

MEDIAKIM

MONEY & MARGIN

Pricing for Profit: The Simple Numbers Behind Survival

Plenty of busy businesses quietly go broke because the numbers underneath never worked. Here is the simple margin maths every founder should be able to do.

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It is entirely possible to be busy, well-liked, and slowly going broke. It happens when the numbers underneath the work never quite added up — when prices were set by guesswork or by matching a competitor, rather than by the simple maths of survival. You do not need to be an accountant to fix this. You need to be able to do a little arithmetic, honestly.

Know your true cost

Before you can price for profit, you have to know what something really costs you — not just materials, but your time, your tools, your overheads, and the quiet costs that hide in every job. Many founders price against a cost that is far lower than the real one, then wonder why working hard never turns into having money.

Markup is not margin

A common and expensive confusion: marking something up by 50% does not give you a 50% margin. If a job costs you 100 and you charge 150, your markup is 50% but your margin is only about 33%. Mixing these up makes a business look healthier on paper than it is in the bank. Learn the difference once, and price with your eyes open.

- Add up the full cost: materials, time, tools, overhead, the hidden bits.
- Decide the margin you need to be sustainable, not just survive this month.
- Remember margin and markup are different — do the real calculation.
- Sense-check volume: at this price and margin, how much must you sell to thrive?

> **CHEAP CAN BE THE TRAP**
>
> Winning work by being the cheapest often means selling more for less profit — running faster to stay in the same place. Higher prices with honest value usually beat high volume on thin margins. You cannot make up a broken margin with more sales; you only get tired faster.

The bottom line

Survival is not just about selling more — it is about selling at numbers that actually work. Know your true costs, understand margin versus markup, and price so that effort turns into profit. Do the simple maths honestly, and you give your business the one thing hard work alone cannot: a reason the books balance.

Sources

- Standard small-business margin and pricing principles.
- Alex Hormozi, $100M Offers — pricing on value rather than cost.

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