

REVISION GUIDE

Business Pricing and Margin Cheat Sheet

A clearer pricing sheet for markup, margin, discounting, and price logic, built to stop common denominator mistakes before they distort commercial decisions.

QUICK OVERVIEW

Category: finance business

Includes 1 related guide page.

Links back to 4 calculator tools.

FORMULA HIGHLIGHTS

Margin

$$\text{margin \%} = \text{profit} / \text{revenue} \times 100$$

Markup

$$\text{markup \%} = \text{profit} / \text{cost} \times 100$$

WHAT THIS PACK COVERS

Keep this sheet nearby when moving between cost, selling price, markup, margin, and discount scenarios so the percentages do not get mixed.

CORE FORMULAS

- $\text{markup \%} = (\text{selling price} - \text{cost}) / \text{cost} \times 100$
- $\text{margin \%} = (\text{selling price} - \text{cost}) / \text{selling price} \times 100$
- $\text{discounted price} = \text{original} \times (1 - \text{discount rate})$

WHY MARKUP AND MARGIN DIFFER

They share the same profit difference but use different denominators. That is why the percentages are not interchangeable.

WORKED EXAMPLE PROMPT

An item cost, a target margin, and a promotional discount can be chained through the formulas to show how apparently small pricing changes alter the profit retained per unit.

COMMON MISTAKES

- Using markup when the target is actually margin.
- Applying a discount without checking the new gross profit.
- Treating a percentage alone as meaningful without defining what it is relative to.