It is reasonable for a company's management Team to abandon efforts to win contracts to supply private-label footwear to chain retailers in a given year when

Step 1: Answer

believes the company has good prospects to profitably sell all of the branded pairs it can produce at its existing plants (including full use of overtime).

Step 2: Explanation

A company's profitability is determined by how much money it makes compared to how much it spends. More effective businesses will make more money relative to their costs than less effective businesses, which must spend more to make the same amount of money.

Profitable activities generate revenue or provide benefits in other ways. Businesses want to be financially successful, but a successful relationship is one that benefits all parties.

The basic aim of all commercial endeavours is profitability. Without profitability, the company won't last very long. Therefore, estimating future profitability and analysing present and previous profitability are both crucial. Income and expenses are used to determine profitability.