Contractor Pricing Cheat Sheet

Markup vs margin, done right. Price every job off your real numbers.

The three formulas

Sale price: `Sale price = Job cost / (1 - Margin %)`

Markup from margin: `Markup % = Margin % / (1 - Margin %)`

Gross profit: `Gross profit = Sale price - Job cost`

Margin is profit as a share of the sale price. Markup is profit as a share of the cost. They are not the same number.

Markup to margin conversion

If your markup is	Your real margin is only
10%	9.1%
15%	13.0%
20%	16.7%
25%	20.0%
30%	23.1%
35%	25.9%
40%	28.6%
45%	31.0%
50%	33.3%
55%	35.5%
60%	37.5%

A 20% markup is only a 16.7% margin. If you need a 35% margin, a 35% markup will not get you there.

Worked example

Job cost: $8,500.00   Target margin: 35%

`Sale price = 8,500 / (1 - 0.35) = $13,076.92`

`Equivalent markup = 53.9%    Gross profit = $4,576.92`

Want the full version? The Markup, Margin & Break-Even Calculator finds your true hourly rate and monthly break-even too. Excel and Google Sheets. **jobcostsheets.etsy.com**