

- 1. I wonder why during the month, there are lots of cash in hands but it's all gone at the end of the month after paying the bills.**

Cash in Hand is not the net income.

At the end of the month after the financial report, you would know exactly how much the net income is. Bank notes in hands do not tell the story of rich or poor.

- 2. How much cash in hands do I need for incoming market expansion if +10%, +15% or +20%?**

Put in new Sales in the manage area by increment of 10, 15 and 20% and see the result. Cash in hand would change accordingly. The minus result shows the deficiency of cash, beyond the limitation of cash in this business setting. You might try one of alternatives to solve this problem by supplying more cash into system via financial method, bank loan.

- 3. If we redecorate the store, how much the additional sale do we need to cover these expenses at par?**

- 4. Should we stock more or less and how much?
What would the whole business would look like if we introduce a new line of product?
What is the new break-even point?**

We set amount of Inventory via Inventory Margin(INV/COS), the amount of inventory over the cost of sale. In figure 2, inventory margin is 1.75. Reducing amount of inventory saves your cash in hand then you would be able to reduce the liability to lessen the interest expenses producing more net income. But with lesser inventory, you might lose the opportunity of sale. You should find your point of balance in stocking the inventory as a whole picture.

Introducing a new line of product would make the whole picture changes. You might start with one product and see the result. Another product would require cash for inventory, space for storing, clerk hours and effort to sale and all processes to make additional net income. Would it be beneficial to the whole business picture beyond the bottom line, the net income?