GROW AND PROFIT

KNOW YOUR NUMBERS

You can be fully booked and still go broke. Here are the numbers that tell you the truth.

GET YOUR BOOKS RIGHT FIRST

Numbers are only useful when they're correct and on time. If your financial statements arrive six weeks after month end, you're driving by looking in the mirror. Aim to close the books by the 10th of each month. Hire a bookkeeper or accountant who understands contractors.

Use accrual-based reports if you can, because cash-basis reports can make a month look better or worse than it was. Separate each trade or department, so one doesn't hide the other.

REVENUE ISN'T PROFIT

Look at three levels:

- **Gross profit** = revenue minus the direct cost of doing the work: technician wages and related burden, materials, permits, subcontractors.
- **Overhead** = everything else needed to run the business: office wages, rent, insurance, software, marketing, trucks if you don't count them in direct costs.
- **Net profit** = what remains.

Decide how you classify each cost, then be consistent, so one month compares fairly with the next.

A SIMPLE EXAMPLE

These are made-up numbers. A shop has $2,000,000 in revenue. Direct costs are $1,040,000, so gross profit is $960,000, or 48%. Overhead is $800,000, leaving net profit of $160,000, or 8%.

Now suppose the same shop raises gross margin by two points and keeps overhead flat. That's $40,000 more profit, a 25% increase, without one extra job. Margin matters more than most owners realize.

NUMBERS TO WATCH EVERY WEEK

- Revenue, booked work and capacity for the next two weeks
- Answer rate and booking rate
- Average ticket and close rate
- Billable hours
- Accounts receivable, and cash in the bank

NUMBERS TO WATCH EVERY MONTH

- Gross margin, overall and by department
- Overhead as a share of revenue
- Net profit
- Revenue per technician
- Marketing cost per booked job, by source
- Callback rate
- Plan count and renewal rate
- Turnover

See how to measure your own KPIs for definitions.

FIND YOUR BREAK-EVEN

Break-even revenue = fixed overhead ÷ gross margin percentage.

Using the example above, $800,000 ÷ 48% = about $1,667,000. Every dollar of revenue above that contributes 48 cents to profit. Then divide by your working days to see what

you need to bring in each day just to keep the lights on. Knowing that number changes how you think about a slow Tuesday.

LOOK AT EACH TRUCK

Add up the true cost of a truck on the road: tech wages and burden, vehicle payment, fuel, insurance, tools, phone, and that truck's share of overhead. Divide by billable hours or jobs. Many owners discover that one truck carries another, or that a certain type of work loses money.

WATCH CASH SEPARATELY

Profit and cash aren't the same. A growing business can run out of money even while profitable, because you pay wages and suppliers before customers pay you. Track:

- Days to collect
- Overdue invoices, by age
- Upcoming payroll, taxes and big bills
- A 13-week cash forecast

Collect at the time of service whenever possible. Invoices left to sit are loans you never meant to make.

SHARE THE RIGHT NUMBERS WITH THE TEAM

You don't have to open your books. But most techs vastly overestimate what you make. Showing them where a dollar of revenue goes can change how they think about callbacks and wasted materials. Keep it simple and honest.

MAKE IT A HABIT

Set a monthly meeting with your bookkeeper or accountant, and don't cancel it. Review the numbers, ask what changed, and pick one thing to act on. The goal isn't to become an accountant. It's to make decisions based on what's true, not on how busy you feel. Modern field software can feed much of this automatically. If you're still working from a sheet, see getting off the spreadsheet.

Sources: Worked examples are illustrative. Service ProCall program guidance. Not accounting advice.

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BEST PRACTICES: PRICING AND KNOWING YOUR NUMBERS

MAKE IT A HABIT

What good looks like

> A handful of numbers reviewed every week.

> Prices built from your real costs and target margin.

> Cost per booked job known for every lead source.

The habits

1. Pick five weekly numbers: answer rate, booked jobs, close rate, average ticket and revenue per tech.
2. Price from your true hourly cost, including drive time and overhead.
3. Review prices at least once a year and when costs change.
4. Track every job back to the source that created it.
5. Cut the lead sources that cost more than they bring in.
6. Share the numbers with your team, so everyone knows the score.

Signs it's time to get help

- You learn how a month went when the accountant tells you.
- You can't say which lead source pays best.
- Prices haven't changed in over a year.

Where we fit: ProCall Field reports by source, tech and job type, and Service ProCall reports every campaign from call to sold job.

More on pricing and knowing your numbers