



The Pricing for Recurring Work Guide

A price that felt right last year quietly loses money this year if costs moved and the price did not. This guide shows the exact increase needed to hold margin, and what a season of one recurring account is actually worth.

Recurring work is easy to underprice over time, because the pain of a cost increase is immediate and the pain of a stale price is invisible until the margin has already eroded. This guide covers both sides: raising prices correctly when costs move, and seeing what a full season of one recurring account is actually worth.

What happens if the price does not move

Take a job that cost \$150 last year and was priced at \$225, a 33.33% margin. This year the same job costs \$165, a 10% cost increase. Leave the price at \$225 and margin quietly drops to 26.67%, a real six-and-two-thirds-point loss, invisible on any single invoice because \$225 still looks like the same number it always was.

The increase that actually fixes it

To hold the original 33.33% margin against the new \$165 cost, the price needs to become \$247.50, a \$22.50 increase. Notice the increase is exactly 10%, the same percentage the cost rose by. That is not a coincidence: holding a percentage margin constant always requires a price increase equal to the cost increase percentage, whatever the margin actually is. Raising a price by less than the cost increase always erodes margin, even if the price technically went up.

What a recurring account is worth over a season

A single \$85 mow, twice a month for a year (26 visits), is easy to undervalue as "just one more stop." Add it up: at a 2-person crew, 1 hour per visit, and the \$26.00 loaded rate, cost per visit is \$52.00. Annual contract value is $\$85 \times 26 = \$2,210$. Annual cost is $\$52 \times 26 = \$1,352$. Annual gross profit: \$858, a 38.8% margin, a number worth protecting with the same seriousness as a large one-time job.

Key takeaway. To hold margin, price must rise by the same percentage cost did, not less. Do the same math for a whole season of a recurring account, not just one visit, before deciding it is not worth the attention.

Assumptions

- The worked example uses a \$150 last-year job cost, a \$225 last-year price, and a \$165 this-year cost (a 10% cost increase), all illustrative round numbers.

Frequently asked questions

Why does the price increase percentage always match the cost increase percentage?

Because margin is a ratio of profit to price. If cost and price both scale by the same factor, that ratio stays exactly the same by construction, it is a mathematical identity, not a rule of thumb, which is why this calculator can solve it directly instead of guessing.

Should every customer get the same price increase?

This guide covers the math for holding your own margin, not customer-by-customer negotiation. Some accounts may bear a larger increase than others depending on relationship and market, treat the calculated number as the floor needed to avoid quietly losing money, not a rigid rule.

How often should recurring contract prices be reviewed?

At least annually, ideally whenever a meaningful cost input (wage, fuel, insurance) changes materially, waiting multiple years to catch up compounds the margin erosion shown in the worked example.

Does a higher-margin recurring account always beat a one-off job?

Not automatically, it depends on the hours it ties up relative to what those hours could earn elsewhere. Property Profitability Ranking is the right tool for comparing recurring accounts against each other once you have several to rank.

Grounds Toolkit is a set of transparent decision engines for landscaping operators, not business management software. This guide is educational, not a guarantee of any outcome.