

# How to Know if Your Business Is Profitable Beyond Just Sales Numbers

Many Nigerian business owners assume they are profitable just because sales are coming in. Profit is not just about the money that comes in; it is about what's left after you've paid all your expenses. Here is how to know if your business is profitable beyond just looking at sales figures:

## Track Your Gross and Net Profit

**Gross profit** = Sales – Cost of Goods Sold (COGS)

**Net profit** = Gross profit – Operating Expenses (rent, salaries, bills)

A business can have high sales but still operate at a loss if costs are too high.

Review your gross and net profit monthly to understand the financial health of your business.

## Separate Revenue from Cash Flow

Revenue shows what you earned; cash flow shows when and how money moves in and out. A profitable business can still face cash shortages if clients delay payments or expenses spike. Track both to avoid financial surprises.

## Keep Detailed Financial Records

Without proper records, you can not calculate profit correctly. Unrecorded expenses, unpaid invoices, or cash-based transactions can distort your view.

You can use simple spreadsheets or bookkeeping tools to track your finances. For more advanced support, FunnelFit offers ongoing financial tracking and strategic CFO-level guidance.

## Compare Profit Over Time

Check your **profit margins** across months or quarters. Are you improving, stagnating, or losing money?

Trends reveal more than one-off good or bad months.

## Final Thought

Sales do not equal success. Knowing your actual profit and what drives it helps you make smarter decisions, avoid waste, and attract serious investors or funding.

If you are unsure about your business numbers, review your records or consult a financial expert for clarity. Your profit tells the real story.