PRICING & PROFIT / 02

A PRACTICAL WORKBOOK FOR SMALL-BUSINESS SELLERS

# Break-Even Planning Worksheet

*Know the numbers.*
*Choose with confidence.*

Find the price, contribution and sales volume behind a sustainable plan.



A CLEAR PATH FROM COSTS TO ACTION

01 List fixed and variable costs.

02 Compare prices and sales targets.

03 Review the result and plan your next move.

For Etsy, eBay, Amazon, print-on-demand and Shopify sellers, and other small businesses.

**COST WORKSHEETS · PRICING SCENARIOS · MONTHLY REVIEW**

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# Your route to break-even

Work through the pages in order. Each cost worksheet feeds the next calculation.

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**USE THE WORKBOOK**

Print and write in the spaces, or annotate a copy in a PDF app. Fields do not calculate automatically. Use one product or a consistent unit and one monthly period; copy worksheets for another product or scenario.

Every dollar amount is an illustration, not a platform fee or a promised result. Use current supplier quotes and your own account fees. A positive contribution alone does not mean the whole business is profitable.

01 / THE FOUNDATION

# Understanding break-even



Break-even occurs when revenue equals the costs included in your model. Separate the cost of each sale from the costs of keeping the business open.

## TWO KINDS OF COST

### Fixed costs

Costs that stay the same within the period and activity range: subscriptions, software and other recurring overhead.

### Variable costs

Costs that change with sales: materials, printing, packaging, shipping, selling fees and per-item labor.

## TWO DIFFERENT QUESTIONS

### 01 What price covers one item’s variable cost?

That price is a per-item cost floor. It provides nothing toward fixed costs or profit. Price-dependent fees must be recalculated at the proposed price.

### 02 How many units cover fixed costs too?

Contribution margin per item = price − variable cost. Divide fixed costs by a positive contribution and round up to a whole unit.

**SET THE SCOPE**

The worked example assumes one product, stable costs and one item per sale. For several products, model each with an appropriate fixed-cost allocation or use a weighted contribution based on a stated sales mix. Do not allocate the same fixed cost twice.

Formula reference: U.S. Small Business Administration

02 / MAKE EVERY COST VISIBLE

# Cost worksheet

Start with the product and period you are planning. List the cost before deciding where it belongs.

PRODUCT / VARIANT

MONTH / YEAR

| COST | AMOUNT / BASIS | PER ITEM OR MONTHLY? |
| --- | --- | --- |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

USE THESE PROMPTS

Materials and printing · Packaging and shipping · Listing, transaction and payment fees · Subscriptions and tools · Advertising · Labor and your own time

For mixed costs, separate fixed and variable portions. If you value owner time as a cost, record the basis and avoid counting the same compensation again in your profit goal.

03 / YOUR MONTHLY OVERHEAD

# Fixed cost worksheet

Count recurring costs once, even in a month with no sales. Convert each bill to the same monthly basis.

| FIXED COST | EXAMPLE | YOUR MONTHLY $ |
|---|---|---|
| Shop / platform subscription | $10.00 | |
| Design software / apps | $15.00 | |
| Tools or memberships | $8.00 | |
| Other recurring costs | $5.00 | |
| **Total monthly fixed costs** | **$38.00** | |

Annual bill ÷ 12 = monthly amount. Quarterly bill ÷ 3 = monthly amount. Treat one-time startup recovery separately from ongoing monthly overhead.

CARRY THIS NUMBER TO PAGE 7

## Monthly fixed costs

$ _____

**A USEFUL REVIEW**

A zero fixed-cost total is valid if there truly are no included fixed costs. Canceling an unused subscription lowers the monthly sales volume needed to cover overhead; it does not change the variable cost of an item.

04 / WHAT EACH SALE COSTS

# Variable cost worksheet

Use current costs at your chosen price. The fee example is an invented dollar amount, not a marketplace rate.

PRODUCT / VARIANT

PRICE USED FOR FEE ESTIMATE ($)

| VARIABLE COST / ITEM | EXAMPLE | YOUR AMOUNT $ |
|---|---|---|
| Product / materials / printing | $8.00 | |
| Packaging | $1.00 | |
| Shipping subsidy you pay | $3.50 | |
| Selling fees at chosen price | $2.50 | |
| Other cost / labor / variable ads | $0.50 | |
| **Total variable cost per item** | **$15.50** | |

MY TOTAL VARIABLE COST PER ITEM ($)

**KEEP SHIPPING AND LABOR CONSISTENT**

Here, shipping cost means the shipping expense minus any shipping income kept separate from item price. Alternatively, include shipping income in price and full shipping expense in cost. Use one method; include applicable fees and avoid double counting.

Check each important variant, especially higher-cost sizes or options. Add estimated return losses only once and document the basis. Recheck price-based fees whenever price changes.

05 / BRING THE NUMBERS TOGETHER

# Break-even worksheet

Use costs from pages 5–6. Keep fixed costs, selling price and variable cost on the same product and period basis.

## A / PER-ITEM COST FLOOR

If variable cost does not depend on price, the floor is variable cost. With a fee rate r charged only on item price: floor = non-percentage costs ÷ (1 − r), where 0 ≤ r < 1. Other fee bases need their own calculation.

VARIABLE COST AT PLANNED PRICE ($)

CALCULATED PER-ITEM FLOOR ($)

## B / CONTRIBUTION MARGIN PER ITEM

Contribution = selling price − variable cost
Example: $25.00 − $15.50 = $9.50 before fixed costs.

MY SELLING PRICE ($)

MY CONTRIBUTION PER ITEM ($)

## C / MONTHLY BREAK-EVEN VOLUME

Units = fixed costs ÷ contribution per item, rounded UP
Example: $38.00 ÷ $9.50 = 4 units.

MONTHLY FIXED COSTS ($)

BREAK-EVEN UNITS / MONTH

**CHECK THE DENOMINATOR**

With positive fixed costs and contribution of zero or less, no sales volume reaches break-even. With zero fixed costs and zero contribution, the model earns zero profit at every volume. Reprice or reduce costs before setting a profit target.

06 / COMPARE THE TRADE-OFFS

# Pricing scenarios worksheet

Example assumptions: $38 monthly fixed costs and $15.50 variable cost at every price. Real price-based fees must be recalculated for each option.

| PRICE | CONTRIBUTION | UNITS TO COVER $38 | FITS YOUR MARKET? |
|---|---|---|---|
| $20.00 | $4.50 | 9 / month | |
| $25.00 | $9.50 | 4 / month | |
| $30.00 | $14.50 | 3 / month | |

Higher contribution lowers the required volume when other assumptions stay constant. A higher price can also change demand; the worksheet does not predict buyers' response.

YOUR PRICE OPTIONS / UPDATE COSTS FOR EACH SCENARIO

| PRICE $ | VARIABLE COST $ | CONTRIBUTION $ | BREAK-EVEN UNITS |
|---|---|---|---|
| | | | |
| | | | |
| | | | |

Which price covers costs at a plausible volume? Does it fit the value buyers receive? What would you test before changing the price?

CHOSEN PRICE AND THE REASON

07 / TURN A NUMBER INTO A TARGET

# Sales volume worksheet

Start with the units needed to cover costs, then add a profit goal. Targets describe what the model needs, not what demand will deliver.

01 / COVER THE COSTS

BREAK-EVEN UNITS / MONTH (PAGE 7)

APPROXIMATE WEEKLY PACE

02 / ADD A PROFIT GOAL

DESIRED MONTHLY PROFIT ($)

CONTRIBUTION PER ITEM ($)

TARGET UNITS, ROUNDED UP

**(Fixed costs + desired profit) ÷ contribution per item**

Example: ($38 + $200) ÷ $9.50 = 25.05… → 26 units.
At 26 units, modeled profit = 26 × $9.50 − $38 = $209.

MY MONTHLY SALES TARGET

APPROXIMATE WEEKLY PACE

Weekly pace = monthly units ÷ (52 ÷ 12), about 4.33 weeks per month. A 26-unit month averages 6 per week. Keep the whole-month target; sales will not necessarily arrive evenly.

CHECK FEASIBILITY

If the target exceeds expected demand or capacity, test a higher contribution, lower fixed costs or a revised profit goal. The formula requires positive contribution.

08 / LEAVE ROOM FOR UNCERTAINTY

# Profit cushion worksheet

The amount above variable cost helps cover fixed costs and profit. It is a contribution margin, not a guarantee against refunds, cost increases or a slow month.

| PLANNING LINE | EXAMPLE | YOUR NUMBER |
|---|---|---|
| Variable cost at this price | $15.50 | |
| Desired contribution per item | + $9.50 | |
| Planned selling price | $25.00 | |
| Contribution ÷ price × 100 | 38% | |

The 38% is a contribution margin ratio, not net profit margin. If fees change with price, solve for the price and recalculate costs before relying on the cushion.

## PRESSURE-TEST THE PLAN

- [ ] My contribution stays positive under the cost increase I modeled.
- [ ] I included a documented allowance for expected refund or return losses.
- [ ] My lower-volume scenario still covers fixed costs and the profit I need.
- [ ] I checked discounts and the costs of each major variant.

## STRESS CASE / REVISED COSTS / EXPECTED UNITS

Modeled profit = units × contribution per item − fixed costs. Keep estimates visible so you can revise them when actual results arrive.

09 / FIND THE WEAK SPOT

# Common mistakes



Mark anything that applies, then choose the correction with the greatest useful impact.

- [ ] Pricing before calculating the cost floor and break-even volume.
- [ ] Leaving selling-platform or payment fees out of costs.
- [ ] Missing packaging, shipping or the value of your time.
- [ ] Ignoring subscriptions and other fixed overhead.
- [ ] Pricing at the per-item floor with nothing for fixed costs or profit.
- [ ] Using the cheapest variant’s cost for every product option.
- [ ] Offering a discount that removes the needed contribution.
- [ ] Treating sales revenue or contribution as final profit.
- [ ] Keeping old calculations after fees or supplier costs change.
- [ ] Assuming more units can fix a negative contribution per sale.
- [ ] Choosing a price from fear without testing cost, value and demand.
- [ ] Setting a price once and never reviewing it.

PRIORITY CORRECTION / OWNER / COMPLETION DATE

Knowing the cost floor is the start. A useful decision also includes fixed costs, realistic demand and the result you need from the business.

10 / MAKE THE NEXT IMPROVEMENT

# Quick wins

Choose an action, check its effect and record the result. Continue with the next useful change as you learn.

01 **Calculate the baseline.**

Complete page 7 for your main product before testing changes.

02 **Review unused subscriptions.**

A lower fixed-cost total reduces the monthly break-even volume.

03 **Test a price change.**

Recalculate fees and watch how buyers respond; margin and demand both matter.

04 **Trim a variable cost.**

Compare suppliers or packaging without losing necessary quality.

05 **Check shipping recovery.**

Review postage, packaging, shipping income and fees together.

06 **Plan a contribution cushion.**

Cover overhead and test a documented allowance for uncertainty.

07 **Check a bundle.**

Calculate the bundle’s combined costs, fees and contribution before launch.

08 **Review the discount.**

Recompute contribution and required volume at the promotional price.

THE ACTION I WILL TAKE / WHAT I WILL MEASURE

11 / COMPARE PLAN WITH REALITY

# Monthly review

Use revenue and costs from the same period and product scope. Adjust for refunds and avoid counting inventory purchases and the related cost of sales twice.

MONTH / YEAR

BUSINESS / PRODUCT SCOPE

| MONTHLY RESULT | ACTUAL |
|---|---|
| Sales revenue after refunds | $ |
| Included fixed + variable costs | $ |
| Modeled profit = revenue − included costs | $ |
| Items sold | |

This is a planning result before any taxes or costs omitted from the model. If owner labor is included as a cost, do not subtract it again.

## REVIEW AND REVISE

- [ ] Compared actual units and contribution with the break-even plan.
- [ ] Checked fee and supplier-cost changes; recalculated where needed.
- [ ] Identified the most profitable product using a consistent cost basis.
- [ ] Spotted any product priced below its needed contribution.
- [ ] Chose the next improvement and scheduled the next review.

NEXT REVIEW DATE:

12 / BEFORE SETTING OR CHANGING A PRICE

# Break-even checklist

Use this review to make the assumptions visible. A completed checklist supports a decision; it cannot guarantee a profit.

## KNOW THE COSTS

- [ ] Every relevant cost is listed (page 4).
- [ ] Monthly fixed costs are totaled (page 5).
- [ ] Variable costs reflect this price and variant (page 6).

## KNOW THE CALCULATION

- [ ] The per-item cost floor includes price-based fees.
- [ ] Contribution per item is positive at the planned price.
- [ ] Monthly break-even units are rounded up (page 7).

## CHECK THE PRICE

- [ ] The plan leaves contribution for fixed costs and profit.
- [ ] The cushion was tested against plausible cost changes.
- [ ] A planned discount still meets the required contribution.
- [ ] Higher-cost variants have their own cost check.

## MAKE THE PLAN

- [ ] The sales target includes my profit goal and capacity.
- [ ] I will review the calculation when costs or fees change.

Keep the calculation with the pricing decision. Record what changed and compare the next month’s result with the assumptions you used.

13 / PUT THE NUMBERS TO WORK

# Final action plan



Choose the product, the next decision and a date to review the evidence.

## TODAY / BUILD THE BASELINE

FIRST PRODUCT / VARIANT

VARIABLE COST PER ITEM ($)

## THIS WEEK / IMPROVE THE PLAN

PLANNED PRICE / CONTRIBUTION ($)

ONE COST I WILL LOWER

## THIS MONTH / REVIEW THE RESULT

MONTHLY PROFIT GOAL ($)

FIRST MONTHLY REVIEW DATE

**COMPANION CALCULATOR**

The Break-Even Calculator takes startup costs, contribution entered in its “profit per sale” field, and optional monthly recurring costs. For this workbook’s monthly example, use $9.50 per sale and $38 monthly costs; it shows 4 extra sales per month. It does not calculate your per-item cost floor.

Open the Break-Even Calculator

Calculator inputs and route checked 12 November 2026. Fees and costs vary: verify the figures in your own accounts before using a pricing decision.