



# PROFIT CALCULATOR

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How to use  
Example

# Profit Calculator

The Profit Calculator helps you to estimate if your business is profitable. Will your earnings from products or services cover your costs? Costs are divided into two types: variable and fixed costs. Knowing if your business is profitable is a critical success factor. It tells you if you need to make changes or look for new business ideas.

## Tips for use

You can use the Profit Calculator by yourself but may need somebody from your financial department (if you have one) for sound financial estimates.

## How to use

The Profit Calculator helps you to understand the profitability of your company. It may support you in your decisions for the strategy of your business. To be able to make these calculations you need to make some estimations. Follow the steps to complete your profit calculation.

### Period

Determine for which period you want to calculate the profit of your business. You can calculate the profit for a week, a month or a year. Longer than a year is also possible, but how longer the period, the less reliable the result will be.

### Item

To be able to calculate your profit you need to think about how you earn money. What are the products or services that you sell? For what do customers or partners have to pay? The item can be a product, but also a service. Write down these items for your business.

### Numbers sold

For each item estimate how many of them will be sold in your selected period. Write down how many times the product or service is sold.

### Price

Write down the price of one item. Determine how much money you will charge the customer for one product or one service. Do you sell individual products or services, or do you have package deals as well? If so make a different category and write down the item, numbers sold and price category for the package.

### Variable cost

How much does it cost to make one product or deliver a service once? Determine the costs for creating just one item. Only including the costs that are variable, meaning those costs that only exist when a product or service is being made and sold. Think of materials, handling, production or labor.

Write down the variable costs per item.

### **Fixed costs**

What are the costs regardless of the number of products made and sold? Determine the fixed costs of your business for your selected period. Think of loans, insurance, rent, gas, electricity, water or phones. Add the costs for people, rent, services and telecom in the Excel template and add any additional fixed costs items.

### **The results**

The Profit Calculator will give you three results: total revenues, total costs and the profit. The total costs are the sum of variable and fixed costs. The profit is calculated by subtracting the total costs from the total revenue.

Remember that the Profit Calculator only provides an estimation of your company's profits. It simply shows if you could make some profit based on your estimations. With the Profit Calculator you can play with prices, costs and sales volumes to see how much you need to sell to make a profit.

# Example Air-Care Systems

<b>industry</b>	Chemical industry
<b>products &amp; services</b>	Air fresheners
<b>size of business</b>	85 employees
<b>revenue</b>	€ 530,000
<b>location</b>	Tiel, The Netherlands

Air-Care Systems makes two different kinds of air freshener. A generic air freshener which comes in cans and a more expensive line with perfume fragrances. Both lines come with a pretty exterior for the fragrance cartridges that are available separately as a refill.

## The Profit Calculator of Air-Care Systems

In the example we see the profit calculator of Air-Care Systems. At the top of the page we see the total revenue, costs and profit. These amounts are calculated from the information provided by Air-Care Systems about the variable and fixed costs of making their products. AirCare systems also made an estimate about the number of products they will sell. The calculation then shows an estimate of Air-Care Systems's profit. Based on this they can make other choices about the business operations like, whether or not to invest? Air-Care Systems can also make an estimate of the pricing, do the products have to be more expensive or does sales have to increase?



# profit calculator

name Air-Care Systems

## TOTAL REVENUE

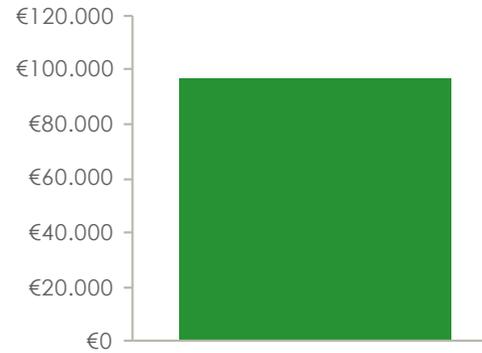
€ 531.659

## TOTAL EXPENSES

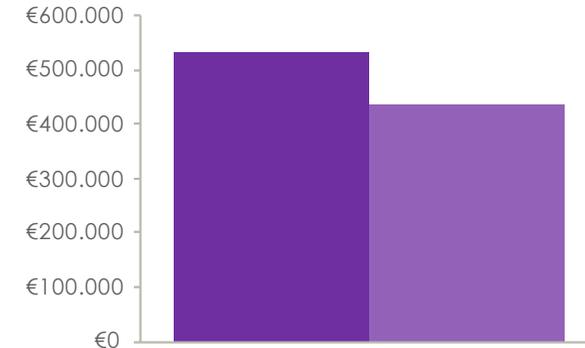
€ 434.815

## PROFIT

€ 96.844



Profit



Income

Expenses

## PERIOD

Year

### Revenues

ITEM	NUMBER SOLD	PRICE	AMOUNT
Air freshener dispenser	2200	€ 64,99	€ 142.978,00
Multi-phasing air freshener	1230	€ 79,99	€ 98.387,70
Automatic fragrance dispense	1870	€ 54,99	€ 102.831,30
Fragrance refills	3450	€ 12,99	€ 44.815,50
Air freshener refills	4630	€ 14,99	€ 69.403,70
Automatic ozone generator	450	€ 149,99	€ 67.495,50
Fragrance aerosols	230	€ 24,99	€ 5.747,70
		€	-
		€	-
		€	-

### Variable Expenses

ITEM	Cost	AMOUNT
Cost per air freshener dispenser	€ 24,00	€ 52.800,00
Cost per multi-phasing air freshener	€ 32,00	€ 39.360,00
Cost per automatic fragrance dispenser	€ 19,00	€ 35.530,00
Cost per fragrance refills	€ 4,00	€ 13.800,00
Cost per air freshener refills	€ 5,00	€ 23.150,00
Cost per automatic ozone generator	€ 46,00	€ 20.700,00
Cost per fragrance aerosols	€ 6,00	€ 1.380,00
Cost per		€ -
Cost per		€ -
Cost per		€ -

### Fixed Expenses

ITEM	AMOUNT
People	€ 150.000,00
Rent	€ 10.800,00
Services	€ 1.700,00
Telecom	€ 595,00
Machines	€ 50.000,00
R&D	€ 35.000,00

date \_\_\_\_\_