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Transportation Corner
By Chris Johnson

***This week's
Transportation News!***

- In trucking news, Armellini Express Lines wishes to thank shippers who have begun using their new on-line bill of lading software. So far, the majority of their customers have made the switch and the benefits are already being realized. To those shippers who are not using the system yet, Armellini encourages those shippers to begin as soon as possible to avoid any possible cut off time changes that are scheduled to begin after September 13. To sign up for Armellini's on-line bill of lading software or for more information, please contact Armellini Express Lines directly at 800-327-7887.
- Just a reminder to the membership to be sure to keep your FedEx account current. With the tremendous growth we have experienced this year, it's more important than ever for each member to stay within FedEx payment terms. Members who are consistently past due run the risk of losing their FedEx benefits. For more information, please call FedEx Revenue Services for assistance at 800-622-1147.

NORCAL NEWS



"California Association of Flower Growers & Shippers"

*Our Mission Statement:
"To get more flowers from California to their destination fresher and faster"*

Break-Even Analysis

**By Don Manor MBA – San Diego
Wholesale Florist**

We all talk about our break-even point, but do we really know what it is or how to find it? When our income and cost are exactly equal we are at our break-even point. The good news is at that point you are not losing any money, the bad news is that you are not making any money.

There are several methods to figure break-even points. The one best suited to our industry is the Dollar Sales Method. This method is generally preferred when a business sells a large number of items at various prices.

For the Dollar Sales Method, the only things you need are your sales for a set period of time (say one year), your fixed cost and your variable cost. This information is readily available on your annual reports.

Understanding your cost is critical. They are segregated into two categories, fixed and variable. Fixed cost includes rent, interest, depreciation, general expenses and administration expenses. Variable cost is calculated by subtracting fixed cost from your total cost.

I would like to present a fairly easy formula for finding your break-even point. If you have any trouble using this formula though, please feel free to give me a call.

Break-even sales (in \$) = fixed cost (in \$) + variable cost (as a % of break-even sales)

Lets say that fixed cost are \$450,000 and that variable cost are expected to be 60% of sales: you would express it as:

$$S = \$450,000 + 60\%S$$

$$40\%S = \$450,000$$

$$S = \$1,125,000$$

Your break-even point would be \$1,125,000. You would therefore need to have sales of \$4,326.92 per day to break-even, based on a five day work week. What if you are over that number? Then you are making money. What if you are under that number? You're limited choices are to cut overhead, raise margin, or increase sales.

NORCAL

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Flower Growers & Shippers"*

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***"We are on a mission to
get more flowers from
California to their desti-
nation fresher and
faster".***

Save the Date !

***Mark your calendar for
the 2011 California Floral
Convention July 20-23 at
the La Costa Resort and
Spa in beautiful Carlsbad
California.***