

M M MONITOR MILENIUM

HIGHER PROFITS BY PROFESSIONAL FINANCE



Profitability
analysis



You know what you earn and lose.

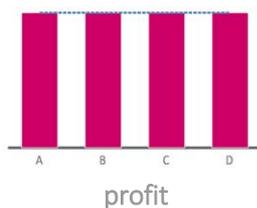
Probably, every month you read from the profit and loss statement, the result achieved by your company. Question: How does this one number help you in the following months to increase profits and grow your business? Typical answer: Not at all. Seeing a loss or a smaller profit you can at best justify it with less revenue in a given month or incidental increase of costs hoping that in the coming months the situation will return to good track. You are not able to change your company course based on actual data because you do not know the answers to the strategic questions:

- What products or clients do I really make money?
- Which ones should I develop and which simply eliminate because they generate losses?
- Where is it possible to make additional discounts to increase profitable sales volume, and where do I have to reduce production costs to be profitable?

Basing only on the overall Profit & Loss Statement without answers to above questions can be compared to sailing on the ocean without a map, only with the hint that our destination port is somewhere in the south. Of course we can cruise according to the feelings as it's done by many businessmen but wandering in business is simply very, very expensive.

It's worth to mention that profits we make as most things in our lives do not spread as a straight line but according to the Pareto rule. This Italian economist noticed that with some approximation 20% of the causes generate 80% of the effect, for example: **20% of customers bring 80% of profits, 20% of invoices causes 80% of costs, 20% of drivers causes 80% of accidents**, etc. To know how Your profit is spread according to Pareto rule for each product or customer is fundamental.

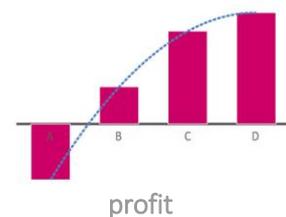
Reality doesn't look like this:



Neither like this:



But like this:



Whole company profit



Profit on products / customers



What makes me make money / lose

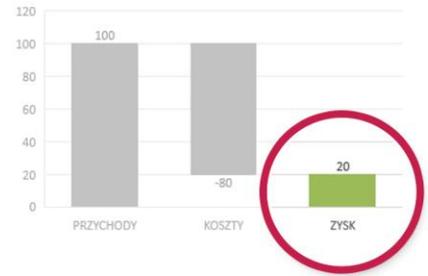
We begin from well known starting point - company profit for a month:

We drill down by grouped or individual products and customers. We can also dig down into any combinations of them:

We analyze what items made a profit / loss for this product / customer:

We see source documents (sales / purchase invoices, payroll list, cost settlements) causing such revenue / cost level:

result for a month



- By:
- Products
 - Product groups
 - Customers
 - Customer groups
 - Projects / orders

profit



PRODUKT D	12
Faktura sprzedaży FS11	30
Faktura sprzedaży FS20	12
Materiały	-22
Energia	-2
K.Ogólne	-6



It is worth to realize the potential for profit growth:

Having such information would You be able to increase profitability by, for example only 2%?
Doesn't that mean in Your case, at least hundreds of thousands zloty a year?

