PeopleSoft®

EnterpriseOne Xe
Advanced Pricing
PeopleBook

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Overview

Overviews

Today's businesses need the pricing power to address the most volatile and complex environments, those that involve overlapping promotions, deals, special allowances, contracts, commodity-based pricing, rebates accruals and free goods.

It can be a market advantage to be able to refine or replace pricing strategies swiftly and effectively in response to changing market conditions. Companies that react slowly give the competition an unearned advantage. To react quickly to changing pricing conditions, a company needs a flexible price adjustments system.

The Advanced Pricing system provides flexibility when defining pricing. You can easily adjust prices for each promotion or deal and then combine the adjustments into a pricing structure or schedule. Within each schedule, you can define unlimited price adjustments. You can also combine regular discounts and promotions within the same schedule, which allow you to apply multiple adjustments to each sales order line.

This section provides overview information about the environment and concepts that surround pricing in the distribution industry, as well as information about how the Advanced Pricing system operates.

Overviews consists of the following:

- Industry overview
- Advanced Pricing system overview

Industry Overview

Customer-driven marketing requires customer-specific pricing. Today, businesses face the challenge of effectively managing multiple prices and discounts to cover all sales situations. Businesses need the power to address the complex and often volatile sales industry. They need to have business plans that allow for overlapping promotions, deals special allowances, contracts, commodity-based pricing, rebates, accruals and free goods. They need a pricing system that will handle numerous qualification criteria, including line of business, item unit of measure, supply point, deliver mode and distance, tax and duty, payment terms, and currency and exchange rate.

The industry overview consists of:

- ❑ Industry environments and concepts for Advanced Pricing
- ❑ Idea to Action: the competitive advantage

Industry Environments and Concepts for Advanced Pricing

In order to stay competitive, companies need to maintain a high level of sales and should maximize profits with integrated pricing information. Pricing strategies include:

- Accurate price history
- Promotion tracking
- Rebates and accruals
- Free goods
- Volume-sensitive pricing
- Commodity pricing
- Flexible price management

Accurate Price History

Sales personnel often need to automatically price or negotiate deals that will reward or retain current customers and penetrate new markets. Companies want to manage their sales with online access to pricing details specific to the customer and item. An accurate price history is crucial to maintaining the relationships between sales staff, customers, and potential customers.

Promotion Tracking

Businesses today need to evaluate the effectiveness of their pricing strategies by identifying special promotions, deals, and discounts. Tracking these unique pricing opportunities allows companies to collect precise price margin analyses.

Rebates and Accruals

Accruing price adjustments into defined general ledger accounts and to effectively manage rebates has become very important in the customer-driven sales industry. For example, many businesses offer rebates to customers who buy a certain amount of product. This encourages volume purchases. Suppliers, then, need a system by which they can track customer sales and credit their customers immediately and automatically.

Free Goods

Many businesses utilize the marketing practice of offering free goods. These companies need to be able to correlate discounts to same or complementary free goods and have their pricing system factor the cost of the free goods into the price of the products being sold.

Many companies may want to offer something other than the item that they are selling, as a way to attract sales for a different or related product. Other companies may offer free goods with the purchase of like or similar products. This type of marketing attracts customers who may be likely to purchase items other than the ones on sale.

Volume-sensitive Pricing

Companies can encourage volume purchases by offering quantity price breaks, blanket orders and rebate agreements. For example, a company may offer discounts based on sales prices. These higher percentage discounts stimulate customers to purchase more.

Commodity Pricing

Responding quickly to diverse and changing markets is a must in today's business environment. For example, in the commodities industry, prices change on a daily basis. To ensure product prices are always the most current, businesses in the commodities industry may need to establish price formulas that calculate based on commodity prices.

Flexible Price Management

Pricing needs to be flexible in competitive, customer-focused industries. Most companies require a number of different methods of adjusting prices, including using specific positive or negative amounts, percentages of the current price or cost, or formula-based pricing.

Idea to Action: The Competitive Advantage

The following examples are typical problems that occur during Advanced Pricing processes. For each example, a corresponding business activator is described that you can use to resolve each problem. Where applicable, information regarding the return on investment is also provided.

How can we best implement all of our different pricing scenarios?	Use the Advanced Pricing Adjustment Schedule program to manage complex pricing. Complex pricing matrices are broken down into small, more manageable schedules which are grouped by rebates, promotions, seasonal offers, etc.
We require a functional system for tracking customer sales and automatically crediting customers. How does Advanced Pricing support customer rebates?	J.D. Edwards' Advanced Pricing system's rebates and accruals programs provide the functionality to accrue price adjustments into defined general ledger accounts for reporting or bill-back purposes, or for rebate management. Rebate management will track the customer sales into a history table, and then credit the customers when they reach specified sales thresholds. This feature of the Advanced Pricing system promotes high volume sales and increases revenue. Providing rebates for customers can also ultimately increase customer satisfaction.
How can we automate our methodologies for controlling and monitoring changes to prices and price adjustments?	Use the Advanced Pricing system's Price Approvals program to set up a process and workflow for approving price changes. These price changes are automatic, self-documenting and routed through workflow processing so that the appropriate personnel within your organization can approve changes.
How do we make our pricing system flexible?	Use the Advanced Pricing system's multi-level pricing rules to target different markets with flexible, multi-tiered pricing components that you define for individual customers and items, or groups of customers and items.

How can electronics distributors handle the agreements they make with suppliers that address the price and cost fluctuations associated with electronic components?	J.D. Edwards Ship and Debit functionality allows distributors to manage, track and submit agreement rebates from their suppliers. Ship and debit processing does not change the cost of an item in the system, but instead allows the after-the-sale cost to affect the gross profit margin calculation and sales commission numbers.
How can we implement volume discounts?	Use the Advanced Pricing system's pricing schedules to maintain volume price discounts by setting up quantity, amount and weight specifications.
Are there pricing structures that support prices based on currency, unit of measure sold, and "limited time offers?"	The Advanced Pricing system is set up to easily manage date-effective pricing in different currencies and in various item units of measure.
How can we use free goods agreements when we price our products?	Use the Advanced Pricing system to adjust any prices to free goods offers. You define how the system factors the cost of the free goods into the price of the products sold.
How can commodity industries maintain prices?	Use the Advanced Pricing system's variable tables to maintain daily prices. You set up specific pricing formulas to calculate changing prices.
How can we manage our complex pricing schemes to cover a wide variety of industrial, competitive, geographical and regulator situations?	To enhance your ability to document specifics of any particular pricing scheume, use the OneWorld media object attachment tool. You can directly attach any media objects to your pricing strucutre applications. This can give you greater control over your business processes and systems.
How do we quote and price customized configurations?	The Advanced Pricing system provides customers with automatic price quotes when they order an item. These price quotes support configurations, kits and standard items.

Advanced Pricing System Overview

It can be a market advantage to be able to refine or replace pricing strategies swiftly and effectively in response to changing market conditions. Companies that react slowly give the competition an unearned advantage. To react quickly to changing pricing conditions, a company needs a flexible price adjustments system.

The benefits of implementing a flexible price adjustments system include:

- Improving profitability and competitiveness through more accurate pricing by market sectors and product characteristics
- Allowing sales and marketing organizations the freedom to develop pricing strategies to target different market sectors
- The ability to react promptly and effectively to your competitor's pricing strategies and to marketing conditions

J.D. Edwards allows you to adjust your base pricing using one of two price adjustment solutions:

- The standard price adjustment module, or base pricing, which is available with the Sales Order Management system. You should use standard price adjustments if your pricing procedures do not require the features offered by the advanced pricing system.
- The Advanced Pricing system, which is an additional software system that is integrated with the base price architecture.

Advanced Pricing Features

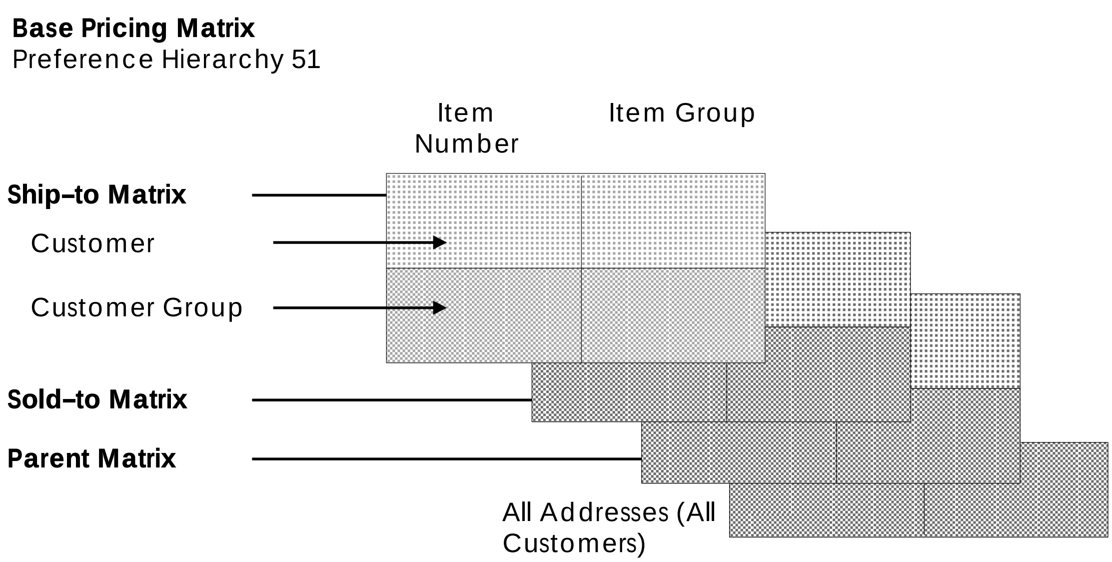
Because pricing is probably one of the most complex aspects of your business, it may take you a considerable amount of time to plan, set up, and maintain pricing information. The Advanced Pricing system streamlines pricing setup and maintenance. The advanced pricing setup is straightforward and requires minimal maintenance.

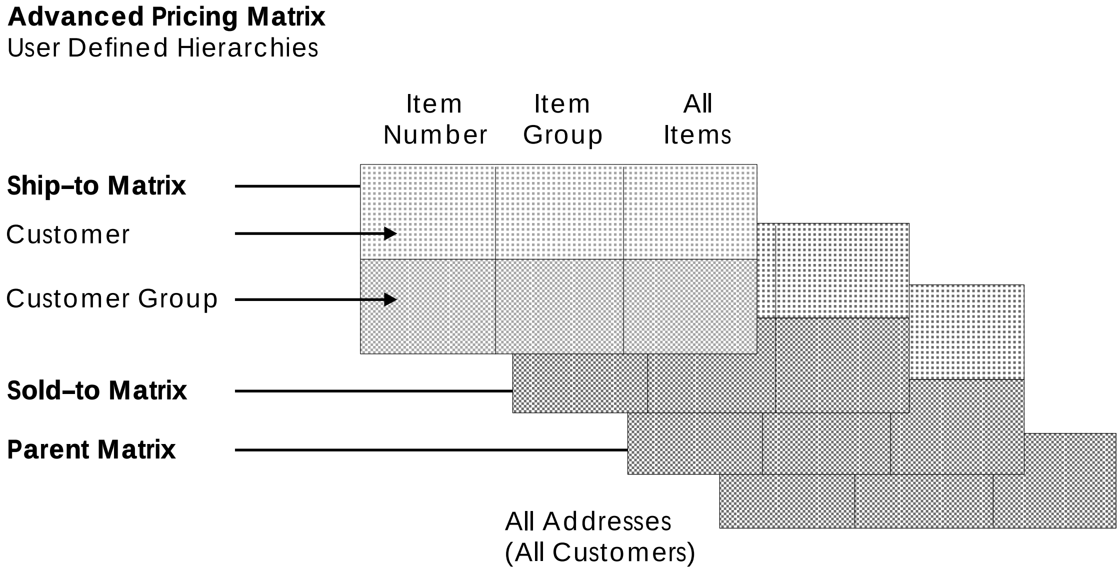
The Advanced Pricing system provides flexibility when defining pricing. You can easily adjust prices for each promotion or deal and then combine the adjustments into a pricing structure or schedule. Within each schedule, you can define unlimited price adjustments. You can also combine regular discounts and promotions within the same schedule, which allow you to apply multiple adjustments to each sales order line.

Customer and Item Groups

By grouping customers and items, you can accommodate vastly different market sectors and product lines. Using customer and item groups frees you from the tedious task of setting up price adjustment information for each item and customer.

Advanced Pricing provides additional flexibility for working with pricing groups. You can create adjustments for single items, single customers, groups of items, or groups of customers. Customers can be identified by Sold To, Ship To, or Parent addresses.





Adjustment Accruals

You can have the system accrue the amount of an adjustment instead of applying the adjustment to the order line. You might want to do this for:

- Advertising allowances and cooperative allowances
- Commissions
- Royalties based on product or customer

Types of Price Adjustments

Adjustments allow you great flexibility in defining your pricing schedules. You can adjust the price in the following ways:

- By a specified percentage of the base price.
- By a percentage of the current net price.
- By a percentage dollar amount of your cost.
- By a specific amount.
- Based on a formula. For example, you can create formulas that:
  - Reference a field in sales order detail.
  - Pull data from variable tables if you need to create pricing for items with prices that fluctuate frequently.
- Based on a price override. You can override a price by creating an adjustment that replaces the base price with the price you defined in the override adjustment.
- Based on one of your company's custom programs.

Limited Time Offers

For each adjustment, you can define an effective from date and an effective through date. For example, for pricing a promotion during the month of May, you can define an effective date range of May 1 through May 31.

Multicurrency Pricing

You can set up and maintain pricing by currency. If you sell in multiple currencies, the system can retrieve the currency from the base price file and retrieve the advanced pricing adjustments based on the currency of the sales order. If no pricing adjustments are found for the currency of the order, it will use the base currency.

See *Creating New Price Records in the Euro* in the *Euro Implementation Guide* for information about pricing in the euro, or other alternate currency.

Free Goods

Free goods are often items that help promote, display, or accompany the product being ordered. For example, for certain products you may want the free goods to be the display case, posters, or additional promotional items used to highlight a sale.

When you define an adjustment, you define how the system applies the free goods. You can tie any adjustment to free goods.

Level Breaks

You can reward customers who buy in volume by providing price discounts based on order quantity, weight, or total price. When you define adjustment types, you specify the level-break type you want to use.

Accruals

Automatic Accounting Instructions (AAIs) allow you to set up liability accounts for royalties, commissions, and rebates. Accruals do not affect the price of the order, but appropriate expense/liability entries are created when using the Sales/Update program.

Rebates

You can define rebate thresholds to establish rules for generating credit orders.

Flexible Invoice Print Detail

The adjustment type definition determines whether the system prints adjustment information on invoices.

Reprice Adjustments

You can accumulate quantities, weights, or amounts on an order and discount based on the total quantity, weight, or amount.

Online Price Negotiation

While taking a customer's order, you can negotiate prices and review the results. You can change the price calculation until both you and the customer are satisfied. The system automatically updates the profit margin as you make changes, which gives you the ability to verify that you stay within established guidelines.

Price Approvals

When you need to create or change prices, you can set up a process to automatically send out the new or changed prices for approval. Price approvals are routed through JDEdwards' Enterprise Workflow Management system.

Ship and Debit Agreement Processing

Suppliers who have agreements with their distributors based on price fluctuations in the electronics industry can use JDEdwards' Ship and Debit Processing to define, adjust and process agreements and manage the agreements' resulting claims. The Advanced Pricing system supports ship and debit functionality.

Advanced Pricing in Procurement

Advanced Pricing is designed around key concepts that support a wide variety of the pricing strategies ranging from simple product promotions to highly sophisticated customer deals. Integrating the Advanced Pricing features with the Procurement system provides more details to the customer about the price breaks that your suppliers extend to you, the customer. You can maintain rates and adjustment details.

The Advanced Pricing features that are integrated with the Procurement system include:

- Multiple adjustments per line item
- Detailed adjustment feature definition
- Hierarchical adjustment search sequences
- Order-specific pricing characteristics
- Free goods processing
- Online review of adjustment history

The sections that require specific actions for purchase order adjustments are specified with the heading "Using Advanced Pricing for Procurement."

Setup

System Setup

You can set up the Advanced Pricing system to meet your company's needs. The Advanced Pricing system integrates with the Sales Order Management system for efficiency and accuracy.

Setting up Advanced Pricing includes the following tasks:

- ❑ Setting up system constants
- ❑ Setting up pricing constants
- ❑ Setting up AAIs for advanced pricing

Advanced Pricing has the following setup features.

System Constants	Constants provide the system with the following types of information: • System constants determine default information for the entire system. • Pricing constants determine pricing information. • Batch control constants determine whether an application requires management approval and batch control. • Branch/plant constants control day-to-day transactions within a branch/plant. • Location format determines how you identify item storage places in a branch/plant. • Item availability defines how the system calculates the number of items that each branch/plant contains.
Automatic Accounting Instructions (AAIs)	AAIs provide the Sales Order Management system with accounting information and general ledger relationships for interacting with the General Accounting system.

The following Advanced Pricing features must be set up in other systems, such as the Inventory Management, Procurement, Sales Order Management, and General Accounting systems:

Address Book Revisions	You can enter category codes with which you create customer groups.
Item Master	You can define the sales and purchase levels. You can define prices for sales orders at the item level, the item/branch plant, or a location within the branch/plant. For purchase orders, the system uses the purchase price level to identify whether the system retrieves the unit cost from the Item Cost Ledger table (F4105) or the Supplier/Item table (F41061).
Item Branch/Plant Information	You can enter category codes with which you create item groups.
Customer Billing Instructions	You can set up the customer information that the system uses as a price default, such as the Adjustment Schedule or customer group.
Supplier Instructions	You can set up the supplier information that the system uses as a pricing default, such as the Adjustment Schedule or supplier group.
Landed Costs	You can set up landed costs to specify the costs that exceed the purchase price of an item, such as delivery charges, broker fees, and so forth.
Standard Units of Measure	You can set up the standard units of measure for all items across all branch/plants to convert to the specified pricing unit of measure.

See Also

- *Working with Address Book Records* in the *Address Book Guide*
- *Entering Item Master Information* in the *Inventory Management Guide*
- *Entering Branch/Plant Information* in the *Inventory Management Guide*
- *Defining Supplier Purchasing Instructions* in the *Procurement Guide*
- *Setting Up Landed Costs* in the *Procurement Guide*
- *Setting Up Standard Units of Measure* in the *Inventory Management Guide*

Setting Up System Constants

Set up system constants to determine which functions to perform. For example, if you have several branch/plants and you use different units of measure for the items in each branch/plant, you can set a system constant to automatically convert units of measure by branch. System constants apply to all branch/plants. You cannot customize system constants for each branch/plant.

For Advanced Pricing, the system constants define how the system retrieves prices for sales and purchase order adjustments. When you set up base prices and adjustments, you can use various units of measure and effective date ranges. The system retrieves the unit cost for a purchase order detail line based on either the transaction unit of measure, the purchasing unit of measure, or the primary unit of measure. Additionally, you can retrieve the price based on specific dates in the order process. For example, you can base the sales price on the date that the item is shipped versus the date that the order is entered in the system.

Using Advanced Pricing for Procurement

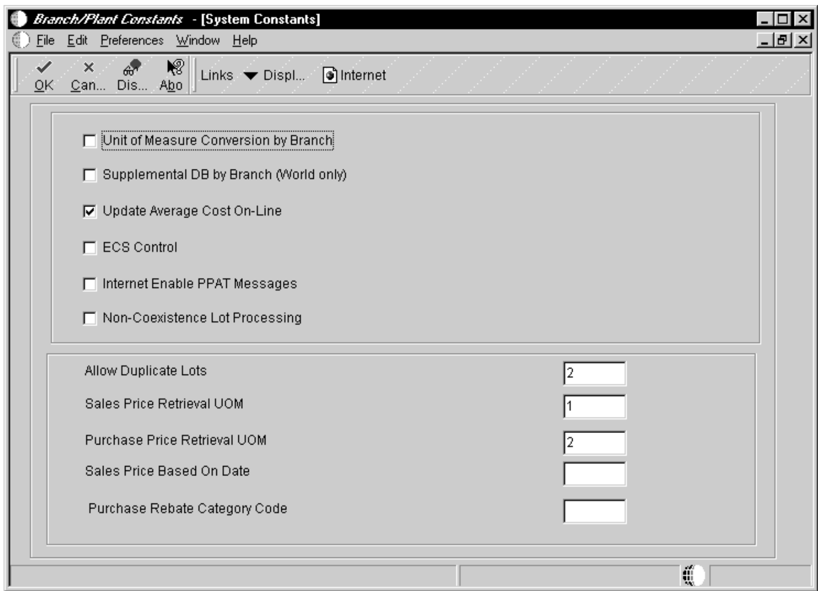
You can use the system constant, Sales Price Based on Date, to determine what date the system uses to retrieve a valid base price or adjustment for your purchase order. You can base the price on the system date, the order or transaction date, the requested date, or the date on which the items are received. In Procurement, the ship date is actually the day on which you receive the goods, or the Receipt Date, and you cannot use the Invoice Date.

Note: If you use Advanced Pricing for Procurement, you can use the system constant, Sales Price Based on Date, to determine what date the system uses to retrieve a valid base price or adjustment for your purchase order. You can base the price on the system date, that order or transaction date, the requested date, or the date on which you recieve the items. In Procurement, the system the ship date is actually the day on which you receive the goods, the Receipt Date and you can not use the option, Invoice Date.

▶ To set up system constants

From the System Setup menu (G4241), choose Branch/Plant Constants.

1. On Work With Branch/Plant Constants, from the Forms menu, choose System Constants.



2. On System Constants, complete the following fields:
   - Sales Price Retrieval UOM
   - Sales Price Based On Date
3. Optionally, if you use Advanced Pricing for Procurement, complete the following fields:
   - Purchase Price Retrieval UOM
   - Purchase Rebate Category Code
4. Click OK.

Field	Explanation
Sales Price Retrieval UOM	A code that specifies the unit of measure that the system uses for retrieving base prices and price adjustments during sales order processing. The system allows you to define your base prices in the Base Price table (F4106) and price adjustments in the Adjustment Detail table (F4072) in various unit of measures. If you specify the unit of measure for transaction or pricing and the system does not find a record in that unit of measure, the system repeats the process using the primary unit of measure of the item.
Sales Price Based On Date	A code that determines how the system updates the Price Effective Date in the Sales Order Header (F4201) and Detail (F4211) tables. In the Sales Order Management system, the system uses the Price Effective Date to retrieve the base price from the Sales Order Header table (F4106) and price adjustments from Sales Order Detail table (F4072).
Purchase Price Retrieval UOM	A code that represents the unit of measure that the system retrieves for the purchase base price (F41061) during purchase order processing. If you specify the unit of measure for transaction or pricing and the system does not find a record in that unit of measure, the system repeats the process using the primary unit of measure of the item.
Purchase Rebate Category Code	A number that determines which category code the system uses in the criteria for inclusion comparison.

See Also

- *Setting Up Constants* in the *Inventory Management Guide*

Setting Up Pricing Constants

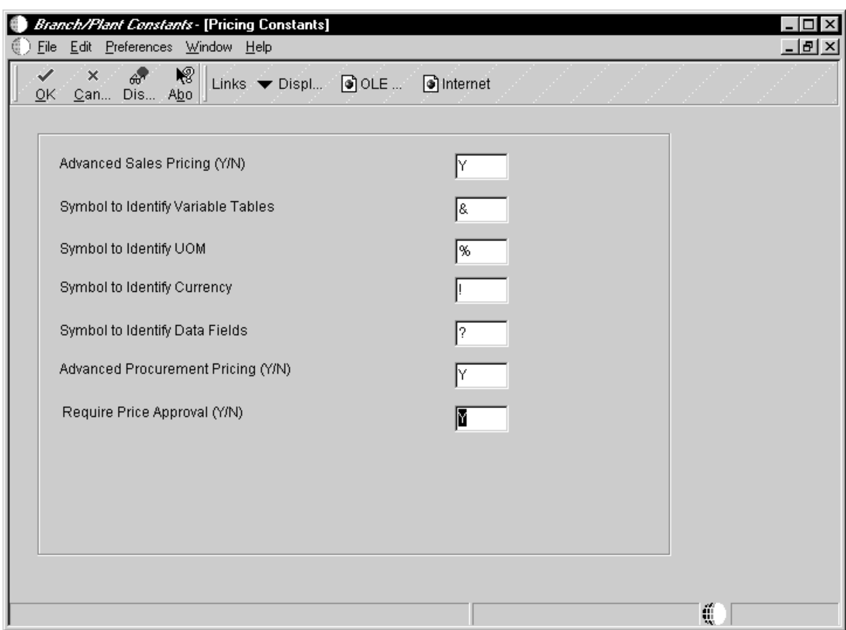
The system uses pricing constant information to control which systems, Sales Order Management and/or Procurement, use Advanced Pricing. Additionally, you assign the special characters used in the price formulas for sales or purchase order adjustments. You can also specify whether you want pricing approvals applied.

Like system constants, pricing constants apply to all branch/plants. You cannot customize the settings for each branch/plant.

▶ To set up pricing constants

From the Sales Order Management Setup menu (G4241), choose Branch/Plant Constants.

1. On Work With Branch/Plant Constants, from the Form menu, choose Pricing Constants.



2. On Pricing Constants, complete the following fields:
   - Advanced Sales Pricing (Y/N)
   - Symbol to Identify Variable Tables

- Symbol to Identify UOM
- Symbol to Identify Currency
- Symbol to Identify Data Fields
- Advanced Procurement Pricing (Y/N)
- Require Price Approval (Y/N)

3. Click OK.

   After you set or change the pricing constants, you must exit OneWorld in order for the changes to take effect.

Field	Explanation
Advanced Sales Pricing (Y/N)	Indicates how the system determines the price of items within your system. If your system includes the advanced pricing module, you may use this feature. Y The system will use advanced pricing. N The system will NOT use advanced pricing.
Symbol to Identify Variable Tables	A character that you want to use to identify a variable table in advanced pricing in your system. When you enter a table name preceded by this character, the system recognizes the name as a table name for formula pricing calculations. Alphabetic, numeric, and mathematical function (for example, +,-,*,/) values are not valid in this field.
Symbol to Identify UOM	A character that you want to use to identify a unit of measure in advanced pricing formulas. When you enter a unit of measure preceded by this character, the system recognizes the entry as a unit of measure for formula pricing calculations. Alphabetic, numeric, and mathematical function (for example, +,-,*,/) values are not valid in this field.
Symbol to Identify Currency	A character that you want to use to identify a currency code in advanced pricing formulas. When you enter a currency code preceded by this character, the system recognizes the entry as a currency code for formula pricing calculations. Alphabetic, numeric, and mathematical function (for example, +, -, *, /) values are not valid in this field.
Symbol to Identify Data Fields	Character that you want to use to identify database fields in advanced pricing formulas. When you enter a database field preceded by this character, the system recognizes the entry as a database field for formula pricing calculations. Alphabetic, numeric, and mathematical function (for example, +, -, *, /) values are not valid in this field.

Field	Explanation
Advanced Procurement Pricing (Y/N)	Use this field to specify whether to apply advanced pricing to the purchase price. Valid values are: Y Apply advanced pricing to the purchase price. N Apply standard price adjustments to the purchase price.
Require Price Approval (Y/N)	A value that specifies whether the user wants all price changes provided through price approval workflow. Y Apply price approval workflow. N Do not apply price approval workflow.

Setting Up AAIs for Advanced Pricing

Automatic accounting instructions (AAIs) provide the rules the system uses to create G/L entries automatically. Each program that posts to the General Ledger uses AAIs.

For distribution systems, you must create AAIs for each unique combination of company, document type, and G/L class that you anticipate using. Each AAI points to a specific G/L account consisting of a cost center, an object, and a subsidiary.

After you define AAIs, the system can appropriately record transactions. When you run a sales update, the system creates entries to inventory accounts, to expense accounts of cost of goods sold, and to revenue accounts for orders. You may also offset accounts for freight, taxes, or any other charges associated with orders.

AAIs allow you to direct how various journal entries are created by sales order transactions. Each AAI contains combinations of:

- Company
- Document type
- G/L class code
- G/L account

You can create various combinations to direct journal entries to different offset accounts. For example, phone-in orders may affect different G/L accounts than over-the-counter orders.

Note: For Advanced Pricing for Procurement, AAIs are not used for purchase order adjustments. For example, the system does not create entries for the additional discounts that are applied to the unit cost when you match a voucher to a receipt.

AAIs Used in the Advanced Pricing System

4270 Price Adjustments	Specifies the sales discount account for entries created by the Update Customer Sales program.
4280 Rebate Payable	Specifies accrued accounts for offset entries.
4234 Ship and Debit	Specifies temporarily accrued accounts, recognized as a cost of goods sold sales reduction.

After you review and revise the existing AAIs for your business needs, you might need to set up additional AAI items.

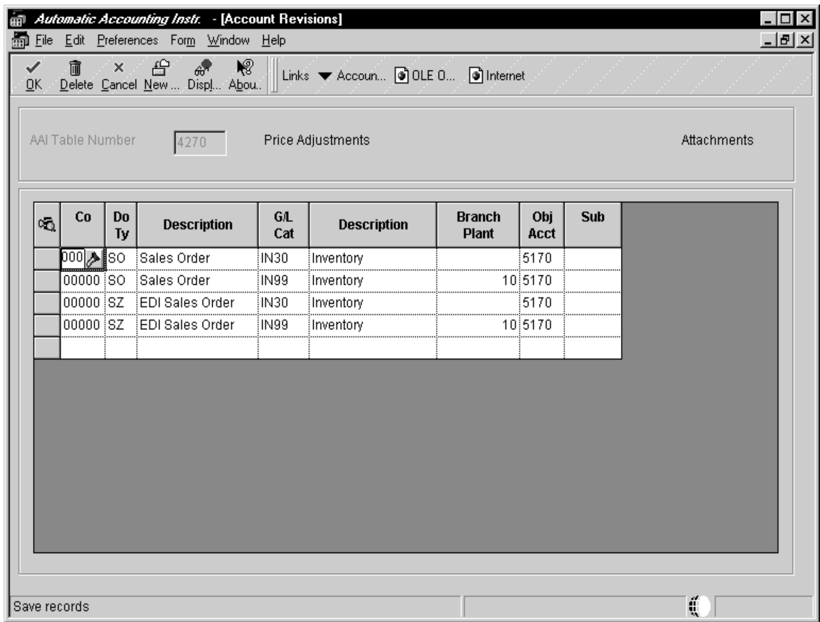
Before You Begin

- ❑ Verify that account master information is set up.
- ❑ Verify that companies are set up.
- ❑ Verify that transaction types are set up.
- ❑ Verify that document types are set up.
- ❑ Verify that G/L class codes are set up.
- ❑ Determine the account numbers for recording transactions.

▶ To set up AAIs for Advanced Pricing

From the Sales Order Management Setup menu (G4241), choose Automatic Accounting Instructions.

1. On Work With AAIs, locate the AAI and click Select.



2. On Account Revisions, complete the following fields:
   - Company
   - Document Type
   - *SAME
   - Branch Plant
   - Object Account
   - Subsidiary
3. Enter memo text for each AAI table, if needed, by choosing Attachments from the Form or Row menu.
4. Click OK to revise the account.

The G/L class code used for the AAIs defaults from the value in the G/L Offset field in the Adjustment Definitions form. If the G/L Offset field is blank, the G/L class code value from the sales order is used.

If the adjustment is an override adjustment, the advanced pricing AAIs (4270 and 4280) are not used.

Field	Explanation
Co	A code that identifies a specific organization, fund, entity, and so on. The company code must already exist in the Company Constants table (F0010) and must identify a reporting entity that has a complete balance sheet. At this level, you can have intercompany transactions. Note: You can use Company 00000 for default values, such as dates and automatic accounting instructions. You cannot use Company 00000 for transaction entries.
Do Ty	A user defined code (00/DT) that identifies the origin and purpose of the transaction. J.D. Edwards reserves several prefixes for document types, such as vouchers, invoices, receipts, and timesheets. The reserved document type prefixes for codes are: P Accounts payable documents R Accounts receivable documents T Time and Pay documents I Inventory documents O Ordering document types The system creates offsetting entries as appropriate for these document types when you post batches.
G/L Cat	A user defined code (41/9) that identifies the G/L offset that system uses when it searches for the account to which it posts the transaction. If you do not want to specify a class code, you can enter *** (four asterisks) in this field. You can use automatic accounting instructions (AAIs) to predefine classes of automatic offset accounts for the Inventory, Procurement, and Sales Order Management systems. You might assign G/L class codes as follows: IN20 Direct Ship Orders IN60 Transfer Orders IN80 Stock Sales The system can generate accounting entries based upon a single transaction. For example, a single sale of a stock item can trigger the generation of accounting entries similar to the following: Sales–Stock (Debit) xxxxx.xx A/R Stock Sales (Credit) xxxxx.xx Posting Category: IN80 Stock Inventory (Debit) xxxxx.xx Stock COGS (Credit) xxxxx.xx The system uses the class code and the document type to find the AAI.

Field	Explanation
Branch Plant	An alphanumeric field that identifies a separate entity within a business for which you want to track costs. For example, a business unit might be a warehouse location, job, project, work center, branch, or plant. You can assign a business unit to a voucher, invoice, fixed asset, employee, and so on, for purposes of responsibility reporting. For example, the system provides reports of open accounts payable and accounts receivable by business units to track equipment by responsible department. Security for this field can prevent you from locating business units for which you have no authority. Note: The system uses the job number for journal entries if you do not enter a value in the AAI table. . . . . *Form-specific information* . . . . If you leave this field blank, the system uses the business unit that you entered on the work order, in the Charge to Cost Center field.
Obj Acct	The portion of a general ledger account that refers to the division of the Cost Code (for example, labor, materials, and equipment) into subcategories. For example, dividing labor into regular time, premium time, and burden. Note: If you are using a flexible chart of accounts and the object account is set to 6 digits, J.D. Edwards recommends that you use all 6 digits. For example, entering 000456 is not the same as entering 456, because if you enter 456, the system enters three blank spaces to fill a 6-digit object.
Sub	A subdivision of an object account. Subsidiary accounts include more detailed records of the accounting activity for an object account. . . . . *Form-specific information* . . . . If you leave this field blank, the system uses the value you entered on the work order in the Cost Code field.

Base Price Review

Base Price Review

When you enter a sales or purchase order, the system retrieves the price for the item based on characteristics, such as the branch/plant, the customer, the supplier and the quantity. Before the system processes any type of advanced price adjustment to the sales or purchase order, it must retrieve a base price from which to apply the advanced price adjustments. After the system retrieves the base price, it verifies that Advanced Pricing is turned on. If Advanced Pricing is turned on, the system bypasses the standard price adjustments, such as inventory pricing rules, and searches for applicable schedules and adjustments in the Advanced Pricing system.

The system uses three types of pricing:

- Base Pricing
- Standard price adjustments, which is a means of adjusting the base price without Advanced Pricing programs
- Advanced price adjustments, which is a means of adjusting the base price with Advanced Pricing programs

Any price that you enter in either the sales or purchase order overrides the base price that is retrieved by the system. You can use either standard pricing or advanced pricing to create adjustments to the base price. Base Price Review includes the following:

- ❑ Understanding base pricing in Sales Order Management
- ❑ Understanding price approvals
- ❑ Understanding pricing in Procurement

For sales orders, you can set up customer groups and item groups and assign prices to combinations of items, item groups, customers, and customer groups. The pricing hierarchy determines how the system searches for prices. The system always uses the Base Price Preference hierarchy (51) to retrieve base prices. The hierarchy structure must be flexible enough to accommodate the pricing that you set up for various combinations of items and customers.

Changes or additions to base prices and advanced price adjustments and schedules can be set up to route through an approval system. The JDEdwards Enterprise Workflow Management system automates the process of approving prices.

For purchase orders, you can set up supplier groups and item groups and assign prices to combinations of items and suppliers. The system retrieves the unit cost in the purchase order based on your purchase price level and, if applicable, the supplier catalog. The system does not use Base Price Preference hierarchy to retrieve pricing information for purchase orders.

See Also

- *Generating New Base Prices in a Different Currency* in the *Sales Order Management Guide* for information about a program that generates new base price records based on existing records

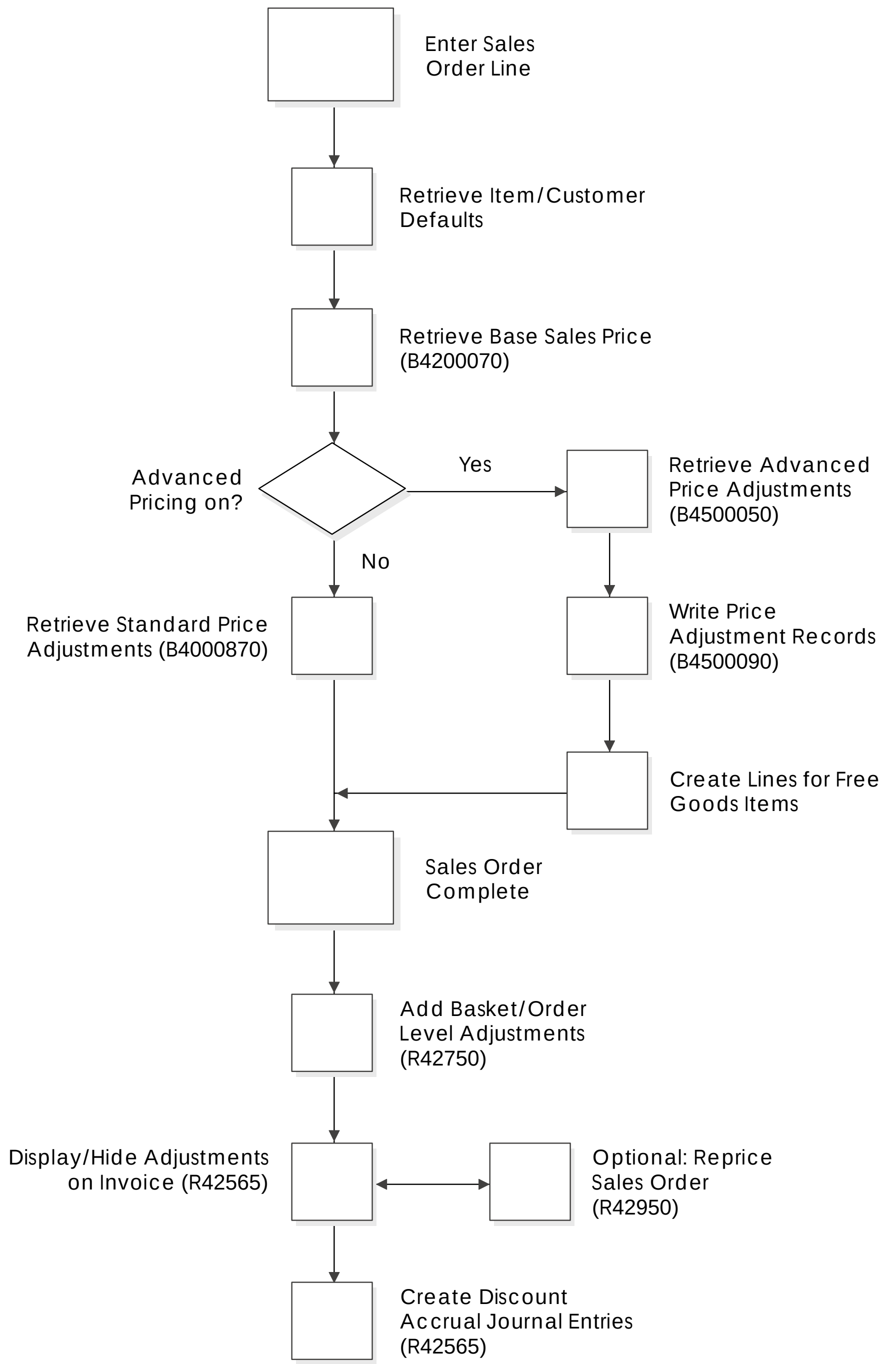
Understanding Base Pricing in Sales Order Management

When you enter a sales order, the system retrieves the price for items based on characteristics, such as the branch/plant, the customer, and the quantity. After the system retrieves the base price, it verifies that Advanced Pricing is turned on. If Advanced Pricing is turned on, the system bypasses the standard price adjustments, such as inventory price rules, and searches for applicable schedules and adjustments in the Advanced Pricing system.

Understanding base pricing in Sales Order Management includes the following tasks:

- ❑ Reviewing price levels
- ❑ Reviewing the base price preference hierarchy
- ❑ Creating item and customer price groups
- ❑ Defining base prices

The following graphic illustrates how the system calculates prices for sales orders:



Reviewing Price Levels

When you enter an item in the Item Master Revisions form (P4101), you must enter the sales price level. The sales price level determines how you define the base price for an item. For example, will you determine the base price by item or by item and branch? You can define prices at the following levels:

Item level	Define one overall price for an item. You cannot include branch/plant, lot, or location information.
Item/Branch level	Set up different prices for each item/branch combination. You cannot include location and lot information.
Item/Branch/Location level	If you define pricing by location and lot, you can also define branch/plant information.

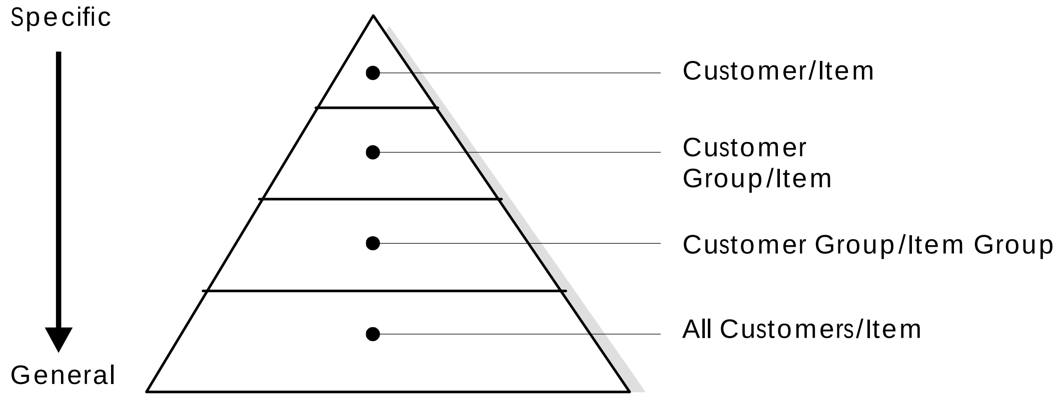
See Also

- *Generating New Base Prices in a Different Currency* in the *Sales Order Management Guide* for information about a program that generates new base price records based on existing records
- *Entering Sales Price Information* in the *Inventory Management Guide* for more information about setting up pricing at the item, item/branch, or item/branch/location level

Reviewing the Base Price Preference Hierarchy

When the system retrieves the base price, it uses the hierarchy that you set up for the Base Price Preference (51) to determine the search sequence for base price records. The base price hierarchy is a matrix comprised of combinations of customers and items and customer groups and item price groups. You use the intersection of the rows and columns to determine your hierarchy sequence.

J.D. Edwards recommends that you set up your pricing hierarchy from most specific to most general. Most specific is usually as shown in the following illustration.



During sales order entry, the system searches the combinations based on the hierarchy that you have defined. For example:

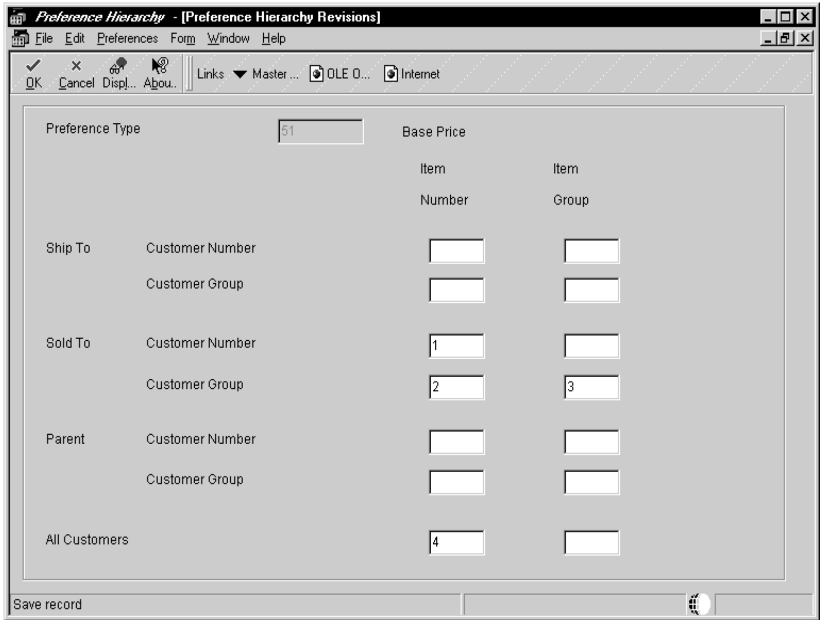
- Item and customer
- Item and customer group
- Item group and customer
- Item group and customer group
- Item group only
- Item only

Caution: In Base Pricing, it is possible to enter as many as 14 numbers in the pricing hierarchy. However, you should limit your pricing hierarchy to three or four, because each number represents a search by the system through the Base Price table (F4106). Therefore, each number that you add to the pricing hierarchy increases system processing time.

▶ To review the base price preference hierarchy

From the Price Management menu (G4222), choose Preference Hierarchy.

1. On Work with Preference Hierarchy, to access the Base Price Preference Hierarchy Revisions, click Find.
2. Choose Preference Type 51, Base Price.



3. On Preference Hierarchy Revisions, type consecutive numbers at the intersections of rows and columns to define the base pricing hierarchy (51).

See Also

- *Defining the Pricing Hierarchy* in the *Sales Order Management Guide* for more information

Creating Item and Customer Price Groups

Price groups are an optional way of organizing your pricing schemes. You can set up customer price groups to enter and update price information for multiple customers and items at once rather than individually. For example, you can create a customer price group, named PREFER, for preferred customers, who can purchase a bike for $20.00 less than other customers. You can set up item price groups to enter and update price information for multiple items rather than individually. For example, you can group similar bikes with different colors, named BIKES, and define one price for this group.

You can set up simple and complex price groups. A simple price group is identified by a user defined code. For items, you set up price group name as the user defined code (40/PI) and assign the item to the group name in the Item Branch/Plant Information. For customers, you set up price group name as the user defined code (40/PC) and assign the customer to the group in the Customer Billing Instructions.

To allow for greater flexibility in your pricing structure, you can define complex customer and item price groups. Within each complex customer price group or complex item price group, you can create subgroups based on specific address book and item category codes. With complex price groups, customers can belong to the same group but have different prices based on category codes, such as geographic location.

See Also

- *Working with Complex Price Groups* for more information
- *Setting Up Base Prices* in the *Sales Order Management Guide* for more information about defining the structure that the system uses to retrieve the base price for sales orders

Defining Base Prices

You can add prices for items in your domestic currency and as many other currencies as necessary. For example, you can set up base prices for an item in both U.S. dollars and French francs.

Currency code and unit of measure are both keys to the Base Price Revisions table (F4106). If you use multicurrency, the system searches for a price in the following sequence:

- Customer's currency and the user-specified unit of measure
- Customer's currency and the item primary unit of measure
- Domestic currency and the user-specified unit of measure
- Domestic currency and the item primary unit of measure

If the system does not find a match, it moves to the next level in the pricing hierarchy structure and searches in the same sequence.

Before You Begin

❑ Verify that the pricing hierarchy has been defined. See *Defining the Pricing Hierarchy*.

❑ Verify that the sales price based-on date has been specified in the system constants. See *Setting Up Constants* in the *Inventory Management Guide.*

See Also

- *Generating New Base Prices in a Different Currency* in the *Sales Order Management Guide* for information about a program that generates new base price records based on existing records

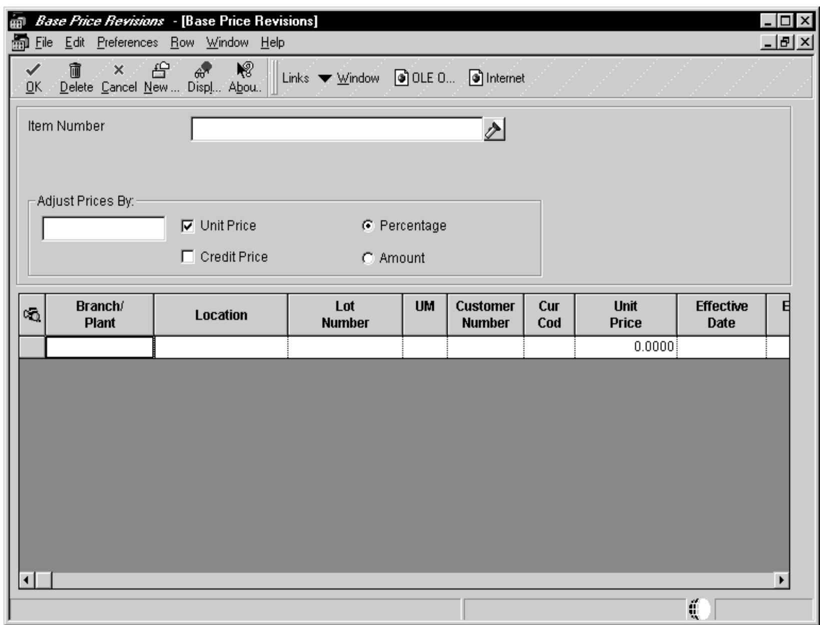
▶ To define base prices

From the Price Management menu (G4222), choose Base Price Revisions.

1. On Work with Preference Base Price, click Add.

   The choices in the preference hierarchy selection are based on the setup of the base price preference hierarchy.

2. On the Preference Hierarchy Selection, choose the hierarchy for which you want to define a price.



3. On Base Price Revisions, complete the following fields:
   - Item Number
   - Branch/ Plant
   - Customer Number
   - Cust. Price Group
   - Item Price Group
   - Date – Effective
   - Date – Expired
   - Item Number
   - Amount – Price per Unit

4. To enter credit prices, turn on the following option:
   - Credit Price

Field	Explanation
Customer Number	A number that identifies an entry in the Address Book system. Use this number to identify employees, applicants, participants, customers, suppliers, tenants, a location, and any other address book members.
Cust. Price Group	A user defined code (40/PC) that identifies a customer group. You can group customers with similar characteristics, such as comparable pricing.
Item Price Group	A user defined code (40/PI) that identifies an inventory price group for an item. Inventory price groups have unique pricing structures that direct the system to incorporate discounts or markups on items on sales and purchase orders. The discounts or markups are based on the quantity, dollar amount, or weight of the item ordered. After you assign a price group to an item, the item uses the same pricing structure that was defined for the inventory price group. You must assign an inventory price group to the supplier or customer, as well as to the item, for the system to interactively calculate discounts and markups on sales orders and purchase orders.
Unit Price	Enter a 1 in this control if you wish to update the unit price columns. A value of or 0 will prevent the unit price from being updated.

Understanding Price Approvals

You can automatically notify people within your organization when a price is changing. This notification requires the recipient to review and approve or reject changed prices. The prices are created as pending and are not used to price orders until the approval process is complete. Price approvals are routed through the J.D. Edwards Enterprise Workflow Management system.

The following prices are routed through the price approval process:

- Base prices (for sales)
- Adjustment details
- Price variables
- Price formulas
- Rebate thresholds

Price approvals are intended for use with sales-based pricing and schedules but are not available within supplier pricing or Advanced Pricing for Procurement. When prices are approved, they are made available to the order entry programs to use on subsequent orders. When prices are rejected, the prices are withheld from use on any orders.

Price approvals are an additional feature of the Sales Order Management and Advanced Pricing systems. The process must be turned on within Pricing Constants and is applied system wide.

To understand price approvals, you should be familiar with the following concepts:

- Activating pre-existing prices
- Pending prices and active prices
- Price approval workflow
- Reviewing approval requests
- Revising workflow setup

Note: Batch price maintenance applications will not activate the workflow process. Prices created by these applications are automatically approved.

Coexistence issues

If you use both OneWorld and World Software systems, you must make changes within the following OneWorld programs or tables when price approval workflow is turned on:

P4106	Base Price Revisions
P4072	Price Adjustment Detail Revisions
P4075	Price Variable Table
P4076	Price Formula Window
P4077W	Rebate Threshold Maintenance

Before You Begin

- ❑ Activate the Price Approvals option on the Pricing Constants form.
- ❑ Run the Price Approvals Conversion program (R45210) to ensure that all existing prices remain in the system.

Activating Pre-Existing Prices

Once the Price Approvals option is activated on Pricing Constants, you must convert pre-existing prices and adjustments by running the Price Approvals Conversion program (R45210).

Running the Price Approvals Conversion program automatically sets all of the selected prices to an active status. J.D. Edwards recommends that you run the report in proof mode first to validate the number of prices that will be converted. Then, run the report in final mode to actually convert the prices. The data-selection should be left clear so that all prices are converted.

Caution: You must run this program in order for your prices to become active. Failure to run the program will result in the system assuming all pre-existing prices to be inactive. In other words, your pre-existing prices will not be in effect.

Pending Prices and Active Prices

An approval status is assigned to every price that is entered into the system. Price approval status codes are visible on the Base Price and Advanced Pricing tables and are stored in user defined code table 45/AS.

The following price approval status codes are available:

Pending	A new or changed price has an approval status set to pending upon creation. The approval status code for pending prices is 1.
Active	When all reviewers approve a new or changed price, the status of the price changes to active. Once the status changes to active, all price retrieval functions will apply to the new price. The only prices that are applied to orders are those that have an active status. Prices with any other status are ignored and are not used to price orders. A blank approval status code signifies an active price change.
Rejected	If a price is rejected by at least one reviewer, the price status changes to rejected and is not applied to any orders. Additionally, a workflow message is sent to the originator of the price change to notify them of the rejection of the price. The approval status code for rejected prices is 2.
Pending Delete	Prices can be removed from the system by a delete function. Prices with a Pending Delete status remain active until the request for deletion is approved. When a pending delete price is approved, the price is marked as canceled.
Superceded	If a price change becomes active and directly overrides an existing price, the original price is marked as superceded and is withheld from use by order entry.

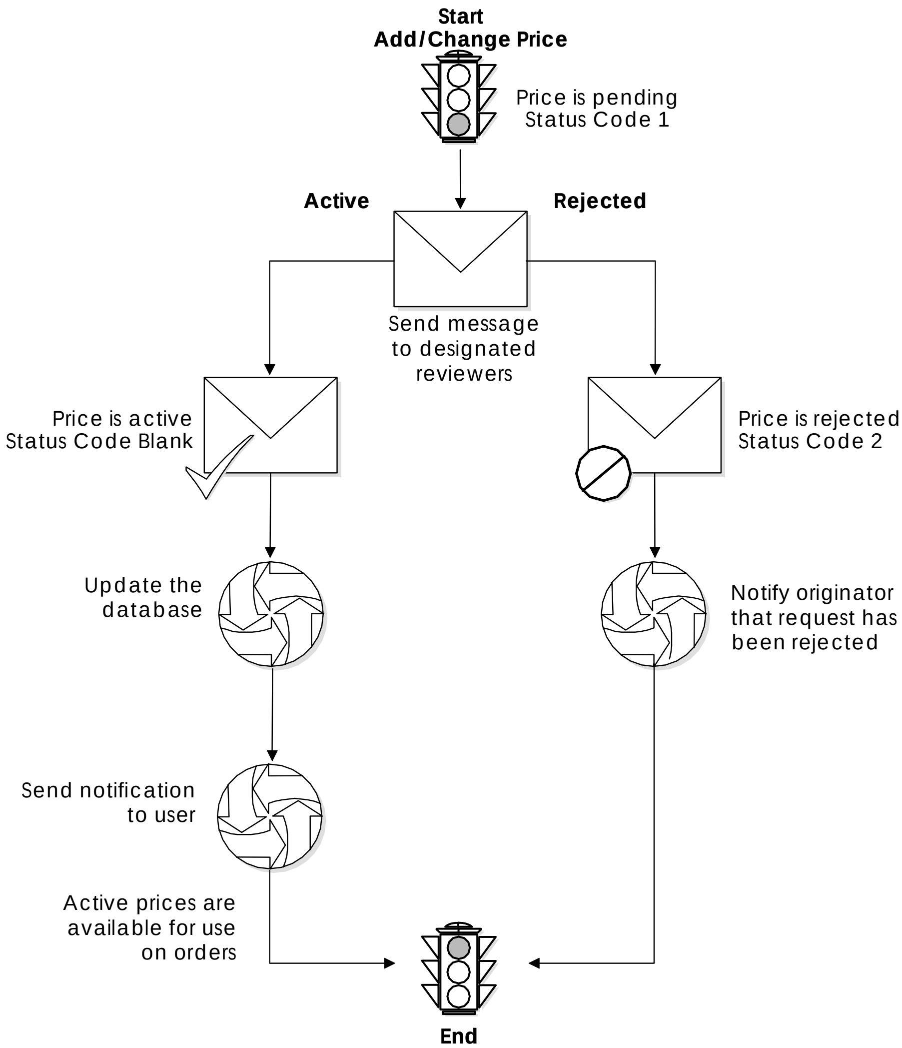
Price Approval Workflow

Once the Price Approval process has been activated, the system can detect when a OneWorld user changes a base price or adjustment schedule. When a change in price is detected, the Workflow process automatically routes a message to the appropriate people for their approval or rejection.

When a user creates or changes a price, the system displays a message box that notifies the user that the changes have been submitted for approval. The system does not reflect the new or changed price on orders until the requested change is approved by all designated parties.

The following graphic illustrates the process that new or changed prices go through during the workflow process:

Price Approval Model Workflow



The price approval process does not change the original price separate from the new or changed price. This process allows for the continued use of the standing price while the changed price is awaiting approval.

For example, if an item needs to be changed for the next promotional period, you can change the price within the Base Price Revisions or the Price Adjustment Detail Revisions form and click OK. Upon inquiring again on the same price, two prices would exist: the original, active base price, and the new, pending price.

More than one price can exist for the same effective period. Prices that exist in the system when you activate Price Approvals are automatically approved. All status codes for pre-existing prices will be set to the blank, active status code.

See Also

- *Creating Workflow Processes* in the *Enterprise Workflow Management Guide* for more information on the Workflow process

Reviewing Approval Requests

You can use either of the following programs to review and approve requests for price changes:

- Employee Queue Manager
- Speed Price Approval

The person who reviews the change (the approver) receives a message in the Employee Queue Manager or within Speed Price Approval. The message indicates that the price change is pending approval.

Employee Queue Manager

To approve or reject the change within the Employee Queue Manager, the approver clicks the "Price Adjustment Was Changed" message, then clicks the Workflow Approval icon. A form appears for the approver to use to approve or reject the message. This form also allows the approver to add supplemental information about the approval or rejection action for audit purposes.

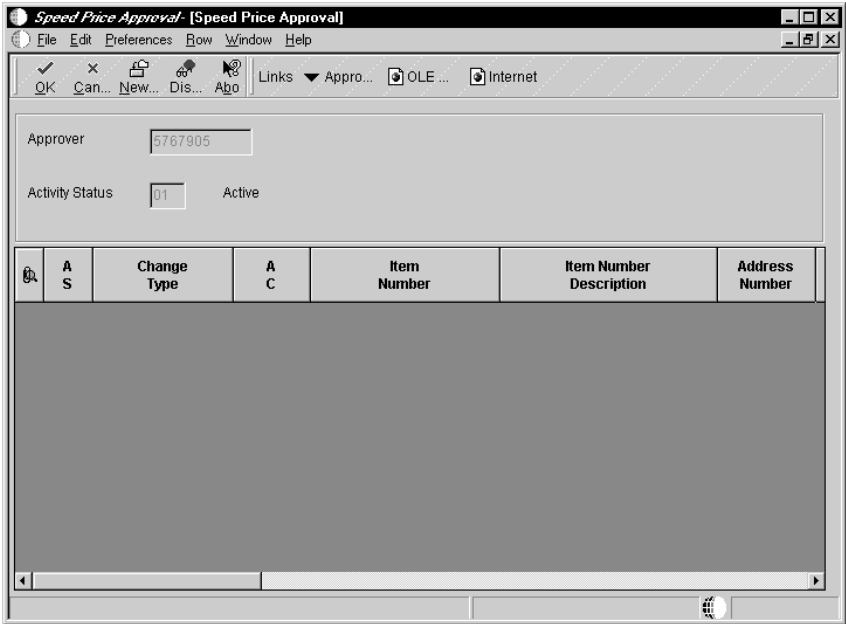
If the approver rejects the price, the system clears the message from the queue, which completes the workflow activity. The system retains the original price information and sends a message to the originator informing them of the rejection. If the approver approves the price, the system updates the database with the new price and deactivates any previously used price.

At this point, the workflow system sends a message to the originator of the new or changed price indicating that the price has been approved.

Speed Price Approval

Speed Price Approval is an alternative to the Employee Queue Manager and streamlines the approval process. Use the Speed Price Approval program when you need to approve more than one price change at one time. When an approver accesses Speed Price Approval, all messages for a given approver appear so that they can be approved or rejected collectively, enabling large numbers of price changes to be approved quickly.

The Speed Price Approval program is available from the Advanced Price and Adjustments menu (G42311). From Speed Price Approval, on the Price Change Review form, you can approve or reject each price change. To approve or reject a price change, enter the approval status directly into the grid row or highlight one or more grid rows and choose Approve or Reject from the Row menu.



You can also view price history and other additional information on a price change from the Details row exit. Additionally, you can set a processing option to have the approval codes load upon entry to the program.

Revising Workflow Setup

The price approval process is coded to send all messages to a predefined distribution list (4548 – Price Approvals) on the Group Revisions form in the Workflow Management system. This distribution list can be modified to include the actual employee numbers of the people who approve price changes.

You set up distribution lists to group approvers into categories for the price approval routing process. Within the Workflow Management system, you use Work With Distribution Lists (P02150) to add distribution list parents (such as managers) and to add children (such as employees who work for those managers) to those parents.

When working with workflow distribution lists, remember the following:

- Make sure that all members you want to include in the distribution list have been entered into the address book. You must also set up the distribution list's address number in address book before you set up the distribution list structure.
- Understand the two structures in which distribution lists can be set up. See *Understanding Distribution Lists* and *Working with Distribution Lists* in the *Enterprise Workflow Management Guide* for more information.

You might want to override the message approval process if a message has not been answered by a recipient in a lower level.

Note that the Overrides option is enabled if one or more of the following conditions is met:

- The approver exists in the Address Book.
- The approver is a member of a higher level group than the recipient the message was intended for.
- The message is unopened.
- The message has an active shortcut.

Note: The J.D. Edwards' process identifier for Price Approvals is JDEPRAPPR.

See Also

- *Monitoring Process Activity* in the *Enterprise Workflow Management Guide* for more information on reviewing process activity and reviewing attachments to an activity

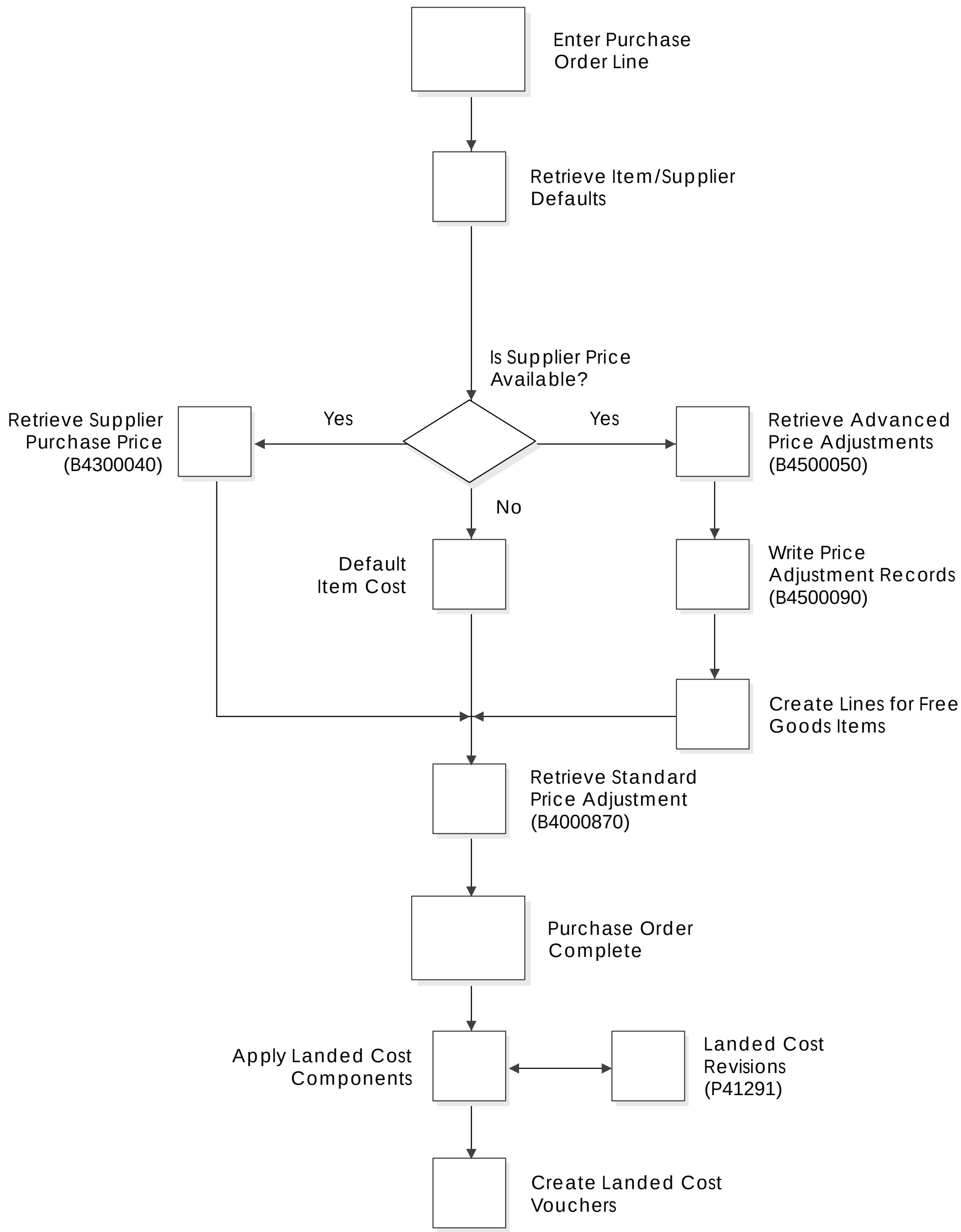
Understanding Pricing in Procurement

When you enter a purchase order, the system retrieves the unit cost for the item based on characteristics, such as the branch/plant, the supplier, the quantity and the item. Before the system processes any type of advanced price adjustment to the purchase order, it must first retrieve the unit cost. Depending on the purchase price level for the item, the system retrieves the unit cost from either the Purchase Price table (F41061) or the Item Cost Ledger table (F4105). After the system retrieves the unit cost, it verifies that Advanced Pricing is turned on. If Advanced Pricing for Procurement is turned on, the system bypasses the standard price adjustments that you set up in the Procurement system and searches for applicable schedules and adjustments in the Advanced Pricing system.

Understanding pricing in Procurement includes the following tasks:

- ❑ Reviewing purchase price levels
- ❑ Reviewing inventory cost
- ❑ Retrieving supplier prices

The following graphic illustrates how the system calculates prices for purchase orders:



Reviewing Purchase Price Levels

When you enter an item in the Item Master form, you must enter the purchase price level. The purchase price level determines how you define the base price for an item. The base price is the unit cost on a purchase order. You can define the purchase price level as one of the following:

Supplier/Item level	Define one overall price for an item from a supplier. The system retrieves the supplier cost from the Purchase Price table (F41061).
Supplier/Item/Branch level	Set up different prices for each supplier, item, and branch combination. The system retrieves the supplier cost from the Purchase Price table (F41061).
Inventory Cost level	Set up the cost based on the the inventory cost level and the purchase cost method you specify for the item. The system retrieves the inventory cost from the Inventory Cost table (F4105). If you do not set up prices for suppliers, the system uses the inventory cost as the default for the purchase order.

See Also

- *Entering Sales Price Information* in the *Inventory Management Guide* for information about setting up pricing at the item, item/branch, or item/branch/location level.
- *Generating New Supplier Prices in a Different Currency* in the *Procurement Guide* for information about a program that generates new supplier price records based on existing records

Reviewing Inventory Cost

You must specify the cost method that the system uses to determine an item's cost for:

- Sales and costs of goods sold
- Purchase orders

For example, you can use the weighted average cost method to determine the cost of goods sold for an item, and the last-in cost method to determine the item's unit cost for purchase orders.

You can define your own cost methods with user defined codes, although J.D. Edwards reserves cost methods 01–19. The system provides the following eight predefined cost methods:

- 1 Last In
- 2 Weighted Average
- 3 Memo
- 4 Current
- 5 Future
- 6 Lot
- 7 Standard
- 8 Purchasing – Base Cost No Additions

You establish costs for an item by entering an amount for each cost method. When you review costs for the item, the system displays only those methods for which you entered an amount.

If you do not enter an item cost for the the cost methods that you assign to sales, inventory, or purchasing, the system displays a warning message. If you ignore the warning, the system assigns a zero cost for the cost method.

See Also

- *Entering Item Cost Information* in the *Inventory Management Guide*

Retrieving Supplier Prices

You can set up prices for an item based on the supplier from whom you purchase the item. Then, when you enter a purchase order, the system can retrieve the unit cost for an item for the supplier. You must set up the purchase price level so that the system retrieves unit costs for purchase orders based on suppliers. If you maintain supplier prices at the branch/plant level, you must enter a branch/plant when you add an item to a catalog. You can enter a different branch/plant for each item in a catalog.

A catalog is a group of items along with the price for each item. Each catalog is unique to a supplier. You must enter supplier prices by catalog. You can enter all of the items that you purchase from a supplier in one catalog or you can create multiple catalogs to classify a supplier's items by seasonal changes, different product lines, and so on. You can enter the same item at a different prices in multiple catalogs, with different effective dates for each price. Additionally, you can specify price breaks based on the quantity purchased.

If you enter item prices for a supplier without specifying the name of a catalog, the system automatically creates a default catalog for the supplier. You might want to use default catalogs if you plan to maintain only one catalog for each supplier. When you enter an item on a purchase order, the system searches the supplier catalogs to retrieve the unit cost. It searches the default catalog first (if it exists), and then all other catalogs in alphabetical order. After the system locates a unit cost, it verifies the effective dates. If the current date falls within the effective dates, the system enters the unit cost on the purchase order.

See Also

- *Setting Up Supplier and Item Information* in the *Procurement Guide*
- *Generating New Supplier Prices in a Different Currency* in the *Procurement Guide* for information about a program that generates new supplier price records based on existing records

Schedules and Adjustments

Schedules and Adjustments

An adjustment is a set of information that describes a pricing plan or promotion. In Sales Order Management, you can use adjustments to monitor promotions that you extend your customers. If you use Advanced Pricing for Procurement, you can use adjustments to monitor promotions that your suppliers offer you.

After you create adjustments, you can combine the adjustments into an adjustment schedule. Adjustment schedules contain the information used to calculate prices. Each adjustment schedule can contain an unlimited number of adjustments. You must define the adjustment and complete the adjustment details for each adjustment.

You can review adjustment details after you define the adjustment. From adjustment details, you can define special processing such as free goods, pricing formulas, or variable tables. The pricing hierarchy defines the order that the system uses the adjustments listed in the adjustment detail.

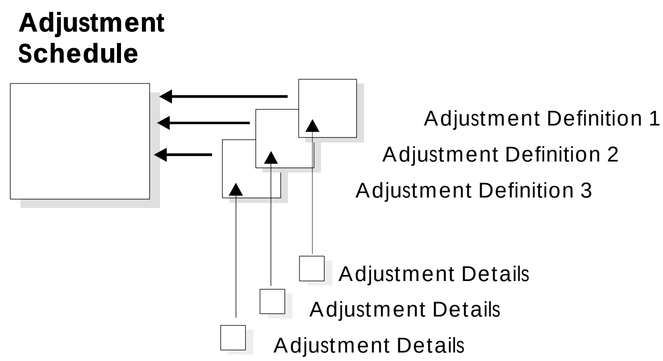
Setting up adjustment schedules and adjustments include the following tasks:

- ❑ Setting up advanced pricing hierarchies
- ❑ Setting up adjustment definitions
- ❑ Building adjustment schedules
- ❑ Setting up adjustment details
- ❑ Generating new price adjustments in a different currency

Before you can add an adjustment to a schedule, you must create an adjustment definition by specifying:

- A pricing hierarchy that controls the order the system searches for adjustments in the adjustment detail
- Whether the adjustment will print on invoices; whether it is for basket or order repricing; or whether it is an override price based on quantity, amount, or weight
- Designation of the general ledger account offset through the use of AAIs

The following graphic illustrates how you set up a schedule from multiple adjustments.



Note: You can define mandatory price adjustments for required price components such as surcharges and special taxes. A price adjustment might be mandatory for specific items during a sale, transfer, direct ship order entry, or to accommodate surcharges and special taxes. If a price schedule contains mandatory adjustments that is not defined for the sales order to the specified customer and item, the system issues an error and you can not process the order detail line.

Before You Begin

- ❑ Verify that base prices are set up. See *Defining Base Prices* in the *Sales Order Management Guide*.
- ❑ Verify that supplier prices or inventory costs are set up. See *Defining Supplier Prices and Discount Rules* in the *Procurement Guide.*

Illustration: Advanced Pricing System Flow

The use of sales order adjustments and adjustment schedules is illustrated in the following Advanced Pricing system graphic.

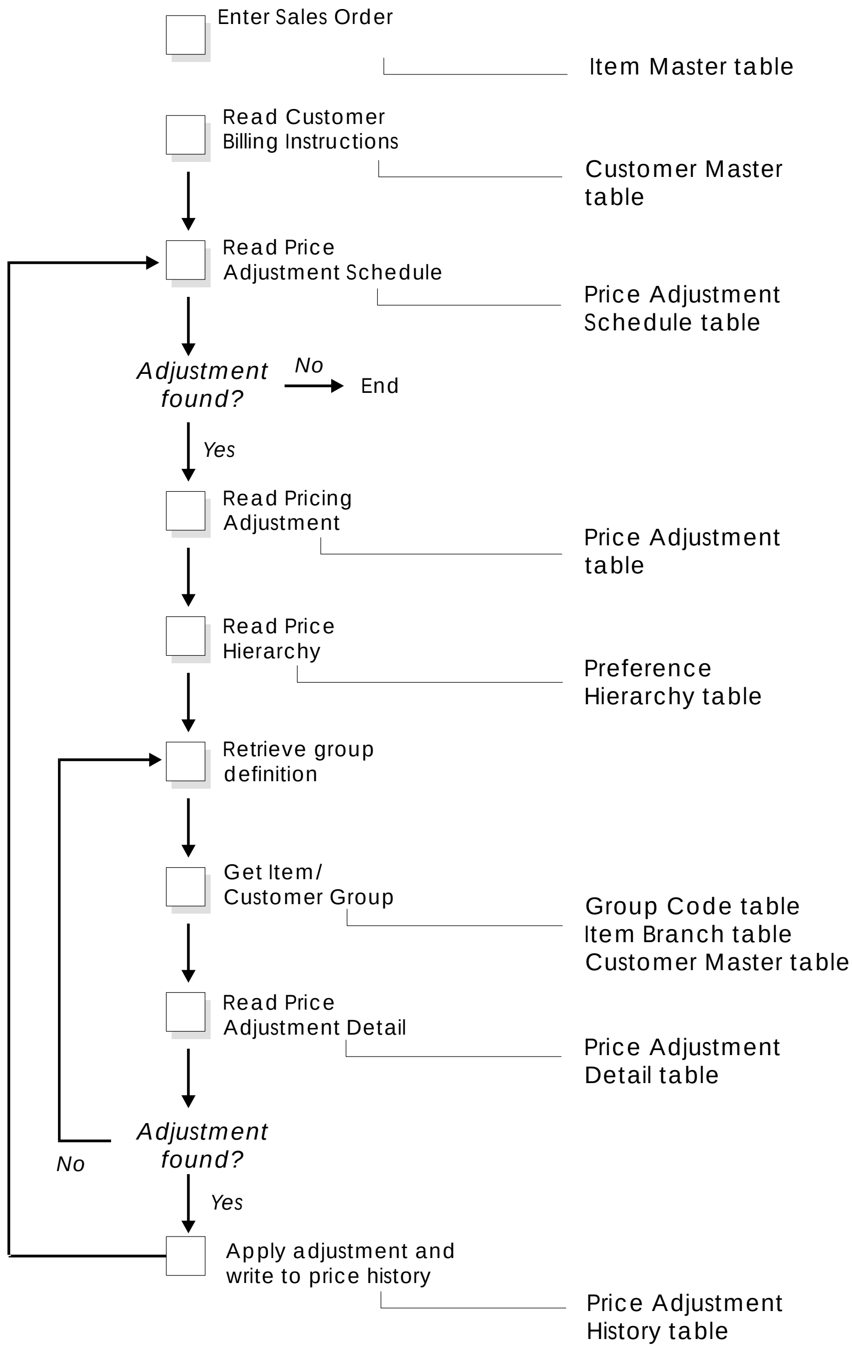
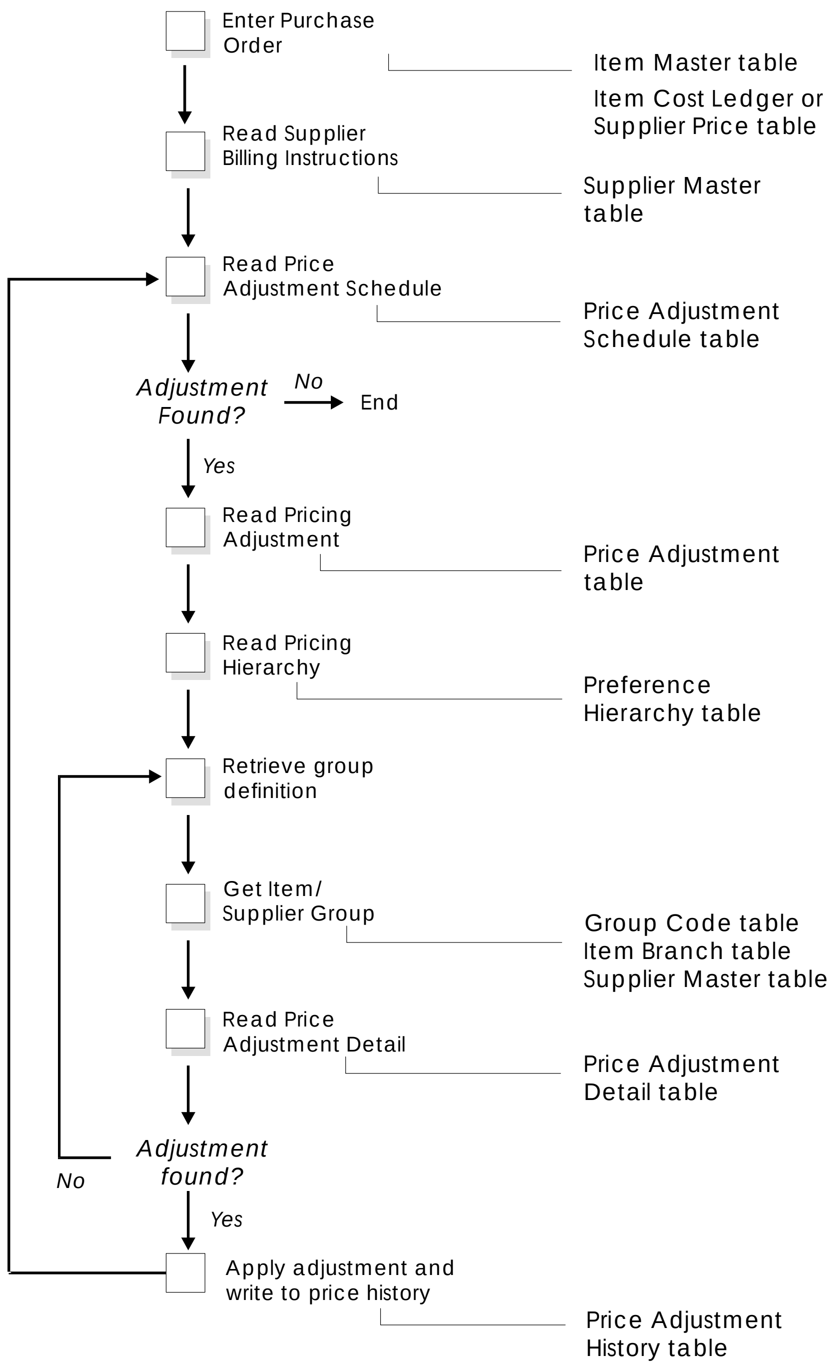


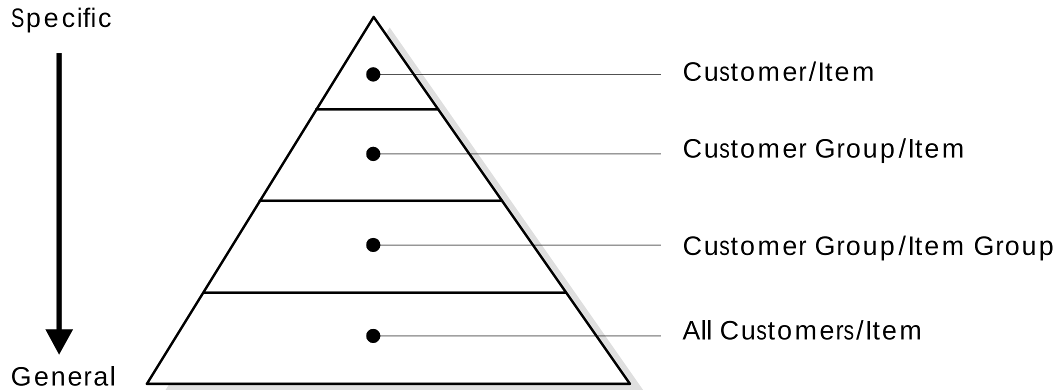
Illustration: Advanced Pricing for Procurement System Flow

The use of purchase order adjustments and adjustment schedules in Procurement is illustrated in the following Advanced Pricing system graphic.



Setting Up Advanced Pricing Hierarchies

The system applies pricing adjustments to sales order prices in the order you determine on the pricing hierarchy. The system uses this pricing structure to retrieve base prices and to calculate price adjustments and updates. For this reason, you should set up your hierarchy to search from specific combinations to general combinations.



For example, for a seasonal promotion you could define the sequence so that any customer that orders the item receives the discount. However, if you set up a slightly lower price for customers based on geographic location, you can set up the hierarchy so that the system searches for the more specific information first. In this case your sequence could be:

- Customer Group/Item
- All Customers/Item

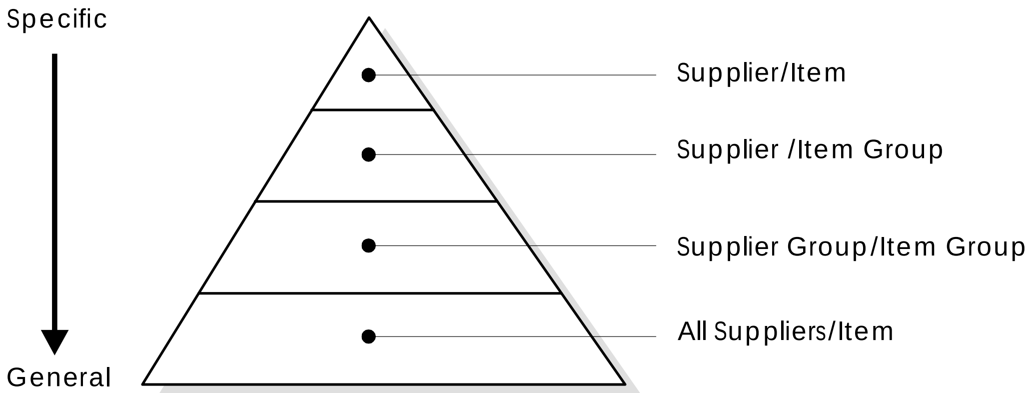
Complete the following tasks to set up advanced pricing hierarchies:

❑ Setting up a preference master

❑ Defining a pricing hierarchy

Using Advanced Pricing for Procurement

Based on the preference hierarchy, the system applies the pricing adjustments to the unit cost in the purchase order. The system uses this pricing structure to retrieve unit cost and to calculate adjustments and updates. You should set up your hierarchy to search from specific combinations to general combinations.



Note: If you have activated Advanced Pricing for Procurement, you enter purchase order adjustments on the same forms and in the same manner as you would for sales order adjustments. However, the system processes information in the Customer and Customer Group fields as Supplier and Supplier Group.

You can set up the preference hierarchy so that when you enter a purchase order, the system first searches for a specific supplier for that item. If the system finds an adjustment for the supplier and item, then it applies the adjustment to the unit cost. If not, the system can then search for a price adjustment for this specific supplier and the item group to which this item might belong. For you preference hierarchy for purchase order adjustments, your sequence could be:

- Supplier/Item
- Supplier/Item group
- All Suppliers/Item

Setting Up a Preference Master

Before you define each pricing hierarchy, you must create a master record, known as the Preference Master, for that hierarchy. In Base Pricing, you are limited to using one preference hierarchy (preference hierarchy #51). In Advanced Pricing, you can create as many different preference hierarchies as you need.

You define the hierarchy and then attach it to an adjustment definition. You can create a hierarchy for each adjustment definition or you can use one hierarchy for many adjustment definitions. J.D. Edwards recommends that you set up a few hierarchies that can be used for multiple adjustment definitions.

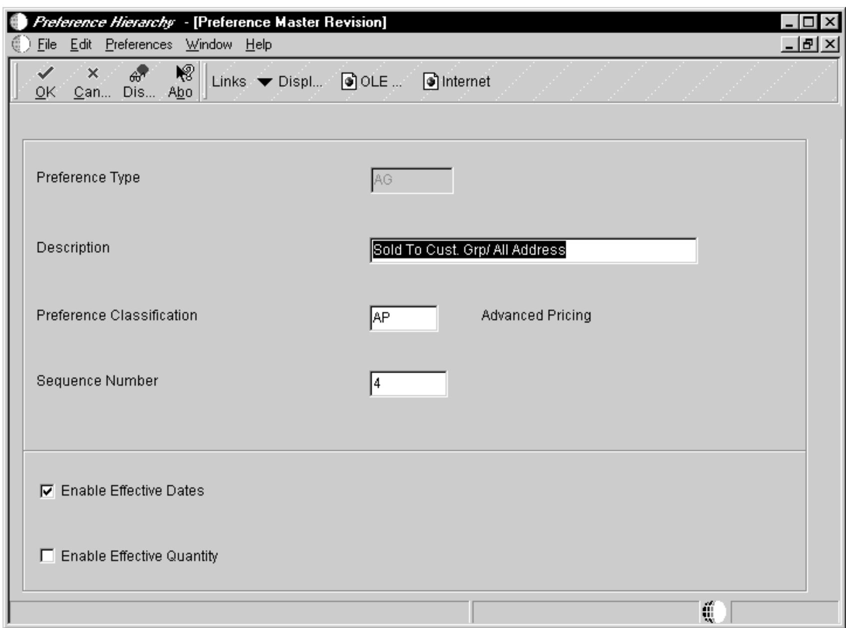
When using the Preference Master to define the master record for the hierarchy, the following fields do not apply to pricing:

- Preference Classification
- Sequence Number
- Enable Effective Dates (Y/N)
- Enable Effective Quantity (Y/N)

▶ To set up a preference master

From the Price Management menu (G4222), choose Preference Hierarchy.

1. On Work with Preference Hierarchy, click Add to enter a new preference hierarchy.
2. On Preference Hierarchy Revisions, choose Master Revision from the Form menu.



3. On Preference Master Revisions, complete the following fields:
   - Preference Type
   - Description
   - Preference Classification
   - Sequence Number
   - Enable Effective Dates
   - Enable Effective Quantity

4. Click OK.

Field	Explanation
Preference Type	A user defined code (40/PR) that identifies a preference type or a price adjustment hierarchy. In the user defined code table 40/PR, a 1 in the Special Handling Code field identifies a preference that J.D. Edwards supports. This field is hard coded for each preference. For Agreement Penalty Schedules, first set up a user defined code of PN (for penalty). Then enter it in this field.
Description	A user defined name or remark.
Preference Classification	A classification or title that the system uses to group preferences on the Preference Profile form (P4007).
Sequence Number	For OneWorld, the sequence by which users can set up the order in which their valid environments are displayed. For World, a sequence or sort number that the system uses to process records in a user defined order.
Enable Effective Dates	A code that indicates whether the system displays fields for effective date ranges for a preference. You might want the system to display effective date ranges if you enter effective dates and effective quantities for a preference. Valid values are: Y Display effective date fields on the Preference Profile Revisions forms for this preference. N Do not display effective date fields for this preference.
Enable Effective Quantity	A code that indicates if you want to use quantity ranges for this preference. Valid values are: Y Yes, display the Quantity From and Quantity Thru fields on the Preference Profile Revisions forms (P40300 and P40300EC) for this preference. N No, do not enable or display the quantity range fields. Effective quantity fields are optional fields that you can disable prior to setting up any preference records, but not after you have created preference records. If you assign effective quantity, you must assign effective dates.

Defining a Pricing Hierarchy

Use the Preference Hierarchy form to specify the order in which pricing adjustments are applied. You enter the order that adjustments are applied on the Preference Hierarchy form. The form contains rows identifying customers and customer groups and columns identifying items or item groups. You identify the pricing hierarchy sequence by typing numbers at the intersections of the rows and columns. The pricing search begins at the intersection where you type 1 and looks for records defined for that customer and item combination. If no adjustment details are found for that combination, then the system moves to the next combination in the hierarchy, identified by the number 2 in the intersection, and so forth.

The system automatically selects the first combination encountered during a search; therefore, you should you set up the most specific method of pricing first in your hierarchy and continue defining the hierarchy to the most general pricing.

Although you can enter as many as 21 numbers, you should limit your hierarchy to three or four numbers. Each number represents a system search and increases system processing time.

Before You Begin

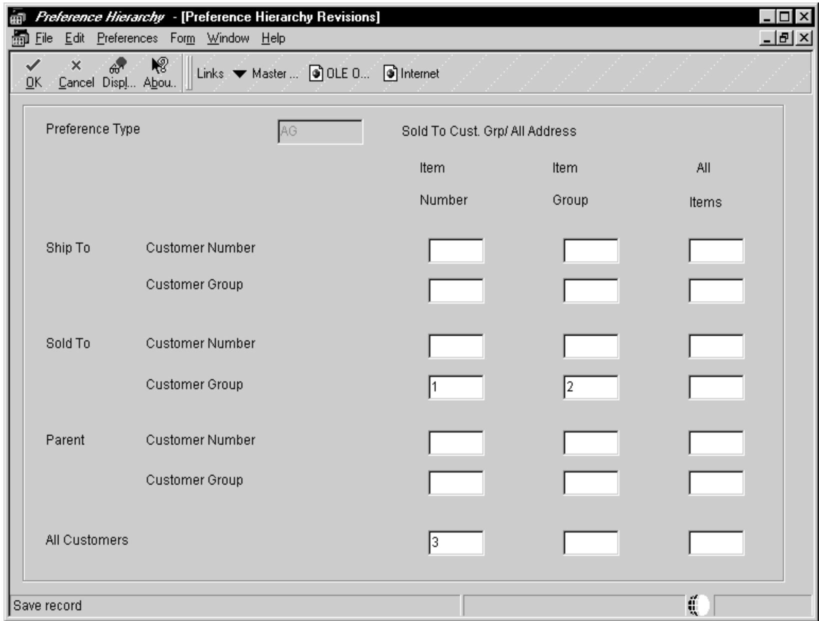
❑ Verify that a master record has been created for the preference hierarchy.

▶ To define a pricing hierarchy

From the Price Management menu (G4222), choose Preference Hierarchy.

1. On Work with Preference Hierarchy, click Find to locate existing preferences.
2. Choose the row.

   To create a new pricing hierarchy, click Add.



3. On Preference Hierarchy Revisions, complete the following field:
   - Preference Type
4. Beginning with 1, enter numbers in the intersections to indicate the search order. When you define the pricing hierarchy, start with 1 and do not skip any numbers.
5. Click OK.

Field	**Explanation**
Preference Type	A user defined code (40/PR) that identifies a preference type or a price adjustment hierarchy. In the user defined code table 40/PR, a 1 in the Special Handling Code field identifies a preference that J.D. Edwards supports. This field is hard coded for each preference. For Agreement Penalty Schedules, first set up a user defined code of PN (for penalty). Then enter it in this field.

Setting Up Adjustment Definitions

An adjustment is a record that describes a special pricing situation, such as a pricing plan or promotion. Before you can add an adjustment to a schedule, you must create adjustment definitions to specify the characteristics of the adjustment. These characteristics determine the following:

- The sequence the system searches for prices
- Whether the adjustment prints on invoices
- Whether the adjustment applies to basket-level, order-level price adjustments, or line adjustments
- Whether the adjustment is based on the quantity, amount, or weight
- Whether the adjustment is an override price
- A specific G/L offset that directs the Advanced Pricing entries to the appropriate G/L accounts based on AAIs
- Whether this price adjustment is mandatory, that is, it must be applied to all sales order attached this schedule

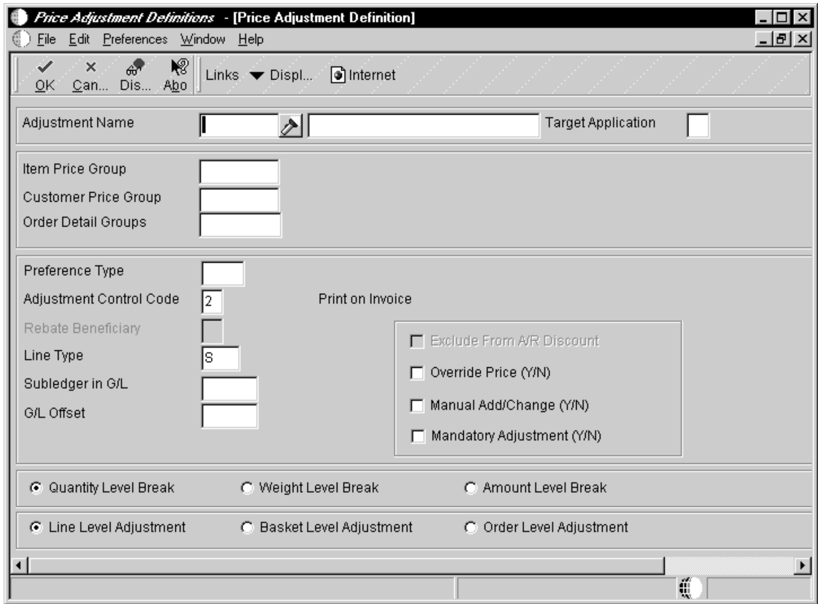
Note: Mandatory price adjustments are defined for required price components, such as surcharges and special taxes. A price adjustment might be mandatory for specific items during a sale, transfer, direct ship order entry, or to accommodate surcharges and special taxes.

If a price schedule contains a mandatory adjustment that is not defined for the sales order to the specified customer and item, the order line is highlighted as an error and the order is not accepted. If you receive an error message, review the information in the order detail area. You may detach the sales order line item from the adjustment schedule or enter information to make your customer eligible for all adjustments so the mandatory adjustment applies.

▶ To set up adjustment definitions

From the Advanced Price and Adjustments menu (G42311), choose Price Adjustment Definitions.

1. On Work with Adjustment Types, click Add.



2. On Price Adjustment Definition, complete the following fields:
   - Adjustment Name
   - Preference Type
   - G/L Offset
3. To have the adjstment apply only to a specific price group, complete the following fields:
   - Item Price Group
   - Customer Price Group
   - Order Detail Groups

   Leave these fields blank to set up details for other price groups:
4. To set up a mandatory price adjustment, click the Mandatory Adjustment option.
5. You may enter information in the additional fields on the Price Adjustment Definition form, as necessary. If you do not enter information, the system supplies default information.
6. Click OK to set up the adjustment definition.

Field	Explanation
Adjustment Name	A user defined code (system 40, type TY) that identifies an adjustment definition. You define adjustments on Price Adjustment Definitions.

Field	**Explanation**
Preference Type	A user defined code (40/PR) that identifies a preference type or a price adjustment hierarchy. In the user defined code table 40/PR, a 1 in the Special Handling Code field identifies a preference that J.D. Edwards supports. This field is hard coded for each preference. For Agreement Penalty Schedules, first set up a user defined code of PN (for penalty). Then enter it in this field.
G/L Offset	A user defined code (41/9) that identifies the G/L offset that the system uses when it searches for the account to which it posts the transaction. If you do not want to specify a class code, you can enter **** (four asterisks) in this field. You can use automatic accounting instructions (AAIs) to predefine classes of automatic offset accounts for the Inventory, Procurement, and Sales Order Management systems. The system can generate accounting entries based upon a single transaction. For example, a single sale of a stock item can trigger the generation of accounting entries similar to the following: Sales–Stock (Debit) xxxxx.xx A/R Stock Sales (Credit) xxxxx.xx Stock Inventory (Debit) xxxxx.xx Stock COGS (Credit) xxxxx.xx
Item Price Group	A user defined code (40/PI) that identifies an inventory price group for an item. Inventory price groups have unique pricing structures that direct the system to incorporate discounts or markups on items on sales and purchase orders. The discounts or markups are based on the quantity, dollar amount, or weight of the item ordered. After you assign a price group to an item, the item uses the same pricing structure that was defined for the inventory price group. You must assign an inventory price group to the supplier or customer, as well as to the item, for the system to interactively calculate discounts and markups on sales orders and purchase orders.
Customer Price Group	A user defined code (40/PC) that identifies a customer group. You can group customers with similar characteristics, such as comparable pricing.

Field	Explanation
Order Detail Groups	A user defined code (40/SD) that identifies a sales order detail group. You use sales order detail groups to create pricing that is based on a field in the Sales Order Detail file (F4211). . . . . *Form-specific information* . . . . If you enter a code in this field, the system uses this adjustment only for orders with details that match the criteria of the order detail group. For Agreement Penalty Schedules, a user defined code for Penalty must already be set up and defined as an order detail group. Enter Penalty or the correct user defined code that defines your penalty schedules.

Field	Explanation
Adjustment Control Code	A code that specifies how the adjustment appears on the invoice and whether you want the system to create a separate line in the Sales Order Detail table (F4211). Valid values are: 1 The system adds the adjustment amount into the unit price and records the adjustment detail to the Price Adjustment History table (F4074). The system does not print the adjustment on the invoice. 2 The system adds the adjustment amount to the unit price and records the adjustment detail to the Price Adjustment History table (F4074). It prints the adjustment on the invoice. 3 The system creates a separate detail line in the Sales Order Detail table. It does not add the adjustment into the unit price or record it to the history table. The system does not include this type of adjustment when it calculates the current net price. 4 The system records the adjustment to history and posts it to the general ledger during a sales update. It does not add the adjustment into the unit price or print it on the invoice. Use Control Code 4 to create an accrual adjustment. 5 The system records the adjustment to history and posts it to the general ledger during a sales update. The system also accumulates each order line's quantity, weight, and amount to rebate history (F4078). It does not add the adjustment into the unit price or print it on the invoice. Use Control Code 5 to create a rebate adjustment. . . . . *Form-specific information* . . . . For OneWorld: 3 The system supports Adjustment Control Code 3 only for order-level adjustments. 6 The system processes the adjustment amount and the unit price separately during sales update. The amounts are recorded separately as G/L and A/R entries. It prints the adjustment on the invoice.
Subledger in G/L	A user defined code (system 40, type SI) that identifies the type of information that you want the system to use to update the Subledger field in the General Ledger file (F0911) when you use this adjustment type to price a sales order.

Field	Explanation
Quantity Level Break	A code that indicates how level breaks occur in the Price Adjustment Detail table (F4072), based on one of three types of level breaks. • Quantity: The system determines the correct adjustment based on the quantity ordered in the sales order. You can set up different adjustment breaks for different units of measure. • Weight: The system uses the weight of the line to retrieve the proper adjustment level break. • Amount: The system uses the extended amount of the sales detail line to retrieve the proper adjustment level break. When Currency Conversion is turned on, all amount level breaks are stored and displayed based on the floating decimals of the currency code. For WorldSoftware, valid codes are: 1 Quantity 2 Weight 3 Amount For OneWorld, turn on one of the following options: • Quantity Level Break • Weight Level Break • Amount Level Break
Override Price (Y/N)	A code indicating how the adjustment affects the price of a sales order line. For WorldSoftware, valid codes are: Y The adjustment price overrides the base price. N The adjustment is used to calculate a discount or markup to the base price. For OneWorld, a checkmark indicates that the override price overrides the base price. No checkmark indicates that the adjustment is used to calculate a discount or markup to the base price. For Agreement Penalty Schedules: • For WorldSoftware, enter N. • For OneWorld, leave the override price turned off (no checkmark).
Manual Add/Change (Y/N)	Specifies whether the adjustment type can be manually added to or changed from the Price Adjustments form (P4074W) when you enter sales orders.

Building Adjustment Schedules

An adjustment schedule contains one or more price adjustment types for which a customer or an item might be eligible. An adjustment schedule consists of an adjustment definition and an adjustment detail.

You assign customers to adjustment schedules so the system can calculate prices. In the adjustment schedule, you specify the sequence that the system uses to apply price adjustment types to sales order prices. You assign customers to an adjustment schedule through the customer billing instructions. When you enter a sales order, the system copies the schedule attached to the Sold To address into the order header.

Each adjustment schedule can contain an unlimited number of price adjustments. You can add adjustments or change existing adjustments at any time. You can override the adjustment schedule at the detail line level, if needed.

Using Advanced Pricing for Procurement

You assign adjustment schedules to suppliers so the system can calculate prices. In the adjustment schedule, you specify the sequence that the system applies the price adjustment types to purchase order prices. You assign an adjustment schedule to a supplier through the supplier instructions. When you enter a purchase order, the system copies the schedule attached to the supplier address into the order header.

Before You Begin

- ❑ Determine whether one adjustment schedule with many adjustments fits your needs or whether several adjustment schedules that contain fewer adjustments would be better. You can assign only one adjustment schedule to each customer.

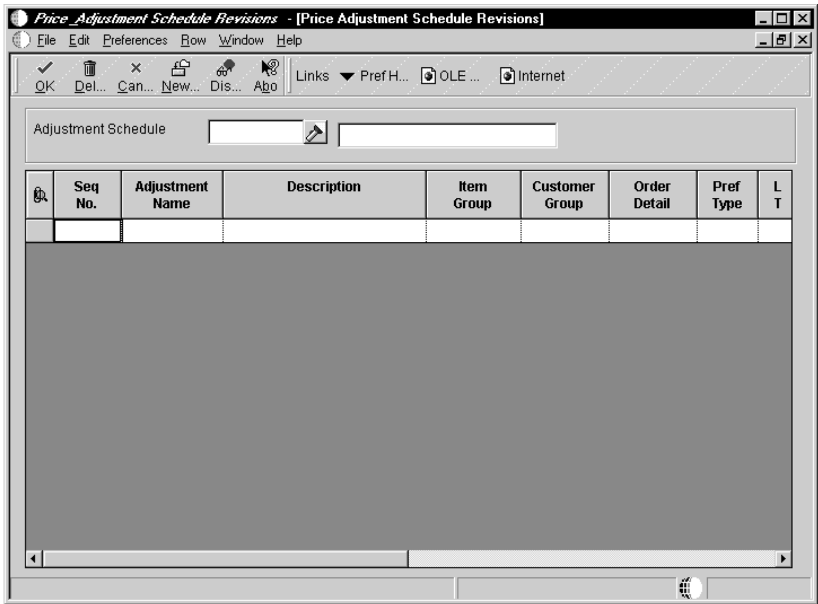
  If you are using Advanced Pricing for Procurement, you can assign only one adjustment schedule to each supplier.

- ❑ Create price adjustments.
- ❑ Set up adjustment definitions.

▶ To build adjustment schedules

From the Advanced Price and Adjustments menu (G42311), choose Price & Adjustment Schedule Revisions.

1. On Work with Adjustment Schedules, click Add.



2. On Price Adjustment Schedule Revisions, complete the following fields and click OK to build an adjustment schedule:
    - Adjustment Schedule
    - Seq No.
    - Adjustment Name
3. Change the adjustment details or adjustment definition, if needed, by choosing the Details or Definition options from the Row menu.

Field	Explanation
Adjustment Schedule	A user defined code (40/AS) that identifies a price and adjustment schedule. A price and adjustment schedule contains one or more adjustment types for which a customer or an item might be eligible. The system applies the adjustments in the sequence that you specify in the schedule. You link customers to a price and adjustment schedule through the customer billing instructions. When you enter a sales order, the system copies the schedule attached to the sold to address into the order header. You can override this schedule at the detail line level. For Agreement Management, this is the Agreement Penalty Schedule. The information in the Agreement Penalty Schedule provides the system with the criteria for an agreement to have penalty conditions.
Seq No.	For OneWorld, the sequence by which users can set up the order in which their valid environments are displayed. For World, a sequence or sort number that the system uses to process records in a user defined order. . . . . *Form-specific information* . . . . The value in this field represents the order in which the system processes the price adjustments. J.D. Edwards recommends that you leave spaces in your number sequence so you can add adjustments within the price adjustment schedule.
Adjustment Name	A user defined code (system 40, type TY) that identifies an adjustment definition. You define adjustments on Price Adjustment Definitions.

Setting Up Adjustment Details

Adjustment details provide the parameters for calculating price adjustments. Advanced pricing adjustment details contain basis codes that allow for added pricing flexibility. You can define adjustment details when you add adjustment definitions to adjustment schedules. Adjustment details allow you to define special processing such as free goods, pricing formulas, or variable tables. The pricing hierarchy defines in what order the system uses the adjustments listed in the adjustment details.

For all price adjustments using basis codes, you must enter information in the Basis Code, Factor Value, and Formula Name fields on the Price and Adjustment Detail form before the system can calculate the adjustments.

You can set up adjustment details with the following basis codes:

Percentage of Base Price

The system multiplies the base price by the factor value.

- In the Basis Code field, enter basis code of 1.
- In the Factor Value field, enter a positive number for markups or a negative number for discounts.

Percentage of Current Net Price

The system multiplies the current net price by the factor value.

- In the Basis Code field, enter basis code of 2.
- In the Factor Value field, enter a positive number for markups or a negative number for discounts.

Percentage of Cost

The system multiplies the item cost by the factor value. Before this combination can be calculated, you must identify the item cost in the Cost Method field in the detail area of Price Adjustment Detail.

- In Basis Code field, enter basis code of 3.
- In Factor Value field, enter a positive number for markups or a negative number for discounts.

Cost Plus Amount

The system adds the factor value to the item cost. Before this combination can be calculated, you must identify the item cost in the Cost Method column of the grid area.

- In the Basis Code field, enter basis code of 4.
- In the Factor Value field, enter a positive number for markups or a negative number for discounts.
- In the cost method field, enter the cost method code.

Add on Amount

The system adjusts the price by the factor value.

- In the Basis Code field, enter basis code of 5.
- In the Factor Value field, enter a positive or negative number, depending on the penalty parameters.

Add on Variable Amount

The system retrieves the adjustment amount from the price variable table. Set up variable prices when the price of an item varies frequently, even as often as daily. Use price variable tables to set up prices and effective dates.

- In the Basis Code field, enter basis code of 6.
- In the Formula Name field, enter the code or name that identifies the variable table.

You can access the Price Variable Table form by selecting the Variables option from any adjustment detail line.

If you plan to use the price in the variable table as a base price, make sure the adjustment to which you attach the table is an override adjustment. This ensures that you override any other price with the price from the variable table.

Add on Formula Amount

The system calculates the price adjustment using a formula. Each component must be identified by a special character. You define these characters during system setup in the pricing constants. The system evaluates formulas as standard algebraic notations: whatever is inside parentheses is evaluated first, then multiplication, division, addition, and subtraction. For example, the formula .90*&GOLD represents that the adjusted price of the item is 90% of the current price of gold.

- In the Basis Code field, enter basis code of 7.
- In the Formula Name field, enter the code or name that identifies the formula.

To return a field name to your formula, include a field from the Sales Order Detail table (F4211) by accessing the File Field Descriptions form. When you do this, the system automatically inserts the field name. It precedes the field name with the character you specified in the system constants to identify field names. You cannot use all fields of the Sales Order Detail table (F4211) in a formula.

Add on User Program Amount

The system calls a user defined program to calculate the price adjustment.

- In the Basis Code field, enter basis code of 8.
- In the Formula Name field, enter the program ID for the custom program. The name of the funciton specified for the level break should be no more than 8 characters. In addition, the name of the business function must match the name specified in the Adjustment detail.

J.D. Edwards is not responsible for providing custom programs and does not provide support for custom programs.

Using Advanced Pricing for Procurement

The basis codes for purchase order adjustment details are described below:

Percentage of Supplier Price or Inventory Cost

The system multiplies the supplier price or inventory cost by the factor value.

- In the Basis Code field, enter basis code of 1.
- In the Factor Value field, enter a positive number for markups or a negative number for discounts.

Percentage of Current Net Supplier Price or Inventory Cost

The system multiplies the current net price by the factor value.

- In the Basis Code field, enter basis code of 2.
- In the Factor Value field, enter a positive number for markups or a negative number for discounts.

Percentage of Cost

If you enter Basis Code of 3, the system issues an error. In Procurement, you must use basis code 1 to choose a percentage of the supplier price or cost.

Cost Plus Amount

If you enter Basis Code of 4, the system issues an error. In Procurement, you must use basis code 5 to add an amount to the unit cost.

Add on Amount

The system adjusts the supplier price or inventory cost by the factor value.

- In the Basis Code field, enter basis code of 5.
- In the Factor Value field, enter a positive or negative number, depending on the penalty parameters.

Add on Variable Amount

The system retrieves the adjustment amount from the price variable table. Set up variable prices when the supplier price or inventory cost of an item varies frequently, even as often as daily. Use price variable tables to set up prices and effective dates.

- In the Basis Code field, enter basis code of 6.
- In the Formula field, enter the code or name that identifies the variable table.

You can access the Price Variable Table form by selecting the Variables option from any adjustment detail line.

If you plan to use the unit cost in the variable table as a price, make sure the adjustment to which you attach the table is an override adjustment. This ensures that you override any other price with the price from the variable table.

Add on Formula Amount

The system calculates the price adjustment using a formula. Each component must be identified by a special character. You define these characters during system setup in the pricing constants. The system evaluates formulas as standard algebraic notations: whatever is inside parentheses is evaluated first, then multiplication, division, addition, and subtraction. For example, the formula .90*&GOLD represents the adjusted price of the item is that 90% of the current price of gold.

- In the Basis Code field, enter basis code of 7.
- In the Formula Name field, enter the code or name that identifies the formula.

To return a field name to your formula, include a field from the Purchase Order Detail table (F4311) by accessing the File Field Descriptions form. When you do this, the system automatically inserts the field name. It precedes the field name with the character you specified in the system constants to identify field names. You cannot use all fields of the Purchase Order Detail table (F4311) in a formula.

Add on User Program Amount

The system calls a user defined program to calculate the price adjustment.

- In the Basis Code field, enter basis code of 8.
- In the Formula Name field, enter the program ID for the custom program.

J.D. Edwards is not responsible for providing custom programs and does not provide support for custom programs.

Note: If you are using Advanced Pricing for Procurement, you must enter a Supplier Group name instead of a Customer Group.

▶ To set up adjustment details

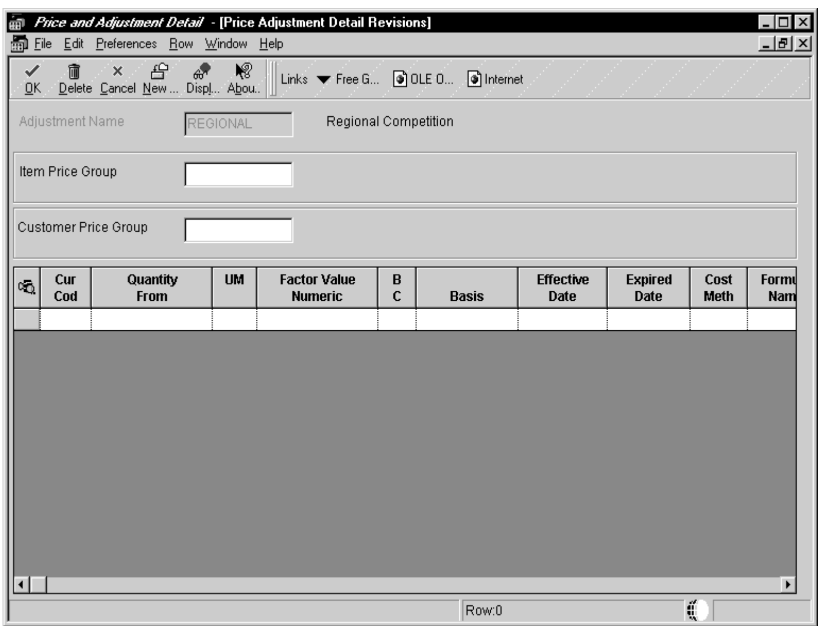
From the Advanced Price and Adjustments menu (G42311), choose Price & Adjustment Detail Revisions.

1. On Work with Adjustment Detail, choose an adjustment name and click Find.

   The system displays existing adjustments.

2. Click Add.

   Your choice on the Preference Hierarchy form determines the fields that appear on the Price Adjustment Detail Revisions form.



3. On Price Adjustment Detail Revisions, complete the following fields:
   - *SAME
   - Item Price Group
   - Customer Price Group
4. If you use basis code 3 or 4, complete the following field:
   - Cost Method

5. If you use basis code 6, choose Variables from the Row menu and complete the following fields:
   - Company Currency Code
   - Unit of Measure as Input
   - Variable Table
6. If you use basis code 7, choose Formulas from the Row menu and complete the following field:
   - Price Formula Name

Field	Explanation
Adjustment Name	A user defined code (system 40, type TY) that identifies an adjustment definition. You define adjustments on Price Adjustment Definitions.
Item Number	A number that the system assigns to an item. It can be in short, long, or third item number format. For process work orders, the item number is the process.
Item Price Group	A user defined code (40/PI) that identifies an inventory price group for an item. Inventory price groups have unique pricing structures that direct the system to incorporate discounts or markups on items on sales and purchase orders. The discounts or markups are based on the quantity, dollar amount, or weight of the item ordered. After you assign a price group to an item, the item uses the same pricing structure that was defined for the inventory price group. You must assign an inventory price group to the supplier or customer, as well as to the item, for the system to interactively calculate discounts and markups on sales orders and purchase orders.
Address Number	A number that identifies an entry in the Address Book system. Use this number to identify employees, applicants, participants, customers, suppliers, tenants, a location, and any other address book members.
Customer Price Group	A user defined code (40/PC) that identifies a customer group. You can group customers with similar characteristics, such as comparable pricing.
UM	A user defined code (00/UM) that indicates the quantity in which to express an inventory item, for example, CS (case) or BX (box).
Formula Name	A user defined code (system 40, type FM) that identifies a price formula. All price formulas are stored in the Price Formula table (F4076).

Field	Explanation
B C	A code that identifies how the system uses the factor value to calculate the adjustment or penalty schedule. The Basis Code field works in conjunction with the Factor Value field. Valid codes for this field are: 1 The system multiplies the base price by the factor value. The adjusted price is a percentage of the base price. 2 The system multiplies the current net price by the factor value. The adjusted price is a percentage of the current net price. 3 The system multiplies the item cost by the factor value. The adjusted price is a percentage of the item cost. You cannot use this basis code for a basket-level or order-level adjustment. 4 The system adds the factor value to the item cost. You cannot use this basis code for a basket-level or order-level adjustment. Note: If you use basis codes 3 or 4, identify the item cost you want to use in the calculation in the Cost Method field (LEDG) in the detail area of the Price Adjustment Detail form. 5 The system adjusts the price by the factor value. If the value is positive, it increases the price by that amount; if the value is negative, it decreases the price by that amount. 6 The system retrieves the adjustment amount from the variable table. You specify the variable table in the Factor Value field. 7 The system uses a formula to calculate the adjustment. You specify the name of the formula in the Factor Value field. 8 The system calls a user defined program to calculate the adjustment. You specify the program ID in the Factor Value field. Note: If you define an adjustment that uses a custom program, the program must be one that you have developed for this purpose and that you are prepared to support. J.D. Edwards is not responsible for providing custom programs or for supporting those programs that you have developed. For Agreement Penalty Schedules, enter 5 for all penalty schedules.
Effective Date	The date when a transaction, text message, contract, obligation, preference, or policy rule becomes effective.
Cost Meth	A user defined code (40/CM) that identifies a cost method. Use cost methods to indicate the method for the system to use. Cost methods 01 through 19 are reserved for J.D. Edwards use.

See Also

- *Entering Sales Price Information* in the *Inventory Management Guide*
- *Creating Free Goods Adjustments*
- *Creating Accrual Adjustments*
- *Creating Rebate Accrual Adjustments*

Generating New Price Adjustments in a Different Currency

From the Advanced Price and Adjustments menu (G42311), choose Advanced Price and Adjustment.

You can use Advanced Pricing to generate new price adjustments in a different currency and amount for multiple records at one time. The Advanced Price and Adjustment program creates new price adjustments based on existing records. To create a new price adjustment for an individual record, you can manually update the existing record on the Price Adjustment Detail Revisions form. You do not have to run this program.

When you generate new price adjustments in a different currency, you control the currency and exchange rate in which to create new records by specifying the following in the processing options:

- Date as of when you want to create new records
- Currency of the existing price records
- Currency in which you want to create new records
- Exchange rate to use to calculate the new amount
- Method (divide or multiply) to use to perform the exchange rate calculation

You can run the Advanced Price and Adjustment program in the following modes:

- Proof. Run the program in proof mode and review the audit report to ensure that the records generated by the program are the records in which you want new price adjustments. If the audit report is not accurate, change the processing option and data selection values accordingly and rerun the program in proof mode.
- Final. When you are satisfied with the audit report, run the program in final mode. Review the newly created price adjustments on the audit report and the Price Adjustment Detail Revisions form. Notice that the new record is sequenced alphabetically along with the existing records on the form. If necessary, adjust the new prices manually. For example, if the program creates a new price adjustment for 50,000 JPY as 675.1155 CAD, you might adjust the new amount to 675 CAD.

With the Advanced Price and Adjustment program, you can generate new price adjustments for the following:

- Price adjustments with an actual amount
- Price adjustments without an actual amount

Price Adjustments with an Actual Amount

For advanced price adjustments with an actual amount, the Advanced Price and Adjustment program does the following:

- Copies the original price adjustment record
- Calculates a new price adjustment, based on the currency code and exchange rate you specify
- Creates a new price adjustment record with the new currency, amount, or both

You can create new price adjustments for advanced price records that have an actual amount, such as those with a basis code of 4 (cost plus) or 5 (add on). You can also create new price adjustments for level breaks based-on amounts. You cannot, however, create new price adjustments for amounts with a basis code of 7 (formula).

For example, a price adjustment for 100 French francs (FRF) is assigned a basis code of 5 (add-on amount), and you want to create a new price adjustment in the euro. The exchange rate is 6.55957 and the divisor method is used to convert the amount to the euro. The new price adjustment is 15.2449 EUR.

The Advanced Price and Adjustment program creates only one new price adjustment for each unit of measure. It does not create one price adjustment for each currency. If an adjustment already exists for a currency, the program does not create another one in that currency. The exception to this rule is when currency codes associated with an item have different effective through dates. In this situation, the program might create more than one new price adjustment.

Price Adjustments without an Actual Amount

For advanced price adjustments without an actual amount, the Advanced Price and Adjustment program does the following:

- Copies the original price adjustment record
- Retains the original factor value and changes the currency code to the currency code you specify
- Creates a new price adjustment record with the new currency code

You can create new price adjustments for advanced price records that do not have an actual amount, such as those with a basis code of 1 (% of base price).

For example, a price adjustment for 90% DEM of the base price is assigned a basis code of 1 and you want to create a new price adjustment in the euro. The new price adjustment will be 90% EUR. Notice that for adjustments without an actual amount, the original factor value (.9) is retained and only the currency code changes.

See Also

- *R407201, Advanced Price and Adjustments,* in the *Reports Guide* for a report sample.

Processing Options for Advanced Price and Adjustment

```
Process

1. Enter a '1' to run this program in                ____________
    final mode. If left blank, the
    program will run in proof mode.
    Final mode will update the file and
    produce an audit report. Proof mode
    will produce the audit report only.

2. Enter the date used to determine                  ____________
    which price records will be
    generated. If the expiration date of
    a price is greater than or equal to
    the date entered, a new price record
    will be generated. If a date is not
    entered, the system date will be
    used.

Currency

1. Enter Currency Code to convert to.                ____________
    (Required)

2. Enter Currency Code to convert from.              ____________
    Currency Codes represent Base
    Currency Code or Customer Currency
    Code. (Required)

3. Enter the Exchange Rate. (Required)               ____________

4. Enter a '1' to multiply the current               ____________
    price by the exchange rate or leave
    blank (default) to divide the
    current price by the Exchange Rate.
```

Data Selection for Advanced Price and Adjustment

Typically, companies will generate new price adjustments by adjustment name. However, you can generate them by any other value in the data selection.

Override Search Groups

Override Search Groups

To simplify the process of defining and maintaining base prices, you set up price groups for the customers and items with similar characteristics. A complex price group contains subgroups based on category codes, such as a specific item type, customer geographic location, line of business, or sales volume. An override search group is an other way of retrieving prices based on specific category codes for an adjustment definition.

You specify the distinct categories that you want to use by defining override search groups. You can use from one to four category codes. After you define the override price group, attach it to an adjustment definition. By using these fields to group customers, you have another method of defining pricing for a specific group.

When you enter an override price group as an adjustment definition, the override price group becomes the only price group that you can use for that price adjustment. You can define prices based on how you place items or customers into groups:

- For items, use the category codes in item/branch information
- For customers, use the category codes in customer master information
- For sales orders, use certain sales order detail fields and defaults from preferences

Override search groups include the following tasks:

- ❑ Working with complex price groups
- ❑ Defining order detail groups

When the system uses the adjustment definition, it searches the item or customer records for category codes that match the override group. If the system finds a match, it uses the adjustment definition defined for that category code. The search is based solely on category codes.

You can use order detail groups to create adjustment definitions for order lines based on information in certain sales order detail controls. You do not need to assign either customer or item price groups because the system searches based solely on category codes. This section presents setting up order detail groups.

For Sales Order Management, you can use groups in both Base Pricing and Advanced Pricing. The differences are:

Base Pricing

- You can use either simple or complex price groups
- You must attach each price group to an item and customer in the branch/plant record on Customer Billing Instructions

Advanced Pricing

- You can use only complex groups
- You can attach complex price groups within the price adjustment definition

Example: Using Override Search Groups for Sales Adjustments

You would like to offer a seasonal promotion to reduce inventory for last year's model of mountain bike items, that are identified by two category codes – type and model year. You have set up complex item groups to identify bikes by type, manufacturer, color, and model year.

You have set up complex price groups for your customers based on geographic region, division, sales person, and volume. Those customers who sell mountain bikes, defined as a division in your category codes, are eligible to benefit from this price adjustment.

You can set up override search groups for the item group and the customer group and attach these two override search groups to your SEASONAL price adjustment definition. When any of your customers who sell mountain bikes place an order for last year's model, the system retrieves this price adjustment.

Using Advanced Pricing for Procurement

When you attach an override price group to an adjustment definition, the override price group becomes the only price group that you can use for that price adjustment. You can define prices based on how you place items or suppliers into groups:

- For items, use the category codes in item/branch information
- For purchase orders, use certain purchase order detail fields
- For suppliers, use category codes in the supplier master
- For purchase orders, complex groups are not supported for the base price. Advanced Pricing for purchase orders does support complex item and supplier groups

You specify the categories that you want to use by defining override search groups. You can use one category or as many as four. After you define the override price group, attach it to an adjustment definition.

When the system uses the adjustment definition, it searches the item or supplier records for category codes that match the override group. If the system finds a match, it uses the adjustment definition defined for that category code. The search is based solely on category codes.

When you enter purchase orders, most of the detail information comes from system defaults, supplier master information, supplier instructions, and items. By using these fields to group suppliers, you have another method of defining pricing for a specific group.

Before You Begin

- ❑ Set up customer price groups. See *Setting Up Complex Customer Price Groups.*
- ❑ Set up item price groups. See *Setting Up Complex Item Price Groups*.

Working with Complex Price Groups

To simplify the process of defining and maintaining base prices, you set up price groups for the customers and items with similar characteristics. A complex price group contains the same combinations of information as a simple price group except that the subgroups are based on category codes, such as a specific item type, customer geographic location, line of business, or sales volume. You can set up complex customer price groups and complex item price groups.

Working with complex price groups includes the following tasks:

- ❑ Setting up complex customer price groups
- ❑ Setting up complex item price groups
- ❑ Generating price group combinations

Complex price groups can be used as override search groups. You establish the complex price groups and define them as override price groups by entering the price group name on the adjustment definition.

Caution: While you can use complex price groups for standard sales order adjustments, you can only use complex price groups for purchase order adjustments if you are using Advanced Pricing in Procurement. You cannot use complex price groups for purchase orders unless you have set up purchase order adjustments in Advanced Pricing.

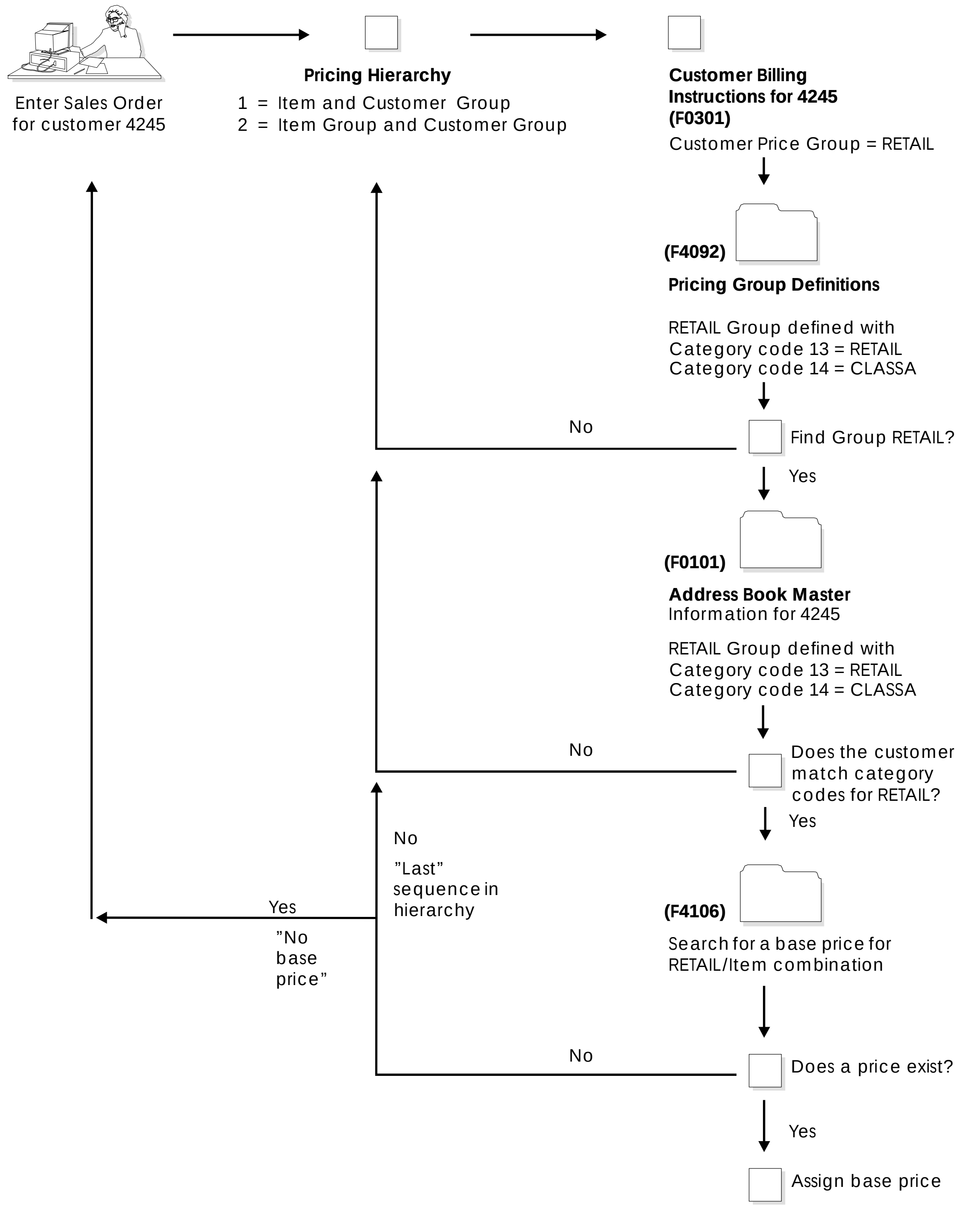
Setting Up Complex Customer Price Groups

You can use up to four category codes (or subgroups) to define complex customer price groups. You use category codes to create subgroups within your pricing groups to charge a different price. For example, within the customer group RETAIL, you can create subgroups using category codes to charge a different price to customers based on their line of business, geographic region, or sales volume.

A customer can belong to a customer detail group without being attached to that group in the Customer Billing Instructions form. A customer can belong to numerous groups, depending on the customer's category codes.

The category code sequence you enter determines how the system displays the category code fields on the related forms. The order in which you choose category codes has no effect on how the system searches for prices.

Illustration: How Complex Customer Price Groups are Used to Determine the Price



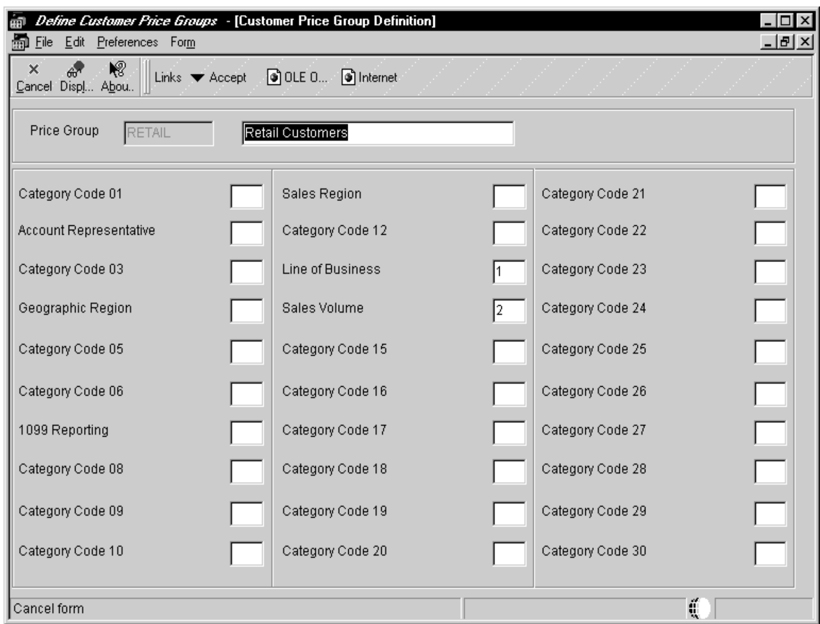
Before You Begin

❑ Verify that you have set up price group names in the user defined codes table (40/PC).

▶ To set up complex customer price groups

From the Price Management menu (G4222), choose Define Customer Price Groups.

1. On Work with Price Group Definition, click Add.



2. On Customer Price Group Definition, complete the following field:
   - Price Group
3. To identify subgroups used in a customer price group, complete as many as four of the following fields and choose Accept from the Form menu:
   - Category Codes 01–30

   After you create complex customer price groups, you must generate price group combinations. See *Generating Price Group Combinations*.

Field	Explanation
Price Group	A user defined code (40/SD) that identifies a sales order detail group. You use sales order detail groups to create pricing that is based on a field in the Sales Order Detail file (F4211).
Category Code 1	A user defined name or remark.

Setting Up Complex Item Price Groups

You can also set up complex item groups to allow for greater flexibility in your pricing structures. You can use up to four category codes to define complex item price groups.

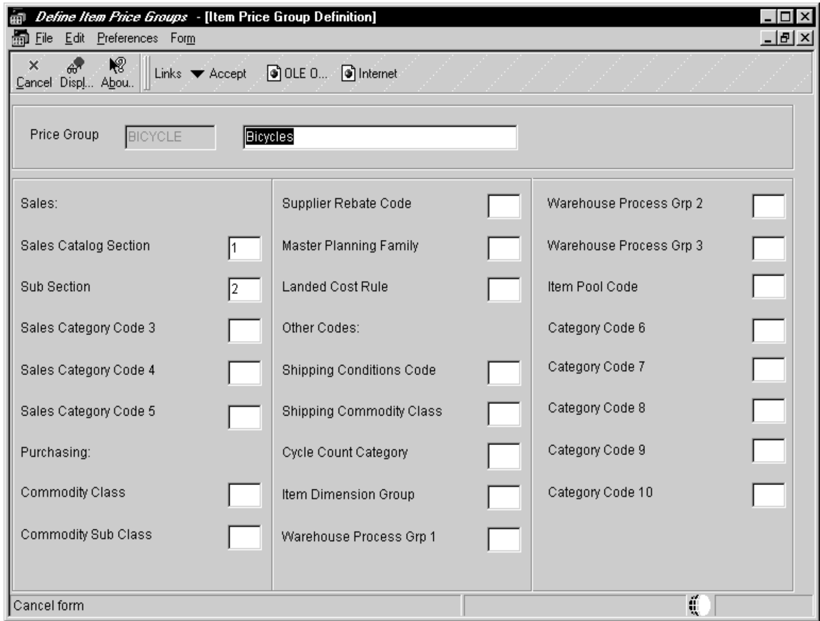
For example, if you have two types of pens (marker and ballpoint), within the group MARKER, you can specify prices for each type of pen. When you enter an order for pens, the system checks the category codes for the item to determine if the pen is a marker or a ballpoint and then retrieves the appropriate price.

The category code sequence that you enter determines how the system displays the category code fields on the related forms. The order in which you choose category codes has no effect on how the system searches for prices.

▶ To set up complex item price groups

From the Price Management menu (G4222), choose Define Item Price Groups.

1. On Work with Price Group Definition, click Add.



2. On Item Price Group Definition, complete the following field:
    - Price Group
3. To define subgroups in an item price group, complete from one to four of the following fields:
    - Sales Category Codes 1–5
    - Purchasing Category Codes 1–5
    - Other Category Codes 1–10
4. Choose the Accept option from the Form menu to set up the complex item price group.

    After you create complex item price groups, you must generate price group combinations. See *Generating Price Group Combinations*.

Generating Price Group Combinations

From Price Management (G4222), choose Customer Price Groups and Item Price Groups.

After you set up price groups and assign the group names to customers and items, you generate customer and item price group relationships. You generate price group relationships to define the possible combinations of customer and item groups that you can use for pricing. Generate price group combinations so that the customer and item group information that you created can be used for pricing.

Two batch programs generate price group combinations:

- Customer Price Group Generation
- Item Price Group Generation

These programs generate records in the Item/Customer Groups Combinations table. The Item/Customer Groups Combinations table contains the allowable combinations for customer or item groups and category codes. You can use data selection to specify up to five group codes for which detailed records are created. If you do not specify any codes, the system generates combinations for all groups.

Defining Order Detail Groups

You can use order detail groups to create adjustments to the pricing line of an order based on information from sales order detail fields. When you enter sales orders, some data in detail fields comes from system defaults, customer master information, customer billing instructions, items, and preferences.

The Define Order Detail Groups form shows several fields that do not display during order entry. These data in these fields default from the Preference Profile and vary depending upon whether you are using Advanced Pricing for Sales or Procurement, or Customer Service Management:

- Line of Business
- End Use
- Price Code 1
- Price Code 2
- Price Code 3
- From Grade
- Thru Grade
- From Potency
- Thru Potency

By using these fields when defining order detail groups, you have another method of defining pricing for a specific group.

Before You Begin

❑ Set the processing option to choose one of the following formats: Order Detail Groups, Purchase Order Groups, Customer Service Management System Order Detail Group.

Using Advanced Pricing for Procurement

You can use order detail groups to create adjustments to the pricing line of an order based on information from purchase order detail fields. When you enter purchase orders, some data in detail fields comes from system defaults, supplier master information, purchasing instructions, and items.

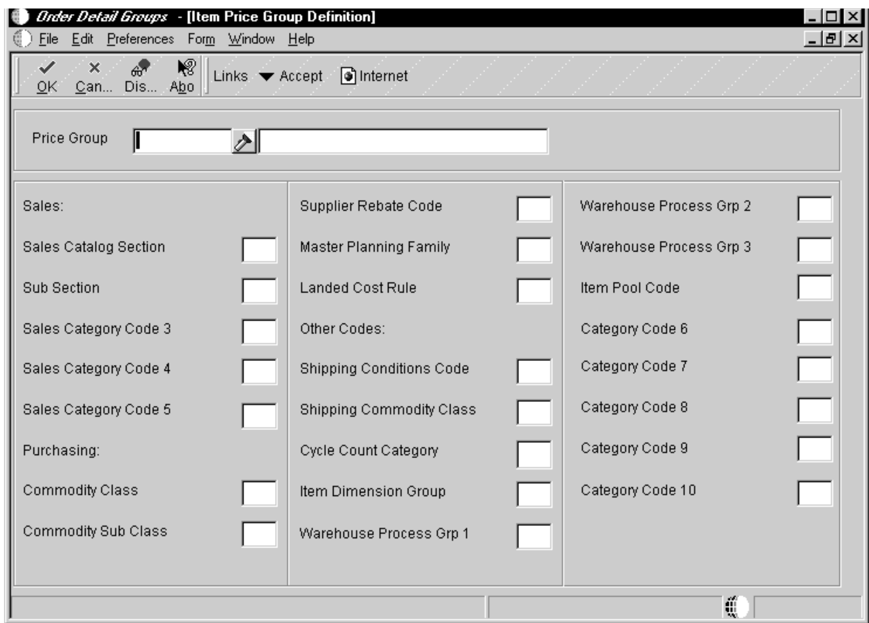
▶ To define order detail groups

From the Advanced Price and Adjustments menu (G42311), choose Order Detail Groups.

1. On Work with Price Group Definition, choose a price group.

   The system imports the price group type code based on your processing option selection. When you click Find, the system displays only those groups of that price group type code. To override the system default, type a new price group type code in the field and click Find or Add. The system retrieves the appropriate form based on this type code.

2. Click Add.



3. On Item Price Group Definition, indicate the category codes that you want to group by typing the numbers 1 through 3 next to three field names.

   You can use from one to three fields.

Field	Explanation
Price Group	A user defined code (40/SD) that identifies a sales order detail group. You use sales order detail groups to create pricing that is based on a field in the Sales Order Detail file (F4211).

Additional Adjustments

Additional Adjustments

You can create additional adjustments that provide sales incentives other than the traditional line-item price discount. For example, you can encourage sales by including free goods with a purchase or give a discount based on a total order amount (repricing). You can also accrue commissions on sales by creating an accrual adjustment.

Free goods are often items that help promote, display, or accompany the product that is ordered. For example, for certain products you may want the free goods to be the display case, posters, or additional promotional items, such as buttons, hats, or shirts to highlight a sale.

Accrual adjustments allow you to reserve monetary amounts through journal entries for such items as commissions and royalties. You can track the monetary amount but the order price does not change.

You can use additional adjustments to:

- ❑ Create free goods adjustments
- ❑ Create accrual adjustments
- ❑ Create rebate adjustments
- ❑ Work with ship and debit agreements
- ❑ Work with repricing

Using Adjustments with Advanced Pricing for Procurement

For purchase orders, you might want to account for items that are offered by the supplier to promote, display, or accompany the product that you are ordering. You enter free goods adjustments for purchase orders in the same manner as you would for sales order adjustments.

Caution: You can only use accuruals, rebates, ship and debit adjustments, and repricing in Advanced Pricing for sales orders. To work with rebates in the Procurement system, see *Rebate Processing* in the *Procurement Guide.*

Creating Free Goods Adjustments

Free goods are often items that help promote, display, or accompany the product that is being ordered. For example, free goods can be the display case, posters, or additional promotional items such as buttons, hats, or shirts used by employees to highlight a sale.

You must create a valid adjustment to which you attach your free goods. When you set up the free goods criteria, you define how the system applies the price and quantity of the free goods. You also define how or if the system should factor the price of the free goods into the price of the products actually being sold.

The free goods do not have to be the same as the item on the sales detail to which the free goods adjustment is attached. For example, your company could offer a promotion that gives the customer one free case of motor oil when they buy ten cases of motor oil. Because the items do not have to be the same, you could offer customers a free oil filter when they buy ten cases of motor oil. You can specify multiple item numbers to be given as free goods and the quantity of each type, but the customer cannot choose from the list of free goods. All free goods must be applied to the orders. However, the resulting sales-order detail lines for free goods can be deleted later.

Any adjustment can have free goods associated with it. You specify:

- The quantity of free goods to be included.
- Whether the free goods is a stock or non-stock item.
- The unit price of the free goods, if desired. In most cases, this price will be zero. However, you can specify a reduced price for the item, such as when you offer a purchase-with-purchase promotion.

If you enter any of the price groups in the definition for a free goods adjustment, the price group defaults into the adjustment detail and cannot be changed.

Note: If you have activated Advanced Pricing for Procurement, you can enter free goods adjustments for purchase orders. You might want to account for bonus items that are offered by the suppler to promote, display or accompany the product that you are ordering. You enter free goods adjustments for purchase orders in the same manner as you would for sales order adjustments.

Before You Begin

- ❑ Define an adjustment. See *Setting Up Adjustment Details*.

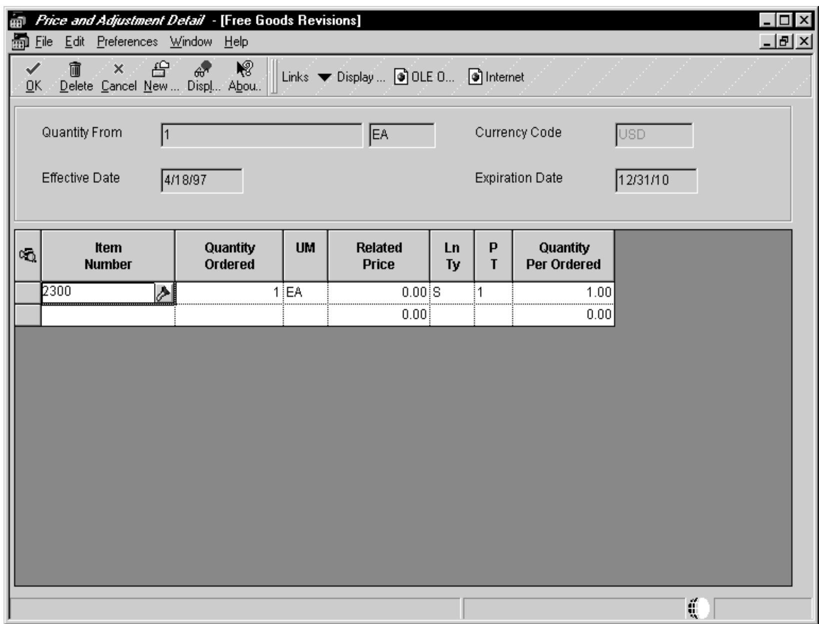
▶ To create free goods adjustments

From the Advanced Price and Adjustments menu (G42311), choose Price & Adjustment Detail Revisions.

1. On Work with Adjustment Detail, either enter a new adjustment or select the adjustment that has free goods.
2. On Price Adjustment Detail Revisions, review the adjustment information as necessary.

   See *Setting Up Adjustment Details* for more information.

3. Select the row and choose Free Goods from Row Menu.



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4. On Free Goods Revisions, complete the following fields:
   - Item Number
   - Units – Order/Transaction Quantity
   - Unit of Measure as Input
   - Related – Price
   - Line Type
   - Quantity Over Ordered – Free Goods
5. Click OK.
6. On Price Adjustment Detail Revisions, click OK to create Free Goods Adjustments.

Field	Explanation
Item Number	A number that identifies the item. The system provides three separate item numbers plus an extensive cross-reference capability to alternate item numbers. These item numbers are: 1. Item Number (short) – An 8-digit, computer-assigned item number. 2. 2nd Item Number – The 25-digit, free–form, user defined, alphanumeric item number. 3. 3rd Item Number – Another 25-digit, free–form, user defined, alphanumeric item number. In addition to these three basic item numbers, the system provides an extensive cross-reference search capability. Numerous cross-references to alternate part numbers can be user defined (for example, substitute item numbers, replacements, bar codes, customer numbers, or supplier numbers).
Units – Order/Transaction Quantity	The quantity of units affected by this transaction.
Related – Price	The price of a related item in a pricing or discount policy. For example, with a policy of “Buy one, get one free,” the free item is the related item. Enter this price in the unit of measure of the related item quantity.
Line Type	A code that controls how the system processes lines on a transaction. It controls the systems with which the transaction interfaces (General Ledger, Job Cost, Accounts Payable, Accounts Receivable, and Inventory Management). It also specifies the conditions under which a line prints on reports and is included in calculations. Codes include the following: N Nonstock item F Freight M Miscellaneous charges and credits

Field	Explanation
Quantity Per Ordered	Indicates how many items the customer must buy over the quantity you entered in the Quantity From field of the Price Adjustment Detail form before you send free goods. For example, the Quantity From is 10 and the Quantity Over Ordered is 3. The customer receives free goods when the order is for 13 or more. Additionally, the customer receives a free item for every multiple of the value in the Quantity Over Ordered field. In our example, the customer would receive free goods for every multiple of 3. If the order is for 25, the customer receives the number of free goods multiplied by 5 (for every multiple of 3 past the Quantity From, which is 10 – in this case 13, 16, 19, 22, and 25). The calculations the system uses are: Total Free Goods Quantity = Free Good Quantity (FGUORG) + (Free Good Quantity * Quantity Over Factor) Quantity Over Factor = (Quantity Ordered – Quantity From (ADMNQ)) divided by Quantity Over Ordered (FGFQTY) Quantity Ordered = Quantity Shipped (SDSOQS) + Quantity Backordered (SDSOBK)

Creating Accrual Adjustments

You can create adjustments so the system accrues the amount of an adjustment instead of applying the adjustment to the order line. You can use accrual adjustments to calculate and enter an adjustment for such items as commissions and royalties owing.

You identify an accrual adjustment by entering the Adjustment Control Code in Price Adjustment Definitions. The system does not roll the price adjustment into the unit price or print the adjustment on the invoice. Instead, the system records the adjustment to history and posts the adjustment to the General Ledger during the next sales update.

You can use the G/L Class Code field to designate the account to which the system records the transaction. The G/L account can be different for each adjustment definition. When the system uses the adjustment G/L class code to select an account, you can specify the ledger in the adjustment definition.

Optionally, you can use the Subledger in G/L field if you want to do subledger accounting. The code you enter in the Subledger in G/L field controls whether the subdivision takes place. You can subdivide the G/L account balance by parent, Ship To, or Sold To customer address; item number, adjustment, or salesperson.

Caution: You can only use accrual adjustments for sales orders. If you use Advanced Pricing for Procurement, accruals do not apply to purchase order adjustments.

Before You Begin

- ❑ Verify that you have set up AAI 4270 and AAI 4280 with accruals.

  See *Setting Up Automatic Accounting Instructions* in the *Sales Order Management Guide* for more information about setting up AAIs for adjustment accounts.

Example: Accruing Commissions and Royalties

You can use adjustments to accrue the possible amounts to be paid as commission or royalty. For example, your region sales manager earns a commission for any sale within that region. When you enter a sales order for a customer in that region, accounting entries are made. One of the entires is for the amount of the commission accrued by the sales manager. The accrued commission entry does not display on any customer order form.

Example: Posting an Accrual Adjustment

The difference between a regular journal entry and an accrual journal entry is shown in this example of posting credit and debit entries. The entry item has a base price of 100 and an adjustment of 10.

The regular entry would consist of three entries:

- Accounts Receivable 90
- Adjustments 10
    - Revenue 100

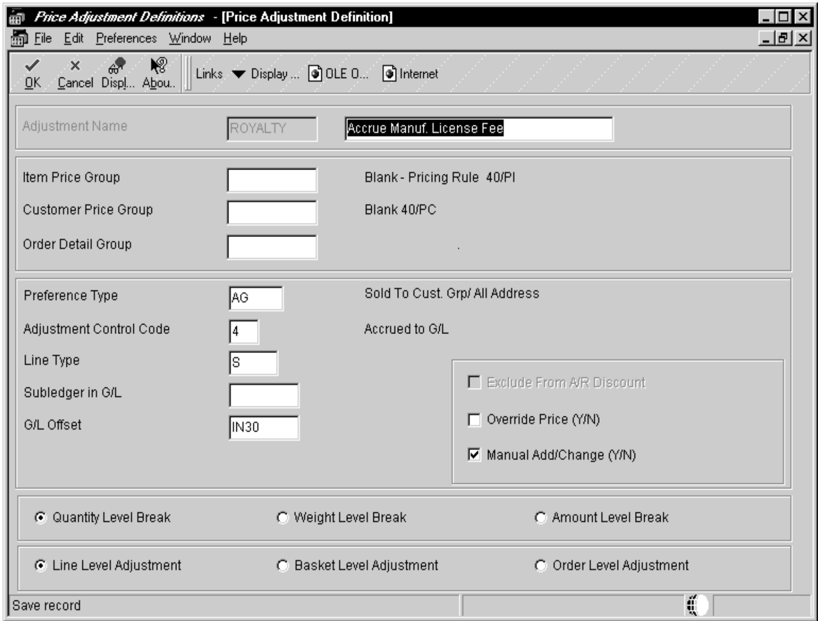
The accrual entry would consist of four entries:

- Accounts Receivable 100
- Adjustments (commissions) 10
    - Revenue 100
    - Accrual (commissions payable) 10

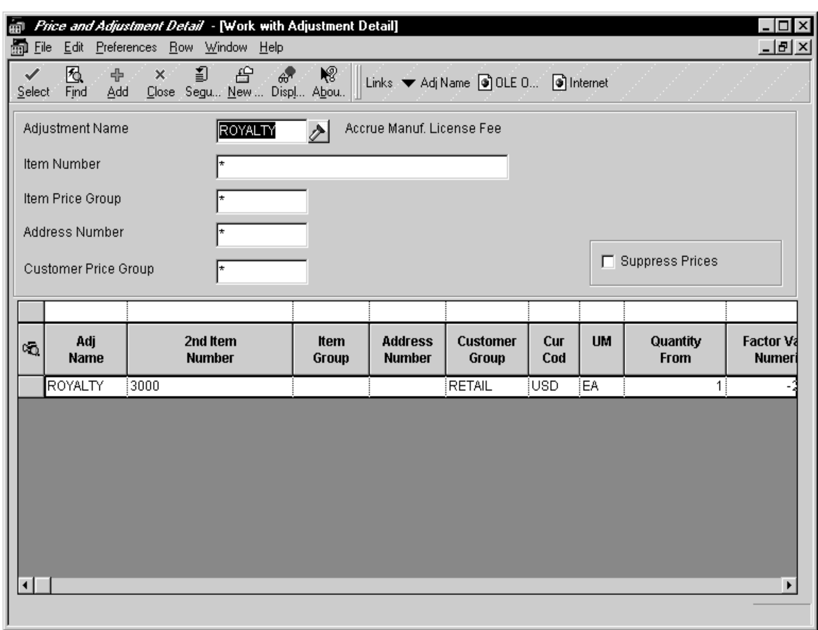
▶ To create accrual adjustments

From the Advanced Price and Adjustments menu (G42311), choose Price Adjustment Definitions.

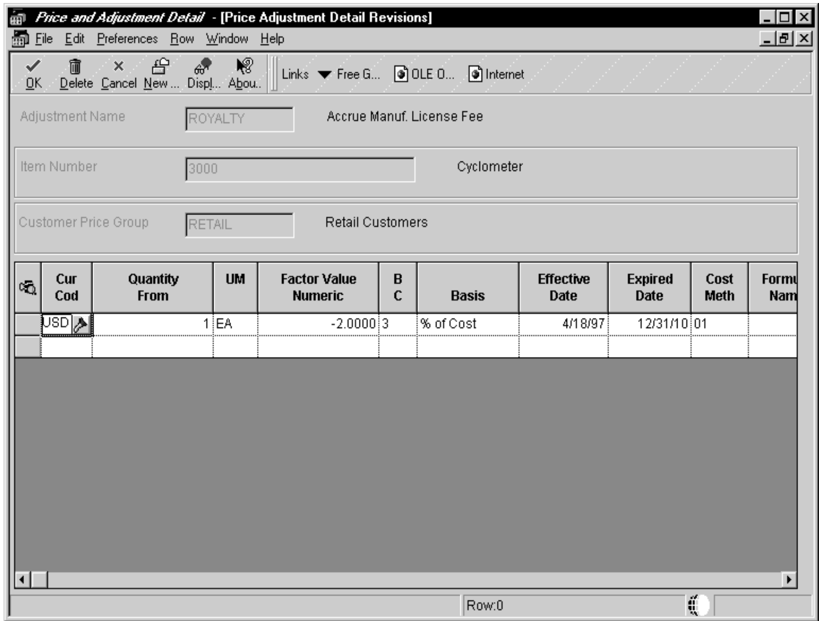
1. On Work with Adjustment Types, click Add.



2. On Price Adjustment Definition, complete the following fields:
   - Adjustment Name
   - Preference Type
   - Adjustment Control Code
   - G/L Offset
3. Click OK.
4. From Advanced Price and Adjustments menu (G42311), choose Price and Adjustment Detail Revisions.



5. On Work with Adjustment Detail, choose the adjustment row.



6. On Price Adjustment Detail Revisions, complete the following fields:
   - From Level
   - Basis Code
   - Factor Value
7. Click OK to create accrual adjustments.

Field	Explanation
Adjustment Name	A user defined code (system 40, type TY) that identifies an adjustment definition. You define adjustments on Price Adjustment Definitions.
G/L Offset	A user defined code (41/9) that identifies the G/L offset that the system uses when it searches for the account to which it posts the transaction. If you do not want to specify a class code, you can enter **** (four asterisks) in this field. You can use automatic accounting instructions (AAIs) to predefine classes of automatic offset accounts for the Inventory, Procurement, and Sales Order Management systems. The system can generate accounting entries based upon a single transaction. For example, a single sale of a stock item can trigger the generation of accounting entries similar to the following: Sales–Stock (Debit) xxxxx.xx A/R Stock Sales (Credit) xxxxx.xx Stock Inventory (Debit) xxxxx.xx Stock COGS (Credit) xxxxx.xx

Field	Explanation
Adjustment Control Code	A code that specifies how the adjustment appears on the invoice and whether you want the system to create a separate line in the Sales Order Detail table (F4211). Valid values are: 1 The system adds the adjustment amount into the unit price and records the adjustment detail to the Price Adjustment History table (F4074). The system does not print the adjustment on the invoice. 2 The system adds the adjustment amount to the unit price and records the adjustment detail to the Price Adjustment History table (F4074). It prints the adjustment on the invoice. 3 The system creates a separate detail line in the Sales Order Detail table. It does not add the adjustment into the unit price or record it to the history table. The system does not include this type of adjustment when it calculates the current net price. 4 The system records the adjustment to history and posts it to the general ledger during a sales update. It does not add the adjustment into the unit price or print it on the invoice. Use Control Code 4 to create an accrual adjustment. 5 The system records the adjustment to history and posts it to the general ledger during a sales update. The system also accumulates each order line's quantity, weight, and amount to rebate history (F4078). It does not add the adjustment into the unit price or print it on the invoice. Use Control Code 5 to create a rebate adjustment. . . . . *Form-specific information* . . . . For OneWorld: 3 The system supports Adjustment Control Code 3 only for order-level adjustments. 6 The system processes the adjustment amount and the unit price separately during sales update. The amounts are recorded separately as G/L and A/R entries. It prints the adjustment on the invoice.

Field	Explanation
B C	A code that identifies how the system uses the factor value to calculate the adjustment or penalty schedule. The Basis Code field works in conjunction with the Factor Value field. Valid codes for this field are: 1 The system multiplies the base price by the factor value. The adjusted price is a percentage of the base price. 2 The system multiplies the current net price by the factor value. The adjusted price is a percentage of the current net price. 3 The system multiplies the item cost by the factor value. The adjusted price is a percentage of the item cost. You cannot use this basis code for a basket-level or order-level adjustment. 4 The system adds the factor value to the item cost. You cannot use this basis code for a basket-level or order-level adjustment. Note: If you use basis codes 3 or 4, identify the item cost you want to use in the calculation in the Cost Method field (LEDG) in the detail area of the Price Adjustment Detail form. 5 The system adjusts the price by the factor value. If the value is positive, it increases the price by that amount; if the value is negative, it decreases the price by that amount. 6 The system retrieves the adjustment amount from the variable table. You specify the variable table in the Factor Value field. 7 The system uses a formula to calculate the adjustment. You specify the name of the formula in the Factor Value field. 8 The system calls a user defined program to calculate the adjustment. You specify the program ID in the Factor Value field. Note: If you define an adjustment that uses a custom program, the program must be one that you have developed for this purpose and that you are prepared to support. J.D. Edwards is not responsible for providing custom programs or for supporting those programs that you have developed. For Agreement Penalty Schedules, enter 5 for all penalty schedules.

<table>
<tr><th>Field</th><th>Explanation</th></tr>
<tr><td>Factor Value Numeric</td><td>A code that indicates how the system adjusts an order line. The value in this field works in conjunction with the Basis field (BSCD). How you define the Basis field determines whether you enter a number or a code in this field.

If your basis code is
1–5 Enter a positive number for markups, for example, 10. Enter a negative number for discounts, for example, 10–.
6 You want to base the adjustment on a variable table. Enter the code that identifies the variable table.
7 You want to use a formula to calculate the price. Enter the code that identifies the formula.
8 You want to calculate the adjustment using a custom program. Enter the program ID.

For Agreement Penalty Schedules: Because the basis code for penalties is 5, enter a number as the factor value. Most agreement penalties are for a currency amount. The system multiplies the factor you enter by each unit of measure to calculate the penalty.</td></tr>
</table>

Creating Rebate Adjustments

Businesses use rebates to encourage customers to purchase a greater volume of goods or services over a period of time. When their purchases reach a certain threshold level, you can issue a rebate to them.

You calculate rebates based on the total amount, total quantity, or total weight of multiple orders, which accumulate in a volume history file. You also accumulate a rebate amount in the general ledger to recognize the liability.

When a customer's total sales activity reaches a rebate threshold, the system calculates the rebate amount. At this point, you can generate a credit order to the beneficiary of the rebate amount.

You define the rebate adjustment to specify how much of each eligible sales order the system accrues to the general ledger.

Complete the following tasks to create rebates adjustments:

- ❑ Create rebate accrual adjustments
- ❑ Review rebate information

Note: To work with rebates in the Procurement system, see *Updating Rebate Information* in the *Procurement Guide*.

Example: Creating a rebate accrual adjustment

You define a volume rebate for customer 4183 and item CLRD100.

- You define the rebate adjustment to accrue rebate information to the general ledger. You define the factor as 4% to indicate that you want to accrue 4% of each order detail line to the general ledger.
- You define rebate thresholds. The rebate is paid at 2% over 100,000 and 3% over 200,000. The currency is U.S. dollars. The rebate is effective from June 20, 2005 through December 31, 2005.

On June 30, 2005, you enter an order for customer 4183 and item CLRD100 in the amount of 50,000.

During sales update, the system updates sales volume history with sales quantity and amount information. Sales totals are compared with rebate thresholds to determine whether the system should calculate a rebate amount. The system also creates journal entries in the general ledger to recognize the potential rebate liability.

In this example, the order total is less than the first rebate threshold, so no rebate amount is calculated. Volume history is updated with the following information:

- Order history total = 50,000
- Rebate amount = 0

The system creates journal entries with a batch type of I to record the sale of goods:

- Debit accounts receivable = 50,000
- Credit sales = 50,000

It also creates journal entries to recognize the rebate liability (4% of the order amount):

- Debit accrual discount (4% x 50,000) = 2,000
- Credit rebate payable = 2,000

You define AAI table 4280 for the amount to point to the volume history rebate account.

You enter additional orders for customer 4183 and item CLRD100.

- July 15, 2005 for 100,000
- July 30, 2005 for 100,000

During sales update, the system updates volume history:

- Order history total = 250,000
- Rebate amount = 7,500

Because the customer reached the second rebate threshold, the system calculated the rebate amount at 3% of the order history total (250,000 x .03 = 7,500.00). Although the system has made general ledger entries, the user must submit a credit note before a credit order is issued.

To create the journal entries, the system still uses the 4% defined for the accrual adjustment. During sales update, the system creates the following journal entries for these two orders:

- Debit accounts receivable 200,000
- Credit sales 200,000
- Debit accrual discount 8,000
- Credit rebate payable 8,000

Note the total rebate payable in the general ledger is 10,000 (2,000 + 8,000), but the rebate payable amount in volume history is 7,500.

On August 1, you generate credit orders. Although the system has made general ledger entries, the user must submit a credit note before a credit order is issued. The credit orders are based on credit notes submitted. The system pulls the general ledger class code for the credit order from the adjustment so it knows which AAI to use. It uses the beneficiary from the adjustment as the Sold To address.

Next, you run Sales Update to create general ledger entries for the credit order.

- Debit revenue 7,500
- Credit accounts receivable 7,500

If you defined rebate thresholds to reset the rebate amount field, the system updates the volume history file as follows:

- Rebate amount 0
- Rebate paid 7,500

Creating Rebate Accrual Adjustments

You define the rebate adjustment to specify how much of each eligible sales order the system accrues to the general ledger.

When you set up an adjustment, you must indicate both that this adjustment is a rebate accrual and the beneficiary of the rebate. If you do not set up the adjustment definition for a rebate, you cannot access additional rebate information.

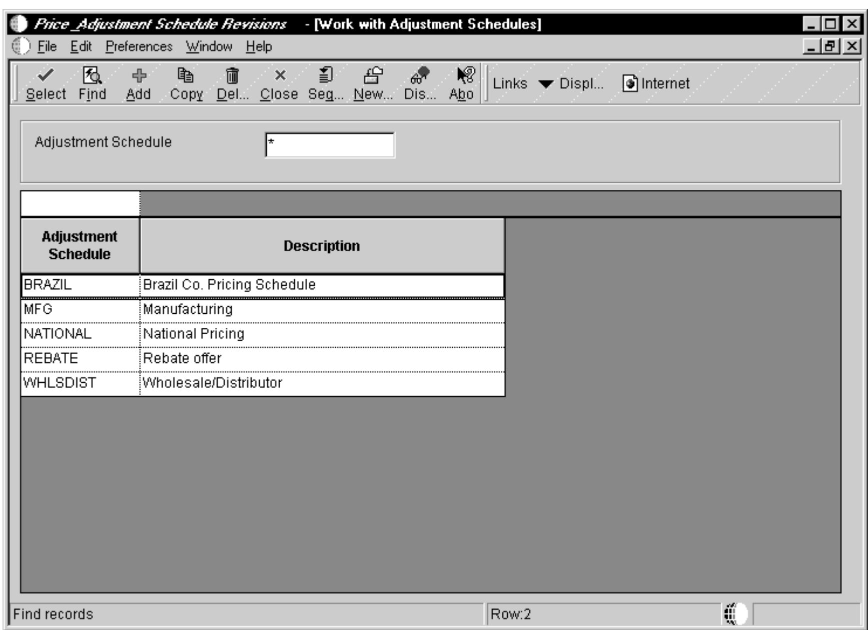
You define the details of the rebate accrual adjustment when you set up a price and adjustment schedule. The price adjustment detail for rebates determines the rate at which you can set aside funds into an accrual account, which covers the rebate amounts that you pay to customers who reach the threshold. In the Price and Adjustment Detail form, the information you enter in the Factor and Basis fields defines how you want to accrue and calculate rebate amount for each eligible sales detail line to the general ledger.

You use rebate thresholds to establish limits at which a customer is eligible for a rebate. Customer sales totals that you accumulate in volume history are compared against the thresholds to determine whether the customer is eligible for a rebate and at what level.

▶ To create rebate accrual adjustments

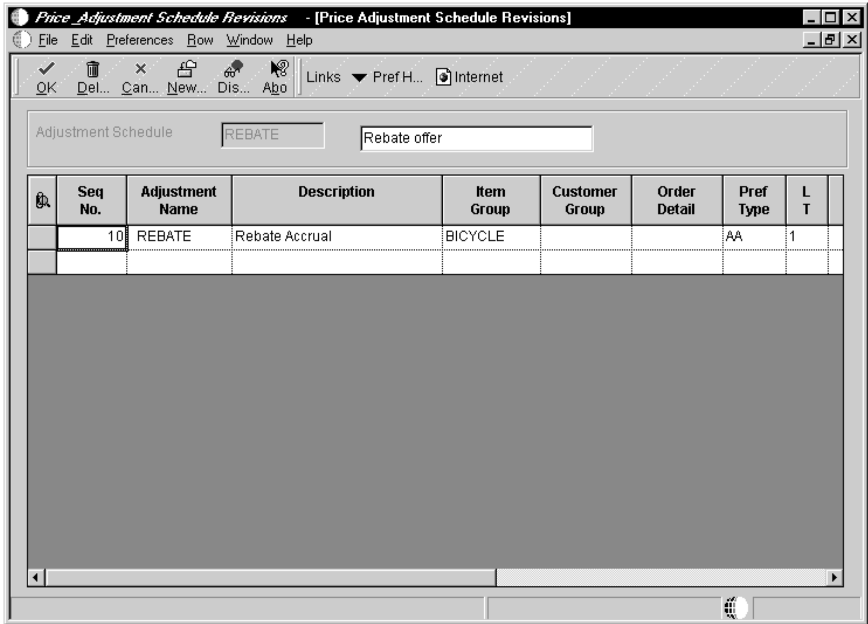
From the Advanced Price and Adjustments menu (G42311), choose Price & Adjustment Schedule Revisions.

1. On Work with Adjustment Schedules, click Find.

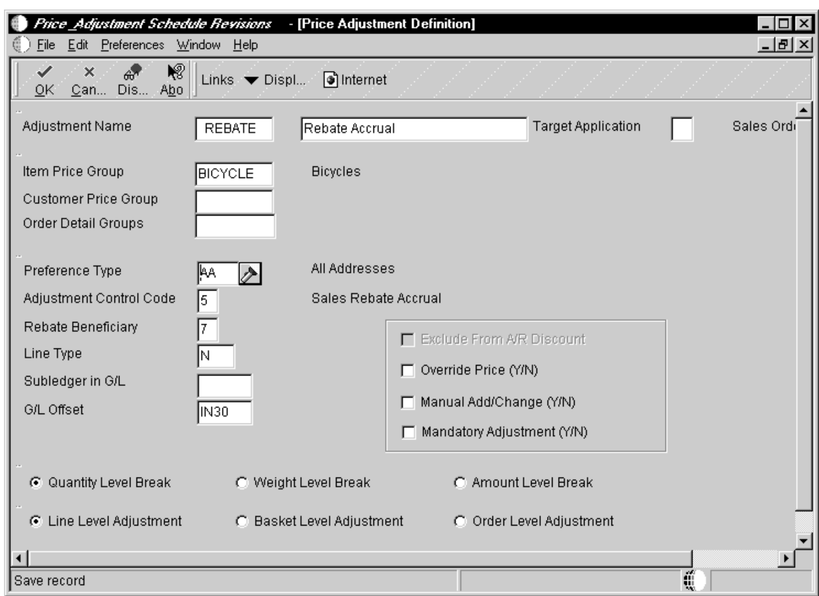


2. On Work with Adjustment Schedules, choose the adjustment schedule type you want to work with and click Select.

   See *Building Adjustment Schedules* for more information.



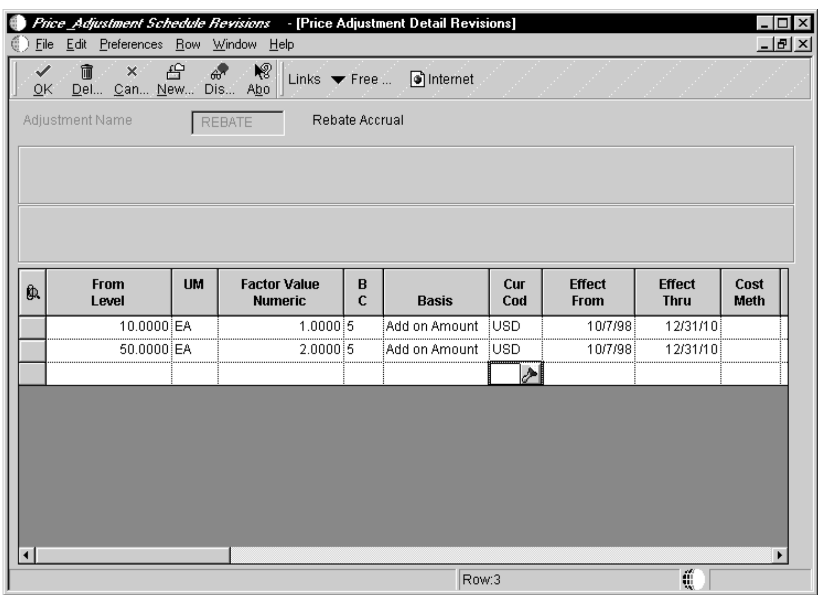
3. On Price Adjustment Schedule Revisions, choose the adjustment, and then choose Adjustment Name from the Row menu.



4. On Price Adjustment Definition, complete the required fields for a rebate adjustment:
   - Adjustment Control Code

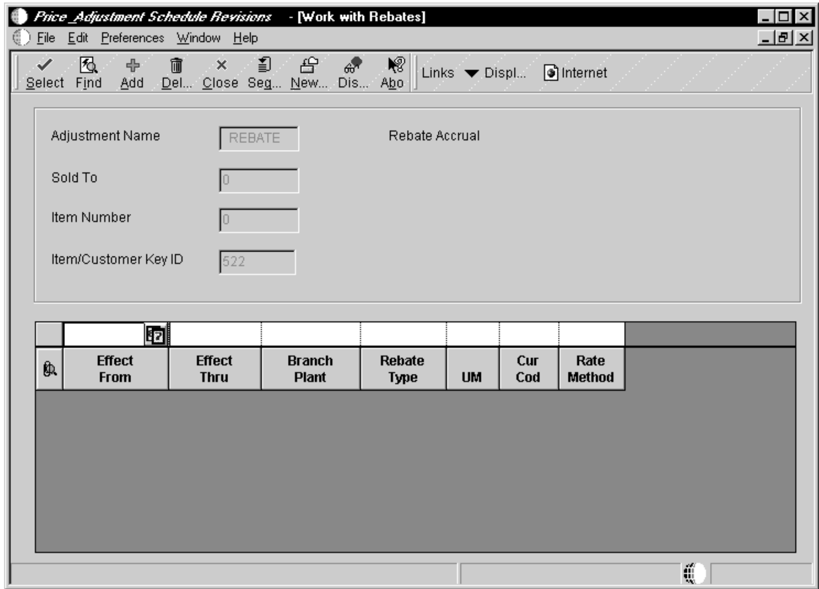
     When you choose the adjustment control code, Sales Rebate Accrual, the system displays the following required field:
   - Rebate Beneficiary
5. Complete additional price adjustment definition fields, as necessary. See *Setting Up Adjustment Definitions* for more information.
6. Click OK.
7. On Price Adjustment Schedule Revisions, choose the adjustment, and then choose Adjustment Details from the Row menu.
8. On Work with Adjustment Detail, click Find and choose an adjustment name or click Add to add a new adjustment.

   See *Setting Up Adjustment Definitions* for more information.

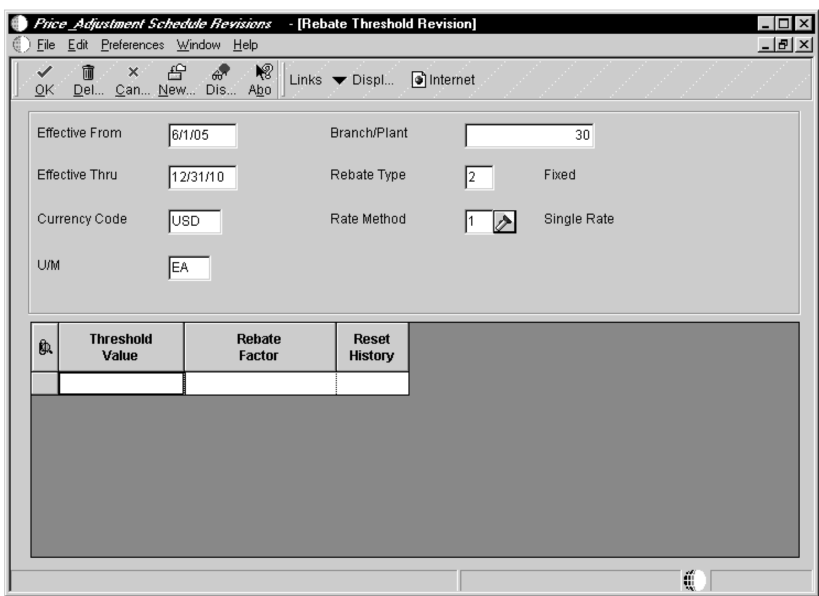


9. On Price Adjustment Detail Revisions, choose a row to add a rebate to an item and click OK.
10. On Work with Adjustment Detail, choose Rebates from the Row menu.

    You must have indicated that this adjustment is a rebate accrual in the Price Adjustment Definition in order to access this form.



11. On Work with Rebates, click Find to locate existing rebates for this item or click Add.



12. On Rebate Threshold Revision, complete the following fields:
    - Effective Date
    - Date – Expired
    - Business Unit
    - Rebate Type

- Currency Code
- U/M

13. Optionally, complete the following fields to set up thresholds:
    - Threshold Value
    - Rebate Factor
    - Reset History Flag
14. Click OK.

Field	Explanation
Adjustment Control Code	A code that specifies how the adjustment appears on the invoice and whether you want the system to create a separate line in the Sales Order Detail table (F4211). Valid values are: 1 The system adds the adjustment amount into the unit price and records the adjustment detail to the Price Adjustment History table (F4074). The system does not print the adjustment on the invoice. 2 The system adds the adjustment amount to the unit price and records the adjustment detail to the Price Adjustment History table (F4074). It prints the adjustment on the invoice. 3 The system creates a separate detail line in the Sales Order Detail table. It does not add the adjustment into the unit price or record it to the history table. The system does not include this type of adjustment when it calculates the current net price. 4 The system records the adjustment to history and posts it to the general ledger during a sales update. It does not add the adjustment into the unit price or print it on the invoice. Use Control Code 4 to create an accrual adjustment. 5 The system records the adjustment to history and posts it to the general ledger during a sales update. The system also accumulates each order line's quantity, weight, and amount to rebate history (F4078). It does not add the adjustment into the unit price or print it on the invoice. Use Control Code 5 to create a rebate adjustment. . . . . *Form-specific information* . . . . For OneWorld: 3 The system supports Adjustment Control Code 3 only for order-level adjustments. 6 The system processes the adjustment amount and the unit price separately during sales update. The amounts are recorded separately as G/L and A/R entries. It prints the adjustment on the invoice.

Field	Explanation
Quantity Level Break	A code that indicates how level breaks occur in the Price Adjustment Detail table (F4072), based on one of three types of level breaks. • Quantity: The system determines the correct adjustment based on the quantity ordered in the sales order. You can set up different adjustment breaks for different units of measure. • Weight: The system uses the weight of the line to retrieve the proper adjustment level break. • Amount: The system uses the extended amount of the sales detail line to retrieve the proper adjustment level break. When Currency Conversion is turned on, all amount level breaks are stored and displayed based on the floating decimals of the currency code. For WorldSoftware, valid codes are: 1 Quantity 2 Weight 3 Amount For OneWorld, turn on one of the following options: • Quantity Level Break • Weight Level Break • Amount Level Break
Adjustment Level	Specifies the level at which the adjustment is calculated: 1 Line Level: The system calculates the adjustment based on information in the sales detail line. 2 Basket Level: The system lets you group multiple sales detail lines and calculate the adjustment based on information accumulated from all the lines. You group items by Basket Pricing Group (RPRC) in Item Branch Information (F4102). 3 Order Level: The system lets you group sales order lines from the same order and calculate the adjustment based on information accumulated from all the lines. You group items by Order Pricing Group (ORPR) in Item Branch Information. P Trip level: The system calculates delivery pricing during delivery document printing if that option is chosen. You must specify “P” for trip-based pricing to work. If you are defining a repricing adjustment, leave the Item Group, Customer Group, and Sales Group fields blank.

Field	Explanation
Rebate Beneficiary	A code (system 40/type RA) that identifies the beneficiary of a rebate. The party you identify here becomes the recipient of the credit order you create when a customer reaches a rebate threshold. The customer and the beneficiary may or may not be the same address. The beneficiary becomes the Sold To Address of the create order.
Rebate Type	A code (43/RT) that indicates whether the rebate is a percentage of the quantity purchased or a fixed currency amount.
Threshold	A quantity that the system compares against accumulated sales volume to determine if a rebate should be awarded. You can define thresholds as quantities, weights, or sales amounts. Use the Level Break Type field in the adjustment definition to define the type of threshold.
Rebate Factor	A value you enter to indicate how you want to calculate the rebate amount. The code you enter in the Rebate Type field controls how the rebate is applied. For example, you could award a fixed amount or you could calcualte a percentage of accumulated sales.
Reset	A code that identifies how to handle future sales when a customer reaches a rebate threshold. Valid codes are: 1 Yes, reset sales history totals (F4078) and rebate paid to date to zero when you create a credit order for the given customer/rebate total. 0 No, do not reset sales history totals and rebate paid when you create a credit order, but leave them at their current values.

Reviewing Rebate Information

From Advanced Price and Adjustments (G42311), choose Rebate History Inquiry.

You may retrieve rebate history for each customer. This provides you a tracking system for both past rebates and the current status or orders that qualify for rebates. The Volume History Register report lists customers and their sales that qualify for rebates.

Working with Ship and Debit Adjustments

Distributors, suppliers and manufacturers often enter into agreements with each other which address the price and cost fluctuations associated with certain components and products. Within the electronics industry, these agreements are known as ship and debit adjustments.

JDEdwards ship and debit processing is designed to give you leverage which will help you to keep your inventory moving. It can help you stimulate sales for a specified period of time with discounted prices.

Ship and debit adjustments do not change inventory costs. Instead, they are recognized as a cost of goods sold sales reduction and affect your company's profit margins. Consequently, these adjustments also affect commission amounts.

Your company may have many different ship and debit adjustments set up with different suppliers and pertaining to many different items. Additionally, ship and debit adjustments are typically time sensitive. The system allows you to specify the period of time that you and your suppliers have set up for your adjustments. J.D. Edwards ship and debit processing helps you manage these complex adjustments and their resulting claims.

Note: If your business practices include ship and debit sales rebates, also known as design win ship and debit, use the Advanced Pricing system's rebate pricing adjustments. For more information, see *Creating Rebate Adjustments*.

Working with ship and debit adjustments includes the following tasks:

- ❑ Setting up ship and debit document types
- ❑ Setting up ship and debit items
- ❑ Defining ship and debit adjustments
- ❑ Setting up ship and debit adjustment details
- ❑ Understanding ship and debit during sales order processing
- ❑ Working with ship and debit claims

Setting Up Ship and Debit Document Types

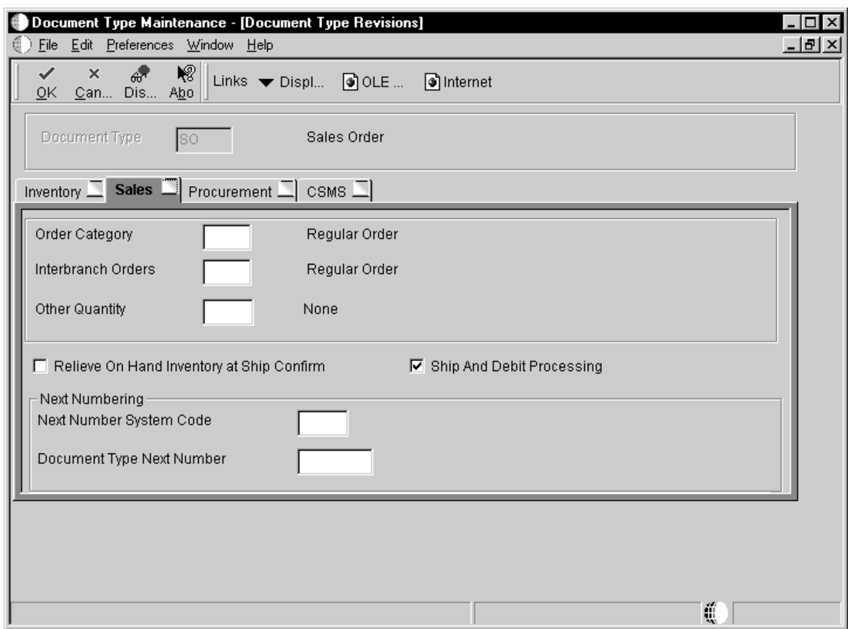
Prior to using J.D. Edwards ship and debit functionality, you must set up document types that will allow ship and debit processing.

▶ To set up ship and debit document types

From the Ship and Debit Processing menu (G4511), choose Document Type Maintenance.

1. On Work with Document Type, locate the document type you want to set up to process ship and debit transactions and click Select.

   To create a new document type, click Add.



2. On Document Type Revisions, click the Sales tab and review the following fields:
   - Order Category
   - Interbranch Orders
   - Other Quantity
   - Relieve On Hand Inventory at Ship Confirm
   - Ship And Debit Processing
3. To allow ship and debit processing for the document type, click the Ship and Debit Processing option and click OK.

Setting Up Ship and Debit Items

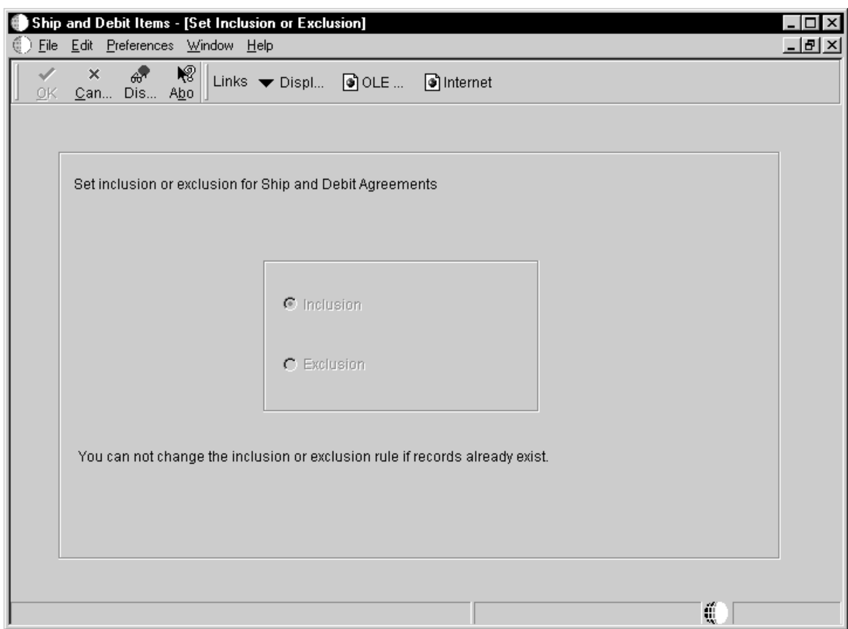
You must set up specific ship and debit items to use with adjustments. Depending upon your business practices, you will need to set the inclusive or exclusive rule for each of your items.

Note: You can set up each item by either the exclusion or inclusion rule, but not both. If your business process changes and you need to change the exclusion or inclusion rules on your ship and debit items, you will need to delete all items and re-enter the items with the changed rule.

▶ To set up ship and debit items

From the Ship and Debit Processing menu (G4511), choose Ship and Debit Items.

1. On Work with Ship and Debit Items, locate the item and choose Set Rule from the Form menu.



2. On Set Inclusion or Exclusion, select one of the following and click OK:
   - Inclusion
   - Exclusion

Defining Ship and Debit Adjustments

After you have made a ship and debit agreement with your supplier, you must define the information about the adjustment that the agreement creates within the system.

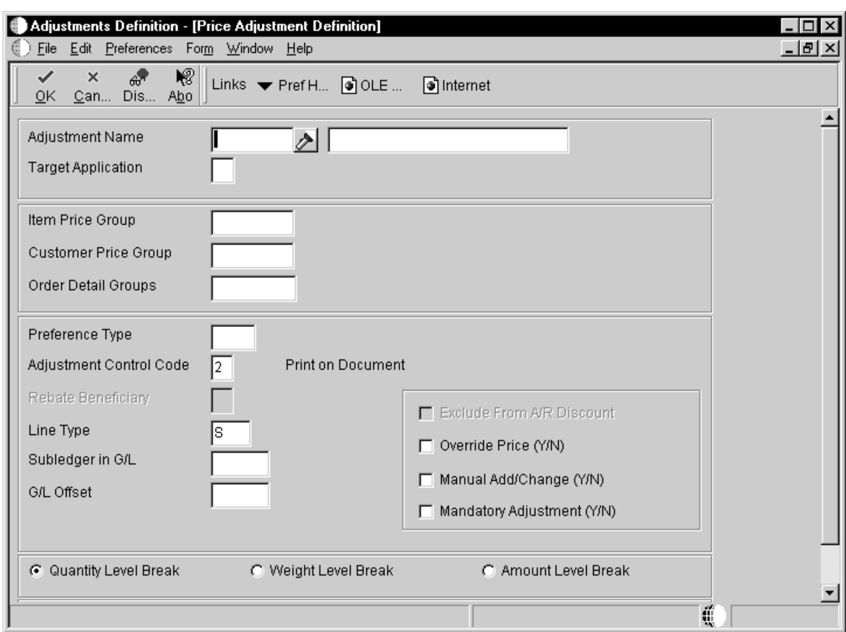
Before You Begin

- ❑ Set up a preference master and pricing hierarchy for ship and debit adjustments. See *Setting Up Advanced Pricing Hierarchies* for more information.
- ❑ Set up the supplier's list price for the ship and debit items on Supplier Catalog Maintenance. See *Entering Items Using Supplier Catalogs* in the *Procurement Guide* for more information.
- ❑ Verify that you have Advanced Sales Pricing turned on. See *Setting Up Pricing Constants* for more information.

▶ To define ship and debit adjustments

From the Ship and Debit Processing menu (G4511), choose Adjustments Definition.

1. On Work with Adjustment Types, click Add.



2. On Price Adjustment Definition, complete the following fields:
   - Adjustment Name

     For ship and debit adjustments, the adjustment name must equal your supplier's number.
   - Target Application

     You must set the Target Application field to 3 for ship and debit.
   - Preference Type
   - Subledger in G/L
   - G/L Offset
3. Complete one or more of the following fields to have the adjustment apply only to a specific price group. Leave these fields blank to set up details for other price groups:
   - Order Detail Groups
   - Customer Price Group
   - Item Price Group
4. You may enter information in the additional fields on the Price Adjustment Definition form, as necessary. If you do not enter information, the system supplies default information.
5. Click OK to set up the ship and debit adjustment definition.

Field	Explanation
Adjustment Name	A user defined code (system 40, type TY) that identifies an adjustment definition. You define adjustments on Price Adjustment Definitions.
Target Application	A user defined code that you enter to indicate the J.D. Edwards system, such as Sales Order Management and Procurement, that the price adjustment supports.
Preference Type	A user defined code (40/PR) that identifies a preference type or a price adjustment hierarchy. In the user defined code table 40/PR, a 1 in the Special Handling Code field identifies a preference that J.D. Edwards supports. This field is hard coded for each preference. For Agreement Penalty Schedules, first set up a user defined code of PN (for penalty). Then enter it in this field.

Field	Explanation
Subledger in G/L	A user defined code (system 40, type SI) that identifies the type of information that you want the system to use to update the Subledger field in the General Ledger file (F0911) when you use this adjustment type to price a sales order.
G/L Offset	A user defined code (41/9) that identifies the G/L offset that system uses when it searches for the account to which it posts the transaction. If you do not want to specify a class code, you can enter **** (four asterisks) in this field. You can use automatic accounting instructions (AAIs) to predefine classes of automatic offset accounts for the Inventory, Procurement, and Sales Order Management systems. You might assign G/L class codes as follows: IN20 Direct Ship Orders IN60 Transfer Orders IN80 Stock Sales The system can generate accounting entries based upon a single transaction. For example, a single sale of a stock item can trigger the generation of accounting entries similar to the following: Sales–Stock (Debit) xxxxx.xx A/R Stock Sales (Credit) xxxxx.xx Posting Category: IN80 Stock Inventory (Debit) xxxxx.xx Stock COGS (Credit) xxxxx.xx The system uses the class code and the document type to find the AAI.
Item Price Group	A user defined code (40/PI) that identifies an inventory price group for an item. Inventory price groups have unique pricing structures that direct the system to incorporate discounts or markups on items on sales and purchase orders. The discounts or markups are based on the quantity, dollar amount, or weight of the item ordered. After you assign a price group to an item, the item uses the same pricing structure that was defined for the inventory price group. You must assign an inventory price group to the supplier or customer, as well as to the item, for the system to interactively calculate discounts and markups on sales orders and purchase orders.
Customer Price Group	A user defined code (40/PC) that identifies a customer group. You can group customers with similar characteristics, such as comparable pricing.

Field	Explanation
Order Detail Groups	A user defined code (40/SD) that identifies a sales order detail group. You use sales order detail groups to create pricing that is based on a field in the Sales Order Detail file (F4211). . . . . *Form-specific information* . . . . If you enter a code in this field, the system uses this adjustment only for orders with details that match the criteria of the order detail group. For Agreement Penalty Schedules, a user defined code for Penalty must already be set up and defined as an order detail group. Enter Penalty or the correct user defined code that defines your penalty schedules.

Setting Up Ship and Debit Adjustment Details

Ship and debit adjustment details provide the parameters the system uses to calculate adjustments. Adjustment details contain basis codes that allow for added flexibility. The basis code, or factor value method, that you select for your ship and debit adjustment must equal 1 or 4.

When deciding which factor value method to select, consider whether your supplier dictates cost or percentage discount. Choose a factor value method that matches your supplier's practices.

When setting up ship and debit adjustments, you can specify that the system track the cost of an item after the debit has been subtracted. You can also further define adjustment details when you add adjustment definitions to adjustment schedules.

You review the Adjustment Balances table to see the quantities and dates that apply to your ship and debit adjustments. You can also review the ship and debit adjustment detail, including the supplier, branch/plant, based on cost information and calculation formulas.

You can change quantity information from the Adjustment Balances application. You can also prorate expiration dates for adjustments.

You first set up adjustment balances for your ship and debit adjustments. You then set the parameters and assign relationships between the balances and the detail of your adjustments when you set up adjustment detail balances to your ship and debit adjustments.

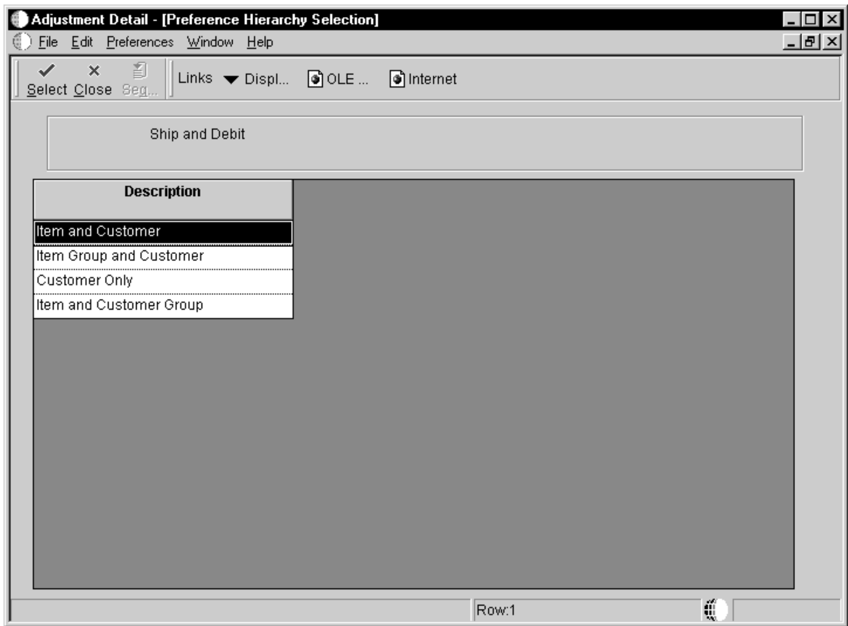
Setting up ship and debit adjustment details includes the following tasks:

- Setting up ship and debit adjustment balances
- Setting up ship and debit adjustment detail balances

▶ To set up ship and debit adjustment balances

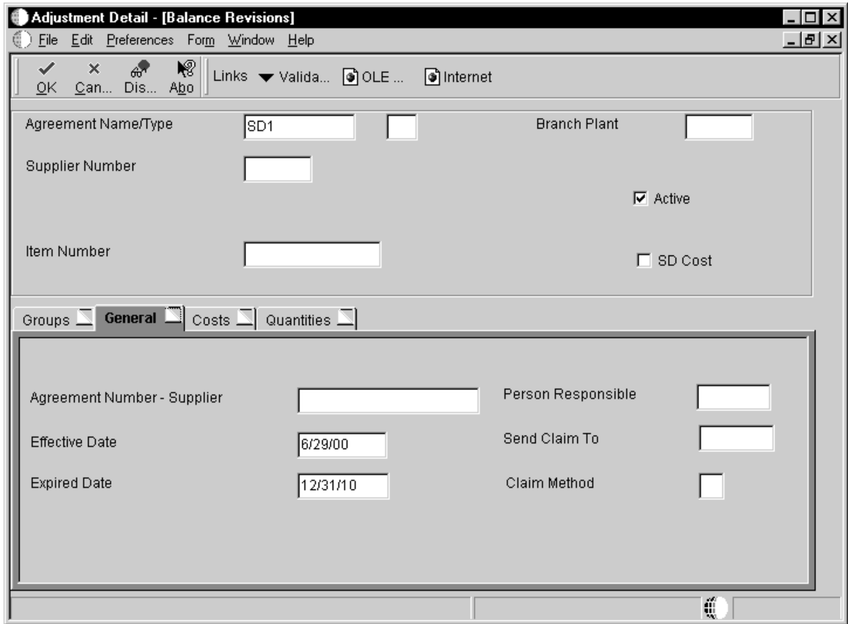
From the Ship and Debit Processing menu (G4511), choose Adjustment Detail.

1. On Work with Adjustment Detail, enter the name of the adjustment and click Add.

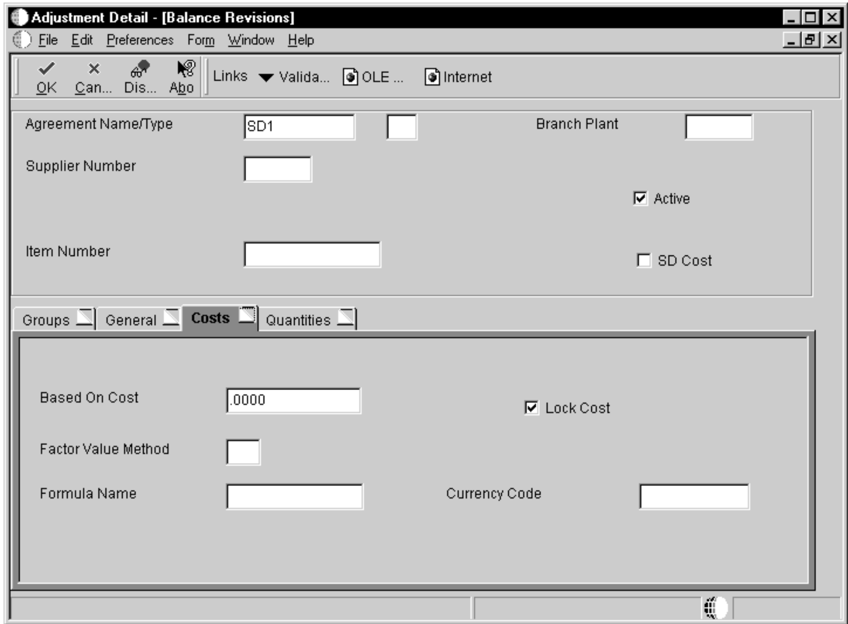


2. On Preference Hierarchy Selection, select the preference that you want for your agreement.

   Your choice on the Preference Hierarchy form determines the fields that appear on the Price and Adjustment Detail Revisions form.

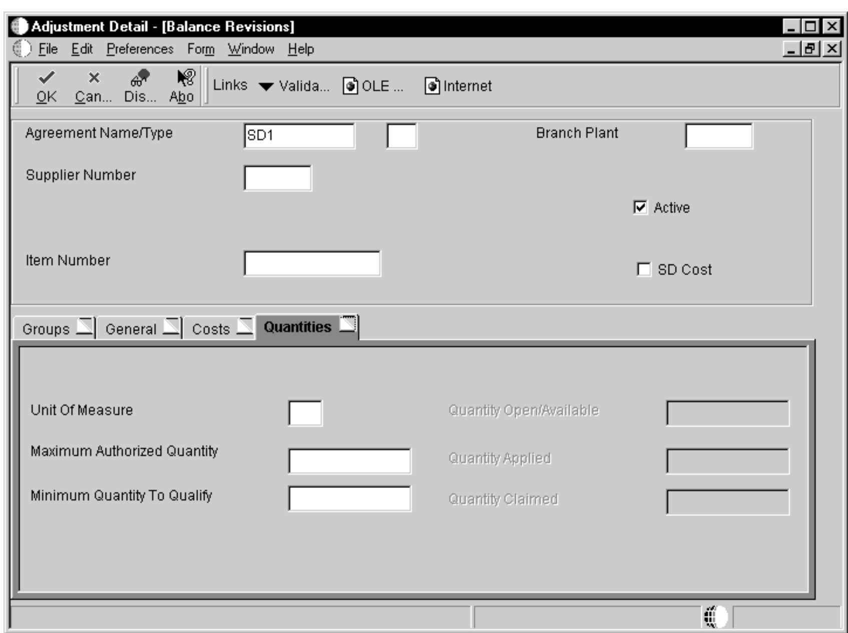


3. On Balance Revisions, complete the following fields:
    - Agreement Name/Type
    - Supplier Number
    - Item Number
    - Active
    - SD Cost
4. Click the General tab and complete the following fields:
    - Agreement Number
    - Effective Date
    - Expired Date
    - Person Responsible
    - Send Claim To
    - Claim Method



5. Click the Costs tab and complete the following fields:
   - Based On Cost
   - Factor Value Method

     For ship and debit adjustments, you must choose a factor value (basis code) of either 1 or 4 only.
   - Formula Name
   - Currency Code



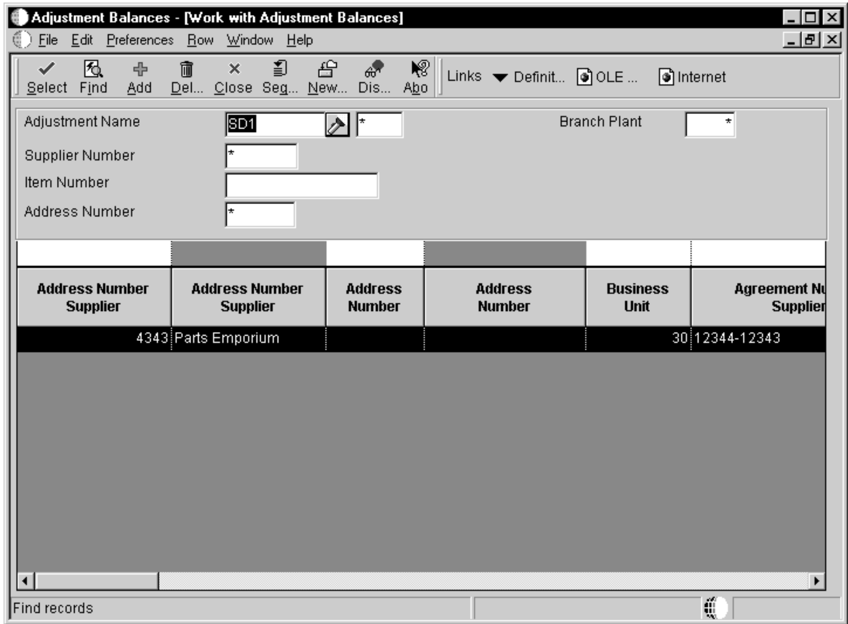
6. Click the Quantities tab, complete the following fields, and click OK:
   - Unit Of Measure
   - Maximum Authorized Quantity
   - Minimum Quantity To Qualify

Field	**Explanation**
Send Claim To	The address number you specify for any correspondence and resulting claims to be sent to regarding this agreement.
Claim Method	The method you use to send resulting claims back to the supplier.
Based On Cost	The cost you want to base this agreement on if it is different than the cost in the item cost file.
Factor Value Method	A field that specifies the factor value method the system will use in claim calculations.
Maximum Authorized Quantity	The maximum number of units allowed for an agreement.
Minimum Quantity To Qualify	If your agreement requires a minimum amount of items to be ordered per transaction, specify that minimum number here.

▶ To set up ship and debit adjustment detail balances

From the Ship and Debit Processing menu (G4511), choose Adjustment Balances.

1. On Work with Adjustment Balances, complete the following fields and click Find:
   - Agreement Number – Supplier
   - Agreement Name/Type
   - Branch Plant
   - Supplier Number
   - Item Number
   - Address Number



2. Review the following fields:

   - Active
   - Quantity Open/Available
   - Quantity Applied
   - Quantity Claimed
   - Item Price Group
   - Maximum Authorized Quantity
   - Person Responsible
   - Factor Value Method
   - Expired Date
   - Effective Date
   - Claim Method
   - Lock Cost
   - Based On Cost
   - Send Claim To
   - Formula Name

Processing Options: Adjustment Balances (P45715)

Display Tab

These processing options control whether the system displays records within the Adjustment Balances program. They can also be used to control when the system will display agreement expiration warnings.

1. Adjustment Balance Records

Use this processing option to specify which adjustment balance records the system will display. Valid values are:

Blank = Display all adjustment balance records
1 = Display only the active adjustment balance records
2 = Display only the inactive adjustment balance records

2. Minimum Quantity Percentage

Use this processing option to specify the minimum percentage of quantity that the system allows before displaying an expiration warning. The system displays the quantity columns (for the adjustments that have passed the minimum quantity percentage) in a different color.

3. Minimum Remaining Quantity

Use this processing option to specify the minimum remaining quantity that the system allows before displaying an expiration warning. The system displays the quantity columns (for the adjustments that have passed the minimum quantity) in a different color.

4. Minimum Percentage of Remaining Days

Use this processing option to specify the minimum percentage of remaining days that the system allows before displaying an expiration warning. The system displays the expiration date columns (for adjustments that have passed the minimum percentage of remaining days) in a different color.

5. Minimum Number of Remaining Days

Use this processing option to specify the minimum number of remaining days that the system allows before displaying an expiration warning. The system displays the expiration date columns (for the adjustments that have passed the minimum number of remaining days) in a different color.

Process Tab

This processing option controls whether you can make changes to your adjustment balance records.

1. Adjustment Balance Changes

Use this processing option to specify whether the system allows you to change adjustment balance records. Valid values are:

Blank Do not allow changes to records.
1 Allow changes to records.

Understanding Ship and Debit During Sales Order Processing

Ship and debit adjustments are applied when you click OK on any sales order that includes the items set up for ship and debit adjustments and the supplier with whom you have entered the agreement. Depending upon how you have set your processing options, the system will use either subsystem or batch processing.

You can access Ship and Debit History from the Customer Service Inquiry form. Use Ship and Debit History data to review pricing formula and cost information, as well as to review additional detail information about your agreement. You can also view the affected profit margin within Ship and Debit History.

When processing ship and debit adjustments through sales order entry, the supplier number should equal the primary vendor supplier number. Set up the primary source vendor at the item branch/plant, or enter it manually during order entry.

Because adjustments are time sensitive and can constantly change, you can re-evaluate your adjustments at processing points in the system such as Ship Confirmation or Sales Update. Ship and debit adjustments are based on the promised ship date in sales order detail. So, for example, should the actual ship date differ from the promised ship date, the system will reassign the agreement.

Adjustments assigned to sales order lines are finalized when you confirm shipments or run the sales update application.

To have the system recalculate or reassign adjustments during sales order processing, set the processing options in any of the following programs:

- Sales Order Entry (P4210)
- Held Order Release (P43070)
- Back Order Release (R42117, R42118)
- Print Pick Slips (P42520)

- Ship Confirm (P4205)
- Sales Update (R42800)

Technical Considerations

Consider the following when processing ship and debit adjustments through sales order processing:

Document Type SO	Use document type SO when entering sales orders which include ship and debit items.
AAI 4234	Set up the ship and debit accrual/holding automatic accounting instructions. (4234)
Generate Claim Record and Claim Accrual Entries (R45800)	Prior to sales update, create a version which will begin the Generate Claim Record and Claim Accrual Entries process (R45800). Run this version of the Update Customer Sales program when processing orders that include ship and debit adjustments.
Commission Maintenance (P42120)	Use the Commission Maintenance program to review changes to commission amounts. These changes are based on the after the sales cost reduction in the profit margin for orders that include ship and debit adjustments.

Working with Ship and Debit Claims

The claims for your ship and debit adjustments are created when you run the Generate Claim Record and Claim Accrual Entries application (R45800). The claim can then be sent to your supplier for approval. Claims can be submitted via Electronic Data Interchange (EDI).

The Generate Claim Record and Claim Accrual Entries application updates the Ship and Debit Claims table (F4576) and deletes expired data from the Adjustment History table (F4575). It will also update commission records.

Approved claims are then applied to the accounts payable amount for the supplier. In other words, the A/P amount is reduced by the amount of the claim. Claims can be applied manually or automatically through the Ship and Debit Claims program (P4576).

When you run the Update Customer Sales program, set the processing options to create a version to generate claim records and accrual entries (R45800). The Generate Claim Record and Create Claim Accrual Entries program reduces the amount in the cost of good sold account by the total debit amount for that order line. A debit amount for that same cost of goods sold amount should be put into an accrual, or holding account, according to AAI 4234. The Generate Claim Record and Claim Accrual Entries application also updates the Ship and Debit Claims table (F4576), and deletes expired adjustment data from Adjustment History (F4575).

You can approve the claim prior to sending it to the supplier, or after it has been approved by the supplier. Use the Ship and Debit Claim Output report (R47761Z1) to update the claim records on the Ship and Debit Unedited Transaction table (F4576Z1).

When you receive approval from your supplier, run the Ship and Debit Update report (R47762Z1) to update the claims table.

NOTE: Rejected claims will need to be manually updated in the Ship and Debit Claims table (F4576).

See Also

- *Sending Ship and Debit Claims* in the *Data Interface for Electronic Data Interchange Guide*
- *Sending Documents* in the *Data Interface for Electronic Data Interchange Guide*
- *Updating Customer Sales* in the *Sales Order Management Guide*

Processing Options: Ship and Debit Claims (P4576)

Display Tab

1. Status Code - From

Use this processing option to specify the beginning status code range that the system uses to select Ship and Debit claim records. You must use a status code that exists in user defined code table 45/SC.

If you leave this option blank, the system displays all claim records.

Process Tab

1. Claim Status Update

Use this processing option to control whether the system allows you to change the claim status. Valid values are:

Blank Do not allow changes to the claim status.
1 Allow changes to the claim status.

2. Override Status Code

Use this processing option to specify the override status code for claim updates.

3. Status Code - Claim Changes

Use this processing option to specify the status code for changed claims. Changed claims are claims where the amounts have been manually changed.

Use this processing option to specify the beginning status code (45/SC) that determines when the system begins applying claims.

Approvals Tab

1. Approvals Processing

Use this processing option to specify whether the system uses approval processing. Valid values are:

Blank Do not use approval processing.
1 Use approval processing.

2. Status Code – Approved Claims

Use this processing option to specify the status code (45/SC) for approved claims.

Working with Repricing

You can set up adjustments to reprice sales orders. You reprice sales orders:

- To allow additional discounts or markups on groups of items
- To give different pricing to special items or customers
- To give global discounts based on the total quantity, weight, or amount of items within a product family

You set up repricing based on the amount of the order, weight of the items, or the total quantity of all items ordered. In the definition for each adjustment, you must specify whether you want to use the adjustment for basket or order repricing. To reprice an order line that has already been repriced, you set the processing option of the reprice program to allow order-detail lines to be repriced repeatedly.

Working with repricing includes the following tasks:

❑ Create basket-level adjustments

❑ Create order-level adjustments

❑ Reprice sales orders

Caution: You can only use reprice adjustments for sales orders. If you use Advanced Pricing for Procurement, you can not reprice purchase order adjustments.

Creating Basket-Level Adjustments

Basket repricing changes the price for items that belong to the same repricing group. The system searches the detail lines of a sales order to determine the items in a basket group. When it finds items that belong to the group, it updates the order line with the new price.

You reprice sales orders:

- Through a batch program after order entry. The system bases new prices on the price in the original sales order detail line. It performs basket repricing first and then order repricing.
- Interactively during order entry by choosing the appropriate option from Sales Order Entry Detail. The batch program performs basket repricing first and then order repricing.
- Automatically at order entry when you set up processing option of the Sales Order Entry Detail program.

When you enter an order for items included in the basket repricing group, the system applies the item base price with adjustments. To use the reprice adjustment, select the appropriate function to reprice the order. Changes to the base price reflect your repricing adjustment.

Example: Creating Basket-Level Adjustments

For example, you enter an order for the following items. Each item belongs to a basket group.

	Item Name	**Unit Price**	**Group Name**
Line 1	PEN	10.00	SUPPLIES
Line 2	RULER	2.00	SUPPLIES
Line 3	ERASER	1.00	SUPPLIES

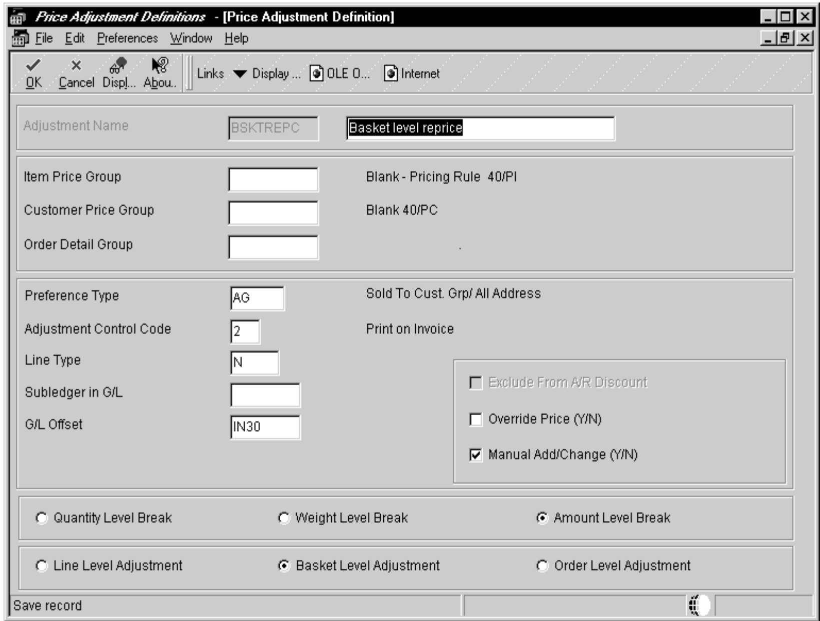
The system determines that the basket group SUPPLIES is eligible for a discount of 0.25 per item. It calculates the new prices:

	Item Name	**Unit Price**	**Group Name**
Line 1	PEN	9.75	SUPPLIES
Line 2	RULER	1.75	SUPPLIES
Line 3	ERASER	0.75	SUPPLIES

▶ To create basket-level adjustments

From the Advanced Price and Adjustments menu (G42311), choose Price Adjustment Definitions.

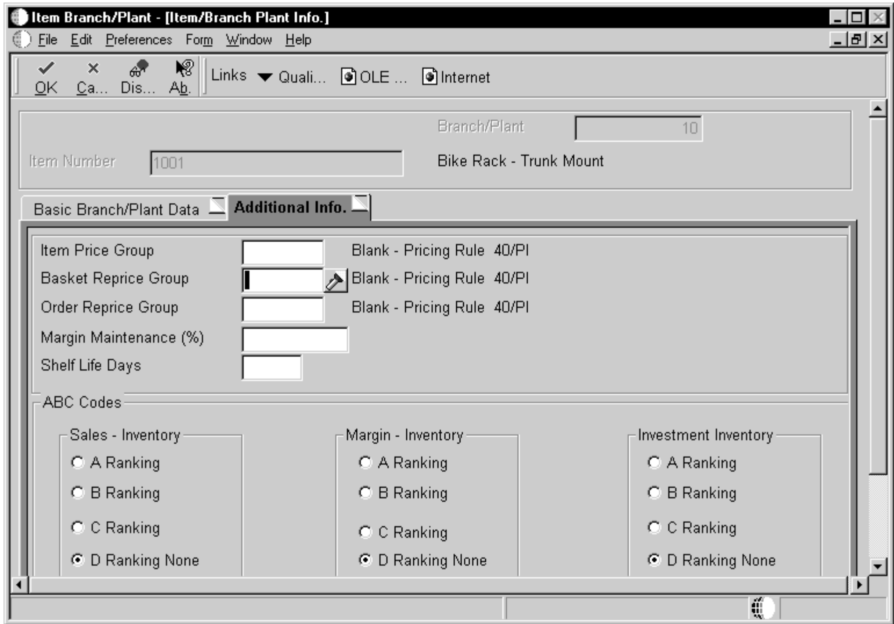
1. On Work with Adjustment Types, click Add.



2. On Price Adjustment Definition, complete the fields for a typical adjustment definition.

   You must specify a Preference Type in the Adjustment Definition form. The preference type must have a preference hierarchy that includes item groups.

3. Complete the following field with a code of 1 or 2:
   - Adjustment Control Code
4. Choose the following option:
   - Basket Level Adjustment
5. Click OK.
6. To attach the item, access the Work with Item Branch form from Inventory Master/Transactions (G4111).
7. On Work with Item Branch, click Find.
8. Choose the item and click Select.



9. On Item/Branch Information, click the Additional Information tab and complete the following field:
   - Reprice (Basket Price) Category
10. Click OK.
11. On Item Branch Revisions, click OK to attach the item to the basket level adjustment.

Field	Explanation
Preference Type	A user defined code (40/PR) that identifies a preference type or a price adjustment hierarchy. In the user defined code table 40/PR, a 1 in the Special Handling Code field identifies a preference that J.D. Edwards supports. This field is hard coded for each preference. For Agreement Penalty Schedules, first set up a user defined code of PN (for penalty). Then enter it in this field.

Field	Explanation
Adjustment Control Code	A code that specifies how the adjustment appears on the invoice and whether you want the system to create a separate line in the Sales Order Detail table (F4211). Valid values are: 1 The system adds the adjustment amount into the unit price and records the adjustment detail to the Price Adjustment History table (F4074). The system does not print the adjustment on the invoice. 2 The system adds the adjustment amount to the unit price and records the adjustment detail to the Price Adjustment History table (F4074). It prints the adjustment on the invoice. 3 The system creates a separate detail line in the Sales Order Detail table. It does not add the adjustment into the unit price or record it to the history table. The system does not include this type of adjustment when it calculates the current net price. 4 The system records the adjustment to history and posts it to the general ledger during a sales update. It does not add the adjustment into the unit price or print it on the invoice. Use Control Code 4 to create an accrual adjustment. 5 The system records the adjustment to history and posts it to the general ledger during a sales update. The system also accumulates each order line's quantity, weight, and amount to rebate history (F4078). It does not add the adjustment into the unit price or print it on the invoice. Use Control Code 5 to create a rebate adjustment. . . . . *Form-specific information* . . . . For OneWorld: 3 The system supports Adjustment Control Code 3 only for order-level adjustments. 6 The system processes the adjustment amount and the unit price separately during sales update. The amounts are recorded separately as G/L and A/R entries. It prints the adjustment on the invoice.

Field	Explanation
Basket Level Adjustment	Specifies the level at which the adjustment is calculated: 1 Line Level: The system calculates the adjustment based on information in the sales detail line. 2 Basket Level: The system lets you group multiple sales detail lines and calculate the adjustment based on information accumulated from all the lines. You group items by Basket Pricing Group (RPRC) in Item Branch Information (F4102). 3 Order Level: The system lets you group sales order lines from the same order and calculate the adjustment based on information accumulated from all the lines. You group items by Order Pricing Group (ORPR) in Item Branch Information. P Trip level: The system calculates delivery pricing during delivery document printing if that option is chosen. You must specify "P" for trip-based pricing to work. If you are defining a repricing adjustment, leave the Item Group, Customer Group, and Sales Group fields blank.

Creating Order-Level Adjustments

You use order repricing to reprice items based on order groups. The system uses information in each detail line of an order to determine items in an order group. For items that belong to the group, the system creates an adjustment for the order as a whole and writes a new order detail line with the amount of the adjustment.

Order-level repricing is often used to add a line for freight costs. The weight, number, or some other variable of the entered items determines the amount of the additional line item. The added line adds freight costs.

When you enter an order for items included in the order repricing group, the system applies the item base price with adjustments. To use the reprice adjustment, select the Reprice Order option from the Form menu. Changes to the base price reflect your repricing adjustment. You can also apply the line item to order groups.

Example: Creating Order–Level Adjustments

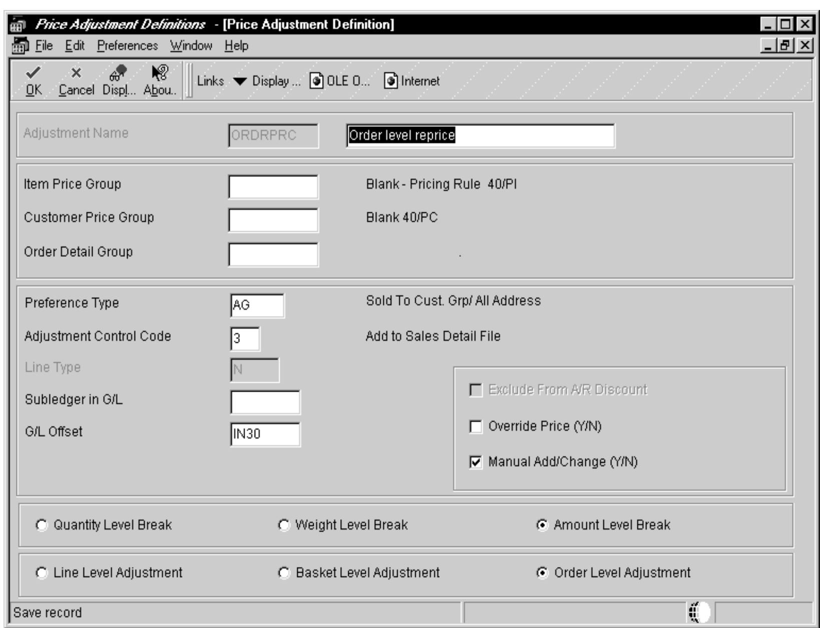
When you apply the line item to an order group, you enter an order using the same items as in the basket repricing example. The items all belong to an order repricing group called SUPPLIES. The system determines that the group SUPPLIES is eligible for a discount of 0.25. It does not recalculate prices but adds a new line to the order to reflect the order discount.

	Item Name	Unit Price	Group Name
Line 1	PEN	10.00	SUPPLIES
Line 2	RULER	2.00	SUPPLIES
Line 3	ERASER	1.00	SUPPLIES
Line 4	Discount	<0.25>	

▶ To create an order-level adjustment

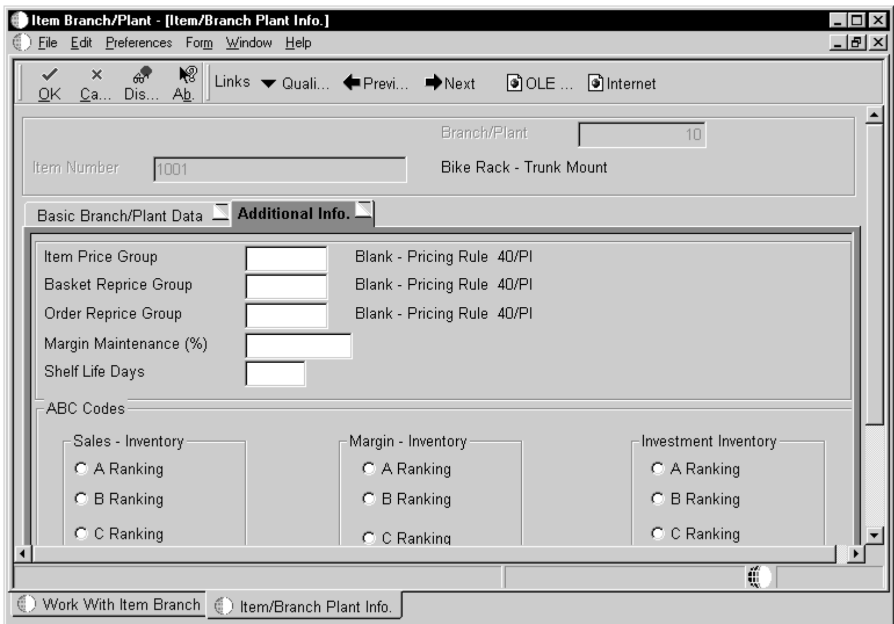
From the Advanced Price and Adjustments menu (G42311), choose Price Adjustment Definitions.

1. On Work with Adjustment Types, click Add.



2. On Price Adjustment Definition, complete the fields for a typical adjustment definition:
3. Enter code 3 in the following field:
   - Adjustment Control Code

4. Choose the following option:
   - Order Level Adjustment
5. Click OK.
6. To attach the item, access the Work with Item Branch form from Inventory Master/Transactions (G4111).
7. Choose the item and click Select.
8. On Item Branch Information, choose Item/Branch Info from the Row menu.



9. On Item/Branch Information, click the Additional Information tab and complete the following field:
   - Order Reprice Category
10. Click OK.

Repricing Sales Orders

You can provide a discount for your customer by repricing sales orders. You can reprice the order using one of three methods:

- Reprice after inquiring on an order
- Reprice at basket or order level
- Reprice automatically

Reprice After Inquiring on Order

After accepting the order and re-inquiring on the order, click Form and then Reprice Order.

Reprice at Basket or Order Level

Run the Advanced Order/Basket Reprice program from the Advanced Price and Adjustments (G42311) menu.

Reprice Automatically

Reprice automatically after the order is accepted. Set the processing option at sales order entry level.

Adjustment Revisions

Adjustment Revisions

Adjustment revisions allow you to make additional adjustments and to revise adjustments to purchase and sales order adjustments.

Complete the following tasks for adjustment revisions:

- ❑ Review and change prices during order entry
- ❑ Review price and adjustment changes

Before You Begin

- ❑ Set up a sales order that contains price adjustments.

Reviewing and Changing Prices During Order Entry

Pricing and availability of inventory items is crucial for placing a sales order. Use the Work with Price and Availability form to review pricing and availability of inventory items. Using this form, you can quickly review the price adjustments the system applied to an order line for a specific item.

You can also review the quantity breaks defined for an adjustment type or specify a different quantity break for the current order. To access Adjustment Quantity Break during sales order entry, the form must be accessed through the Work with Price and Availability form.

You can access the Work with Price and Availability form from the Sales Order Entry form or from the Sales Order Management menu. If you use Advanced Pricing. you must enter a version of Advanced Check Price and Availability (P4074) in the processing options.

Reviewing and changing price adjustments includes the following tasks:

- ❑ Adding adjustments during order entry
- ❑ Changing price-level breaks during order entry
- ❑ Reviewing customer rebate information

When making a change, you must also enter a code to provide a reason for the change.

Using Advanced Pricing for Procurement

For purchase orders, you can use Check Price and Availability to check price adjustments before entering a purchasing order. Use the Work with Price and Availability form to review pricing of inventory items. Using this form, you can quickly review the price adjustments the system applied to an order line for a specific item.

You can also review the quantity breaks defined for an adjustment type or specify a different quantity break for the current order. To access Adjustment Quantity Break during purchase order entry, the form must be accessed through the Work with Price and Availability form.

You can access the Work with Price and Availability form from the Purchase Order Entry form or from the Purchasing Inquiries menu.

Before You Begin

- ❑ Set the Advanced field to yes in the Pricing Constants form.
- ❑ Set processing options to allow price changes.
- ❑ Set processing options so prices appear.

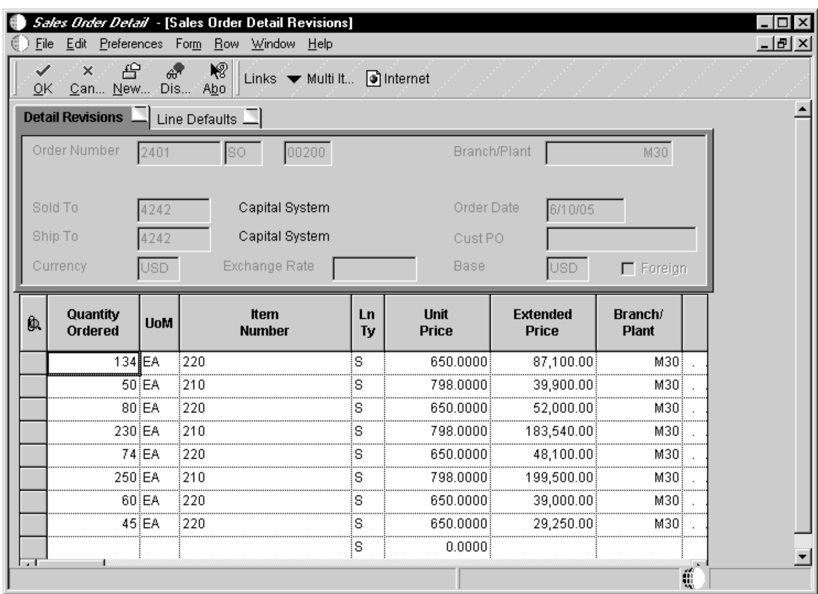
Adding Adjustments during Order Entry

You can add an adjustment that applies to the current order detail line. You might do this in response to a negotiated discount and you can create a manual adjustment for any amount.

▶ To add adjustments during order entry

From the Sales Order Processing menu (G4211), choose Sales Order Detail.

1. On Customer Service Inquiry, locate the order to which you want to add the price adjustment and choose Select.



2. On Sales Order Detail Revisions, choose Price History from the Row menu.
3. On Price History, review the adjustment information.
4. Select a row and choose Insert Adjustment from the Row menu to set up an adjustment.

5. Complete the following fields:
   - Seq No.
   - Price Adjustment Name
   - Factor Value
   - Unit Price
   - Basis Code
   - Reason Code
6. Click OK.

Changing Price-Level Breaks During Order Entry

During sales order entry, you can change the level of discount a customer receives for an order. The price-level change applies only to the current order.

▶ To change price level breaks during order entry

From the Sales Order Processing menu (G4211), choose Sales Order Detail.

1. On Customer Service Inquiry, locate the order with the price adjustment you want to change and choose Select.
2. On Sales Order Detail Revisions, choose Check Price from the Row menu.

3. On Work with Price and Availability, review and edit the adjustment information.
4. Choose Quantity Break from the Row menu to enter new price-level information.
5. Click OK.

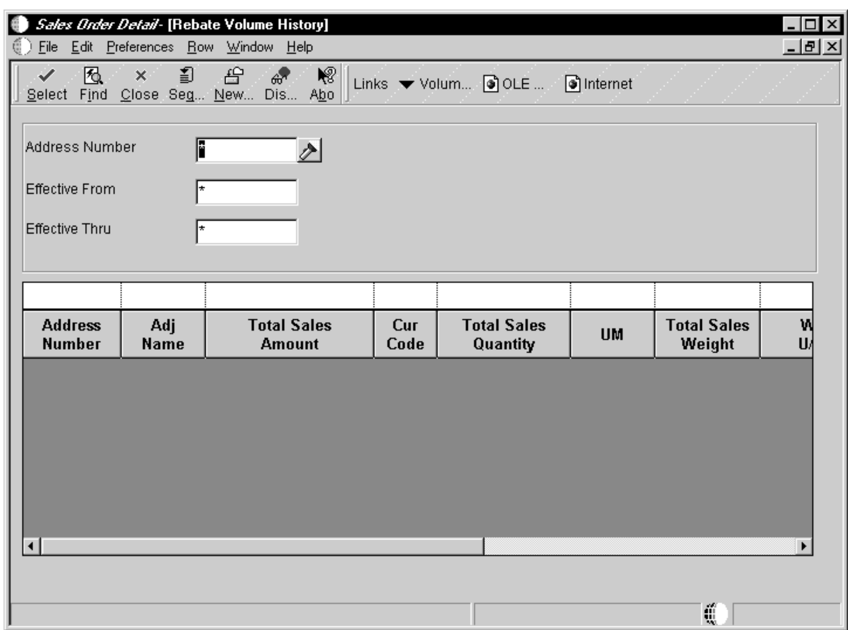
Reviewing Customer Rebate Information

Based on your rebate accrual adjustment definition, the system calculates rebates based on the total amount, quantity, or weight of multiple orders, which accumulate to a volume history file. During order entry, you can access the volume history file to provide additional information to your customer.

▶ To review customer rebate information

From the Sales Order Processing menu (G4211), choose Sales Order Detail.

1. On Customer Service Inquiry, complete the search fields to locate the order or click Find.
2. From the Form menu, choose Rebate History.



3. On Rebate Volume History, complete the following fields or click Find:
   - Sold To
   - Date – Effective

4. Choose the row and click Select.
5. On Volume History by Sales Details, review the rebate history for the Sold To address.
6. Click OK.
7. On Rebate Volume History, choose the row, and then choose Thresholds from the Row menu to review thresholds and factor values for the adjustment.

Reviewing Price and Adjustment Changes

From the Advanced Price and Adjustments menu (G42311), choose Price and Adjustment Revision.

You can review price and adjustment changes by using the Price and Adjustment Revisions program for the following tasks:

- ❑ Printing the Price Adjustment Report
- ❑ Printing the Price Adjustment Revisions Report
- ❑ Printing the Future Adjustment Additions Report
- ❑ Reviewing Orders Affected by Price Change

The reports list all adjustments and the changes made to the adjustments. The reports also include any new adjustments, their effective dates, and new factor values.

Note that when running the adjustment reports, you must include the unit of measure field in data selection so that the update or addition adjustment value is applied consistently.

You can run the Price and Adjustments Revisions program in proof or in final mode. Run the program in proof mode to review the report and make changes before you run the program in final mode. You can run this program in proof mode as many times as necessary.

When you set up the version of the Price and Adjustments Revisions program, you can choose fields that the system should select from the "based-on" table. Choosing specific fields is especially helpful if you do not want to print or update all of the information.

You can also print the Orders Affected by Price Change integrity report to review orders that could potentially be changed by changes to adjustments.

Printing the Price Adjustment Report

When you run the price adjustments report program, the system prints only existing adjustments for each record that it selects. It does not make changes or updates. To run this version, leave all processing options blank.

See Also

- *R41840, Batch Price and Adjustment,* in the *Reports Guide* for a report sample.

Printing the Price Adjustment Revisions Report

You can make individual changes to adjustments using the Price and Adjustment Schedule form. Alternately, you can change adjustments or add adjustments using the Price and Adjustment Revisions program. The system bases new adjustments on the current adjustment selected by the report writer.

You choose the Price Adjustments Revisions version of this report. You can run this version in proof or final mode.

When you run this program, the system prints a report that shows the old and new factor values for each adjustment. You create this version by entering an adjustment factor and setting up processing options.

Printing the Future Adjustments Additions Report

To create new adjustments, you choose the Future Adjustments Additions version, where the system writes new adjustment records to the Price Adjustments table. You create this version by entering the effective dates of the new adjustments in the processing options.

The system bases new adjustments on the existing adjustment with the most recent expiration date. It assumes that the adjustments you want to create will be effective on a future date. To avoid possible problems, do not create adjustments for past dates. Do not change the sequencing for versions that create new adjustments. Changing sequencing causes the system to use the incorrect record.

You can change the new adjustment before the system writes it to the table. To do this, enter the adjustment type and factor in the processing options. The system uses this information to change the new adjustment.

If you leave the adjustment type and factor blank, the system copies the adjustments from the current adjustment. It does not create a new adjustment. You must specify a “from” and a “through” date or the system does not process the information.

Proof mode prints a listing of the additions that occur if you process these adjustments. Final mode lists the additions made when you select final.

Reviewing Orders Affected by Price Change

The Orders Affected by Price Change integrity report lists the orders that could potentially change based on changes to adjustments, variables, or formulas since the date the orders were created.

Print the Orders Affected by Price Change for sales orders only.

See Also

- *R40823, Orders Affected by Price Change,* in the *Reports Guide* for a report sample.

Processing Options for Orders Affected by Price Chg

```
Process

1. Enter the date range of Price
    Adjustment changes that are to be
    processed in the report. Blank will
    default the System Date.

      Start Date                              ____________
      End Date                                ____________

2. Enter the new Price Effective Date to      ____________
    be used to retrieve the new
    adjustments. If left blank, the
    existing Price Effective Date of the
    Sales Order line will be used.

3. Enter a value of '1' to update price.      ____________
    Any other value will cause the
    report (R42950) not to run.

4. If you have entered a '1' for the          ____________
    previous selection, please enter the
    version. Sales Price/ Cost Update
    Version (R42950).

5. Proof or Final Mode                        ____________
      Blank = Run Sales Price/ Cost
      Update Report in proof mode.
      1= Run Sales Price/ Cost Update
      Report in final mode.
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