

Contractor Profit Blueprint

A Plain-English Guide to Keeping More
of the Money You Earn

For Contractors Earning \$200K – \$500K

By Tru-Financial Advisors

Bookkeeping • Job Costing • CFO Advisory • Financial Strategy

Where Does the Money Go?

You are winning jobs. You are working hard. But when you look at the bank account, the numbers do not add up. You are not alone. According to U.S. government data, almost two out of every three construction businesses close their doors within 10 years.¹ And the reason is almost never "not enough work." The real reason is that most contractors do not have a clear picture of what their jobs actually cost.

84%

have cash flow problems

56 days

avg. wait to get paid

43%

can't cover a surprise bill

A national survey found that 84% of construction companies struggle with cash flow.² On top of that, subcontractors wait an average of 56 days to get paid, while 43% do not have enough cash on hand to handle an unexpected expense like a broken piece of equipment or a slow-paying client.³

If you are bringing in \$200K to \$500K a year, these problems hit you the hardest. You have real bills to pay — trucks, insurance, payroll, materials — but you do not have the big credit lines or bonding that larger companies use to cover the gaps. One slow-paying customer can put you in a hole.

Five Reasons Contractors Lose Money

- You do not track costs by job. You know your total expenses, but you do not know which jobs made money and which ones lost money.
- You make decisions by checking your bank balance. A high balance does not mean you are profitable. You might have cash from a draw that has not been spent yet.
- You guess on your bids. Without knowing your real costs from past jobs, every bid is a guessing game. Contractors who track job costs are 21% more likely to hit their budget targets.⁴
- Your personal and business money is mixed together. When everything runs through one account, you cannot tell what is business profit and what is your own money.
- You never sit down and look at the numbers. By the time you see a problem at tax time, it is too late to fix it.

What Should You Actually Be Making?

Here is what contractors typically keep as profit across the industry. These numbers come from the CFMA, which is the gold standard for construction financial data.⁵

Type of Contractor	What You Keep Before Overhead	What You Actually Take Home
General Contractors	12 – 16 cents per dollar	5 – 8 cents per dollar
Specialty Trades	15 – 25 cents per dollar	6 – 10 cents per dollar
Residential Builders	18 – 25 cents per dollar	8 – 11 cents per dollar
Top 25% (Best Performers)	25+ cents per dollar	10 – 12 cents per dollar

Here is the problem in plain numbers: Say you bid a \$150,000 job and expect to make \$30,000 (a 20% margin). If your materials run 10% over budget and your labor runs 15% over, that \$30,000 profit drops to about \$18,000 — and after your fixed costs, you might actually lose money on the job. One bad job per quarter can wipe out your profit for the whole year.

Know What Every Job Costs You

Job costing just means tracking every dollar you spend on a job — materials, labor, equipment, subs, and overhead — so you can see whether that job made money or lost money. That is it. No complicated formulas. Just knowing your numbers.

You do not need expensive software to do this. You need three habits.

Habit 1: Label Every Expense

Every time you spend money, it should be tagged to a specific job and a specific category. Think of it like putting every receipt into the right folder. Here is a simple system that works:

Category	What Goes Here	Examples
Materials	Anything you buy for the job	Lumber, concrete, pipe, fixtures, nails
Labor	What you pay your crew	Wages, payroll taxes, workers comp
Equipment	Tools and machinery	Rentals, fuel, equipment repairs
Subs	Work you hire out	Plumbing sub, electrical sub, HVAC
Job Costs	Costs tied to this specific job	Permits, dumpsters, portable toilets
Overhead	Business costs not tied to one job	Office, insurance, truck payments, software

Habit 2: Record Costs Every Day

If you wait until the end of the month to enter your receipts and timesheets, you have already lost control. By then, you cannot fix anything — the money is already gone. Here is what daily tracking looks like in practice:

- Time tracking: Use a free app on your phone. Your crew logs their hours every day, tagged to the job they worked on. No more paper timesheets that pile up for weeks.
- Receipts: Snap a photo and code it the day you buy it. If you bought \$400 in lumber for the Smith kitchen remodel, tag it to that job right then.
- Subcontractor invoices: When a sub sends a bill, enter it against the right job immediately. Do not let invoices sit on your desk.

Habit 3: Compare Your Budget to Reality Every Week

Before you start a job, write down what you think it will cost by category (materials, labor, subs, etc.). Then, every week, compare your actual spending to that estimate. If you budgeted \$8,000 for labor and you are already at \$6,500 with 40% of the work left, that is a problem you can fix now — not a surprise you discover after the job is done.

A simple rule: If your actual costs are more than 5% over your budget on any category, stop and figure out why. Did the scope change? Are you using more material than expected? Is the crew taking longer? The sooner you catch it, the sooner you can fix it or file a change order.

Know Your Real Overhead

Here is where most smaller contractors get it wrong. You add 10% for overhead on your bids because that is what everyone does. But for contractors under \$5 million in revenue, the real overhead rate is usually between 22% and 28%.¹ That means you could be undercharging on every single job.

Here is how to figure out your real number: Add up everything you spend in a year that is not tied to a specific job — your office, insurance, truck payments, phone, software, your bookkeeper. Divide that by the total you spent on actual job work (materials, labor, subs). If you spent \$80,000 on overhead and \$320,000 on direct job costs, your real rate is 25%. That means for every \$40,000 job, you need to add \$10,000 for overhead — not \$4,000.

1. CFMA / Contractor Foreman, contractorforeman.com Job costing best practices: Deltek, deltek.com; Saltmarsh, saltmarshadvisors.com

Stop Running Out of Cash

You can be profitable on paper and still not have enough cash to make payroll on Friday. That is because cash coming in and cash going out do not happen at the same time. You pay for materials and labor now, but you might not get paid for 30, 45, or even 60 days. That gap is what kills businesses.

The fix is a simple tool called a 13-week cash forecast. It is just a spreadsheet where you write down what money you expect to come in and go out over the next 13 weeks (about 3 months). You update it once a week. Banks and bonding companies use this exact tool to evaluate contractors.¹

What to Track Each Week

Category	What It Means	Where to Find It
Cash In	Payments you expect to receive	Your invoices and contracts
Payroll Out	Crew wages, taxes, and benefits	Your payroll system or records
Materials Out	Vendor and supplier payments	Your bills and purchase orders
Sub Payments	What you owe your subcontractors	Sub invoices and contracts
Fixed Costs	Rent, insurance, truck payments, etc.	Your monthly bills
Loan Payments	Equipment loans, credit line payments	Loan statements

Set Up Separate Bank Accounts

One of the best things you can do right now is stop running everything through one bank account. A book called Profit First for Contractors by Shawn Van Dyke lays out a simple system: every time money comes in, split it into different accounts so your profit and taxes are set aside before you spend anything.²

Account	How Much Goes In	What It Is For
Main Income	All money comes in here first	Temporary holding account
Profit	5 – 15% of every deposit	Your real profit — do not touch it
Owner Pay	10 – 15% of every deposit	A steady paycheck for you

Account	How Much Goes In	What It Is For
Tax Money	15 – 20% of every deposit	Set aside so taxes are never a surprise
Operating	What is left (50 – 65%)	Everything else — job costs, overhead, bills

Quick Cash Flow Tips

- Bill often. Do not wait until the job is done. Send an invoice at every milestone — demo done, rough-in done, drywall done.
- Ask for deposits. Get 50% of materials costs up front. You should not be financing your client's project out of your own pocket.
- Track how long it takes to get paid. If you are waiting more than 45 days on average, that is a problem. Your goal is 30 days or less.
- Keep a 30-day cash cushion. Healthy contractors keep about a month of expenses in the bank at all times.³
- Include your cash gap in your bids. Contractors who price in the cost of waiting for payment earn 24% margins vs. 17% for those who do not.⁴

1. Atheneum CFO, atheneumcfo.com 2. Shawn Van Dyke, Profit First for Contractors, builttobuildacademy.com
3. CFMA 2025 Benchmark, bnpmmedia.com/ENR 4. Billd / Construction Dive, constructiondive.com

Your 90-Day Action Plan

You do not need to change everything overnight. Give yourself 90 days. Follow these steps in order, and by the end of three months, you will know exactly where your money is going and how much you are actually making on every job.

Month 1: Get Organized

- Week 1: Open separate bank accounts — one for income, one for profit, one for taxes, and one for operating expenses. Start splitting every deposit.
- Week 2: Set up your job cost categories in QuickBooks (or whatever you use). Create the simple categories from page 3 — Materials, Labor, Equipment, Subs, Job Costs, Overhead.
- Week 3: Get your crew on a time tracking app. Have them log hours every day, tagged to the job they worked on.
- Week 4: Build your first 13-week cash forecast. Just write down what money you expect to come in and go out for the next 3 months.

Month 2: Start Tracking

- Weeks 5–6: For every active job, write down what you expect it to cost by category. Then start recording actual costs every day against those estimates.
- Week 7: Look at your open jobs. For each one, compare how much work you have done vs. how much you have billed. If you have billed more than you have earned, that extra cash belongs to the job, not to you.
- Week 8: Have your first weekly numbers meeting. Sit down for 30 minutes and look at each job: are you on budget or over? If over, figure out what to do about it.

Month 3: Use Your Numbers

- Weeks 9–10: Now that you have real data from completed jobs, calculate your true overhead rate. Use it to update your bid templates so every future bid covers your real costs.
- Week 11: Start tracking change orders. When the scope changes on a job, document it right away and get it approved before you do the extra work.¹
- Weeks 12–13: Look back at where you were on Day 1 vs. now. How much more do you know about your numbers? Set goals for the next quarter and keep going.

The Numbers You Should Watch

You do not need a fancy dashboard. Just track these numbers and you will be ahead of 90% of contractors your size.²

What to Watch	What It Tells You	What "Good" Looks Like
Gross Profit %	How much you keep after job costs	15–25% for most trades
Net Profit %	What you actually take home	5–8% (10%+ is great)
Days to Get Paid	How long clients take to pay you	30–45 days
Cash in the Bank	How long you can survive with no new money	At least 30 days of expenses
Budget vs. Actual	Whether each job is on track	Within 5% of your estimate

By Day 90: You will know what every job is actually costing you, you will have a cash forecast so you can see problems before they happen, and you will have real numbers to back up your bids. That is the difference between guessing and knowing.

1. Wiss & Company, wiss.com 2. CFMA 2025 Benchmark, bnpmmedia.com/ENR

We Can Help You Get This Done

Reading about this stuff is the easy part. Actually setting it up while you are running jobs, managing crews, and chasing payments — that is the hard part. That is where we come in. Tru-Financial Advisors works with contractors just like you to build these systems so you do not have to figure it out alone.

What We Do For You

- Set up your job cost tracking: We build the categories, set up QuickBooks, and train your team on how to use it every day.
- Build your cash forecast: We create your first 13-week cash forecast and show you how to update it every week in about 15 minutes.
- Figure out your real overhead: We calculate your actual overhead rate and plug it into your bid templates so you stop undercharging.
- Monthly financial check-up: Every month, we sit down with you and go over your numbers — which jobs are making money, which ones are not, and what to do about it.
- Help you grow smart: When you are ready to hire, buy equipment, or take on bigger jobs, we help you run the numbers so you make good decisions.

Ready to stop guessing and start knowing?

Schedule a free call with Tru-Financial Advisors.
We will look at your numbers and show you exactly
where your money is going — and how to keep more of it.

Tru-Financial Advisors
Bookkeeping | Job Costing | CFO Advisory | Financial Strategy

Sources

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