**Back of the Napkin**

**(subtitled – Can I really do this and make a Living?)**

**Step #1**

**Contribution to Monthly Household Budget** - **$2,000**

Note: You take your household budget (you do have one don’t you?) and subtract out what your significant other contributes – the remaining is what you need to contribute on a monthly basis!

**Step #2**

**Variable Costs or Prime Costs + Labor**

Note: for a restaurant = food + labor

 For a non – restaurants = materials + labor

Food Costs - 40% (Material Costs)

Labor Costs - 25%

Total 65% (Prime Costs)

100% - 65% = **35%**

**Step #3**

**Fixed or Ongoing Costs**

Lease $12 per sq. foot x 1500 sq. foot / 12 months

 = $1500

Insurance x

Garbage Removal x

Repairs x

Phone x

Utilities x

… x

 Total **$3000**

Household Contribution + Fixed or Ongoing Costs

 = **$5000**

**Step #3**

Take that total and divide by the variable cost percentage

$5000 ÷ 35% = $14,285.71

**Step #4**

What does this mean?

**$14,285.71 in sales are needed monthly**

If open 6 days a week then $14,285.71 ÷ 26 =

**$549.45 in sales per day are needed**

**– EVERY DAY !!!**

If the average customer spends $6.00 then $549.45 ÷ $6.00 =

 **91 customers per day are needed – EVERY DAY !!!**