Self-Employment
Guide

COST EVALUTATION EXERCISE

In the early stages of thinking about your business idea, you should make a rough estimate of how much you'll need to keep the business open. You can do this with a few simple calculations. The **Cost Evaluation Exercise** is a quick check to help you figure out if your business idea will work before you spend too much time on planning.

Step 1: Estimates

Write down your estimates for these four categories:

• Monthly personal living expenses (such as rent, utilities, food, insurance)

A =

 Monthly fixed costs for your business (such as rent, utilities, insurance, advertising)

B =

 Cost to buy one unit of a similar product or service

C =

• Cost of materials to make one unit of a similar product or service

D =

Step 2: Calculations

Plug your estimates from Step 1 into these calculations:

• Total monthly expenses A+B = total monthly expense	es	=	
Α	В	_	total monthly expenses

Gross profit per unit sales C - D = gross profit per unit s	sales	
	D	gross profit per unit sales

Next, take these two values and plug them into the equation on the next page to figure out how many units you have to sell each month.

Step 2: Calculations, continued

How many units you need total monthly expenses ÷ gros	d to sell each month s profit per unit = how many units yo	ou need to sell each month
total monthly expenses	gross profit per unit	how many units you need to sell per month

Step 3: Thumbs Up or Thumbs Down?

Now that you have figured out how many units you'll need to sell each month to cover your total monthly expenses, think about these questions:

- How long will it take you to make and sell this many units each month?
- Does this seem possible?
- Do you want to work this hard?
- Can you work this much with your disability?





If you answered "no" to any of these questions, talk them over with your counselor.

- Do you want to change your business idea to make it more feasible?
- Are there accommodations that could help?
- Would getting a job working for an established business be a better plan?



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