



100K
CONTRACTOR

Contractor Business
Math 101

CONTRACTOR BUSINESS MATH 101

REVENUE

- Money you get paid to provide your product or service. This is the final amount of money collected for the job.
- Fuel for the car!

COST OF GOODS SOLD (COGS) OR DIRECT COSTS

- This is how much it costs you to produce your service. This can include labor costs & burden, taxes & work comp on that labor, material or supplies needed to produce the 'widget,' subcontractors, permits, etc...
- This what **you** get to pay to provide the service.

GROSS PROFIT

- This is the difference between the Revenue and the COGS!
- The difference is what you have left to pay your bills (Overhead)

OVERHEAD

- Everything that needs to get paid **EVEN IF YOU DON'T SELL ANY PROJECTS**. Things like rent, gas, phone, marketing, your salary, etc...

BREAK-EVEN POINT

- You've zeroed out. You've covered your COGS, Overhead and no more
- This is found by taking your Overhead & dividing it by your GROSS PROFIT percentage

NET PROFIT

- What's left after all COGS & Overhead is paid for.
- Any amount over your Break-even point.
- Not your salary. A financial pat on the back for taking on the risk of running the biz

COST PER LEAD

- How much a lead or opportunity costs you
- Found by dividing marketing \$ spent by the number of leads/at bat's you got

COST PER SALE

- How much a sale costs you
- Found by dividing marketing \$ spent by the number of sales you got

CLOSING RATE

- Found by dividing the number of sales you made by the number leads/at bat's

AVERAGE SALE

- This is the total sale dollars divided by the number of sales you made

