

GPM Risk Checklist – Gross Margin Execution Risk Assessment

Score your execution risk monthly.

Red Flag	Status	Points
Quarterly GPM drop >3% for 2+ quarters	■ Yes ■ No	10
COGS growing faster than revenue	■ Yes ■ No	15
Top 20% customers <50% gross profit	■ Yes ■ No	12
Material/labor costs up >5% YoY w/o price adjustment	■ Yes ■ No	10
Gross margin < industry benchmark by 10+ pts	■ Yes ■ No	15
Revenue growth but flat/declining gross profit \$	■ Yes ■ No	8
>30% revenue from products <20% margin	■ Yes ■ No	10
No monthly GPM tracking by product/customer	■ Yes ■ No	5
Sales discounting >10% off list price	■ Yes ■ No	10
GPM trend down 3+ quarters despite cost controls	■ Yes ■ No	15

Total Score: _____ / 110

Risk Levels:

0–20 → Stable (Green)

21–50 → ACT NOW (Yellow)

51–80 → High Risk

81–110 → Critical