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The Numbers That Matter

You don't need to be an accountant. You need a handful of numbers that tell you whether the business is actually healthy — and most owners watch the wrong ones.

A Moor & Co commercial briefing

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POWERED BY 3DMAI

IN SHORT

Most owners fall into one of two traps with their figures: they ignore them, or they drown in them. Neither helps. You do not need to understand a forty-tab spreadsheet to run a healthy business. You need a small number of figures that genuinely tell you whether it is working, what each one means, and which way it is heading. This briefing sets out the handful that matter, gross margin, net margin, break-even and cash, what each is really telling you, and why the number most owners chase, revenue, is the one that tells you least.

1. You don’t need more numbers. You need the right few.

Financial reports can show you hundreds of figures, and that is precisely the problem. Faced with all of it, most owners either look away or fixate on the wrong things. The skill is not collecting more data; it is knowing the few numbers that actually decide whether a business is healthy, and being able to read them at a glance. Get those, and everything else is detail.

2. Gross margin: are you charging enough?

Gross margin is what is left of a sale after the direct cost of delivering it, expressed as a percentage of the price. It answers the most basic question in any business: does the core thing you do actually make money, before you have paid the rent and the wages? If your gross margin is thin, no amount of extra volume will save you, you will simply lose a little on a great deal more. It is the first number to know, for the business as a whole and, ideally, for each product or service.

3. Net margin: does anything reach the bottom?

Net margin is what is left after *all* the costs, the overheads, the salaries, the software, the everything, as a percentage of revenue. It is the honest answer to “are we actually profitable?” A business can have a perfectly healthy gross margin and a net margin of almost nothing, because the overheads quietly eat everything the sales earned. Gross margin tells you the model works in principle; net margin tells you whether it works in practice.

4. Break-even: how much must you sell to survive?

Break-even is the level of sales at which you cover all your costs, the point where you are neither losing money nor making it. Below it, every month drains the business; above it, every sale adds to profit. Knowing this single figure changes how it feels to run the business, because “are we going to be alright?” becomes a clear, specific target you can measure each month against. Surprisingly few owners can state their break-even off the top of their head. Every one of them should.

5. The cash check: can you pay what's due?

Profit and cash are not the same thing, and a business does not pay its bills with profit. So alongside the margins, you need a simple liquidity check: do the things you can turn into cash soon comfortably cover what you owe soon? Can you meet the next few weeks of commitments? It is liquidity, not profit, that keeps a business trading day to day, and it is the number that fails first when trouble comes.

Revenue is the number that flatters you. Margin, break-even and cash are the numbers that warn you. Watch the ones that warn.

6. Watch the trend, not just the snapshot

A single month's figures tell you where you are. The trend tells you where you are going, and that is far more useful. A gross margin sliding a point or two every month is a warning sounding long before it becomes a crisis, but only if someone is watching the direction rather than just the latest number. The same handful of figures, tracked month on month, will flag almost every serious problem early enough to do something about it. That early warning is the entire point of knowing your numbers.

7. A practical response

- **Know your gross margin,** overall and, where you can, by product or service.
- **Know your net margin** — what actually reaches the bottom line.
- **Know your break-even,** the sales figure that keeps you safe.
- **Run a simple cash check** — can you cover what is due soon?
- **Track the trend monthly,** not just at the year end.
- **Don't be seduced by revenue;** it is the least informative number you have.

Knowing your numbers is not about accounting. It is about being able to see, quickly and honestly, whether the business is healthy and which way it is heading, so you can act on a warning while it is still small. A handful of figures, watched well, is worth more than a mountain of data nobody reads.

ABOUT MOOR & CO & 3DMAI

A few honest numbers, watched well, beat a spreadsheet nobody reads.

Moor & Co is a commercial advisory for small business owners, built by someone who has run, scaled and exited real businesses. We help firms across North Staffordshire and South Cheshire cut through the noise to the few figures that actually matter, and learn to read them, so the numbers become a tool for decisions rather than a chore for the accountant.

The numbers behind it run on **3DMAI**, our commercial intelligence platform for UK SMEs. Its 12-Month Profit & Loss lays out your margins and overheads with a clear gross-to-net bridge, while the free AI Business Review gives you an instant health score across gross margin, net margin, cash runway and break-even, on your own numbers and in plain English, for £19.99 a month. The free tools need no sign-up. If you would rather talk it through first, the discovery call is free and there is no commitment.

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ABOUT THIS BRIEFING

Gross margin, net margin, break-even and basic liquidity are standard management-accounting measures with settled definitions. The emphasis here on watching trends rather than single figures reflects ordinary good practice rather than any one source.
General guidance only — not financial or legal advice.