The Numbers Behind an Electrical Contracting Business

A free field guide from Bytell Press. The figures come from our example financial model for a small electrical contractor doing service, upgrade and project work. They are planning assumptions, not quotes for your market; the worksheet at the end is for your own numbers.

Most new electrical shops are started by good electricians. The ones that struggle usually never worked out how much has to be billed each month to cover the overhead, the loan and the owner's pay. This guide gives you that arithmetic in two pages.

1. How the work is priced

Service work is sold at a **flat rate per task**, built from real labor time plus marked-up material. Larger project work is bid or estimated and billed in stages. The example model uses these lines:

Service line	Model ticket	Model gross margin
Service and repair	$150–$800	45–60%
Panel and service upgrade	$2,000–$4,500	40–50%
EV charger install	$800–$2,500	40–50%
Standby generator	$8,000–$18,000	25–35%
Remodel and new-construction wiring	$5,000–$60,000 and up	28–40%
Blended across the mix		**42%**

Field electricians' wages are counted as a job cost in these margins, alongside materials.

The margin is in service calls and upgrades, which also collect the same day or on completion. Project wiring fills the calendar but pays 30 to 60 days later at the lowest margin in the table.

2. What it costs to open

The example model opens on about **$110,000**: an $80,000 loan plus $30,000 of the owner's own money.

Use of funds	Amount
Service vans, tools and test equipment, opening material stock, licensing and bonding costs, first-year insurance, technology	About $75,000
Working-capital reserve	About $35,000
Total	**About $110,000**

The model does not price the first line item by item, so get your own quotes. The reserve is nearly a third of the total. It pays for labor and material while project invoices are waiting to be paid, and it carries the opening months.

3. What it costs to stay open

The model carries about **$16,307 a month** that has to be paid whether or not a van rolls:

Monthly fixed cost	Amount
Fixed overhead, not counting field labor	$8,000
Loan payment	$1,307
Owner's draw	$7,000
Total	**$16,307**

One more cost moves with sales: card processing at about 0.8% of revenue.

4. The break-even: the one number to know

Break-even revenue = monthly fixed costs ÷ margin.

Card fees move with sales, so take them off the gross margin first: 42% less 0.8% leaves 41.2% of each dollar.

With the model's numbers: $16,307 ÷ 0.412 = about **$39,600 a month**. That figure already includes the owner's $7,000 draw. The model's example panel upgrade sells for $3,200, so break-even is the same as **about 12 panel upgrades a month**. A real month is a mix of tickets that adds up to the same total.

5. The risk the numbers show: a slow start and a thin margin

The model opens at $30,000 a month and takes six months to reach a steady $50,000. At $30,000, the money left after job costs and card fees is about $12,360, which is about $3,947 short of the $16,307 needed. The business runs a cash deficit in those first months and draws on the reserve.

The second risk is margin. The model's downside case has sales settling at $42,000 a month and the margin at 38% instead of 42%, because more of the work is competitive project wiring. Take off card fees and 37.2% is left. Break-even becomes $16,307 ÷ 0.372 = about $43,800 a month. That is above the $42,000 coming in. A four-point slip in margin turns a business that covers its owner's pay into one that does not.

6. Your numbers

Fill this in with figures from your own market before you sign for a van.

Question	Model	Yours
Typical service ticket	$150–$800	_____
Blended gross margin after materials and field labor	42%	_____

Question	Model	Yours
Monthly fixed overhead	$8,000	_____
Loan payment	$1,307	_____
Owner pay you need each month	$7,000	_____
Break-even revenue (fixed costs ÷ margin)	$39,600	_____
Working-capital reserve in dollars	$35,000	_____

If your break-even is more than you can bill in your opening months, change the plan before you borrow: raise your flat rates, push the mix toward service and upgrade work, or start with fewer vans.

This guide is general business information, not legal, tax, accounting or investment advice. The figures are illustrative assumptions from an example model and are not a forecast or a promise of results. Licensing and insurance requirements vary by state and are not covered here; check yours with the state agency.

Bytell Press publishes the full business plan, the editable financial model behind these numbers, and the operating playbooks for an electrical contractor.

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