

Impact of Cost Reduction

Versus sales volume at different margins

And you reduce your cost by:	If your present margin is:						
	40%	45%	50%	55%	60%	65%	70%
To produce the same profit your sales volume must increase by:							
2%	5.0%	4.4%	4.0%	3.6%	3.3%	3.1%	2.9%
4%	10.0%	8.9%	8.0%	7.3%	6.7%	6.2%	5.7%
6%	15.0%	13.3%	12.0%	10.9%	10.0%	9.2%	8.6%
8%	20.0%	17.8%	16.0%	14.5%	13.3%	12.3%	11.4%
10%	25.0%	22.2%	20.0%	18.2%	16.7%	15.4%	14.3%
15%	37.5%	33.3%	30.0%	27.3%	25.0%	23.1%	21.4%
20%	50.0%	44.4%	40.0%	36.4%	33.3%	30.8%	28.6%
25%	62.5%	55.6%	50.0%	45.5%	41.7%	38.5%	35.7%
30%	75.0%	66.7%	60.0%	54.5%	50.0%	46.2%	42.9%
35%	87.5%	77.8%	70.0%	63.6%	58.3%	53.8%	50.0%