

BUSINESS MODEL COMPARISON

	Mainframe Computer	Personal Computer
Revenue	\$1,000,000	\$2,000
COGS	\$ 300,000	\$1,500
Gross Profit	\$ 700,000	\$ 500
- %	70%	25%
SG&A	\$ 350,000	\$ 250
R&D	\$ 100,000	\$ 100
Operating Profit	\$ 200,000	\$ 150

MOST INDUSTRIES HAVE A CONTINUUM OF MODELS

Industry	Lower Service/Price	Higher Service/Price
Car Wash	“Quarter” Car Wash	Professional Detailing
Food	Fast Food	Gourmet Dining
Education	Community College	Harvard
Airlines	Southwest	Chartered Jet
Coffee	C-Store/Gas Station	Starbucks