

PALADIN DATA CORPORATION™

# Biz Coach Webinars

FREE ADVANCED TRAINING



## What's a GMROI?

“How to manage and increase your GMROI”

Charles Owen



TECHNICAL LEVEL:

EASY

INTERMEDIATE

ADVANCED



## How to manage and increase your GMROI



- What is GMROI?
- How do you calculate GMROI?
- GMROI in simple terms
- How to increase your GMROI
- Why GMROI is important
- Paladin Point of Sale tools for managing GMROI
- Where to go to learn more



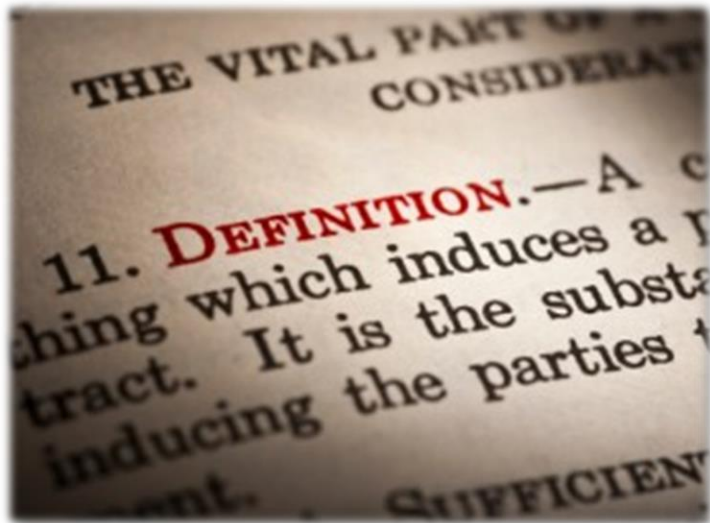
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## How to manage and increase your GMROI

### What is GMROI?



- **GMROI** – Gross Margin Return On Investment

*GMROI is a measurement of your investment performance*

\*Sometimes pronounced as: Gym-roy or Gim-roy



## How to manage and increase your GMROI

### How do you calculate GMROI?



The formula for determining the GMROI is:

*Gross Margin Dollars*

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*Inventory Investment*  
*x100*

Example:

If an item has a gross profit of \$225,000 (gross margin dollars) and an average inventory value of \$85,000 (inventory investment)

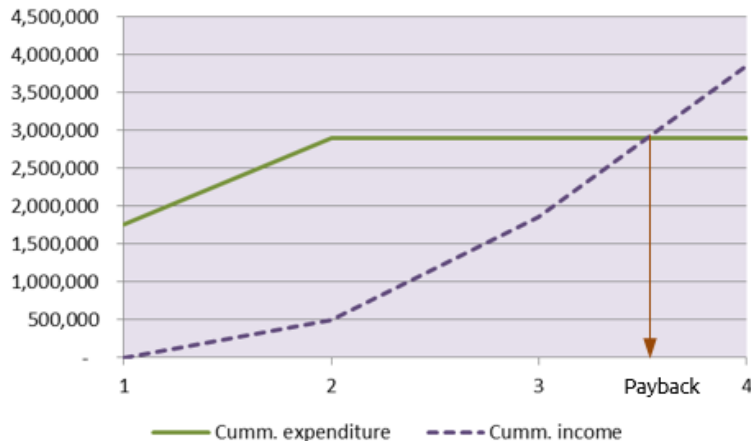
Then the total GMROI is: 264%



## How to manage and increase your GMROI

### GMROI in simple terms

- 264% GMROI is decent, but a larger percentage is better.
- 264% GMROI means that for every \$1.00 you invest in a product, you receive a return of \$2.64.
- A good rule of thumb for evaluating the return on an item is:
  1. The first 100% pays you back for the goods.
  2. The second 100% pays for operations (give or take).
  3. The rest is the profit.
- Paladin recommends that you try for 300% GMROI or more.





## How to manage and increase your GMROI

### How to increase your GMROI

Where do you want to go?



or



- **Measure your success:**  
“You cannot improve what you do not measure.”  
-- Lord Kelvin
- **Own it:**  
You’re an investment broker and inventory is your game.
- **Ways to increase GMROI:**
  1. Decrease inventory investment. 🤗
  2. Increase customer count and average sales. 🤗
  3. Increase margin (Dangerous – as this may defeat #2 above.) 😞



## How to manage and increase your GMROI

### Why is GMROI important



- Most store owners just look at the profit margin without considering their inventory investment.
- GMROI is the most important statistic — especially for successful retailers.
- GMROI shows the financial return for every inventory investment dollar spent.
- GMROI is all about inventory (investment) productivity.



## How to manage and increase your GMROI

### Paladin Point of Sale tools for managing GMROI



- Inventory item **Sales Details** box in the **Inventory** module
- **PaladinN Sight™** dashboard and tools
  - Discover and remove non-performing assets.
  - Identify product “outs”.
  - Review and manage inventory.

All of the above provide tighter inventory control.

- **Inventory Valuation Summary** report (by dept.)





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## How to manage and increase your GMROI

### Learn more

To learn more about this topic, see the following resources in our [Help Portal](#):

- [WHITEPAPER: Inventory as an Investment](#)
- [About PaladinN sight™](#)
- [Boost your business with PaladinN sight™](#)
- [Expose wasted investment dollars with the Non-performing Assets Tool](#)
- [Take charge of your inventory investment with the Investment Review Tool](#)
- [Discover losses and loss trends with the Loss Experience Tool](#)
- [How to create an inventory Valuation Summary report](#)
- [PaladinN sight tools exclude non-inventory items](#)
- [WEBINAR: Monitor the health of your inventory using the new PaladinN sight™ Dashboards](#)

A recording of this webinar will be available at [portal.paladinpos.com/webinars](http://portal.paladinpos.com/webinars).

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