



Pricing for Profit – Lesson 09 Attachment

Calculating the revenue and profit Increase as a result of increasing the charge out rate.

Your business

	B	C	D	E $E = A \times B \times C \times D$	F	G $G = E \times F$
Employees #	Days worked	Hours / day	% Effectiveness	Target hours	Rate / hour increase	Planned revenue increase

Example

A	B	C	D	E $E = A \times B \times C \times D$	F	G $G = E \times F$
Employees #	Days worked	Hours / day	% Effectiveness	Target hours	Rate / hour increase	Planned revenue increase
3.5	220	7.5	70%	4,042	\$9	\$36,378

Notes

1. Column D refers to the number of hours you can reasonably expect an employee to charge to customers in a day. (For a more in-depth discussion of this topic refer to the free course Measure What Matters.)
2. If you have more than one charge rate per hour, column F could be an average of those rates, or you can complete a different calculation for each category.
3. The revenue and profit increase in column G assumes no customers leave as a result of the rate increase.
4. If you have any questions about this process please contact Philip Arnfield philip@babb.com.au to arrange an appointment time in his virtual consulting room.