



You sub out construction work, why not office work?

MARKUP VS. MARGIN THE BASICS

Mark-up is the amount added to the cost price to arrive at your selling price(figured by multiplying construction costs by a % to get selling price)

Cost Price \$200,000
 Mark-up is **25%** \$50,000
 Selling price is therefore \$250,000 (\$200,000 X **1.25**)

MARKUP IS A % OF COST

MARKUP FROM COST

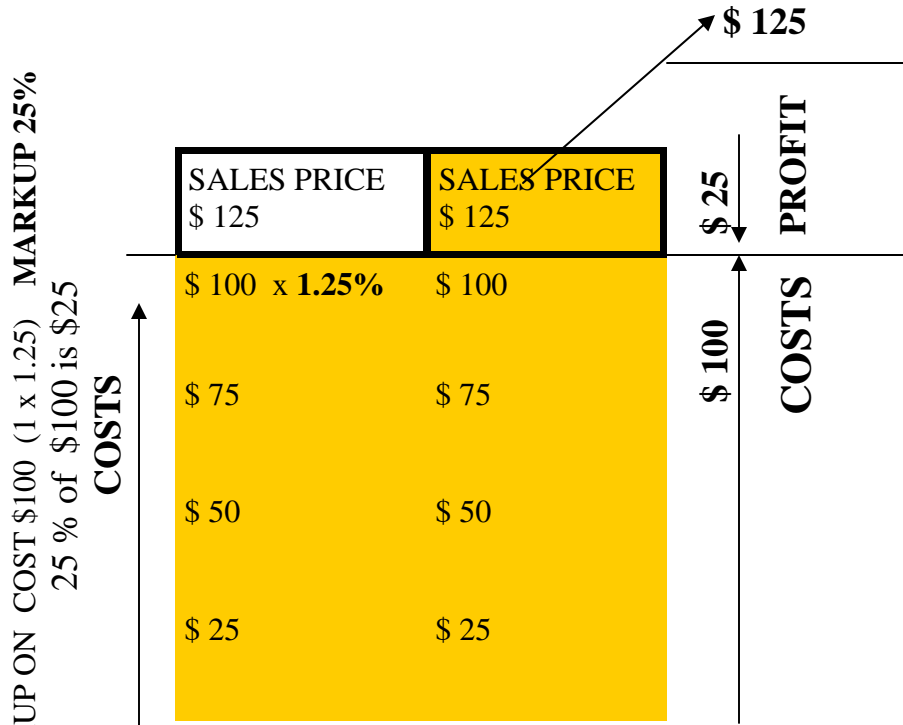
Margin is the percentage you make on the sale and is expresses as a percentage of your selling price. :

Selling Price\$250,000
 Less cost of sales \$200,000
 Gross Profit (GP) is \$50,000
 Gross Profit margin is = GP / Sales Price
 50,000 / 250,000 = **20%**

MARGIN IS A % OF GROSS SALES PRICE

BREAKDOWN FROM GROSS SALES

Markup %	Gross Profit Margin %	Multiplier % X Construction Costs
20	16.67%	120 (1.2)
21	17.36%	121 (1.21)
22	18.03%	122
23	18.70%	123
24	19.35%	124
25	20.00%	125
26	20.63%	126
27	21.26%	127
28	21.88%	128
29	22.48%	129
30	23.08%	130



25% Markup = 20% Gross Profit Margin

$$\frac{25 \text{ Profit}}{125 \text{ Sales Price}} = \frac{1}{5} = 20\% \text{ Gross Profit Margin}$$