The Numbers Behind a Welding and Metal Fabrication Shop

A free field guide from Bytell Press. The figures come from our example financial model for a small welding and fabrication shop with a mobile rig. They are planning assumptions, not quotes for your market; the worksheet at the end is for your own numbers.

Most new fab shops do not fail on weld quality. They run short of cash because nobody worked out how many jobs a month the shop needs. This guide gives you that arithmetic.

1. How the work is priced

The example model prices two ways: **by the hour** for repair work, and by a **fixed quote** of labor plus material at a 15–35% markup for fabrication.

Service line	Model price	Model gross margin
Mobile and repair welding	$95–$150 per hour, $150–$250 minimum call	50–60%
Custom shop fabrication	Fixed quote on $75–$125 per shop hour	40–48%
Ornamental and architectural	Fixed quote, premium pricing	42–52%
Light structural and production	Fixed quote, material-heavy	30–40%
Blended across the mix	**About $2,200 per job**	**45%**

The margin is in repair and ornamental work. Structural jobs bring big tickets and thin margins, and a shop that chases them drifts to the bottom of that table.

2. What it costs to open

The example model opens on about **$105,000**: an equipment loan of about $70,000 and about $35,000 of the owner's own money.

Use of funds	Amount
Welding machines, plasma and CNC cutting, ironworker, saws	$55,000
Service truck and mobile rig build-out	$25,000
Tables, jigs, fixtures, hand tools, protective gear	$8,000
First consumables and opening steel stock	$7,000
Insurance, fees and professional setup	$5,000

Use of funds	Amount
Working-capital reserve	$5,000
Total	**$105,000**

3. What it costs to stay open

Steel, consumables and fabricator wages are counted in the cost of each job. These are paid every month regardless:

Monthly cost	Amount
Fixed overhead: rent, insurance, software, phone, accounting	$3,400
Equipment loan payment	$1,505
Owner draw	$6,000
Total	**$10,905**

The owner's pay is not in the job costs. The model takes it as a draw.

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

Break-even revenue = monthly fixed costs ÷ margin.

The model's gross margin is 45%. Two more costs move with every sale: card processing at 0.8% of revenue and marketing at 4%. So 45% less 4.8% leaves **40.2%** of each dollar to cover the monthly bills.

With the model's numbers: $10,905 ÷ 0.402 = about **$27,127 a month**. At $2,200 a job, that is **12 to 13 jobs a month**.

The example model also reports an operating break-even of about $12,300 a month, about five to six jobs. That lower figure leaves out the owner draw. Below it the shop loses money; above $27,127 it also pays you.

5. Watch the ramp and the steel you pay for first

The example model opens at about $14,000 in month one and takes about ten months to reach a steady $38,000 a month. That first month clears the $12,300 operating break-even but sits well under the $27,127 that covers the draw. Plan on a smaller draw in the early months.

The second pressure is steel bought before the customer pays. Business accounts in the model pay on net-15 or net-30 terms. The model protects cash two ways:

Protection	Model setting
Deposit on fabrication quotes	About 50%
Cash held in reserve	One month of overhead plus draw, about $9,400

Collect the deposit before you order the steel.

6. Your numbers

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

Question	Model	Yours
Average job in dollars	$2,200	_____
Gross margin after steel, consumables and shop labor	45%	_____
Margin left after card fees and marketing	40.2%	_____
Monthly overhead, loan payment and draw	$10,905	_____
Break-even revenue (monthly costs ÷ margin)	$27,127	_____
Jobs a month to break even	12–13	_____

If your break-even needs more jobs than your shop can turn out, fix the plan before you buy the machines: raise the rate, hold the markup, or shift the mix toward repair and ornamental work.

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 welding and metal fabrication shop.

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