

MARGIN TO MARKUP CHART

Start from the margin you need to run the business on, and read off the markup you have to price at to get it.

This is the direction that matters at the estimating table. You already know what margin the business needs, because overhead and profit are both percentages of revenue. What you do not know without a table or a formula is what to multiply the cost by to land there.

The formula is markup equals margin divided by one minus margin, and the column below is that formula run at every target a contractor is likely to set.

Markup, price and profit at every target margin

Target margin	Markup needed	Price on \$1,000 cost	Gross profit
5%	5.3%	\$1,052.63	\$52.63
10%	11.1%	\$1,111.11	\$111.11
15%	17.6%	\$1,176.47	\$176.47
20%	25%	\$1,250.00	\$250.00
25%	33.3%	\$1,333.33	\$333.33
30%	42.9%	\$1,428.57	\$428.57
35%	53.8%	\$1,538.46	\$538.46
40%	66.7%	\$1,666.67	\$666.67
45%	81.8%	\$1,818.18	\$818.18
50%	100%	\$2,000.00	\$1,000.00
55%	122.2%	\$2,222.22	\$1,222.22
60%	150%	\$2,500.00	\$1,500.00

Markup climbs much faster than margin at the top of the table, because a 60 percent margin means the price is two and a half times the cost.

Every figure on this sheet was produced by the same calculator that runs at contractorhandbook.com, free and with no signup.

These are estimating figures for ordering and pricing, not engineering. Nothing here sizes a structural member, checks a load, or replaces local code, a permit, or a manufacturer's installation instructions. Where a rule of thumb is doing the work it is written into the notes under each table rather than hidden.