

PROFITABILITY

Profitability is a measure of a company's ability to generate earnings relative to its revenue, assets, or equity. It is a key indicator of financial health and operational efficiency.

OPERATIONAL EFFICIENCY

Operational efficiency refers to the ability of a company to produce goods or services using the least amount of resources. It is a key indicator of a company's ability to manage its costs and improve its bottom line.

OPERATIONAL EFFICIENCY		
MEASURE	UNIT	DESCRIPTION
Cost per Unit	\$/Unit	Cost of goods sold divided by units produced
Inventory Turnover	Times/Year	Cost of goods sold divided by average inventory
Days Sales Outstanding	Days	Accounts receivable divided by daily sales
Fixed Asset Turnover	Times/Year	Sales divided by average fixed assets
Capital Turnover	Times/Year	Sales divided by average capital employed
Working Capital Turnover	Times/Year	Sales divided by average working capital
Operating Leverage	Ratio	Percentage change in operating income divided by percentage change in sales



OPERATIONAL EFFICIENCY

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