

BREAK-EVEN POINT

Break-even point is the point at which sales revenue covers all of the business's costs. At this point, my business will not have made a profit or a loss, but simply broken even. This will give me an understanding of how many services I will need to carry out in order to cover my costs, as any services I will carry out after this will be making profit.

My fixed cost will only be my phone. As I am a mobile technician I do not need to worry about other fixed costs such as rent, gas or electric as my services provided will be done in the clients house or my own. My variable costs will include all of my raw materials such as Acrylic nails, powders, polishes, brushes etc.

FIXED COSTS		VARIABLE COSTS	
Phone	£ 25.00	Acrylic nails	£ 7.00
Car expenses	£ 82.00	Nail polishes	£11.00
Loan repayments	£100.00	Powders	£ 4.00
		UV Gel	£ 5.00
		Acetone	£ 6.00
TOTAL	£207.00	TOTAL	£33.00

From gathering my information from my variable costs and have researched that from my supplies I am able to achieve 55 treatments. For me to be able to find my variable cost per unit I will have to calculate the total variable cost and the amount of products made. Here is a step-by-step working out:

Total Variable costs £33 = 0.6

Average Treatments 55

Sale price £25 - 0.6 = 24.40

Break Even = Total fixed costs £207.00

Unit contribution £ 24.40

= 8.48

The usual treatment time for nails is around 45-60 minutes. As these treatments take up time and the supplies can be costly, most nail technicians charge up to £20-£30, the reason they charge this much is to cover costs.

Based on the calculations my breakeven point will be 8.5 nail treatments, any treatments after this will generate 100% profit.