, and in the **Description** field, enter *Wholesalers, Key Performers*.

   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.

   The program copies the status of these two discount-related fields to the corresponding fields on the line with the customer price group code selected in the **Sales Prices** window. The user can always change the enabled discount combinations.
3. In the Customer Price Groups window, make sure that the Allow Line Disc. and Allow Invoice Disc. fields are selected.

Assume that customers in the Wholesale1 group are buying item 1972-W for the price of 800 LCY:

4. In the Customer Price Groups window, click CUST. PRICE GROUP → SALES PRICES.

5. In the Item No. field, select item 1972-W, and in the Unit Price field, enter 800. In the Starting Date and the Ending Date fields, enter 02/01/08 and 02/28/08 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 window.

6. On the next line, select item 1972-W. In the Unit Price field, type 850. For this line, leave the starting and ending dates blank.

**NOTE:** Using the functionality described above assumes customers have access to Sales Line Pricing and maintain price-related information in the Sales Prices window 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 table. Transferring the information can be done using the Suggest Item Price on Worksheet batch job, described in detail later in the chapter.

Assume that customer 40000 is a Cronus key wholesaler. Assign this customer to the price group newly created:


This completes the implementation of pricing decisions.

**Sales Prices Including/Excluding VAT**

The principles of including/excluding VAT in the unit price calculation are explained in the Financial Management course.
Using the Pricing Mechanism

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:

- There are alternative sales prices 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** window to the **Unit Price (Excl./Incl. VAT)** field on the sales line. Refer to Help in the "Best Price" topic on 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.

Demonstration – Creating a Sales Order with Sales Price Information

Cronus’ customer 40000 orders eight units of item 1976-W and five units of item 1972-W. The order date is of 01/28/08. The customer inquires about the unit price of the purchase.

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

Steps

Create a sales order for customer 40000 in the following way:

1. Enter the header information, order date, and the two sales lines.
   
   The **Sales Prices** field in the right pane shows the order processor if there are alternative prices for the item on the line applicable to the customer. If the field contains a number in parentheses, the order processor may want to investigate the conditions on which more favorable prices can be offered to the customer.

2. Select the first sales line and then click the **Sales Prices** field.
   
   The **Get Sales Price** window contains the details of all the prices of item 1976-W that the customer 40000 is allowed to obtain under different conditions.
NOTE: The Get Sales Price window can also be accessed by selecting the line and clicking FUNCTIONS→GET PRICE.

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

3. Select the second sales line and then click the Sales Prices field. The details for all the prices and conditions for item 1972-W display.

The order processor 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.

4. Enter the sales order details as based on the agreement with the customer.

5. After changing the order date, select the second sales line, and then click the Sales Prices field.

6. Select the line in the Get Sales Price window that shows the discount for buying in February. Click OK to update the price on the line.

You can view the discounted price for each line in the Unit Price field.
Lab 3.1 – Managing 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.

Challenge Yourself!

1. Item 70200: If any of Cronus’ customers buys this item in boxes (which contain 100 pieces) instead of pieces, offer 30 LCY off the regular price.

HINT: Add a new unit of measure BOX that contains 100 pieces, to the item’s units of measure list.

2. Item 1928-S: When Cronus’ overseas customer 31505050 buys this item and pays in local currency (EUR), you offer 1 LCY off the item’s regular price.

NOTE: The sales price for an item can be found on the Invoicing tab of the item card.

Need a Little Help?
The solution is provided in Appendix C.
Lab 3.2 – Creating Sales Prices for a Campaign

Scenario: If you are familiar with Microsoft Dynamics NAV Relationship Management functionality, try the following exercise:

Challenge Yourself!
Cronus’ sales manager is clearing out the stock of item 766BC-A within the period 02/01/08 to 02/28/08.

1. The sales price of item 766BC-A is 4000 LCY. The offer goes to all business relations who are customers and whose job responsibility is purchasing.

HINT: To find the Sales Prices window, open the Sales & Marketing menu and then click MARKETING→CAMPAIGNS. Click the Campaign button in the Campaign card window. Use the wizard to create the segment. Remember to select Campaign Target on the Campaign tab of the Segment window.

2. Open the campaign by clicking FUNCTIONS→ACTIVATE SALES PRICES/LINE DISCOUNTS.

3. To check that the business relations obtain the correct price, make a sales quote for one of the contacts.

Need a Little Help?
The solution is provided in Appendix C.
Maintaining 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 table. 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- and price-related values in the corresponding fields on the Invoicing tab 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® 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: Either manually or automatically.
To fill in the worksheet automatically, run one of the following batch jobs:

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

- **Suggest Item Price on Worksheet.** 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 unit prices that are not satisfactory or delete unnecessary lines.

**Demonstration – Creating Sales Prices and Customer Groups**

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

Currently, Cronus offers key 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. A sales representative wants to grant other wholesalers the same price offer, however, on the condition that the quantity of their purchase exceeds 15 units.

The sales representative's task is to create new sales prices for the specified customers.

The efficient way of performing the task in this demonstration is to copy existing sales prices from one customer group to another and make necessary modifications.
Steps
This procedure can be done by using the Sales Price Worksheet.

1. From the Sales & Marketing menu, click INVENTORY & PRICING→SALES PRICE WORKSHEET.

2. In the worksheet, click FUNCTIONS→SUGGEST SALES PRICE ON WKSH.
   In the request form for the batch job, define what is included in the batch job by setting filters. By filling in the Sales Price tab, determine the filtering of existing sales prices when copying them to the worksheet.
   Entering filters on the Options tab determines the suggestion as to whom (a customer, customer group, all customers) and on what conditions the sales prices (as specified on the Sales Price tab) are applied. Read the online Help for more information with the request form.


4. On the Options tab, select Customer Price Group as a sales type. Click the AssistButton in the Sales Code field to open the Customer Price Group window.

5. Create a new customer group named Wholesale2. Enter "Wholesalers, others" in the Description field and place check marks in both the Allow Line Disc. and Allow Invoice Disc. fields.

6. Select the newly created group and then click OK.
   Since this new customer price group does not have alternative sales prices set up, when copying prices valid for the Wholesale1 group to the worksheet, indicate that the prices must be created.

7. On the Options tab of the request form, select the Create New Prices field.

8. Click OK to start the batch job.
   The program fills in the Sales Price Worksheet table with price suggestions as based on the specifications of the batch job.
Chapter 3: Sales Prices and Discounts

The reduced prices in the period of 02/01/08-02/28/08 for the customers in this group are valid on condition that they buy at least 15 units of the item.

9. For the line in the worksheet that has the starting and ending dates, in the Minimum Quantity field, enter 15.

The contents of the fields in the worksheet are temporary until they are deleted or transferred to the Sales Price table.

10. Click FUNCTIONS→IMPLEMENT PRICE CHANGE. Click Yes to the message that appears and asks if you want to rename the record. Click on the request form to start the batch job.

11. Click Yes to delete the suggested price changes.

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

Verify that the new sales prices have been created for the customer group Wholesale2.

12. From the Sales & Marketing menu, click ORDER PROCESSING→SETUP→CUSTOMER PRICE GROUPS. Select the Wholesale2 group and then click CUSTOMER PRICE GROUPS→SALES PRICES.

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 Price window.
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 running the job.
Lab 3.3 – Updating Sales Prices

Scenario: 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 02/01/08. You also consider rounding the new prices to the nearest whole LCY.
- As 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 these modifications using the appropriate batch jobs.

Need a Little Help?
The solution is provided in Appendix C.
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. Discounts can be offered to individual customers, groups of customers, or all customers. In addition, discounts can be applied 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 provided in the Financial Management training manual.

General Discount Setup

Before using the line and invoice discount mechanism, the company must decide how they want discounts posted and whether invoice discounts are calculated automatically when the sales document is created or the user is to apply the calculating function to calculate discounts.

These decisions are implemented in the Sales & Receivables Setup window. This window is found in the Sales & Marketing menu, by clicking SETUP→SALES & RECEIVABLES SETUP.
The **Discount Posting** field on the **General** tab offers four options for defining the way invoice and line discounts are to be posted to the general ledger:

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

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

If the option is selected that determines whether a specific (line or invoice) discount or both discounts are posted separately, the user must make sure 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** window.

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** window.

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

### Setting Up Line Discounts

Sales representatives use the Sales Line Discount table to record price discounts agreed upon with their individual or group of customers. The table can also be used to help strategically segment customer base and can be accessed from both the customer card and the item card.

The **Sales Line Discount** window 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 be applied to an individual customer, customer group, and all customers. Unlike sales prices, discounts can be extended 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 – Setting up Customer Discounts

To manage the company’s discount structure, Cronus’ sales manager has categorized customers in two major groups, Large Account and 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, and reduced discounts for finished and retail items.

Notice how the sales manager has set up this discount structure in the program.

Steps

The discount groups for customers are set up in the Customer Disc. Groups window.

1. From the Sales & Marketing menu, click ORDER PROCESSING → SETUP → 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. Open the customer card for customer 30000. Click the Invoicing tab.

Customer 30000 belongs to the discount group of large accounts.

Note the sales conditions that must be fulfilled before the group of large accounts can receive a discount.

3. On the customer card, click the AssistButton in the Customer Disc. Group field to open the customer discount groups list. Select the Large Account group and then click CUST. DISC. GROUPS → SALES LINE DISCOUNT.

Customers that belong to the discount group can receive three different discounts depending on the item group: FINISHED, RAW MAT, and 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 code is then assigned to the individual item for which the user wants to apply a discount.
Chapter 3: Sales Prices and Discounts

At Cronus, there are five item discount groups.

4. From the Sales & Marketing menu, click ORDER PROCESSING→SETUP→ITEM DISCOUNT GROUPS. The Item Disc. Groups window appears. It shows the item discount groups.

When using the line discount functionality, it is not mandatory to assign customers and items to discount groups; discounts can be set up for a combination of individual customers and items.

Create a line discount for customer 30000 offering 20 % discount when buying at least 15 units of item 1972-W.

5. On the customer card for customer 30000, click SALES→LINE DISCOUNTS.

6. In the Sales Line Discounts window, create a line with a Sales Type of Customer and Sales Code of 30000. In the Type field, select Item and select 1972-W in the Code field.

7. Type 15 in the Minimum Quantity field. In the Line Discount % field, type 20.

8. Close the window.

Using the Line Discount Mechanism

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 processor creates an order/invoice for a specific customer, the program checks whether there are line discounts set up for the customer in question and, if yes, that 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 window 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 there are no discounts 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 right pane shows the number of discounts available in parentheses. Click this field 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 mechanism is illustrated in the following demonstration, “Setting Up Sales Line Discounts.”

**Demonstration – Setting Up Sales Line Discounts**

A representative of Cronus' customer 30000 calls the order processor to order 20 units of item 1972-W. The order date is 01/25/08. The customer also inquires about the total price of the purchase, as well as the granted discount (if any).

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

Before handling this demonstration, assign customer 30000 to a customer price group Wholesale1.

Create a sales order for customer 30000. Enter 20 units of Item 1972-W on the lines.

By looking at the values in relevant fields, the order processor can inform 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%). This is the best price the customer can receive considering the terms of this sale.

At the same time, as indicated by the numbers in parentheses next to the **Sales Prices** and the **Sales Line Discounts** fields, the order processor may check the terms that determine whether the customer is allowed to an even better price/discount.
Steps
Perform the following steps to check the customer’s sales terms:

1. Click **Sales Prices**.

![Get Sales Price Window](image)

**FIGURE 3-3: GET SALES PRICE WINDOW**

The **Get Sales Price** window suggests that if the purchase of item 1972-W was paid in euros instead of the local currency, the unit price is more favorable (assuming the exchange rate of 1 euro = 0.63 LCY). Assume that the customer accepts this condition:

2. On the **Foreign Trade** tab of the sales order, in the **Currency Code** field, select EUR. Click **Yes** to the message that appears.

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

Now, check the line discounts that exist for a combination of the customer and item.

3. Click **Sales Line Discounts**.
The records specify that the customer is allowed 15% discount when buying items in the group Finished (to which item 1972-W belongs). There is also a line discount of 20% 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 Discount field is selected), which allows for this combination.
Lab 3.4 – The "Best Price" Rule

**Scenario:** You are the order processor at Cronus. Customer 50000 is ordering 200 pieces of item 70200.

**Challenge Yourself!**
Offer the customer the best (cheapest) price for the purchase.

**Need a Little Help?**
The solution is provided in Appendix C.
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 are calculated 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 the general Sales & Receivables Setup window.

The Calc. Inv. Discount and the Calc. Inv. Disc. per VAT ID fields 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 tab 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.

1. Open the customer card for customer 10000. Notice that the value in the Invoice Disc. Code field matches the customer number.

The user can also 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.

2. Open the customer card for customer 49633663. Click the Invoicing tab.

Instead of the customer number, the invoice discount code is specified as A.
Chapter 3: Sales Prices and Discounts

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

3. On the customer card for customer 49633663, click **SALES→INVOICE DISCOUNTS**.

Customers in group A receive an invoice discount of 5%, based on one minimum invoice amount in local currency and another minimum invoice amount in a specified foreign currency.

The **Cust. Invoice Discounts** window 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.

### Using the Invoice Discount Mechanism

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 on the 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** window.

### Allowing/Disallowing Discounts

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

The status of the Allow Line Disc. field on a price line in the **Sales Prices** window has priority over the setting of the same field in the **Customer Price Groups** window 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. field in the **Sales Prices** window for the lines that allowed the customer to a special price, or
- 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. field on the customer card for the customer.

Similar principles are applied 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).
Conclusion

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 to maintain customers on the long term horizon.
Lab 3.5 – Creating Sales Line Discounts for a Campaign

Scenario: If you are familiar with the Microsoft Dynamics NAV Relationship Management functionality, try the following exercise.

Cronus’ sales manager wants item 1988-S introduced to a larger range of customers, and is making an introductory discount offer to a range of prospective new customers. This discount is valid if the customers purchase the items between 01/28/08 – 02/28/08.

Challenge Yourself!

1. The line discount on item 1988-S is 20% if the customer purchases at least five units. The offer goes to prospective customers who have the job responsibility of purchase.

**HINT:** To find the Sales Line Discount window, click the Campaign button in the Campaign window. Use the wizard to create the segment. Remember to select Campaign Target on the Campaign tab of the Segment window.

2. Open the campaign by clicking **FUNCTIONS→ACTIVATE SALES PRICES/LINE DISCOUNTS**.

3. Create a sales quote for one of the contacts to verify the receipt of the correct discount percentage.

Need a Little Help?

The solution is provided in Appendix C.
Quick Interaction: Lessons Learned

Take a moment and write down three key points you have learned from this chapter:

1. 
   
   
   

2. 
   
   
   

3. 
   
   
   
