



Margin and Slow-Stock Workbook

Understand one price decision and choose one stock problem to investigate.

YOUR FINISHED RESULT

A checked margin calculation, the gross-profit effect of a proposed discount and a dated action for one slow-selling item.

Bring your own numbers

Use an invoice, the current selling price, a recent sales period and a physical count. Match the selling unit to the cost unit. This workbook uses ordinary nonregulated item examples and hypothetical amounts, not category benchmarks.

Inside	Work you can complete
2 / Margin and markup	See why the two percentages differ.
3 / Discount check	Calculate gross profit per unit before changing a price.
4 / Pricing worksheet	Work through one item with your own cost basis.
5-7 / Slow stock	Separate a data problem from a stock problem; record an action.
8 / Checks and sources	Review assumptions and see the research.

Free to use. No purchase or wholesale account required. These are operating calculations, not tax or accounting instructions. Ask your bookkeeper to confirm your cost basis.

Margin and markup answer different questions

Hypothetical single unit: planning cost \$2.10; selling price \$3.00. Sales tax collected for the government is excluded from the example's selling price.

Measure	Calculation	Result
Gross profit per unit	Price - unit cost = \$3.00 - \$2.10	\$0.90
Gross margin	Gross profit / price = \$0.90 / \$3.00	30.0%
Markup	Gross profit / cost = \$0.90 / \$2.10	42.9%

Margin describes the share of sales remaining after the item cost. Markup describes the increase over that cost. A 30% markup on \$2.10 gives a \$2.73 price and a margin of about 23.1%, not 30%. [1, 2]

CHECK THE COST UNIT FIRST

A \$25.20 case containing 12 sellable units has a purchase cost of \$2.10 per unit. If your bookkeeper allocates another \$2.40 of freight to that case, the planning cost becomes $(\$25.20 + \$2.40) / 12 = \$2.30$. At a \$3 price, the resulting margin is about 23.3%.

Price from a chosen margin

Price = unit cost / (1 - target margin as a decimal).
For a chosen 30% margin: $\$2.10 / 0.70 = \textbf{\$3.00}$.
The 30% target is an illustration, not a recommended industry margin. Recalculate after choosing an actual price ending.

Gross profit still has to contribute toward wages, rent, card fees, utilities, loss and other expenses. It is not take-home profit. A supplier discount or freight allocation should be handled consistently with your records. [1]

A 10% price cut can cost more than it sounds

Assume cost stays \$2.10 per unit, no other fees change and every unit is sold at the stated price.

Measure	Current price	After 10% price cut
Selling price	\$3.00	\$2.70
Gross profit per unit	\$0.90	\$0.60
Gross margin	30.0%	22.2%
Units in comparison	100	150
Total gross profit	\$90.00	\$90.00

At the lower price, the store would need to sell 150 units to produce the same \$90 gross profit as 100 units at the original price. That is 50% more units. This arithmetic does **not** predict that demand will increase, and it does not hold net profit constant.

BEFORE APPROVING A DISCOUNT

Compute the new gross profit per unit. If it is positive, divide the old gross-profit goal by that new amount and round required units up. If it is zero or negative, more units cannot reach a positive gross-profit goal under these assumptions.

Ask what the price change is for

If the goal is to clear old stock, compare the proposed proceeds with realistic alternatives and remaining useful life. A clearance decision may accept a loss to free space, but the owner should see that tradeoff. Keep a specific start date, end date and review rule.

One price change under consideration / owner / review date

Check one proposed price

Choose one consistent cost basis. Use decimals in formulas and percentages when reporting the result.

Store / item / date / cost source / selling unit

Field	Your calculation / result
Case cost / sellable units per case	
Allocated costs confirmed by bookkeeper	
Planning unit cost (C)	
Current price before sales tax (P)	
Gross profit per unit = P - C	
Margin = (P - C) / P x 100	
Markup = (P - C) / C x 100	
Proposed price (P2)	
New gross profit = P2 - C	
New margin = (P2 - C) / P2 x 100	
Baseline units x old gross profit = goal	
Goal / positive new gross profit = required units	

Decision / assumptions / authorized by / review date

If price or cost is zero, the corresponding percentage is undefined. Use actual records and investigate; do not put a zero percentage in the blank.

Slow stock: diagnose before discounting

Start with one item occupying space or tying up purchasing cash. A slow item is not automatically a bad item.

Ask three questions

- Is the record right?** Recount, confirm the item code and check whether sales were recorded under a different pack.
- Could customers buy it?** Check shelf availability, location and price-label accuracy. A full back room and an empty shelf can look like low demand.
- Is this period representative?** Note seasonality, holidays, unusual closures and recent promotions.

Hypothetical example	Calculation	What it tells you
40 units on hand; \$2.10 cost	$40 \times \$2.10 = \84	Cost represented by the stock; not guaranteed recoverable cash.
16 units sold in 4 weeks	$16 / 4 = 4 \text{ units/week}$	Observed rate for that period.
Cover at that same rate	$40 / 4 = 10 \text{ weeks}$	Simple coverage estimate; demand and availability may change.

CHOOSE A SMALL, OBSERVABLE ACTION

Example: pause the next reorder, put available units in the correct location and review sales plus on-hand in two weeks. Confirm any supplier return option. If a price change is proposed, use the margin sheet first.

With zero sales, coverage cannot be calculated by division. Check the record, availability and purpose of the item. Use a dated owner decision rather than an invented number of weeks. Do not use this method alone for perishables or goods requiring specialized handling.

One slow-stock decision

Complete one sheet per item, then compare the result at the next review.

Store / item / reviewer / date / next review

Input or question	Your notes
Physical sellable units / held units	
Planning unit cost / source	
Cost represented = sellable units x unit cost	
Sales units / period / weeks or days	
Observed rate / coverage if rate is positive	
Stockout days or unusual conditions	
Shelf availability / item code / price checked	
Seasonal or customer-service reason to retain	
Supplier return option and actual terms	

Action / owner / quantity limit / cost or margin tradeoff

Next review: sales / on-hand / what changed / next decision

Build a small list you can follow up

Use this page as an owner review log. A decision needs an owner and a date.

Item / issue	Chosen action	Owner / due date	Result at review

Before the next order

Bring the slow-stock list to the person placing orders. Confirm any paused items and outstanding deliveries. An item can be slow and still have an old order on the way. Record authorized quantity changes so a second employee does not place a duplicate order.

After the change

Compare actual units sold, selling price, available stock and any damage during the same length of time. Note changed conditions. One before-and-after comparison cannot prove that your action caused the result; use it to choose the next check.

One recordkeeping issue to fix before making more price changes

Keep the decision honest

Common mistake	Correction
Margin and markup treated as interchangeable	Label the denominator: selling price for margin, cost for markup.
Case cost compared with a single-unit price	Convert both to the same sellable unit.
Gross profit described as net profit	Keep operating expenses and other costs visible.
A stock balance called money recovered	Cost represented is not a sale, cash refund or saving.
A short quiet period called permanent low demand	Check availability and seasonality before acting.

Research checked October 13, 2026. Click a source title to open it. Source organizations do not endorse MH Wholesale or these guides.

1. Intuit QuickBooks | Profit formulas

Gross profit and gross margin, distinguished from operating and net profit.

2. Intuit QuickBooks | Markup calculator

Markup uses cost as its denominator; margin uses selling price.

3. Oracle | Min-max replenishment calculations

Inventory position, dated open supply, demand and order multiples. We use these concepts in a simpler paper worksheet, not an Oracle implementation.

All store scenarios, numbers, schedules and blank forms are original illustrations. They are not customer results. Adapt the worksheets to your own records and approved procedures.

The discount comparison, coverage example and review forms are original planning illustrations. They do not recommend a price, promise extra sales or replace your accountant's inventory valuation.