BasePoint.cpa

CPA & FRACTIONAL CFO

10 Numbers Every Contractor Should Know

Many contractors run on their bank balance and a gut feel. These are the ten numbers that actually tell you whether the business is working. Check the ones you can find in under five minutes. The blanks are where the money often hides.

1 Gross Margin (by job and overall) ☐
Gross profit (revenue minus cost of sales) divided by revenue, as a percent. This is the number with the biggest leverage in your business. A few points of margin changes how much revenue you need to hit the same profit.

2 Overhead (your true monthly nut) ☐
What it costs to keep the doors open before you build anything. Rent, admin wages, insurance, software, your own pay. If you don't know it, you can't price to cover it.

3 Break-Even Revenue ☐
The revenue you must do just to reach zero. Overhead divided by gross margin. Below this line you're losing money; above it you're building it. Every owner should know this number cold.

4 Net Profit Margin ☐
What's actually left after everything, as a percent of revenue. Not revenue, not "busy." This is the number that indicates what is left of your revenue, as a percentage, when everything is said and done.

5 Cash on Hand (weeks of runway) ☐
How many weeks you could operate if the money stopped coming in. Profit and cash aren't the same thing. Runway tells you how much room you actually have to breathe.

6 Accounts Receivable & Days to Get Paid ☐
What clients owe you, and how long it takes to collect. Every extra week of collection is money you've loaned out for free. Slow AR is one of the most common cash killers in the trades.

7 Accounts Payable & What's Coming Due ☐
What you owe suppliers and subs, and when. Knowing what's landing next week keeps you from being blindsided by a cash crunch on a "profitable" month.

8 Work in Progress (Over / Under Billing) ☐
How your billing lines up with the work actually completed. Overbilling can hide a cash problem; underbilling hides profit you've already earned. WIP is where contractor numbers get distorted.

9 Backlog (signed work ahead) ☐
The value of contracted work you haven't built yet. Your best early warning system. A shrinking backlog tells you about a revenue problem months before the income statement does.

10 Owner's Pay & Tax Set-Aside ☐
What you actually take home, plus what you've put aside for taxes. If tax season is a nasty surprise every year, this number is missing. Pay yourself deliberately, not with whatever's left.

Found more blanks than checkmarks?

That's normal, and it's fixable. The Contractor Financial Clarity Assessment reads all ten of these from your numbers and shows you where you're making money, where it may be leaking, and the three things worth your attention next. Summit pricing available at **basepoint.ca/ebs26**