
ContractorOS™

The Complete Bidding & Estimating Quick-Start Guide

How to estimate jobs accurately, calculate net profit margins correctly, protect your liability, and win premium service contracts.

Publisher: ContractorOS Operations Suite

Version: 1.0 (Excel & Google Sheets Edition)

Date: May 2026

Chapter 1: The Margin Math Revolution

If you are like 90% of independent contractors, you are probably leaving thousands of dollars on the table because of a simple math mistake. That mistake is confusing **markup** with **margin**.

Many business owners estimate a job, calculate their costs, and then multiply that cost by **1.2** to add a '20% profit.' This is a critical accounting error. Here is why:

Amateur Markup Math (Wrong)	ContractorOS Margin Math (Correct)
Total Cost = \$1,000 Markup = Cost * 1.2 = \$1,200 Profit = \$200 Actual Margin = \$200 / \$1,200 = 16.6%	Total Cost = \$1,000 Price = Cost / (1 - 0.20) = \$1,250 Profit = \$250 Actual Margin = \$250 / \$1,250 = 20.0%

By using the incorrect markup math, you lose **3.4% of your total revenue**. On a \$10,000 job, that is **\$340 in lost profit**. If your business does \$150,000 in volume per year, that math error costs you exactly **\$5,100 in pure cash** that should be in your bank account.

Why does this happen?

Markup represents the percentage of increase on top of your cost. Margin represents the percentage of the final selling price that is profit. To make 20% margin, your selling price must be calculated using the formula:

$$\text{Selling Price} = \text{Cost} / (1 - \text{Desired Margin \%})$$

This is the exact accounting standard pre-coded into your ContractorOS Smart Estimating spreadsheet. It ensures your business takes home exactly what you intended.

Chapter 2: Operational Steps to Bidding

Running a successful contracting business is about operational speed and professional presentation. Follow this simple 3-step workflow on every new estimate:

Step 1: Calculate Your Hourly Overhead Rate

Overhead includes all business costs that are not directly tied to a specific job (rent, auto bills, fuel, software, tools, and insurance).

- Open the **Overhead Calculator** tab in your ContractorOS spreadsheet.
- Fill in your monthly expenses. The sheet will total them up.
- Input your average billable labor hours per month (typically 100 - 140 hours for a solo contractor).
- The sheet will output your hourly overhead cost (e.g., \$15.50/hr). Add this number to your base hourly rate so you never pay business bills out of your personal pocket.

Step 2: Build the Estimate

- Open the **Smart Estimator** tab.
- List your materials, quantities, and actual cost. The sheet handles unit multiplication.
- Input estimated labor hours for each phase and your hourly labor rate.
- Input your Desired Net Profit Margin (we recommend 20% to 35% depending on project type). The sheet handles the correct formula calculations automatically.

Step 3: Deliver a Premium Proposal

Never text a price estimate. Open your **ContractorOS Proposal Template** (in Word or Canva):

- Paste in the item descriptions and pricing totals generated by the spreadsheet.
- Outline your project timeline, deliverables, and payment schedule clearly.
- Have the client sign and date the Authorization line before purchasing any materials.
- If the scope of work changes during the project, fill out a **Client Change Order Form** and secure a signature before doing any extra work. This stops scope-creep instantly.

Need Support? Contact us at support@contractoros.com