

Break even calculator



Our break-even calculator is a simple tool you can use to work out how much you need to sell in order to achieve your desired financial return.

REQUIRED RETURN

Enter your desired annual financial return

Enter your expenses

The gross margin required is:

WORK OUT YOUR MARGIN

Enter the cost of labour to produce each good/service

Enter the cost of materials to produce each good/service

The total cost to produce each good/service

Enter the sale price of each good/service

The total cost to produce each good/service

The gross margin required is:

RESULTS – SALES REQUIRED

Enter the number of weeks you can work each year

Number of units that need to be sold to reach target:

Total value of sales needed:

This equates to sales per week:

Instructions

Step one

Enter your desired financial return. Note that this figure is for the entire year. For example, if you want to bring in \$250,000 after expenses, enter \$250,000 in this field.

Step two

Enter the cost of your expenses (overheads) for the year. This includes your fixed costs such as rent, Internet access, utilities, equipment leases and non-production payroll. At this point, the break-even calculator will display the gross margin required.

Step three

Enter your costs for both labour and materials. Pay attention to the calculations the spreadsheet makes at this point. Consider:

- › How your costs and gross margin per unit relate to your pricing?
- › Whether your margin is too small or too much?

At this point, don't adjust them just yet. You'll want to first establish your baseline using your existing prices and costs.

Step four

Enter your current, or best guess, sale price per unit.

Step five

Enter the number of weeks per year you intend to work. If you regularly shut down for two weeks in July and another two weeks in December, you would enter 48 weeks here. Factor in any holidays as well.

Step six

Analyse the figures in the 'Results' section. Here you'll see the total number of units you'll need to sell for the year in order to reach your desired financial return. You'll also see the number of sales required in dollars, as well as the number of units you'll need to sell each week to stay on track.

Step seven

Make appropriate changes to any of the input boxes if you feel you need to.

Step eight

Now that you have your baseline, print out your results. You'll likely want to refer back to these figures as you experiment with different scenarios.

Find out more › bnz.co.nz/smallbusiness › **0800 269 763**

Please note that this is a guide only and should neither replace competent advice, nor be taken, or relied upon, as financial or professional advice. Seek professional advice before making any decision that could affect your business.