



Did You Know - That there are only three ways to positively affect your bottom line?

1. Increase Sales
2. Raise Prices
3. **Lower Overhead**

Of course, any combination of the three is best. Many tank wash operators are not always in a position to affect increased sales or pricing structures, but are in a position to control overhead.

The application of a simple formula used in the retail industry to calculate "*shrinkage*" is applicable in tank washing, as several parallels exist between the two.

Sales Needed To Cover Unintended Losses or For Careless Operation

At this % Net Profit	Sales Needed To Cover \$1 Loss
1%	\$100.00
2%	\$50.00
3%	\$33.33
4%	\$25.00
5%	\$20.00

AT 5% NET PROFIT...

To Cover Loss of:	You Need Sales of:
• Two Gallons Wasted Detergent (\$10)	• \$200.00
• A \$50.00 Damaged Item	• \$1,000.00
• \$250.00 Uncollected Bill	• \$5,000.00
• \$500.00 Freshly-Charged Vat Loss	• \$10,000.00
• \$1,000 Broken Pipe – 5,000 gal extra Waste Water	• \$20,000.00
• \$4,000 Spinner Theft	• \$80,000.00

As you can see, because you retain such a small percent of each sales dollar as net profit, a large volume of sales is required to recover the expenses caused by poor management.

Managing your business to increase profitability, as it relates to controlling expenses, requires you to be focused on your major dollar expense categories. Remember, variable expenses are those expenses that change with volume.

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