

Pricing and Break-even

Retail price: _____

Variable costs (per unit) _____

Fixed costs (per month) _____

Gross profit (per unit) = $\frac{\text{Retail price}}{\text{(Retail price)}} - \frac{\text{variable cost}}{\text{(variable cost)}} = \text{_____}$

Break-even point = $\frac{\text{Fixed costs}}{\text{(Fixed costs)}} \div \frac{\text{Gross Profit}}{\text{(Gross Profit)}} = \frac{\text{Break-even point}}{\text{(Break-even point)}}$

Feasibility Check:

Pricing reasonable, based on competitors and industry standards? Yes / No

Expected customers substantially higher than break-even point? Yes / No

Required start-up capital can be obtained? Yes/No