Price Change Calculator

01 / YOUR WORKSHEET - use one currency and one period

Compare total contribution, not only price or revenue. Amounts may have two decimals; sales volumes are whole units. The new volume is your assumption, not a forecast.

Currency / period / product or customer segment

Current offer

Price per unit

Variable cost per unit

Completed sales volume

Unit contribution (price - variable cost) / total contribution (unit x volume)

Proposed offer

Price per unit

Variable cost per unit

Completed sales volume

Unit contribution (price - variable cost) / total contribution (unit x volume)

Whole units needed = ceil(current total contribution / new unit contribution)

Evidence for new volume / customer segment / observation period

Use the preservation threshold only with positive unit contributions and positive current volume. This is before fixed costs, taxes and financing. It is not net profit or the fixed-cost break-even point.

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02 / WORKED EXAMPLE - fictional membership

One fictional monthly membership, variable cost 20 per paying member. Currency units are illustrative. Customer responses below are assumptions.

Offer	Price	Volume	Unit contribution	Total
Current	50	1,000	30	30,000
Larger rise	60	700	40	28,000
Smaller rise	55	900	35	31,500

The quantity threshold

At price 60 and cost 20, 30,000 / 40 = 750 whole members preserve current contribution. At 700 members the price rise reduces total contribution by 2,000. At price 55 and 900 members, contribution rises by 1,500.

What if the new offer costs more?

At price 60 and variable cost 25, unit contribution is 35. The threshold is ceil(30,000 / 35) = 858 members. Changing features or customer mix can change the cost as well as demand.

Test the assumption

Observe purchases, renewals, downgrades, refunds and variable service costs over a comparable period. The arithmetic defines a decision boundary; it does not identify the best price or predict retention.

Underlying contribution definitions: U.S. Small Business Administration. Original HBW scenarios.

Open the framework source

Try it online: howbusinesseswin.com/resources/price-change-calculator/