

## **PRICE CHANGE MANAGEMENT – THE BASICS**

*We have seen management drowned in a sea of Price Change data. So, what is the best way to record and report Price Changes?*

*The simple presentations on the following two pages are the outcome of our extensive experience.*

*Selling Price Changes – whether actual or planned – are expressed by sales product category in percentage terms, relative to a base point. Similarly, Purchase Price Changes are expressed by category of purchase.*

*When these data are integrated with Sale and Purchase volumes by category, the impact on annualised Sales and Purchases is easy to calculate.*

**FY2008 BUDGET  
PLANNED SELLING PRICE CHANGES**

	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Annualised Extra Sales From Year End Increase
Sales - Category 1	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	103.5%	103.5%	103.5%	103.5%	103.5%	104.0%	\$120,000
Sales - Category 2	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	103.5%	103.5%	103.5%	103.5%	103.5%	104.0%	\$80,000
Sales - Category 3	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	102.0%	102.0%	102.0%	102.0%	102.0%	102.0%	\$20,000
Sales - Category 4	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	103.0%	103.0%	103.0%	103.0%	103.0%	103.0%	\$22,500
Sales - Category 5	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	102.5%	102.5%	102.5%	102.5%	102.5%	102.5%	\$12,500
Sales - Category 6	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	103.0%	103.0%	103.0%	103.0%	103.0%	103.0%	\$7,500
														\$262,500

**THESE ARE DUMMY DATA - FOR ILLUSTRATION ONLY**

**FY2008 BUDGET  
PROJECTED PURCHASE PRICE CHANGES**

	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Annualised Cost of Year-End Increase
Purchases - Category 1	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	103.5%	103.5%	103.5%	103.5%	103.5%	104.0%	\$60,000
Purchases - Category 2	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	103.5%	103.5%	103.5%	103.5%	103.5%	104.0%	\$40,000
Purchases - Category 3	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	102.0%	102.0%	102.0%	102.0%	102.0%	102.0%	\$15,000
Purchases - Category 4	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	103.0%	103.0%	103.0%	103.0%	103.0%	103.0%	\$15,000
Purchases - Category 5	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	102.5%	102.5%	102.5%	102.5%	102.5%	102.5%	\$6,250
Purchases - Category 6	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	102.5%	102.5%	102.5%	102.5%	102.5%	102.5%	\$6,250
Purchases - Category 7	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	\$0
Purchases - Category 8	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	103.0%	103.0%	103.0%	103.0%	103.0%	103.0%	\$1,500
														\$144,000

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