



Key Indicator Formulas

MARGIN/GROSS PROFIT	
Applying margin to a product: (Creating a retail price)	$\frac{\text{Wholesale cost}}{\text{Complement of margin}}$
Determining what margin was applied to a product:	$\frac{\text{SRP}-\text{Wholesale cost}}{\text{SRP}}$
Determining achieved margin: (Gross profit as a percent of sales)	$\frac{\text{Sales}-\text{COGS}}{\text{Sales}}$
Determine gross profit: (The \$ difference between COGS and sales)	$\text{Sales} \times \text{margin}$
Determine Cost of Goods Sold (quick formula) (The \$ value of products at wholesale)	$\text{Sales} \times \text{complement of margin}$

INVENTORY TURNS	
(How many times you sell you inventory at wholesale, annualized)	
Determine Cost of Goods Sold (COGS)	$(\text{Beginning Inventory} + \text{Purchases}) - \text{Ending Inventory}$
Inventory Turns	$\frac{\text{Cost of Goods Sold}}{\text{Average Inventory}}$
Average inventory	$\frac{\text{Last five inventories}}{\text{five}}$

LABOR	
Labor percent (What percent of your sales is spent on labor)	$\frac{\text{Direct labor dollars}}{\text{Department Sales}}$
SPLH (Sales per labor hour) (How much sales are generated for each paid hour)	$\frac{\text{Sales}}{\text{Number of hours worked}}$

MARGIN MINUS LABOR

MML

Margin %- labor%

(What is the spread between these 2 key indicators)

GROSS PROFIT MINUS LABOR DOLLARS

(Sales dollars* margin%) - labor dollars

(How much money is there to pay the bills after paying the highest variable expense)

Growing this number is the most critical operational issue.