



Company "A"

Company "B"

Example	\$\$	%	Dollars	Percentage
Revenue	\$ 200,000	100%	\$ 1,000,000	100%
Cost of Sales	\$ 90,000	45%	\$ 600,000	60%
Gross Margin	\$ 110,000	55%	\$ 400,000	40%
General Expenses	\$ 60,000	30%	\$ 100,000	10%
Operations & Maintenance	\$ 10,000	5%	\$ 50,000	5%
Total Utilities	\$ 20,000	10%	\$ 200,000	20%
Total Expenses	\$ 90,000	45%	\$ 350,000	35%
Net pre-tax profit	\$ 20,000	10%	\$ 50,000	5%
Effect of 10% decrease in utility cost				
On Revenue	\$ 200,000	no effect	\$ 1,000,000	no effect
On pre-tax profit -- Increases by	\$ 22,000	11%	\$ 70,000	7%
Effect of 10% increase in revenue				
On revenue - total revenue after increase	\$ 220,000		\$ 1,100,000	
On pre-tax profit - Increases by:	\$ 22,000	11%	\$ 55,000	6%