

SALES PRICE CALCULATOR

Companion User Guide

A step-by-step guide for small business owners

Setting the right price is the single most important decision a small business owner makes. It governs whether the business is profitable, whether the owner gets paid fairly, and whether the company has the runway to grow.

WHAT YOU WILL LEARN IN THIS GUIDE

- How to research what the market is willing to pay before you open the calculator
- What each of the six input cards is asking for, in plain English
- How to read the Pricing Analysis tab and turn it into a price decision
- How to use the Scenario Planner to stress-test your price against volume and competition
- A complete worked example, carried through every step
- Common mistakes that quietly destroy profitability

Why This Calculator Matters

Most small business owners price their products and services using one of three flawed methods: matching what a competitor charges, marking up their costs by a round number, or quoting whatever feels right in the moment. All three quietly leave money on the table — or, worse, lose it.

A sound price decision answers three questions simultaneously:

- What does this product or service actually cost me to deliver?
- What is the market willing to pay for it?
- What price hits the profit target I need to keep the business healthy?

The Sales Price Calculator brings those three questions onto one screen. You enter your costs, your market research, and your profit target. The tool produces a recommended price, a clear viability verdict, and the math to defend that price to yourself and to a skeptical customer. It also runs scenario analysis — what happens if you raise your price 10%, if volume drops 25%, if you compete in the premium tier instead of the budget tier.

This guide walks you through each section in the order it appears on screen, with a single worked example carried from the first field to the last output: a residential lawn mowing service. Substitute your own product or service as you read.

Start With the Unit Cost Calculator

This calculator is the second step in a two-tool workflow. Its inputs depend on outputs from the companion Unit Cost Calculator. Run that one first, then come here. The two calculators answer different questions, and the order matters.

The Unit Cost Calculator answers a fact question: what does one unit actually cost me to deliver? That is an accounting exercise with a defensible answer — the math is your own books, applied consistently. The Sales Price Calculator answers a strategic question: given my cost and what the market will pay, what should I charge? That requires the cost fact as an input, plus market research, plus a positioning judgment.

The workflow, in order:

Step	Tool or source	What it produces	Question it answers
1	Unit Cost Calculator	Direct, indirect, and fixed cost per unit. Total all-in cost.	What does one unit cost me to deliver?
2	Market research (off-tool)	Three competitor prices: Low, Mid, High	What is the market willing to pay?
3	Sales Price Calculator (this tool)	Min viable price, viability verdict, scenario analysis	Given the above, what should I charge?

How the cost outputs map between the two tools

The Unit Cost Calculator organizes costs into three buckets. The Sales Price Calculator organizes them into three different buckets — splitting labor out as its own card. When transcribing your numbers, repackage them as follows:

Unit Cost Calculator output	Goes into Sales Price Calculator
Section 3 — Direct (Variable) Costs (the non-labor portion: materials, supplies, merchant fees)	Card 3 — Direct / Variable Costs
Section 3 — Direct production labor portion (hourly rate × hours per unit)	Card 5 — Labor Cost
Section 4 — Indirect Variable total ÷ Section 2 volume	Card 4 — Overhead Allocation (combined with fixed)

Unit Cost Calculator output	Goes into Sales Price Calculator
Section 5 — Fixed Overhead total ÷ Section 2 volume	Card 4 — Overhead Allocation
Section 2 — Expected Units Sold	Card 1 — Expected Volume / Month

Sanity check: the total of Cards 3, 4, and 5 in this calculator should equal the Total Unit Cost from the Unit Cost Calculator. For our lawn mowing example, that is $\$7.50 + \$24.00 + \$22.00 = \53.50 .

WARNING — DO NOT SKIP THE UNIT COST STEP

Opening this calculator without the Unit Cost Calculator output is the most common path to falsely reassuring pricing. The owner enters obvious direct costs in Card 3, guesses at overhead in Card 4 (usually low, because rent, insurance, software, and owner admin time are easy to forget), and enters wages without burden in Card 5. The calculator does the math correctly on those inputs — but the inputs are wrong.

The result: a too-low Minimum Viable Price, a falsely green Viable verdict, and a price that looks profitable on screen but is not in the bank. Most underpriced small businesses got there by skipping this step.

BEFORE YOU OPEN THE CALCULATOR

With the Unit Cost Calculator already run, pull together the following before opening this tool:

- Your three cost figures from the Unit Cost Calculator (Direct, Indirect Variable, Fixed Overhead), already divided by volume where applicable. These map directly to Cards 3, 4, and 5 as shown in the table above.
- A market price survey — three to five competitor prices for the same product or service. Pull from competitor websites, Google Maps quotes, Yelp listings, marketplace listings (Thumbtack, Etsy, Amazon), or a brief round of mystery shopping.
- Your honest expected monthly volume — what you actually sold over the last three to six months, not what you hope to sell. This should match the volume you used in the Unit Cost Calculator.
- Your fully-burdened hourly labor cost — wages plus payroll taxes, workers comp, and benefits. A useful rule of thumb is 1.25 to 1.35 times the base wage.
- A profit target you can defend — the net margin you need to be paid fairly, reinvest, and absorb surprises. Typical small business targets sit between 10% and 25%.

Three Concepts You Need to Understand First

This calculator is more sophisticated than a markup formula. It combines three pricing approaches and lets you choose the one that fits your situation. Spend a few minutes on this section before entering numbers.

1. Cost-Plus vs. Market-Referenced Pricing

Cost-plus pricing starts with what it costs to produce one unit and adds a markup to reach a price. It guarantees you cover costs and hit a margin target, but it ignores what customers are willing to pay. You can easily price yourself out of the market or, far more commonly, price yourself well below it.

Market-referenced pricing starts with what competitors charge and works backward. It captures customer willingness to pay, but it ignores your cost structure. You can easily set a price the market accepts but you cannot profitably deliver.

This calculator does both at once. You enter your costs and your target margin (the cost-plus side) and you enter the market price range (the market-referenced side). The tool produces a Minimum Viable Price — the floor you cannot go below without breaking your profit target — and overlays it on the market range. Your job is then to position consciously: budget, mid-market, or premium.

2. The Three Cost Buckets

The calculator separates your costs into three buckets. Getting the bucket right is the single most important judgment call when entering your costs.

Bucket	Where it goes	What belongs here
Direct / Variable	Card 3 (per unit)	Materials, subcontractors, per-job supplies, merchant fees, shipping
Overhead Allocation	Card 4 (per unit)	Rent, insurance, software, admin time – divided by units sold
Labor	Card 5 (per unit)	Hourly cost (wages + burden) × hours per unit

A QUICK SANITY TEST

When you are not sure which bucket a cost belongs in, ask three questions in order:

- Is this cost the time of a person? → Card 5 (Labor).

- If yes — would I pay it whether I sold a unit or not? → it is fixed in your behavior, but unless you are confident you would actually lay them off, treat it as a Card 4 (Overhead) entry rather than Card 5.
- Does this cost only happen when I make or sell one unit? → Card 3 (Direct).
- Does it stay the same in the short term no matter what I sell? → Card 4 (Overhead).

3. The Five Anchor Prices

Once you fill in the calculator, five anchor prices appear on the analysis screen, lined up on the Price Positioning Map. Memorize the order — every pricing decision is really a choice among these five anchors.

Anchor	Definition	Use it to
Cost Floor	Your total cost per unit (Direct + Overhead + Labor)	Know the price below which you lose money on every sale
Minimum Viable Price	$\text{Cost Floor} \div (1 - \text{target margin})$	Know the lowest price that meets your profit goal
Budget (Market Low)	Lowest competitor price	Position as a low-cost alternative
Mid-Market	Typical competitor price	Position as the mainstream choice
Premium (Market High)	Highest competitor price	Position on quality, service, or expertise

THE RULE THAT DECIDES VIABILITY

If your Minimum Viable Price sits above the Market High, your business model does not work at this volume or this cost structure. You must cut costs, raise volume, or exit the segment.

If your Minimum Viable Price sits between Market Low and Market High, you have a price decision to make. Position based on what your customer values and what you can credibly deliver.

If your Minimum Viable Price sits below Market Low, you are leaving margin on the table. Move up the price band — the market is paying more for what you sell.

Step-by-Step Walkthrough

The calculator has four tabs across the top. You work primarily in Tab 1 (Cost & Market Inputs), then read your results in Tab 2 (Pricing Analysis). Tabs 3 and 4 are scenario and comparison views. Throughout this walkthrough, we will follow a single example: a residential lawn mowing service charging per visit.

Card 01 — Product / Service Identity

What this card is asking

You are telling the calculator what you are pricing. If your unit definition is fuzzy, every number downstream will be fuzzy too.

Fields and how to fill them

- **Product / Service Name.** A short label so you can identify this product on the tab bar and the comparison view. Use plain language.
- **Category.** Pick from six options: Product (Physical), Product (Digital), Service (Hourly), Service (Project/Fixed), Subscription / Recurring, or Consulting / Advisory. This is a labeling choice — it does not change the math.
- **Unit of Measure.** What one unit means. "each," "hour," "project," "visit," "month," "engagement." Be specific — "a 60-minute strategy call" is better than "hour".
- **Expected Volume / Month.** How many units you realistically sell each month. This is the denominator for everything that follows. Use what you actually sold over the last three to six months, not your best month.
- **Hours per Unit (if service).** If this is a service, the labor time it takes to deliver one unit. Be honest — including prep, travel, follow-up, and email. The 60-minute meeting is rarely 60 minutes.

EXAMPLE — CARD 01

Product / Service Name:	Lawn Mowing - Standard Residential
Category:	Service (Hourly)
Unit of Measure:	each visit
Expected Volume / Month:	80
Hours per Unit:	1.0

TIP — UP TO FIVE PRODUCTS PER FILE

If you offer several services or product variations (standard mow, premium mow with edging and blowing, fertilization, fall cleanup), create a separate tab for each using the "+ Add Product" button. Tab 4 will compare them side by side so you can see which products carry the business and which are losing money.

Card 02 — Market Intelligence

What this card is asking

Three reference prices from your actual market, plus a positioning choice. This is the most underdone step in small business pricing. Most owners skip it entirely and pick a price out of the air.

How to research the three numbers

Survey three to five competitors. Pull their prices from any combination of the following sources:

- Competitor websites and online quote tools
- Google Maps and Yelp listings, where many service businesses post a starting price
- Marketplaces — Thumbtack, Angi, HomeAdvisor, Etsy, Amazon
- A round of mystery shopping. Call and ask for a quote on the same job spec you are pricing
- Trade association data and benchmark reports for your industry

From those data points, pull out:

- **Low-End Market Price** — the cheapest credible competitor. Not a flash sale or a bait price.
- **Mid Market Price** — the price most competitors cluster around. This is what a typical customer expects to pay.
- **High-End Market Price** — the most expensive credible competitor. They are charging more because of brand, service level, or specialization. Note what they are doing differently.

Your Competitive Position

Four buttons: Budget, Mid-Market, Premium, or Custom. This is the single most consequential decision you make in the calculator — it sets the price you will be evaluated against on the analysis screen.

- **Budget** uses your Low-End price. Choose this only if you have a real cost advantage.
- **Mid-Market** uses your Mid price. The safest starting position for most owners.
- **Premium** uses your High-End price. Choose this when you can articulate a clear, defensible reason a customer should pay more — better service, faster delivery, deeper expertise, longer guarantee.
- **Custom** unlocks a free-form price input. Use it to test a specific number against the market range.

Tax / Sales Tax on Price

If the price the customer pays includes sales tax or VAT, enter the rate. The calculator strips out the tax to compute revenue. Enter zero if your price is already pre-tax or your service is non-taxable.

EXAMPLE — CARD 02

Low-End Market Price: \$50.00
 Mid Market Price: \$65.00
 High-End Market Price: \$90.00
 Your Competitive Position: Mid-Market
 Tax / Sales Tax on Price: 0%

Reasoning: surveyed five local lawn services. Cheapest credible quote was \$48 (rounded to \$50). Most quoted \$60-\$70. Two premium services with edging, blowing, and trim included charged \$85-\$95 (rounded to \$90).

WARNING — DO NOT SKIP THE MARKET SURVEY

If you fill in this card with guesses, the entire analysis collapses to a cost-plus calculation. You will think the calculator is producing market-aware pricing when it is actually just doing math on your assumptions. Spend a real half-hour researching competitor prices before you trust this tool's output.

Card 03 — Direct / Variable Costs (Per Unit)**What this card is asking**

Every cost you can tie to producing or selling one unit. These are the costs that exist only because you sold this specific unit — if you sold zero units, these costs would be zero.

Click "+ Add direct cost line" to add as many rows as you need. The little "x" button removes a row.

Common direct cost items

- Raw materials, supplies, ingredients, blank products
- Subcontractors, per-job freelancers, hired help paid per unit
- Per-job supplies that get consumed (cleaning solutions, equipment wear)
- Per-unit packaging, hang tags, boxes
- Per-unit shipping or fulfillment fees
- Merchant fees and marketplace commissions (Etsy, Stripe, Amazon take rate)
- Sales commissions paid out per sale

EXAMPLE — CARD 03 (per visit)

Fuel and equipment supplies: \$4.00

Blade wear, edger line, trash bags:	\$1.50
Merchant fees (3% of \$65):	\$2.00
Total Direct Cost / Unit:	\$7.50

TIP — INCLUDE THE LABOR YOU DO NOT BILL

Many service owners forget the unpaid time around the billable work — the drive between jobs, the load-out, the customer phone call. Some of that belongs in Labor (Card 5). The materials that go with that work — fuel, equipment wear — belong here in Card 3. Add a line for everything you consume per unit, however small.

Card 04 — Overhead Allocation (Per Unit)

What this card is asking

Your monthly fixed costs, spread across the expected volume you entered in Card 1. Unlike the Unit Cost Calculator, which asks for total dollars for the period, this calculator asks for the per-unit allocation directly. Do the division before you enter.

The math is simple: total monthly fixed cost divided by Expected Volume per Month from Card 1.

Common overhead items to allocate

- Rent, utilities, building insurance
- Salaried employees not directly producing units (admin, manager, sales)
- Software subscriptions billed at flat rates (QuickBooks, Adobe, hosting, CRM)
- General liability and other flat-fee insurance
- Baseline marketing — website, SEO retainer, brand work
- **Owner's salary or reasonable draw** — the most commonly forgotten line item. Use a fair-market value for your own time, not what you happen to pay yourself today.

EXAMPLE — CARD 04 (at 80 mows/month)

Truck loan & insurance (\$600 / 80):	\$7.50
Liability & business insurance (\$160 / 80):	\$2.00
Phone, Jobber, QuickBooks (\$160 / 80):	\$2.00
Owner admin time (\$1,000 / 80):	\$12.50
Total Overhead / Unit:	\$24.00

WARNING — UNDERALLOCATED OVERHEAD IS THE #1 CAUSE OF SMALL BUSINESS LOSSES

The math is harsh. If you forgot to allocate your truck payment, your software subscriptions, or your own admin time, your overhead per unit looks too low, your minimum viable price looks too low, and you price competitively — but unprofitably. The customer is happy. The bank balance is not.

If you have already filled in the Unit Cost Calculator for this product, copy your fixed overhead per unit directly into Card 4. The numbers should match.

Card 05 — Labor Cost**What this card is asking**

Your fully-burdened hourly labor cost multiplied by the labor hours per unit. The calculator separates labor from direct costs because labor is usually the single largest variable cost in a service business, and because it moves with the wage market in a way that materials do not.

Your Hourly Labor Cost (wages + burden)

Wages alone understate the true cost of an hour of work. The fully-burdened number includes payroll taxes, workers comp insurance, unemployment insurance, paid time off, and benefits. A reasonable rule of thumb is the base wage multiplied by 1.25 to 1.35. If you pay \$20 an hour in wages, your burdened cost is roughly \$25 to \$27.

For owner-operated businesses, use what you would have to pay to hire someone to do this work for you. Not what you draw from the business today. If you do not include your own time at fair market value, the calculator will tell you a profitable price that is actually subsidizing the business with your unpaid labor.

Hours per Unit

Auto-fills from Card 1 if you entered hours per unit there. Adjust if a particular product or service has different labor content.

EXAMPLE — CARD 05

Your Hourly Labor Cost:	\$22.00
(mowing crew at \$17/hr base × 1.29 burden)	
Hours per Unit:	1.0
Total Labor Cost / Unit:	\$22.00

Card 06 — Profit Target

What this card is asking

The net profit margin you want to achieve as a percentage of revenue. Move the slider from 0% to 80%. The calculator uses this number to compute your Minimum Viable Price.

How to pick the right target

The right margin depends on your industry, your stage, and what the margin needs to fund. The guidance text under the slider is a useful starting point:

- **Typical small business: 10% to 25%.** Most service and retail operations fall here. Anything below 10% is fragile — one bad month wipes out your reserves.
- **Premium services: 25% to 50%.** Specialized professional services, design, consulting, anything where expertise commands a premium.
- **SaaS and digital: 40% to 80%.** Low variable costs per additional unit make high margins both possible and necessary to cover product development and customer acquisition.

The Minimum Viable Price

As you move the slider, the Minimum Viable Price beneath it updates in real time. This is the price you must charge to hit your target margin given your current cost structure. The formula:

$$\text{Minimum Viable Price} = \text{Total Cost} \div (1 - \text{Target Margin})$$

If your total cost is \$53.50 and your target margin is 20%, the minimum viable price is $\$53.50 \div 0.80 = \66.88 .

EXAMPLE — CARD 06

Total Cost / Unit (all-in):	\$53.50
Desired Net Profit Margin:	20%

Minimum Viable Price (at target margin): \$66.88

THE MOMENT OF TRUTH

Compare the Minimum Viable Price against the market range you entered in Card 2.

If MVP is below Market Low: you are underpriced. Move up.

If MVP is between Market Low and Market High: you have a price decision to make on the analysis screen.

If MVP is above Market High: your costs are too high for this market. Cut costs, raise volume, or exit the segment.

Reading Your Results — Tab 2: Pricing Analysis

Click the "② Pricing Analysis" tab at the top of the calculator. The analysis screen has five output blocks. Continuing the lawn mowing example, here is what each block tells you and how to act on it.

The Verdict Banner

The first thing you see is a colored banner with one of three verdicts:

-  **Pricing is Viable.** Your net margin at the chosen position meets or comes within 80% of your target. The model says go.
-  **Marginally Viable.** Your price covers costs and produces some profit, but the margin is below 80% of your target. You are running thin.
-  **Unviable.** Your market price does not cover your cost. You will lose money on every sale.

Read the verdict text carefully — it explains exactly what is true at your current settings and suggests next steps. Do not skip past this. It is the calculator giving you its honest read.

EXAMPLE — VERDICT (LAWN MOWING)

Pricing is Viable. At the mid-market price of \$65.00, you achieve a 17.7% net margin against your 20% target. Monthly net profit: \$920.00.

The verdict is green because 17.7% sits within 80% of the 20% target (the threshold is 16%). But notice what the verdict is also telling you: you are below target. The Scenario Planner will show you what changes if you reposition to Premium.

The Four KPIs

Below the verdict, four key numbers anchor the rest of the screen.

KPI	What it shows	Lawn mowing example
Market Price	The price you have positioned at (Budget, Mid, Premium, or Custom)	\$65.00 (Mid-Market)
All-In Cost / Unit	Direct + Labor + Overhead per unit. The cost floor.	\$53.50
Net Margin	Profit per unit as a percentage of revenue, compared to target	17.7% (target 20%)
Monthly Net Profit	Profit per unit × Expected Volume	\$920.00

The KPI tiles are color-coded — green when you are at or near target, yellow when you are below target but still profitable, red when you are losing money. Look at the colors before the numbers — they tell you the story at a glance.

Price Positioning Map

A horizontal bar showing all five anchor prices on the same scale, plus your selected price marked with a star. The bar is shaded:

- **Red zone** (left of your cost floor) — pricing here loses money on every sale.
- **Green zone** (right of your cost floor up to Market High) — pricing here is profitable.

Use this view to spot two situations quickly: when your minimum viable price is above the market range (you have a cost problem), and when your selected position is well below the market high (you may have room to move up).

Unit Economics at Market Price

A profit-and-loss for one unit, plus the same numbers scaled to the monthly volume. This is the most powerful diagnostic block in the calculator — it tells you exactly where the dollars go.

Line Item	Per Unit	Per Month	% Revenue
Revenue (pre-tax)	\$65.00	\$5,200.00	100.0%
— Direct / Variable Costs	(\$7.50)	(\$600.00)	11.5%
— Labor Cost	(\$22.00)	(\$1,760.00)	33.8%
Gross Profit	\$35.50	\$2,840.00	54.6%
— Overhead Allocation	(\$24.00)	(\$1,920.00)	36.9%
Net Profit / Unit	\$11.50	\$920.00	17.7%

Reading the lawn mowing example: labor is by far the largest cost line at 33.8% of revenue. Overhead is the second largest at 36.9%. Direct costs are minimal at 11.5%. This tells the owner where to look for cost reduction — labor productivity (more mows per crew-day) and overhead reduction (cheaper truck financing, lower software costs) will move the needle more than negotiating cheaper fuel.

Cost Structure Breakdown

A donut chart showing the same cost split visually. Useful for client-facing conversations — if a customer asks why your price is what it is, you can show them the chart.

Break-Even & Sensitivity

Three numbers at the bottom of the analysis screen:

- **Break-Even Volume.** Units per month you must sell to cover all fixed costs. The formula is $\text{Monthly Overhead} \div \text{Gross Margin per Unit}$. In our example: $\$1,920 \div \$35.50 = 55$ units. Below 55 mows per month, you lose money.
- **Break-Even Revenue.** Break-Even Volume $\times$ Price. In our example: $55 \times \$65 = \$3,575$ of revenue. Below this, you are losing.
- **Contribution Margin Ratio.** Gross Profit $\div$ Revenue, expressed as a percentage. The portion of each dollar of revenue that is available to cover overhead and profit. In our example: 54.6%.

INTERPRETING BREAK-EVEN

Break-even tells you how much of a volume cushion you have. The lawn mowing owner needs 55 mows to break even and forecasts 80. That is a 31% cushion — moderately healthy but not generous. If a heat wave dries out the season and demand drops 25%, the business breaks even. A 35% drop and it loses money.

If your break-even cushion is below 20%, you have a fragile business. Increase price, reduce overhead, or grow the customer base.

Tab 3 — Scenario Planner

Click "③ Scenario Planner" at the top. This tab answers the question: "What if I priced differently or sold a different volume?"

Price $\times$ Volume Scenario Matrix

A table with five prices down the left and five volumes across the top. Each cell shows the monthly profit at that price-and-volume combination. Your current position is highlighted.

Read the matrix two ways. Down a column tells you how price changes affect profit at a fixed volume. Across a row tells you how volume changes affect profit at a fixed price. The cells that are red show combinations where you lose money.

Pricing Strategy Options

A short table that lists the five anchor strategies — Floor (Survival), Minimum Viable, Budget, Mid-Market, Premium — with the price, net margin, and monthly profit for each. Use this to compare your current strategy against the alternatives in one view.

Strategy	Your Price	Net Margin	Monthly Profit
Floor (Survival)	\$53.50	0.0%	\$0
Minimum Viable	\$66.88	20.0%	\$1,070
Budget / Low-End	\$50.00	-7.0%	(\$280)
Mid-Market	\$65.00	17.7%	\$920
Premium	\$90.00	40.6%	\$2,920

Reading the lawn mowing strategy table tells you something important: the Budget position is unprofitable (negative \$280 per month), Mid-Market produces \$920, and Premium produces \$2,920 — three times more. The owner's real question is no longer "what should I charge?" but "can I credibly justify a Premium price by adding edging, blowing, trim work, and same-day rescheduling?"

What-If: Price Adjustment Sensitivity

A slider that lets you adjust your current price by -50% to +50% in real time and see the impact on margin and monthly profit. Use this to test specific moves — a 10% price increase, a 15% discount to win a new account — without rebuilding the whole model. The Δ profit number tells you the dollar swing from where you started.

THE MOST USEFUL EXERCISE IN THE TOOL

Set the slider to +10%. Look at the new monthly profit. Now set it to -10%. Look again. For most small businesses, a 10% price change moves profit far more than owners expect — often by 30% to 50% — because a small price change is almost pure margin. This is the single best argument for raising prices before cutting costs.

Tab 4 — Product Comparison

Click "④ Product Comparison" at the top. If you have created multiple product tabs, this view lays them side by side with their key metrics: market price, total cost, gross and net margin, profit per unit, monthly profit, minimum viable price, and the market price range.

Use this view to spot the products carrying the business and the ones quietly losing money. The classic small-business pricing failure is a healthy headline product subsidizing two or three loss-makers that no one has looked at in years. The comparison table makes that visible in one screen.

Below the table, four tip cards summarize key principles — market price discovery, what to do when costs exceed market price, overhead allocation method, and the three levers for margin improvement. They are short and worth re-reading every time you open the calculator.

Putting It All Together

Here is the complete lawn mowing example as the calculator shows it, end to end:

Card	Input	Result
01. Identity	Lawn Mowing - Standard Residential, 80 visits/month, 1 hr each	Unit defined
02. Market	\$50 / \$65 / \$90 range, Mid-Market position	\$65 selected
03. Direct costs	Fuel, supplies, merchant fees	\$7.50 / unit
04. Overhead	Truck, insurance, software, admin time	\$24.00 / unit
05. Labor	\$22 / hr × 1 hr	\$22.00 / unit
Total Cost / Unit	—	\$53.50
06. Profit target	20% net margin	MVP \$66.88
Net margin at \$65	\$65 - \$53.50	\$11.50 / unit (17.7%)
Break-even volume	\$1,920 / \$35.50	55 units / month
Monthly net profit	\$11.50 × 80	\$920 / month

The owner's response to this output should not be "the calculator is wrong." It is to look at the three levers — price, volume, and cost — and decide which one to pull.

Three what-if scenarios to run before leaving the tool

- **Move to Premium position (\$90).** Net margin jumps from 17.7% to 40.6%. Monthly profit jumps from \$920 to \$2,920. The question becomes: what service additions justify Premium pricing? Edging, blowing, trim work, same-day rescheduling, a satisfaction guarantee, a uniform crew, branded invoices.
- **Stay at Mid-Market but raise volume to 100.** Profit grows linearly to \$1,150 per month. Question: do you have the labor capacity, or will you have to hire? If hiring adds to overhead, rerun the model with the new overhead.
- **Cut \$200 of overhead.** Renegotiate truck financing, drop one piece of software. Overhead per unit drops from \$24 to \$21.50. Net margin moves to 21.5% — meeting the target without touching the price.

These three scenarios — repeated honestly — replace eighty percent of the gut-feel pricing decisions small business owners make.

Common Mistakes (and How to Avoid Them)

1. Skipping the market research

Half the calculator's value is the market comparison. Without three real competitor prices, the analysis collapses to a cost-plus calculation with no market awareness. Spend the half-hour.

2. Defaulting to the Budget position

Most owners reflexively position at the bottom of the market because they fear losing customers. The Scenarios tab almost always shows this is the worst financial choice. Unless you have a real cost advantage that lets you compete on price, position at Mid-Market or higher.

3. Forgetting the owner's salary

Same mistake the Unit Cost Calculator warns about. If you do not include the value of your own time as overhead, the model lies to you. Always include a fair-market value for your work in Card 4.

4. Underestimating direct labor in service businesses

If you are selling services, your direct cost is mostly your time. Track honestly — including prep, travel, follow-up, and email. The 60-minute meeting is rarely 60 minutes.

5. Using best-case volume in Card 1

If you enter a hopeful volume, your overhead per unit looks too low, your minimum viable price looks too low, and you price too aggressively. Use what you actually sold, not what you hope to sell.

6. Confusing markup with margin

Markup is the percentage you add to cost. Margin is the percentage of price that is profit. A 50% markup on a \$10 cost gives a \$15 price — but the margin is only 33%, not 50%. The calculator's Target Margin slider is margin. The math is calibrated for that — do not enter a markup percentage in the margin field.

7. Setting the profit target too low to be safe

Owners who feel uncomfortable raising prices sometimes set their target margin at 5% or 8%, then look at the green Viable verdict and feel reassured. But 5% leaves no room for mistakes — a single bad month wipes out the cushion. For most small businesses, 15% to 20% is a floor, not a ceiling.

8. Treating the model as a one-time calculation

Costs change. Wages go up. Competitor prices shift. Run this exercise quarterly, and any time you make a meaningful change — a new product, a new hire, a new supplier.

Quick-Reference Glossary

Term	Definition
Unit of Measure	The single thing you are pricing – one visit, one hour, one subscription month.
Direct / Variable Cost	Cost that exists only when you produce or sell a specific unit (materials, supplies, per-job fees).
Overhead Allocation	Monthly fixed costs (rent, insurance, software, owner admin time) divided by expected monthly volume.
Labor Cost	Fully-burdened hourly labor cost (wages plus payroll taxes and benefits) multiplied by hours per unit.
Total Cost / Unit	Direct + Overhead + Labor. The price below which you lose money on every sale.
Target Margin	The net profit margin you want to achieve, as a percentage of revenue.
Minimum Viable Price (MVP)	$\text{Total Cost} \div (1 - \text{Target Margin})$. The lowest price that meets your profit target.
Market Low / Mid / High	The three reference prices from your competitor research. Used to position your offering.
Competitive Position	Your chosen price tier – Budget (Market Low), Mid-Market (Market Mid), Premium (Market High), or Custom.
Revenue Per Unit	The selling price net of sales tax. What you actually keep before paying costs.
Gross Margin	Revenue minus Direct Costs minus Labor. The dollars per unit available to cover overhead and profit.
Net Margin	Revenue minus Total Cost. Your true profit per unit, before income tax.
Contribution Margin Ratio	$\text{Gross Margin} \div \text{Revenue}$. The portion of each revenue dollar that contributes to overhead and profit.
Break-Even Volume	$\text{Monthly Overhead} \div \text{Gross Margin per Unit}$. The units you must sell to cover all fixed costs.

FINAL NOTE

This calculator is a model, not a truth machine. Its output is exactly as good as the inputs you give it — particularly your cost numbers and your market research. Spend the time to get those right. And remember the most important lesson the tool teaches: pricing is a choice, not a calculation. The calculator can tell you what you must charge to survive, what the market will accept, and what profit each choice produces. The choice itself — Budget, Mid-Market, or Premium; raise or hold; broad or narrow — is yours.

The owners who run this exercise quarterly, who research the market honestly, and who position consciously rather than reflexively are the ones who still have a business in five years.