

## Strategic Profit Model

Area	Improve through:
Margins	Price Management Expense Control Process and Productivity Improvements
Assets	Improve Turnover
Financing	Manage Debt and Capitization

### Functional Areas

Marketing  
Pricing

Sales

- (minus)

Gross Margin

Manufacturing  
Purchasing

Cost of Goods Sold

- (minus)

Net Profit

SG&A

Variable Expenses

+ (plus)

Total Expenses

÷ (divided by)

Net Profit %

Fixed Expenses

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Sales

Inventory

Inventory

+ (plus)

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Sales

X (multiply by)

Return on Assets %

Accounts Receivable

Accounts Receivable

+ (plus)

Total Current Assets

÷ (divided by)

Asset Turnover

Other Current Assets

+ (plus)

Total Assets

X (multiply by)

ROI

Fixed Assets

Debt Management

Current Debt

+ (plus)

Total Debt

Equity Management

Long Term Debt

+ (plus)

Total Capital

÷ (divided by)

Financial Leverage

Net Worth

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Net Worth