



Financial Foundation Learning Group

Hosted by: Denise MacDonald & Steve Fisher

- Welcome to Session 3
- Questions in chat as we go
- Q&A at the end

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FFLG Session 3:

- Gross Margin Calculations
- Sales Channel Analysis (GM by revenue channel)
- Decisions you can make with this data
 - Data-based decision making



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WHY Your Gross Margin per Revenue Channel Matters

- Pricing
- New Hires
- Sales and Marketing decisions
- Expand or exit a channel
- Buying new equipment
- How to make more money
- Profit is a GOOD thing; it's how you serve the community
- If you have a sales channel that is not making money – raise prices, drop it, or remarket – how does that change your profitability?





Processes & Systems

- Invoicing
- Aggregated basis from POS, Jane app, etc...
- Tracking time (T-Sheets, Time Tracking Apps)
- Reporting (Ex: Plumbers in the field)
- Allocation of raw materials
- Attribution/allocation – not only on your bookkeeper! (This is where most of your questions will be –accountant may be able to assist.)
- Service, product, restaurant, retail (all different and seek out industry best practices)
- Possible to do sales channel analysis outside of your P&L



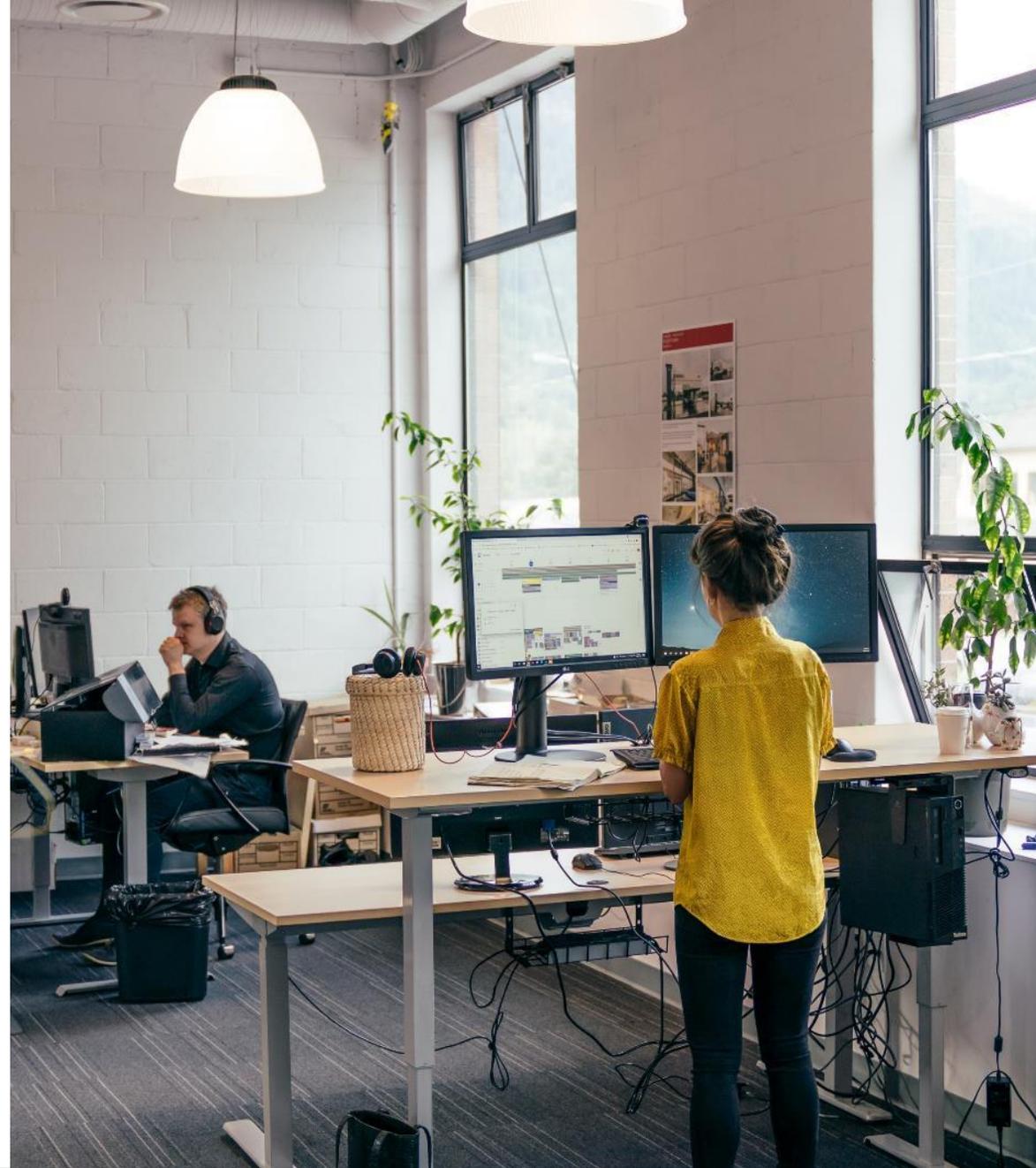
Important Things to Note

- Tech won't solve a PROCESS problem
- Match the tech to the process
- If don't fix the process, fails on the implementation - Tech is the tool to automate the process you already have – that works

Calculating Gross Margin

$$\text{Gross Margin} = \frac{(\text{Revenue} - \text{COGS})}{\text{Revenue}}$$

NOTE: Represented as a %



Service Co – Mountainside Cleaning

- Sales channel margin analysis
- Done in Excel, not QBO
- Combine channels
- Lumpy reporting
- Decisions and changes required
- [FFLG Seminar 3.xlsx](#)





Product Co: Lakeside Chocolate

- Sales channel margin analysis
- Done in Excel, not QBO
- Per unit COGS and volumes
- Indirect COGS!
- Decisions and changes required?
- [FFLG Seminar 3.xlsx](#)

Key Decisions

What are the changes you could be making & how does this relate to your business?

Teaser.....

- See the effect of these changes and decisions in Session 4 – with financials showing the effects





Q&A

Put questions into the chat



Homework

- Calculate Sales Channel Margins
- Key decisions you need to make
- **NOTE:** We will share the spreadsheets (still working copies) in excel to the group

www.bbaprogram.ca

See you next Thursday
Thank you!

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