To Increase Gross Profit, the business could:

➢ Switching to cheaper suppliers to reduce cost of sales
➢ Increasing price of product which could increase sales revenue

To increase Net Profit, the business could:

➢ Reduce staff salary to reduce expenses
➢ Locate in a cheaper area to reduce rent expenses

Gross Profit Margin and Net Profit Margin:

<table>
<thead>
<tr>
<th>Gross Profit Margin (GPM)</th>
<th>Net Profit Margin (NPM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shows the Gross Profit as a % of the sales revenue</td>
<td>Shows the Net Profit as a % of sales revenue</td>
</tr>
<tr>
<td>Gross Profit x 100</td>
<td>Net Profit x 100</td>
</tr>
<tr>
<td>Sales Revenue</td>
<td>Sales Revenue</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>£325m/£650m x 100 = 50%</td>
</tr>
<tr>
<td>This means that for every £1 made in sales, 50p is Gross Profit</td>
</tr>
</tbody>
</table>
The organisational structure a business uses will affect how workers are treated including:

- Amount of responsibility
- Level of supervision
- Training
- Motivation
- Flow of communication
- Opportunities

### Organisational Structure

**Tall Organisational Structure**
- Many layers of management
- Narrow span of control
- Has a long communication flow

**Wide Organisational Structure**
- Few layers of management
- Wide span of control
- Has a short communication flow