

## Producer Worksheet 4A: Business Planning Considerations for School Sales Break-even Price and Return on Investment

Use enterprise data that you have through your cash flow documents and past sales data to determine a break-even cost for the product you will sell to schools.

|   |  |
|---|--|
| <b>What product will you be selling to schools?</b>   |  |
| <i>Example: potatoes</i>  |  |
| <b>How much product (in pounds) is needed by the school for the school year (280 days)?</b>                                 |  |
| <i>Example: For 100 meals per day, 15.2 pounds needed. See OK FTS Produce Calculator in "Digging Deeper" section.</i>       |  |
| <b>What is the price per pound?</b>   |  |
| <i>Assume \$1.00/lb or enter your own value</i>   |  |
| <b>What are your fixed costs for this enterprise?</b>   |  |
| <i>Mortgage/rent, Equipment payments, Utilities, Taxes, Insurance, Salaries, etc.</i>                                       |  |
| <b>What are your variable costs for this enterprise?</b>  |  |
| <i>Fuel and Transportation, Seed, Processing costs (livestock), Inputs, Fertility, Amendments, Maintenance, Labor, etc.</i> |  |
| <b>What is your break-even price?</b>   |  |
| <i>Margin = Sale – Variable costs</i>   |  |
|   |  |
| <i>BE = Fixed costs<br/>(Margin ÷ Sales)</i>  |  |
| <b>What is the profit/loss for this enterprise?</b>   |  |
| <i>Profit = Sales – Break-even price</i>  |  |
| <b>If you have a loss for this enterprise, how can you get around a set price point?</b>                                    |  |
| <i>Example: Lowering your cost of production, using seconds, etc.</i>   |  |



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