BREAKING EVEN

How many orders will cover the bills?

Breaking even means sales cover all the costs of doing business. Each order first pays for the materials and services it uses. What's left helps pay bills such as rent that continue even in a quiet month.

> **At a print shop**
> A batch of signs sells for $100. The owner wants to set a monthly sales target. To find it, first follow the money from one order.

Follow one order	Amount
Customer pays for one batch	$100
Materials and ink used for this batch	−$50
Outside finishing, delivery, and card fees	−$20
Money left to cover the shop's monthly bills	**$30**

How many orders does the shop need?

Rent, regular salaries, and other fixed bills total $60,000 a month. Each $100 order leaves $30 for those bills. The shop needs 2,000 orders ($60,000 ÷ $30) to break even. That's $200,000 in sales, with no profit left over.

What if the shop sells only 1,800 orders?

Sales total $180,000. After paying the costs of those orders, the shop has $54,000 toward its $60,000 in fixed bills. That leaves $6,000 to cover. At $30 per order, another 200 orders would close the gap.

> **Try it on a product you sell**
> Write down the price and subtract the costs you incur for one more order. The amount left is its contribution. For this shop, $30 out of $100 is 30%. Count regular salaries once, in the monthly bills.