

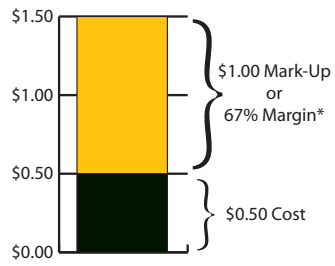
# Department Success

## Understanding Profit



### Cost

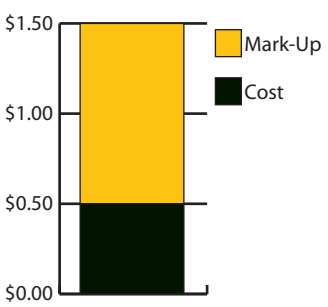
Money spent to buy, make, and sell an item.



### Retail/Selling Price

The price the customer pays.

\* Margin is another way to express mark-up: **Mark-up ÷ Retail Price = Margin.**  
The margin of this French bread is 67%. That means 67% of the retail price is profit.



### Mark-Up

Retail Price - Cost = Mark-Up



Profit Per Unit

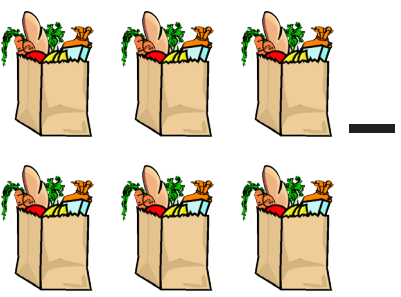
\$1.00 Mark-Up  
X 1 Turn  

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\$1.00 Profit

### Profit (Per Unit)

Money made when a single item is sold.



### Dollar Sales

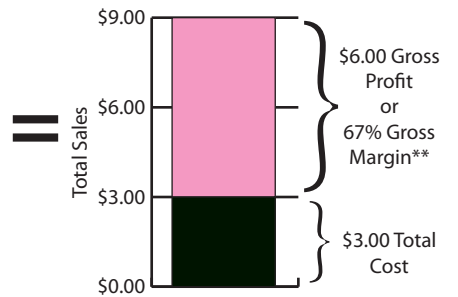
Total amount of sales of a group or category of products.

**Retail Price x Turnover = Dollar Sales**



### Total Cost

Amount spent to buy, make, and sell a group or category of products.



### Gross Profit

Gross Profit is the total amount made on a group or category of products.

\*\* Gross Margin is another way to express gross profit: **Gross Profit ÷ Dollar Sales = Gross Margin.**  
This is useful when comparing profit over time.

