

Breakeven Analysis

Enter your company name here

<u>Cost Description</u>	<u>Fixed Costs (\$)</u>	<u>Variable Costs (%)</u>
Variable Costs		
Cost of Goods Sold		0.0%
Inventory		0.0%
Raw Materials		0.0%
Direct Labor (Includes Payroll Taxes)		0.0%
Fixed Costs		
Salaries (includes payroll taxes)	\$ -	
Supplies	\$ -	
Repairs & maintenance	\$ -	
Advertising	\$ -	
Car, delivery and travel	\$ -	
Accounting and legal	\$ -	
Rent	\$ -	
Telephone	\$ -	
Utilities	\$ -	
Insurance	\$ -	
Taxes (Real estate, etc.)	\$ -	
Interest	\$ -	
Depreciation	\$ -	
Other (specify)	\$ -	
Other (specify)	\$ -	
Miscellaneous expenses	\$ -	
Principal portion of debt payment	\$ -	
Owner's draw	\$ -	
Total Fixed Costs	\$ -	
Total Variable Costs		0.0

Breakeven Sales level = 0

Instructions

Note: You may want to print this information to use as reference later. To delete these instructions, click the border of this text box and then press the DELETE key.

Using figures from your Profit and Loss Projection, enter expected annual fixed and variable costs.

Fixed costs are those that remain the same regardless of your sales volume. They are expressed in dollars. Rent, insurance and real estate taxes, for example, are usually fixed.

Variable costs are those which change as your volume of business changes. They are expressed as a percent of sales. Inventory, raw materials and direct production labor, for example, are usually variable costs.

Under the variable expenses column, use whole numbers as a percentage, not decimal numbers. For example, use 45%, rather than .45%.

For your business, each category of expense may either be fixed or variable, but not both.

Suggestions

Note: You may want to print this information to use as reference later. To delete these instructions, click the border of this text box and then press the DELETE key.

The categories of expense shown above are just suggestions. Change the labels to reflect your own accounting systems and type of business. Breakeven is a "big picture" kind of tool; we recommend that you combine expense categories to stay within the 22 lines that this template allows.

One of the best uses of breakeven analysis is to play with various scenarios. For instance, if you add another person to the payroll, how many extra sales dollars will be needed to recover the extra salary expense? If you borrow, how much will be needed to cover the increased principal and interest payments? Many owners, especially retailers, like to calculate a daily breakdown. This gives everyone a target to shoot at for the day.