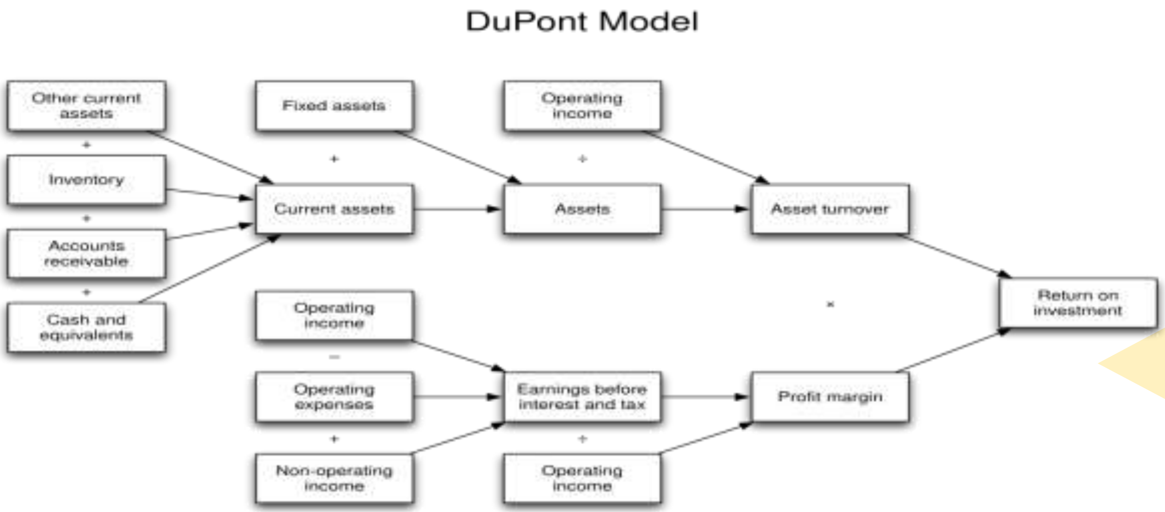
Du Pont's Control Model

- The basic DuPont Analysis model is a method of breaking down the original equation for ROE into three components: operating efficiency, asset efficiency, and leverage. Operating efficiency is measured by Net Profit Margin and indicates the amount of net income generated per dollar of sales.



- **DuPont analysis** (also known as the **DuPont identity**, **DuPont equation**, **DuPont framework**, **DuPont model**, **DuPont method** or **DuPont system**) is a tool used in financial analysis, where return on equity (ROE) is separated into its component parts.

- The **DuPont Control Model**, also known as the **DuPont Analysis**, is a framework used to evaluate a company's financial performance by breaking down its **Return on Equity (ROE)** into three key components. This model provides insights into the strategic areas of a business that drive profitability and efficiency, making it a valuable tool in **Strategic Management**.

- **Components of the DuPont Model**

The formula for ROE in the DuPont Model is expressed as:

ROE = Net Profit Margin×Asset Turnover×Equity Multiplier