break-even point	
when your "net" is zero \$, that's your	Total Fixed Costs \$
Profit \$	<u></u>
	\$
Лet	
(=) sjenbə	\$
Gosts \$	
	\$
Fixed	
(-) snuịw	\$
Profit \$	s
Gross	•
	the same amount every month)
Break-Even?	Fixed Costs (things that will cost you roughly
ւ co-obչ	now much does it cost to run you
 -	

Find Your COGS (Production Costs)

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your co-op's financial
plan will answer
key questions

Item #3

- will this co-op ever make money?
- if so, when will it turn a profit?
- how much money will we need to make that happen?

what does your co-op sell or do to make money? A Simple Break-Even Exercise





gratitude to Kate Khatib for the Simple Break-Even Exercise



add the lines together to get (+) Total Gross Profit \$







your co-op's story in numbers

6. Fixed Costs: things that cost you roughly the same

5. Gross Profit: margin times the number of units

eggs" "1 bicycle" "1 3-pack of batteries"

5. Margin: retail price minus cost of goods -- the

simple profit of an item sold

insurance, utilities, bookkeeper, etc. amount every month (for example, rent, salaries,

the typical way you sell them. For example, "1 dozen

4. Units Sold: how many did you sell? a unit refers to

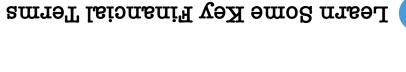
produce an item -- supplies, materials, wholesale

2. COGS: "cost of goods sold" is what it costs you to

1. Retail Price: the customer's price for an item

next: practice using them in a simple break-even exercise







price, etc.

Ramp-up to Break-Even add the element of time to our budget to project when our co-op will achieve our aspirational break-even point		2 Es	2 Estimate your co-op's sales on a monthly basis (or quarterly if that makes more sense)										t WHY key changes in sales occur over a period of time and wri ir key assumptions in the assumptions box below e that your figures and your assumptions are aligned.					
Monthly Gross Incom		Month 1 Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Month 16	Month 17	Month
list key products/services	5																	
Total (Gross Profit																	
- Total	Fixed Costs																	
=	= Net Profit																	
How Much Ca		Our Co-op	Need t	o Star	t?	тот	AL Negative*		om Ramp-Up rt-Up Budget		Re	duced	Bare-Bones	— ne	et profit to a p	your total negoositive number it on the fo	oer	
	sh Does		• • • • • • • • • • • • • • • • • • • •	•••••	Aspi	ration	al Bud	TOTAL State TOTAL CA	rt-Up Budget ASH NEEDED		Re	Assu	mptio	ne be	et profit to a perfore you ente	oositive number it on the fo	oer rm.	
Our Co-op's St Things our co-op needs t	sh Does	Budget e we can start to n	•••••	4	Aspi :	ration cise of fina	al Bud	TOTAL Star TOTAL CA get Wo nation)	rt-Up Budget ASH NEEDED Orkshe	et	Re	Assu why do	mptio	ne be	et profit to a perfore you enter	oositive number it on the fo	ns are they	
Our Co-op's St Things our co-op needs t	sh Does art-Up I	Budget e we can start to n	nake money	4	Aspi: (an exerc where d Example:	Pation cise of fina o we want	al Bud	TOTAL State TOTAL Condition (Condition) Jur ideal breing in enough	orkshe ak-even po	eet pint? p pay the		Assu why do (What a For exa Do sales	mption our number re the assimple: or prices incr	ne be	ense? what behind you	assumptiour month-	ons are they	
Our Co-op's St Things our co-op needs t	sh Does art-Up 1 to have before	Budget e we can start to n	nake money	4	Aspi: (an exerc where d Example:	Pation cise of fina o we want	al Bud ncial imagin t to be at ou	TOTAL State TOTAL Condition (Condition) Jur ideal breing in enough	orkshe ak-even po	eet pint? p pay the		What a For exa Do sales Are there Are speci	mption our number the assemple: or prices incressessonal impled and marketing	ns ers make secumptions rease or decre apacts that make events plann	ense? what behind you ease? What make sales go u	assumptio ur month- nakes that ha up or down? iffect sales?	ns are they to-month r	
Our Co-op's St Things our co-op needs t	sh Does art-Up 1 to have before	Budget e we can start to n	nake money	4 As	Aspi: (an exerc where d Example: salaries d	Pation cise of fina o we want	al Bud ncial imagin t to be at ou	TOTAL State TOTAL Condition (Condition) Jur ideal breing in enough	orkshe ak-even po	eet pint? p pay the		What a For exa Do sales Are there Are speci	mption number the assumple: or prices increse seasonal imples all marketing tional staff in	ns ers make secumptions rease or decre apacts that make events plann	ense? what behind you ease? What make sales go used that will a but then late	assumption assumption akes that haup or down? affect sales? er increase sa	ns are they to-month r	

1 Ideal: In a perfect world, we would have all these items.

Total \$

2 Reduced: The world isn't perfect! We can get by with this budget.

3 Bare-Bones: Our first few months may look different than our original plan, but it's important to us to get started at a basic level as soon as possible to test out our ideas.

\$

