

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Kolkata, India |  | ph. +91-7477424858 |  | Khairul.basar@gmail.com  https://www.linkedin.com/in/khairul-basar-2147131a/ |

Questioning Schneider Electric

Company direction towards progress

Table of Contents

1. [Executive Summary 2](#_Toc340506951)

[Highlights](#_Toc340506952)

[Objectives](#_Toc340506953)

[Mission Statement](#_Toc340506954)

[Keys to Success](#_Toc340506955)

1. [Description of Business 2](#_Toc340506956)

[Company Ownership/Legal Entity](#_Toc340506957)

[Location](#_Toc340506958)

[Interior](#_Toc340506959)

[Hours of Operation](#_Toc340506960)

[Products and Services](#_Toc340506961)

[Suppliers](#_Toc340506962)

[Service](#_Toc340506963)

[Manufacturing](#_Toc340506964)

[Management](#_Toc340506965)

[Financial Management](#_Toc340506966)

[Start-Up/Acquisition Summary](#_Toc340506967)

1. [Marketing 2](#_Toc340506968)

[Market Analysis](#_Toc340506969)

[Market Segmentation](#_Toc340506970)

[Competition](#_Toc340506971)

[Pricing](#_Toc340506972)

1. [Appendix 2](#_Toc340506973)

[Start-Up Expenses](#_Toc340506974)

[Determining Start-Up Capital](#_Toc340506975)

[Cash Flow](#_Toc340506976)

[Income Projection Statement](#_Toc340506977)

[Profit and Loss Statement](#_Toc340506978)

[Balance Sheet](#_Toc340506979)

[Sales Forecast](#_Toc340506980)

[Milestones](#_Toc340506981)

[Break-Even Analysis](#_Toc340506982)

[Miscellaneous Documents](#_Toc340506983)

# Executive Summary

For last few weeks I am working on a task which needs me to research and compare products of various similar companies. Among them are Rockwell Automation/ Allen-Bradley, Siemens, ABB, Schneider, Emerson, Honeywell, Mitsubishi, GE, Yokogawa, etc. Comparing them are not as easy as listing them here. Each one of these are very big and vast company empire by its own way. Then there are series of acquisition of other companies by these companies to grow their empire and position them into new market is another challenge. Many times, it’s very doubtful and difficult to understand why they are acquiring certain company and what they gain by doing so as not much is advertise after the acquisition. Sometimes a company acquiring a company who are competitor in certain areas. And another a totally new type of company is being acquired to gain footsteps in certain market.

## Highlights

## Objectives

Goal is to pin-point the differences between different vendors of automation product supplier or manufacturers.

## Mission Statement

The information presented here are from internet from various websites. It’s compilation from many different forums, blogs, and company website as well as Q&A of various platform. We try our best to be neutral and unbiased in dealing with information.

## Keys to Success

To present weakness and strength of various vendors and try to find possible opportunity.

# Description of Business

RA is 2nd most valuable company in US market just after Emerson. Globally RA is on 5th position after Schneider Electric. There was some [rumor](http://drivesncontrols.com/news/fullstory.php/aid/5251/Schneider_denies_that_it_is_looking_to_buy_Rockwell.html) about RA being acquired by other giant company which later found to be false.

* RA has total employee 22000 (2015)
* Schneider electric has total employee 144,001 (2016)
* Emerson Electric has total employee 111,000 (2015)

## Representative of ETIM committee

**ETIM Committee – a team of industry subject matter experts who will volunteer their time to help create a North American adaptation of the ETIM model to our nomenclature in accordance with our NA requirements, and then develop a map between the European and North American product data standards.**

* Rockwell Automation
* Schneider Electric
* Siemens Automation

## Patent

* Schneider electric has 20,000 patents either active or in application worldwide
* Emerson has more than 2,100 patents worldwide (2015)

## History

Schneider – 1836; incorporated – 1981; Headquarter – France

Emerson – 1890; Headquarter- US

Rockwell automation- 1903; US

## Fortune 500

* Emerson Electric

## ****Revenue****

* Emerson- $22.3 billion (fiscal 2015) ​

## Suppliers

|  |  |
| --- | --- |
|  | If information about your suppliers—including your financial arrangements with them—plays an important part of your business, include the relevant information in this section. |

## Service

|  |  |
| --- | --- |
|  | Whether your business products or services, use this section to address the level and means of service that you provide to customers, before, during, and after the sale.  How do you make your service(s) stand out against the competition? |

## Manufacturing

## Business platforms

* Emerson-
  + Automation Solutions
  + Commercial & Residential Solutions
* Schneider-
  + Power Management
  + Automation systems
* Rockwell Automation-
  + Industrial Automation
  + Electrical equipment
  + Safety, control & information solutions

## Global presence

Emerson- manufacturing in 205 locations around the world

Schneider electric- over 100 countries

Rockwell Automation – over 80 countries

## Start-Up/Acquisition Summary

# Marketing

|  |  |
| --- | --- |
|  | How well you market your business can play an important role in its success or failure. It is vital to know as much about your potential customers as possible—who they are, what they want (and don’t want), and expectations they may have. |

## Market Analysis

|  |  |
| --- | --- |
|  | What is your target market? (Who is most likely to buy your products or use your services?) What are the demographics? What is the size of your potential customer base?  Where are they? How are you going to let them know who and where you are and what you have to offer?  If you believe that you have something new, innovative or that isn’t generally available: How do you know that there is a market for it—that people are willing to pay for what you have to offer?  Consider the market you are trying to reach: Is it growing, shrinking or static?  What percentage of the market do you think you will be able to reach? How will you be able to grow your market share?  Note: You might include a chart, such as the one that follows, to demonstrate key points about your market potential at-a-glance. |

## Market Segmentation

|  |  |
| --- | --- |
|  | Is your target market segmented? Are there different levels within the same type of business, each offering a difference in quality, price, or range of products?  Is this market segmentation governed by geographic area, product lines, pricing, or other criteria?  Into which market segment will your primary business fall? What percentage of the total market is this segment? What percentage of this segment will your business reach?  Note: A pie chart is a good way to demonstrate part-to-whole relationships, such as the percentage of the target market that falls into each major segment. To change the shape of the data labels, right-click a label and then click Change Data Label Shapes. |

## Competition

|  |  |
| --- | --- |
|  | Who else is doing what you are trying to do?  Briefly describe several of your nearest and greatest competitors. What percentage of the market does each reach? What are their strengths and weaknesses? What can you learn from the way they do business, from their pricing, advertising, and general marketing approaches? How do you expect to compete? How do you hope to do better?  What indirect competition will you face, such as from internet sales, department stores, or international imports?  How will you keep abreast of technology and changing trends that may impact your business in the future? |

## Pricing

|  |  |
| --- | --- |
|  | How have you developed your pricing policy?  Which of the following pricing strategies might best suit your business? Retail cost and pricing, competitive position, pricing below competition, pricing above competition, multiple pricing, price lining, pricing based on cost-plus-markup, or other?  What are your competitors’ pricing policies and how does yours compare? Are your prices in line with industry averages?  How will you monitor prices and overhead to ensure that your business will operate at a profit?  How do you plan to stay abreast of changes in the marketplace, to ensure that your profit margins are not adversely affected by new innovations or competition? |

### Advertising and Promotion

|  |  |
| --- | --- |
|  | How do you intend to advertise your business?  Which of the following advertising and promotion options offer you the best chances of successfully growing your business? Directory services, social networking websites, media (newspaper, magazine, television, radio), direct mail, telephone solicitation, seminars and other events, joint advertising with other companies, sales representatives, word-of-mouth, other?  How will you determine your advertising budget?  How will you track the results of your advertising and promotion efforts?  Will you advertise on a regular basis or will you be conducting seasonal campaigns?  How will your products be packaged? Have you done research to see what type of packaging will best appeal to your customers? Have you done a cost analysis of different forms of packaging? |

### Strategy and Implementation

|  |  |
| --- | --- |
|  | Now that you have described the important elements of your business, you may want to summarize your strategy for their implementation. If your business is new, prioritize the steps you must take to open your doors for business. Describe your objectives and how you intend to reach them and in what time parameters.  Planning is one of the most overlooked but most vital parts of your business plan to ensure that you are in control (as much as possible) of events and the direction in which your business moves. What planning methods will you utilize? |

# Appendix

## Start-Up Expenses

|  |  |
| --- | --- |
| Business Licenses |  |
| Incorporation Expenses |  |
| Deposits |  |
| Bank Account |  |
| Rent |  |
| Interior Modifications |  |
| Equipment/Machinery Required: |  |
| Item 1 |  |
| Item 2 |  |
| Item 3 |  |
| *Total Equipment/Machinery* |  |
| Insurance |  |
| Stationery/Business Cards |  |
| Brochures |  |
| Pre-Opening Advertising |  |
| Opening Inventory |  |
| Other (list): |  |
| Item 1 |  |
| Item 2 |  |
| Total Startup Expenses |  |

## Determining Start-Up Capital

|  |  |
| --- | --- |
|  | 1. Begin by filling in the figures for the various types of expenses in the cash flow table on the following page. 2. Start your first month in the table that follows with starting cash of $0, and consolidate your “cash out” expenses from your cash flow table under the three main headings of rent, payroll and other (including the amount of unpaid start-up costs in “other” in month 1). 3. Continue the monthly projections in the table that follows until the ending balances are consistently positive. 4. Find the largest negative balance—this is the amount needed for start-up capital in order for the business to survive until the break-even point when all expenses will be covered by income. 5. Continue by inserting the amount of needed start-up capital into the cash flow table as the starting cash for Month 1. |

|  | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Starting cash | $0.00 |  |  |  |  |  |  |  |
| Cash In: |  |  |  |  |  |  |  |  |
| Cash Sales Paid |  |  |  |  |  |  |  |  |
| Receivables |  |  |  |  |  |  |  |  |
| *Total Cash In* |  |  |  |  |  |  |  |  |
| Cash Out: |  |  |  |  |  |  |  |  |
| Rent |  |  |  |  |  |  |  |  |
| Payroll |  |  |  |  |  |  |  |  |
| Other |  |  |  |  |  |  |  |  |
| *Total Cash Out* |  |  |  |  |  |  |  |  |
| Ending Balance |  |  |  |  |  |  |  |  |
| Change (cash flow) |  |  |  |  |  |  |  |  |

## Cash Flow

|  | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Starting cash |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash In: |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash Sales |  |  |  |  |  |  |  |  |  |  |  |  |
| Receivables |  |  |  |  |  |  |  |  |  |  |  |  |
| *Total Cash Intake* |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash Out (expenses): |  |  |  |  |  |  |  |  |  |  |  |  |
| Rent |  |  |  |  |  |  |  |  |  |  |  |  |
| Utilities |  |  |  |  |  |  |  |  |  |  |  |  |
| Payroll (incl. taxes) |  |  |  |  |  |  |  |  |  |  |  |  |
| Benefits |  |  |  |  |  |  |  |  |  |  |  |  |
| Loan Payments |  |  |  |  |  |  |  |  |  |  |  |  |
| Travel |  |  |  |  |  |  |  |  |  |  |  |  |
| Insurance |  |  |  |  |  |  |  |  |  |  |  |  |
| Advertising |  |  |  |  |  |  |  |  |  |  |  |  |
| Professional fees |  |  |  |  |  |  |  |  |  |  |  |  |
| Office supplies |  |  |  |  |  |  |  |  |  |  |  |  |
| Postage |  |  |  |  |  |  |  |  |  |  |  |  |
| Telephone |  |  |  |  |  |  |  |  |  |  |  |  |
| Internet |  |  |  |  |  |  |  |  |  |  |  |  |
| Bank fees |  |  |  |  |  |  |  |  |  |  |  |  |
| *Total Cash Outgo* |  |  |  |  |  |  |  |  |  |  |  |  |
| EndiNG Balance |  |  |  |  |  |  |  |  |  |  |  |  |

## Income Projection Statement

|  |  |
| --- | --- |
|  | The Income Projection Statement is another management tool to preview the amount of income generated each month based on reasonable predictions of the monthly level of sales and costs/expenses. As the monthly projections are developed and entered, these figures serve as goals to control operating expenses. As actual results occur, a comparison with the predicted amounts should produce warning bells if costs are getting out of line so that steps can be taken to correct problems.  The **Industrial Percentage** (Ind. %) is calculated by multiplying costs/expenses by 100% and dividing the result by total net sales. It indicates the total sales that are standard for a particular industry. You may be able to get this information from trade associations, accountants, banks, or reference libraries. Industry figures are a useful benchmark against which to compare the costs/expenses of your own business. Compare your annual percentage with the figure indicated in the industry percentage column.  The following is an explanation for some of the terms used in the table that follows:  **Total Net Sales (Revenue):** This figure is your total estimated sales per month. Be as realistic as possible, taking into consideration seasonal trends, returns, allowances, and markdowns.  **Cost of Sales:** To be realistic, this figure must include all the costs involved in making a sale. For example, where inventory is concerned, include the cost of transportation and shipping. Any direct labor cost should also be included.  **Gross Profit:** Subtract the cost of sales from the total net sales.  **Gross Profit Margin:** This is calculated by dividing gross profits by total net sales.  **Controllable Expenses:** Salaries (base plus overtime), payroll expenses (including paid vacations, sick leave, health insurance, unemployment insurance and social security taxes), cost of outside services (including subcontracts, overflow work and special or one-time services), supplies (including all items and services purchased for use in the business), utilities (water, heat, light, trash collection, etc.), repair and maintenance (including both regular and periodic expenses, such as painting), advertising, travel and auto (including business use of personal car, parking, and business trips), accounting and legal (the cost of outside professional services).  **Fixed Expenses:** Rent (only for real estate used in business), depreciation (the amortization of capital assets), insurance (fire, liability on property or products, workers’ compensation, theft, etc.), loan repayments (include the interest and principal payments on outstanding loans to the business), miscellaneous (unspecified, small expenditures not included under other accounts or headings).  **Net Profit/Loss (Before Taxes):** Subtract total expenses from gross profit.  **Taxes:** Inventory, sales, excise, real estate, federal, state, etc.  **Net Profit/Loss (After Taxes):** Subtract taxes from net profit before taxes.  **Annual Total:** Add all monthly figures across the table for each sales and expense item.  **Annual Percentage:** Multiply the annual total by 100% and divide the result by the total net sales figure. Compare to industry percentage in first column. |

|  | Ind. % | Jan. | Feb. | Mar. | Apr. | May | Jun. | Jul. | Aug. | Sep. | Oct. | Nov. | Dec. | Annual Total | Annual % |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Est. Net Sales |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cost Of Sales |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gross Profit |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Controllable Expenses: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Salaries/Wages |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Payroll Expenses |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Legal/Accounting |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Advertising |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Travel/Auto |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Dues/Subs. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Utilities |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Misc. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *Total Controllable Exp.* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fixed Expenses: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Rent |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Depreciation |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Insurance |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Permits/Licenses |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Loan Payments |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Misc. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *Total Fixed Expenses* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *Total Expenses* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net Profit/Loss Before Taxes |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Taxes |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net Profit/Loss  After Taxes |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

## Profit and Loss Statement

|  |  |
| --- | --- |
|  | This table essentially contains the same basic information as the income projection statement. Established businesses use this form of statement to give comparisons from one period to another. Many lenders may require profit and loss statements for the past three years of operations.  Instead of comparing actual income and expenses to an industrial average, this form of the profit and loss statement compares each income and expense item to the amount that was budgeted for it. Most computerized bookkeeping systems can generate a profit and loss statement for the period(s) required, with or without budget comparison. |

### Profit and Loss, Budget vs. Actual: ([Starting Month, Year]—[Ending Month, Year])

|  | [Starting Month, Year]—[Ending Month, Year] | Budget | Amount over Budget |
| --- | --- | --- | --- |
| Income: |  |  |  |
| Sales |  |  |  |
| Other |  |  |  |
| *Total Income* |  |  |  |
| Expenses: |  |  |  |
| Salaries/Wages |  |  |  |
| Payroll Expenses |  |  |  |
| Legal/Accounting |  |  |  |
| Advertising |  |  |  |
| Travel/Auto |  |  |  |
| Dues/Subs. |  |  |  |
| Utilities |  |  |  |
| Rent |  |  |  |
| Depreciation |  |  |  |
| Permits/Licenses |  |  |  |
| Loan Repayments |  |  |  |
| Misc. |  |  |  |
| *Total Expenses* |  |  |  |
| Net Profit/Loss |  |  |  |

## Balance Sheet

|  |  |
| --- | --- |
|  | Following are guidelines for what to include in the balance sheet: (For use in established businesses)  **Assets:** Anything of value that is owned or is legally due to a business. Total assets include all net values; the amounts that result from subtracting depreciation and amortization from the original cost when the asset was first acquired.  **Current Assets:**  **Cash**—Money in the bank or resources that can be converted into cash within 12 months of the date of the balance sheet.  **Petty Cash**—A fund of cash for small, miscellaneous expenditures.  **Accounts Receivable**—Amounts due from clients for merchandise or services.  **Inventory**—Raw materials on hand, work-in-progress, and all finished goods (either manufactured or purchased for resale).  **Short-term Investments**—Interest or dividend-yielding holdings expected to be converted to cash within a year; stocks, bonds, certificates of deposit and time-deposit savings accounts. These should be shown at either their cost or current market value, whichever is less. Short-term investments may also be called “temporary investments” or “marketable securities.”  **Prepaid Expense**—Goods, benefits or services that a business pays or rents in advance, such as office supplies, insurance or workspace.  **Long-term Investments**—Holdings that a business intends to retain for at least a year. Also known as long-term assets, these are usually interest or dividend paying stocks, bonds or savings accounts.  **Fixed Assets**—This term includes all resources that a business owns or acquires for use in its operations that are not intended for resale. They may be leased rather than owned and, depending upon the leasing arrangements, may have to be included both as an asset for the value and as a liability. Fixed assets include land (the original purchase price should be listed, without allowance for market value), buildings, improvements, equipment, furniture, vehicles.  **Liabilities:**  **Current Liabilities:** Include all debts, monetary obligations, and claims payable within 12 months.  **Accounts Payable—**Amounts due to suppliers for goods and services purchased for the business.  **Notes Payable—**The balance of the principal due on short-term debt, funds borrowed for the business. Also includes the current amount due on notes whose terms exceed 12 months.  **Interest Payable—**Accrued amounts due on both short and long-term borrowed capital and credit extended to the business.  **Taxes Payable—**Amounts incurred during the accounting period covered by the balance sheet.  **Payroll Accrual—**Salaries and wages owed during the period covered by the balance sheet.  **Long-term Liabilities—**Notes, contract payments, or mortgage payments due over a period exceeding 12 months. These should be listed by outstanding balance less the current position due.  **Net Worth—**Also called owner’s equity. This is the amount of the claim of the owner(s) on the assets of the business. In a proprietorship or partnership, this equity is each owner’s original investment plus any earnings after withdrawals.  Most computerized bookkeeping systems can generate a balance sheet for the period(s) required.  Note: Total assets will always equal total liabilities plus total net worth. That is, the bottom-line figures for total assets and total liabilities will always be the same. |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | Assets |  | | --- | --- | | Current Assets: |  | | Cash: |  | | Petty Cash |  | | Accounts Receivable |  | | Inventory |  | | Short-Term Investment |  | | Prepaid Expense |  | | Long-Term Investment |  | | Fixed Assets: |  | | Land |  | | Buildings |  | | Improvements |  | | Equipment |  | | Furniture |  | | Automobiles/Vehicles |  | | Other Assets: |  | | Item 1 |  | | Item 2 |  | | Item 3 |  | |  | | Liabilities |  | | --- | --- | | Current Liabilities: |  | | Accounts Payable |  | | Notes Payable |  | | Interest Payable |  | | Taxes Payable: |  | | Federal Income Tax |  | | State Income Tax |  | | Self-Employment Tax |  | | Sales Tax (SBE) |  | | Property Tax |  | | Payroll Accrual |  | | Long-Term Liabilities |  | | Notes Payable |  | | Net Worth/Owner’s Equity/Retained Earnings |  | |
| |  |  | | --- | --- | | Total Assets: |  | |  | |  |  | | --- | --- | | Total Liabilities: |  | |

## Sales Forecast

|  |  |
| --- | --- |
|  | This information can be shown in chart or table form, either by months, quarters or years, to illustrate the anticipated growth of sales and the accompanying cost of sales. |

## Milestones

|  |  |
| --- | --- |
|  | This is a list of objectives that your business may be striving to reach, by start and completion dates, and by budget. It can also be presented in a table or chart. |

## Break-Even Analysis

|  |  |
| --- | --- |
|  | Use this section to evaluate your business profitability. You can measure how close you are to achieving that break-even point when your expenses are covered by the amount of your sales and are on the brink of profitability.  A break-even analysis can tell you what sales volume you are going to need in order to generate a profit. It can also be used as a guide in setting prices.  There are three basic ways to increase the profits of your business: generate more sales, raise prices, and/or lower costs. All can impact your business: if you raise prices, you may no longer be competitive; if you generate more sales, you may need added personnel to service those sales which would increase your costs. Lowering the fixed costs your business must pay each month will have a greater impact on the profit margin than changing variable costs.  **Fixed costs:** Rent, insurance, salaries, etc.  **Variable costs:** The cost at which you buy products, supplies, etc.  **Contribution Margin:** This is the selling price minus the variable costs. It measures the dollars available to pay the fixed costs and make a profit.  **Contribution Margin Ratio:** This is the amount of total sales minus the variable costs, divided by the total sales. It measures the percentage of each sales dollar to pay fixed costs and make a profit.  **Break-even Point:** This is the amount when the total sales equals the total expenses. It represents the minimum sales dollar you need to reach before you make a profit.  **Break-even Point in Units:** For applicable businesses, this is the total of fixes costs divided by the unit selling price minus the variable costs per unit. It tells you how many units you need to sell before you make a profit.  **Break-even Point in Dollars:** This is the total amount of fixed costs divided by the contribution margin ratio. It is a method of calculating the minimum sales dollar to reach before you make a profit.  **Note**: If the sales dollars are below the break-even point, your business is losing money. |

## Miscellaneous Documents

|  |  |
| --- | --- |
|  |  |