

Steps for Calculating Turns & Contribution Margins

1. Inventory management, taking weekly counts by Category.
2. Checking for shrink
3. Calculating your A, B, and C item lists by their turns.
4. Calculating the amount of linear (or SF, or Cubic) feet of shelving by Category
5. Defining Margins, from the bottom, and from the Top so you don't lose dollars to arithmetical errors.
6. Putting it all together:
7. Calculating the Contribution of each Category, based on Margins and Turns.
8. Assessing the Profitability for each category, based on Dollar contribution per linear foot
9. Ranking the A, B & C list products by their contribution (turns * margins)

Each of these steps is supported by a form or spreadsheet calculation that is developed with the owner in a way that is customized to the store.

The Fine Print

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