



DDMS[®]: Setting Up Inventory Loaded Costs

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About Loaded Cost

The Inventory Loaded Cost feature allows stocking dealers to protect their margins by setting up a cost load percent on certain inventory items.

Note: This handout applies to DDMS® only. If you are using DDMSPLUS, see [DDMPLUS®: Setting Up Inventory Loaded Costs](#) on the Customer Support Center.

This feature is designed for dealers who are:

- Stocking products or buying products direct
- Paying commissions on A Cost.

You set up loaded cost in the Inventory Load Cost Percents window in the Item database. Loaded cost is set up using percentages only.

Note: This feature requires authorization. For more information, contact ECI® Sales.

An example of how this feature allows you to protect your margins is as follows. Suppose you buy an item for \$10. Your sales rep adds 20% and sells the product for \$12. Later, you decide to buy the item directly from the manufacturer and stock it in your warehouse for \$7. After the sales rep adds 20% to the cost, the price is \$8.40. While the customer receives a lower price, this also reduces your profit from \$2 to \$1.40. What's more, you are now stocking, picking, and packing the item while paying for it in advance.

By using the loaded cost feature, you can add a loaded cost of 15% to the item, in this example, \$7. Your base cost is now \$8.05. When the sales rep adds 20%, the item's selling price is \$9.66. The customer not only receives a better price but your profit has increased to \$2.66.

Advantages of using loaded costs percents include:

- You can consider your overhead when determining the cost by building load factors into your warehouse inventory.
- Commissions would be paid on the loaded cost and Accounting is still able to track the true cost of the item.
- On non-loaded cost items, the accounting cost and commission cost are the same. Therefore, you can set up one item with loaded cost and it does not affect any other items.
- Loaded cost only applies to your stocked inventory. If you buy merchandise from a vendor, the loaded cost does not apply.

A third cost field has been added to each item. This is called the internal cost and is stored in the I.COST file.

You can use loaded cost on price plans and cost plans. You can also import and export loaded costs from price plans and cost plans. A spreadsheet template is provided. The spreadsheet is saved to D:\ddms\client\data\templates or C:\ddms\client\data\templates.

You can set up the appropriate users to view and change internal costs by setting the Allow Internal Cost box in the Salesperson Price Check tab to Y. Setting this box to Y allows you to view internal costs in Order Analysis and to change internal costs in order entry.

Understanding the Cost Fields

There are two new fields added to the P-LINE2 file. With loaded cost, the actual cost and commission cost are now going to be different. Actual cost stays the same. If you use loaded cost, there's now an actual cost and an internal cost. The new cost file is P2_I_COST. The I Cost (or internal cost) only works if you set up loaded costs. Otherwise, the system uses A Cost (actual cost). If you are not authorized for loaded costs, A Cost and I Cost are interchangeable.

Changes to cost include:

- Pricing Cost (P Cost) is still used for pricing items. This cost can now be loaded based on the Inventory Load Cost Percents window. If you set the Cost Code box in the Customer Order Entry tab to M or A, and the item is set up in Inventory Load Costs Percents window, the system loads P Cost.
- If you are not using loaded cost on the item, then A Cost works as it always has. However, with the loaded cost features set up, the meaning has changed for Actual Cost (ACost). The A Cost would now be the loaded cost if you set up the Inventory Load Costs Percents window and if the item is purchased from the direct buy vendor or pulled from inventory. If it was purchased from any other vendor, the A Cost remains the purchase order cost. A Cost is the commissionable cost or the cost used for sales reporting.
- The Internal Cost (I Cost) is the true cost of the product. The Internal Cost is the accounting cost or cost to be used for cost of goods. If the cost is not loaded, it is equal to the actual cost. When building the cost of goods sold batch report in the (W) [E] screen, you must specify I Cost in the Cost Type field.

Understanding Loaded Costs in Order Entry and Purchasing

There's several other changes made to the flow of cost in the system in purchasing and order entry.

In order entry, you only see the P Cost and A Cost. The new I Cost does not display. You can change the loaded cost percent in order entry.

You must set up the appropriate users by setting the Allow Internal Costs box in the Salesperson Price Check tab to Y. Setting this box to Y allows you to view internal costs in Order Analysis and to change internal costs in order entry.

When changing cost on a P/O, the A Cost is not updated (only on loaded costs items). When cost is changed on the purchase order, the cost is not changed on the sales order. Previously, the system changed the cost on the sales order but with inventory load cost, it no longer updates the sales order.

Flushing Orders

When you've completed the order, you follow your normal flow. Changes were made to the (TR) [G] Flush Backorders function for loaded costs. When the P/O is flushed, the A Cost on the order includes the loaded cost if the item was purchased from the manufacturer. The new internal cost is updated to the received cost without the loaded cost. The line item load percent is cleared if the item was purchased from a vendor that does not match the manufacturer. (If the Vendor ID for the Direct Buy Vendor matches the Vendor Number in the Vendor window, the system recognizes the direct buy vendor as the manufacturer vendor.)

Flushing updates the actual cost. The internal cost is also updated.

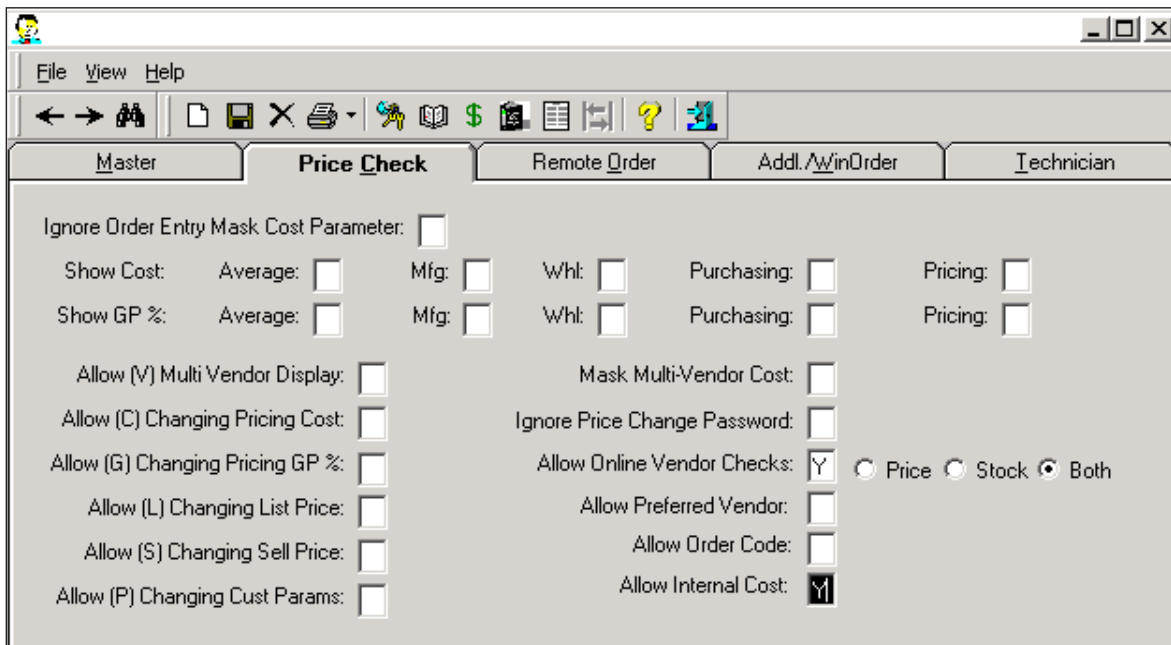
In addition, multi-bin split lines are updated when pulling from on hand.

Setting Up Loaded Costs

Before setting up loaded cost percents, a certain amount of planning is involved. Follow the steps below to use the loaded costs feature but remember, no changes take effect until you set up the loaded cost percentages in the Inventory Load Cost Percents window.

Note: You must be authorized to use this feature. For more information, contact ECI Sales.

1. Before you can view/change internal costs, you must set up the appropriate users by setting the Allow Internal Cost box in the Salesperson Price Check tab to Y. Setting this box to Y allows you to view internal costs in Order Analysis and to change internal costs in order entry.



2. You must modify your cost of goods calculation to use internal cost. This may be done in a proc file.
3. Up to this point, no changes have been made to your system that impact your cost flow. Make sure you spend some time planning/defining your load cost percentages. Define the percentages and items to which to apply. Performing the following steps changes your cost flow.
4. Set up loaded cost percents in the Inventory Load Cost Percents window. See the heading **Setting Up Loaded Cost Percentages**.
5. You can add loaded costs to price plans or cost plans. See the heading **Creating a Price Plan with Loaded Costs** or **Creating a Cost Plan with Loaded Costs**.
6. Review existing price plans. If you have prices calculated on GP%, the load factor is not applied automatically to existing contracts.

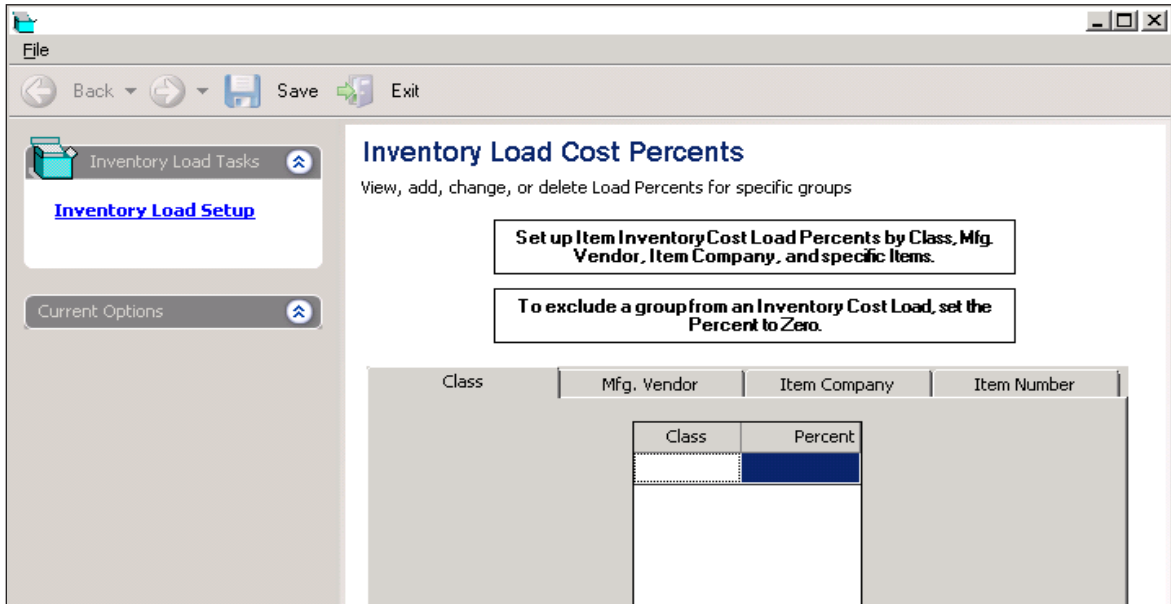
Setting Up Loaded Cost Percentages

Define your load percents in the Inventory Load Cost Percents window.


Note: This feature requires authorization. For more information, contact ECI Sales.




1. From the Master Menu, double-click **Item**.
2. In the Item window, click View then Inventory Load. The Inventory Load Cost Percents window opens.
3. In this window, you can view, add, change or delete your loaded cost percents. The system checks the information from right to left. For example, the Item Number tab is checked first, then the Item Company tab, the Mfg Vendor and the Class tabs.



- 3.1 To exclude a group from the loaded cost, set the percent in the Class tab to zero.
- 3.2 In the Class tab, set up loaded cost by stock class code and percentage.
- 3.3 Enter the stock class code and percent in the boxes. Press Tab to move through the boxes. Press Enter when finished.
4. Click the Mfg Vendor tab to set up loaded cost by stock class, vendor, and percent.
 - 4.1 Enter the stock class code, vendor code, and percent in the boxes. Press Tab to move through the boxes.
 - 4.2 Press Enter when finished.
5. In the Item Company tab, you can set up loaded cost by stock class, company name, and percent.
 - 5.1 Enter the stock class code, company name, and percent in the boxes. Press Tab to move through the boxes.
 - 5.2 Press Enter when finished.

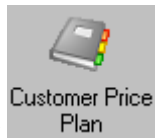
6. In the Item Number tab, you can set up loaded cost by item number, manufacturer, item description, unit of measure, stock class, and percent.
 - 6.1 Enter the item number, manufacturer, item description, unit of measure, stock class, and percent in the boxes. You can search for the item by entering a partial number in the Item Number box and pressing Enter. A list of items opens and you can select your item from the list.
 - 6.2 Press Tab to move through the boxes.
 - 6.3 Press Enter when finished.
7. When finished, click .

Changing Loaded Cost Percents

1. To change or delete a line, right-click on the line to change. You can delete a row, enter a new percent, or increase or decrease a percent.
 - You can change or delete multiple rows. To select multiple rows, click the line, then hold down the Ctrl key and click any other lines to select.
 - To delete a line, right-click the line and select Delete Selected Rows. The line is deleted.
 - To change the percent on a line, right-click the line and select Set New Percent. The New Percent dialog box opens. Enter the new percent and click OK.
 - To increase or decrease the load percent, right-click the line and select Increase/Decrease Existing Percent. The Increase/Decrease Percent dialog box opens. In this box, enter the amount (positive or negative) to increase or decrease the existing percentage amount. Click OK.
2. When you are finished changing percents in the Inventory Load Cost Percents window, click .

Creating a Price Plan with Loaded Costs

When creating a new price plan, you can use loaded cost on a price plan. You can also import and export loaded costs from price plans and cost plans. A spreadsheet template is provided. The spreadsheet is saved to D:\ddms\client\data\templates or C:\ddms\client\data\templates. For more information, see the [handout Customer Price Plans](#) on the Customer Support Center or your online help.



1. From the Master Menu, double-click

Note: If you set a password in the Update field in the (LE1) screen, the Enter Price Plan Password dialog box opens. Enter the password and click OK. If you set a password in the Price Plans Inquiry Password or Price Plans Update Password boxes in the Customer Price Plans General Configuration parameters, you must enter the password in the Price Plans Update Password box to continue. If you have a password set in the Set Cost/List field in the (LE1) screen, the Enter Cost/List Editing Password dialog box opens. Enter the passwords and click OK.

2. In the Customer Price Plan window, click Create a New Price Plan.

3. In the Price Plan box, enter a two-digit alphanumeric identifier for the new price plan. (If you are not authorized for Advanced Price Plans, press Enter and go to **Step 6**. You must press Enter to move to the Description box.)

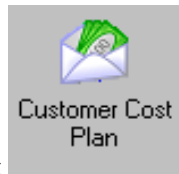
Note: When creating price plans, you may not see some of the boxes listed here. If you are not authorized for Advanced Price Plans, some of these boxes do not appear. For more information, contact ECI sales.

4. If you are using the Advanced Price Plans feature, you can enter the group in the Group box. If you enter a group, press Enter to move to the Description box and go to Step 6. (You must press Enter to move to the Description box.)
5. If you are using the Advanced Price Plans feature, you can enter an account number in the Account # box. In this box, enter the account number or click to query. (If you entered a group in the Group box, you cannot enter an account number.) The account number displays in the first box and the department, if any, in the second box. Press Enter. (You must press Enter to move to the Description box.)
6. In the Description box, enter a description for the new price plan. Press Tab.
7. Use the Start Date/End boxes to enter starting and ending dates to apply to this price plan. (If you don't enter an ending date, the price plan never expires.) To make the price plan open-ended, leave these boxes blank. (Do not enter 99/99/99.) Press Tab.
8. In the Gross Profit % box, enter the gross profit percent for the new price plan, or in the Discount % box, enter the discount percent for the new price plan. You do not have to enter the decimal point. For example, to enter ten percent, type 10 and press Tab.
9. Use the drop down arrows in the Cost to Use and List to Use boxes to select the cost or list for this price plan.
10. To set up this price plan with a fixed price, click the Fixed Price box.
If you do not click this box, you create a flexible price plan.
11. Use the Owner box to specify the owner of this price plan, if needed. You can enter the User number or click to query. This is an optional step; however, you can use this number as a limit when searching for price plans.
12. If you are creating a loaded cost price plan, you must create a non-specialty price plan. You can set cost, set list, select matrix price plan, or use two decimal prices, if applicable. Use the Set Cost or Set List drop down boxes to set cost or list. You can also select Deviated Cost or Inventory Load cost.
 - To create a matrix price plan, click the Matrix Price check box.
 - To limit pricing to two decimal places, click the Two Decimal Prices check box.
 - To set deviated cost, click the Deviated Cost box. (You must be authorized to use this feature.) For more information on deviated cost, see the handout [Using Deviated Costs](#) on the Customer Support Center or your online help.
 - To set loaded cost, click the Inventory Load box. (You must be authorized to use this feature.)

13. When finished, click Next. Continue creating the price plan as you normally would.

Creating a Cost Plan with Loaded Costs

For more information, see the handout [Customer Cost Plan](#) on the Customer Support Center or refer to your online help.



1. From the Master Menu, double-click

Note: If you set a password in the Update field in the (LE1) screen, the Enter Cost Plan Password dialog box opens. Enter the password and click OK. If you set a password in the Price Plans Inquiry Password or Price Plans Update Password boxes in the Customer Price Plans General Configuration parameters, you must enter the password in the Cost Plans Update Password box to continue. If you have a password set in the Set Cost/List field in the (LE1) screen, the Enter Cost/List Editing Password dialog box opens. Enter the passwords and click OK.

2. In the Customer Cost Plan window, click Create a New Cost Plan.

3. The Create a New Cost Plan window opens. In the Cost Plan box, enter a two-digit alphanumeric identifier for the new cost plan. (If you are not authorized for Advanced Price Plans, press Enter and go to **Step 6**. You must press Enter to move to the Description box.)

Note: When creating cost plans, you may not see some of the boxes listed here. If you are not authorized for Advanced Price Plans, some of these boxes do not appear. For more information, contact ECI sales.

4. If you are using the Advanced Price Plans feature, you can enter the group in the Group box. If you enter a group, press Enter to move to the Description box and go to **Step 6**. (You must press Enter to move to the Description box.)
5. If you are using the Advanced Price Plans feature, you can enter an account number in the Account # box. In this box, enter the account number or click to query. (If you entered a group in the Group box, you cannot enter an account number.) The account number displays in the first box and the department, if any, in the second box. Press Enter. (You must press Enter to move to the Description box.)
6. In the Description box, enter a description for the new cost plan. Press Tab.
7. Use the Owner box to specify the owner of this cost plan, if needed. You can enter the User number or click to query. This is an optional step; however, you can use this number as a limit when searching for cost plans.
8. To set loaded cost, click the Inventory Load box.

Note: You must be authorized to use loaded cost. For more information, contact ECI Sales.

9. When finished, click Next.
10. To add items to the cost plan, click the Item Number box and type the item number to add to the cost plan. You can enter part or all of the number and press Enter. A query box opens. Select the item and press Enter. (You can also query by description. Enter part or all of the description in the Description box and press Enter.)

If you selected an item with an alternate, the Alternate Items dialog box opens displaying the original item and the alternate. Select which item to use by clicking it. Then click Apply.

11. Continue adding items on the cost plan. Press Enter to move to a new line.
12. When finished adding items, click Save. (To not save changes, click Cancel.)