Does the extra work preserve the job margin?

Compare the original job with the revised scope before agreeing on a price.

A worked example

A customer asks a crew to prep an extra room. The added labor and materials cost $420. The customer offers $480 more. All figures are fictional and pre-tax.

	Original job	Extra room	Revised job
Customer price	$3,200	$480	$3,680
Direct job costs	$2,080	$420	$2,500
Gross profit	$1,120	$60	$1,180
Gross margin	**35.0%**	**12.5%**	**32.1%**

Why it matters

The extra room adds $60 in gross profit, but pulls the job below its original 35% margin. To retain that margin, the extra price is $420 ÷ (1 - 0.35), or about $646.15. That is $166.15 above the proposed $480.

Run the same check on your next change

Original price / direct costs _____

Extra price / direct costs _____

Combined price / direct costs _____

Combined gross profit / margin _____

Gross margin = (combined price - combined direct costs) ÷ combined price.

Gross profit is before overhead and income taxes. Use your own job figures.

ScopeBid for iPhone See estimating, change orders and the free quote limit on the App Store.