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Markup is not margin.

Use the same language in your price book, job costing, and financial review.

Price for a target margin
Cost ÷ (1 − target margin)

Margin from a finished price
(Price − cost) ÷ price

Target margin	Equivalent markup on cost
20%	25%
25%	33.3%
30%	42.9%
35%	53.8%
40%	66.7%
45%	81.8%
50%	100%

$700 cost at a 40% target margin:
$700 ÷ 0.60 = $1,166.67 price. Gross profit is $466.67. Multiplying cost by 1.40 would produce only a 28.6% margin.

Educational reference. Use complete direct-cost definitions and confirm accounting treatment with your accountant.
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