



# 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 High OT signals scheduling or staffing problems.	< 4%	Weekly
<b>Sales per Labor Hour</b>	$\text{Total Net Sales} \div \text{Total Labor Hours Worked}$ Measures workforce productivity.	\$90–\$140+/hr	Weekly
<b>Inventory Turns</b>	$\text{Purchases} \div \text{Sales}$ Higher turns = fresher product, less tied-up cash.	12–20x/year	Monthly
<b>Contribution to Overhead</b>	$\text{Gross Profit} - \text{Direct Dept. Expenses}$ 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>	$(\text{Net Income} \div \text{Net Sales})$ The bottom-line measure after ALL expenses.	1–3% (thin margins are normal)	Monthly
<b>Operating Profit Margin</b>	$(\text{Operating Income} \div \text{Net Sales})$ 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>	$\text{Gross Profit} \div \text{Avg. Inventory Cost}$ How much profit per \$1 of inventory?	\$3.00+	Monthly
<b>Return on Assets (ROA)</b>	$(\text{Net Income} \div \text{Total Assets})$ How efficiently assets generate profit.	> 5%	Annual
<b>Break-Even Sales</b>	$\text{Total Fixed Costs} \div \text{Gross Margin \%}$ 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>	$\text{Total Sales} \div \text{Number of Transactions}$ Rising ATV = better basket building.	Track trend	Weekly
<b>Customer Count / Transactions</b>	Total number of transactions The best measure of foot traffic trends.	Track trend	Daily
<b>Same-Store Sales Growth</b>	YOY % change in sales for the same location. Strips out noise.	> 0% (positive growth)	Weekly/Monthly
<b>Sales per Square Foot</b>	$\text{Total Net Sales} \div \text{Selling Area (sq ft)}$ Industry standard productivity measure.	\$400–\$600/sq ft/year	Annual
<b>Department Sales Mix %</b>	$\text{Dept. Sales} \div \text{Total Store Sales}$ Shows which departments drive the business.	Varies by store	Monthly
<b>Shrink Rate</b>	$\text{Shrink \$} \div \text{Total Sales}$ Includes spoilage, theft, damage.	< 2–3%	Weekly

## LABOR MANAGEMENT

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

## INVENTORY & PURCHASING

KPI / Term	Definition / Formula	Benchmark	Review Frequency
Inventory Turns	COGS ÷ Avg. Inventory Value Higher = fresher, less cash tied up.	12–20x/year	Monthly
Days of Supply (DOS)	(Inventory ÷ COGS) × 365 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 Track separately — biggest margin killer.	< 4–6% per dept.	Weekly
Sell-Through Rate	Units Sold ÷ Units Received Critical for perishables and seasonal items.	> 90%	Weekly
Fill Rate (Vendor)	% of ordered items actually delivered by supplier. 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. Can you pay near-term bills?	1.5–2.0	Monthly
Quick Ratio	(Current Assets – Inventory) ÷ Current Liabilities. 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. Funds available to run daily operations.	Positive & adequate	Monthly
Days Payable Outstanding (DPO)	(Accounts Payable ÷ COGS) × 365. How long <u>you</u> take to pay vendors. Manage to improve cash flow.	Per vendor terms	Monthly
Contribution Margin	Sales – Variable Costs. 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.



SCAN ME



# FMS

Insights you can count on™