

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

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

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

$$100\% - \text{Variable Cost Percentage} = 100\% - \quad \% = \quad \%$$

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

Calculate Break-

Even Sales

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

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: 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.

Classify Your Costs

Actual Total Sales = \$ _____
Total Variable Costs = \$ _____
Total Fixed Costs = \$ _____
Total Units Sold = \$ _____

Step 2: Price Per Unit = $\frac{\text{Total Sales}}{\text{Number of Units Sold}}$ = \$ _____

Calculate Your Price Per Unit

Step 3: Variable Cost Per Unit = $\frac{\text{Total Variable Costs}}{\text{Total Units Sold}}$ = \$ _____ per unit

Calculate Your Variable Cost Per Unit

Step 4: Price per Unit - Variable Cost per Unit = Contribution Margin Cost Per Unit

Calculate Your Contribution Dollars Per Unit

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

Step 5: Break-Even Sales = $\frac{\text{Total Fixed Costs}}{\text{Contribution Margin Per Unit}}$

Calculate Your Break-Even Sales in Units

= \$ _____ = _____ units needed in sales to Break-Even
\$ _____ per unit

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.