

Item Profitability Model

Item #		ABC123		
Description		XXXXXX		
		11.63		
Inbound freight	3.0%	11.98		(Domestic freight. International freight is higher and is usually included in landed cost)
Retail		30.00		
Unit Estimate		15000		
Extended Cost		179.7	(k)	
Extended Retail		450.0	(k)	
Cost %		39.9%		
Mark-Up %		60.1%		
% of total demand \$ -- you might expect to cancel	9.0%	40.5		Out of Stock/Cancellations
Total Returns as % of ships/ \$(k)	11.8%	48.3		
Net Sales (\$k)		361.2		
Cost of Goods Sold				
standard cost		144.2		
overstock	10.0%	36.1	-	What percent of net sales do you expect to have "left over" as overstock?
Cost of overstock	3.0%		1.1	
returns	3.0%		1.4	What percent of the total returns do you expect to be damaged and unusable?
other	0%		0.0	
Gross Margin (\$k)		214.4		
Variable Cost				Variable Cost (costs to offer this item to your customers)
Promotion		0.00	----	What are your advertisement/promotion costs that should be applied to this item?
OR promotion (% of demand)	27.0%	121.5		(If fixed cost - enter as promotion costs OR use a percent of sales-sell ratio)
Cost of pick-pack-ship	10.0%	36.1		NMVOE - non merchandise variable operating expense = cost of filling order (includes cost of call center & DC personnel)
Miscellaneous Costs				
Cost of Money/Borrowing	0.0%	0.0		% of Net Sales (You may add a percentage here for carryover items e.g. cost of carrying the inventory.)
Additional Overhead, warehouse space, etc.	0.0%	0.0		% of Net Sales
Contribution				
(\$k)		56.8		
% net		15.7%		
Fixed Exp	10.0%	36.1		This is fixed G&A (payroll, overhead, rent, etc. etc.)
Profit		20.7		
% net		5.7%		