Markup Margin(in respect to Cost) = Profit/Cost, Markup Margin = $20/$100 = 1/5, therefore Markup Margin also shows 5 sales are needed to pay back startup costs and become self-sustaining.

Profit = Sales Rev. - Cost, therefore Profit = $20

Overview: Given: Cost = $100, Profit Margin = 16.66% Results Based on Given: Cost Margin = 83.33%, Sales Rev. = $120, Profit = $20, Based on the Cost Margin and Markup Margin 5 sales are needed to pay back startup costs and become self-sustaining, Based on Profit Margin 6 sales are needed to become Profitable, therefore after 6 sales the Total Profit is $20.

Analysis: $20 is not a very reasonable profit for a product that cost $100 to make and will take a fairly high number of sales to pay back startup costs and become profitable, therefore to increase profit and reduce number of sales takes to pay back startup costs and become profitable raise the Profit Margin.