

THE PROFIT MEASURES BUSINESS ACCELERATOR

Example showing the huge positive effect on Profits of small improvements in key business ingredients

	<u>CURRENT</u>		5% IMPROVEMENT	10% IMPROVEMENT
SALES	\$1,000,000	#	\$1,050,000	\$1,100,000
LESS COST OF SALES	\$700,000		\$719,250	\$737,000
GROSS PROFIT	\$300,000	#	\$330,750	\$363,000
= MARGIN %	30%		31.5%	33%
LESS OVERHEAD COSTS	\$275,000	#	\$261,250	\$247,500
PROFIT BEFORE TAX	\$25,000		\$69,500	\$115,500
INCOME TAX @ 30%	\$7,500		\$20,850	\$34,650
PROFIT AFTER TAX	\$17,500		\$48,650	\$80,850
INCREASE IN AFTER TAX PROFIT P.A. =			\$31,150	\$63,350
			178%	362%
INCREASE IN WEALTH AFTER 10 YEARS (WITH 5% NET INTEREST P.A.) =			\$391,801	\$796,809
OR... EXTRA CASH AVAILABLE TO FUND BUSINESS GROWTH				