

Margin Leakage

Find the margin leaking through your discounts

See the real margin left after every discount and rebate — and stop below-floor prices before they ship.

INDUSTRY

Brand → retail /
distribution · multi-tier
discounts

COMPANY

Manufacturer / brand
selling through channels
& customer tiers

TOOLS

TidyMonk + PriceMonk —
agreements & pocket-
price (or your own
engine)

WHAT THIS ONE-PAGER COVERS

- 1 **The Pocket-Price Waterfall** — every euro from RRP to pocket margin, step by step — leakage impossible to miss
- 2 **Simulate a Discount Before It Ships** — change a lever; the waterfall re-runs current vs proposed before you commit

Your list price looks healthy. The price you actually keep after every discount and rebate — and the margin on it — is usually far lower than the list suggests, and the worst of the leak hides where no report looks.

THE SITUATION

Between the recommended retail price and the margin you actually keep sits a stack of reductions — channel and customer discounts, volume and promo deals, rebates, co-op / MDF, cash terms. Each looks small; together they can halve your margin — and the off-invoice ones (rebate, co-op, cash) don't even show up on the invoice. Two things fix that: seeing the complete waterfall from list price to pocket margin on every deal, and a guardrail that stops a price dropping below your margin floor without approval.

01 The Pocket-Price Waterfall

Follow every euro from recommended retail price down to the margin you actually keep — each discount, rebate and cost step in order, so the leakage is impossible to miss.

Pocket-price waterfall — Product A (per unit, €)

list price → pocket margin, step by step · € steps rounded to the nearest euro



€100 list → €80 trade list → €62 pocket price → €17 pocket margin (27.4%). €18 of the €80 trade list is discount before cost even comes out — and the off-invoice part (rebate, co-op, cash) never shows on the invoice, so it's the easiest to miss.

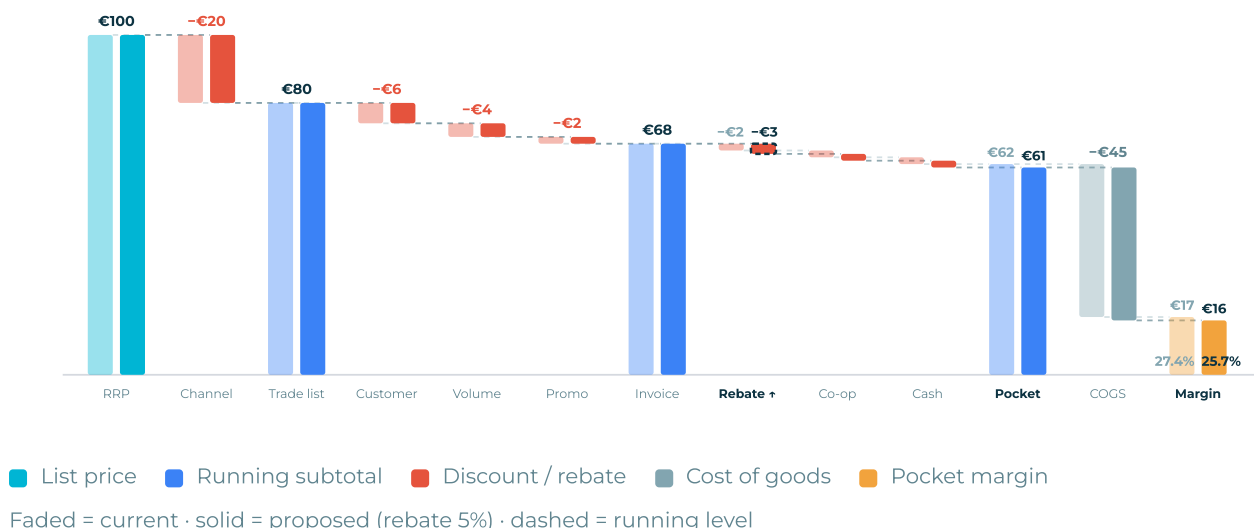
02 Simulate a Discount Before It Ships

Change a discount lever and the pocket-price waterfall re-runs — current vs proposed in one graph — so you see the hit to pocket margin before you commit. If the change breaks your floor, it routes for approval, not out the door.

Compare — raise the rebate 3% → 5%

current (faded) vs proposed (solid) · € steps rounded to the nearest euro

Change any lever — channel · customer · volume · promo · **rebate ↑** · co-op · cash — and both waterfalls recompute, step by step. The waterfall can reflect your own step structure, including additional inputs such as surcharges, freight recovery or duty lines — each on its own base and in its own place in the sequence.



Raise the rebate 3% → 5% and both waterfalls run side by side: pocket price €62 → €61, pocket margin €17 → €16 (27.4% → 25.7%). You see the full impact — every step, current vs proposed — before you commit; and if a scope breaks your margin floor, it routes for approval, not out the door.

THE PAINS & HOW WE SOLVE THEM

THE PAIN — IN YOUR WORDS

"Our list price looks fine, but we've no idea what margin we actually keep after all the discounts."

HOW WE SOLVE IT

The full waterfall from RRP to pocket margin is laid out for every deal, so the real pocket price and margin are always visible.

"Discounts, rebates and co-op are scattered — nobody sees the total leakage."

Every reduction — channel, customer, volume, promo, rebate, co-op, cash — sits on one waterfall, so total leakage is explicit, including the off-invoice steps.

"Reps discount below a profitable level and we only find out later."

A margin-floor guardrail flags any below-floor price and routes it for approval before it ships — never after.

"Different customers get inconsistent discounts for no clear reason."

Customer tiers get consistent, governed discounts; exceptions are visible and approved, not ad-hoc.

"Approving special prices happens over email, with no trail."

Below-floor prices route through an approval workflow with a full audit trail.

RESULTS

IN SCOPE / NOT

- Works from your own agreement, discount and rebate data (imported) — the waterfall reflects the exact steps you use, off-invoice ones included.
 - No competitor data needed — this is your own pricing structure and margin.
 - Figures shown are illustrative of the segment and scaled to each engagement.
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Behind it: PriceMonk agreements & pocket-price waterfall — computes the full RRP → pocket-margin bridge from your discount, rebate and cost data, enforces a margin-floor guardrail with approval routing and audit, and governs discounts by customer tier. Data import & cleaning via TidyMonk. Works alongside your own pricing engine where you have one.

Know your real margin — and stop giving it away by accident.

