BREAK-EVEN WORKSHEETS: DOLLAR BASIS

Step 1: Using your most recent income statements, classify all costs as either **fixed** or **variable**, then total each category.

Classify Your Costs

Actual Total Sales = $ _____

Total Variable Costs = $ _____

Total Fixed Costs = $ _____

Step 2: *"For every $1.00 of sales, what percent goes away to variable costs?"*

Calculate Variable Cost Percent

$$\text{Variable Cost Percentage} = \frac{\text{Total Variable Costs}}{\text{Actual Total Sales}} = \frac{\$\ \_\_\_\_\_}{\$} = \_\_\_\_\_\ \%$$

Step 3: *"For every $1.00 of sales (after paying for variable costs), what percent is left to cover fixed costs . . . plus any targeted profit?"*

Calculate Contribution Margin

100% – Variable Cost Percentage = 100% – _____ % = _____ %

Step 4: *"How many 'cents-es' does it take to cover your fixed costs?"*

Calculate Break-Even Sales

$$\text{Break-Even Sales} = \frac{\text{Total Fixed Costs}}{\text{Contribution Margin \%}} = \$\ \_\_\_\_\_ = \$\ \_\_\_\_\_$$

NOTE: To calculate the sales needed to generate a target profit, just add that target profit amount to your total fixed costs, then divide that amount by your contribution margin.

Step 5: *"Does the sales level you figured actually break-even - or give you the profits you target?"*

Check Your Calculations

	Break-Even Sales		_____
(minus)	Variable Costs *	–	_____
(equals)	Contribution Dollars	=	_____
(minus)	Fixed Costs	–	_____
(equals)	Net Profit	=	_____
			_____

* *Compute this figure by multiplying Break-Even (above) by the Variable Cost Percent in Step 2.*

BREAK-EVEN WORKSHEETS: PER UNIT BASIS

Step 1:
Classify Your Costs

Using your most recent income statements, classify all costs as either **fixed** or **variable**, then total each category. Record the actual number of units sold and actual sales volume.

Actual Total Sales = $ _____

Total Variable Costs = $ _____

Total Fixed Costs = $ _____

Total Units Sold = $ _____

Step 2:
Calculate Your Price Per Unit

$$\text{Price Per Unit} = \frac{\text{Total Sales}}{\text{Number of Units Sold}} = \$ \_\_\_\_\_$$

Step 3:
Calculate Your Variable Cost Per Unit

$$\text{Variable Cost Per Unit} = \frac{\text{Total Variable Costs}}{\text{Total Units Sold}} = \$ \_\_\_\_\_ \text{ per unit}$$

Step 4:
Calculate Your Contribution Dollars Per Unit

Price per Unit - Variable Cost per Unit = Contribution Margin Cost Per Unit

$ _____ per unit - $ _____ per unit = $ _____ per unit

Step 5:
Calculate Your Break-Even Sales in Units

$$\text{Break-Even Sales} = \frac{\text{Total Fixed Costs}}{\text{Contribution Margin Per Unit}}$$

$$= \frac{\$ \_\_\_\_\_}{\$ \quad \text{per unit}} = \_\_\_\_\_ \text{ units needed in sales to Break-Even}$$

NOTE: To calculate the sales needed to generate a target profit, just add that target profit amount to your total fixed costs, then divide that amount by your contribution margin.