Tools

Break Even Worksheets

**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.

- Actual Total Sales = $ ____________
- Total Variable Costs = $ ____________
- Total Fixed Costs = $ ____________

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

\[
\text{Variable Cost Percentage} = \frac{\text{Total Variable Costs}}{\text{Actual Total Sales}} = \frac{\$ \text{__________}}{\$ \text{__________}} = \text{______\%}
\]

**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?”

\[
100\% - \text{Variable Cost Percentage} = 100\% - \text{______\%} = \text{______\%}
\]

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

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

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?”

\[
\begin{align*}
\text{Check Your Calculations} & \quad \text{Break-Even Sales} \\
\text{Check Your Calculations} & \quad \text{(minus)} \quad \text{Variable Costs}^* \\
\text{Check Your Calculations} & \quad \text{(equals)} \quad \text{Contribution Dollars} \\
\text{Check Your Calculations} & \quad \text{(minus)} \quad \text{Fixed Costs} \\
\text{Check Your Calculations} & \quad \text{(equals)} \quad \text{Net Profit}
\end{align*}
\]

\[
^* \text{Compute this figure by multiplying Break-Even (above) by the Variable Cost Percent in Step 2.}
\]

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BREAKEVEN 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.

<table>
<thead>
<tr>
<th>Cost Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Total Sales</td>
<td>$ ___________</td>
</tr>
<tr>
<td>Total Variable Costs</td>
<td>$ ___________</td>
</tr>
<tr>
<td>Total Fixed Costs</td>
<td>$ ___________</td>
</tr>
<tr>
<td>Total Units Sold</td>
<td>$ ___________</td>
</tr>
</tbody>
</table>

Step 2: Calculate Your Price Per Unit

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

Step 3: Calculate Your Variable Cost Per Unit

Variable Cost Per Unit = \frac{\text{Total Variable Costs}}{\text{Total Units Sold}} = $ ________ 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

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

$ ___________ = \frac{\text{Total Fixed Costs}}{\text{Contribution Margin Per Unit}} 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.