



## CONTRACT PROFITABILITY CALCULATOR - 2026 Edition

### FEEL GOOD AND SECURE YOUR BOTTOM LINE!

Protect margins, price correctly, and stop silent profit leakage—a practical calculator for Security Firms to see site-level profitability clearly.

Provided by Allegra Accounting (Pty) Ltd ([www.allegra-accounting.co.za](http://www.allegra-accounting.co.za))



Time to complete: ~15 minutes | Output: a precise site-level margin analysis

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#### Did you know?

Most Security Firm MDs manage their business based on total monthly revenue. Yet, many are unknowingly running specific sites at a loss—not because they lack guards, but because the "hidden" costs of service delivery are never fully recovered.

Allegra Accounting consistently sees the same high-risk failure patterns:

- **The Overtime Erosion:** Failing to account for the actual cost of relief shifts, public holidays, and emergency cover, which can instantly turn a profitable contract into a loss-maker.
- **Unrecovered Logistics:** Ignoring the cumulative impact of fuel, vehicle wear-and-tear, and supervision time required to maintain site standards.
- **Static Pricing:** Continuing to charge old rates while statutory wage increases, uniform costs, and equipment maintenance expenses continue to climb.

This calculator helps you determine the true contract-level profitability for every client, so MDs can feel confident in spotting profit leaks and taking action.

#### Quick Start (3 steps)

Work through the calculator for one site at a time.

2. Include all hidden costs like relief shifts and supervisor time.

3. Identify if the margin is healthy (>20%) or high-risk (<10%). (As an example)

If you want a second opinion, request a **free 15-minute review** to confirm your priorities, uncover hidden profit leaks, and identify actionable next steps.

Book your free Contract Profitability Call:  [CLICK HERE.](#)

## 1. CONTRACT DETAILS

Briefly summarise the contract:

| Field                                 | Input Value |
|---------------------------------------|-------------|
| Client Name                           |             |
| Site / Location                       |             |
| Contract Type (Guarding/Armed/Mixed)  |             |
| <b>Agreed Monthly Fee (Excl. VAT)</b> | <b>R</b>    |

## 2. DIRECT LABOUR COSTS (GUARDS)

| Labour Component                  | Calculation / Value |
|-----------------------------------|---------------------|
| Number of Guards on Site          |                     |
| Average Hourly Rate per Guard     | R                   |
| Total Guard Hours per Month       |                     |
| Base Guard Cost (Rate x Hours)    | R                   |
| Estimated Overtime Cost per Month | R                   |
| Night Shift / Sunday Premiums     | R                   |
| Relief Guard Cost (Absenteeism)   | R                   |
| <b>TOTAL DIRECT LABOUR COST</b>   | <b>R</b>            |

## 3. DIRECT OPERATIONAL COSTS (SITE)

| Operational Component                 | Value    |
|---------------------------------------|----------|
| Supervisor Time Allocated to Site     | R        |
| Fuel / Vehicle Allocation             | R        |
| Uniforms & PPE (Amortised)            | R        |
| Equipment (Radios, CCTV, etc.)        | R        |
| Other Site-Specific Costs             | R        |
| <b>TOTAL DIRECT OPERATIONAL COSTS</b> | <b>R</b> |

## 4. INDIRECT / OVERHEAD ALLOCATION

| Overhead Component               | Value    |
|----------------------------------|----------|
| Portion of Head Office Salaries  | R        |
| Portion of Rent & Utilities      | R        |
| Portion of Admin / Finance / HR  | R        |
| <b>TOTAL OVERHEAD ALLOCATION</b> | <b>R</b> |

## 5. FINAL PROFITABILITY CALCULATION

| Metric                                     | Result   |
|--------------------------------------------|----------|
| Monthly Revenue (Excl. VAT)                | R        |
| Total Monthly Contract Cost (Sum of 2+3+4) | R        |
| CONTRACT PROFIT (Revenue - Cost)           | R        |
| <b>CONTRACT PROFIT MARGIN % (BITA)</b>     | <b>%</b> |

## QUICK INTERPRETATION

Below is a general health indicator guideline for Security Industry Contract Profit, but it may vary:

- ✓ Profit Margin > 20%: Healthy contract. Maintain and protect.
- ⚠ Profit Margin 10–20%: Tight but acceptable. Watch overtime and relief costs.
- ✗ Profit Margin < 10%: High risk. Likely underpriced or leaking profit.

## ACTION QUESTIONS FOR THE MD

Some questions to consider:

- ⚠ Is this contract priced correctly for the risk and effort involved?
- ⚠ Can we reduce overtime, improve rostering, or control relief costs?
- ⚠ Are we billing accurately for all hours, premiums, and extras?
- ⚠ Should we renegotiate the fee or terms with the client?

## RECOMMENDED NEXT STEP

List your Top 3 Actions:

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Once you've completed this calculator for 3 contracts, book a free Contract Profitability Review. We'll briefly analyse your top site/contract, identify where margin is being eroded, and show how Allegra can support re-pricing and costing.

Book your free Discovery Call - 🖱 [CLICK HERE.](#)



- 🌐 Web: [www.allegra-accounting.co.za](http://www.allegra-accounting.co.za)
- ✉ Email: [hello@allegra-accounting.co.za](mailto:hello@allegra-accounting.co.za)
- 📞 WhatsApp
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**Allegra Accounting & Tax Services Pty (Ltd)**

Please note: Free consultations are available only when the client provides sufficient, up-to-date information. If this information is unavailable, Allegra may first need to bring the company up to date to enable an adequate review.