## Your Break Even Point

**Break Even Point** occurs when revenue & expenses (both Overhead and COGS) are equal

What your Break Even Point can tell you:

* How many units do you need to sell before you start making a profit?
* When and how much you will be able to pay yourself
* If your business is viable—this will point out if you need to make some serious alterations
* Minimum level of sales in order not to lose money

**Nancy’s Jewelry Business Break Even example**

Sales Price per necklace: $45.00

COGS per necklace $12.00

Profit per necklace $33.00

Overhead Costs per month: $1500.00

**Q.** How many units does Nancy need to sell per month to break even? The break even formula is: Overhead for one month, divided by price minus cost of a single unit.

**A.** 46 *(rounded)*

Nancy currently makes and sells about 62 necklaces each month. Therefore, her breakeven point is a realistic number. She now knows that when she has sold 46 units, all of her costs are covered. Any additional units can be considered profit.

**Your Break Even numbers**

Sales Price per unit: $ \_\_\_\_\_\_\_

* COGS (per unit) $ \_\_\_\_\_\_\_

= Profit per unit $ \_\_\_\_\_\_\_

Overhead Costs per month: $ \_\_\_\_\_\_\_

**Q.** How many units do you need to sell per month to break even?

1. \_\_\_\_\_\_\_\_\_\_

**Q.** Is this realistic? Consider what the competition sells, your time capacity, what you currently produce. If it is not realistic, revisit your price, your costs and your estimate of demand.