

Unearned Discounts

The discount that outlived its volume

See what every historic agreement is actually earning before it renews — and realign the rate to the volume that actually arrived.

INDUSTRY

B2B distribution · apparel
& workwear — bespoke
customer deals

COMPANY

Distributor selling to
trade, with an own
private-label range

TOOLS

TidyMonk + MatchMonk
→ PriceMonk (or your
own engine)

WHAT THIS ONE-PAGER COVERS

- 1 **Granted vs Earned on Historic Deals** — both rates read off one published schedule

Margin sits inside a distributor's back book that never shows up in a price review: **discount granted years ago against a volume that never arrived**, taken off every invoice since. On a modelled £100m book of annual purchases at list, that is **~£160k a year** on the five largest gaps and **~£335k** across the book.

THE SITUATION

A distributor's back book is negotiated deal by deal: every discount was agreed years ago against an expected volume, and nothing flags a deal running behind its commitment or prompts a review.

01 Granted vs Earned on Historic Deals

Every agreement shows the rate granted against the rate the volume actually earned, on a committed-to-actual progress bar, with both halves of what the gap costs. Behind-pace deals carry a realign recommendation.

The published schedule both rates are read from

tiers qualify on annual purchases at list · whole-volume (retroactive) · the rebate itself accrues on net invoice

Annual purchases at list	under £1m	£1m	£2m	£3m	£4.5m	£7m
On-invoice discount	1.0%	2.0%	2.5%	3.0%	4.0%	5.0%
Off-invoice rebate (settles on actual — no gap)	1.0%	1.8%	2.2%	2.6%	3.5%	4.5%

The five largest gaps

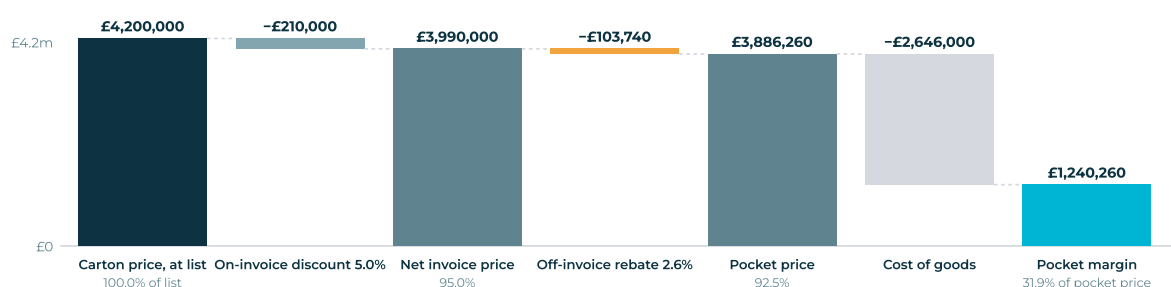
granted = the schedule at committed volume · earned = at actual volume

Customer	Committed	Actual	Granted	Earned	Given away
Customer A	£7.0m	£4.2m 60%	5.0%	3.0%	£84,000
Customer B	£4.5m	£2.8m 62%	4.0%	2.5%	£42,000
Customer C	£3.2m	£1.9m 59%	3.0%	2.0%	£19,000
Customer D	£2.5m	£1.8m 72%	2.5%	2.0%	£9,000
Customer E	£2.0m	£1.2m 60%	2.5%	2.0%	£6,000
Five deals	£19.2m	£11.9m	—	—	£160,000

All five are still invoiced at the rate the full volume would have earned. That is **£160k a year** of on-invoice discount above what the volume earns — money already gone. Realigned, it is worth that again next year only if the volume holds: the same purchases at a lower rate. Across all 320 agreements, **98 are behind pace**, carrying **~£335k a year** above earned on £37.5m of actual purchases.

The pocket-margin waterfall, one deal

Customer A · a year at the terms it is on today



£4,200,000 at list becomes £3,886,260 of pocket price — 92.5% — and £1,240,260 of pocket margin, 31.9% of pocket price. The two pots sit on different bases: the 5.0% on-invoice discount is **£210,000** off list and already gone, while the 2.6% rebate is **£103,740** accrued on the net invoice, not on list, and settles on what the period actually earned.

The action on each of them

realign the rate to the volume actually being bought

Realign at renewal

Move it off-invoice as a conditional rebate

Hold the rate, ask for the volume

Leave it, with a reason on file

Realigning is not a clawback — it changes what goes out next, not what already went — and it takes effect at renewal, or under the agreement's notice terms. Every choice is recorded, including leaving it alone.

THE PAINS & HOW WE SOLVE THEM

THE PAIN — IN YOUR WORDS

HOW WE SOLVE IT

The money already left — it went out on every invoice for three years.

That's gone. But seeing it now means the same rate doesn't go out for another three. Realigning is not clawback — it changes what happens next.

Nobody knew the deal was behind pace until someone asked.

Every agreement shows granted against earned, updated as sales land. Behind-pace deals surface automatically, not when someone thinks to check.

Renewals happen without knowing whether the volume arrived.

At renewal, the rep sees the gap and the options: realign, hold and push for volume, move it off-invoice, or leave it with a reason on file.

The data is in spreadsheets, a legacy system, and someone's head.

TidyMonk consolidates it first, so granted-vs-earned runs on the whole book — not the part somebody remembered to export.

RESULTS

~£160k

A YEAR ABOVE EARNED ON THE FIVE LARGEST GAPS

~£335k

ACROSS ALL 98 BEHIND PACE — THE FIVE ABOVE INCLUDED — ON £37.5M OF ACTUAL PURCHASES

98 of 320

AGREEMENTS RUNNING BEHIND COMMITTED VOLUME

IN SCOPE / NOT

- Works from your own agreements and sales history (imported). Realigning is a recommendation, not an automatic change.
- Every repricing recommendation is conditional on how customers respond, estimated from your own history first.

- Rebate and discount design — particularly individually negotiated volume targets, retroactive whole-volume rates and loyalty conditions — can raise competition-law issues for undertakings with a strong position in their market. Standardised, published tiers carry less of that risk than bespoke targets. We model and measure the agreements you have; we do not advise on their legality, and we work to terms your counsel has cleared.
- Figures shown are modelled and illustrative of this segment, scaled to each engagement. It is not a reference customer's result.

Behind it: PriceMonk agreements & margin management. Comparable-alternative matching via MatchMonk; data consolidation via TidyMonk.

The money already left. Seeing it means it doesn't leave again.

