Summary of Pricing Exercise

An overview to be covered *after* exercise is complete

Tasks in the Pricing exercise

In this exercise you did the following tasks

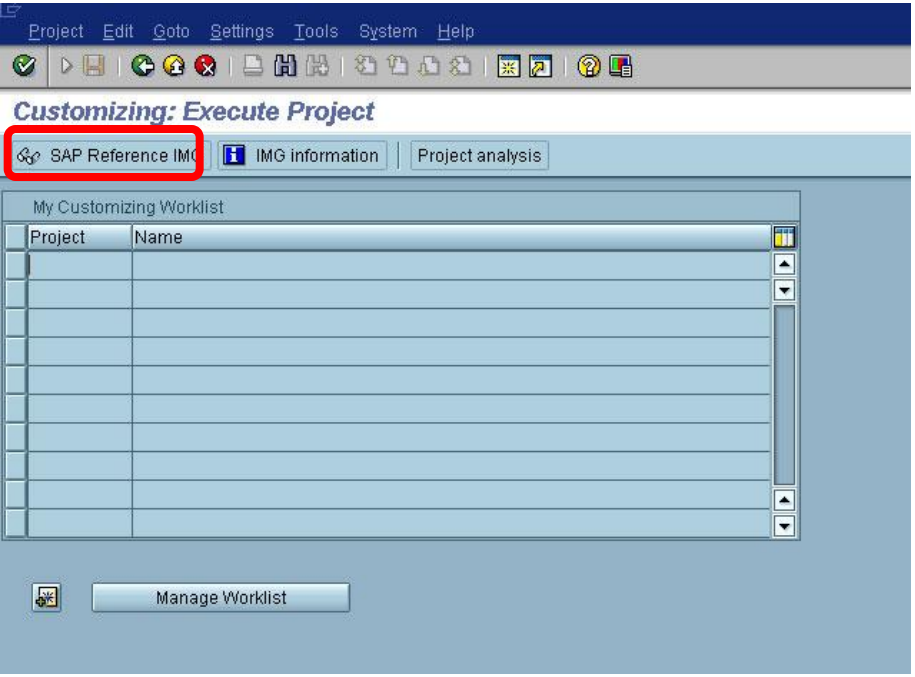
Step 1: Look at Document pricing procedures (standard orders)
Step 2: Look at Customer specific pricing
Step 3: Determining what procedure to use (customer or document)

Step 4:
1) Testing the new pricing procedure (creating sales order)
2) Look at price changes based on valid dates (planned changes)
3) Manually override a price (from $295 to $305)

Step 5:
1) Create a discount of $10 per unit if any customer buys over 10 units.
2) Add a customer discount of 10% if any customer buys for over $1,000.
3) Create Minimum pricing

Step 1: Document Pricing Procedure

Tools ▷Customizing ▷IMG ▷Edit Project



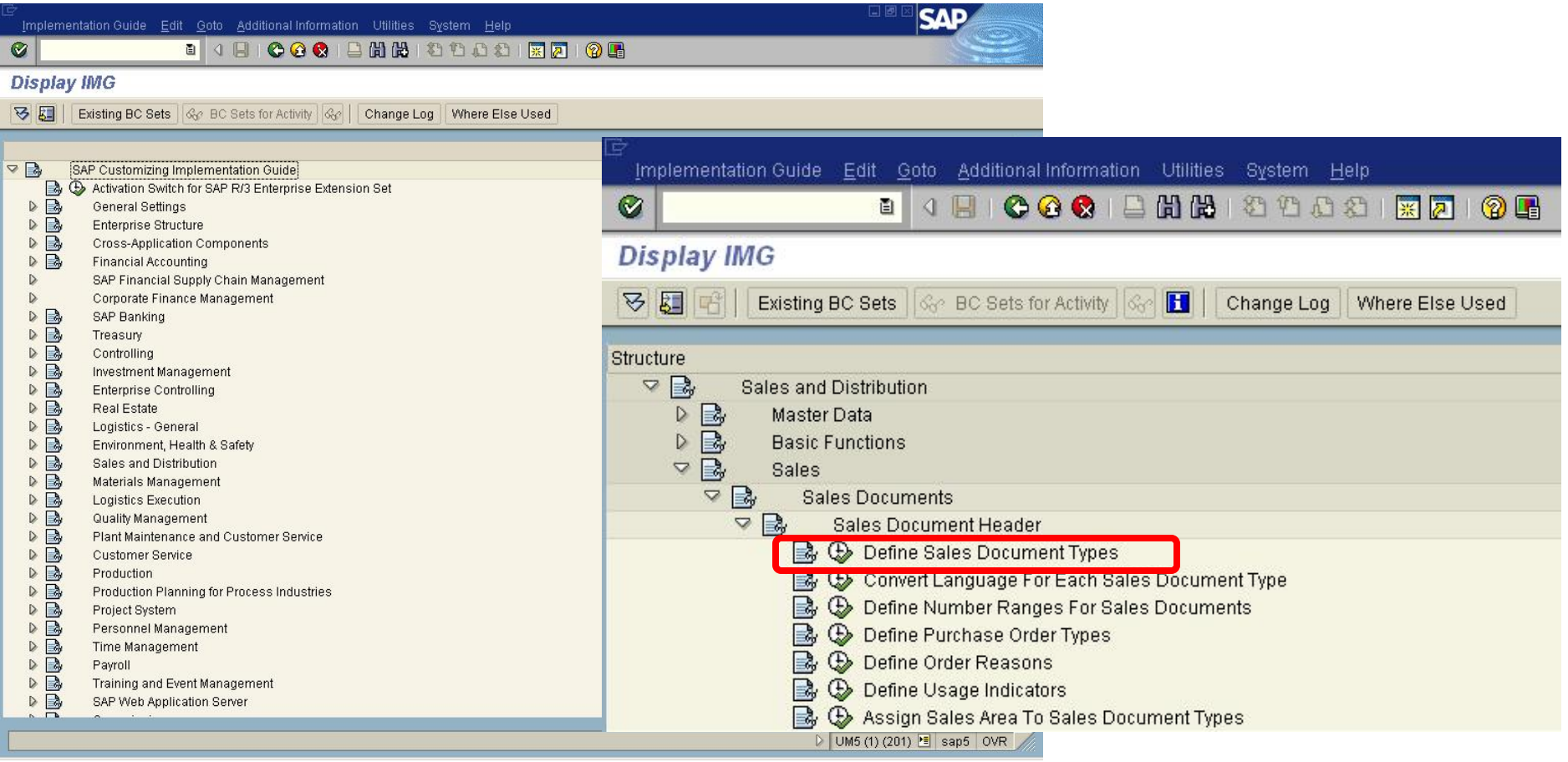
We are now doing pricing configuration.

The SAP systems allows for a unique pricing procedure to be defined for each combination of sales document type and customer.

To see how the document type helps determine the pricing procedure, we need to look at configuration data.

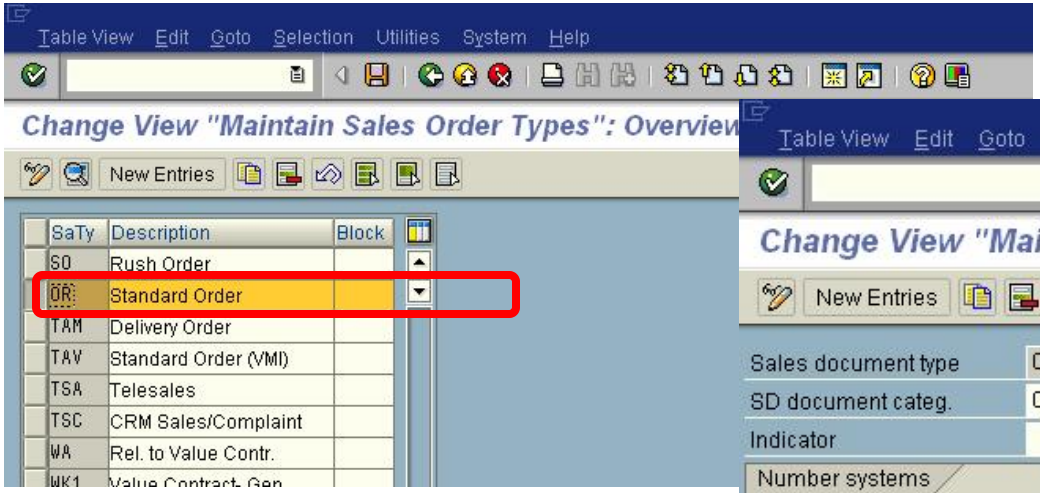
Step 1: Document Pricing Procedure

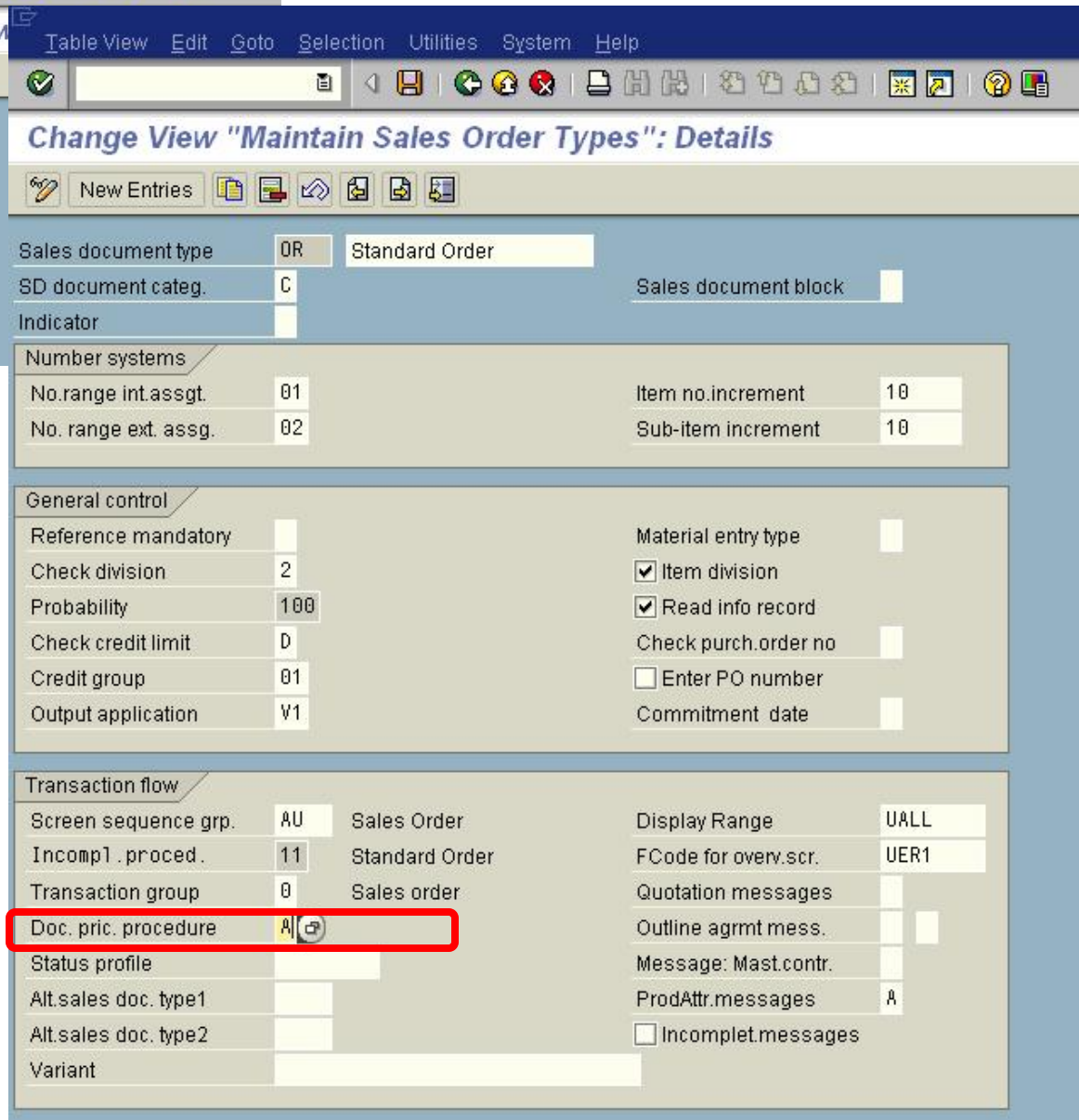
Sales and Distribution ▷Sales ▷Sales Documents ▷Sales Document Header ▷Define Sales Document Types (click clock icon)



This screen provides the menu system for configuration, similar to the menu system for transactions except that rather than running transactions that store and process data, the IMG menu paths run transactions that configure the SAP system and determine how it will function.

Step 1: Document Pricing Procedure

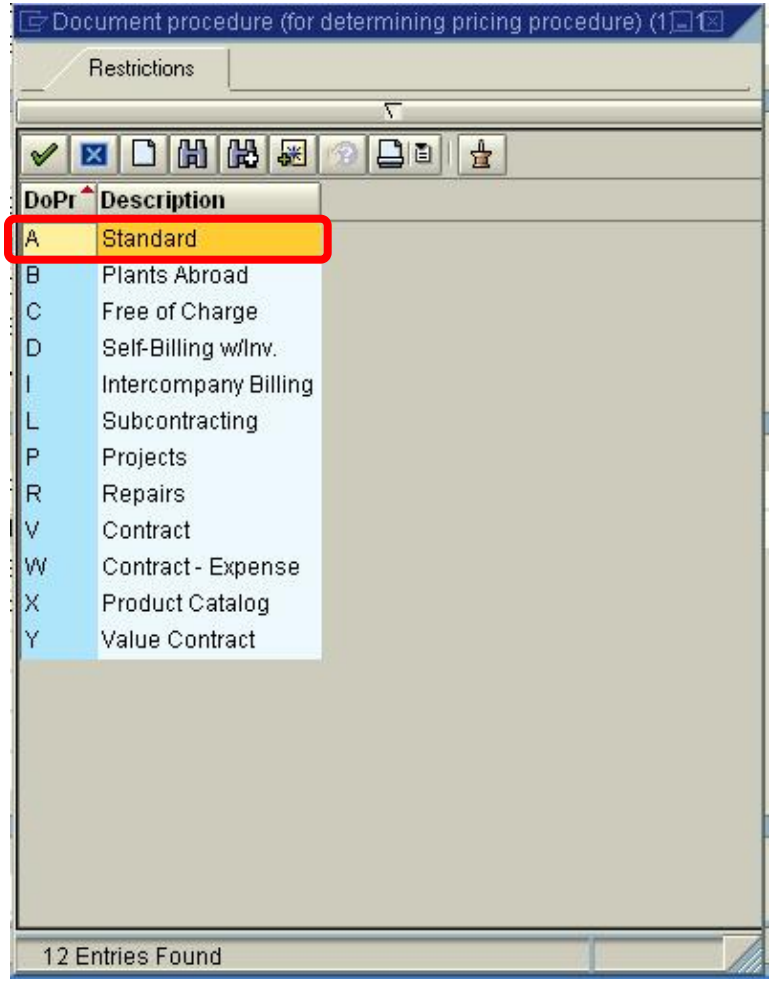




There are many order types and we can also add new order types (not done by users, but by system configuration).

Pricing procedure codes are assigned to each document type. These are references to rules that are followed when pricing a certain order type.

Step 1: Document Pricing Procedure



SAP provides 12 standard document pricing procedures, but any organization can add their own as well.

Tasks in the Pricing exercise

In this exercise you did the following tasks

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Step 2: Look at Customer specific pricing

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Step 4:

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Step 5:

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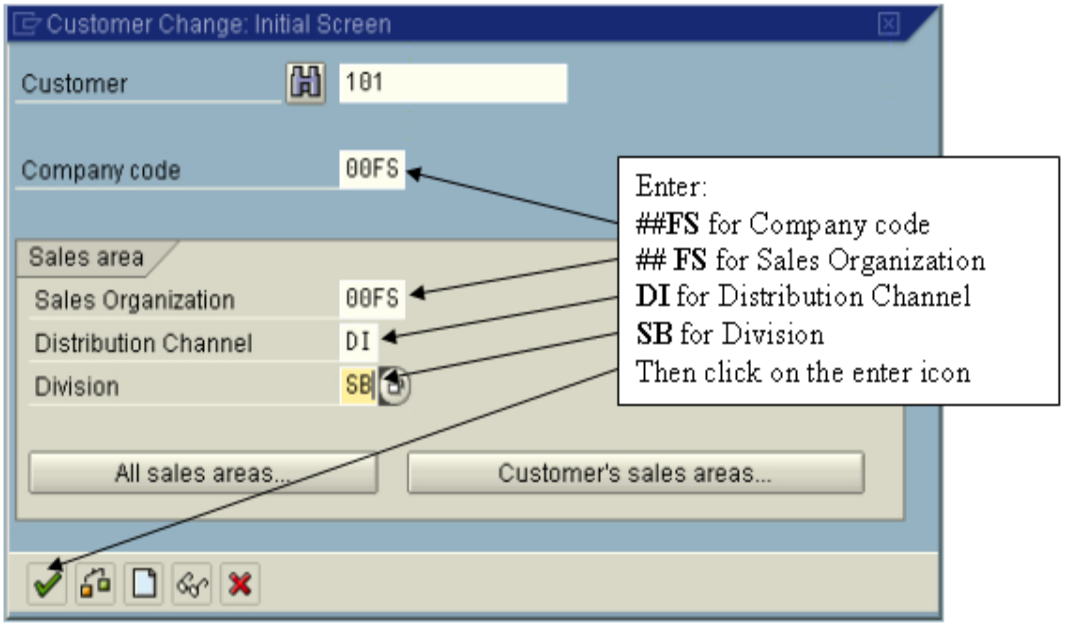
3) Create Minimum pricing

Step 2: Customer Pricing Procedure

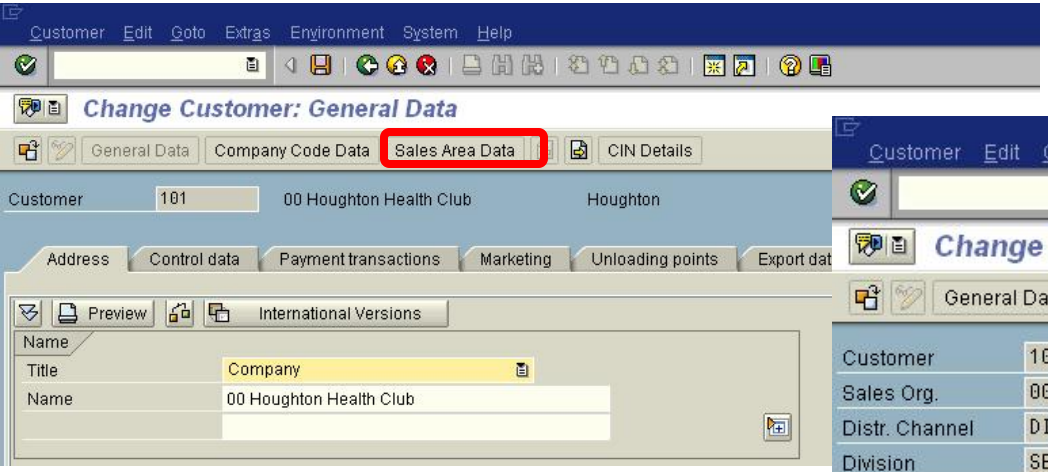
Logistics ▷Sales and Distribution ▷Master Data ▷Business Partner ▷Customer ▷Change ▷Complete

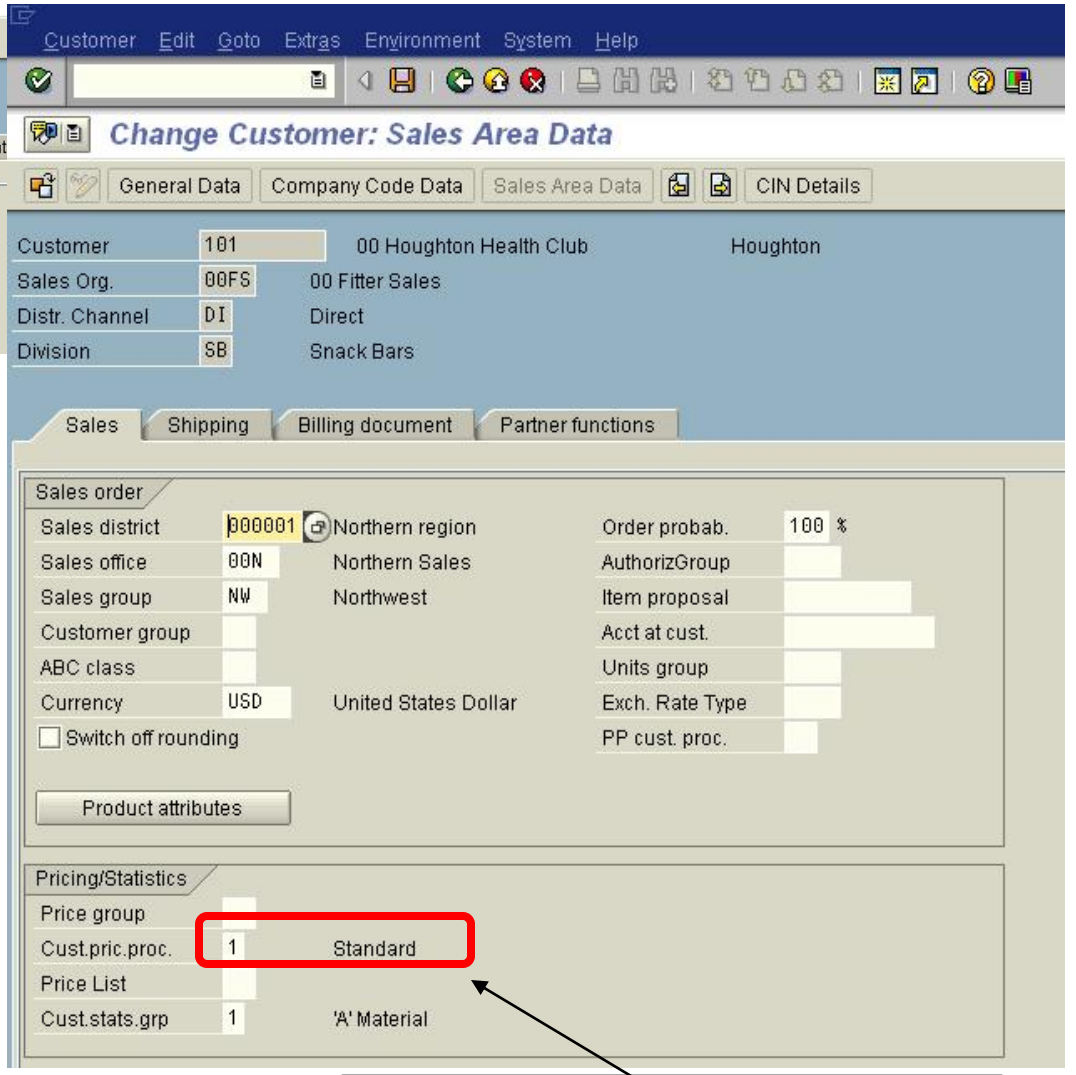
KEY CONCEPT: We can also assign specific pricing rules for a customer (in addition to the order type)



After finding the customer, we can use a customer pricing procedures for a single sales area (i.e. the new pricing rule is only valid when a certain customer buys via the internet), or we can make it valid for all sales areas.

Step 2: Customer Pricing Procedure





After this change a custom pricing procedure will be used every time this customer buys from this sales area.

NOTE: we did not create the new pricing procedure, but merely reassigned this customer from the standard pricing procedure (A) to an existing procedure that has been customized (Z)

Change the Customer Pricing Procedure from 1 (standard) to Z (FS Standard)

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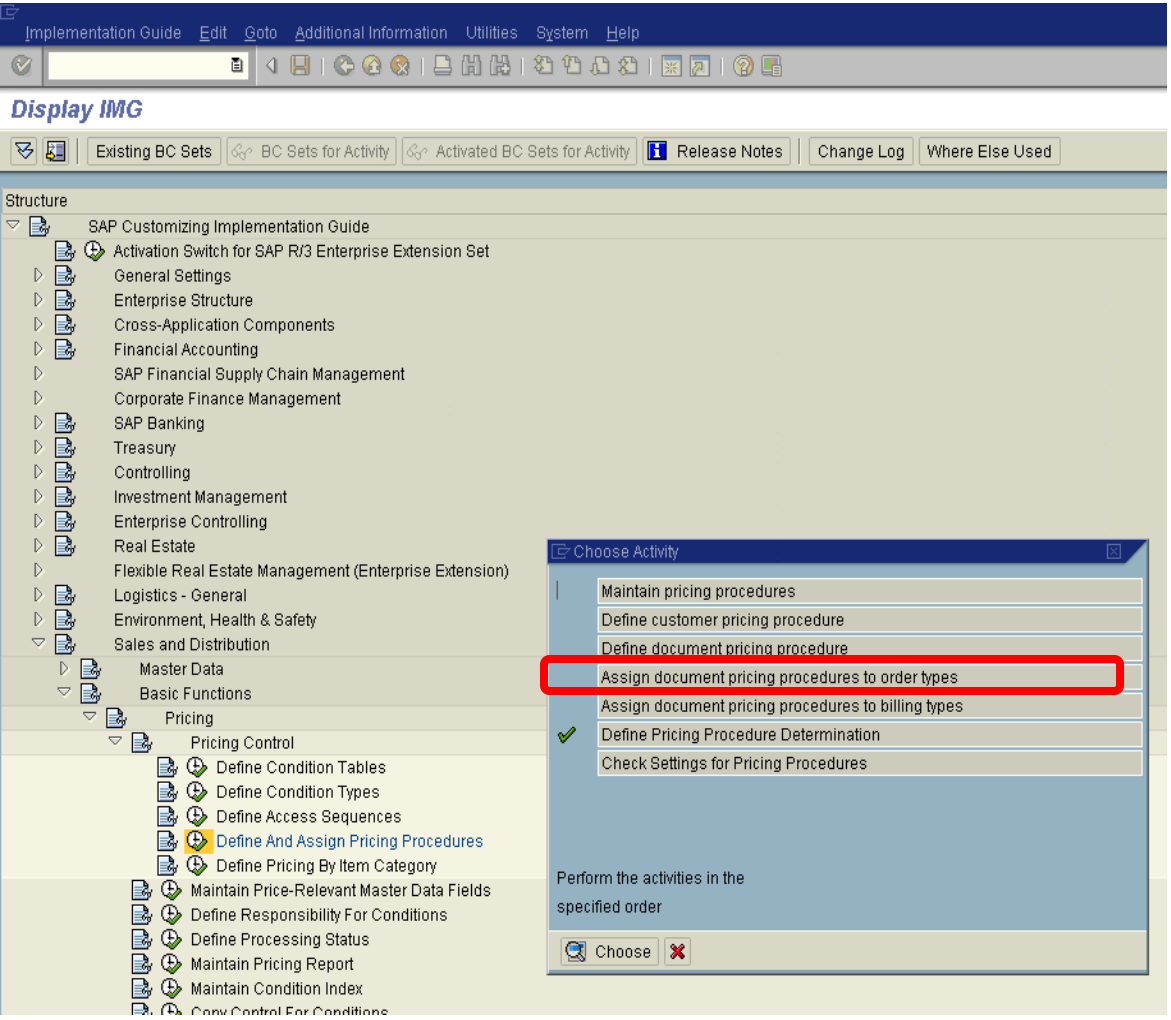
3) Create Minimum pricing

Step 3: Determining what procedure to use (customer and/or document)

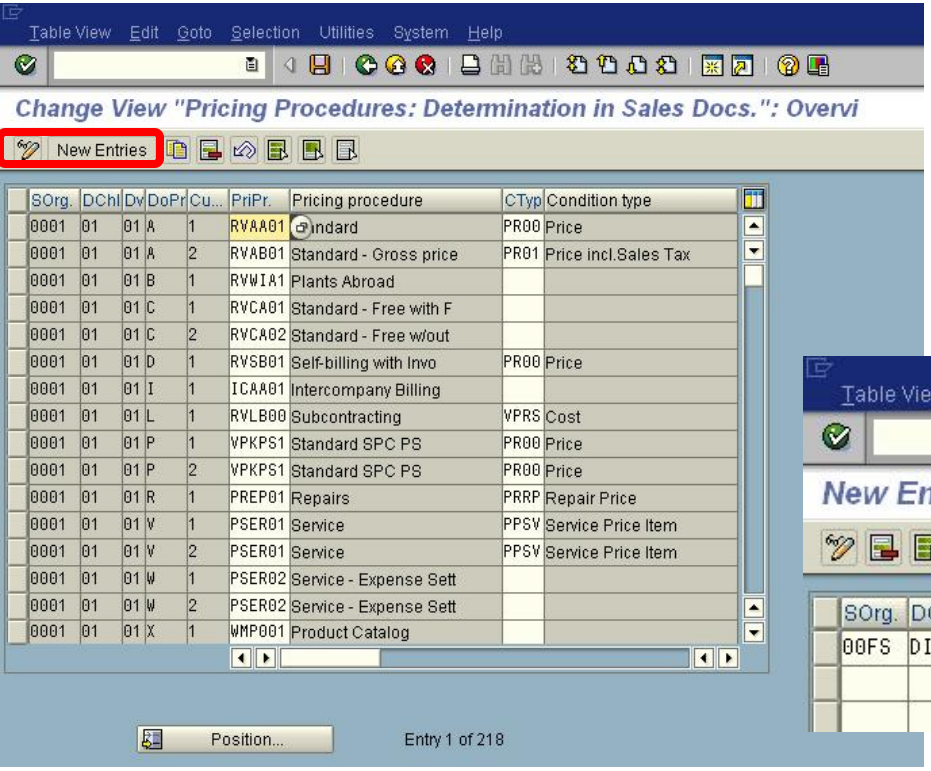
Sales and Distribution ▷Basic Functions ▷Pricing ▷Pricing Control ▷Define And Assign Pricing Procedures (click clock icon)

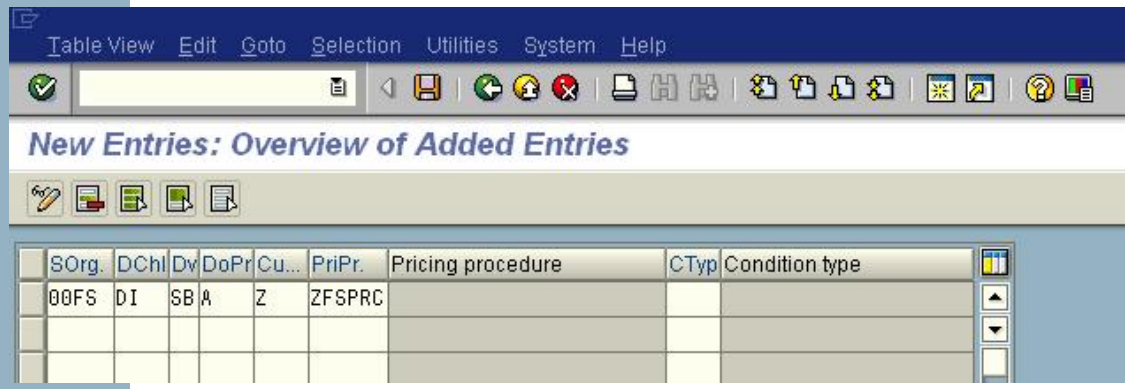


We will now go to the IMG and setup the rule for pricing determination.

In our example, for this sales area, we will use the document pricing procedure (A) and the customer pricing procedure (Z)

Step 3: Determining what procedure to use





This entry tells the SAP R/3 system that when creating standard sales order (type OR) in Sales Area:

##FS (sales organization)
DI (distribution channel)
SB (division)

for a customer with Pricing Procedure (code) Z, pricing procedure ZFSPRC is to be used.

Tasks in the Pricing exercise

In this exercise you did the following tasks

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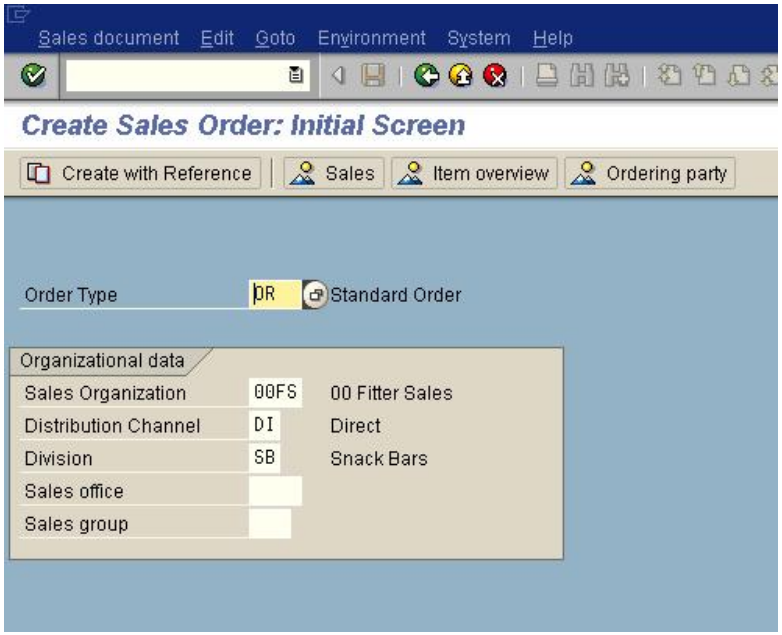
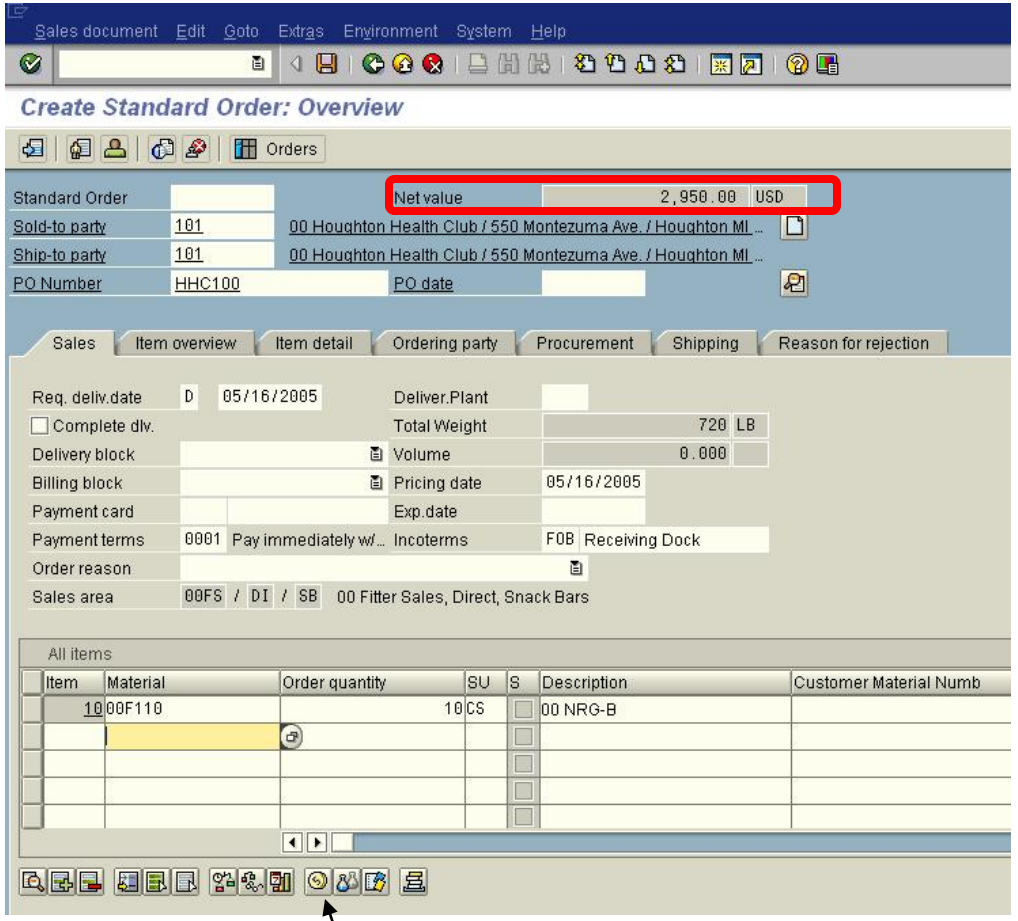
Step-4: Testing the new pricing procedure (creating sales order)

Logistics ▷Sales and Distribution ▷Sales ▷Order ▷Create



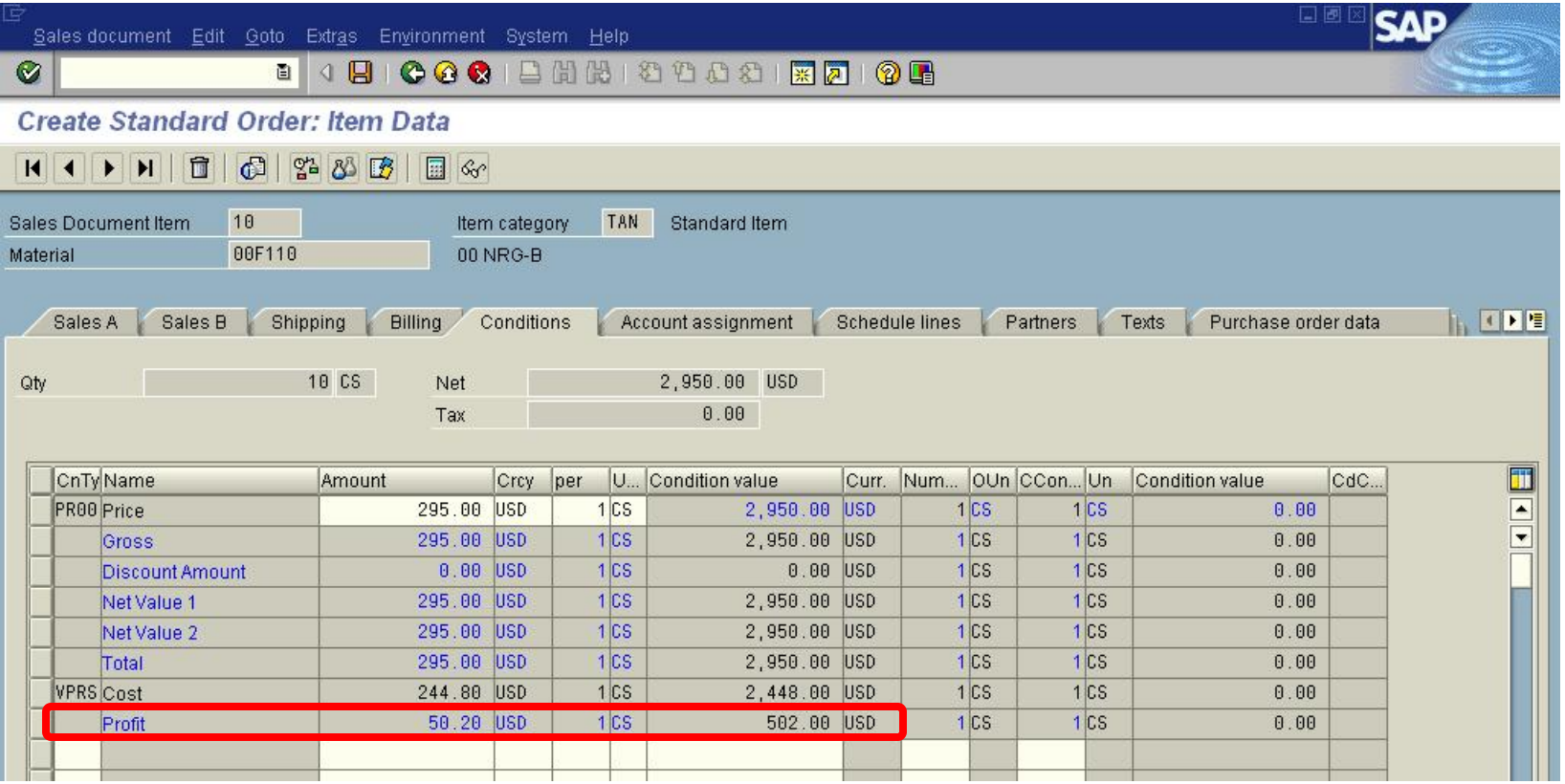


We now just entered another sales order.

We used this sales order to test our pricing procedure

This is where we can see how the order was priced

Step-4: Testing the new pricing procedure (creating sales order)



CnTy	Name	Amount	Crcy	per	U...	Condition value	Curr.	Num...	OUn	CCon...	Un	Condition value	CdC...
PR00	Price	295.00	USD	1	CS	2,950.00	USD	1	CS	1	CS	0.00	
	Gross	295.00	USD	1	CS	2,950.00	USD	1	CS	1	CS	0.00	
	Discount Amount	0.00	USD	1	CS	0.00	USD	1	CS	1	CS	0.00	
	Net Value 1	295.00	USD	1	CS	2,950.00	USD	1	CS	1	CS	0.00	
	Net Value 2	295.00	USD	1	CS	2,950.00	USD	1	CS	1	CS	0.00	
	Total	295.00	USD	1	CS	2,950.00	USD	1	CS	1	CS	0.00	
VPRS	Cost	244.80	USD	1	CS	2,448.00	USD	1	CS	1	CS	0.00	
	Profit	50.20	USD	1	CS	502.00	USD	1	CS	1	CS	0.00	

The current pricing for 10 cases of NRG-B is $295 per case, for a total order price of $2,950. The cost of these snack bars is $2,.448, so the company should make a profit of $50.20 per case, or $502 for the order.

The pricing procedure used a standard price of $295 per case for the NRG-B bars.

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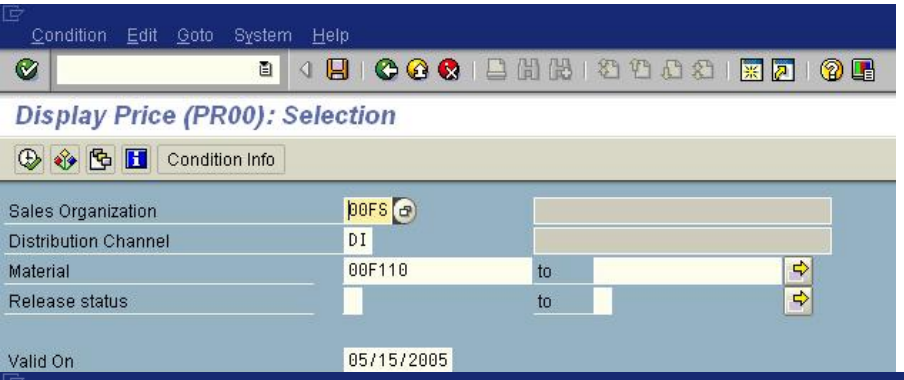
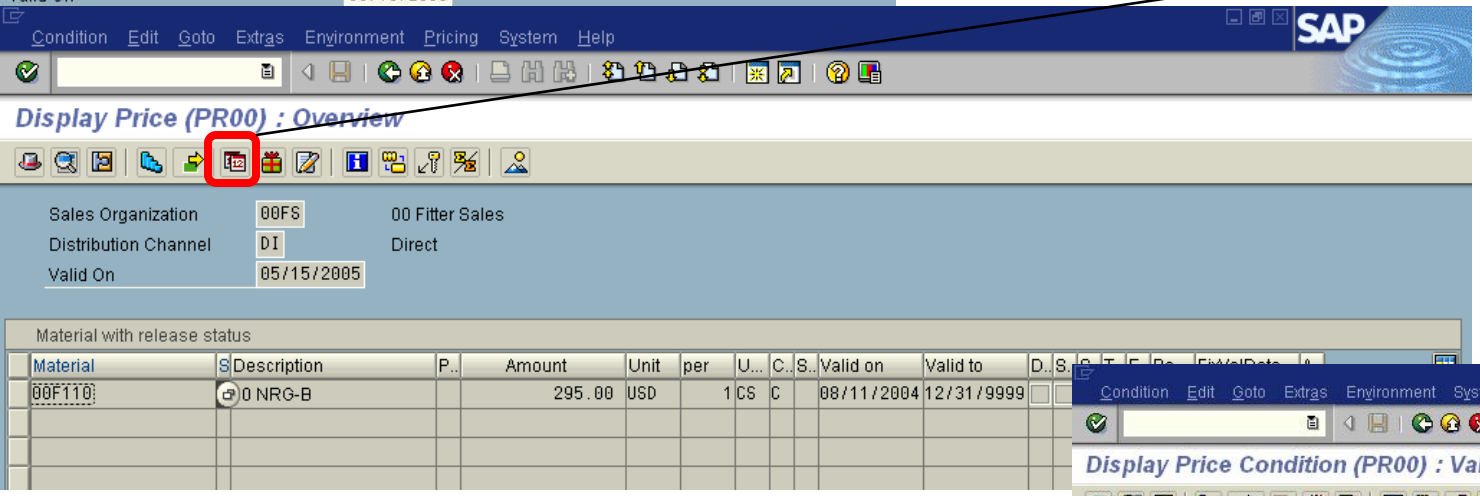
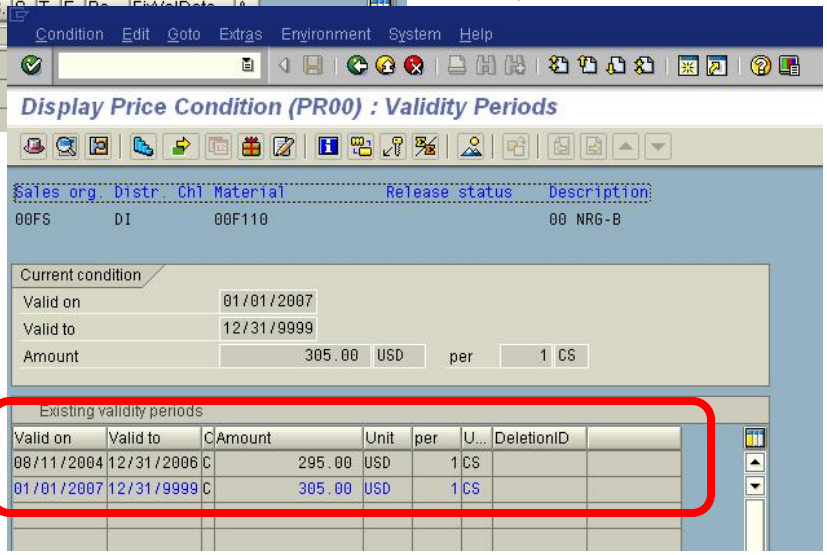
Step-4: Looking at standard prices and valid dates

Logistics ▷Sales and Distribution ▷Master Data ▷Conditions ▷Select Using Condition Type ▷ Display



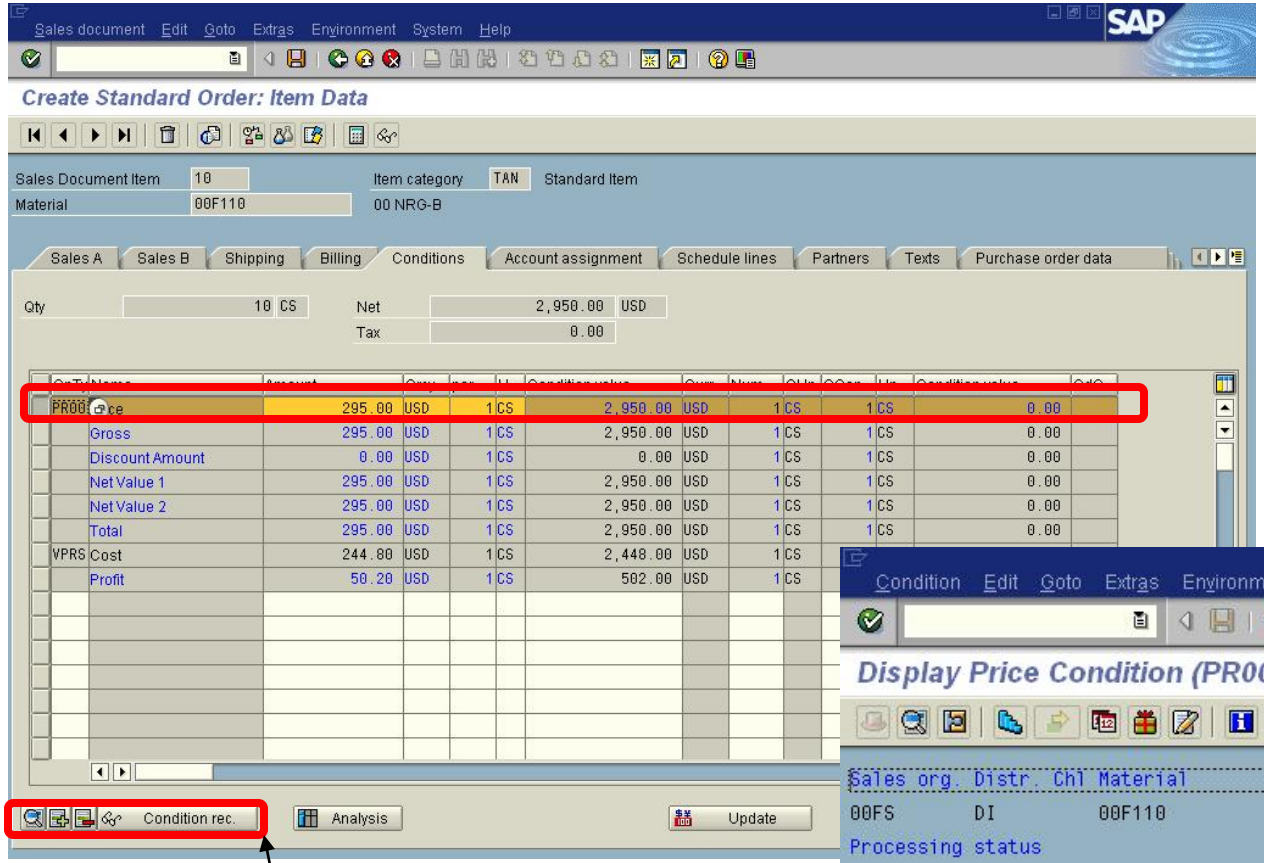


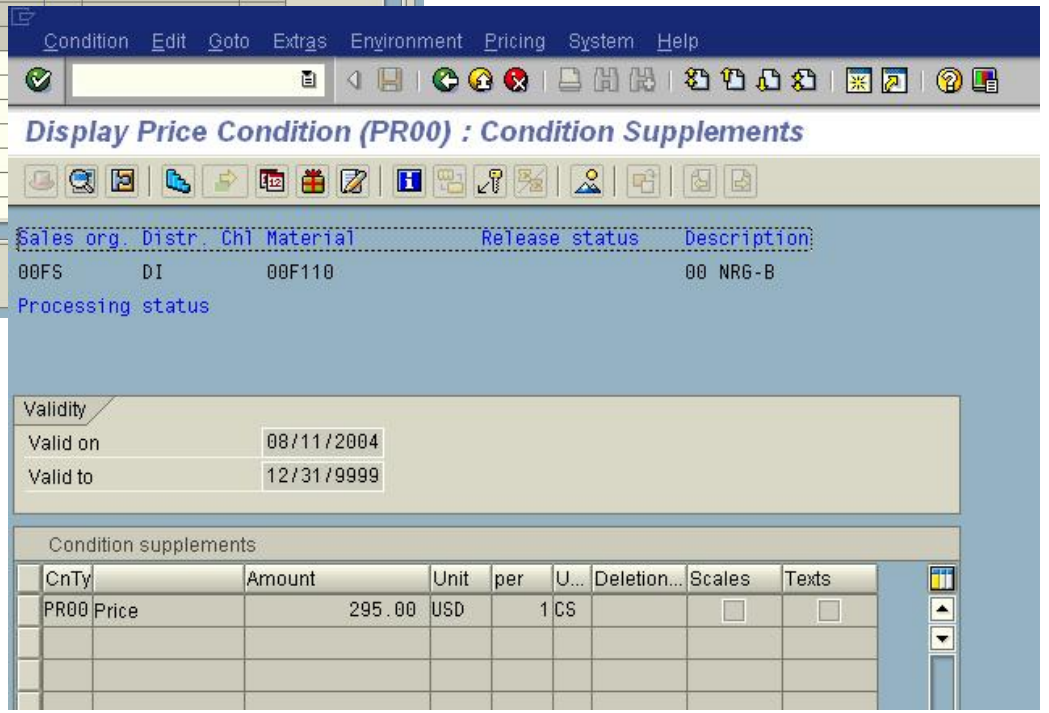


The standard price is $295, it was valid from 8/11/2004 & does not expire.

Here you can also see if there are any planned price increases/decreases

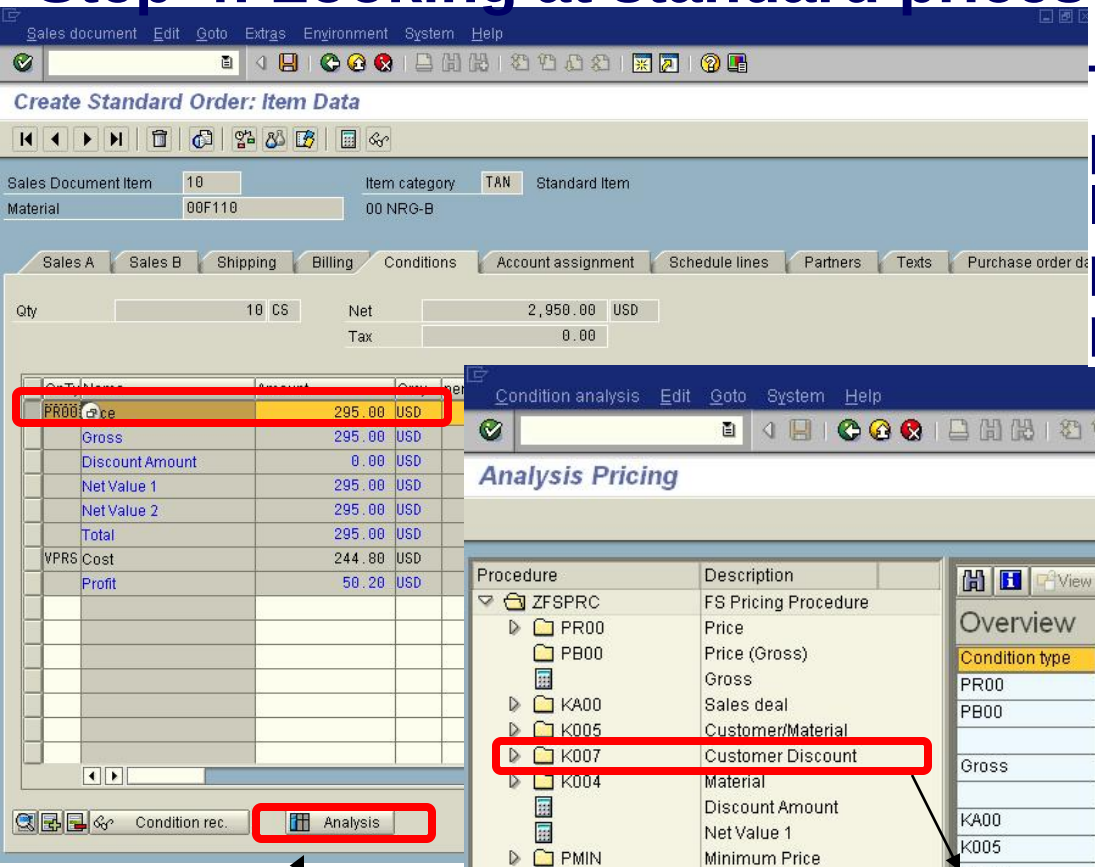
Step-4: Looking at standard prices

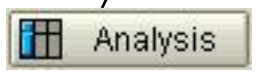




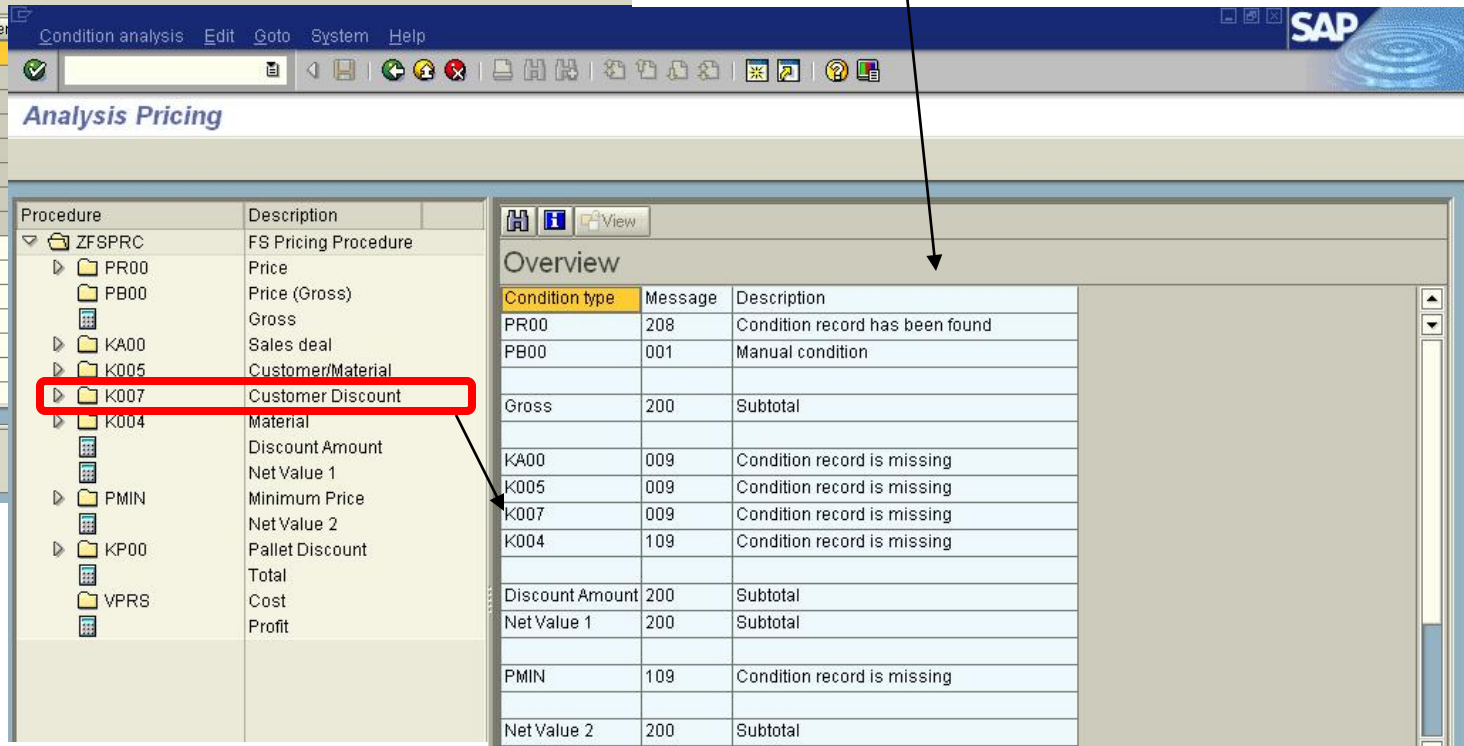
From any sales order, you can also see the standard price this way

Step-4: Looking at standard prices





There is a lot of information provided on this screen. On the left-hand side are all of the pricing conditions available for procedure ZFSPRC:



You can see that in this case we do not have any general customer discount (all customers) that is being used for this sales order

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Step-4: Manually override a price (from $295 to $305)

View

Overview

Condition type	Message	Description
PR00	208	Condition record has been found
PB00	001	Manual condition
Gross	200	Subtotal
KA00	009	Condition record is missing
K005	009	Condition record is missing
K007	009	Condition record is missing
K004	109	Condition record is missing
Discount Amount	200	Subtotal
Net Value 1	200	Subtotal
PMIN	109	Condition re
Net Value 2	200	Subtotal
KP00	009	Condition re

Note that after pricing condition PR00 is manual pricing condition PB00.

In that case, procedure ZFSPRC allows the sales order clerk to manually override this price using condition PB00.

Sales document Edit Goto Extras Environment System Help

SAP

Create Standard Order: Item Data

Sales Document Item 10 Item category TAN Standard Item

Material 00F110 00 NRG-B

Sales A | Sales B | Shipping | Billing | Conditions | Account assignment | Schedule lines | Partners | Texts | Purchase order data

Qty 10 CS Net 2,950.00 USD

Tax 0.00

CnTy	Name	Amount	Crcy	per	U...	Condition value	Curr.	Num...	OUn	CCon...	Un	Condition value	CdC...
PR00	Price	295.00	USD	1	CS	2,950.00	USD	1	CS	1	CS	0.00	
	Gross	295.00	USD	1	CS	2,950.00	USD	1	CS	1	CS	0.00	
	Discount Amount	0.00	USD	1	CS	0.00	USD	1	CS	1	CS	0.00	
	Net Value 1	295.00	USD	1	CS	2,950.00	USD	1	CS	1	CS	0.00	
	Net Value 2	295.00	USD	1	CS	2,950.00	USD	1	CS	1	CS	0.00	
	Total	295.00	USD	1	CS	2,950.00	USD	1	CS	1	CS	0.00	
VPRS	Cost	244.80	USD	1	CS	2,448.00	USD	1	CS	1	CS	0.00	
	Profit	50.20	USD	1	CS	502.00	USD	1	CS	1	CS	0.00	
PB00		305											

On this order, the clerk manually overrides the price to $305 instead of $295

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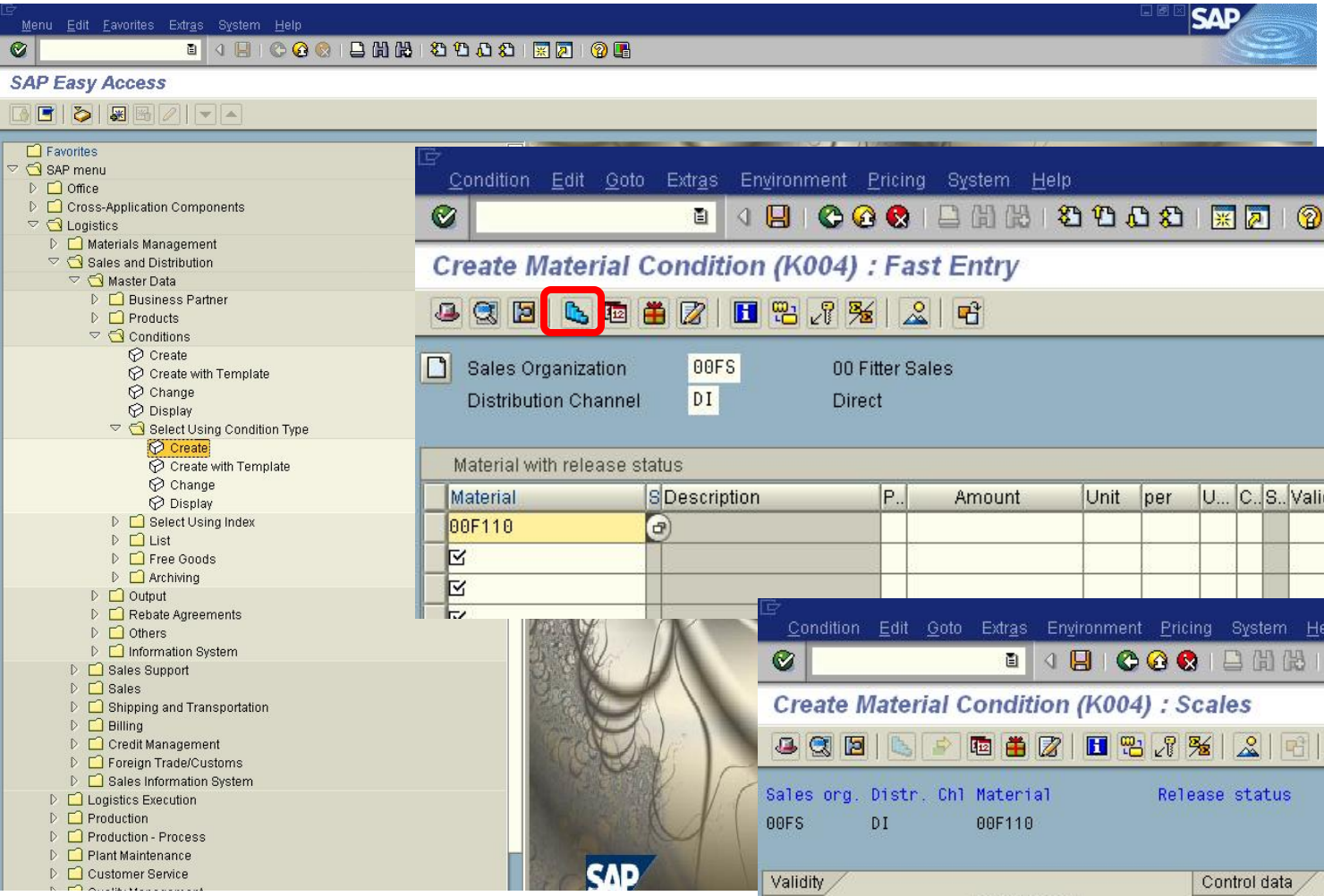
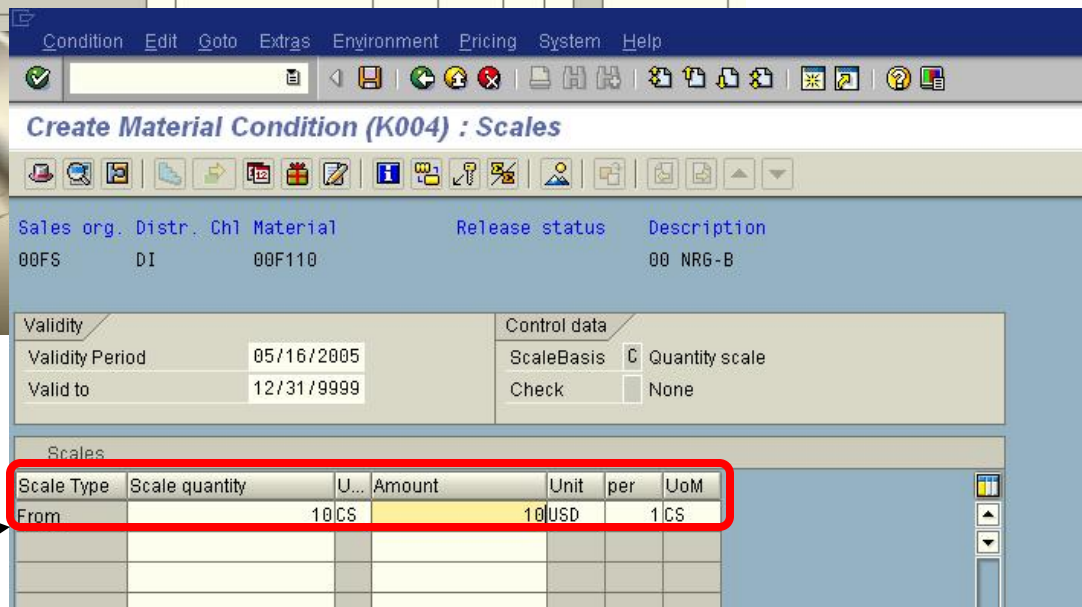
Step-5: Create a discount of $10 per unit if a customer buys over 10 units.

Logistics ▷Sales and Distribution ▷Master Data ▷Conditions ▷Select Using Condition Type ▷ Create

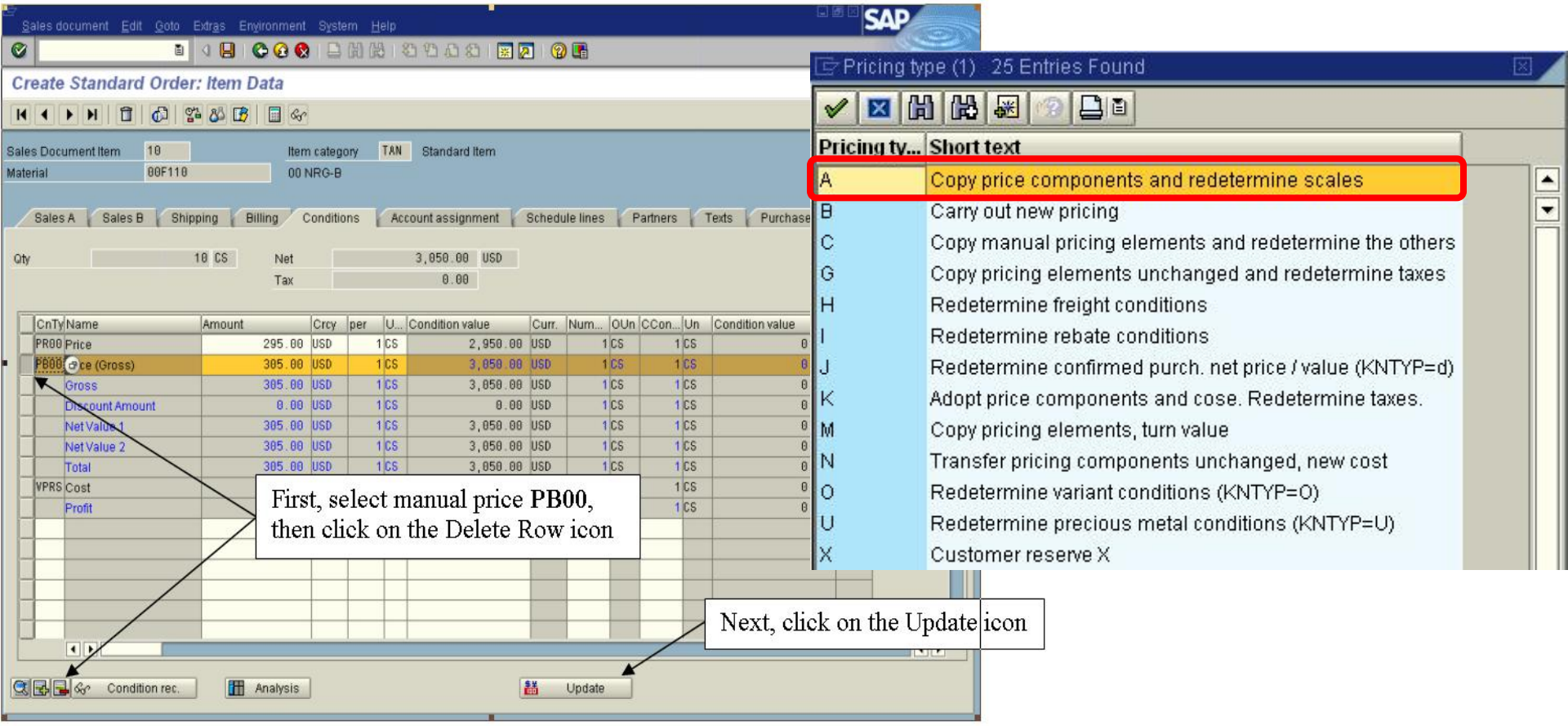




We now create pricing decisions based on the material. The scale is over 10 units and the discount is $10 per unit

Step-5: Create a discount of $10 per unit if a customer buys over 10 units.

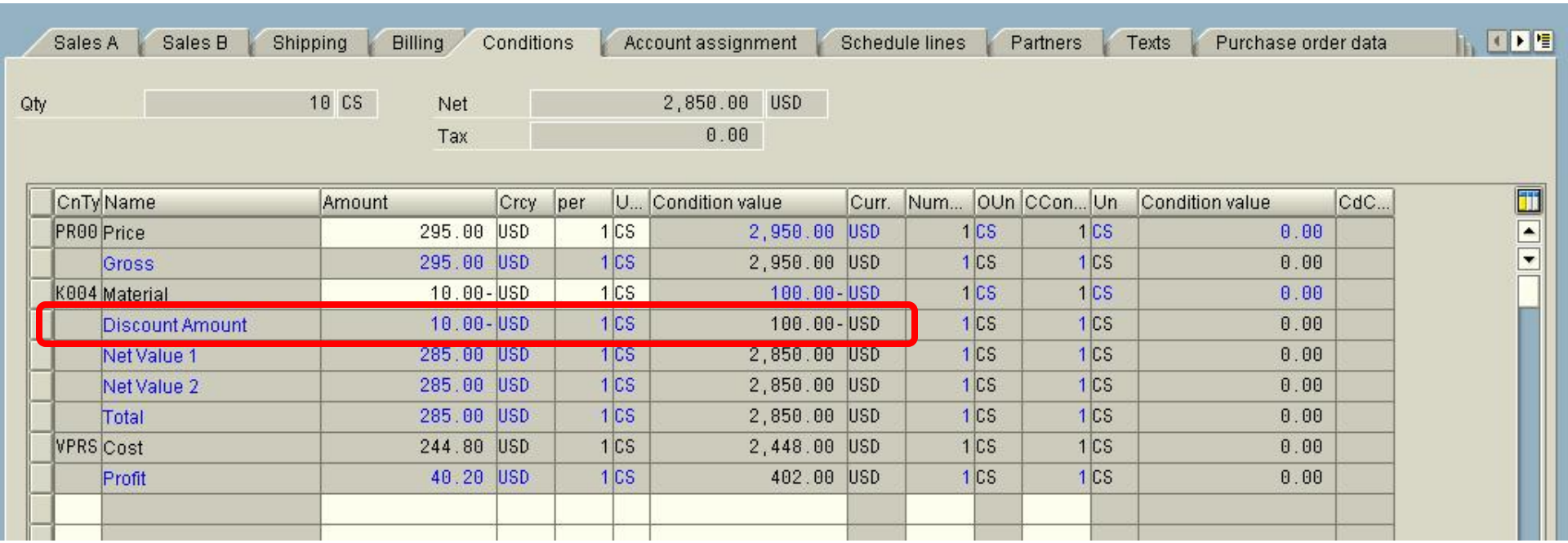
Logistics ▷Sales and Distribution ▷Master Data ▷Conditions ▷Select Using Condition Type ▷ Create



We now reprice the order by:

1) **Delete the manual override**
2) **Update with new pricing rules (notice that the material now have a $10 discount per unit for sales over 10 units)**
3) **Select the 'copy price components by redetermining scales (will test to see if we sold 10 units)**

Step-5: Create a discount of $10 per unit if a customer buys over 10 units.



CnTy	Name	Amount	Crcy	per	U...	Condition value	Curr.	Num...	OUn	CCon...	Un	Condition value	CdC...
PR00	Price	295.00	USD	1	CS	2,950.00	USD	1	CS	1	CS	0.00	
	Gross	295.00	USD	1	CS	2,950.00	USD	1	CS	1	CS	0.00	
K004	Material	10.00-	USD	1	CS	100.00-	USD	1	CS	1	CS	0.00	
	Discount Amount	10.00-	USD	1	CS	100.00-	USD	1	CS	1	CS	0.00	
	Net Value 1	285.00	USD	1	CS	2,850.00	USD	1	CS	1	CS	0.00	
	Net Value 2	285.00	USD	1	CS	2,850.00	USD	1	CS	1	CS	0.00	
	Total	285.00	USD	1	CS	2,850.00	USD	1	CS	1	CS	0.00	
VPRS	Cost	244.80	USD	1	CS	2,448.00	USD	1	CS	1	CS	0.00	
	Profit	40.20	USD	1	CS	402.00	USD	1	CS	1	CS	0.00	

We were successful and the new discounts went into effect..

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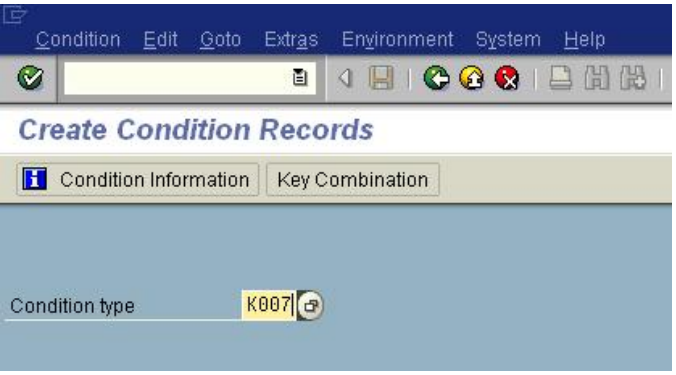
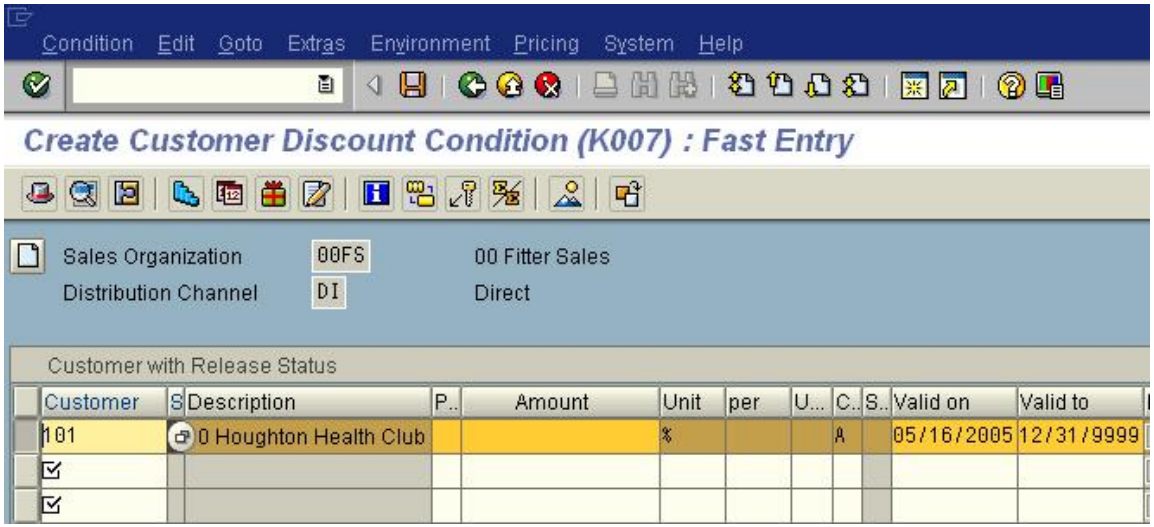
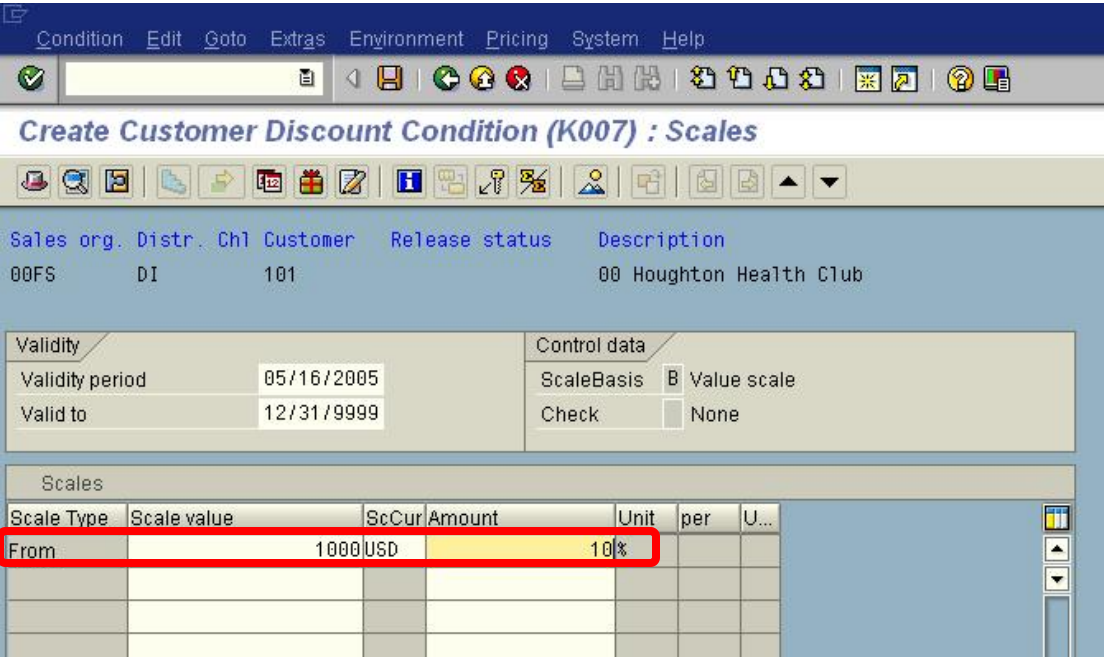
Step-5: add a customer 10% discount if a customer buys for over $1,000

Logistics ▷Sales and Distribution ▷Master Data ▷Conditions ▷Select Using Condition Type ▷ Create







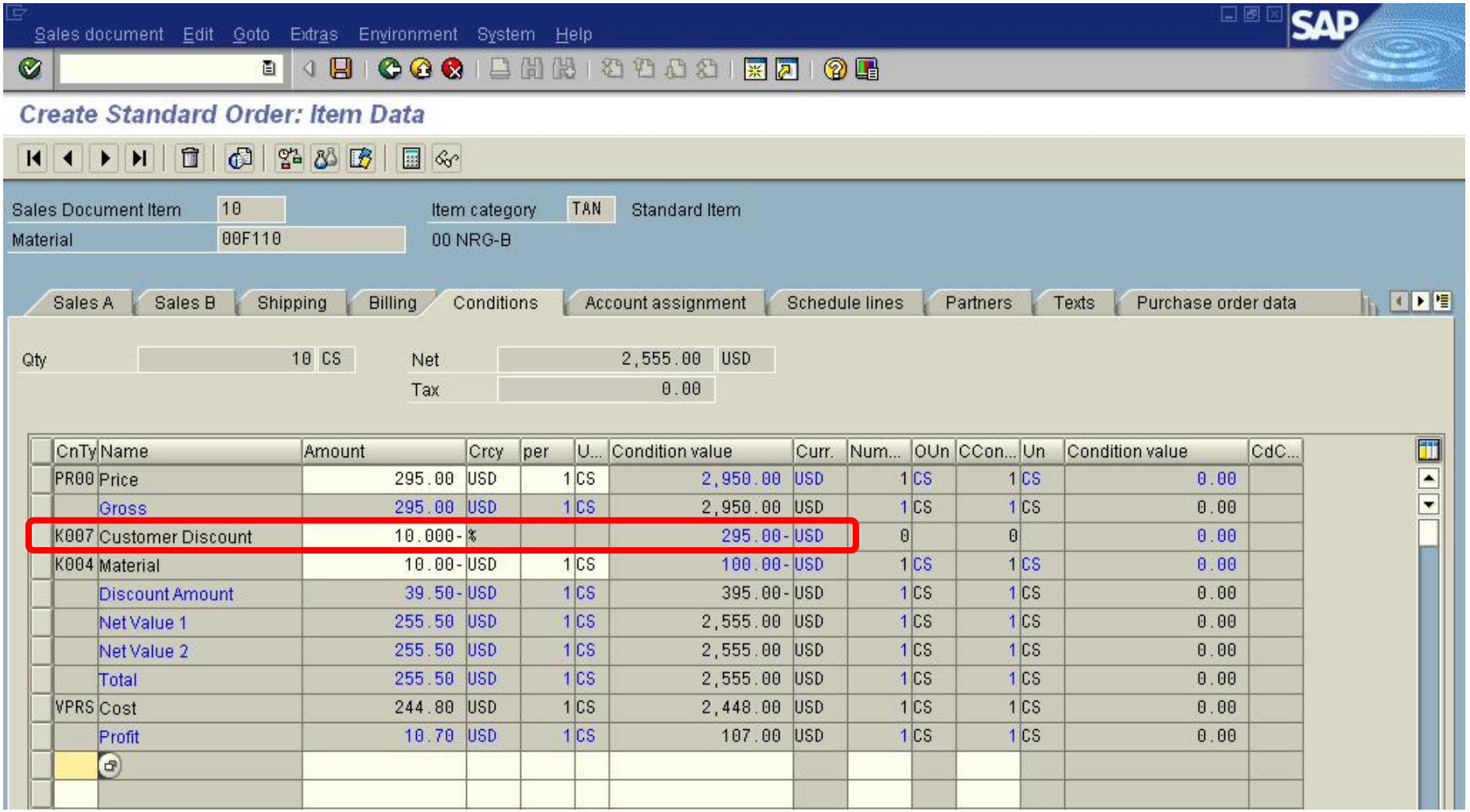
1. We added a new condition type

2. We searched for a customer to assign it to

3. We created a customer discount condition.

NOTE: The only way to get this discount to apply to the sales order is to cancel it and create a new sales order.

Step-5: add a customer 10% discount if a customer buys for over $1,000



CnTy	Name	Amount	Crcy	per	U...	Condition value	Curr.	Num...	OUn	CCon...	Un	Condition value	CdC...
PR00	Price	295.00	USD	1	CS	2,950.00	USD	1	CS	1	CS	0.00	
	Gross	295.00	USD	1	CS	2,950.00	USD	1	CS	1	CS	0.00	
K007	Customer Discount	10.000-	%			295.00-	USD	0		0		0.00	
K004	Material	10.00-	USD	1	CS	100.00-	USD	1	CS	1	CS	0.00	
	Discount Amount	39.50-	USD	1	CS	395.00-	USD	1	CS	1	CS	0.00	
	Net Value 1	255.50	USD	1	CS	2,555.00	USD	1	CS	1	CS	0.00	
	Net Value 2	255.50	USD	1	CS	2,555.00	USD	1	CS	1	CS	0.00	
	Total	255.50	USD	1	CS	2,555.00	USD	1	CS	1	CS	0.00	
VPRS	Cost	244.80	USD	1	CS	2,448.00	USD	1	CS	1	CS	0.00	
	Profit	10.70	USD	1	CS	107.00	USD	1	CS	1	CS	0.00	

After reentering the order, we got a new price and the customer discount worked…

Tasks in the Pricing exercise

In this exercise you did the following tasks

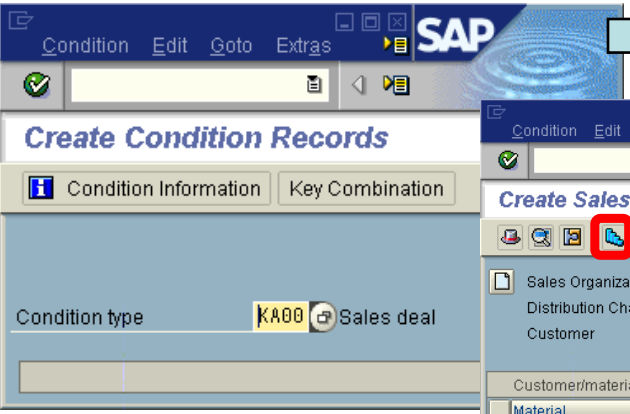
Step 1: Look at Document pricing procedures (standard orders)
Step 2: Look at Customer specific pricing
Step 3: Determining what procedure to use (customer or document)

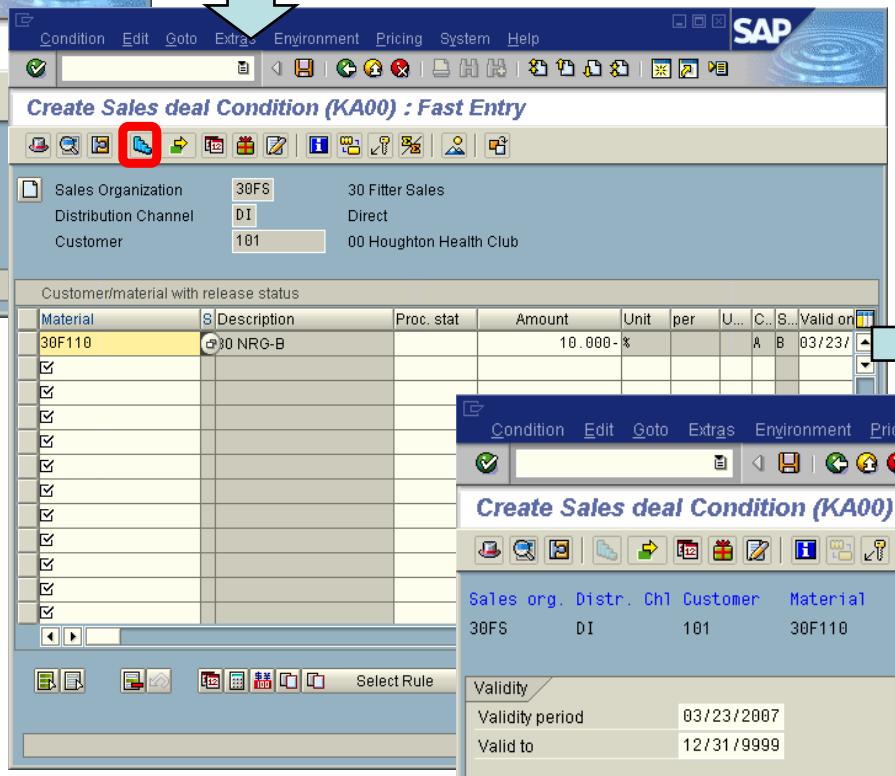
Step 4:
1) Testing the new pricing procedure (creating sales order)
2) Look at price changes based on valid dates (planned changes)
3) Manually override a price (from $295 to $305)

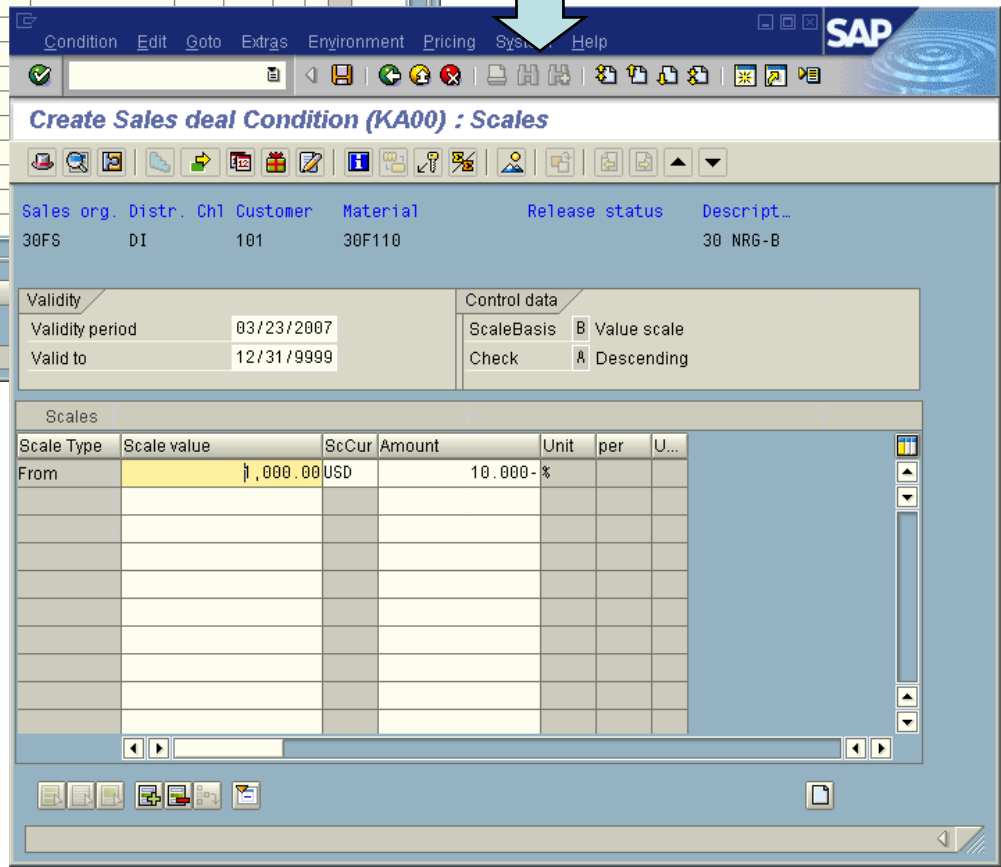
Step 5:
1) Create a discount of $10 per unit if any customer buys over 10 units.
2) Add a customer discount of 10% if any customer buys for over $1,000.
3) Create Minimum pricing

Step-5: Another discount – customer & material specific combination

Logistics ▷Sales and Distribution ▷Master Data ▷Conditions ▷Select Using Condition Type ▷ Create

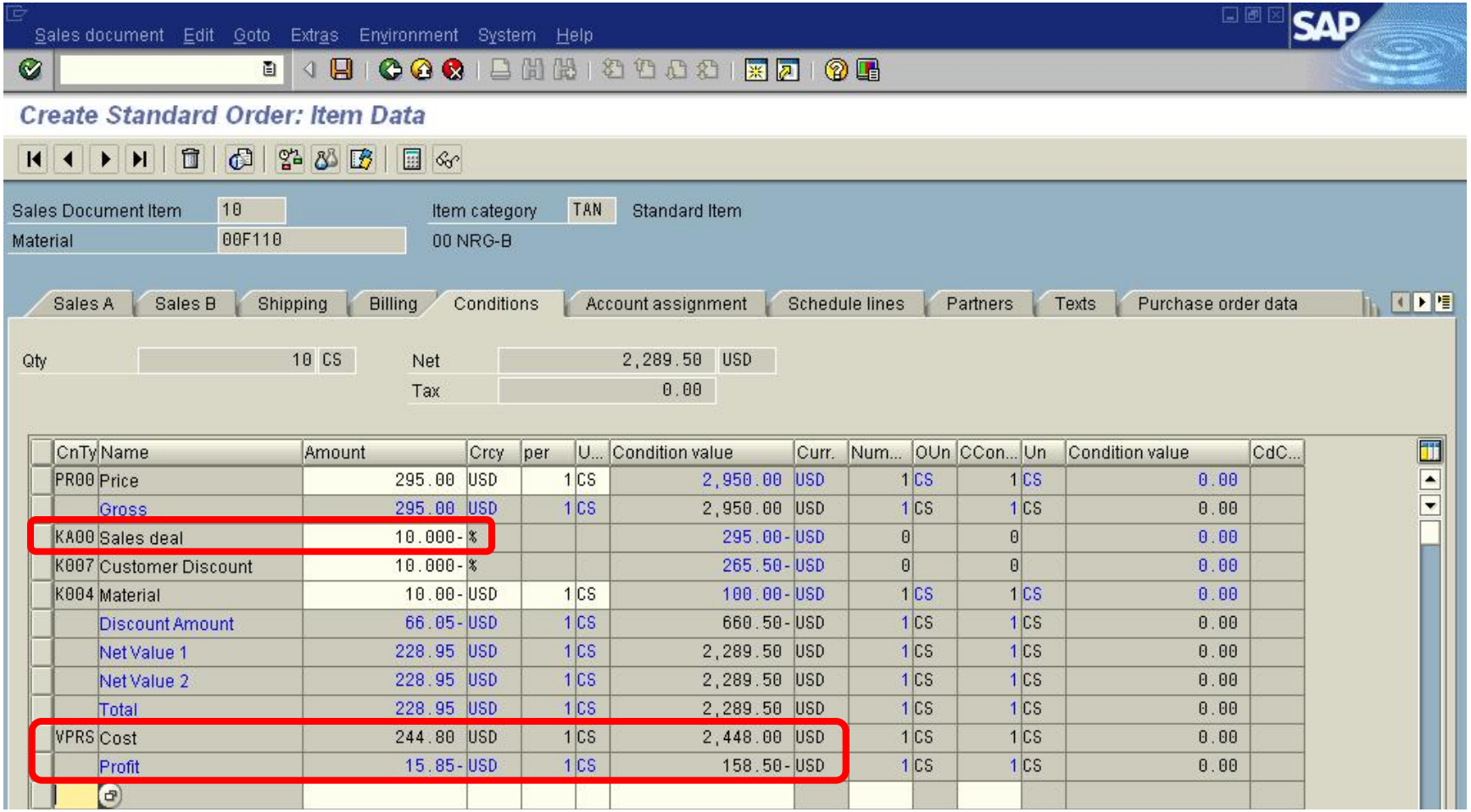






We can create the customer and material combination discount (the discount is only given for a certain customer, for a certain material by using the KA00 “sales deal” condition:

Step-5: Too many discounts – we are loosing money

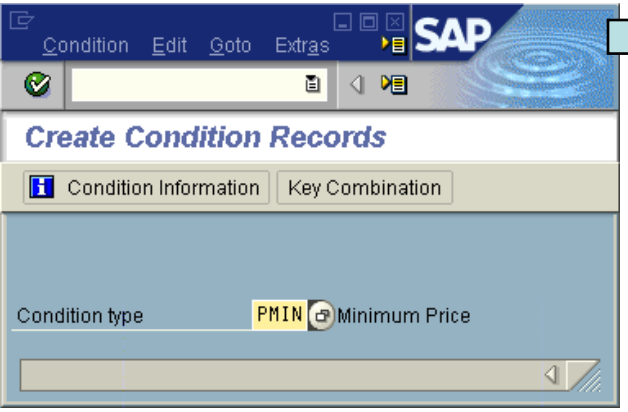


CnTy	Name	Amount	Crcy	per	U...	Condition value	Curr.	Num...	OUn	CCon...	Un	Condition value	CdC...
PR00	Price	295.00	USD	1	CS	2,950.00	USD	1	CS	1	CS	0.00	
	Gross	295.00	USD	1	CS	2,950.00	USD	1	CS	1	CS	0.00	
KA00	Sales deal	10.000-	%			295.00-	USD	0		0		0.00	
K007	Customer Discount	10.000-	%			265.50-	USD	0		0		0.00	
K004	Material	10.00-	USD	1	CS	100.00-	USD	1	CS	1	CS	0.00	
	Discount Amount	66.05-	USD	1	CS	660.50-	USD	1	CS	1	CS	0.00	
	Net Value 1	228.95	USD	1	CS	2,289.50	USD	1	CS	1	CS	0.00	
	Net Value 2	228.95	USD	1	CS	2,289.50	USD	1	CS	1	CS	0.00	
	Total	228.95	USD	1	CS	2,289.50	USD	1	CS	1	CS	0.00	
VPRS	Cost	244.80	USD	1	CS	2,448.00	USD	1	CS	1	CS	0.00	
	Profit	15.85-	USD	1	CS	158.50-	USD	1	CS	1	CS	0.00	

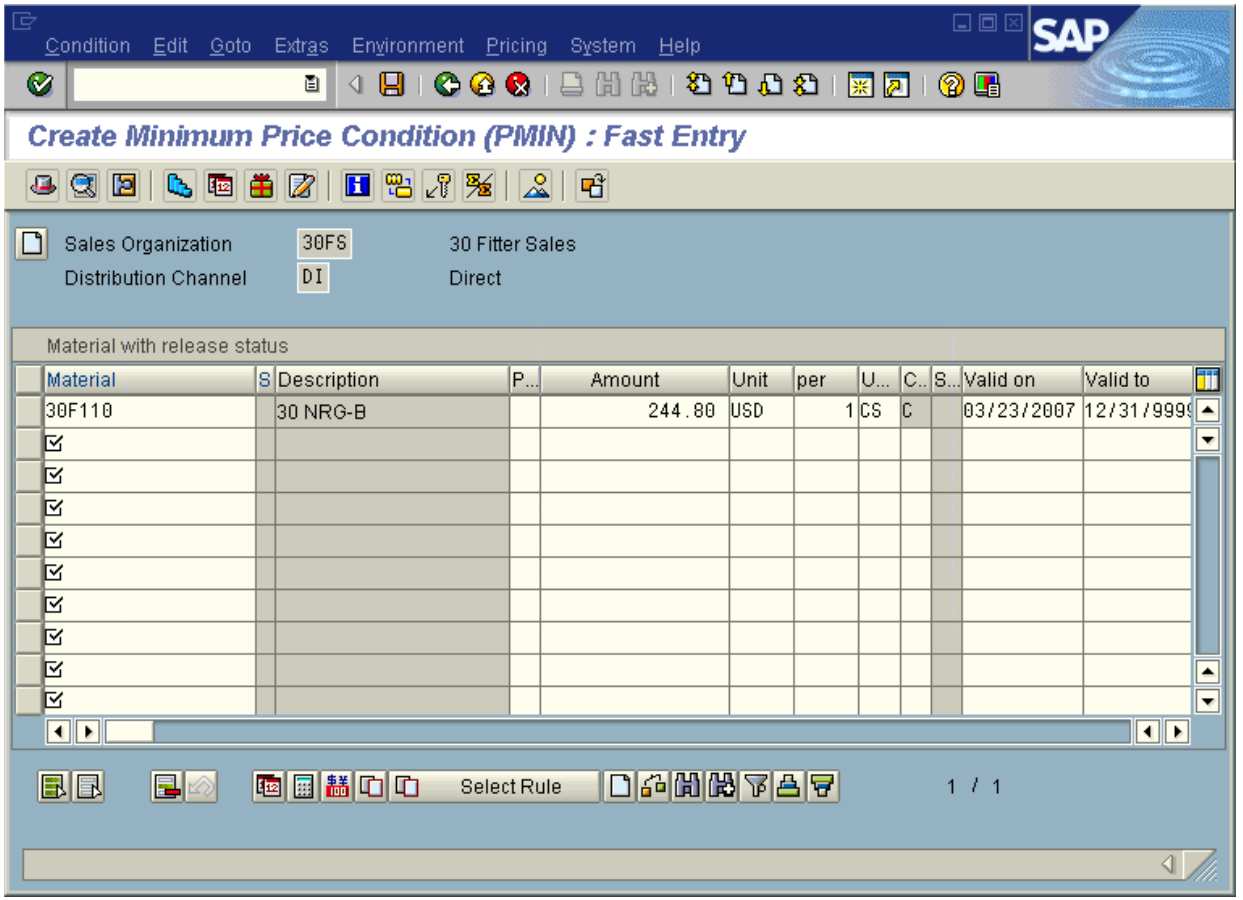
Due to many types of discounts we may actually price an order at a loss.

To avoid that, we can create minimum pricing rules

Step-5: Add a Minimum price



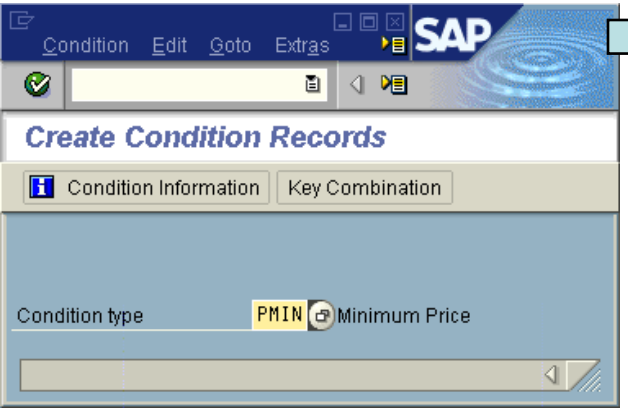
Logistics ▷Sales and Distribution ▷Master Data ▷Conditions ▷Select Using Condition Type ▷ Create



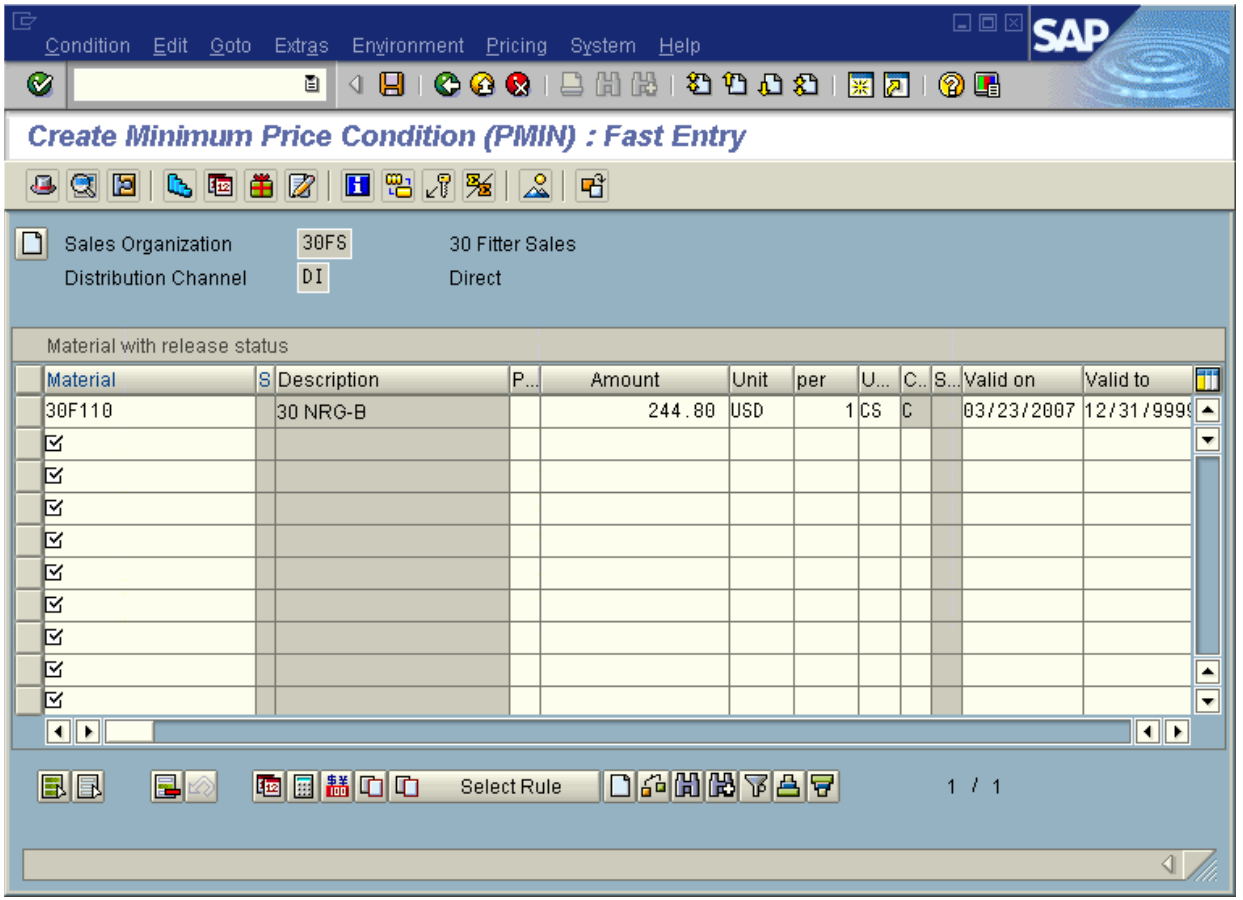
The Minimum Price is set for the material.

In this example it prevents the system from selling it for under $244.8 per unit regardless if other discounts would have priced the item lower.

Step-5: Add a Minimum price



Logistics ▷Sales and Distribution ▷Master Data ▷Conditions ▷Select Using Condition Type ▷ Create



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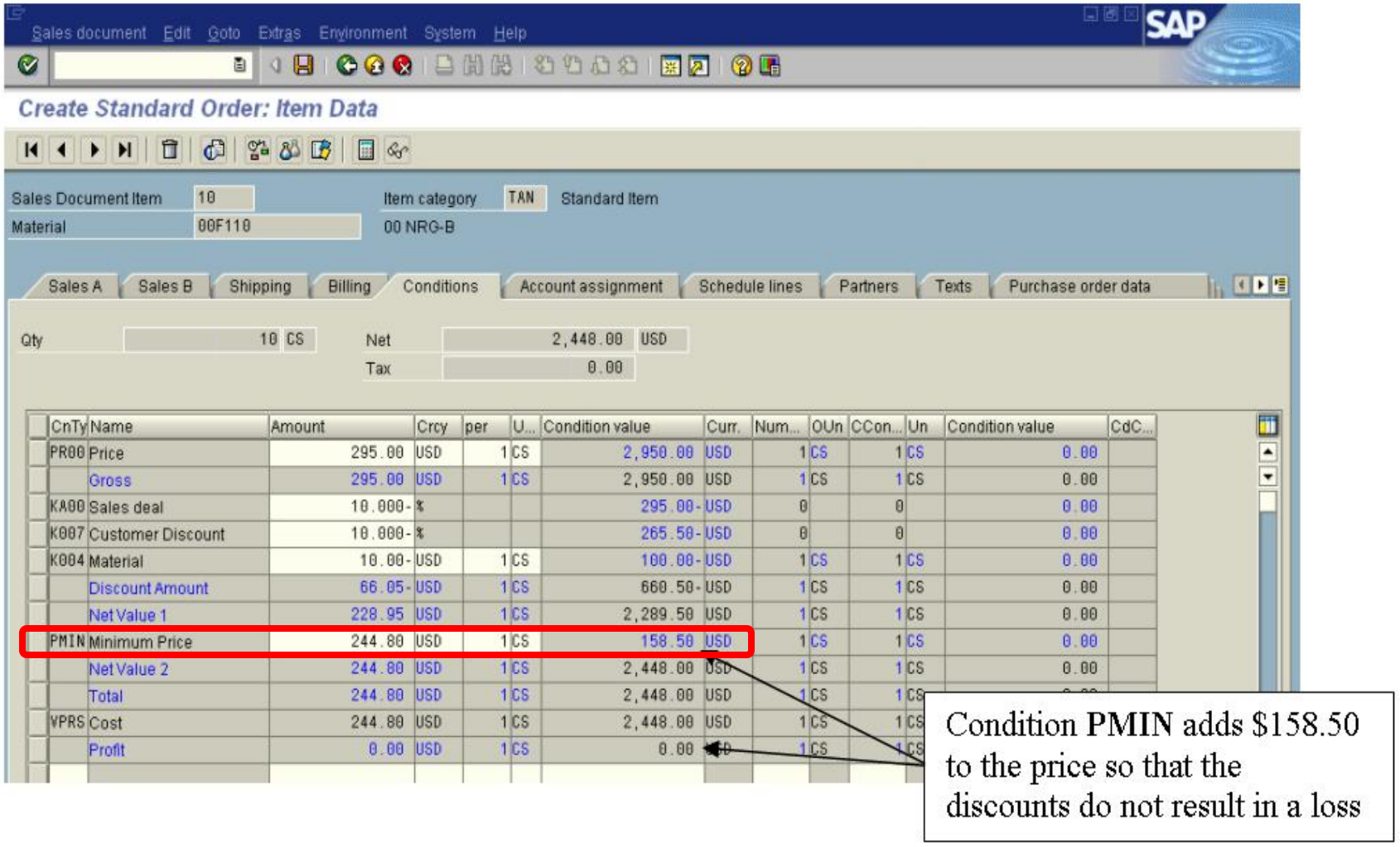
Step-5: Minimum price



The minimum price prevented us from selling at a loss.

Completed Tasks in the Pricing exercise

Step 1: Look at Document pricing procedures (standard orders)
Step 2: Look at Customer specific pricing
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