Configuring Sales Commercial Terms

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Preparing the Commercial Terms Configuration

Commercial terms provide the controlled lists that sales users select when preparing Pricing Offers, Offers, and Orders. Before changing these lists, confirm that your user access allows you to work in **Configuration**. Commercial terms affect how users describe quantities, delivery conditions, payment arrangements, commercial costs, margins, and guarantee requirements, so changes should reflect your approved sales policy.

Collect the terms your sales team currently uses in active customer transactions. Compare these with the existing entries in Pams before entering anything new. This reduces the risk that users see near-identical choices such as two payment methods with slightly different names or duplicate delivery terms.

Prepare the following information:

- **Item Units** used for sales items, packages, service periods, or project quantities.
- **Cost Items** that identify commercial costs separately from the main sales item.
- **Margin Items** that identify the margin components used in your commercial calculations.
- **Delivery Terms** and any related **Delivery Term Code** values your team uses.
- **Payment Methods** and, where used, the related **Payment Method Code**.
- **Guarantee Types** and the conditions that distinguish them.

Decide which entries should be available as standard choices across your sales work. Where genuinely different commercial scenarios need separate choices, give each entry a clear business name that makes the distinction obvious to sales and finance users. For example, do not create another entry merely because a user prefers a different spelling of an existing term.

[SCREENSHOT: The Configuration area showing the commercial-term lists, including Item Units, Delivery Terms, Payment Methods, and Guarantee Types.]

Review each existing list for entries that are unclear, duplicated, or no longer appropriate for current sales work. If an existing entry already represents the required term, use and maintain that entry instead of creating a second version. This preparation keeps commercial selections consistent across Pricing Offers, Offers, Orders, and related financial documents.

Defining Item Units and Cost Items

Set up **Item Units** first so sales users can express the quantity of each Sales Item consistently. The unit selected for an item should match how the customer, Principal, or Sub-supplier understands the quantity: an individual item, a package, a service period, or a project-related quantity. Clear units make Pricing Offers and Offers easier to review and reduce uncertainty when an order moves into delivery or invoicing.

1. In **Configuration**, open **Item Units**.
2. Review the current entries before creating or changing an item unit. Look for an existing unit that already matches the quantity your sales team needs to describe.
3. Enter a clear **Name** for each required unit. Use a name that users can recognize quickly when selecting it for a Sales Item. Where the form includes **Description**, use it to explain the unit only when its purpose may not be obvious from the name.
4. Select **Save** after completing each entry. Use **Save and Close** when you have finished working in the item-unit form.
5. Open **Cost Items** in **Configuration**. Cost Items identify commercial costs that must be visible separately from the primary Sales Item when users prepare commercial figures.
6. Create or update each approved Cost Item using a distinct **Name**. If a cost needs further clarification, enter a concise **Description** that explains its commercial meaning. Keep the name focused on the cost itself rather than on a specific customer or one-off deal.
7. Select **Save**, then return to the Cost Items list to confirm that the new or updated name is easy to distinguish from the other choices.

Avoid creating Cost Items for amounts that belong in the product price or for margin-related entries. Cost Items should help users identify commercial costs clearly; margin components belong in **Margin Items**. Keeping these lists separate helps users select the correct type of entry when they prepare a commercial scenario.

[SCREENSHOT: An Item Units form and a Cost Items form, highlighting the Name, Description, Save, and Save and Close controls.]

Setting Up Margin Items

Margin Items identify the margin components your organization uses in sales commercial calculations. They give sales and finance users a controlled selection instead of relying on inconsistent descriptions entered separately for each deal. A Margin Item should describe the business meaning of the margin component clearly enough for someone reviewing a Pricing Offers or Offer to understand what was selected.

1. From **Configuration**, open **Margin Items** and review the available records. Check whether the margin component you need already exists under a clear, approved name.
2. Add a Margin Item only when it represents a distinct margin component required by your sales scenarios. Do not create a second entry simply because an existing name could be phrased differently.
3. Enter the **Name** users should see when selecting the Margin Item. Choose wording that reflects the commercial meaning used by your sales and finance teams. Use **Description** where an explanation is needed to distinguish similar margin components.
4. Select **Save** to retain the entry. If you have finished entering margin components, select **Save and Close**.
5. Return to the Margin Items list and compare the new entry with the existing records. Confirm that users can distinguish it from all other available choices without needing to open each record.

Keep Margin Items separate from **Cost Items**. A Cost Item represents a commercial cost that needs separate identification. A Margin Item represents a margin-related component. Mixing these categories can make commercial selections harder to interpret and can Inquiry users to choose the wrong entry when preparing a Pricing Offers or Offer.

Check the list against your approved sales scenarios, including Principal-related work and direct sales work where the commercial treatment differs. Every required margin component should be available, but the list should remain focused enough that users can select the correct term confidently.

Creating Delivery Terms and Payment Methods

Delivery Terms and **Payment Methods** give sales users consistent, selectable wording for two key parts of a commercial agreement: how delivery is arranged and how the customer is expected to settle the sales amount. Set up these lists carefully before users begin preparing Offers or confirming Orders.

1. In **Configuration**, open **Delivery Terms**. Review the existing records before adding a new entry so that you do not create duplicate wording for the same delivery condition.
2. Enter the **Delivery Term** using the wording approved for customer transactions. If your organization uses a short identifier, complete the related **Delivery Term Code** with the matching approved code. Use **Description** only where the delivery condition needs additional clarification.
3. Select **Save**. Review the Delivery Terms list and confirm that each available term can be identified clearly from its name and code.
4. Open **Payment Methods** in **Configuration**. Check the existing choices against the payment arrangements your sales team uses with customers.
5. Enter each approved **Payment Method** with a clear name. Where your commercial policy uses one, enter the related **Payment Method Code**. Keep the name meaningful to the user selecting it during commercial preparation.
6. Select **Save** for each Payment Method. Use **Save and Close** after completing the list.
7. Review both lists together. Confirm that the configured Delivery Terms and Payment Methods cover standard customer transactions as well as approved exceptions that must be presented separately.

Use consistent wording. If the same delivery condition or payment arrangement appears with minor variations in spelling, users may select different entries for the same commercial situation. This makes Offers and Orders harder to compare and can create avoidable questions during delivery, AR Invoice preparation, and payment follow-up.

[SCREENSHOT: Delivery Terms and Payment Methods forms showing Delivery Term, Delivery Term Code, Payment Method, Payment Method Code, Description, and Save.]

Registering Guarantee Terms

Use **Guarantee Types** to create consistent selections for guarantee conditions that may be offered, requested, or required as part of sales commercial terms. A controlled list helps users select an approved term rather than entering a different free-text description for each Pricing Offers, Offer, or Orders.

1. In **Configuration**, open **Guarantee Types** and review the existing records. Identify entries that already cover the guarantee conditions used by your organization.
2. Add a guarantee entry when a required condition is not already represented. Enter a clear **Name** that sales users can recognize when selecting the guarantee for a commercial scenario.
3. Use **Description** to state the business distinction where similar guarantees have different contractual purposes. Keep the description focused on the condition that makes the guarantee different from another available choice.
4. Select **Save** for each guarantee entry. Select **Save and Close** when you have completed the approved guarantee list.
5. Review the available Guarantee Types against your commercial policy. Confirm that each term reflects an approved condition and that users can tell the available options apart from the names shown in the list.

Where applicable to your organization's sales work, keep distinct entries for different guarantee purposes, such as **Bid Bond**, **Performance Bond**, and **Warranty Bond**. Do not combine separate conditions into a single broad entry if users need to identify them independently in customer-facing commercial terms.

Avoid adding a guarantee type for a single unapproved customer request. First ensure that the condition is accepted under your commercial policy. Once it is approved as a selectable term, use a name that remains useful across future transactions rather than one that refers to a specific customer, project, or Sales Job Number.

[SCREENSHOT: The Guarantee Types list with clearly named guarantee entries and an open record showing Name, Description, Save, and Save and Close.]

Verifying the Configured Commercial Terms

After maintaining the commercial-term lists, verify that users will see the intended choices in a sales commercial workflow. Testing a representative scenario confirms that the selected terms are understandable, distinct, and complete before your team relies on them in live customer transactions.

1. Open a sales workflow where commercial selections are prepared, such as a **Pricing Offers**, **Offer**, or **Orders**. Use an appropriate record or a permitted working record for this review.
2. Check the Item Unit selection for a Sales Item. Confirm that the required **Item Units** appear with clear names and that users can distinguish units used for different quantities, packages, service periods, or project quantities.
3. Review the available **Cost Items** and **Margin Items**. Confirm that commercial costs appear separately from margin-related components and that their names make the difference clear.
4. Check the available **Delivery Terms**. Where codes are used, confirm that the **Delivery Term Code** matches the intended delivery condition.
5. Check the available **Payment Methods** and confirm that each **Payment Method Code**, where present, corresponds to the correct payment arrangement.
6. Review the **Guarantee Types** available for selection. Confirm that each guarantee name reflects an approved commercial condition and can be distinguished from other guarantee choices.
7. Test one representative commercial scenario that requires an Item Unit, Cost Item, Margin Item, Delivery Term, Payment Method, and Guarantee Type. Review the selected values together before saving the sales record.

If you find a missing, duplicate, or unclear term, return to the relevant list in **Configuration** and correct the entry before it is used in live work. Prefer updating an unclear **Name**, **Description**, or code on the correct existing record rather than creating a duplicate record. Recheck the sales workflow after saving the correction to confirm that the revised choice appears as intended.

Overview

Sales commercial terms in Pams provide the controlled choices that sales users apply while preparing the commercial details of a deal. They support consistent work across the sales cycle, from Pricing Offers and Offers through Orders, delivery coordination, invoicing, and payment follow-up.

The commercial terms covered in this configuration are:

- **Item Units**, which describe how a Sales Item quantity is expressed.
- **Cost Items**, which identify commercial costs separately from the main Sales Item.

- **Margin Items**, which identify margin-related components used in commercial calculations.
- **Delivery Terms**, which describe the approved delivery conditions for customer transactions.
- **Payment Methods**, which describe how customers are expected to settle sales amounts.
- **Guarantee Types**, which identify approved guarantee conditions for commercial commitments.

These lists are important because users select their entries directly when building commercial records. When terms are clear and standardized, a sales user can prepare an Offer using the same commercial language that another user will recognize when reviewing the related Orders, Delivery Note, AR Invoice, or payment status.

Commercial terms also support consistent reporting and review. For example, separate Cost Items and Margin Items make it easier to understand the components selected for a deal. Consistent Delivery Terms and Payment Methods make commercial commitments easier to compare across Offers and Orders. Clearly separated Guarantee Types help users identify the required contractual condition without relying on varied descriptions.

Use this configuration to maintain approved, reusable choices—not to record one-off commercial notes for an individual transaction. Enter deal-specific information in the relevant Pricing Offers, Offer, or Orders. Maintain this configuration when your organization approves a new standard term, changes the wording of an existing approved term, or finds that users cannot distinguish the available choices.

Prerequisites

Before maintaining sales commercial terms, make sure the following information and access are available:

- User access that permits you to work in **Configuration** and maintain the relevant commercial-term lists.
- The approved list of **Item Units** used by your sales team for products, packages, service periods, and project quantities.
- The approved **Cost Items** and **Margin Items** used in commercial calculations.
- The delivery conditions and any approved **Delivery Term Code** values used in customer transactions.

- The customer payment arrangements and any approved **Payment Method Code** values.
- The approved **Guarantee Types** and the business conditions that distinguish them.
- Existing commercial-term records in Pams, reviewed before new records are added.

Confirm the business meaning of each term with the people responsible for sales commercial policy and financial review. In particular, ensure that users will be able to tell a Cost Item from a Margin Item, and that similar Delivery Terms, Payment Methods, or Guarantee Types have clearly different names or codes.

Keep the terms aligned with the language used in your customer-facing commercial documents. A user selecting a Delivery Term or Payment Method in an Offer should recognize the same approved wording when the transaction moves forward to a Orders and later financial documents.

If a required term is not yet approved for regular sales use, do not add it merely to complete the list. Maintain only the terms your organization has agreed users may select. This keeps the available choices focused and prevents inconsistent commercial commitments.

After commercial terms are in place, continue with Configuring Sales Lifecycle Statuses to define the statuses used to track sales records through their lifecycle.