Real estate media - peer benchmark

How the numbers stack up

Everything in this report is shown as a **percent of income**. That way a business doing a little and a business doing a lot can be compared fairly. If a business brings in $1,000 and spends $300 on editing, editing is 30% of income. Same idea, any size.

GROSS PROFIT MARGIN	NET PROFIT MARGIN	OPERATING COSTS
85.1%	38.7%	44.2%
Median. Average 83.9%	Median. Average 35.9%	Median. Average 46.8%

What these numbers mean

Gross profit margin is what is left of each income dollar after the direct costs of doing the shoot, like editing and subcontracted photographers. **Operating costs** are everything it takes to run the business around the work, such as payroll, software and training. **Net profit margin** is what the business keeps after both.

> **Average vs. median.** The average adds everyone up and divides, so a few unusual businesses can pull it around. The median is the middle business, half above and half below. When the two differ, the median is the better picture of a typical business.

Use this as a compass, not a scorecard. Seeing where you sit against peers helps you decide where to look first.

See how your business compares

Enter your own numbers and see how they stack up against the peers in this report.

Compare my numbers →

Start here

How to read this report

You do not need to be a numbers person. Here is the whole idea in five steps.

1. ### Every number is a percent of income
   If a number says 10%, that means 10 cents out of every dollar your business brings in. It works the same for a small business and a big one.

2. ### Find the "Median" and compare yourself to it
   The median is the middle business. Half are above it and half are below it. Think of it as what a typical business looks like.

3. ### Know which direction is good
   For profit numbers, higher is better. For cost numbers, lower is usually better, but only if the work still gets done well.

4. ### Look for the big gaps
   If your number is close to the median, you are doing fine there. If it is far away, that is a line worth a closer look.

5. ### Pick one or two things, not everything
   This report is a starting point, not a grade. Choose the one or two lines that stand out and start there.

What is on each page

PAGE	WHAT YOU WILL FIND
3	How much of every dollar a typical business keeps
4	A simple way to see where you rank
5	What it costs to deliver the shoots
6	What it costs to run the business
7	Where stronger businesses spend differently
8	How the numbers were made, plus a glossary

One thing to remember. A median is the middle. If you are not sure where to look, start with it.

Profitability

How much of each dollar is kept

GROSS PROFIT MARGIN

85.1%

Median

83.9%

Average

NET PROFIT MARGIN

38.7%

Median

35.9%

Average

Net profit margin, from weaker to stronger

PERCENTILE	NET PROFIT MARGIN	WHAT IT MEANS
25th	22.2%	One in four businesses keep less than this
50th	38.7%	The middle business
75th	50.6%	One in four keep more than this
90th	61.3%	One in ten keep more than this

Read the median, not the average. A handful of very strong or very thin years can drag the average away from what a typical business actually experiences.

Where each income dollar goes (the average business)



The typical business keeps about **39 cents** of every income dollar after direct and operating costs.

Where does your net profit margin land?

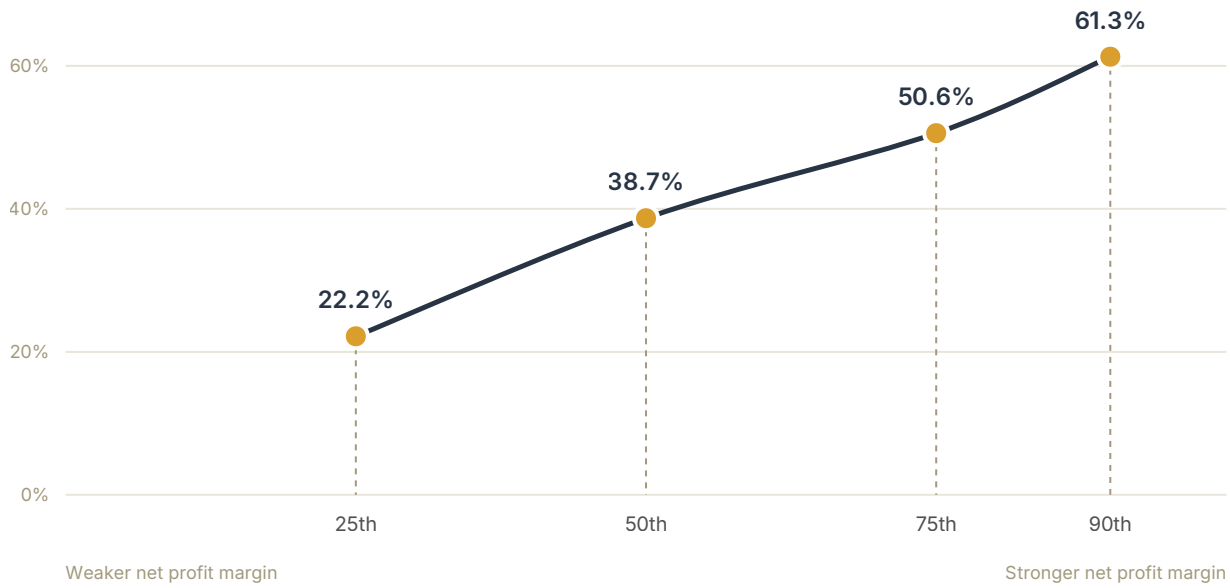
Enter your numbers and see how you compare to the median.

Compare my numbers →

Reading the percentiles

How to read these percentiles

Imagine lining up every business from the weakest net profit margin to the strongest. The percentiles are marker posts along that line. The 25th percentile is the spot a quarter of the way along, the 50th is the middle, and so on.



MARKER	NET PROFIT MARGIN	PLAIN ENGLISH
25th percentile	22.2%	A quarter of businesses are at or below this
50th percentile	38.7%	Half are above, half below
75th percentile	50.6%	Three out of four are at or below this
90th percentile	61.3%	Only one in ten does better than this

If your net profit margin is below the 50th percentile, that is not a verdict. It is a pointer to which cost lines are worth a closer look on the next pages.

Find your own percentile

Enter your numbers and see where you rank, from weaker to stronger.

Compare my numbers →

Direct job costs

What it costs to deliver the work

DIRECT COSTS (COGS)

15.7%

Median. Average 17.4%

OPERATING COSTS

44.2%

Median. Average 46.8%

Largest single direct cost: Editing. It averages 13.3% of income, with a median of 12.5%.

Direct costs as a percent of income

ACCOUNT	AVG %	MEDIAN
Editing	13.3%	12.5%
Cost of Services	2.6%	1.9%
Contracted Photographers	1.4%	0.0%
Contractors (direct)	0.1%	0.0%

How to read this page

Direct costs are what it takes to deliver the shoot itself: editing, subcontracted photographers and similar. If your editing share sits well above the median, look at turnaround pricing, volume and whether you are outsourcing work that could be batched. If it sits well below, check whether you are doing more of the editing yourself and what that hour is worth.

Operating expenses

The cost of running the business

Each account below is shown as a percent of income, average and median. A median of zero just means the typical business does not have that cost at all.

ACCOUNT	AVG %	MEDIAN
Payroll Expenses	13.4%	2.4%
Training	6.9%	4.6%
Contractors	5.6%	4.8%
Office Supplies & Software	5.2%	3.8%
Taxes & Licenses	3.2%	1.9%
Accounting	2.2%	1.7%
Job Supplies	1.8%	1.0%
Advertising & Marketing	1.7%	0.5%
Insurance	1.0%	0.5%
Travel	0.9%	0.5%
Meals	0.8%	0.4%
Phone	0.7%	0.7%
Memberships	0.7%	0.4%
Interest Expense	0.5%	0.0%

ACCOUNT	AVG %	MEDIAN
Website	0.5%	0.3%
Rent & Lease	0.3%	0.0%
Bank Charges & Fees	0.3%	0.1%
Utilities	0.2%	0.0%
Reimbursable Expenses	0.2%	0.0%
Legal & Professional Services	0.2%	0.0%
Repairs & Maintenance	0.2%	0.0%
Client Gifts	0.0%	0.0%
Equipment	0.0%	0.0%
Donation	0.0%	0.0%
Printing	0.0%	0.0%
Equipment Rental	0.0%	0.0%
Team Building	0.0%	0.0%

Compare your costs to the medians

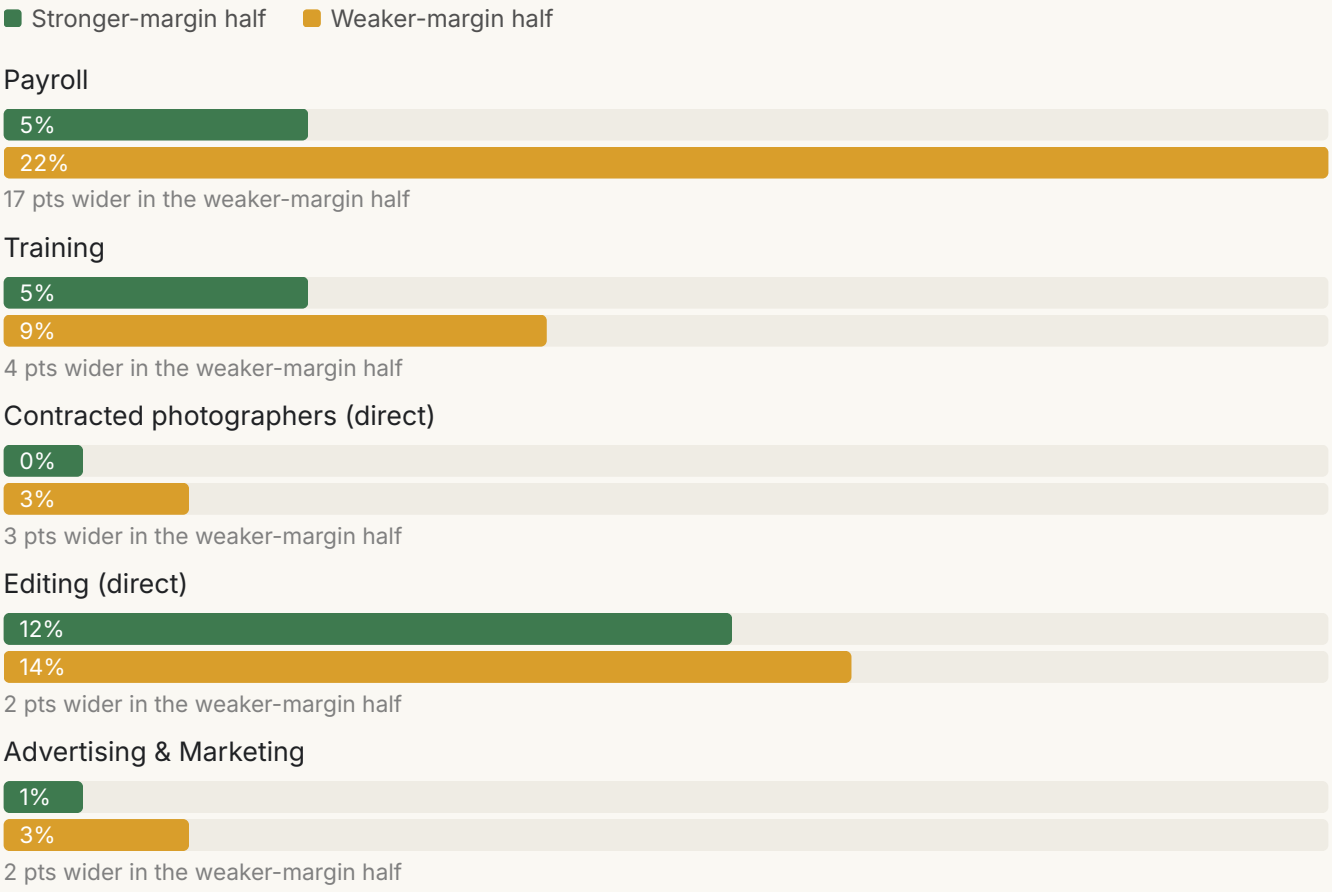
See how your costs and net margin line up with these peers.

Compare my numbers →

Stronger vs. weaker

What separates the stronger from the weaker

We split businesses into two equal halves by net profit margin and compared how much of income each half spends on every cost. These are the costs with the widest gaps. Numbers are rounded to whole percents.



WIDEST GAP

17 pts

Payroll: 5% in the stronger half vs. 22% in the weaker half

The takeaway. Payroll moves with how a business is set up, so a bigger payroll share is not automatically a mistake. Training is different: it is a choice. The weaker-margin half spends nearly twice as much of its income on training, which makes it one of the more controllable levers to review.

Methodology

Methodology and notes

Where the data comes from. Profit and loss reports from Abakus Financial Services' real estate media bookkeeping clients' QuickBooks files, covering a recent trailing twelve months, cash basis.

Account mapping. Every business names its accounts a little differently. Each one was mapped to a standard set of Abakus accounts by function so like items are compared with like. Meals sub-accounts are combined into one Meals line.

Percentage method. Each line is divided by that business's income. Items whose category was unclear and vehicle costs are taken out of both income and expenses, so businesses are compared on the same footing. Gross profit and net operating income are as reported in the books.

Averages and medians. Every business counts equally. We show the average and the median of the percentages, never dollar totals.

Percentiles. Businesses are ranked by net profit margin, and the 25th, 50th, 75th and 90th percentile values are read from that ranking.

Stronger vs. weaker halves. Businesses are ranked by net profit margin and split into two equal halves. Each cost is averaged within each half, and the figures are deliberately rounded to whole percents.

Caveats. This is a comparison, not advice. Results depend on how each business is set up, including who is on payroll and who is a contractor. Net profit margin here is operating only and does not include interest or other items below operating income.

Glossary

Gross profit margin
Income less direct costs, as a percent of income.

Direct costs (COGS)
Costs of delivering the work itself, such as editing and subcontracted photographers.

Operating costs
Everything it takes to run the business apart from direct costs.

Net profit margin
What the business keeps after direct and operating costs, as a percent of income.

Average and median
The average is the sum divided by the count; the median is the middle value.

Percentile
A marker on the ranked line-up of businesses, such as the 25th or 90th.

Pts
Percentage points, the difference between two percents.

Ready to compare your numbers?
The interactive report puts your numbers next to the peer figures in this report.
Compare my numbers →