

“Restoring, Maintaining and Motivating Your Workforce”

| Yearly Incident Costs | Profit Margin | | | | |
|-----------------------|---------------|-------------------|-----------|------------------|------------------|
| | 1% | 2% | 3% | 4% | 5% |
| 1,000 | 100,000 | 50,000 | 33,000 | 25,000 | 20,000 |
| 5,000 | 500,000 | 250,000 | 167,000 | 125,000 | 100,000 |
| 10,000 | 1,000,000 | 500,000 | 333,000 | 250,000 | 200,000 |
| 25,000 | 2,500,000 | 1,250,000 | 833,000 | 625,000 | 1,000,000 |
| 100,000 | 10,000,000 | 5,000,000 | 3,333,000 | 2,500,000 | 2,000,000 |
| 150,000 | 15,000,000 | 7,500,000 | 5,000,000 | 3,750,000 | 3,000,000 |
| 200,000 | 20,000,000 | 10,000,000 | 6,666,000 | 5,000,000 | 4,000,000 |

This table shows the dollars of sales required to pay for the different amounts of costs for downgrading incidents; i.e., if an organization’s profit margin is 5%, it would be required to make sales of \$500,000 to pay for \$25,000 worth of incidents; with a 1% margin, \$10,000,000 would be necessary to pay for \$100,000 of the costs involved with downgrading incidents.