

Exercise: Break-even Point as a Percentage Capacity

An electronics store needs to sell 500 calculators to break-even. The capacity is 2200 calculators for the period. Calculate the break-even point as a percentage of capacity.

The capacity per period is 2200 calculators. The break-even point in units is 500.

$$\begin{aligned}\text{Break-even point as a percentage of capacity} &= \frac{\text{break - even point in units}}{\text{capacity for period}} \times 100 \% \\ &= \frac{500}{2200} \times 100 \% \\ &= 0.2272 \times 100 \% = 22.72\%\end{aligned}$$

Break-even point as percentage capacity is 22.72%

When the store sells 22.72% of its capacity, it breaks even.