A FEW POINTED PARAGRAPHS ON PROFITS

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YOU ARE IN BUSINESS TO MAKE MONEY

The way to make money is to sell something for more than it cost.

Therefore you must know your cost.

Cost is Material, Labor, and Expense.

Money spent in learning with reasonable accuracy what your cost is and its percentage to sales, is an investment and not an expense, if you *use* the information wisely.

Guesswork is unsafe and poor business practice.

Keep at least a record which will show you exactly what your sales are and what your total expenses are. See that all expenses are recorded within the year to which they apply.

If you have not kept such a record, begin now.

If you have to estimate your cost of doing business, be sure that you do not overlook any item of expense, and be sure that items which are paid only once or twice a year, such as Taxes, etc., are proportionately distributed.

In figuring cost of doing business the only safe plan is to take average sales and normal expenses for same period—a whole year is best.

Divide your total expenses by your total sales. It is the safest method. No profit is made until a sale has been effected.

Know on what articles you make a satisfactory profit and on what articles you do not. Eliminate as far as practicable the unprofitable. Concentrate on the profitable.

If you must carry lines on which the margin of profit is narrow, know in what ratio the sales stand to those on which the margin is satisfactory. If you don't, you are skating on thin ice.

See that every article bears its proper share of overhead expense.

If you would be successful in business you must face the facts of business. Don't practice the folly of the ostrich. When an enemy is approaching, the ostrich buries its head in the sand and counts itself safe.

The following list shows items of expense to be considered:

Salaries of Principals	Depreciation on Merchandise
Salaries of Buying Department	Depreciation on Equipment
Salaries of Salesmen	Allowances
Salaries of Office Staff	Uncollectable Damage Losses
Wages of Warehousing Dept.	Cash Discounts
Wages of Shipping Dept.	Donations
Wages of Delivery Men	Collections
Wages of Store Clerks	Licenses
Expenses of Salesmen	Delivery
Advertising—all kinds	Postage
Gifts to Customers	Fuel
Rent	Light
Interest on Capital	Heat
Interest on Borrowed Money	Power
Insurance	Water
Stationery and Office Supplies	Freight
Warehouse Supplies	Bad Debts
Shipping Dept. Supplies	Taxes
Store Supplies	Legal
Repairs and Renewals, General	Miscellaneous (Not included in foregoing)
Telegraph	
Telephone	

MAKE A PROFIT

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FIGURING A PROFIT

Don't fool yourself into thinking that if an article cost you $20.00, freight included, and your cost of doing business is 15%, that if you add 40% to the cost of your article you are making 25% profit, because you are only making 13.6%. Here's how it works out:

Article cost delivered		**$20.00**
Add 40%		**8.00**
Sale Price		**$28.00**
Less cost of doing business, 15%	**$ 4.20**	
Less original cost	**20.00**	
		24.20
Profit on sale		**$ 3.80 or 13.6%**

If an article costs you $1.00 delivered, and your cost of doing business is 15%, your full cost is $1.18. If you desire a net profit of

	5%	10%	15%	20%	25%	30%	35%	40%
Price at	1.24	1.31	1.39	1.48	1.57	1.69	1.82	1.97

5%	**added to cost is**	**4¾% on sale**
10%	" " " "	**9%** " "
15%	" " " "	**13%** " "
20%	" " " "	**16⅔%** " "
25%	" " " "	**20%** " "
30%	" " " "	**23%** " "
33⅓%	" " " "	**25%** " "
35%	" " " "	**26%** " "
40%	" " " "	**28½%** " "
45%	" " " "	**31%** " "
50%	" " " "	**33⅓%** " "

OUT OF WHICH MUST COME YOUR COST OF DOING BUSINESS.

COVER THE EARTH

MAKE A PROFIT