

Break-even Analysis; The basics

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Break even analyses

Method: minimum weekly billing

| | |
|--|---------------|
| Projected annual expenses | \$200,000.00 |
| Projected effective workweeks per year | 48 |
| Cost of sales percentage | 33.00% |
| Minimum annual Gross revenue | \$ 606,060.61 |

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|-------------------------------------|---------------------|
| Minimum weekly Gross revenue | \$ 12,626.26 |
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Method: Minimum chargeout rate per hour (wages in expenses)

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|---|---------------|
| Projected annual expenses | \$500,000.00 |
| material cost ave projected | \$175,000.00 |
| Material markup | 20.00% |
| Annual expenses minus projected material markup | \$ 465,000.00 |
| Projected effective workweeks per year | 48 |
| Cost of sales percentage (wages in expenses) | 25.00% |
| Average hours worked/ week/ staff member | 38 |
| Number of staff members | 5 |
| Total available chargeable hours per year | 9120 |

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|-------------------------------|-----------------|
| Minimum chargeout rate | \$ 50.99 |
|-------------------------------|-----------------|

Method: Minimum chargeout rate per hour (wages in COGS/ Direct Costs)

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|---|-----------------|
| Projected annual expenses | \$200,000.00 |
| Projected effective workweeks per year | 48 |
| Cost of sales percentage (wages in Cost of Sales) | 65.00% |
| Average hours billed/ week/ staff member | 38 |
| Number of staff members | 5 |
| Total available chargeable hours per year | 9120 |
| Average wage cost per hour | \$26.50 |
| Percentage total wages "oncosts" per hour | 25.00% |
| Total wages "oncost" per hour | \$ 6.63 |
| Total average wage cost per hour | \$ 33.13 |
| Average Gross markup margin on materials | 20.00% |
| Average annual material expenditure | \$175,000.00 |
| Gross profit on materials (markup) | \$ 35,000.00 |
| Annual expenses minus gross profit materials | \$ 165,000.00 |
| Overhead cost per hour billed | \$ 18.09 |
| Minimum chargeout rate per average hour billed | \$ 51.22 |