PALADIN DATA CORPORATION™

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FREE ADVANCED TRAINING

Not My First Ratio – Wrangling Your Supplier Ratios

Jeremiah Cooper

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TECHNICAL LEVEL:

EASY | INTERMEDIATE | ADVANCED

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Not My First Ratio – Wrangling Your Supplier Ratios

What we will cover

Identifying items that need a supplier ratio
Common items that need a supplier ratio
Setting the order quantity and a supplier ratio
Setting item costs and pricing levels
Setting reference margins and rounding schemes
Setting a reverse supplier ratio
Purchasing an item that has a supplier ratio
Including cut charges

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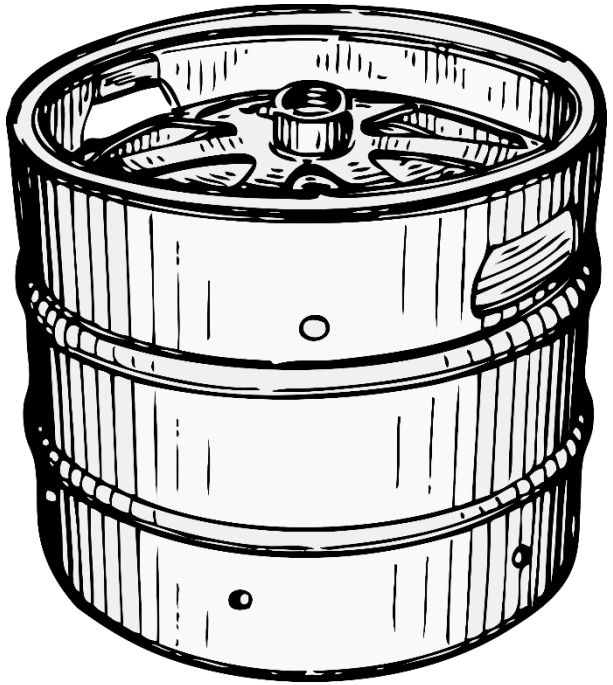
Identifying items that need a supplier ratio

Supplier's units



Your store's units

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Common items that need a supplier ratio

- Chain, rope and wire
- Pipe and bulk nails
- Bundles, packs, cases, and bunches

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Order quantity and supplier ratio

Supplier ————Your store

1 spool of chain => 250 feet of chain
Order quantity => 250
Supplier ratio => 1/250 = 0.004

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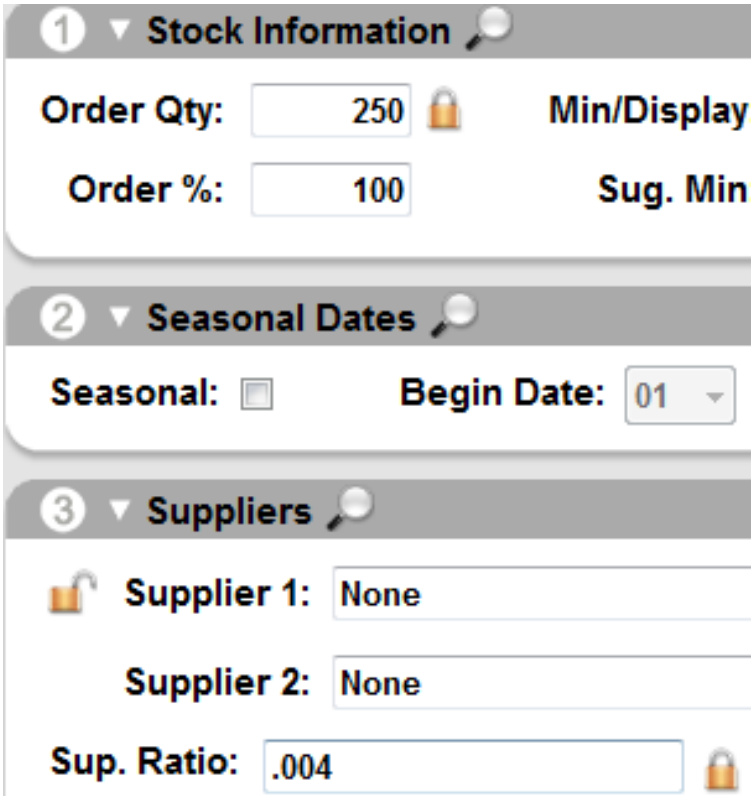
Order quantity and supplier ratio



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Item costs and pricing levels

Supplier ————Your store

Cost per spool => Average cost per foot
Market cost per foot

Retail price per spool => Pricing level 1: Per foot
Pricing level 2:
Quantity is total feet per spool and sale price is per spool

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Item costs and pricing levels

1 Item Cost

Avg:	Mkt:	C
0.40	0.40	

Cost Per: Item

2 Pricing Levels

	Quantity	Sale Price	Margin	Mkt Margin
1	1	0.99	59.6	59.6
2	250	129.99	23.1	23.1
3	0	0.00	0	0
4	0	0.00	0	0

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Reference margins and rounding schemes

- Automatically account for lost revenue when you cut a product to order.
- Give you control over your margins, so you can remain competitive.
- Automatically adjust your retail price based on the market cost.
- Keeps your retail price on bulk items in line with other items in your store

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Reference margins and rounding schemes

Pricing Levels Flex:

Quantity	Sale Price	Margin	Mkt Margin	Ref	Rounding
1	0.99	59.6	59.6	59	to the 9's
250	129.99	23.1	23.1	23	to the 9's
0	0.00	0	0	0	
0	0.00	0	0	0	

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Reverse supplier ratio

Supplier ————Your store

You buy 10 feet of pipe	=>	You sell one stick
Order quantity	=>	10
Supplier ratio	=>	1
Cost per foot	=>	Average cost per foot
		Market cost per foot
Retail price per foot	=>	Pricing level 1: Per stick
		Pricing level 2:
		Quantity of 10 and
		sale price per stick

Yes, I know pricing levels 1 and 2 are the same retail price!

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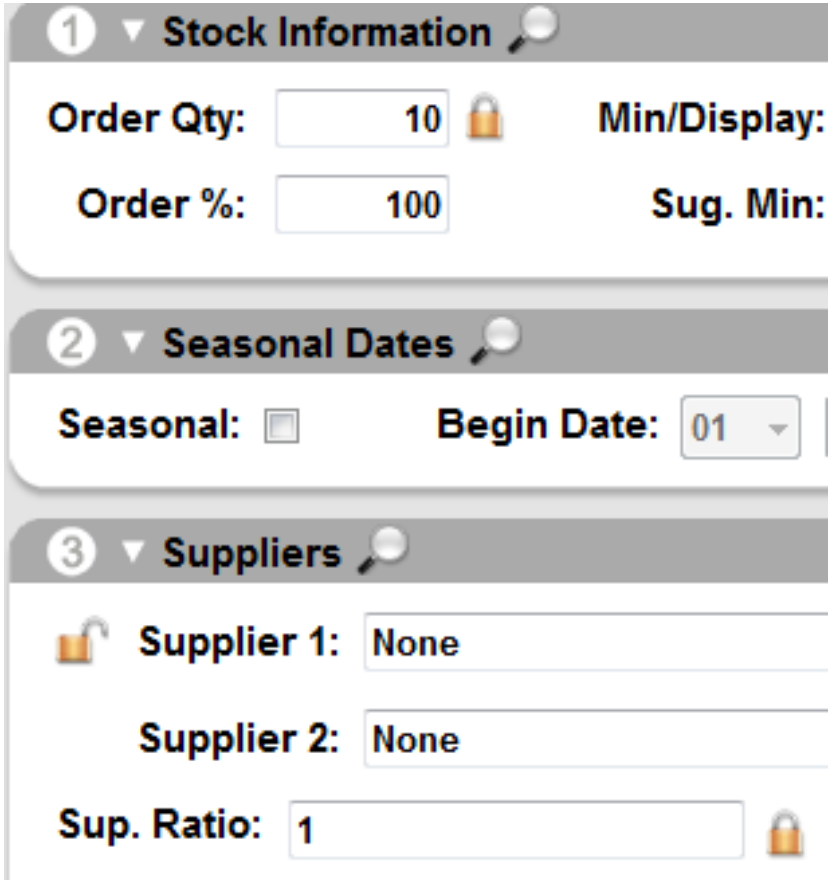
Reverse supplier ratio



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Reverse supplier ratio

1 Item Cost

Avg:	Mkt:	C
0.25	0.25	

Cost Per: Item

2 Pricing Levels

	Quantity	Sale Price	Margin	Mkt Margin
1	1	5.99	95.8	95.8
2	10	5.99	58.3	58.3
3	0	0.00	0	0
4	0	0.00	0	0

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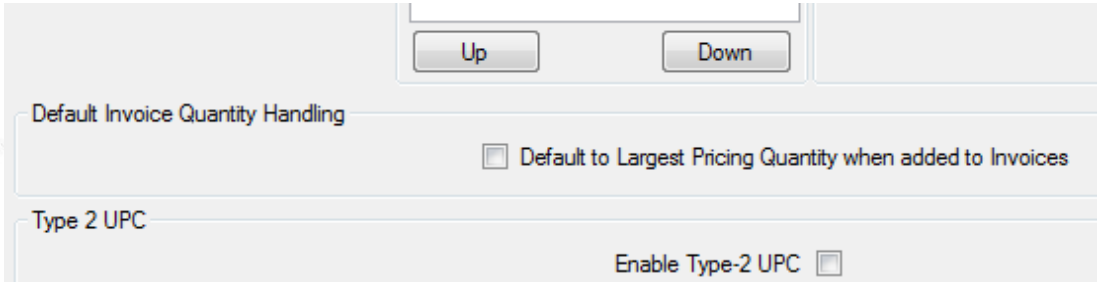
Reverse supplier ratio



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Supplier ratio and purchase orders

Supplier ————Your store

1 Spool <= 250 feet

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Learn More

For more information, see the following Knowledge Base topics:

- About the supplier ratio and reverse supplier ratio
- How to add a supplier ratio to an item
- How to add a reverse supplier ratio to an item

A recording will be available at:
paladinpointofsale.com/webinars

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