1. Gross Profit and Margin per Item

Do your 10 best-selling items. Include every hidden cost.

1 The two formulas

Gross profit = price - full cost of the item

Gross margin = gross profit ÷ price Example: soda $2.00 - $1.20 = $0.80; $0.80 ÷ $2.00 = 40%

2 Full cost: tick every hidden cost you included

- [ ] Price from the wholesaler
- [ ] Transport from the wholesaler
- [ ] Packaging + the bag
- [ ] Mobile money fees
- [ ] Spoilage + breakage (e.g. 1 in 20 bottles)

3 Your top 10 items

Item	Price	Full cost	Gross profit	Margin %	Promote? (high margin)

Promote your high-margin items: put them where customers pay, and train your team to suggest them ("Would you like a cold juice with that?"). Don't tie up limited cash in more low-margin stock than you need.

4 Worked example: Fatuma's mini-market (illustrative)

Samosas + juice	**60-70%**	Sodas	**40%**	Bread	**25%**
Cooking oil	**15%**	Sugar	**about 8%**	Airtime	**around 5%**

$10 of sugar gives about $0.80 of gross profit; $10 of samosas and juice gives $6 or $7. Same sales, very different profit. Example figures, not targets or forecasts.

Examples only; results vary. General business education, not financial, legal or tax advice.
Free tool from LoftyBiz. More free tools and Systex (our own product): loftybiz.net

2. Net Profit Every Month

Same day every month. Write it down and watch the trend.

LoftyBiz
loftybiz.net

1 Step 1: total gross profit for the month

Sales this month $_____ x average gross margin _____% = gross profit $_____

2 Step 2: every operating cost (paid whether or not you sell a particular item)

Cost	This month	Example: Fatuma	Notes
Rent		$600	
Staff wages		$400	
Electricity (incl. fridges)		$200	
Transport to the wholesaler		$200	
Licence + other fees (monthly share)		$50	
Phone + data		$50	
Small repairs + losses		$100	
Other			
TOTAL operating costs		$1,600	

3 Step 3: subtract, then take off your own pay

Gross profit	This month: $_____	Example: $2,640
minus operating costs	This month: $_____	Example: $1,600
= Net profit before your pay	This month: $_____	Example: $1,040
minus your own pay (fixed amount, fixed date)	This month: $_____	Example: $1,000
= True net profit	This month: $_____	Example: $40

4 Monthly trend

Month	Sales	Gross profit	Operating costs	Owner pay	True net profit

Rising net profit means you are on track. Falling net profit is an early warning, while there is still time to act. Fatuma and her figures are illustrative.

5 There are only four levers

1 More high-margin
sell more of your best-margin items

2 Higher prices
where you are too cheap

3 Lower costs
that don't help customers or sales

4 More volume
sell more without adding much cost

6 Worked example: Fatuma tries all four (illustrative)

	Before	After	What she did (sales stay about $12,000)
Average gross margin	**22%**	**26%**	Homemade chapati + juice combos
Gross profit	**$2,640**	**$3,120**	Prices up on a few items where she was clearly cheaper
Operating costs	**$1,600**	**$1,550**	Energy-saving bulbs + fridge door seal: electricity -$50
Net profit before her pay	**$1,040**	**$1,570**	
After $1,000 own pay	**$40**	**$570**	Over $500 a month to save, invest or grow

7 Stop the silent leak: business money vs home money

Watch for: sodas taken home, school fees paid from the till, stock given to relatives on credit "just this once". Each feels small; together they can wipe out a month's net profit.

[ ] Keep a separate account or mobile money line for the business.

[ ] Pay yourself a fixed amount on a fixed date.

[ ] Take stock for home? Write it down and pay for it at cost, like any customer would.

8 Make it a monthly habit

Same day every month: total sales and gross profit, every operating cost, subtract, minus your own pay, compare with last month. Give the review one responsible person. You can set it up as a system in Systex, our own product (loftybiz.net).

9 Do this this week

[ ] Gross margin on your ten best-selling items, including hidden costs

[ ] Move your highest-margin items to where customers pay

[ ] Last month's net profit: gross profit, minus every operating cost, minus your own pay

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