



# MARGIN OF PROFIT VS. MARK UP FROM COST

## THE MYSTERY SOLVED!

### PROFIT MARGIN

IF YOU WORK ON A 40% PROFIT MARGIN THEN YOU WOULD CHARGE \$16.67 FOR AN ITEM THAT YOU PAID \$10.00 FOR.

USE THE FORMULA BELOW TO CALCULATE YOUR MARGIN:

TAKE YOUR COST (THE PRICE YOU PAID)  
DIVIDE THAT BY THE PRICE YOU WOULD LIKE TO CHARGE  
THE RESULT IS

EXAMPLE  

$$\frac{24.50}{98.00} = 0.25$$

DISREGARD THE DECIMAL AND  
SUBTRACT THAT AMOUNT FROM 100

$$\begin{array}{r} 100 \\ - 25 \\ \hline 75 \end{array}$$

TOTAL WILL BE YOUR PERCENTATION OF MARKUP FROM COST  
WHICH SHOULD BE ENTERED IN THE APPROPRIATE RETAIL FIELD

75%

IN THIS CASE, BY ENTERING 75% IN THE FIELD, THE SYSTEM WOULD CALCULATE THE RETAIL PRICE TO A NUMBER THAT WOULD BE 75% PROFIT.

### MARK UP FROM COST

IF YOU WORK ON A MARK UP FROM COST THEN YOU WOULD CHARGE \$15.00 FROM AN ITEM THAT YOU PAID \$10.00 FOR.

USE THE FORMULA BELOW TO CALCULATE YOUR MARGIN:

TAKE THE PRICE YOU WOULD LIKE TO CHARGE  
SUBTRACT THE COST YOU PAID  
THE RESULT IS

EXAMPLE  

$$15.00 - 10.00 = 5.00$$

DIVIDE THE RESULT  
BY THE ACTUAL COST

$$\frac{5.00}{10.00} = .50 \text{ OR } 50\%$$

100 IS THE BASE PERCENTAGE  
ADD THE ADDITIONAL PERCENTAGE  
TOTAL MARK UP FROM COST PERCENTAGE

$$\begin{array}{r} 100\% \\ + 50\% \\ \hline 150\% \end{array}$$

IN THIS CASE YOU WOULD ENTER THE PERCENTAGE AS 150%. THAT MEANS THAT THE SYSTEM WILL TAKE THE 100% OF COST YOU PAID AND ADD 50% OF THE COST TO IT.