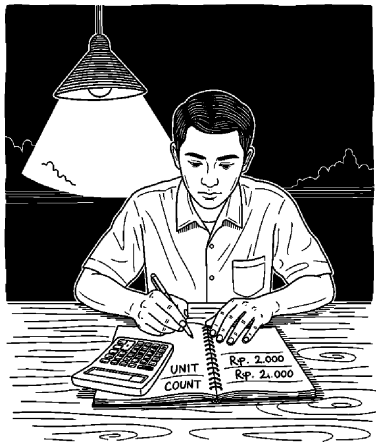
HIGH-VOLUME

WORKSHEET 3 OF 9

Monthly Margin-vs-Volume Tracker

A one-page monthly review. Fills in under 20 minutes after the month closes.



Complementary worksheet for
Break-Even Analysis Handbook
by Ibrahim Anwar

SECTION 1

What This Is For

This worksheet captures ten metrics from last month's books and arranges them in a single table so any deterioration is visible in one glance. The margin of safety row — how far actual volume sits above BEP — is the number that tells an operator how much cushion the business has before the floor becomes a ceiling.

It also enforces the trigger check from Chapter 07. If one of the five update triggers fired during the month, this table catches it before the operator moves on. A BEP figure that should have been recalculated but was not shows up as a mismatch between the table's costs and the BEP on record. Running this every month creates a 12-month trend that makes seasonal patterns visible and makes year-over-year comparisons honest.

SECTION 2

Benefits

What you get when you actually run this worksheet on a real situation:

- Surfaces margin-of-safety decline in one row, before it becomes a cash emergency.
- Forces the trigger check into the monthly closing routine — neither the trigger nor the update can be forgotten when both are on the same page.
- Creates 12 months of comparable data that reveal cost drift, seasonal volume patterns, and whether the business's cushion is growing or shrinking.
- Takes under 20 minutes with a financial report or cash book already in hand.
- Flags immediately when actual BEP has moved away from the projected BEP used in planning — the gap between those two numbers is the first signal to investigate.

SECTION 3

Framework To Use

Floor-and-Cushion Monitor

Two numbers matter each month: the floor (BEP) and the cushion (margin of safety above BEP). Track both, in units and percentage.

BEFORE	AFTER
{'label': 'BEP (the floor)', 'items': ['Total fixed costs ÷ CM per unit', 'The minimum volume to stop burning capital', 'Changes when a trigger fires']}	{'label': 'Margin of Safety (the cushion)', 'items': ['Actual volume − BEP', 'Expressed as % of actual volume', 'Below 10% = fragile; below 5% = critical']}

SECTION 4

How To Use

Follow these steps in order. Each one builds on the previous.

1. Step 1: Open the month's financial report or cash book. This worksheet reads from actual figures — never from projections or budgets.
2. Step 2: Pull total fixed costs for the month. Use the Chapter 02 full-audit figure if available: owner's salary, depreciation, loan principal, and subscriptions included.
3. Step 3: Confirm CM per unit and CM Ratio have not changed since the last calculation. If a trigger fired this month, recalculate CM before filling this table.
4. Step 4: Calculate BEP Units and BEP Revenue from this month's confirmed fixed costs and CM. Write both in the table.
5. Step 5: Pull actual units sold and actual revenue from sales records. Write both.
6. Step 6: Calculate margin of safety in units: Actual Units − BEP Units. Calculate margin of safety as percentage: (MoS Units ÷ Actual Units) × 100.
7. Step 7: Compare each metric to last month. Write the change in the Change column. Flag any metric that moved more than 5 percentage points — write a one-line explanation in the Flag column.
8. Step 8: In the last row, answer the trigger question: did any of the five triggers fire this month? If yes, is the BEP figure already the updated one, or the old one?

SECTION 5

Example Use

A hardware store owner completes the monthly tracker for March. Fixed costs were $1,875 including depreciation. CM per unit is $0.40 on average. Actual revenue: $4,250. Last month's margin of safety was 18.2%. The owner wants to know if the position improved or deteriorated.

Total fixed costs March: $1,875.
CM Ratio: 40%.
BEP Revenue = $1,875 ÷ 0.40 = $4,687.

Actual revenue: $4,250.

Margin of safety in revenue: $4,250 − $4,687 = −$437. Below BEP.

The table reveals the store is operating below accounting BEP this month. But the owner recalls Chapter 06: depreciation of $312 per month is non-cash.
Cash BEP = ($1,875 − $312) ÷ 0.40 = $3,908. Cash position is above cash BEP by $342.

The Flag column gets one entry: "Below accounting BEP by $437. Above cash BEP by $342. No trigger fired. Investigate whether a cost line increased vs February." March had two fewer operating days than February — that alone reduced revenue potential by 7%. Flagged for follow-up.

SECTION 6

The Worksheet

Tear this out, copy it onto a fresh sheet, or fill it in directly.

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METRIC	THIS MONTH	PRIOR MONTH	CHANGE	FLAG?
Total fixed costs ($)				
CM per unit ($)				
CM Ratio (%)				
BEP Units				
BEP Revenue ($)				
Actual units sold				
Actual revenue ($)				
Margin of safety — units (Actual − BEP)				
Margin of safety — % (MoS Units ÷ Actual Units × 100)				
Any trigger fired this month? (Y/N)				

SECTION 6 (CONTINUED)

Reflection Prompts

After filling in the worksheet on the previous page, work through these.

1. If the margin of safety dropped more than 5 percentage points month-over-month, identify which single variable moved most: fixed costs up, CM per unit down, or volume down.

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2. Did any of the five update triggers fire this month? If yes, is the BEP figure in this table already the recalculated one, or is it still the old number?

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3. At this month's margin of safety, how many units below actual volume would push the business below BEP? Is that gap comfortable given the most volatile month in your seasonal pattern?

SECTION 7

Tips and Traps

TIPS

- Run this on the same day every month — the day the books close. Routine matters more than precision on the first few runs.
- Keep 12 months of completed worksheets in sequence. The trend across months is more informative than any single month's numbers.
- If margin of safety stays below 10% for three consecutive months, treat that as a structural signal, not random variance. Investigate fixed costs first, then CM.

TRAPS

- Filling the BEP Revenue row from last month's calculation without checking whether a trigger fired. Stale BEP figures produce a false margin of safety that disappears when the real BEP is computed.
- Treating a negative margin of safety as 'almost break-even.' Below BEP is below BEP. Every day below the floor adds to the deficit regardless of how close the number looks.
- Reading only the margin-of-safety row and ignoring the individual metric changes. A margin of safety that stayed flat while both BEP and actual volume rose by 20% tells a very different story than the flat number suggests.
- Ignoring the trigger question in the last row. If the answer is 'yes, a trigger fired' but BEP in this table is still the old number, every other metric in the table is unreliable.

SECTION 8

Appendixes

Appendix A — Margin of Safety Interpretation Guide

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Margin of Safety (MoS) in units = Actual Units Sold – BEP Units
Margin of Safety (%) = (MoS Units ÷ Actual Units) × 100

Reading the percentage:

  Above 20%    : Comfortable cushion. Standard operating conditions.
                 Review monthly; no immediate action required.

  10% – 20%    : Moderate risk. One bad month or one trigger event
                 could push the business below BEP. Monitor trigger
                 checklist weekly.

  5% – 10%     : Fragile. Any variable cost increase above 5% or
                 a single slow week may cross the floor. Prioritize
                 cost review and CM improvement.

  Below 5%     : Critical. The business is operating within one
                 disruption of the floor. Identify the fastest
                 lever: price increase, volume push, or cost cut
                 that does not touch the throughput path.

  Negative      : Below BEP. Every passing day adds to the loss.
                 Calculate the daily deficit (BEP Units – Actual
                 Units) × CM per unit and quantify the monthly burn
                 rate before deciding on any other action.
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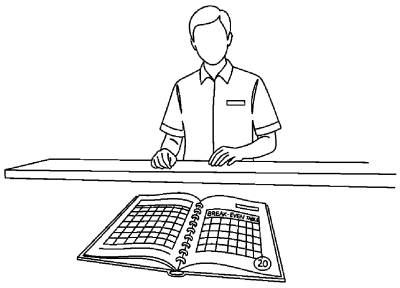

WHERE THIS WORKSHEET COMES FROM

Break-Even Analysis Handbook

Calculate How Many Units Must Sell Before This Business Turns a Profit

by Ibrahim Anwar

This worksheet is one of nine in the *Break-Even Analysis Handbook* companion worksheet pack. The full pack is grouped into three categories: high-volume worksheets you can run weekly, niche-search worksheets for rare but high-value situations, and specific-case worksheets that walk you through a single concrete scenario.

Every framework, decision filter, and figure used in these worksheets is drawn from the chapters of the source book. The book sets the diagnosis, the worksheets give you the form to act on it.

Available on Google Play Books

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