

Performance Review

Provided By



PROFITS & PROFIT MARGIN

A measure of whether the trends in profit are favorable for the company.

Results this period are up from last period. The company is performing quite well here -- better than most other firms in this industry. In fact, the company has received the highest score possible in this area.

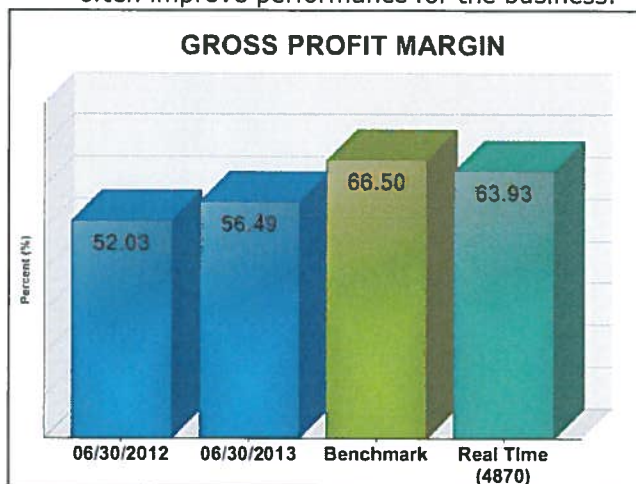
Net profitability is strong. This means that the company is earning higher net profits than most of its competitors, as determined by the industry and sales range that the company operates in. It also means that net profits have increased substantially from last period. If the company can continue to generate better net profits over time, it is likely to improve performance in all other areas of the report as well. Net profit margins are also high, which indicates general profit health.

Both gross profit margins and net profit margins have improved from last period, which is excellent. This means that the company is managing direct costs (cost of sales) and indirect costs (general and administrative costs) very effectively. Trends are very important in this area. It is good to see that the company is becoming more efficient over time.

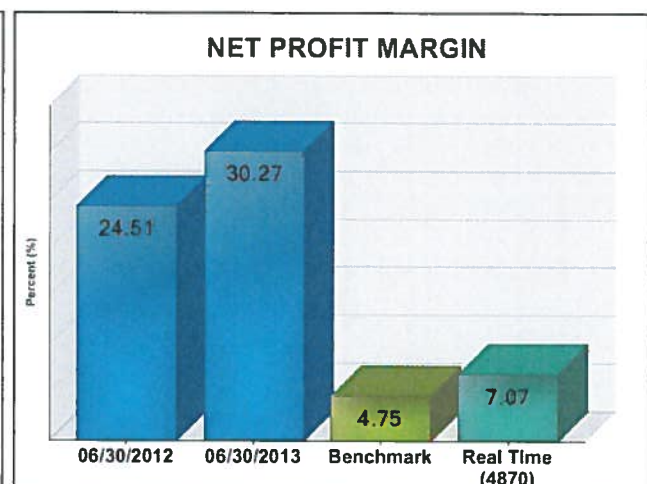
Tips For Improvement

Profit and loss management is all about continually finding ways to change things in the business to improve profits. Managers might think about the following ideas/hints/tips:

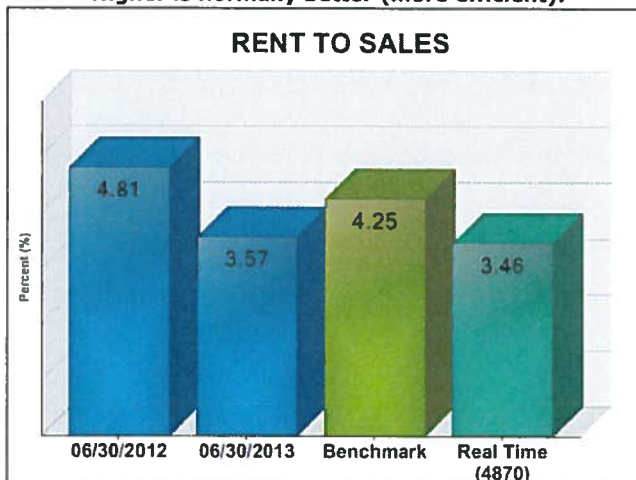
- Generate financial reports on a timely basis -- within 15 days of the financial period.
- Invest in activities that can yield positive returns. For example, marketing and employee training can often improve performance for the business.



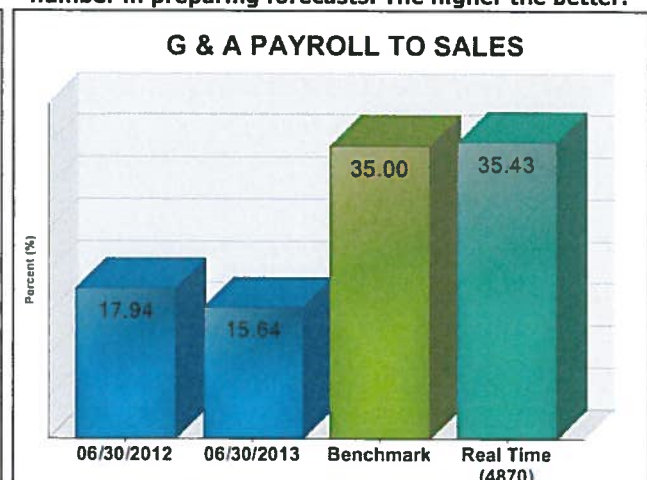
This number indicates the percentage of sales revenue that is not paid out in direct costs (costs of sales). It is an important statistic that can be used in business planning because it indicates how many cents of gross profit can be generated by each dollar of future sales. Higher is normally better (more efficient).



This is an important metric. In fact, over time, it is one of the more important barometers that we look at. It measures how many cents of profit the company is generating for every dollar it sells. Track it carefully against industry competitors. This is a very important number in preparing forecasts. The higher the better.



This metric shows rent expense for the company as a percentage of sales.



This metric shows G & A payroll expense for the company as a percentage of sales.