

What Generates Profit Clarifier™



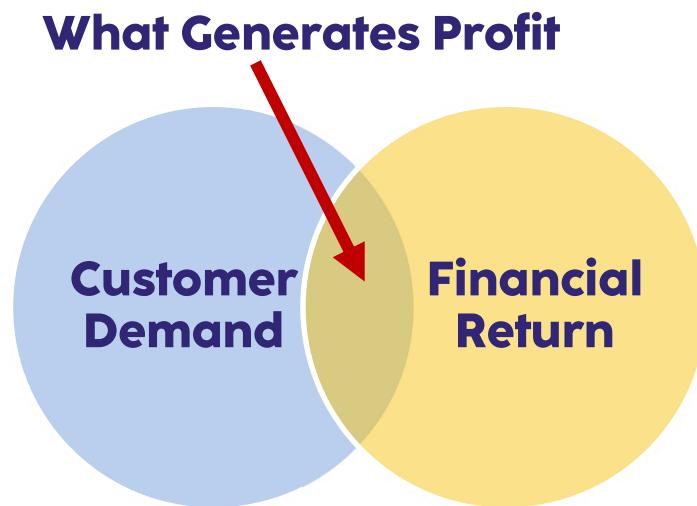
Example: ABC Integration Company

What Generates Profit?

What Generates Profit refers to the specific products and services that are driving both strong customer value and healthy profitability for your business. It includes a clear-eyed analysis of:

- What's selling most consistently
- What's generating the highest profit margins per unit
- And what's contributing the most total profit overall

This element helps founders focus on the intersection of customer demand and financial return—so they can double down on what's truly working to fuel sustainable growth.



Objectives

This tool is designed to help you explore your many product and service offerings, and identify which solutions amplify profit.

You will create a list of all your products and services and identify the following:

1. Which products and services you're most successful selling
2. Which products and services have the highest profit per unit
3. Which products and services are generating the most profit to your company overall

Process

1. List the Solutions You Sell
2. Analyze Solutions
3. Identify What Generates Profit

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PART ONE - LIST THE SOLUTIONS YOU SELL

List all your products and services in the table on the next page. For each product or service your company sells, fill in the following:

- **Unit Price (\$)** - The amount you charge the customer for one unit of a product or service.
- **Unit Cost – COGs (\$)** - The direct cost to produce or deliver one unit (Cost of Goods Sold).
- **Unit Gross Margin (\$)** - The profit earned per unit after subtracting unit cost from unit price.
 - $(\text{Unit Price} - \text{Unit Cost})$
- **Gross Margin (%)** - The percentage of revenue that remains after covering unit costs.
 - $(\text{Unit Gross Margin} \div \text{Unit Price}) \times 100$
- **Trailing Twelve Months (TTM) Units Sold (#)** - The total number of units sold over the past 12 months.
- **Trailing Twelve Months (TTM) Customers (#)** - The number of unique customers served over the past 12 months.
- **Trailing Twelve Months (TTM) Revenues Booked (\$)** - The total revenue earned from this product or service in the past 12 months.
- **Average Revenue per Customer (\$)** - The average amount each customer spent on this product or service.
 - $(\text{TTM Revenues} \div \text{TTM Customers})$
- **Trailing Twelve Months (TTM) COGs (\$)** - The total cost to produce or deliver all units sold over the past 12 months.
 - $(\text{Unit Cost} \times \text{TTM Units Sold})$
- **Trailing Twelve Months (TTM) Gross Margin (\$)** - The total gross profit for this product or service over the past 12 months.
 - $(\text{TTM Revenue} - \text{TTM COGs})$
- **Trailing Twelve Months (TTM) Gross Margin (%)** - The overall profit margin percentage for this offering over the past year.
 - $(\text{TTM Gross Margin} \div \text{TTM Revenue}) \times 100$

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Products & Services List

Core Product & Service Lines	Unit Price (\$)	Unit Cost (\$)	Unit Gross Margin (\$)	Unit Gross Margin (%)	TTM Units Sold (#)	TTM Customers (#)	TTM Revenues Booked (\$)	Avg Rev. Per Customer (\$)	TTM COGs (\$)	TTM Gross Margin (\$)	TTM Gross Margin (%)
Integration Suite - Enterprise License	\$ 250,000	\$ 75,000	\$ 175,000	70%	25	25	\$ 6,250,000	\$ 250,000	\$ 1,875,000	\$ 4,375,000	70%
Analytics Pro Module (Add-On)	\$ 50,000	\$ 10,000	\$ 40,000	80%	60	55	\$ 3,000,000	\$ 54,545	\$ 600,000	\$ 2,400,000	80%
Board Reporting Automation Tool	\$ 20,000	\$ 4,000	\$ 16,000	80%	120	100	\$ 2,400,000	\$ 24,000	\$ 480,000	\$ 1,920,000	80%
Implementation Services (one-time)	\$ 75,000	\$ 40,000	\$ 35,000	47%	15	15	\$ 1,125,000	\$ 75,000	\$ 600,000	\$ 525,000	47%
Premium Support Subscription (annual)	\$ 15,000	\$ 3,000	\$ 12,000	80%	25	25	1,050,000	16,154	210,000	840,000	80%

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PART TWO - ANALYZE SOLUTIONS

1. **Highest number of customers** – Which products or services have the highest number of customers saying yes? This is important because it tells you where you have had the most success enrolling a prospect to make a purchase.

Board Reporting Automation Tool (100 unique customers)

2. **Highest unit volume sales** – Which products or services have had the most individual units sold? Similar to highest customer conversion, it is a measure of where you have had success moving customers to buy.

Board Reporting Automation Tool (120 units)

3. **Highest profit per unit** – Which products or services are yielding the most profit per unit sold? It is always interesting to see whether the products/services that have the highest profit are the ones you are most successful selling. Of course, we always hope so, but it often isn't the case.

Integration Suite - Enterprise License (\$175,000 per license)

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4. **Highest total gross profit dollars** - Which products or services yield the total dollars profit to your company? This is the product or service driving your profits. At least right now. This may or may not be the company with the highest percent profit margins. As entrepreneurs, we always like it when our highest margin products are the ones we sell the most and are driving the most gross profit dollars, but again, this isn't always the case.

Integration Suite - Enterprise License (\$4,375,000)

5. **What does this information tell you?** Now that you have reviewed all of your products and services for volume and gross profit, what does this information tell you?

The Enterprise License is the clear profit driver, generating the largest gross profit with fewer customers. The Analytics Module and Board Reporting Tool have high margins and broader adoption, making them strong growth levers. Implementation Services add value but deliver the lowest margin, while Premium Support is profitable and builds retention.

Overall: Profitability is concentrated in the Enterprise License, but scaling Analytics and Reporting will expand reach and balance growth with sustainability.

PART THREE – IDENTIFY WHAT GENERATES PROFIT

Now that you have analyzed what has highest number of sales from customers, what has the highest gross profit margin (%), and what generates the most total gross profit margin dollars, it's time to write down What Generates Profit. Where is the customer value and healthy profitability for your business?

What Generates Profit? Summarize your takeaways from this analysis. Which 1-3 products would you like to devote elevated focus as What Generates Profit for your company?

1. **Enterprise License** (core revenue + profit driver)*
2. **Analytics Pro Module** (high margin + strong upsell)
3. **Board Reporting Automation Tool** (broad customer adoption + scalable profit)

Congratulations! You just defined What Generates Profit!

Insert the list of solutions and data from Part One into your **4-Page Growth Plan™** with a star next to the solution that drives customer value and profitability.