

PROFITEDGE MONTHLY REVIEW · EXECUTIVE

Monthly Margin Questions

None of this needs a new dashboard. It needs four questions you can answer every month without having to go and find out. Fill it in when the monthly statement arrives, and keep each month's sheet with the last.

THREE DECISIONS

Margin is set by what you paid for the inventory, what you charge for it, and whether service is run as a business.

LOOK FOR THE CAUSE

The statement shows the result. These questions are about the cause behind it.

KEEP IT SHORT

If an answer takes too long to find, write down what you would need to answer it next month.

Month _____ Completed by _____

1 Which departments made money this month, and do I know why?

DEPARTMENT	SALES	MARGIN %	UP OR DOWN	WHY
Equipment				
Parts and accessories				
Service labor				
Rental				
Other				

2 Does what service and parts bring in cover the fixed cost of keeping the doors open?

SERVICE AND PARTS GROSS PROFIT

FIXED COSTS FOR THE MONTH

COVERED, OR SHORT BY

If short, the first thing to look at _____

3 How much cash is tied up on the shelf, and how much of it is working?

INVENTORY AT COST

OF WHICH NO SALE IN ____ MONTHS

SHARE NOT WORKING

The three items or categories tying up the most cash _____

4 Where did margin move, and was that a decision or an accident?

This is the question most businesses cannot answer.

WHERE IT MOVED	POINTS	DECISION OR ACCIDENT?	CAUSE	ACTION AND OWNER

5 Where margin drifts

None of these announces itself. Tick any you have not checked in the last year.

- | | |
|--|---|
| ☐ Vendor cost increases not passed through to price | ☐ A pricing rule that stopped being followed |
| ☐ A category nobody has reviewed in two years | ☐ Discounts given without a decision behind them |
| ☐ Parts priced item by item, years ago | ☐ Stock bought without a read on how fast it moves |

Before deciding the answer is volume: growth multiplies whatever your margins already are. If pricing is soft or buying is undisciplined, more sales scales both.

Fix the margin first, then grow into it. That order is much cheaper than the other one.

WANT A SECOND SET OF EYES?

Start a conversation at profitedgesystems.com about margin, pricing and buying.