

ENTREPRENEURSHIP PLANNING

Building a Startup Budget and Break-Even Plan

Detailed practice, calculation, decision-making, and assessment

GRADES 9-12	TIME 2 x 42 min	GROUPING I / pairs / whole	PRODUCT Plan
YOUR CHALLENGE Classify startup and operating costs, calculate contribution and break-even units, and stress-test a fictional small-business plan.			

A Business Idea Becomes Stronger When Evidence Tests the Assumptions

A business can make sales and still lose money. Entrepreneurs need enough startup cash, a realistic cost structure, and a sales level that covers both fixed and variable costs. Break-even is an estimate based on assumptions, not a guarantee.

Term	Student-friendly meaning
Startup cost	Cost paid before or while opening a business.
Fixed cost	Cost that does not change directly with units sold during the period.
Variable cost	Cost that changes with each unit sold.
Contribution per unit	Selling price minus variable cost per unit.
Break-even point	Sales level where total revenue equals total costs.
Profit	Revenue remaining after stated expenses.
CLASSROOM USE All people, employers, figures, brackets, and documents in this packet are fictional. Never place a real Social Security number, employer ID, bank number, or tax document in classroom work.	

Part 1 - Build the Startup-Cost Budget

A fictional custom T-shirt business has the following pre-opening costs.

Item	Cost	One-time or recurring	Must-have or delay
Heat press	\$900		
Initial blank shirts	\$600		
Design software	\$120		
Business registration estimate	\$200		
Website setup	\$180		
Launch marketing	\$250		
Emergency cushion	\$300		

Classify costs and calculate the cash needed before opening.

Part 2 - Separate Monthly Fixed and Variable Costs

Monthly fixed costs: software \$20, website \$30, storage \$150, insurance estimate \$100, marketing \$200. Variable cost per shirt: blank \$6, ink/materials \$2, packaging \$1, payment fee \$1.

Measure	Equation	Result
Monthly fixed costs		
Variable cost per shirt		
Selling price per shirt	\$25	
Contribution per shirt		

Explain why fixed and variable costs are separated.

Part 3 - Calculate the Monthly Break-Even Point

Break-even units = fixed costs / (price - variable cost per unit).

Step	Equation	Result
Contribution per shirt		
Exact break-even units		
Whole shirts required		
Sales revenue at break-even		

Round up to a whole unit and explain why.

Part 4 - Stress-Test the Plan

Compare three fictional monthly sales scenarios.

Scenario	Units sold	Revenue	Variable costs	Fixed costs	Profit/loss
Slow	25				
Expected	50				
Strong	80				

Profit/loss = revenue - variable costs - fixed costs. Identify the biggest assumption.

Part 5 - Write a Startup and Break-Even Plan

The owner has \$1,800 saved and wants to avoid opening without a cushion.

Decision check	My evidence
Startup total	
Funding gap	
Fixed costs	
Variable cost	
Contribution	
Break-even units	
Scenario result	
Recommendation and next test	

Write 150-200 words using at least six figures and three risk controls.
