

Student first pass | One-month profit

Know the profit before changing ad spend

This is a public, fictional SYNTHETIC practice case. Complete your first pass independently. Keep each calculation and denominator; record later corrections separately. This handout has no answer key.

Use one closed month, one sales channel, and one currency. All amounts are USD. Product sales are not the same as cash collected.

Calculate six results from product sales through estimated operating profit. Name at least two data limitations, then decide whether the theoretical ad ceiling is spend you can add tomorrow.

Source line	Case input	Definition
Gross product sales	50,000 USD	Revenue, not cash collected
Discounts	2,000 USD	Separate from refunds
Refunds	3,000 USD	Separate from discounts
COGS on units sold	14,000 USD	Units sold this month
Platform and payment fees	6,000 USD	Same month and channel
Fulfillment and shipping	5,500 USD	Same month and channel
Return-handling loss	1,000 USD	Not in refunds or other costs
Ad spend	9,000 USD	Same month and channel
Allocated fixed overhead	4,500 USD	Assumed for this channel
Assumed target op. margin	10%	Case assumption, not a real target

Case definitions and response rules

Net sales = gross product sales – discounts – refunds. In this case, “net-sales TACoS” = same-month, same-channel ad spend ÷ net sales. It is a teaching definition, not an Amazon console field or attributed-sales ACoS. Estimated operating profit is before income tax, not owner take-home pay. Show each rate’s numerator / denominator to one decimal place. Missing real evidence is “unknown,” not zero. The ceiling is not a spend increase instruction.

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First pass | Submit before review

Name or code: _____ Started: _____ First pass submitted: _____

Result	Your calculation / denominator	First answer
Net sales (USD)	_____	_____
Contribution before ads (USD)	_____	_____
Contribution after ads (USD)	_____	_____
Est. pre-tax operating profit (USD)	_____	_____
Net-sales TACoS (%)	_____	_____
Est. pre-tax operating margin (%)	_____	_____

Two data limitations and next checks

Limitation 1: _____

Source / owner to check: _____

Limitation 2: _____

Source / owner to check: _____

Decision check

Theoretical monthly ad ceiling: _____ USD; as % of net sales: _____%. Is this spend you can add tomorrow? Why or why not?

After review, record corrections without erasing your first pass: _____