The Numbers Behind a Security Guard Business

A free field guide from Bytell Press. The figures come from our example financial model for an owner-operated, single-branch guard company. They are planning assumptions, not quotes for your market; the worksheet at the end is for your own numbers.

A guard company sells officer-hours, and the margin on each hour is thin. This guide gives you the arithmetic for the bill rate, the break-even and the payroll that comes due before the client pays.

1. How the work is priced

The example model builds every rate **per billable officer-hour**: officer pay, plus labor burden, plus a share of overhead, plus margin. It uses these lines:

Service line	Model bill rate	Model gross margin
Unarmed static posts, about 70% of the book	$26–$32 per hour	Near 28%
Patrol and event work, about 20%	Events $35–$50+ per hour	Near 45–50%
Armed posts, about 10%	$6–$12 per hour over unarmed	Near 24%
Blended across the mix	**Near $27 per hour**	**Near 32%**

The model's worked example shows how little room there is. A post billed at $28 an hour against $17 in pay, loaded with 18% burden, costs $20.06 an hour and leaves $7.94 of gross profit. Static posts fill the schedule; patrol and event work are what lift the blend above 28%.

2. What it costs to open

The example model opens on about **$81,000**.

Use of funds	Amount
Working-capital and payroll-float reserve	$45,000
Startup fees and background checks	$3,500
Insurance deposits and related premiums	$8,000
Uniforms, badges, duty gear, radios	$5,500
Used marked patrol vehicle	$13,000
Scheduling software setup, phones, office	$4,000
First marketing, website, branding	$2,000
Total	**$81,000**

3. What it costs to stay open

Officer wages move with the hours you bill, so they sit in the margin. These costs do not move:

Monthly fixed cost	Amount
Office and storage, insurance, software and phones, dues and training, accounting	$3,600
Operations coordinator, not billable	$4,500
Loan payment	$1,196
Subtotal before owner pay	**$9,296**
Owner draw	$5,500
Total	**$14,796**

The model also spends 3% of revenue on marketing. That cost rises and falls with sales, so it comes out of the margin in the next step.

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

Break-even revenue = monthly fixed costs ÷ gross margin.

The model's gross margin is 32%. Take off the 3% for marketing and 29 cents of each revenue dollar is left to cover fixed costs.

Before owner pay: $9,296 ÷ 0.29 = about **$32,000 a month**. With the owner's $5,500 draw included: $14,796 ÷ 0.29 = about **$51,000 a month**.

At the model's blended $27 an hour, $51,000 is about **1,890 billable officer-hours a month**. A round-the-clock post bills about 730 hours a month, so that is between two and three full posts.

5. The payroll float

The model does not start at break-even. It bills about $18,000 in Month 1 and takes an eight-month ramp to reach its steady $60,000 a month. Until revenue passes $51,000, the business does not cover the owner's draw.

The second gap is timing. Officers are paid on schedule, but the model's contracts are paid on net-30 terms or shorter. Every new post means weeks of wages paid out before the first invoice is collected. That is why $45,000 of the $81,000 is held as opening cash. Even so, the model ends Year 1 with about $32,000 in cash while showing about $58,000 of net income.

6. Your numbers

Fill this in with pay rates and quotes from your own market before you sign a contract.

Question	Model	Yours
Blended bill rate per officer-hour	$27	_____
Officer pay per hour, unarmed	$16–$20	_____
Gross margin after officer pay and burden	32%	_____
Monthly fixed costs including your draw	$14,796	_____
Break-even revenue (fixed costs ÷ margin after marketing)	$51,000	_____
Billable hours a month to break even	About 1,890	_____
Payroll-float reserve	$45,000	_____

If your break-even needs more hours than the contracts you can realistically sign in the first eight months, fix the plan before you hire: raise the bill rate, cut a fixed cost, or hold a larger reserve.

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 a security guard company.

Visit us: https://bytellpress.com/guide/security-guard-service