

MARGIN GUT CHECK

Know Your Numbers Before You Decide

A fast read on whether the business can actually support your next move.

WHY THIS MATTERS

Revenue is vanity, margin is sanity. Before any major decision, a new hire, a contract, an expansion, this worksheet tells you whether the business can support it. Know your numbers first.

SETUP

Field	Your answer
Time Period	
Prepared By	
Date	

1. REVENUE AND GROSS MARGIN • SERVICES TARGET 40 TO 60% GROSS MARGIN

Line Item	\$ Amount	% of Revenue	Notes / Context
Total Revenue			
Service / Labor Revenue			
Product / Material Revenue			
Cost of Goods Sold (COGS)			
Gross Profit (Revenue minus COGS)			
Gross Margin % (target 40%+)			

2. KEY OPERATING EXPENSES · TOTAL OPEX UNDER 35% OF REVENUE IS HEALTHY

Expense Category	\$ Amount	% of Revenue	Benchmark
Payroll (non-COGS)			15 to 25%
Rent / Facilities			2 to 5%
Equipment / Depreciation			Varies
Sales and Marketing			5 to 10%
G and A / Admin			3 to 8%
Total Operating Expenses			Under 35%
Operating Income (EBITDA proxy)			
Operating Margin % (target 10 to 20%)			

3. CONTRIBUTION MARGIN BY SERVICE LINE · WHICH LINES FUND THE BUSINESS?

Service / Product Line	Revenue	Direct Costs	Contrib. Margin	Margin %	Verdict
<i>HVAC Service Contracts</i>	\$420K	\$210K	\$210K	50%	<i>Keep + Grow</i>



4. RULE OF 40 CHECK · GROWTH % PLUS MARGIN % SHOULD BE 40 OR MORE

Revenue Growth % (YoY)	Operating Margin %	Rule of 40 Score

THE PART MOST FOUNDERS SKIP

Knowing your margin changes nothing if you will not act on it. Most founders run these numbers, feel informed, and keep the low-margin line out of loyalty or identity. The worksheet earns its keep only in the decision it forces: raise the price, cut the cost, or kill the line. Pick one this quarter and move.

5. WHAT THIS TELLS YOU · TURN THE NUMBERS INTO DECISIONS

The biggest margin leak in my business right now

.....

The service line I should grow (highest margin)

.....

One expense I could cut or renegotiate this quarter

.....

NEXT

Flag your lowest-margin service line and your biggest expense. That is where to start.

Want a full margin and cash-flow read on your business? Scan the code or visit freedomsystems.biz to book a 30-minute diagnostic.

