COMMERCE PROFIT REVIEW

Sales can hide a thin margin

SYNTHETIC SAMPLE | USD | 01-30 NOV 2026

This worked example shows the report format. It does not describe any business on the prospect list. All product figures and costs are invented.

REVENUE	CONTRIBUTION	OPERATING RESULT
1,080	35	-15

Revenue-to-result reconciliation

Product sales after discounts	1,000.00
Customer shipping collected	80.00
Revenue excluding tax	**1,080.00**
Cost of goods sold	-580.00
Actual fulfilment	-140.00
Packaging	-45.00
Payment fees	-40.00
Advertising allocated to products	-240.00
Contribution after variable costs	**35.00**
Shared operating expenses	-50.00
Operating result before income tax	**-15.00**

Operating margin: -1.39% of revenue. This is not cash flow. Inventory purchases, owner drawings and loan principal are not treated as operating expenses in this example.

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Which products need review?

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Product contribution includes allocated advertising

Product	Revenue	Variable costs	Contribution
DEMO-A	520.00	418.00	102.00
DEMO-B	325.00	322.00	3.00
DEMO-C	235.00	305.00	-70.00

Three decisions to investigate

1. DEMO-C: review before increasing spend

Contribution is -70 USD. Holding every other input constant, allocated advertising would need to fall from 90 to 20 USD just to reach zero contribution. This is a sensitivity calculation, not a promised improvement.

2. DEMO-B: very little room for additional costs

Contribution is 3 USD on 325 USD of revenue, a 0.92% margin. A missing fee or small return could reverse the result. Check the source costs before changing price.

3. DEMO-A: positive contribution, not proof of scalability

Contribution is 102 USD on 520 USD revenue. Confirm returns, fulfilment costs and advertising allocation before increasing budget.

Inputs and limits

All amounts are synthetic and exclude sales tax. Refunds are zero only in this example. Ads use an illustrative product allocation; this does not establish attribution or causality. A real report requires confirmed costs, refunds, fees and advertising for the same reporting period.