VERNO CONSULTING, LLC.
8200 S. QUEBEC ST. #A3-510
CENTENNIAL, CO 80112

How Wholesalers Make Money and Manage Profit

NBWA Next Gen: Success in Leadership Conference
August 2017 – Boston, MA

Basic P & L Example for Presentation Exercises

Derek Jeter Distributing Company

Sales Revenue	$100,000,000
- Cost of Goods Sold	$75,000,000
Gross Profit	$25,000,000
- Operating Expenses	$20,000,000
Operating Profit	$5,000,000

Formulas and Definitions

Company Breakeven: The amount of sales in dollars or units required to cover all of the wholesaler's costs.

Goss Profit $ / Sales Revenue $ = Gross Profit %
Operating Expenses $ / Gross Profit % = **Company Breakeven $**

Margin of Safety: The portion of sales that can be lost before the wholesaler starts showing a negative profit.

Sales Revenue $ – Company Breakeven $ = **Margin of Safety $**

Price Discount Breakeven: Amount of incremental volume the wholesalers would need to sell at the discounted margin in order to make the same amount of gross profit made at the current, higher margin.

Current Margin per CE / New Discounted Margin per CE = **Price Discount Breakeven**

Price Increase Breakeven: Amount of volume the wholesaler can lose at the higher margin and still make the same amount of gross profit made at the current, lower margin.

Current Margin per CE / New Increased Margin per CE = **Price Increase Breakeven**

JOE VERNO • 303.8075176 • JOEVERNO@VERNOCONSULTING.COM WES VERNO • 303.718.7849 • WESVERNO@VERNOCONSULTING.COM