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:

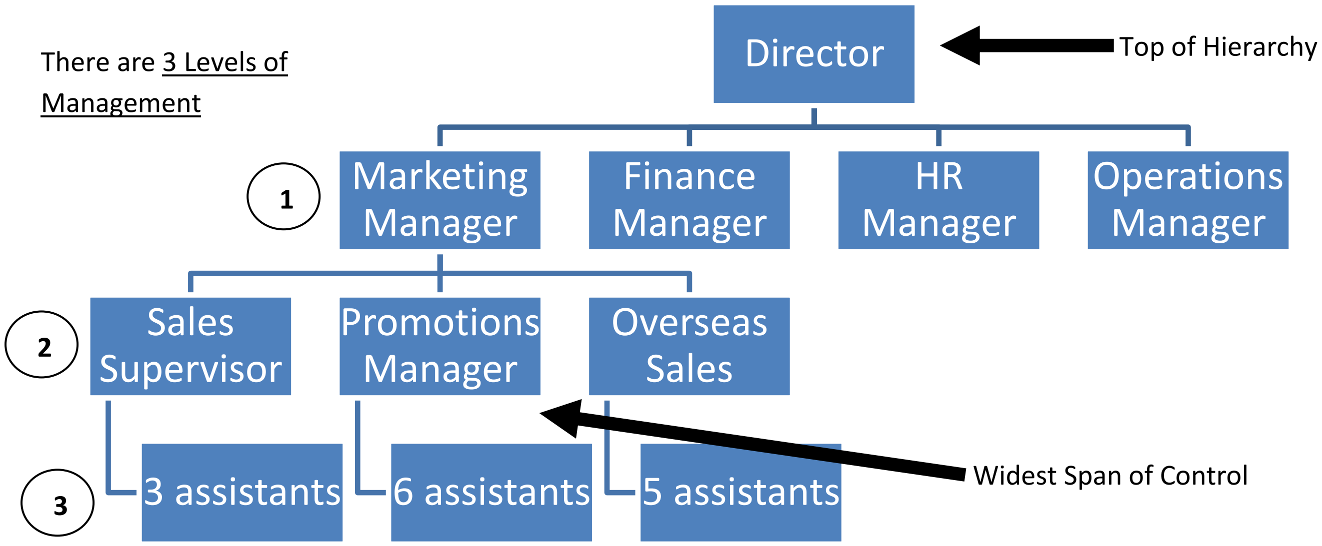
- Reduce staff salary to reduce expenses
- Locate in a cheaper area to reduce rent expenses

Gross Profit Margin and Net Profit Margin:

Gross Profit Margin (GPM)	Net Profit Margin (NPM)
Shows the Gross Profit as a % of the sales revenue	Shows the Net Profit as a % of sales revenue
$\frac{\text{Gross Profit}}{\text{Sales Revenue}} \times 100$	$\frac{\text{Net Profit}}{\text{Sales Revenue}} \times 100$
Example	
£325m/£650m * 100 =50% This means that for every £1 made in sales, 50p is Gross Profit	£78m/£650 *100=12% This means that for every £1 made in sales, 12p is Net Profit

Organisational Structure

There are 3 Levels of Management



Tall Organisational Structure	Wide Organisational Structure
Many layers of management Narrow span of control Has a long communication flow	Few layers of management Wide span of control Has a short communication flow

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