



# FMS

Insights you can count on™

# SUPERMARKET MATH

**Know Your Numbers:**  
Financial Metrics for  
Grocery Store  
Leaders



## CORE KPIS

| KPI                             | Definition / Formula   | Benchmark          | Review Frequency |
|---------------------------------|--|--------------------|------------------|
| <b>Sales</b>                    | Total revenue from all products sold. The top-line number. Track daily, weekly, and year-over-year to spot trends early.         | N/A — maximize     | Daily            |
| <b>Gross Margin</b>             | $(\text{Net Sales} - \text{COGS}) \div \text{Net Sales}$   | 25–35%             | Weekly           |
| <b>Labor as % of Sales</b>      | $\text{Total Labor Cost} \div \text{Net Sales}$  | 12–18%             | Weekly           |
| <b>Overtime Labor</b>           | Overtime Pay $\div$ Total Labor<br>High OT signals scheduling or staffing problems.  | < 4%               | Weekly           |
| <b>Sales per Labor Hour</b>     | $\text{Total Net Sales} \div \text{Total Labor Hours Worked}$<br>Measures workforce productivity.                                | \$90–\$140+/hr     | Weekly           |
| <b>Inventory Turns</b>          | $\text{Purchases} + \text{Sales}$<br>Higher turns = fresher product, less tied-up cash.  | 12–20x/year        | Monthly          |
| <b>Contribution to Overhead</b> | $\text{Gross Profit} - \text{Direct Dept. Expenses}$<br>What each department contributes toward covering store-wide fixed costs. | Positive & growing | Monthly          |

## PROFITABILITY METRICS

| Metric   | Definition / Formula  | Benchmark                      | Review Frequency |
|--|---|--------------------------------|------------------|
| <b>Net Profit Margin</b>                         | $(\text{Net Income} \div \text{Net Sales})$<br>The bottom-line measure after ALL expenses.                          | 1–3% (thin margins are normal) | Monthly          |
| <b>Operating Profit Margin</b>                   | $(\text{Operating Income} \div \text{Net Sales})$<br>Excludes interest & taxes.                                     | 2–4%                           | Monthly          |
| <b>EBITDA</b>                                    | Earnings Before Interest, Taxes, Depreciation & Amortization. Useful for lender conversations and comparing stores. | Varies                         | Monthly/Annual   |
| <b>Gross Margin Return on Investment (GMROI)</b> | $\text{Gross Profit} \div \text{Avg. Inventory Cost}$<br>How much profit per \$1 of inventory?                      | \$3.00+                        | Monthly          |
| <b>Return on Assets (ROA)</b>                    | $(\text{Net Income} \div \text{Total Assets})$<br>How efficiently assets generate profit.                           | > 5%                           | Annual           |
| <b>Break-Even Sales</b>                          | $\text{Total Fixed Costs} \div \text{Gross Margin \%}$<br>Minimum sales needed to cover all costs.                  | Know your number               | Monthly          |

## SALES & REVENUE KPIS

| KPI                                    | Definition / Formula   | Benchmark              | Review Frequency |
|--|--|------------------------|------------------|
| <b>Average Transaction Value (ATV)</b> | $\text{Total Sales} \div \text{Number of Transactions}$<br>Rising ATV = better basket building.      | Track trend            | Weekly           |
| <b>Customer Count / Transactions</b>   | Total number of transactions<br>The best measure of foot traffic trends.                             | Track trend            | Daily            |
| <b>Same-Store Sales Growth</b>         | YOY % change in sales for the same location.<br>Strips out noise.                                    | > 0% (positive growth) | Weekly/Monthly   |
| <b>Sales per Square Foot</b>           | $\text{Total Net Sales} \div \text{Selling Area (sq ft)}$<br>Industry standard productivity measure. | \$400–\$600/sq ft/year | Annual           |
| <b>Department Sales Mix %</b>          | $\text{Dept. Sales} \div \text{Total Store Sales}$<br>Shows which departments drive the business.    | Varies by store        | Monthly          |
| <b>Shrink Rate</b>                     | $\text{Shrink \$} \div \text{Total Sales}$<br>Includes spoilage, theft, damage.                      | < 2–3%                 | Weekly           |

## LABOR MANAGEMENT

| KPI                  | Definition / Formula   | Benchmark                         | Review Frequency |
|----------------------|--|-----------------------------------|------------------|
| Labor Cost %         | Total Labor (wages + benefits) ÷ Net Sales<br>One of your largest controllable costs.  | 12–18%                            | Weekly           |
| Overtime %           | Overtime Pay ÷ Net Sales<br>Chronic OT signals understaffing or poor scheduling.       | < 2%                              | Weekly           |
| Sales per Labor Hour | Net Sales ÷ Total Hours Worked<br>Compare by dept. and by shift.                       | \$90–\$140+/hr                    | Weekly           |
| Schedule Efficiency  | Actual Hours Worked ÷ Scheduled Hour<br>Tracks callouts and unplanned coverage.        | Close to 1.0                      | Weekly           |
| Turnover Rate        | # of Separations ÷ Avg. Headcount<br>High turnover = high recruiting & training costs. | < 40–50%<br>(grocery avg is high) | Annual           |

## INVENTORY & PURCHASING

| KPI / Term           | Definition / Formula  | Benchmark        | Review Frequency |
|----------------------|---|------------------|------------------|
| Inventory Turns      | COGS ÷ Avg. Inventory Value<br>Higher = fresher, less cash tied up.                     | 12–20x/year      | Monthly          |
| Days of Supply (DOS) | (Inventory ÷ COGS) × 365<br>Days of stock on hand.                                      | 20–30 days       | Weekly           |
| Out-of-Stock Rate    | % of SKUs unavailable when customer wants them. Directly loses sales.                   | < 2%             | Weekly           |
| Perishable Shrink %  | Perishable Shrink ÷ Perishable Sales<br>Track separately — biggest margin killer.       | < 4–6% per dept. | Weekly           |
| Sell-Through Rate    | Units Sold ÷ Units Received<br>Critical for perishables and seasonal items.             | > 90%            | Weekly           |
| Fill Rate (Vendor)   | % of ordered items actually delivered by supplier.<br>Low fill = out-of-stocks.         | > 95%            | Per order        |
| Dead Net Cost        | True item cost after all allowances, deals & rebates applied. Use this for margin math. | N/A              | Per PO           |

## CASH FLOW & LIQUIDITY

| Metric                         | Definition / Formula  | Benchmark           | Review Frequency |
|--------------------------------|---|---------------------|------------------|
| Current Ratio                  | Current Assets ÷ Current Liabilities.<br>Can you pay near-term bills?                                     | 1.5–2.0             | Monthly          |
| Quick Ratio                    | (Current Assets – Inventory) ÷ Current Liabilities.<br>More conservative than current ratio.              | > 1.0               | Monthly          |
| Operating Cash Flow            | Cash generated from daily operations before investing or financing. The lifeblood.                        | Positive            | Monthly          |
| Working Capital                | Current Assets – Current Liabilities.<br>Funds available to run daily operations.                         | Positive & adequate | Monthly          |
| Days Payable Outstanding (DPO) | (Accounts Payable ÷ COGS) × 365.<br>How long <u>you</u> take to pay vendors. Manage to improve cash flow. | Per vendor terms    | Monthly          |
| Contribution Margin            | Sales – Variable Costs.<br>How much each sale contributes to fixed costs and profit.                      | Track trend         | Monthly          |

## DEPARTMENT-LEVEL KPIS

| Department                      | Gross Margin Benchmark | Review Frequency |
|---------------------------------|------------------------|------------------|
| Produce Gross Margin %          | 35–45%                 | Weekly           |
| Meat/Seafood Gross Margin %     | 28–36%                 | Weekly           |
| Deli/Prepared Foods Margin %    | 40–55%                 | Weekly           |
| Bakery Margin %                 | 45–55%                 | Weekly           |
| Grocery (Center Store) Margin % | 20–28%                 | Monthly          |
| Prepared Foods Attach Rate      | Track trend            | Weekly           |

## Want to go deeper?

Scan to access the  
**FMS Supermarket Math  
Webinar Series** –  
three on-demand sessions  
covering the financial metrics  
that drive grocery profitability.



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