

VAR PRICING WATERFALL AUDIT CHECKLIST

Find exactly which of the six pricing layers is costing you margin.



VARStreet



How to use this checklist

- Step 1 - Takes 10 minutes using deals already in your system.
 - Step 2 and 3 - Take another 5. Answer based on what your team actually does today, not the ideal.
 - Anything uncertain scores 0.
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STEP 1 – Run the Quote-to-PO Gap Check

Pull recent deals where you quoted and placed the PO within the same week. Compare the price you quoted to what your distributor actually charged. **Any gap, even a small one, is confirmed Layer 1 leakage.**

Deal/ Product line	Price you quoted (\$)	Price on PO (\$)	Distributor invoice (\$)	Gap – invoice minus quote (\$)
Deal 1: _____	\$_____	\$_____	\$_____	\$_____
Deal 2: _____	\$_____	\$_____	\$_____	\$_____
Deal 3: _____	\$_____	\$_____	\$_____	\$_____
Gap on 2 or more deals = confirmed Layer 1 leakage	YES/NO			

Note: If you find a gap on more than one deal, your quoting process and distributor data are not reading from the same source. That difference is where your margin is going.

STEP 2 — Six-Layer Diagnostic

For each layer, circle the answer that matches your current reality.

Srl #	Layer	Answer based on what your team does today, not what they should do	Circle your reality
1	Distributor cost	How old is the distributor pricing your rep quotes from?	Live at that exact moment / This morning's file / Yesterday or older / Unknown
2	Vendor rebates & SPAs	Can reps see active SPAs and rebates at the line-item level inside your quoting tool?	Yes, inside the tool / Spreadsheet only / We don't track SPAs
3	Internal markup	Does your tool automatically apply different markup rates to hardware, software, and services?	Category-specific, automatic / Flat rate across all / Rep sets it manually
4	Sales rep discount	Can reps see the full net margin impact of their discount before sending the quote?	Full margin visible before send / Sell price only / No margin visibility
5	Customer-specific pricing	Are contract rates and volume tiers applied automatically from account records?	Automatic from account records / Rep enters manually / Not configured
6	PO conversion	When the quote converts to a PO, does it draw from live distributor pricing at that moment?	Live at the moment of conversion / Static quoted price / Not sure

Note: Not sure on any layer? That layer scores 0. Uncertainty about your own quoting process is a margin risk, not a neutral position.

STEP 3 – Score Your Waterfall Visibility

Score 1 if the layer is fully and automatically visible inside your quoting tool. Score 0 for anything else. Not sure = 0.

Srl #	Layer	Scoring rule – 1 = fully visible and automatic 0 = anything else or 'not sure	Score
1	Distributor cost	Score 1 only if pricing is pulled live at the exact moment of quoting, not from a file synced earlier today.	___ / 1
2	Vendor rebates & SPAs	Score 1 only if active SPAs and rebates are visible at the line-item level inside the quoting tool, not in a spreadsheet.	___ / 1
3	Internal markup	Score 1 only if category-specific markup applies automatically with hardware, software and services each on their own rate.	___ / 1
4	Sales rep discount	Score 1 only if reps can see the full net margin impact of their discount before the quote is sent, not just the sell price.	___ / 1
5	Customer-specific pricing	Score 1 only if contract rates and volume tiers apply automatically from account records, not entered manually by the rep.	___ / 1
6	PO conversion	Score 1 only if the PO draws from live distributor pricing at the moment of conversion, not from the static quoted price.	___ / 1
		Total visible layers	___ / 6

STEP 4 – What Your Score Tells You

Match your total to the band below.

Score	What it means	What to do next
5 – 6 out of 6	Strong visibility	Your quoting process has most structural protections in place. Identify the layer(s) you scored 0 and record who owns the fix. Even one invisible layer compounds across a full quarter of deals.
3 – 4 out of 6	Leakage confirmed	You have confirmed leakage points. Estimate how many deals per month those layers touch. Even 1 to 2 percent variance across 20 deals monthly is a material quarterly number. Fix the two layers scoring 0 that touch the most volume first. Book a VARStreet demo to see what full waterfall visibility looks like in practice.
0 – 2 out of 6	Structural leakage	Four or more waterfall layers are invisible to reps at quote time. This cannot be fixed through policy or training. It needs to be addressed at the quoting tool level. Start here: varstreetinc.com/varstreet-product-demo

Priority layers to fix – circle each that scored 0, then bring to your next tool evaluation:

Layer 1 – Distributor cost	Layer 2 – Vendor rebates & SPAs	Layer 3 – Markup rules
Layer 4 – Rep discount visibility	Layer 5 – Contract pricing	Layer 6 – PO conversion