2009 Benchmarking Study
(Based on 2008 Results)

CONFIDENTIAL
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The Vision Council 2009 Benchmarking Study (Based on 2008 Results) was compiled, tabulated and analyzed by Industry Insights, Inc. in cooperation with The Vision Council and key industry members.

Industry Insights, headquartered in Dublin, Ohio, is a professional research and consulting firm providing management and marketing services to trade and professional associations and their members. The company specializes in industry operating surveys, compensation studies, educational programs and customized research services.

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- All Responding Firms
- Firms with 2008 Annual Sales:
  - Under $10 Million
  - $10 to $30 Million
  - Over $30 Million
- High Profit Firms (Return on Assets in the upper half)
- Firms That Primarily Sell “Brand” Frames
- Firms That Primarily Sell “Non-Brand” Frames
- Firms With Sales of Accessories Over 20% of Total Sales
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Introduction
Introduction

About This Report

The Vision Council Benchmarking Study (based on 2008 data) represents the most complete, accurate and up-to-date database of industry financial and operating data published anywhere. The information contained in this report is designed to provide easy-to-understand guidelines for identifying business performance improvement opportunities.

Based on the suggestions of The Vision Council’s previous Benchmarking survey participants we have again reported additional information regarding brand management and purchasing departments. In addition, we have included again a set of data tabulations detailing the performance results for firms in which sales of eyewear accessories account for more than 20 percent of company sales volume. This additional set of data will allow some participating members to better compare their operation against companies of a similar composition. For purposes of this survey, we define accessories as:

- Cleaning kits/cloths
- Chains/Straps for eyeglasses/sunglasses
- Eyeglass cases
- Repair kits
- Half eyes
- Brooches
- Clip-on sunglasses-Slip-in sunglasses-Flip-up sunglasses-Magnetic clip sunglasses

This report includes comparative financial ratios and statistics by all participants overall, by company sales volume size, and by frame specialty (i.e., brand and non-brand frames). In addition, this report includes data for a special grouping of high profit firms.

Perhaps the most valuable feature of The Vision Council Benchmarking Study is that all firms participating in the survey automatically receive a confidential Company Performance Report. This report presents a company's own ratios and data computed in a manner consistent with those appearing in the industry report and displayed alongside the appropriate industry comparatives. (Representative pages from a sample Company Performance Report are illustrated on the following page.)

As shown on any given line of the Company Performance Report, a firm's own data is included along with industry norms for firms of a comparative sales volume, profit group, etc. Thus, the individual owner/manager is provided invaluable information without having to spend time and effort making the calculations manually. In addition, these highly confidential reports contain a computer-generated qualitative assessment of a company's situation.

This Benchmarking Study was prepared by Industry Insights, Inc. of Dublin, Ohio, while working closely with key industry representatives in the design of the study. Confidential survey forms (refer to the Appendix for a sample) were sent to The Vision Council’s members in early spring of 2009 and 25 completed and usable responses were received by June. Data submitted by participating companies is kept strictly confidential. No staff member of The Vision Council nor any company or individual inside or outside the industry, nor anyone else other than a select few Industry Insights, Inc. associates ever have access to any individual firm’s data.
## Introduction

### Sample Company Performance Report

“Your Firm’s” Ratios Compared to the Appropriate Industry Norms

<table>
<thead>
<tr>
<th>OVERALL PERFORMANCE MEASURES</th>
<th>YOUR FIRM</th>
<th>ALL FIRMS</th>
<th>SALES &gt;$30 MIL.</th>
<th>BRAND FRAME FIRMS</th>
<th>HIGH PROFIT FIRMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROFIT MARGIN (Net Profit Before Taxes as a % of Net Sales)</td>
<td>--%</td>
<td>--%</td>
<td>--%</td>
<td>--%</td>
<td>--%</td>
</tr>
<tr>
<td>ASSET TURNOVER (Net Sales/Total Assets)</td>
<td>--X</td>
<td>--X</td>
<td>--X</td>
<td>--X</td>
<td>--X</td>
</tr>
<tr>
<td>RETURN ON ASSETS (Net Profit Before Taxes as a % of Total Assets)</td>
<td>--%</td>
<td>--%</td>
<td>--%</td>
<td>--%</td>
<td>--%</td>
</tr>
<tr>
<td>FINANCIAL LEVERAGE (Total Assets/Net Worth)</td>
<td>--X</td>
<td>--X</td>
<td>--X</td>
<td>--X</td>
<td>--X</td>
</tr>
<tr>
<td>RETURN ON NET WORTH (Net Profit Before Taxes as a % of Net Worth)</td>
<td>--%</td>
<td>--%</td>
<td>--%</td>
<td>--%</td>
<td>--%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FINANCIAL MANAGEMENT RATIOS</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Quick Ratio (Current Assets Minus Inventory/Current Liabilities)</td>
<td>--X</td>
<td>--X</td>
<td>--X</td>
<td>--X</td>
</tr>
<tr>
<td>Cash to Current Liabilities</td>
<td>--%</td>
<td>--%</td>
<td>--%</td>
<td>--%</td>
</tr>
<tr>
<td>Accounts Payable to Inventory</td>
<td>--%</td>
<td>--%</td>
<td>--%</td>
<td>--%</td>
</tr>
<tr>
<td>Debt to Equity</td>
<td>--X</td>
<td>--X</td>
<td>--X</td>
<td>--X</td>
</tr>
<tr>
<td>EBIT To Total Assets (Net Profit Before Interest &amp; Taxes as a % of Total Assets)</td>
<td>--%</td>
<td>--%</td>
<td>--%</td>
<td>--%</td>
</tr>
<tr>
<td>Times Interest Earned</td>
<td>--X</td>
<td>--X</td>
<td>--X</td>
<td>--X</td>
</tr>
</tbody>
</table>

| ASSET PRODUCTIVITY RATIOS | | | |
|---------------------------|-------------|-------------|
| Average Collection Period (Days) | --X | --X |
| Inventory Turnover | --X | --X |

---


<table>
<thead>
<tr>
<th>OVERALL PERFORMANCE MEASURES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit Margin (Net Profit Before Taxes as a % of Net Sales)</td>
<td>??? WEAK ????</td>
<td>Investigate Further</td>
</tr>
<tr>
<td>Return on Assets (Net Profit Before Taxes as a % of Total Assets)</td>
<td>??? WEAK ????</td>
<td>Investigate Further</td>
</tr>
<tr>
<td>Return on Net Worth (Net Profit Before Taxes as a % of Net Worth)</td>
<td>??? WEAK ????</td>
<td>Investigate Further</td>
</tr>
<tr>
<td>Gross Margin as a % of Sales</td>
<td>??? WEAK ????</td>
<td>Investigate Further</td>
</tr>
<tr>
<td>Asset Turnover (Net Sales/Total Assets)</td>
<td>??? FAIR ????</td>
<td>Some Concern Warranted</td>
</tr>
<tr>
<td>% Change in Overall Sales From Prior Year</td>
<td>&gt;&gt;&gt;&gt; STRONG &lt;&lt;&lt;</td>
<td>Congratulations</td>
</tr>
</tbody>
</table>

FINANCIAL MANAGEMENT RATIOS

| Current Ratio (Curr. Assets/Curr. Liab.) | >>>> STRONG <<< | Congratulations |
| Quick Ratio (Current Assets Minus Inventory/Current Liabilities) | >>>> STRONG <<< | Congratulations |

ASSET PRODUCTIVITY RATIOS

| Average Collection Period (Days) | ??? WEAK ???? | Investigate Further |
| Inventory Turnover | ??? FAIR ???? | Some Concern Warranted |
Introduction

How to Use This Report

The Vision Council Benchmarking Study has been designed to help industry firms to evaluate their own performance relative to that of similar companies in order to identify improvement opportunities. The statistics in this report represent broad performance “yardsticks” against which a company’s performance can be measured.

Using this information, industry firms can compare their own firm's financial and operating performance with: the industry as a whole; firms of a comparable sales volume; the highest profit firms; and other possible comparatives. Spotting significant differences between your own firm's performance and the industry composites can be the first step toward improving performance. Keep in mind, however, that:

1. A deviation between your firm's figures (for any performance measure) and numbers in the report is not necessarily good or bad. It merely indicates that additional analysis may be required. As a rule, the larger the difference, the greater the need for further investigation.

2. In situations where large deviations do exist, it may be helpful to go back and calculate the same performance measure over the past several years to identify any trends that may exist.

3. The information in this report should be used as a tool for informed decision making rather than absolute standards. Since firms differ as to their product emphasis, location, size, and other factors, any two firms can be successful yet have very different experiences with regard to certain performance measures.

Understanding the Data

In order to use the information in this report to maximum advantage, it is important to understand how the data is arranged and how to interpret them.

How the Tables are Organized

The tables in this report are organized to include a number of important financial ratios for each relevant “grouping” of similar firms. In particular, the major “groupings” used include:

- All Reporting Firms--refers to the results of all firms responding to the survey.
- 2008 Annual Sales Volume
- High Profit Firms (refers to those firms whose Net Profits Before Taxes as a Percent of Total Assets are in the upper half of performance)
- Firms That Primarily Sell “Brand” Frames (refers to those firms where “brand” frames are over 50% of the firm’s total frame sales)
- Firms That Primarily Sell “Non-Brand” Frames (refers to those firms where “non-brand” frames are over 50% of the firm’s total frame sales)
- Firms With Sales of Accessories Greater Than 20% of Total Sales
- Firms That Sell Direct to Retail Only

The table of contents shows specifically where each table can be found.
**Interpreting the Numbers**

Most of the performance indicators included in this study are reported on the basis of medians rather than arithmetical averages or means. Unlike the mean, the median is not distorted by a few unusually high or low values that may exist in the sample due to special circumstances. The “median” figure represents the mid-point of the figures for a particular measure, with one-half of the firms reporting figures above it and one-half below. Each median was computed independently based on the companies that reported for that item. As a result, mathematical relationships do not always exist when different ratios are used together in the calculation.

<table>
<thead>
<tr>
<th>Smallest Number</th>
<th>Largest Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported Typical</td>
<td>Reported Typical</td>
</tr>
<tr>
<td>Lower 25% of Reported Figures</td>
<td>Upper 25% of Reported Figures</td>
</tr>
<tr>
<td>Middle 50% of Reported Figures (or Middle Range)</td>
<td></td>
</tr>
</tbody>
</table>

Figures reported by responding companies were not used unless they were in accordance with the survey instructions and definitions. In cases where the number of companies reporting was considered inadequate for the computation of a meaningful figure, blank spaces appear in the tables, or a “not available” (N/A) notation is included.

Further insights into how to use this report are included in the Appendix in the section entitled: “Ratio Definitions.” An important point to keep in mind when using this report is that even relatively simple analysis of your company’s own financials using the industry data for comparison can yield important insights into your business. You do not have to be a financial expert to benefit from this information.

**Using Ratios**

While it is extremely important to analyze financial information in dollars and cents, it is essential that percentages and ratios be used if the data is to be compared to past performance or to industry standards. For example, it is necessary to know your annual payroll expense, but it is even more essential to compare this expenditure with the value it produces. A useful measure of effectiveness of compensation expense is the percentage that payroll expense is relative to sales. Therefore, a ratio such as payroll expense as a percent of sales can be useful in determining how efficiently your firm uses its payroll dollars over time or compared to other Vision Council firms in general.

In addition, just as dollar figures are not too meaningful by themselves, ratios should not be used in isolation. In combination they can give an extremely accurate overall picture of financial performance and financial position. Financial performance refers to how well a firm performs over a period of time (generally one year) and financial position refers to financial strength at a given point in time.

The tables in this report include key ratios for comparing your firm’s performance to norms for other Vision Council companies in the following key areas: return on investment (profitability), profit margin management, asset management, employee management, and financial management.
Overall Performance Ratio Analysis

The “Overall Performance Measures” included in this report provide key ratios for comparing a company's performance to industry norms in each of three areas: profitability, productivity, and financial management. In using this report, it is important to prioritize time and effort by starting with the Overall Performance Measures. As discrepancies are identified between a company's performance measures and the industry norms, further investigation will be needed as to the reasons for these discrepancies.

Profitability

While there are several ways to look at profitability, the most useful are those that compare profits to some other quantity. Perhaps the most frequently cited is net profit margin, or net profit as a percent of sales or total revenue. This ratio measures the difference between what a company receives in revenues and spends over a period of time. It is highly dependent upon pricing policy and expense control. In other words, if gross margin increases or expenses decrease as a percent of revenues, net profit margin will rise. Some companies prefer to use profit before income taxes since income tax in small business is often influenced by factors other than those involved in running the business. No matter which you prefer to use, net profit margin is a good overall measure of how well gross margin and expenses are being controlled.

Perhaps the best measure of overall profitability is return on investment (ROI). The two most important measures of ROI are return on assets and return on net worth. Within this report both return on assets and return on net worth ROI performance measures are shown. Return on assets is defined as either annual 1) profit after tax, 2) profit before tax, or 3) profit before tax and interest divided by end-of-year total assets. Return on assets is an excellent indicator of the percentage return on total assets employed in the business. As is the case with net profit margin, using profit before tax is a good idea. In addition, profit before taxes and interest divided by total assets is an even more “pure” look at the operational efficiency of the business because the amount of interest paid depends on the amount of debt the business needs or wishes to incur. This is a matter of financial policy and is not directly related to the operational efficiency of the business.

While return on assets measures ROI from a business management standpoint, return on net worth is the best measure of return to the owners of the business. It is defined as profit before or after tax to net worth. Return on net worth is the percentage return to the owners compared to the amount that they have invested in the business.

Productivity

Productivity is simply the output produced compared with input expended. As a rule, the more output produced per labor hour, employee, dollar investment or whatever the input, the more profitable a company can be. Industry firms need to always strive to improve the productivity of their principal assets--inventory, and personnel. But in order to improve productivity, you first have to measure it.

Inventory productivity is best measured by inventory turnover, defined as the cost of goods sold divided by inventory. This ratio shows how rapidly inventory is moving. Inventory turnover is expressed as “annual turns.”
Personnel productivity can be measured in numerous ways. The easiest and most commonly used methods are:

- Net sales per employee—a good overall measure, but subject to distortion by inflation as described under space productivity. Always use full-time equivalents for employees.
- Gross margin per employee—another good overall measure, but also distorted by inflation.
- Payroll Expense as a percent of Net Sales—complements the previous measure by adding the dimension of compensation levels instead of just number of employees. Not distorted by inflation.

Asset turnover (net sales divided by total assets) presents a good overall indicator of total company productivity. The ratio tells us how many dollars in revenues are being generated by each dollar of assets employed in running the business.

Financial Management
There are two financial management issues of primary importance to industry firms—liquidity and leverage. Liquidity represents the short-term financial strength of the firm. It is your ability to meet short-term obligations out of currently available funds. Two liquidity measures are very commonly used.

- Current Ratio (current assets divided by current liabilities)—This measures the extent to which fairly liquid assets (all current assets) exceeds current debt.
- Quick (acid-test) ratio (current assets less inventory divided by current liabilities)—This ratio eliminates inventory from the numerator because it is not extremely liquid, and compares the result to current debt. Therefore, the quick ratio is often considerably lower than the current ratio.

Leverage is merely the extent to which a company is financed by debt as opposed to the owners' funds. It is the amount of liabilities in relation to the amount of net worth on the right hand side of the balance sheet. The most significant ratio of overall company leverage is Total Assets to Net Worth. The higher this ratio is, the higher the leverage (the proportion of debt compared to net worth).

Another leverage ratio that relates to inventory financing is:

- Accounts Payable to Inventory—Indicates the percentage of inventory financed by accounts payable.
Improving Performance Based on the Overall Performance Measures

It is very important to remember that while the key performance measures are excellent “yardsticks” for gauging the success of your business, they must be understood, not just applied blindly. For instance, if the profitability of your firm is far below the industry norm, it is important to know why. Is your business really suffering or is your profitability artificially low because you are paying high salaries? With this warning in mind, let us examine some of the key performance measures and some possible actions that can be taken if you deviate significantly from the industry average. The following are only guidelines for action and should not be considered to be specific recommendations.

Profitability

Net Profit Margin

Too Low Further investigation is warranted. Check to see if gross margin is too low. If so, check margin by merchandise category. Check all expenses to see which need better control.

Too High It is difficult to imagine a situation where this presents a problem, but you should know why the net profit margin is so high.

Return on Assets

Too Low Either sales or net profit margin is too low to support your asset structure. Examination of net profit margin and asset turnover will tell which.

Too High No problem as a rule. You are effectively managing your business.

Return on Net Worth

Too Low If return on assets is sufficient, you may have more of your funds invested in the business than necessary (see Leverage).

Too High This is a very good situation unless the degree of leverage is too high.

Productivity

Personnel Productivity

Too Low Low personnel productivity during normal business conditions may indicate the business is too “people heavy.” Consider decreasing staff size or generating more volume from existing personnel.

Too High No problem as a rule. May be artificially high if many functions are performed by outsiders not on the payroll.
**Inventory Productivity**

Too Low  This could indicate either lack of volume or an overstocked condition. Investigate by product line.

Too High  Excessively high inventory productivity generally means too little inventory is in stock and may be suppressing sales. However, special order products (not stocked) can also cause high inventory turns.

**Total Asset Productivity**

Too Low  Low asset turnover can signal a need for more attention to the productivity of the areas described above. However, if you own rather than rent the majority of your locations, this could explain the deviation from typical industry figures.

Too High  Asset turnover which is significantly in excess of the industry norm might be caused by the absence of owned fixed assets or the lack of any significant amount of receivables. Check your percentage balance sheet with the composite for your type of plant.

**Financial Management**

**Liquidity**

Too Low  If current and quick ratios are too low, it is possible you are operating with insufficient liquid capital. This can be dangerous if business takes a turn for the worse or a loan payment becomes due unexpectedly. Liquidity can be increased by using more long-term financing and/or by leaving more profits in the business.

Too High  If liquidity is exceptionally high, it is possibly a sign of excess inventories and receivables. Check productivity ratios for these items. Otherwise, this is no reason for concern.

**Leverage**

Too Low  You have excess capacity for debt should it become necessary to borrow. Although some owners do not like borrowing any more than absolutely necessary, additional debt will increase overall profitability as long as the business can earn a before tax return which exceeds the borrowing rate.

Too High  This will severely curtail your ability to attract new borrowed funds. In addition, interest charges could be severely affecting profitability. Try to retain more profits in the business or attract new sources of equity if you wish to lower leverage.
Summary and Conclusions
We believe the information contained in The Vision Council Benchmarking Study to be the most comprehensive compilation of current frame company performance statistics in existence. While the quantity of information may, at first, seem overwhelming, by following the approach outlined in the preceding pages, your time and efforts can be channeled into a very effective and beneficial analysis. To summarize:

**Step 1**
Gather all your financial and operating results for your latest fiscal year. If you participated in the latest operating survey, this has probably already been done.

**Step 2**
Calculate the various performance measures for your firm that are used in the report. Start with the “Overall Performance Measures.” (If you participated in the survey and filled the survey form out completely, most of the calculations have been already made for you.)

**Step 3**
Determine which data comparison in this report is most comparable to your firm.

**Step 4**
Using the analytical guidelines for the key ratios discussed above, analyze your company’s strengths and weaknesses.

Even relatively simple analysis of your company’s own financials using the data for comparisons can yield important insights into your business. You do not have to be a financial expert to benefit from this information.
Control, Control, Control—A Secret for Success During Any Business Climate

Managing a business is challenging enough during favorable economic periods, let alone during business downturns or during slow economic growth periods. However, history tells us that business conditions change. No matter how good the economy is, eventually a downturn (and probably a recession) will occur. Likewise, even during recessionary periods, there is some satisfaction in knowing that eventually a recovery is on the horizon.

The unfortunate part about economic cycles is that businesses are usually affected in ways that are beyond their control. When the economy is in a downturn, even the best run firms experience slower growth, lower profits and cash flow problems. To further complicate matters, economic swings are difficult to predict and virtually impossible for which to plan. Although we know cycles inevitably occur, we do not know when or for how long one will last.

A possible solution to this dilemma is to maintain control of your business at all times, regardless of what is happening in the economy. For example, resist the temptation to be “soft” on expense control just because the economy is good and your sales, cash flow, and bottom line profits are strong. There still may be expense inefficiencies that are taking away from profits and which go unnoticed due to the favorable business climate. If so, these could cause big problems if the economy turns downward.

By maintaining strong control of your business, regardless of the economy, you can be assured of maximizing your profitability at all times. To do this is nothing more than following sound, basic business practices in the management of all aspects of your business. In particular, use comparative financial performance industry information (such as is contained in The Vision Council Benchmarking Study) as a “benchmark” and follow these guidelines:

- Manage and Stay on Top of Expenses

- Resist Margin Deterioration--Cutting prices to generate sales volume during a business downturn will usually result in lower profit margins unless some productivity improvement and/or cost savings come with the price reduction.

- Monitor Inventory Productivity--Inventory that is not selling is like having stacks of $100 bills sitting in a warehouse, not earning interest and tying up your cash flow. Items that do sell well should receive special attention.

- Manage Your Cash--Do regular cash flow planning. It is essential to plan for “cash crunches” (sooner or later all businesses experience these) at least six months before they occur. Planning eliminates the problem.
Control Your Receivables--There is no real mystery to this, but you have to do the basics.
- invoice promptly
- send “past due” notices promptly and regularly
- follow-up promptly on problem accounts
- do a good job of screening new accounts
- know how many and which accounts are past due at all times

Manage Your Debt--If you allow your credit rating to deteriorate, you may always be constrained in future borrowing.

Avoid Getting into Risky Businesses and Trying to be “All Things to All People”--Resist the tendency (which often occurs in times when cash flow and profits are strong) to expand into something you know nothing about and which may be somewhat risky.

To the Extent Possible, set Realistic Sales Goals--and plan your business accordingly.

While the above guidelines are all basic to controlling a business, the key is to make sure these things are done at all times. In fact, it might be helpful to copy the list provided above and hang it in your office as a constant reminder.

In summary, even though the economy will go through “roller coaster” cycles, the effects of these “swings” can be minimized through constant “control.” Comparative financial/operating performance ratios, such as are provided as benchmarks in the annual Vision Council Benchmarking Study can be an important “control” tool.
Executive Summary
**Introduction**

The Vision Council *Benchmarking Study* is organized as a set of easily referenced industry performance tables. These include the following data aggregations:

- **All Responding Firms**
- **Respondents by 2008 Annual Sales Volume Size**
  - Under $10 Million
  - $10 to $30 Million
  - Over $30 Million
- **High Profit Firms** (i.e., those firms whose “Net Profit Before Taxes as a Percent of Total Assets” are in the upper half of performance)
  - For purposes of this year’s study, the dividing point for the upper 50% most profitable firms was firms with over X% Net Profit Before Taxes as a Percent of Total Assets.
- **Firms That Primarily Sell “Brand” Frames** (i.e., “Brand” Frame sales represent over 50% of the company’s total sales)
- **Firms That Primarily Sell “Non-Brand” Frames** (i.e., “Non-Brand” Frame sales represent over 50% of the company’s total sales)
- **Firms With Sales of Accessories Greater than 20% of Total Sales**
- **Firms That Sell Direct to Retail Only**

In using this study to evaluate your own business performance, you should refer to the set of data comparatives that most closely corresponds with your own operation. This detailed information should be kept handy and referenced from time to time as a tool for better controlling and managing your business.

The series of tables and graphs shown on the next several pages have been abstracted from the comprehensive set of statistics. These data represent good overall gauges of industry performance in key areas of profitability, expense management, inventory management and other areas of importance.

**Overall Profitability**

A good overall indicator of company profitability performance is the ratio “net profit before taxes as a percent of total assets,” or “return on assets,” as it is often labeled. Essentially, this provides an indication of what bottom line profit return is being earned on the dollars invested in total assets. For the typical survey participant, this was X% in 2008, while high profit firms reported a X% return.
As expected, significant differences existed in the profitability performance of industry firms by sales volume size during 2008.

**Profit Model**

In addition to return on assets, an important component of The Vision Council *Benchmarking Study* is a special analysis showing industry profitability based on “return on net worth” (before tax). This single measure essentially summarizes all the key components of profitability: margin management, asset management, and financial policy (debt) management.

The exhibit below and on the following page shows the profit model for all The Vision Council survey participants as well as firms in the various sales volume categories. This model is an extremely useful framework in which a company can quickly and easily see which areas of the business need improving. For those companies who receive a *Company Performance Report*, your company’s figures have been calculated and displayed alongside the industry comparatives. This model’s usefulness is best suited to an individual company wishing to compare their operations with a benchmark or guideline in hope of identifying improvement opportunities.

The easiest way to understand the model is by starting in the middle and working backwards. Return on assets, as the model indicates, is the product of the profit margin and asset turnover. Profit margin refers to net profit before tax divided by net sales and is a good measure of margin management, since in order to earn an acceptable profit a company must earn an acceptable gross margin while keeping expenses in line. Asset turnover depicts net sales divided by total assets and is a good measure of asset productivity. This measure indicates how many dollars in sales are being generated by each dollar of assets employed in the business. When asset turnover is multiplied by profit margin, the result is return on assets. Any improvement in your profit margin or asset turnover will improve the return on assets. Return on net worth, as the model shows, is the product of the return on assets and leverage. Leverage, an indicator of the degree to which debt is used for financing, magnifies the return on assets to yield the return on net worth. Given any level of profits, the more debt a company has (or the less net worth), the higher the return on net worth will be.
Executive Summary

2008

All Firms

Profit Margin  \( X\% \)

\[ \times \]

Asset Turnover  \( \times \)

\[ = \]

Return on Assets  \( X\% \)

Financial Leverage  \( X \)

\[ = \]

Return on Net Worth  \( X\% \)

Firms with Sales Under $10 Million

Profit Margin  \( X\% \)

\[ \times \]

Asset Turnover  \( \times \)

\[ = \]

Return on Assets  \( X\% \)

Financial Leverage  \( X \)

\[ = \]

Return on Net Worth  \( X\% \)

Firms with Sales of $10 to $30 Million

Profit Margin  \( X\% \)

\[ \times \]

Asset Turnover  \( \times \)

\[ = \]

Return on Assets  \( X\% \)

Financial Leverage  \( X \)

\[ = \]

Return on Net Worth  \( X\% \)

Firms with Sales of Over $30 Million

Profit Margin  \( X\% \)

\[ \times \]

Asset Turnover  \( \times \)

\[ = \]

Return on Assets  \( X\% \)

Financial Leverage  \( X \)

\[ = \]

Return on Net Worth  \( X\% \)

High Profit Firms

Profit Margin  \( X\% \)

\[ \times \]

Asset Turnover  \( \times \)

\[ = \]

Return on Assets  \( X\% \)

Financial Leverage  \( X \)

\[ = \]

Return on Net Worth  \( X\% \)

Mathematical relationships may not total due to rounding.
All figures in the profit model are computed on a before tax basis.
Expense Management

Industry firms that were the most profitable in 2008 achieved their profitability advantage by managing their costs much more effectively than the other participants. As shown in the chart below, while the typical Vision Council survey participant overall reported operating expenses of X%, the high profit companies experienced only X%.

<table>
<thead>
<tr>
<th>KEY INCOME STATEMENT ITEMS AS A PERCENT OF SALES (2008)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Margin</td>
</tr>
<tr>
<td>Payroll Expense (including reps)</td>
</tr>
<tr>
<td>Selling Payroll (including reps)</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
</tr>
<tr>
<td>Net Profit Before Tax</td>
</tr>
</tbody>
</table>

Inventory and Accounts Receivable Management

While expense management and bottom line profit margins on sales are important components of overall profitability, certainly inventory and receivables management are also very important. Other things being equal, the more times inventory is produced and sold (i.e., the essence of turnover), the more profitable an industry firm will be. Likewise, if a firm does a poor job of receivables management, cash flow and profitability problems can arise. Although, the high profit firms typically perform better than the typical respondent in terms inventory turns, asset turns, and average collection periods, they were very similar to all responding firms in these measures for 2008. This is an indication that the bottom line profit margin was the primary component of overall profitability. Another valuable resource in this area is the monthly Days Outstanding on the Books Report conducted by The Vision Council, which enables you to monitor this critical AR management issue easily and in a timely manner.
Executive Summary

Other Important Measures

Also included in The Vision Council Benchmarking Study (Based on 2008 Results) are important employee productivity and liquidity management ratios. The charts below highlight these indicators.
### Executive Summary

#### Total Assets to Net Worth (Leverage) 2008

<table>
<thead>
<tr>
<th>Category</th>
<th>All Respondents</th>
<th>&lt;$10 Million in Sales</th>
<th>$10 to $30 Million in Sales</th>
<th>Over $30 Million in Sales</th>
<th>Firms that Primarily Sell Brand Frames</th>
<th>Firms that Primarily Sell Non-Brand Frames</th>
<th>Firms with Accessories Over 20% of Total Sales</th>
<th>High Profit Firms</th>
<th>Firms that Sell Direct to Retail Only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets to Net Worth (Leverage) 2008</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>xx</td>
<td>N/A</td>
<td>xx</td>
<td>xx</td>
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</tbody>
</table>

#### Current Ratio 2008

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<th>All Respondents</th>
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</thead>
<tbody>
<tr>
<td>Current Ratio 2008</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

#### Merchandise Return as a % of Gross Sales (Total Returns of Non-Defective Merchandise) 2008

<table>
<thead>
<tr>
<th>Category</th>
<th>All Respondents</th>
<th>&lt;$10 Million in Sales</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Merchandise Return as a % of Gross Sales</td>
<td>x%</td>
<td>x%</td>
<td>x%</td>
<td>x%</td>
<td>x%</td>
<td>x%</td>
<td>x%</td>
<td>x%</td>
<td>x%</td>
</tr>
</tbody>
</table>
Detailed Performance Results

- All Responding Firms
- Respondents by 2008 Annual Sales Volume Size
- High Profit Firms
- Firms That Primarily Sell “Brand” Frames
- Firms That Primarily Sell “Non-Brand” Frames
- Firms With Sales of Accessories Over 20% of total Sales
- Firms That Sell Direct to Retail Only
Detailed Performance Results

Number of Reporting Firms

RESPONDENT PROFILE INFORMATION
Eyewear and Accessories Sales
  Brand Frames
  Non-Brand Frames
  Private Label Frames
  Accessories
  Plano/Non-Rx Sunglasses
  Non-Rx/OTC Readers
  Total

Dollar Sales--% By Type
  Metal
  Plastic
  Combination or Rimless
  Total

Dollar Sales--% By Selling Method
  Selling Direct to Retail Only
  Selling Indirect (as through wholesalers only)
  Total

Organization Type
  C Corp
  S Corp
  Limited Liability Company (LLC)
  Sole Proprietorship
  Partnership
  Other

Accounts Receivable - Aging (% of Total)
  Current
  1-30 days past due date
  31-60 days past due date
  61-90 days past due date
  Over 90 days past due date
  Total

Credit Terms
  2/15 net 30
  2/10 net 30
  Net 30
  2/30 net 31
  Other

Merchandise Returns as a % of Gross Sales
  (i.e., Sales Before Any Returns or Allowances)
  Total Returns of Defective Merchandise
  Total Returns of Non-Defective Merchandise

INVENTORY RELATED INFORMATION
Average Inventory as a % of Total Net Sales

Frequency of Physical Inventory Count
  Monthly
  Quarterly
  Semi-Annually
  Annually
  Other
  Do Not Conduct a Physical Inventory

Average Inventory Variance (Shrinkage)
Percentage of Inventory Sold Below Cost
Percentage of Discontinued/Obsolete Inventory
Percentage of Inventory Dedicated to Kids Products
Average Annual Fill Rate

How Orders are Processed:
  Released First to Pick Slip for Processing
  Sent to an Invoice Directly
  Other

Firms Using Warehouse Management System Software

The Vision Council 2009 Benchmarking Study (Based on 2008 Results)
26
## Detailed Performance Results

<table>
<thead>
<tr>
<th>Firms That Primarily Sell Brand Frames</th>
<th>Firms That Primarily Sell Non-Brand Frames</th>
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<tr>
<td>Number of Reporting Firms</td>
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</tbody>
</table>

### RESPONDENT PROFILE INFORMATION

- **Eyewear and Accessories Sales**
  - Brand Frames
  - Non-Brand Frames
  - Private Label Frames
  - Accessories
  - Plano/Non-Rx Sunglasses
  - Non-Rx/OTC Readers
  - Total

- **Dollar Sales--% By Type**
  - Metal
  - Plastic
  - Combination or Rimless
  - Total

- **Dollar Sales--% By Selling Method**
  - Selling Direct to Retail
  - Selling Indirect (as through wholesalers only)
  - Total

- **Organization Type**
  - C Corp
  - S Corp
  - Limited Liability Company (LLC)
  - Sole Proprietorship
  - Partnership
  - Other

- **Accounts Receivable - Aging (% of Total)**
  - Current
  - 1-30 days past due date
  - 31-60 days past due date
  - 61-90 days past due date
  - Over 90 days past due date
  - Total

- **Credit Terms**
  - 2/15 net 30
  - 2/10 net 30
  - Net 30
  - 2/30 net 31
  - Other

- **Merchandise Returns as a % of Gross Sales**
  (i.e., Sales Before Any Returns or Allowances)
  - Total Returns of Defective Merchandise
  - Total Returns of Non-Defective Merchandise

### INVENTORY RELATED INFORMATION

- **Average Inventory as a % of Total Net Sales**
  - Frequency of Physical Inventory Count
    - Monthly
    - Quarterly
    - Semi-Annually
    - Annually
    - Other
    - Do Not Conduct a Physical Inventory

- **Average Inventory Variance (Shrinkage)**
  - Percentage of Inventory Sold Below Cost
  - Percentage of Discontinued/Obsolete Inventory
  - Percentage of Inventory Dedicated to Kids Products
  - Average Annual Fill Rate

- **How Orders are Processed:**
  - Released First to Pick Slip for Processing
  - Sent to an Invoice Directly
  - Other

- **Firms Using Warehouse Management System Software**
### Detailed Performance Results

#### PERSONNEL RELATED DATA

- **Sales Force Primarily:**
  - Sells Direct to Retail Only
  - Sells Indirect (i.e. through wholesalers only)
  - Both
  - Other

- **Percentage of Direct Sales Force Sales That Were:**
  - Field Order Sales
  - Phone Order Sales

- **Sales Force is Made up of:**
  - Entirely Employees
  - Entirely Independent Sales Reps (Outside Contractors)
  - A Mix of Employees and Outside Reps

- **Sales Force Mix**
  - Employees
  - Independent Sales Reps (Outside Contractors)

- **Percentage of Respondents Providing the Following Benefits (Company Pays All or a Portion):**
  - Paid Vacation
  - Sick Pay
  - Health/Medical Insurance
  - Dental Insurance
  - Life Insurance
  - Disability Insurance
  - Optical/Vision Insurance
  - Maternity Leave
  - Paternity Leave
  - Transportation
  - Cafeteria Plan
  - Profit Sharing Plan
  - Other

- **Percentage of Respondents Allowing Paid Time Off in Lieu of Paid Vacation and/or Sick Leave and/or Maternity Leave**

- **Percent Offering an HMO Benefit**
  - If HMO is Offered, Percent Paid by Your Company for:
    - Employee
    - Family

- **Percent Offering a PPO Benefit**
  - If PPO is Offered, Percent Paid by Your Company for:
    - Employee
    - Family

- **Percent Offering a Retirement Plan**

- **Type of Retirement Plans Offered**
  - Defined Benefit Plan
  - 401(k) Plan
  - SEP IRA
  - Simple 401(k)
  - Other

- **If 401(k) is Offered:**
  - Percent That Match Employee Contributions
  - Employer Match per $1.00
  - Up to What Percent of Employee's Salary is Matched
  - Percent That Provide a Discretionary Contribution
  - Average Percentage of Discretionary Contribution

---

<table>
<thead>
<tr>
<th>PERSONNEL RELATED DATA</th>
<th>All Responding Firms</th>
<th>Sales Under $10 Million</th>
<th>Sales $10 - $30 Million</th>
<th>Sales Over $30 Million</th>
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</thead>
<tbody>
<tr>
<td><strong>Sales Force Primarily:</strong></td>
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<tr>
<td>Sells Direct to Retail Only</td>
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<tr>
<td>Sells Indirect (i.e. through wholesalers only)</td>
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<tr>
<td>Both</td>
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<tr>
<td>Other</td>
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<tr>
<td><strong>Percentage of Direct Sales Force Sales That Were:</strong></td>
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<tr>
<td>Field Order Sales</td>
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<tr>
<td>Phone Order Sales</td>
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<tr>
<td><strong>Sales Force is Made up of:</strong></td>
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<tr>
<td>Entirely Employees</td>
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<tr>
<td>Entirely Independent Sales Reps (Outside Contractors)</td>
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<tr>
<td>A Mix of Employees and Outside Reps</td>
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<tr>
<td><strong>Sales Force Mix</strong></td>
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<tr>
<td>Employees</td>
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<td>Independent Sales Reps (Outside Contractors)</td>
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<td><strong>Percentage of Respondents Providing the Following Benefits (Company Pays All or a Portion):</strong></td>
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<tr>
<td>Paid Vacation</td>
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<tr>
<td>Sick Pay</td>
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<td>Health/Medical Insurance</td>
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<tr>
<td>Dental Insurance</td>
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<td>Life Insurance</td>
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<td>Disability Insurance</td>
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<td>Optical/Vision Insurance</td>
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<td>Maternity Leave</td>
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<td>Paternity Leave</td>
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<td>Transportation</td>
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<td>Cafeteria Plan</td>
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<td>Profit Sharing Plan</td>
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<td>Other</td>
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<td><strong>Percentage of Respondents Allowing Paid Time Off in Lieu of Paid Vacation and/or Sick Leave and/or Maternity Leave</strong></td>
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<tr>
<td><strong>Percent Offering an HMO Benefit</strong></td>
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<tr>
<td>If HMO is Offered, Percent Paid by Your Company for:</td>
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<tr>
<td>Employee</td>
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<tr>
<td>Family</td>
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<td>Family</td>
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<tr>
<td><strong>Percent Offering a Retirement Plan</strong></td>
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<tr>
<td><strong>Type of Retirement Plans Offered</strong></td>
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<tr>
<td>Defined Benefit Plan</td>
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<tr>
<td>401(k) Plan</td>
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<tr>
<td>SEP IRA</td>
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<tr>
<td>Simple 401(k)</td>
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<tr>
<td>Other</td>
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<tr>
<td><strong>If 401(k) is Offered:</strong></td>
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<tr>
<td>Percent That Match Employee Contributions</td>
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<tr>
<td>Employer Match per $1.00</td>
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<tr>
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<tr>
<td>Average Percentage of Discretionary Contribution</td>
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<table>
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<th>Firms That Primarily Sell Brand Frames</th>
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  - Percent That Provide a Discretionary Contribution
  - Average Percentage of Discretionary Contribution
## EMPLOYEE/DEPARTMENTAL PAYROLL INFORMATION

### AVERAGE NUMBER OF EMPLOYEES

<table>
<thead>
<tr>
<th>Category</th>
<th>Officers</th>
<th>Outside Sales</th>
<th>Inside Sales</th>
<th>Customer Service/Order Entry</th>
<th>Independent Sales Reps</th>
<th>Product Design and Development Staff</th>
<th>IT Staff</th>
<th>Office Staff</th>
<th>Warehouse and Returns</th>
<th>Marketing, Advertising, and PR Staff</th>
<th>Brand Management Staff</th>
<th>Purchasing Staff</th>
<th>Other Employees</th>
<th>Total Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Responding Firms</td>
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<tr>
<td>Sales Under $10 Million</td>
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<td>Sales $10 - $30 Million</td>
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<td>Sales Over $30 Million</td>
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</table>

### EMPLOYEES % OF TOTAL

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<tr>
<td>Sales Under $10 Million</td>
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<td>Sales $10 - $30 Million</td>
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<td>Sales Over $30 Million</td>
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</tbody>
</table>

### DEPARTMENTAL PAYROLL AS % OF TOTAL PAYROLL

<table>
<thead>
<tr>
<th>Category</th>
<th>Officers</th>
<th>Outside Sales</th>
<th>Inside Sales</th>
<th>Customer Service/Order Entry</th>
<th>Independent Sales Reps</th>
<th>Product Design and Development Staff</th>
<th>IT Staff</th>
<th>Office Staff</th>
<th>Warehouse and Returns</th>
<th>Marketing, Advertising, and PR Staff</th>
<th>Brand Management Staff</th>
<th>Purchasing Staff</th>
<th>Other Employees</th>
<th>Total Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Responding Firms</td>
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<td>Sales Under $10 Million</td>
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</tbody>
</table>

### EMPLOYEE PRODUCTIVITY RATIOS

- Sales Per Overall Employee (including outside reps and employees)
- Sales Per Sales Force Person (including outside sales reps and selling employees)
- Gross Margin Per Overall Employee (including outside reps and employees)
- Gross Margin Per Sales Force Person (including outside sales reps and selling employees)
- Personnel Turnover Rates (i.e., sales force personnel that departed as a percent of the total number of sales force personnel when the year began)
- Total Sales Force
  - Sales Force Employees
  - Independent Sales Reps (Outside Contractors)
  - Other Employees
  - Total Personnel Turnover
- Payroll (including reps) as % of Net Sales
- Selling Payroll (including reps) as % of Net Sales
- Employee Fringe Benefits as % of Net Sales

---

The Vision Council 2009 Benchmarking Study (Based on 2008 Results)
### Detailed Performance Results

<table>
<thead>
<tr>
<th>Firms That Primarily Sell Brand Frames</th>
<th>Firms That Primarily Sell Non-Brand Frames</th>
<th>Firms With Accessories Over 20% of Total Sales</th>
<th>High Profit Firms</th>
<th>Firms That Sell Direct to Retail Only</th>
</tr>
</thead>
</table>

#### EMPLOYEE/DEPARTMENTAL PAYROLL INFORMATION

**AVERAGE NUMBER OF EMPLOYEES**
- Officers
- Outside Sales
- Inside Sales
- Customer Service/Order Entry
- Independent Sales Reps
- Product Design and Development Staff
- IT Staff
- Office Staff
- Warehouse and Returns
- Marketing, Advertising, and PR Staff
- Brand Management Staff
- Purchasing Staff
- Other Employees
- Total Employees

**EMPLOYEES % OF TOTAL**
- Officers
- Outside Sales
- Inside Sales
- Customer Service/Order Entry
- Independent Sales Reps
- Product Design and Development Staff
- IT Staff
- Office Staff
- Warehouse and Returns
- Marketing, Advertising, and PR Staff
- Brand Management Staff
- Purchasing Staff
- Other Employees
- Total Employees

**DEPARTMENTAL PAYROLL AS % OF TOTAL PAYROLL**
- Officers
- Outside Sales
- Inside Sales
- Customer Service/Order Entry
- Independent Sales Reps
- Professional Fees Expense
- Product Design and Development Staff
- IT Staff
- Office Staff
- Warehouse and Returns
- Marketing, Advertising, and PR Staff
- Brand Management Staff
- Purchasing Staff
- Other Employees
- Total Employees

**EMPLOYEE PRODUCTIVITY RATIOS**
- Sales Per Overall Employee (including outside reps and employees)
- Sales Per Sales Force Person (including outside sales reps and selling employees)
- Gross Margin Per Overall Employee (including outside reps and employees)
- Gross Margin Per Sales Force Person (including outside sales reps and selling employees)

**Personnel Turnover Rates (i.e., sales force personnel that departed as a percent of the total number of sales force personnel when the year began)**
- Total Sales Force
- Sales Force Employees
- Independent Sales Reps (Outside Contractors)
- Other Employees
- Total Personnel Turnover

**Payroll (including reps)--% of Net Sales**
- Selling Payroll (including reps)--% of Net Sales
- Employee Fringe Benefits--% of Net Sales
## Detailed Performance Results

### OVERALL PERFORMANCE MEASURES
- **Profit Margin** (Net Profit Before Taxes as a % of Net Sales)
- **Asset Turnover** (Net Sales/Total Assets)
- **Return on Assets** (Net Profit Before Taxes as a % of Total Assets)
- **Financial Leverage** (Total Assets/Net Worth)
- **Return on Net Worth** (Net Profit Before Taxes as a % of Net Worth)

### SALES PERFORMANCE
- Sales Change Versus Prior Year

### FINANCIAL MANAGEMENT RATIOS
- Current Ratio (Curr. Assets/Curr. Liab.)
- Quick Ratio (Current Assets Minus Inventory/Current Liabilities)
- Cash to Current Liabilities
- Accounts Payable to Inventory
- Debt to Equity
- EBIT To Total Assets (Net Profit Before Interest & Taxes as a % of Total Assets)
- Times Interest Earned

### ASSET PRODUCTIVITY RATIOS
- Average Collection Period (Days)
- Inventory Turnover

### BALANCE SHEET ITEMS—% OF TOTAL ASSETS

#### Assets
- Assets - Current:
  - Cash & Short-Term Investments
  - Accounts Receivable
  - Inventory
  - Other Current Assets
- Total Current Assets
- Assets - Fixed:
  - Fixed Assets (Net of Depreciation)
  - Other non-current Assets (i.e., investments, cash value of the insurance, etc.)
- Total Fixed & Other Assets
- **TOTAL ASSETS**

#### Liabilities & Net Worth
- Liabilities - Current:
  - Accounts Payable
  - Notes Payable
  - Other
    - Total Current Liabilities
- Liabilities - Long-Term:
  - Long Term Debt
  - Other Long-Term Liabilities 3.9%
- **TOTAL LIABILITIES**

### MISCELLANEOUS FINANCIAL INFORMATION
- Total Capital Expenditures (2008)
- Total Capital Expenditures-% of Total Assets
- Total Capital Expenditures-% of Net Sales
- Cost of New Product Design-% of Total Assets
- Cost of New Product Design-% of Net Sales
- Co-op Marketing Expense as a % of Net Sales
- IT Consultants Expense as a % of Net Sales
- IT Consultants Expense per Consultant

---

**The Vision Council 2009 Benchmarking Study (Based on 2008 Results)**
### Detailed Performance Results

<table>
<thead>
<tr>
<th>Firms That Primarily Sell Brand Frames</th>
<th>Firms That Primarily Sell Non-Brand Frames</th>
<th>Firms With Accessories Over 20% of Total Sales</th>
<th>High Profit Firms</th>
<th>Firms That Sell Direct to Retail Only</th>
</tr>
</thead>
</table>

**OVERALL PERFORMANCE MEASURES**
- **Profit Margin** (Net Profit Before Taxes as a % of Net Sales)
- **Asset Turnover** (Net Sales/Total Assets)
- **Return on Assets** (Net Profit Before Taxes as a % of Total Assets)
- **Financial Leverage** (Total Assets/Net Worth)
- **Return on Net Worth** (Net Profit Before Taxes as a % of Net Worth)

**SALES PERFORMANCE**
- Sales Change Versus Prior Year

**FINANCIAL MANAGEMENT RATIOS**
- Current Ratio (Curr. Assets/Curr. Liab.)
- Quick Ratio (Current Assets Minus Inventory/Current Liabilities)
- Cash to Current Liabilities
- Accounts Payable to Inventory
- Debt to Equity
- EBIT To Total Assets (Net Profit Before Interest & Taxes as a % of Total Assets)
- Times Interest Earned

**ASSET PRODUCTIVITY RATIOS**
- Average Collection Period (Days)
- Inventory Turnover

**BALANCE SHEET ITEMS--% OF TOTAL ASSETS**

**ASSETS**
- Current:
  - Cash & Short-Term Investments
  - Accounts Receivable
  - Inventory
  - Other Current Assets
- Total Current Assets

**Fixed:**
- Fixed Assets (Net of Depreciation)
- Other non-current Assets (i.e., investments, cash value of the insurance, etc.)
- Total Fixed & Other Assets
- TOTAL ASSETS

**LIABILITIES & NET WORTH**
- Current:
  - Accounts Payable
  - Notes Payable
  - Other
- Total Current Liabilities

**Long-Term:**
- Long Term Debt
- Other Long-Term Liabilities
- TOTAL LIABILITIES
- NET WORTH (including paid-in capital and retained earnings)
- TOTAL LIABILITIES AND NET WORTH

**MISCELLANEOUS FINANCIAL INFORMATION**
- Total Capital Expenditures (2008)
- Total Capital Expenditures-% of Total Assets
- Total Capital Expenditures-% of Net Sales

- Cost of New Product Design-% of Total Assets
- Cost of New Product Design-% of Net Sales

- Co-op Marketing Expense as a % of Net Sales
- IT Consultants Expense as a % of Net Sales
- IT Consultants Expense per Consultant
Detailed Performance Results

<table>
<thead>
<tr>
<th>Freight Income as a % of Net Sales</th>
<th>Freight Expense as a % of Net Sales</th>
<th>Freight Cost Recovery (% of freight costs billed to customers)</th>
</tr>
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<tbody>
<tr>
<td>Typical Cost for a Tradeshow Booth</td>
<td></td>
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<td>Percentage Offering Customers Ability to Pay Using Credit Card</td>
<td>Percentage of Orders Paid Using a Credit Card</td>
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<td>Percentage of Company Property That is:</td>
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<tr>
<td>Owned</td>
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<tr>
<td>Rented</td>
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</tbody>
</table>

**PROFIT & LOSS STATEMENT AS A % OF NET SALES**

<table>
<thead>
<tr>
<th>NET SALES (after all returns and allowances)</th>
<th>Total Cost of Goods Sold</th>
<th>GROSS MARGIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERSONNEL PAYROLL RELATED EXPENSES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Officers' Salaries, Wages, Bonuses, Commissions</td>
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<tr>
<td>Sales Force Salaries, Wages, Bonuses, Commissions:</td>
<td></td>
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<tr>
<td>Outside Sales</td>
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<tr>
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<tr>
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<tr>
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<td>Health/Medical Insurance Cost</td>
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<tr>
<td>Other Payroll Expenses (i.e., workers' compensation, FICA, etc.)</td>
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</tbody>
</table>

**NON-PAYROLL RELATED EXPENSES**

| Marketing, Advertising, PR Related Expenses | Brand Management Related Expenses | Purchasing Department Related Expenses | IT Related Expenses | Warehouse, Delivery and Returns Expenses | General and Administrative Expenses | Trade Show Expenses | Travel Expense (other than Trade Shows) | Royalty Expense | Depreciation Expense | Cost of Facilities | Bad Debt | Insurance (business, liability, etc., not medical, vehicle, or facility related) | All Other Expenses | TOTAL OPERATING EXPENSES | OPERATING PROFIT | Other Income (i.e., interest received, rent income, gain on sale of assets, etc.) | Interest Expense | Other Non-Operating Expenses (i.e., loss on sale of assets, etc.) | NET PROFIT BEFORE TAXES |
### Detailed Performance Results

<table>
<thead>
<tr>
<th>Firms That Primarily Sell Brand Frames</th>
<th>Firms That Primarily Sell Non-Brand Frames</th>
<th>Firms With Accessories Over 20% of Total Sales</th>
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**NON-PAYROLL RELATED EXPENSES**

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<tr>
<td>Brand Management Related Expenses</td>
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<td>Purchasing Department Related Expenses</td>
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<td>IT Related Expenses</td>
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<tr>
<td>Warehouse, Delivery and Returns Expenses</td>
</tr>
<tr>
<td>General and Administrative Expenses</td>
</tr>
<tr>
<td>Trade Show Expenses</td>
</tr>
<tr>
<td>Travel Expense (other than Trade Shows)</td>
</tr>
<tr>
<td>Royalty Expense</td>
</tr>
<tr>
<td>Depreciation Expense</td>
</tr>
<tr>
<td>Cost of Facilities</td>
</tr>
<tr>
<td>Bad Debt</td>
</tr>
<tr>
<td>Insurance (business, liability, etc., not medical, vehicle, or facility related)</td>
</tr>
<tr>
<td>All Other Expenses</td>
</tr>
</tbody>
</table>

**TOTAL OPERATING EXPENSES**

**OPERATING PROFIT**

| Other Income (i.e., interest received, rent income, gain on sale of assets, etc.) |
| Interest Expense |
| Other Non-Operating Expenses (i.e., loss on sale of assets, etc.) |

**NET PROFIT BEFORE TAXES**
Appendix
Survey Methodology and Demographics

In the early spring, 2009, The Vision Council mailed strictly confidential questionnaires to all of The Vision Council’s frame company members. The primary intent of this survey was to collect detailed financial and operating information from member firms by specific sales volume size and other data aggregations of importance.

Once the questionnaires were received by Industry Insights, all company identification, if any, was removed and a confidential company identification code assigned. The data was then coded, keyed into the computer and edited by Industry Insights financial analysts for accuracy and consistency. Computer processing was performed on all data to insure statistical validity and to produce the financial and operating ratios contained in this study.

In all, X completed and usable questionnaires were received by Industry Insights, which represents nearly half of the survey forms originally sent (please note: all X respondents did not necessarily answer every question/line item on the survey). In particular, the statistical sample consists of the following:

<table>
<thead>
<tr>
<th>Number of Reporting Firms</th>
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</thead>
<tbody>
<tr>
<td>All Reporting Firms</td>
</tr>
<tr>
<td>By 2008 Annual Sales Volume Size of Firm</td>
</tr>
<tr>
<td>Firms with Sales Under $10 Million</td>
</tr>
<tr>
<td>Firms with Sales $10 to $30 Million</td>
</tr>
<tr>
<td>Firms with Sales Over $30 Million</td>
</tr>
<tr>
<td>High Profit Firms</td>
</tr>
<tr>
<td>Firms That:</td>
</tr>
<tr>
<td>Primarily Sell “Brand” Frames</td>
</tr>
<tr>
<td>Primarily Sell “Non-Brand” Frames</td>
</tr>
<tr>
<td>Have Accessories Sales Greater than 20% of Net Sales</td>
</tr>
<tr>
<td>Firms That Sell Direct to Retail Only</td>
</tr>
</tbody>
</table>

The statistical information contained in this report is believed to be representative of the companies responding to the survey. All reasonable efforts were taken by Industry Insights, Inc. to assure data comparability within the limitations of accounting reporting procedures. However, the data used in this report are not necessarily based on audited financial statements and the statistical validity of any given number varies depending upon sample sizes and the amount of consistency among responses for that particular ratio. Industry Insights and The Vision Council, therefore, make no representations or warranties with respect to the results of this study and shall not be liable to clients or anyone else for any information inaccuracies, or errors or omissions in contents, regardless of the cause of such inaccuracy, error or omission. In no event shall Industry Insights and/or The Vision Council be liable for any consequential damages.
Multi-Year Trend Comparisons

While each single year’s results of The Vision Council Benchmarking Study are certainly useful benchmarks for evaluating your own firm’s performance versus industry peers during a similar period of time, an equally important component of the study is to monitor year-to-year trends. Although the trend data shown below are not derived from identical sets of companies for each year, significant trends can still be observed. Some of these are highlighted below, followed by a more detailed listing of ratios over time.

PLEASE NOTE: Year references refer to calendar year results. For example, 2008 refers to the 2009 survey based on 2008 results.

Profitability Trends

As the chart below reveals, industry firms have experienced strong fluctuations in their profitability ratios during the past few years. In 2008, return on assets for the typical respondent continued its upward trend to X%.

RETURN ON ASSETS (PROFIT BEFORE TAXES AS A % OF TOTAL ASSETS)

<table>
<thead>
<tr>
<th>Year</th>
<th>Return on Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>X%</td>
</tr>
<tr>
<td>2007</td>
<td>X%</td>
</tr>
<tr>
<td>2006</td>
<td>X%</td>
</tr>
<tr>
<td>2005</td>
<td>X%</td>
</tr>
<tr>
<td>2004</td>
<td>X%</td>
</tr>
</tbody>
</table>

Receivables Management Trend

Average collection period (i.e., days receivables outstanding) fell from X days in 2007 to X days.

AVERAGE COLLECTION PERIOD (DAYS)

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Collection Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>~</td>
</tr>
<tr>
<td>2007</td>
<td>~</td>
</tr>
<tr>
<td>2006</td>
<td>~</td>
</tr>
<tr>
<td>2005</td>
<td>~</td>
</tr>
<tr>
<td>2004</td>
<td>~</td>
</tr>
<tr>
<td>2003</td>
<td>~</td>
</tr>
</tbody>
</table>
**Other Industry Trends**

In addition to overall profitability, inventory, and receivables management trends, various other historical patterns worth highlighting are as follows:

- The typical respondent’s net profit margin rose to ___% for 2008, primarily as a result of improved gross margins. Gross margin rose from ___% for 2007 to ___% for 2008.

- Financial leverage continued to decline from the 5-year high of ___x in 2006 to ___x in 2007 to ___x in 2008.
Multi-Year Performance Comparison

The following detailed table summarizes the multi-year performance results for all responding firms. Please note that the data was compiled from historical Benchmarking Study Surveys over time. As a result, the historical trends shown do not necessarily represent a consistent sample of The Vision Council member respondents. See the report’s Appendix following these tables for ratio definitions.

<table>
<thead>
<tr>
<th>Number of Reporting Firms</th>
<th>2008</th>
<th>2007</th>
<th>2006</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>RESPONDENT PROFILE INFORMATION</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eyewear and Accessories Sales</td>
<td></td>
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<td>Brand Frames</td>
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<td>Non-Brand Frames</td>
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<td>Private Label Frames</td>
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<td>Accessories 11.</td>
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<td>Dollar Sales--% By Type</td>
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<td>Dollar Sales--% By Selling Method</td>
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<td>Selling Direct to Retail Only</td>
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<td>Selling Indirect (as through wholesalers only)</td>
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<td>Partnership</td>
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<td>Other</td>
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<td>Accounts Receivable - Aging (% of Total)</td>
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<td>Current</td>
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<td>31-60 days past due date</td>
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<td>61-90 days past due date</td>
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<td>Over 90 days past due date</td>
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<td>Credit Terms</td>
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<td>2/15 net 30</td>
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<td>2/30 net 31</td>
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<tr>
<td>Other</td>
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<tr>
<td>Merchandise Returns as a % of Gross Sales (i.e., Sales Before Any Returns or Allowances)</td>
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<tr>
<td>Total Returns of Defective Merchandise</td>
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<tr>
<td>Total Returns of Non-Defective Merchandise</td>
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</tr>
</tbody>
</table>
INVENTORY RELATED INFORMATION
Average Inventory as a % of Total Net Sales

Frequency of Physical Inventory Count
- Monthly
- Quarterly
- Semi-Annually
- Annually
- Other
- Do Not Conduct a Physical Inventory

Average Inventory Variance (Shrinkage)
Percentage of Inventory Sold Below Cost
Percentage of Discontinued/Obsolete Inventory
Percentage of Inventory Dedicated to Kids Products
Average Annual Fill Rate

How Orders are Processed:
- Released First to Pick Slip for Processing
- Sent to an Invoice Directly
- Other

Firms Using Warehouse Management System Software
- Yes
- No

PERSONNEL RELATED DATA
Sales Force Primarily:
- Sells Direct to Retail Only
- Sells Indirect (i.e. through wholesalers only)
- Both
- Other

Percentage of Direct Sales Force Sales That Were:
- Field Order Sales
- Phone Order Sales

Sales Force is Made up of:
- Entirely Employees
- Entirely Independent Sales Reps (Outside Contractors)
- A Mix of Employees and Outside Reps

Sales Force Mix
- Employees
- Independent Sales Reps (Outside Contractors)

Percentage of Respondents Providing the Following Benefits (Company Pays All or a Portion):
- Paid Vacation
- Sick Pay
- Health/Medical Insurance
- Dental Insurance
- Life Insurance
- Disability Insurance
- Optical/Vision Insurance
- Maternity Leave
- Paternity Leave
- Transportation
- Cafeteria Plan
- Profit Sharing Plan
- Other

Percentage of Respondents Allowing Paid Time Off in Lieu of Paid Vacation and/or Sick Leave and/or Maternity Leave
### Percent Offering an HMO Benefit
If HMO is Offered, Percent Paid by Your Company for:
- Employee
- Family

### Percent Offering a PPO Benefit
If PPO is Offered, Percent Paid by Your Company for:
- Employee
- Family

### Percent Offering a Retirement Plan

#### Type of Retirement Plans Offered
- Defined Benefit Plan
- 401(k) Plan
- SEP IRA
- Simple 401(k)
- Other

If 401(k) is Offered:
- Percent That Match Employee Contributions
- Employer Match per $1.00
- Up to What Percent of Employee's Salary is Matched
- Percent That Provide a Discretionary Contribution
- Average Percentage of Discretionary Contribution

### EMPLOYEE/DEPARTMENTAL PAYROLL INFORMATION

#### AVERAGE NUMBER OF EMPLOYEES
- Officers
- Outside Sales
- Inside Sales
- Customer Service/Order Entry
- Independent Sales Reps
- Product Design and Development Staff
- IT Staff
- Office Staff
- Warehouse and Returns
- Marketing, Advertising, and PR Staff
- Brand Management Staff
- Purchasing Staff
- Other Employees
- Total Employees

#### EMPLOYEES % OF TOTAL
- Officers
- Outside Sales
- Inside Sales
- Customer Service/Order Entry
- Independent Sales Reps
- Product Design and Development Staff
- IT Staff
- Office Staff
- Warehouse and Returns
- Marketing, Advertising, and PR Staff
- Brand Management Staff
- Purchasing Staff
- Other Employees
- Total Employees
Appendix

DEPARTMENTAL PAYROLL AS % OF TOTAL PAYROLL
Officers
Outside Sales
Inside Sales
Customer Service/Order Entry
Independent Sales Reps
Professional Fees Expense
Product Design and Development Staff
IT Staff
Office Staff
Warehouse and Returns
Marketing, Advertising, and PR Staff
Brand Management Staff
Purchasing Staff
Other Employees
Total Employees

EMPLOYEE PRODUCTIVITY RATIOS
Sales Per Overall Employee (including outside reps and employees)
Sales Per Sales Force Person (including outside sales reps and selling employees)
Gross Margin Per Overall Employee (including outside reps and employees)
Gross Margin Per Sales Force Person (including outside sales reps and selling employees)
Personnel Turnover Rates (i.e., sales force personnel that departed as a percent of the total number of sales force personnel when the year began)
Total Sales Force
Sales Force Employees
Independent Sales Reps (Outside Contractors)
Other Employees
Total Personnel Turnover

Payroll (including reps)--% of Net Sales
Selling Payroll (including reps)--% of Net Sales
Employee Fringe Benefits--% of Net Sales

OVERALL PERFORMANCE MEASURES
PROFIT MARGIN (Net Profit Before Taxes as a % of Net Sales)
ASSET TURNOVER (Net Sales/Total Assets)
RETURN ON ASSETS (Net Profit Before Taxes as a % of Total Assets)
FINANCIAL LEVERAGE (Total Assets/Net Worth)
RETURN ON NET WORTH (Net Profit Before Taxes as a % of Net Worth)

SALES PERFORMANCE
Sales Change Versus Prior Year

FINANCIAL MANAGEMENT RATIOS
Current Ratio (Curr. Assets/Curr. Liab.)
Quick Ratio (Current Assets Minus Inventory/Current Liabilities)
Cash to Current Liabilities
Accounts Payable to Inventory
Debt to Equity
EBIT To Total Assets (Net Profit Before Interest & Taxes as a % of Total Assets)
Times Interest Earned

ASSET PRODUCTIVITY RATIOS
Average Collection Period (Days)
Inventory Turnover
BALANCE SHEET ITEMS--% OF TOTAL ASSETS

ASSETS
Assets - Current:
- Cash & Short-Term Investments
- Accounts Receivable
- Inventory
- Other Current Assets
- Total Current Assets
Assets - Fixed:
- Fixed Assets (Net of Depreciation)
- Other non-current Assets (i.e., investments, cash value of the insurance, etc.)
- Total Fixed & Other Assets
- TOTAL ASSETS 100.0%

LIABILITIES & NET WORTH
Liabilities - Current:
- Accounts Payable
- Notes Payable
- Other
- Total Current Liabilities
Liabilities - Long-Term:
- Long Term Debt
- Other Long-Term Liabilities
- TOTAL LIABILITIES
- NET WORTH (including paid-in capital and retained earnings)
- TOTAL LIABILITIES AND NET WORTH

MISCELLANEOUS FINANCIAL INFORMATION
- Total Capital Expenditures (2008)
- Total Capital Expenditures-% of Total Assets
- Total Capital Expenditures-% of Net Sales
- Cost of New Product Design-% of Total Assets
- Cost of New Product Design-% of Net Sales
- Co-op Marketing Expense as a % of Net Sales
- IT Consultants Expense as a % of Net Sales
- IT Consultants Expense per Consultant
- Freight Income as a % of Net Sales
- Freight Expense as a % of Net Sales
- Freight Cost Recovery (% of freight costs billed to customers)
- Typical Cost for a Tradeshow Booth
- Percentage Offering Customers Ability to Pay Using Credit Card
- Percentage of Orders Paid Using a Credit Card
- Percentage of Company Property That is:
  - Owned
  - Rented
The Vision Council 2009 Benchmarking Study (Based on 2008 Results)

Appendix

PROFIT & LOSS STATEMENT AS A % OF NET SALES
NET SALES (after all returns and allowances)
Total Cost of Goods Sold
GROSS MARGIN

PERSONNEL PAYROLL RELATED EXPENSES
Officers’ Salaries, Wages, Bonuses, Commissions
Sales Force Salaries, Wages, Bonuses, Commissions:
   Outside Sales
   Inside Sales
Customer Service/Order Entry
Sales Force Compensation Paid to Independent Reps
Professional Fees Expense
   (i.e. Accounting firms, Law Firms, IT consultants, etc.)
Product Design and Development Staff Salaries,
   Wages, Bonuses, Commissions
Technical Staff Salaries, Wages, Bonuses, Commissions
Office Staff Salaries, Wages, Bonuses, Commissions
Warehouse, Delivery and Returns Staff Salaries,
   Wages, Bonuses, Commissions
Marketing, Advertising, and PR Staff Salaries,
   Wages, Bonuses, Commissions
Brand Management Staff Salaries, Wages, Bonuses, Commissions
Purchasing Staff Salaries, Wages, Bonuses, Commissions
Other Employee Salaries, Wages, Bonuses, Commissions
   Health/Medical Insurance Cost
   Pension Benefit Cost
   Other Benefit Expenses
   Other Payroll Expenses (i.e., workers’ compensation, FICA, etc.)

NON-PAYROLL RELATED EXPENSES
Marketing, Advertising, PR Related Expenses
Brand Management Related Expenses
Purchasing Department Related Expenses
IT Related Expenses
Warehouse, Delivery and Returns Expenses
General and Administrative Expenses
Trade Show Expenses
Travel Expense (other than Trade Shows)
Royalty Expense
Depreciation Expense
Cost of Facilities
Bad Debt
Insurance (business, liability, etc., not medical, vehicle, or facility related)
All Other Expenses
   TOTAL OPERATING EXPENSES

OPERATING PROFIT
Other Income (i.e., interest received,
   rent income, gain on sale of assets, etc.)
Interest Expense
Other Non-Operating Expenses (i.e., loss on sale of assets, etc.)

NET PROFIT BEFORE TAXES

*Various expense categories were added and removed in 2004. Categories that were removed were consolidated into “All Other Expenses” for the years prior to 2004.


## Ratio Definitions

The primary purpose of The Vision Council *Benchmarking Study Survey* is to provide a basis for comparing your own firm’s performance with your peers in the industry. In order to do this, it is necessary to calculate your firm’s individual company ratios using the same methods that were used to compute the ratios in this report. These definitions appear on the pages that follow.

To further clarify the computational process, this section of the report also contains a copy of the survey form.

<table>
<thead>
<tr>
<th>PERFORMANCE MEASURE</th>
<th>METHOD OF COMPUTATION</th>
<th>SUGGESTED USES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KEY INCOME STATEMENT ITEMS AS A PERCENT OF SALES</strong></td>
<td></td>
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</tr>
<tr>
<td>Gross Margin</td>
<td>Net Sales minus Total Cost of Goods Sold</td>
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<tr>
<td>Payroll Expense</td>
<td>Selling payroll (as described below) plus Officers’ Production Staff, Technical Staff, Office Staff, and Other Employee Salaries, Wages, Bonuses, Commissions</td>
<td></td>
</tr>
<tr>
<td>Selling Payroll</td>
<td>Sales Force Salaries, Wages, Bonuses, Commissions for those involved in Outside Sales, Inside Sales, Customer Service/Order Entry and Sales Force Compensation Paid to Independent Reps.</td>
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</tr>
<tr>
<td>Total Operating Expense</td>
<td>Total Expenses ( \times 100 )</td>
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</tr>
<tr>
<td><strong>OVERALL PERFORMANCE MEASURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit Margin</td>
<td>( \frac{Net\ Profit\ Before\ Taxes}{Net\ Sales} \times 100 )</td>
<td>Is an overall measure of profits earned as a percent of sales.</td>
</tr>
<tr>
<td>Asset Turnover</td>
<td>( \frac{Net\ Sales}{Total\ Assets} )</td>
<td>Is an overall measure of asset productivity; measures sales generated per dollar of assets.</td>
</tr>
<tr>
<td>Return on Assets</td>
<td>( \frac{Net\ Profit\ Before\ Taxes}{Total\ Assets} \times 100 )</td>
<td>Indicates the profit earned as a percent of total assets.</td>
</tr>
<tr>
<td>Financial Leverage</td>
<td>( \frac{Total\ Assets}{Net\ Worth} )</td>
<td>Measures assets financed per dollar of net worth. The higher this ratio, the greater the reliance on debt financing.</td>
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<tr>
<td>Return on Net Worth</td>
<td>( \frac{Net\ Profit\ Before\ Taxes}{Net\ Worth} \times 100 )</td>
<td>Indicates the profit earned as a percent of net worth (or owner’s equity).</td>
</tr>
<tr>
<td><strong>FINANCIAL MANAGEMENT RATIOS</strong></td>
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</tr>
<tr>
<td>Current Ratio</td>
<td>( \frac{Current\ Assets}{Current\ Liabilities} )</td>
<td>Another measure of liquidity; indicates a firm’s ability to pay short-term debt with current assets.</td>
</tr>
<tr>
<td>Quick Ratio</td>
<td>( \frac{Current\ Assets\ minus\ Inventory}{Current\ Liabilities} )</td>
<td>Measures the ability to pay short-term debt with assets that can be converted to cash most quickly.</td>
</tr>
<tr>
<td>Cash to Current Liabilities</td>
<td>( \frac{Cash}{Current\ Liabilities} \times 100 )</td>
<td>Is a measure of liquidity, indicating a firm’s ability to pay short-term debt with cash.</td>
</tr>
<tr>
<td>PERFORMANCE MEASURE</td>
<td>METHOD OF COMPUTATION</td>
<td>SUGGESTED USES</td>
</tr>
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</tr>
<tr>
<td>Accounts Payable to Inventory</td>
<td>Accounts Payable x 100 Year End Inventory</td>
<td>Indicates the percent of inventory financed by suppliers of the inventory.</td>
</tr>
<tr>
<td>Debt to Equity</td>
<td>Total Liabilities Net Worth</td>
<td>An indication of debt versus equity (or owner’s net worth) financing of the business.</td>
</tr>
<tr>
<td>EBIT to Total Assets</td>
<td>Net Profit Before Interest &amp; Taxes x 100 Total Assets</td>
<td>Measures earnings from operations before taxes and interest as a percent of total assets.</td>
</tr>
<tr>
<td>Times Interest Earned</td>
<td>Profit Before Taxes + Interest Interest</td>
<td>Provides an indication of the number of times earnings will cover interest payments.</td>
</tr>
<tr>
<td>ASSET PRODUCTIVITY RATIOS</td>
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</tr>
<tr>
<td>Average Collection Period (Days)</td>
<td>Accounts Receivable (Net Sales ÷ 365 Days)</td>
<td>Also sometimes called “days receivables outstanding.” Measures the average days between sales and receipt of customer payment. Indication of effectiveness of credit and collection policies.</td>
</tr>
<tr>
<td>Inventory Turnover</td>
<td>Total Cost of Goods Sold Inventory</td>
<td>A measure of inventory productivity. Indicates the number of times the entire inventory stock is sold per year.</td>
</tr>
<tr>
<td>Accounts Receivable – Aging (% of Total)</td>
<td>Accounts receivable dollars by number of days outstanding as a % of total accounts receivable dollars</td>
<td>Indicates the extent to which receivables are current and/or past due.</td>
</tr>
<tr>
<td>AVERAGE ANNUAL FILL RATE</td>
<td>Average number of orders filled x 100 Average number of orders received</td>
<td>An item-based measurement that shows the percentage of demands that were met at the time they were placed.</td>
</tr>
<tr>
<td>AVERAGE INVENTORY AS A % OF ANNUAL NET SALES</td>
<td>Average Inventory x 100 Annual Net Sales</td>
<td>Measures the inventory level necessary to generate sales. A good figure to track over time for trending purposes.</td>
</tr>
<tr>
<td>SALES PERFORMANCE</td>
<td></td>
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</tr>
<tr>
<td>Sales Change Versus Prior Year</td>
<td>Prior Year Net Sales minus Current Year Net Sales x 100 Prior Year Net Sales</td>
<td>Indicates the growth rate in sales from last year to this year.</td>
</tr>
<tr>
<td>EMPLOYEE PRODUCTIVITY RATIOS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Per Overall Employee (including outside reps and employees)</td>
<td>Net Sales Total Number of Full-Time Equivalent Employees</td>
<td>Is an overall employee productivity measure; is average sales generated per full-time equivalent employee.</td>
</tr>
<tr>
<td>Sales Per Sales Force Person (including outside sales reps and selling employees)</td>
<td>Net Sales Full-Time Equivalent Sales Force Employees</td>
<td>Is an overall selling employee productivity measure; is average sales generated per full-time equivalent sales force employee.</td>
</tr>
<tr>
<td>Gross Margin Per Overall Employee (including outside reps and all other employees)</td>
<td>Gross Margin Total Number of Full-Time Equivalent Employees</td>
<td>Measures the gross margin dollars generated per full-time equivalent employee.</td>
</tr>
<tr>
<td>Gross Margin Per Sales Force Person (including outside sales reps and selling employees)</td>
<td>Gross Margin Full-Time Equivalent Sales Force Employees</td>
<td>Measures the gross margin dollars generated per full-time equivalent sales force employee.</td>
</tr>
</tbody>
</table>
## PERFORMANCE MEASURE

<table>
<thead>
<tr>
<th>PERFORMANCE MEASURE</th>
<th>METHOD OF COMPUTATION</th>
<th>SUGGESTED USES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Force Turnover Rate (i.e., sales force personnel that departed as a percent of the total number of sales force personnel when the year began) (includes both employees and outside reps)</td>
<td>Number of Departed Sales Force Personnel / Total Number of Sales Force Personnel at the Beginning of the Year</td>
<td>Indicates portion of Sales Force Personnel that departed the company during the year.</td>
</tr>
<tr>
<td>Payroll (including reps)--% of Net Sales</td>
<td>Payroll Expense (excluding fringe benefits) / Net Sales * 100</td>
<td>Provides an indication of overall employee costs relative to the level of sales activity for the firm.</td>
</tr>
<tr>
<td>Selling Payroll (including reps)--% of Net Sales</td>
<td>Selling Payroll Expense (excluding fringe benefits) / Net Sales * 100</td>
<td>Provides an indication of selling employee costs relative to the level of sales activity for the firm.</td>
</tr>
<tr>
<td>Employee Fringe Benefits--% of Net Sales</td>
<td>Employee Fringe Benefits / Net Sales * 100</td>
<td>Provides an indication of employee fringe benefit costs relative to the level of sales activity for the firm.</td>
</tr>
<tr>
<td>MERCHANDISE RETURNS AS A % OF SALES BEFORE ANY RETURNS OR ALLOWANCES</td>
<td></td>
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<tr>
<td>Total Returns of Defective Merchandise</td>
<td>Total Amount of Returns of Defective Merchandise / Total Gross Sales * 100</td>
<td></td>
</tr>
<tr>
<td>Total Returns of Non-Defective Merchandise</td>
<td>Total Amount of Returns of Non-Defective Merchandise / Total Gross Sales * 100</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Those firms that participated in The Vision Council survey automatically received a confidential Company Performance Report. This report presents a company’s own ratios and data already computed in a manner consistent with those appearing in the industry report, and displayed alongside the appropriate industry comparatives. As a result, participating companies received invaluable information about their own business performance without having to spend time and effort to make the calculations manually.
2009 Benchmarking Survey  
(of 2008 Operations)

Once again, The Vision Council Benchmarking Survey promises to provide industry firms with a comprehensive profile of industry performance benchmarks against which to assess performance. By filling out as much information as possible, you will be assured of receiving a detailed, CONFIDENTIAL association-wide report showing how your industry peers performed in the aggregate, so that you can gauge your own firm’s strengths and weaknesses, and improvement opportunities. This invaluable management tool is being provided to survey participants only, and is nowhere else available.

General Information

- This confidential questionnaire is designed to require a minimum of effort on your part. Please fill out as much of the information as possible.
- Please provide information regarding your firm’s U.S. operation only, EXCLUSIVE OF RETAIL AND EXCLUSIVE OF MANUFACTURING OPERATIONS. In other words, if your firm is vertically integrated, please only report information based on your sales/distribution activity, not manufacturing nor retail.
- Feel free to estimate if necessary. It is better to make an educated guess than to leave blanks. However, if items are simply not available or not applicable, please leave blank.
- Enter figures from your completed year that ended nearest to December 31, 2008. While full year data is required, you do not need to wait for audited/adjusted results from your accountant.
- If you need help or have questions, call Greg Manns of Industry Insights at 614/389-2100 extension 108.
- All responses will be kept in strictest confidence by Industry Insights, Inc. All data forms are destroyed once the information is compiled.
- Use the enclosed, self-addressed envelope to return this confidential form, or send in your form to:

  Industry Insights, Inc.  
  PO Box 4330  
  Dublin, Ohio 43016

Or, if you prefer, FAX your results to Greg Manns of Industry Insights at: 614/389-3816.

Confidentiality Assurance

The Vision Council 2009 Benchmarking Survey is based on a strictly confidential survey conducted of The Vision Council members by Industry Insights, Inc., an objective outside firm that specializes in such studies for many industries. Upon receipt, all survey responses are assigned a confidential code number by Industry Insights, Inc., and any name or company identification is removed. Survey processing is then conducted on an absolutely anonymous basis. No Vision Council staff member nor any company or individual inside or outside the industry, nor anyone else other than a select few Industry Insights, Inc. associates will ever see any individual firm’s confidential information.

THANK YOU FOR YOUR PARTICIPATION.

PARTICIPATION DEADLINE: March 3, 2009