SOP Template: Markdown Approval and Implementation Steps

This SOP details the **Markdown approval and implementation steps**, covering the process for reviewing price reductions, obtaining necessary approvals, updating pricing information across sales channels, and monitoring the impact of markdowns. It aims to ensure consistent markdown practices that maximize revenue, maintain inventory flow, and uphold pricing integrity throughout the sales cycle.

1. Purpose

To outline the standardized process for initiating, approving, and executing markdowns on products, ensuring alignment across departments and platforms.

2. Scope

This SOP applies to all team members involved in pricing, merchandising, sales, inventory, and finance functions responsible for the approval or implementation of markdowns.

3. Responsibilities

- **Merchandising Team:** Identifies markdown opportunities and prepares proposals.
- **Pricing Manager:** Reviews and assesses the financial impact of proposed markdowns.
- **Sales/Channel Managers:** Ensure timely and accurate price updates across all channels.
- **Finance Department:** Provides final approval and monitors overall financial impact.

4. Procedure

1. **Initiation**
   - Identify products eligible for markdown based on inventory levels, sales velocity, or promotional calendar.
   - Prepare a **Markdown Proposal** including product details, current price, proposed new price, justification, and estimated impact.

2. **Review & Approval**
   - Submit proposal to the Pricing Manager for initial review.
   - Pricing Manager assesses potential impact on margin, revenue, and inventory turnover.
   - Escalate to Finance Department for final approval.
   - Document all approvals in the pricing change log.

3. **Implementation**
   - Sales/Channel Managers update prices across all sales platforms (in-store, online, third-party marketplaces).
   - Communicate new pricing to relevant internal teams (marketing, customer service, etc.).
   - Update POS systems and promotional materials as required.

4. **Monitoring & Reporting**
   - Track sales performance and inventory movement post-implementation.
   - Report results to Finance and Merchandising Teams.
   - Log learnings and adjust future markdown strategies accordingly.

5. Documentation

- Markdown Proposal Form
- Pricing Change Log
- Approval Records
- Sales & Inventory Performance Reports

6. Review & Revision

This SOP will be reviewed annually or as needed to accommodate changes in business strategy or market conditions.