Tiered Margin & Standard Cost Strategy: Introducing the C4 Method

Bridging the gap between rigid discounts and manual overrides to increase speed to customer.

Executive Summary: The Strategic Shift to C4

New Capability

We are introducing "C4," a new pricing group capability that sits between the granular C3 contracts and the broad CD groups.

The Recommendation

We strongly advise utilizing Percentage Margin on Standard Cost to ensure pricing uniformity across warehouses, rather than Fixed Pricing or Average Cost.

The Constraint

Unlike C3, there is currently no bulk upload method for percentage margins. Implementation requires line-by-line manual entry.

The Ask

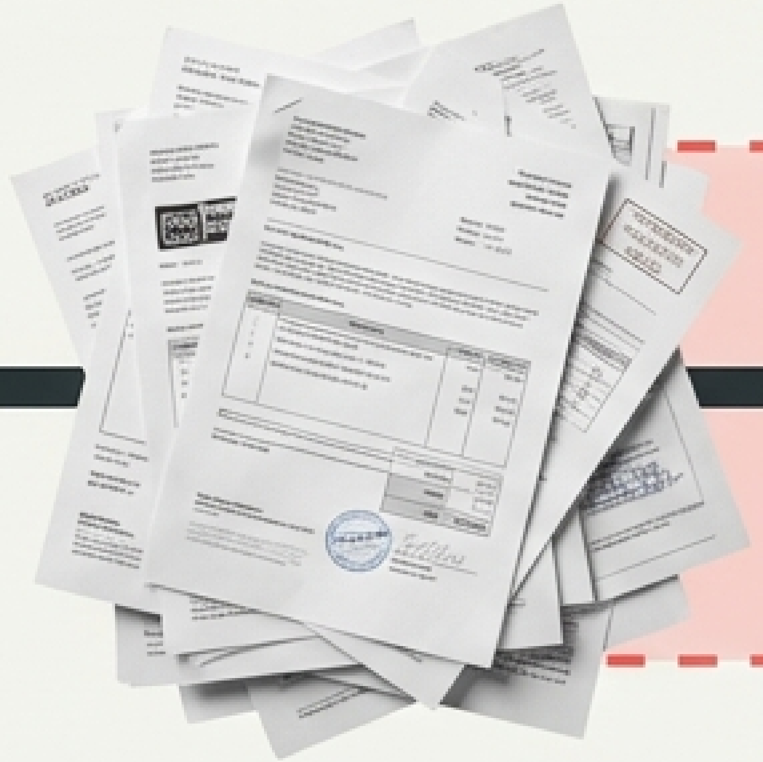
Stakeholders must curate specific customer lists (e.g., “Perth Mining”) and high-priority product ranges to balance customization with the manual workload required.

We lack a middle ground between high-maintenance contracts and rigid groups

C3 Method
Specific Contract

The C4 Solution Fills This

CD Group
Customer Discount Group



The Gap:

Manual Overrides & Slow Speed to Customer.

High maintenance.
Manual customer addition.
Item numbers + Specific Price.
Good for precision, bad for scale.

Broad, rigid.
Good for scale, bad for specific use-cases.

The C4 Architecture allows for logic-based grouping

1. Create Group
Cluster by Region + Industry
Perth Mining, Perth Construction, Sydney Mining, Sydney Lifts

↓

2. Add Customers
Manually add specific accounts to named groups

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3. Add Items
Define specific product ranges for the group

↓

4. Define Logic
Apply Pricing Rule: Price vs. Margin

Strategic Decision 1: Fixed Price vs. Fixed Margin

Fixed Price

Method: Assign a specific dollar amount to items.

Pros: Familiarity (similar to C3).

Cons: High Maintenance. Requires constant review as costs change. Must be updated manually.

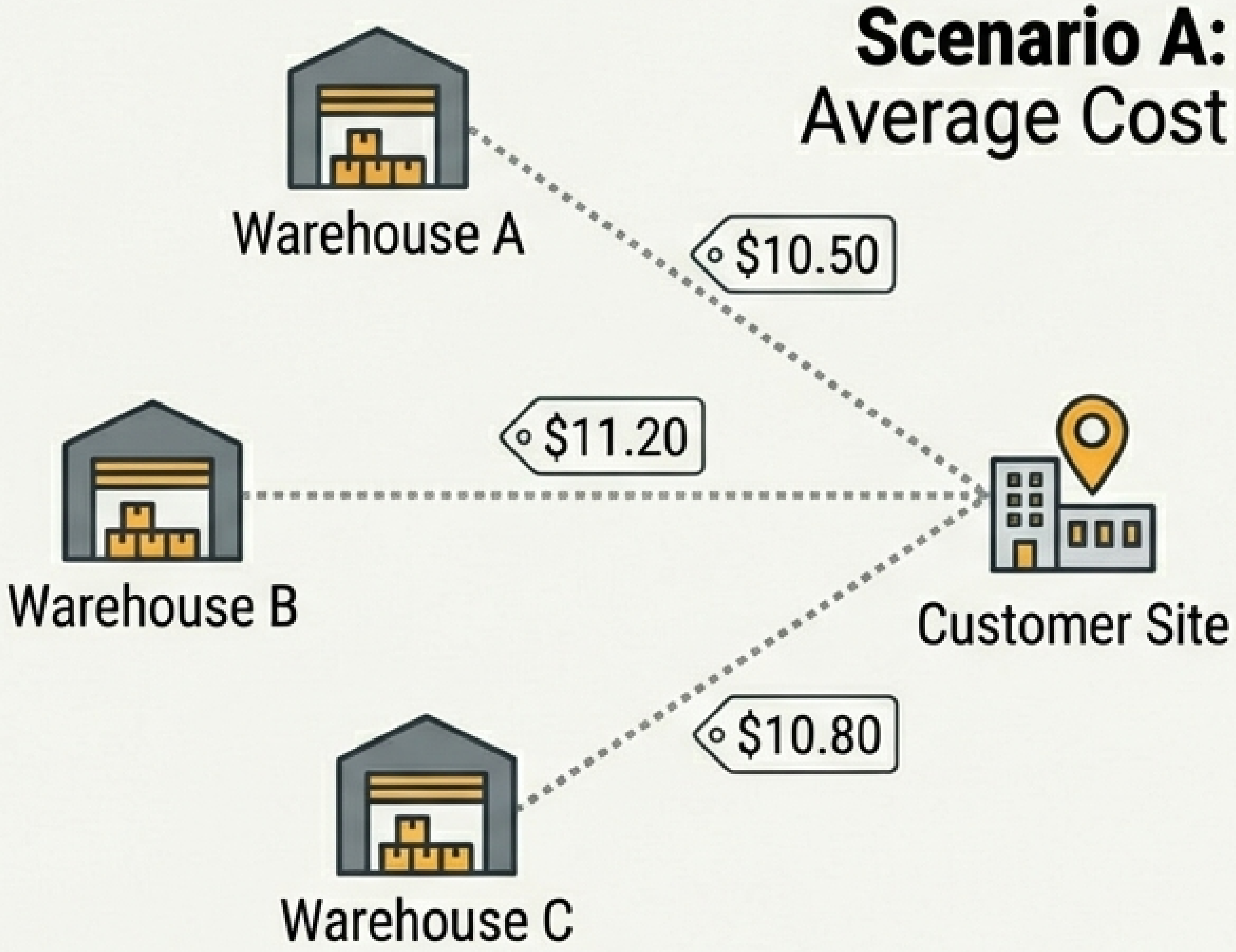
Fixed Margin (Recommended)

Method: Assign a percentage (e.g., 30% or 40%) on top of cost.

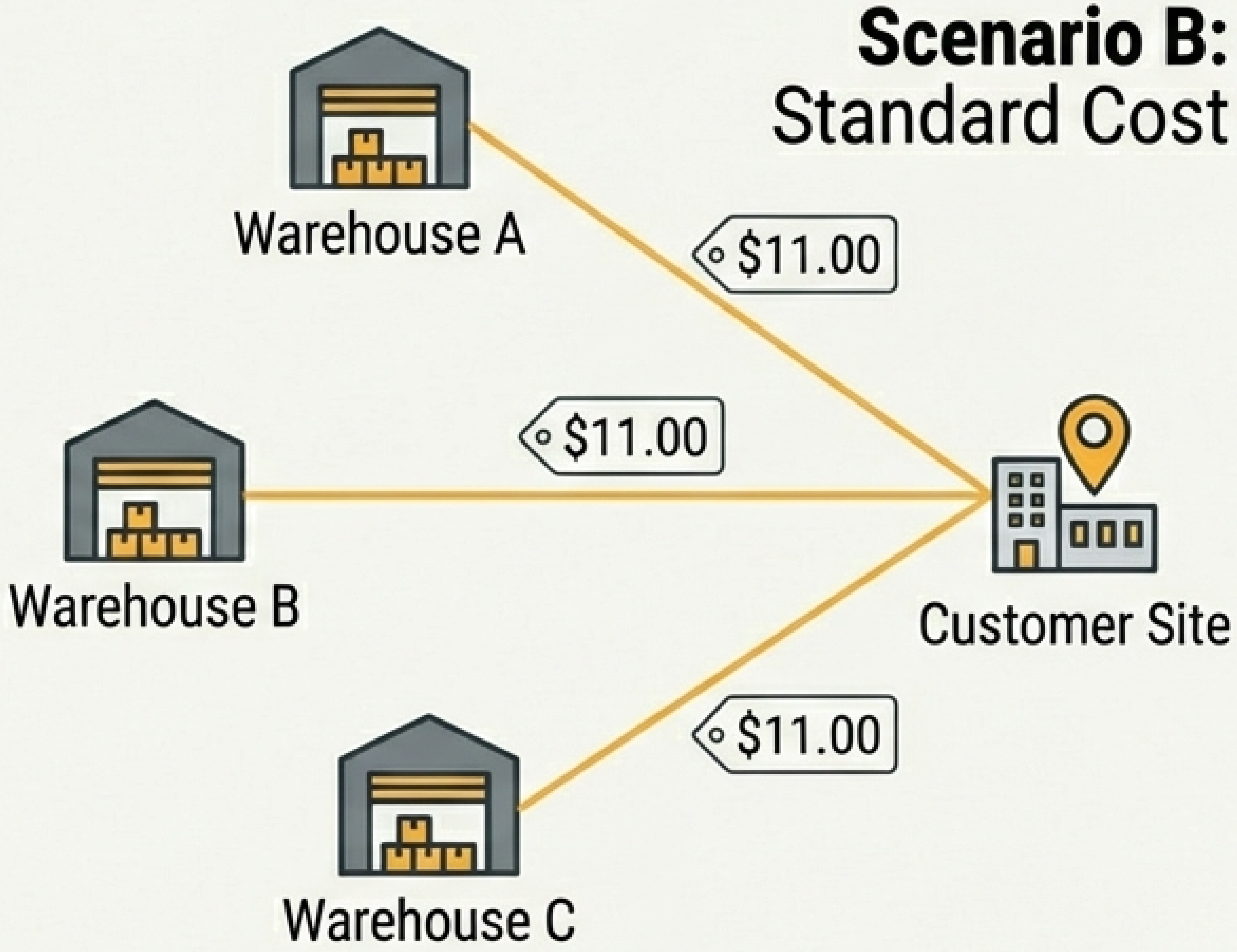
Pros: “Set and Forget.” Price adjusts automatically with cost changes.

Cons: Relies on accurate cost data.

Strategic Decision 2: Why we recommend ‘Standard Cost’



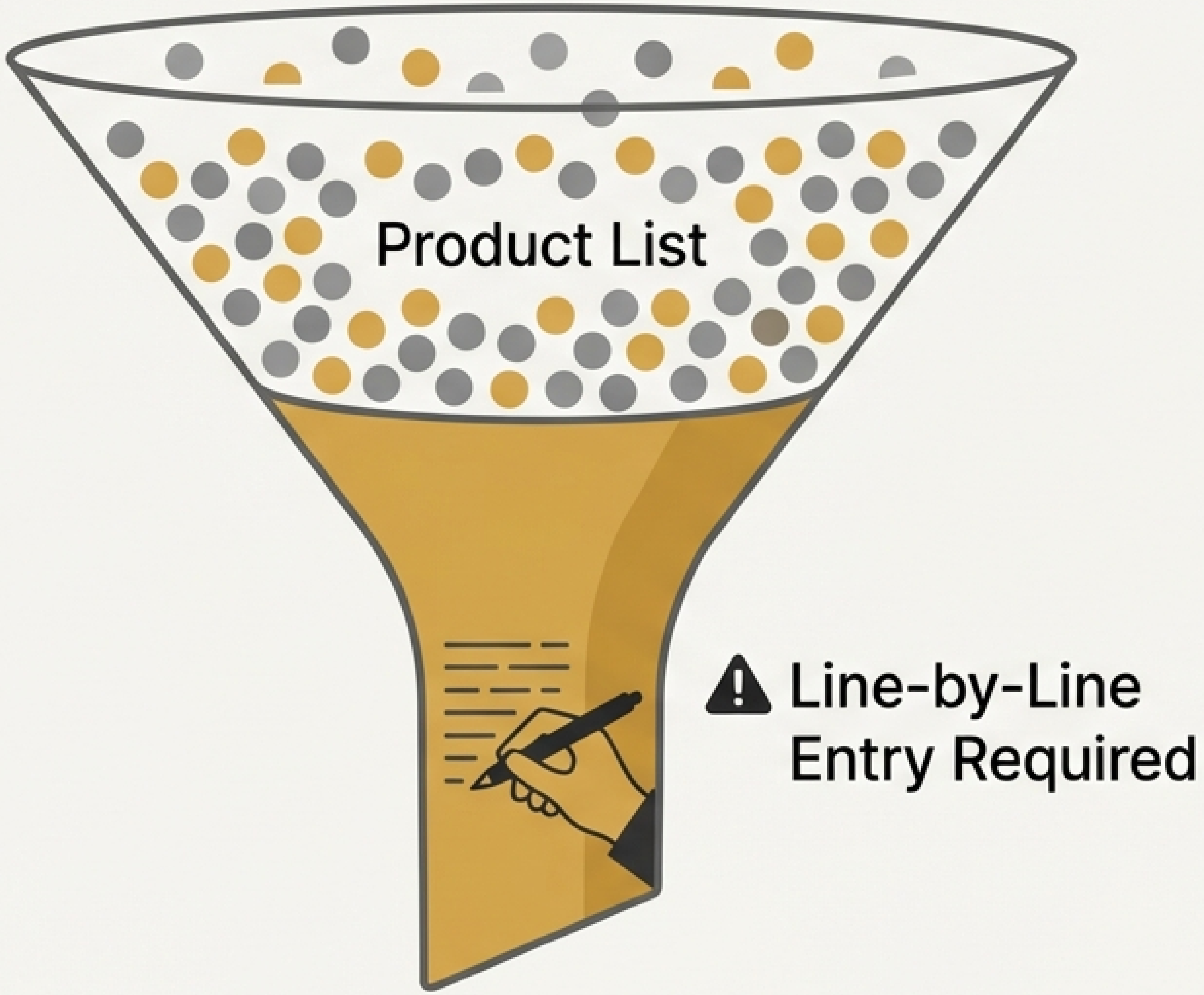
Price fluctuates based on shipping location.



Consistent price regardless of logistics.

Takeaway: Margin on Standard Cost ensures a single, consistent price for the customer.

The Operational Constraint: No bulk upload for percentages

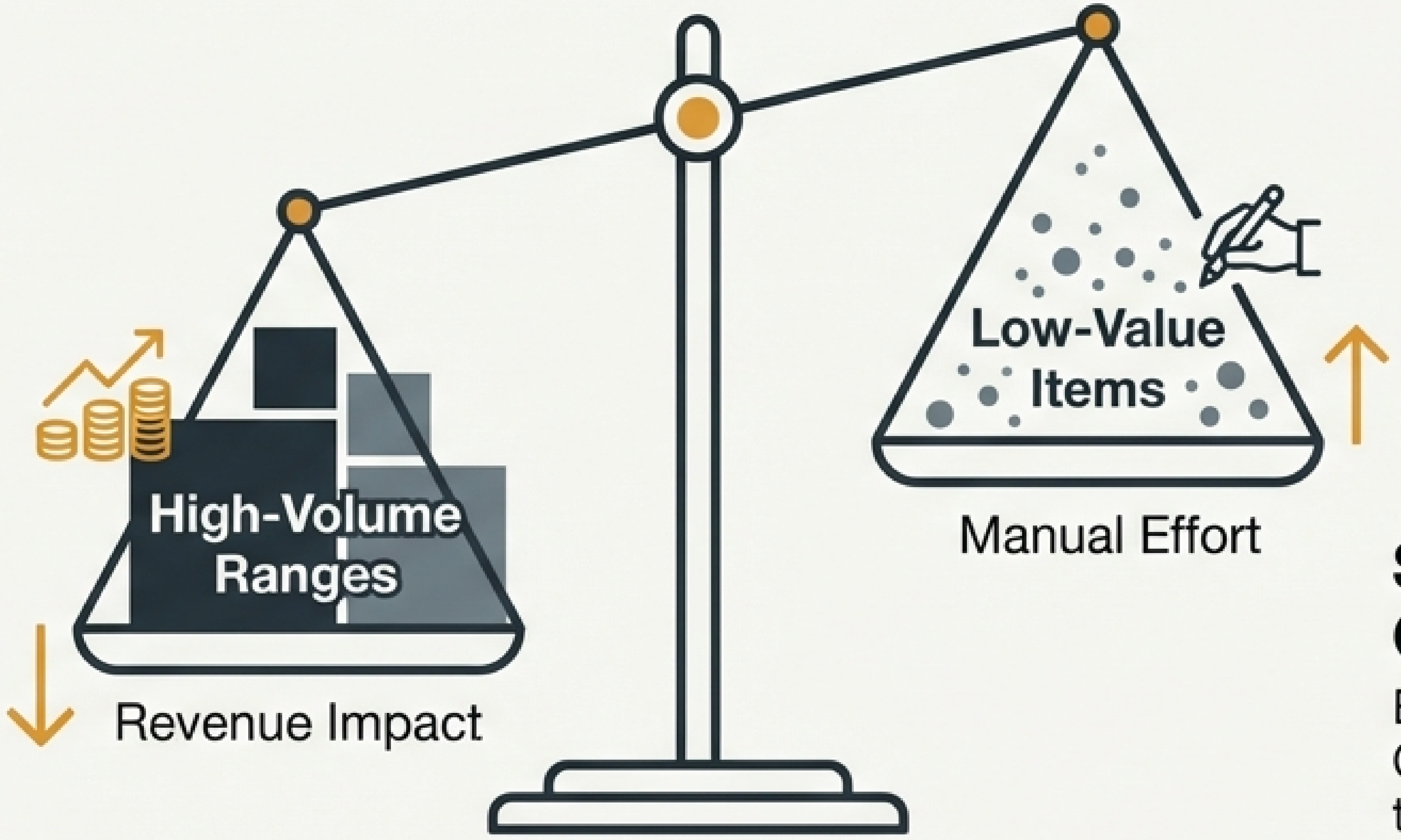


- The Reality: While C3 contracts allow for bulk uploads, the C4 method currently has no singular method for uploading percentage prices.
- The Implication: Percentage Margins must be decided and entered line-by-line for every product in the group.
- **‘You will have to trade off between manual work involved in creating those separate contracts.’**

Optimizing for the trade-off between flexibility and manual effort

Strategy 1: Select High-Impact Ranges.

Do not add every item. Focus on core ranges (e.g., Safety Gear).



Strategy 2: Aggregate Customers.

Ensure the Group (e.g., Sydney Construction) is large enough to justify the manual entry.

Goal: Maximize the revenue impact of every single manual line entry.

NotebookLM

Workflow Example: The 'Perth Mining' Group

1	Group Name	Perth Mining
2	Customer Selection	Client A, Client B, Client C
3	Item Range	Safety Gear Range (Items 100-500)
4	Pricing Logic	Margin % on Standard Cost
5	Value	30%

Save

Result: Unified pricing across all branches for these clients.

Preparation: “Get your juices flowing”

Governance Update: Final approval pending one meeting.

1. Ideate Groups

How will you slice your customer base? (Region + Industry)

2. Select Products

Which items require this flexible tier?

3. Calculate Margins

Determine the target percentage (30%, 40%, etc.)

4. Plan Resources

Allocate time for the manual entry required to build these groups.

Timeline & Governance

Now

Internal brainstorming & data prep

Next

Final Approvals (Bob's Meeting)

Launch

Outreach for customer list integration

Our goal is to reduce overrides and increase speed

"By adopting Margin on Standard Cost, we create a pricing structure that is flexible enough to win business, rigid enough to protect margin, and simple enough to execute quickly."

Next Step: Wait for final confirmation following the governance meeting.