THE COMPLETE GUIDE COLLECTION

FOR LANDSCAPE BUSINESS OWNERS

MARGIN DRIVERS

RESOURCE CENTER & ACADEMY



Know your numbers. Price for profit. Build value.

A $25 wage really costs $30 an hour Page 9

Why a profitable month can drain the bank Page 7

Who to hire, and when Page 26

24 checks a buyer will look for Page 37

STAGE 1
Foundations
Read the numbers

STAGE 2
Control
Price, track & collect

STAGE 3
Strategy
Grow & build value

by EquiScape Business Advisors

www.equiscape.ai · 770-685-4700

THE COMPLETE GUIDE COLLECTION

In This Book

Twenty-two guides in the order to learn them. Each one builds on the ones before it, and all of them use the same example company, so swap in your own numbers as you go.

STAGE 1 Foundations

"What do my numbers say?"

1	**Profit & Loss At a Glance** The scorecard every other guide uses.	5
2	**Balance Sheet At a Glance** What you own, what you owe, what's yours.	6
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STAGE 2 Control

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How to use this book

One guide a week. Twenty-two weeks takes you from reading a P&L to knowing your value.

Use your own numbers. Every guide uses the same example company. Swap in yours as you go.

Come back to Stage 1. When a later guide feels hard, the answer is usually in the foundations.

MARGIN DRIVERS
RESOURCE CENTER
by EquiScape

MARGIN DRIVERS · LEARNING PATH

Your Financial Roadmap

22 guides in the order to learn them

Each guide builds on the ones before it

1 · Foundations: read the numbers
Start here · the language of the business

2 · Control: price, track & collect
Run the business by the numbers

3 · Strategy: grow & build value
Plan ahead · the CFO seat

STAGE 1 Foundations
"What do my numbers say?"

1. **Profit & Loss At a Glance** — The scorecard every other guide uses.
2. **Balance Sheet At a Glance** — What you own, what you owe, what's yours.
3. **Profit Isn't Cash** — Why a profitable month can drain the bank.
4. **Markup vs. Margin** — The pricing mix-up that quietly costs thousands.
5. **True Cost of Labor** — A $25 wage really costs $30 an hour.
6. **The Break-Even Point** — The one monthly sales number you must hit.

YOU'RE READY WHEN
you can read your own P&L and Balance Sheet and know your break-even.

STAGE 2 Control
"How do I make every job pay?"

7. **Equipment Cost per Hour** — Price every machine hour, and buy or rent smart.
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your bids hit your margin goal and you run a monthly scorecard.

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YOU'RE READY WHEN
you plan a year ahead, have the right team in place and know what your business is worth.

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Use your own numbers
Every guide uses the same example company. Swap in yours as you go.

Come back to Stage 1
When a later guide feels hard, the answer is usually in the foundations.

Key idea: Learn to read the numbers, then control them, then use them to build a business worth more.

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STAGE 1 OF 3

Foundations

“What do my numbers say?”

Read the numbers · Guides 1–6



1	Profit & Loss At a Glance	5
2	Balance Sheet At a Glance	6
3	Profit Isn't Cash	7
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YOU'RE READY WHEN

You can read your own P&L and Balance Sheet and know your break-even.

Profit & Loss At a Glance

Where each $1 of revenue goes

Example company · $110,000 revenue

Gross Profit · 60.3¢ left to run the business



Direct 39.7¢ · Indirect 4.5¢ · Fleet 10.8¢ · Admin 34.9¢ · **Net Profit 10.1¢**

TERM · WHAT IT MEANS	WHAT GOES IN IT	EXAMPLE
Revenue — Everything you invoiced customers for work performed. The "top line."	In-house work $100,000 + subcontracted work $10,000	**$110,000** 100% of revenue
− **Direct Expenses** — Costs tied to doing the job itself. No job, no cost.	Field labor, materials, subcontractors, equipment rental, dump fees	**$43,700** 39.7% of revenue
= **Gross Profit** — What the jobs earn before paying to run the company.	**Revenue − Direct Expenses**	**$66,300** $110,000 − $43,700
% **Gross Margin** — Cents kept from every $1 after job costs.	**Gross Profit ÷ Revenue**	**60.3%**
− **Indirect Expenses** — The hidden "burden" that rides along with every crew hour.	Field payroll taxes, workers' comp, vacation/sick pay, travel & lot time	**$5,000** 4.5% of revenue
− **Fleet Expenses** — The cost to own, fuel and keep trucks and equipment running.	Depreciation, vehicle & equipment fuel, repairs, fleet insurance, small tools	**$11,850** 10.8% of revenue
− **Admin Expenses** — The cost of running the office and the business: overhead.	Office salaries & taxes, rent, utilities, advertising, insurance, phones, payroll processing	**$38,380** 34.9% of revenue
= **Net Profit** — The bottom line: what the business actually earned.	**Revenue − Direct − Indirect − Fleet − Admin**	**$11,071** $110,000 − $98,930
% **Net Margin** — Cents of true profit kept from every $1.	**Net Profit ÷ Revenue**	**10.1%**

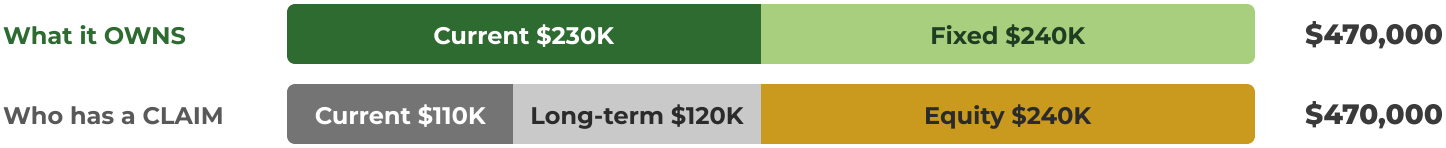
Key idea: Gross Margin shows how well you price and run jobs. Net Margin shows how well you run the whole company.

BALANCE SHEET 101 · A BEGINNER'S GUIDE

Balance Sheet At a Glance

Assets = Liabilities + Equity (it always balances)

Example company · as of month end



Current Assets · Fixed Assets · Current Liabilities · Long-Term Liabilities · **Owner's Equity**

	TERM · WHAT IT MEANS	WHAT GOES IN IT	EXAMPLE
$	**Current Assets** Cash, or things that turn into cash within a year.	Cash $85K, accounts receivable $120K, materials inventory $15K, prepaid expenses $10K	**$230,000** 48.9% of assets
+	**Fixed Assets** Long-lasting things you use to do the work.	Trucks & equipment $420K, less accumulated depreciation ($180K)	**$240,000** 51.1% of assets
=	**Total Assets** Everything the company owns.	**Current Assets + Fixed Assets**	**$470,000** $230K + $240K
−	**Current Liabilities** Bills and debts due within the next 12 months.	Accounts payable $45K, credit cards $10K, accrued payroll & taxes $20K, loan payments due this year $35K	**$110,000** 23.4% of assets
−	**Long-Term Liabilities** Debt due after the next 12 months.	Truck & equipment loans, less the payments due this year	**$120,000** 25.5% of assets
=	**Owner's Equity** What the owners truly own after every debt is paid.	**Assets − Liabilities.** Owner investment $50K + retained earnings $178.9K + this year's net profit $11.1K	**$240,000** $470K − $230K
−	**Working Capital** The cushion to cover short-term bills.	**Current Assets − Current Liabilities**	**$120,000**
÷	**Current Ratio** Current assets for every $1 due this year.	**Current Assets ÷ Current Liabilities**	**2.1 : 1**
÷	**Debt-to-Equity** How much the company leans on borrowed money.	**Total Liabilities ÷ Owner's Equity**	**0.96**

Key idea: The P&L is a video of a period; the Balance Sheet is a snapshot of one day. Net Profit from the P&L flows into Equity.

Profit Isn't Cash

One month, same company: profitable on paper, short on cash

THE P&L SAYS Net Profit **+$11,071**

THE BANK SAYS Change in cash **−$16,929**

	WHERE THE CASH WENT	CASH ← LESS · MORE →	AMOUNT
$	**Net Profit** From the P&L. A score, not a bank balance.		+$11,071
+	**Depreciation** An expense on the P&L, but no check was written.		+$3,500
−	**Customers Paid Slower** Receivables grew. Earned, but not in the bank yet.		−$15,000
−	**Loan Principal** Only interest shows on the P&L. Principal still leaves the bank.		−$4,500
−	**Owner Draws** Not an expense on the P&L, but very real cash out.		−$8,000
−	**Estimated Taxes** The owner's quarterly tax payment on the profit.		−$4,000
=	**Change in Cash** A profitable month that still drained the bank.		−$16,929

Read all three reports

P&L: did we make money?
Balance Sheet: what do we own and owe?
Cash Flow: where did the cash go?

Speed up cash in

Invoice the day work is done. Take deposits on installs, bill large jobs in stages, and put maintenance on autopay.

Plan cash out

Schedule owner draws, set tax money aside every month, and match loan terms to how long the equipment lasts.

Key idea: Profit keeps score; cash keeps you in business. Watch both every month.

Markup vs. Margin

BASED ON YOUR COST

Markup

How much you add on top of what the job costs you.

(Price − Cost) ÷ Cost

BASED ON YOUR PRICE

Margin

How much of every dollar the customer pays you actually keep.

(Price − Cost) ÷ Price

Same $1,000 job, two very different results

Add a 30% markup
Price $1,300



Price for a 30% margin
Price $1,428.57



A 30% markup only produces a 23.1% margin. On every $1,000 of cost, **$128.57 is left on the table**.

Pocket chart: the markup you need

Target margin	Markup needed	Multiply cost by
10%	11.1%	× 1.111
15%	17.6%	× 1.176
20%	25.0%	× 1.250
25%	33.3%	× 1.333
30%	**42.9%**	**× 1.429**
35%	53.8%	× 1.538
40%	66.7%	× 1.667
45%	81.8%	× 1.818
50%	100.0%	× 2.000

THE ONE FORMULA TO REMEMBER

Price = Cost ÷ (1 − Target Margin)

$1,000 ÷ (1 − 0.30) = $1,000 ÷ 0.70 = **$1,428.57**

What the mix-up costs in a year

$500,000 of job costs priced at a 30% markup instead of a 30% margin:

−$64,286

of gross profit that never shows up.

Converting between them

Margin = Markup ÷ (1 + Markup)
Markup = Margin ÷ (1 − Margin)

Key idea: Your P&L reports margin, so set prices from the margin you need, not from a markup habit.

PRICING 101 · A BEGINNER'S GUIDE

True Cost of Labor

A $25 wage really costs $30 an hour

Example: one crew member, per billable hour



Base wage · Payroll taxes · Workers' comp · Vacation / sick · Travel & lot time

COST · WHAT IT IS	PER HOUR	% OF WAGE
Base Wage — What shows on the employee's paycheck.	**$25.00**	100%
+ **Payroll Taxes** — Employer's share of Social Security and Medicare, plus federal and state unemployment.	**$2.25**	9%
+ **Workers' Comp** — Insurance for on-the-job injuries. Rates vary by job type and state.	**$1.25**	5%
+ **Vacation & Sick Pay** — Hours you pay for that nobody works.	**$0.25**	1%
+ **Travel & Lot Time** — Paid time loading up, driving and fueling that no customer is billed for.	**$1.25**	5%
= **Loaded Labor Cost** — What one hour of field labor actually costs you. The extra 20% is your **labor burden**.	**$30.00**	120%

It adds up fast

At 1,000 crew hours a month, the burden is

$5,000 / mo

or **$60,000 a year** that never shows up on a timecard.

Price the $30, not the $25

An 80-hour job estimated at $25/hr shows $2,000 of labor. Its real cost is **$2,400**. Estimate with the loaded rate every time.

Your burden may be higher

Add anything else you pay per employee: health insurance, retirement match, uniforms and safety gear, training, phones.

Your numbers: Base wage $_____ × (1 + burden _____%) = Loaded cost $_____ /hr

Key idea: The paycheck is only part of the cost. Every estimate and billing rate should start from the loaded cost.

The Break-Even Point

How much must we sell each month just to cover the bills?

Same example company as the P&L

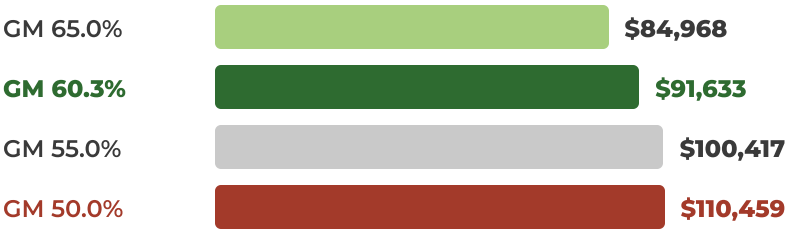
$0 — Break-even $91,633 ▾ — Sales $110,000 ▾

Every sale up to here pays for overhead	Profit zone

This company clears break-even by **$18,367 a month**, a 16.7% cushion.

STEP · WHAT IT MEANS	HOW IT'S FIGURED	EXAMPLE
Monthly Overhead — Costs you pay whether or not crews are working.	Indirect $5,000 + Fleet $11,850 + Admin $38,380	**$55,230**
Gross Margin — Each $1 of sales leaves 60.3¢ to pay overhead.	Gross Profit $66,300 ÷ Revenue $110,000	**60.3%**
Break-Even Revenue — Sales needed for a $0 profit month.	Overhead ÷ Gross Margin	**$91,633**
Daily Target — A number the crews and office can rally around.	$91,633 ÷ 22 working days	**$4,165**
Profit Above Break-Even — Once overhead is covered, 60.3¢ of every new dollar is profit.	$18,367 cushion × 60.3% = the P&L's Net Profit	**$11,071**

Margin moves the line



Same overhead, different margins. At 50%, this company would need more than its current $110,000 in sales just to break even.

THE FORMULA

Break-Even = Overhead ÷ Gross Margin %

Two ways to lower it

Raise gross margin with better pricing and tighter job costs, or trim overhead. Adding sales at a thin margin raises the bar instead.

Key idea: Know the one monthly number you must hit. Everything sold past it is where profit lives.

STAGE 2 OF 3

Control

“How do I make every job pay?”

Price, track & collect · Guides 7–14



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YOU'RE READY WHEN

Your bids hit your margin goal and you run a monthly scorecard.

Equipment Cost per Hour

What does an hour on a $60,000 skid steer really cost?

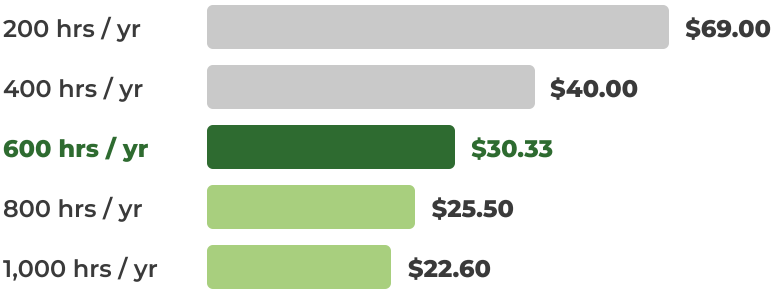
Example machine

1 · Cost to OWN it (per year)	
Purchase price	**$60,000**
− Resale value after 5 years	**$20,000**
= Value used up ÷ 5 years	**$8,000**
+ Interest on the loan	**$2,400**
+ Insurance, registration, storage	**$1,200**
= Ownership cost per year	**$11,600**
÷ 600 hours used a year	**$19.33 /hr**

2 · Cost to RUN it (per hour)	
Ownership (from box 1)	**$19.33**
+ Fuel: 1.5 gal × $4.00	**$6.00**
+ Maintenance & repairs	**$5.00**
= True cost per hour	**$30.33**

BILLING RATE AT A 25% MARGIN
$30.33 ÷ (1 − 0.25) =
$40.44 /hr

The more you use it, the cheaper each hour gets



Ownership costs are paid whether the machine runs or sits. Idle equipment is expensive equipment.

Buy or rent?

Say a rental runs $300 a day, about **$43.50/hr** with fuel.

Only 300 hours of work a year? Owning costs **$49.67/hr**: **rent**.

600 hours a year? Owning costs **$30.33/hr**: **buy**.

Track the hours

Log machine hours by job. They drive your rate, your job costing and your buy-or-rent decisions.

Key idea: Every machine has an hourly cost, whether you calculate it or not. Know it before you buy, price it into every job.

PRICING 101 · A BEGINNER'S GUIDE

Building a Billing Rate

What's inside a $65 billing rate

Example company · per billable man-hour

Labor $30	Equip. $8	Overhead $17	Profit $10

Cost to deliver the hour: $55 (break-even)

Profit: 15.4% of the rate

	BUILDING BLOCK	HOW IT'S FIGURED	PER HOUR
$	**Loaded Labor** The worker's true hourly cost.	$25 wage + 20% labor burden (see "The True Cost of a Labor Hour")	**$30.00**
+	**Equipment & Fleet** Trucks, trailers and mowers that crew uses.	$240,000 yearly fleet cost ÷ 30,000 billable hours	**$8.00**
+	**Overhead** Office, admin salaries, rent, insurance and more.	$510,000 yearly overhead ÷ 30,000 billable hours	**$17.00**
=	**Break-Even Rate** Charge less and you lose money every hour.	**$30 + $8 + $17**	**$55.00**
+	**Profit** What the business earns for its risk.	$55 ÷ (1 − 15% target margin) = $64.71, rounded to $65	**$10.00**
=	**Billing Rate** What you charge per man-hour.	**A 3-person crew bills $195 per crew-hour**	**$65.00**

Where 30,000 hours comes from

15 field employees × 2,000 billable hours a year. Count only hours you can bill, not every hour you pay.

Charging $50 instead?

That's $5 under break-even on every hour:

−$150,000

a year, even with every crew busy.

Materials & subs go on top

This rate covers labor, equipment, overhead and profit. Price materials and subcontractors separately, using your target margin.

Your numbers: Labor $_____ + Equip. $_____ + Overhead $_____ ÷ (1 − ____%) = Rate $_____

Key idea: A billing rate is built from your own costs, not copied from a competitor. Know your break-even, then add profit.

Job Estimator At a Glance

Cost × Markup = Price: where the $1,565 bid goes

Example job · hardscape install, 8 crew hours



Dashed line = 60% gross margin goal

	LINE · WHAT IT MEANS	COST	MARKUP	PRICE
M	**Hard Material** Stone, pavers, block and edging installed on the job.	$410	2.00×	$820.00
L	**Direct Job Labor** 8 hrs × $27 = $216 wage + 20% burden ($43.20).	$259.20	3.45× on wage	$745.20
M	**Material & Chem/Fert** Plants, mulch, soil, chemicals and fertilizer.	$0	2.00×	$0.00
E	**Equipment Rental** Machines rented in for this job.	$0	1.40×	$0.00
S	**Subcontractors** Outside trades such as irrigation or lighting.	$0	1.50×	$0.00
$	**Trash & Other Direct Costs** Dump fees, permits and delivery for this job.	$0	1.35×	$0.00
=	**Total Installation Revenue** The bid: each line's cost × markup, added up.	$669.20	2.34×	$1,565.20

Gross Profit
Revenue − direct job cost
$896.00

Gross Margin
Gross Profit ÷ Revenue · goal 60%+
57.2%
2.8 PTS BELOW GOAL

The hourly rates that tell you if the bid works

REALIZED RATE
$144.40
Revenue left after materials, equipment & subs at cost, per hour. ($1,565.20 − $410) ÷ 8

LABOR RATE / HR
$93.15
The target billing rate. Realized should beat it. $27 × 3.45

GP PER MAN-HOUR
$112.00
Gross profit (ex-subs) per crew hour. $896 ÷ 8

REVENUE / HOUR
$195.65
Installation revenue ÷ budget hours

BURDENED RATE
$32.40
True cost of an hour with taxes and comp. $27 × 1.20

Closing the gap: counting burden drops this job to 57.2%. To reach 60% the labor markup would need to be about 3.95× instead of 3.45×, or the crew hours trimmed. 2.00× on material keeps 50¢ of each dollar; 3.45× on wage keeps about 65¢ once burden is counted.

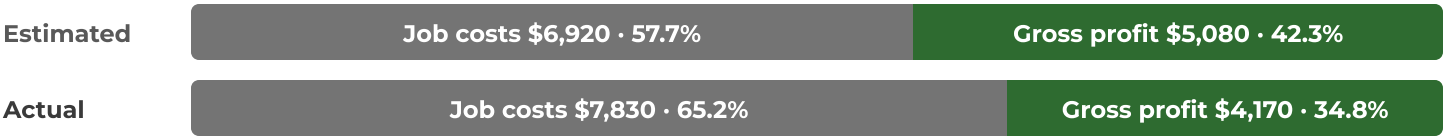
Key idea: Count burden in labor cost, then check margin and realized rate before the bid goes out.

JOB COSTING 101 · A BEGINNER'S GUIDE

Job Costing At a Glance

Estimate vs. Actual: where the job's $12,000 went

Example job · residential landscape install



TERM · WHAT IT MEANS	ESTIMATE	ACTUAL	VARIANCE
$ Contract Price (Revenue) — What the customer agreed to pay for the job.	$12,000	$12,000	—
− Materials — Plants, mulch, stone and supplies installed on the job.	$2,400	$2,650	−$250
− Field Labor — Crew hours × hourly wage. 80 hrs estimated, 96 hrs actual, at $25/hr.	$2,000	$2,400	−$400
− Labor Burden — The indirect cost riding on labor: taxes, workers' comp, PTO. Here, 20% of field labor.	$400	$480	−$80
− Equipment (Fleet) — Machine hours × equipment rate. 8 hrs estimated, 10 actual, at $65/hr.	$520	$650	−$130
− Subcontractor — Outside trades hired for part of the job, such as irrigation.	$1,500	$1,500	—
− Dump Fees — Disposal of debris, soil and old material.	$100	$150	−$50
= Job Gross Profit — What the job earns toward overhead and profit. Contract Price − all job costs.	$5,080	$4,170	−$910
% Job Gross Margin — Job Gross Profit ÷ Contract Price	42.3%	34.8%	−7.5 pts

Where the $910 went: the crew ran 16 hours over ($400 labor + $80 burden), materials came in $250 over, equipment $130 and dump fees $50.

Key idea: Job costing uses the same buckets as the P&L, one job at a time, so you can see which jobs make money and why.

Receivables & Collections

The aging report: $120,000 owed, sorted by how late it is

Example company



65% current

61–90 days: $10,800 (9%) · Over 90 days: **$7,200 (6%)**

TERM · WHAT IT MEANS	HOW IT'S FIGURED	EXAMPLE
Accounts Receivable (A/R) — Money customers owe for work already done.	From the Balance Sheet	**$120,000**
÷ **Average Daily Sales** — What you invoice on a typical day.	$110,000 monthly revenue ÷ 30 days	**$3,667**
= **Days Sales Outstanding (DSO)** — How long it takes, on average, to get paid.	A/R ÷ Average Daily Sales	**32.7 days**
! **Past Due** — Money that should already be in the bank.	Everything over 30 days: 35% of A/R	**$42,000**
! **At Risk** — The older a bill gets, the harder it is to collect in full.	Everything over 90 days	**$7,200**
× **Cash Freed by Collecting Faster** — Every day you cut from DSO puts $3,667 in the bank.	33 → 25 days: 8 days × $3,667	**$29,333**

A simple collections playbook

Before work
Clear terms in the contract. Deposits on installs. Card or ACH on file for maintenance.

Day 0
Invoice the day the work is done, with photos or notes.

Day 31
Friendly call. Confirm they got the invoice and ask for a pay date.

Day 45–60
Second notice and late fee per your terms. Pause new work.

Day 90
Final demand. Know your state's lien deadlines before you need them.

Key idea: A sale isn't finished until the money is in the bank. Review the aging report every week.

CASH 101 · WEEKLY MEETING GUIDE

Cash Flow At a Glance

Where each $1 of available cash goes this week

Example week · $125,000 available

After must-pays · 53.6¢ left to protect and decide



Priority 1 · Must-pay 46.4¢ | Priority 2 · Critical 17.6¢ | Cushion held 20.0¢ | **Priority 3 · You decide 16.0¢**

STEP · WHAT IT MEANS	WHAT GOES IN IT	EXAMPLE
$ Beginning Cash What is really in the bank Wednesday morning. Not what QuickBooks says.	Online banking balance, less checks written that haven't cleared	**$40,000** Bank, 8 a.m. Wednesday
+ Expected Deposits Only money you are confident lands in the bank in the next 7 days.	Invoices due from reliable payers, dated promises, CRM payouts in transit	**$85,000** late, no promise = $0
= Cash Available The most you can spend this week. Every decision starts here.	Beginning Cash + Expected Deposits	**$125,000** $40,000 + $85,000
1 Must-Pay Miss these and the business stops or the bank calls. Paid first, every week.	Payroll + payroll taxes, truck & equipment notes, rent, insurance	**$58,000** 46.4% of available
2 Critical to Operate Keeps crews working and customers served. Paid second.	Maintenance subs, fuel, dump fees, rentals on active jobs, card minimums	**$22,000** 17.6% of available
– Cash Cushion Held back for a slow payer or a broken truck. Not spent.	A floor the owner sets once and leaves alone	**$25,000** 20.0% of available
3 Available for Priority 3 What is left to decide on together in the meeting.	Design-build subs, past-due vendors, marketing, owner draws	**$20,000** $125,000 − $58,000 − $22,000 − $25,000
✓ Cushion Test After approving payments, is ending cash still at or above the cushion?	Ending Cash ≥ Cushion → OK to release	**$25,000** ending cash · passes

Key idea: Pay in priority order, never by who calls loudest. If Priority 1 and 2 don't fit, the fix is collections, not stretching payroll.

CASH 101 · WEEKLY MEETING GUIDE

Weekly Cash Meeting

The 60-minute agenda

same order every week · leave with an approved payment list

1 · 5 MIN — Cash Today
Real bank balance. What cleared since last week.

2 · 5 MIN — Plan vs. Actual
Deposits and payments vs. last week's plan. Why the gaps?

3 · 10 MIN — Must-Pays & Payroll
Friday payroll, auto-drafts, card minimums. Confirm funded.

4 · 15 MIN — Collections
Top open invoices. Who calls whom. Set this week's expected deposits.

5 · 20 MIN — Who Gets Paid
Work down the priority list until cash available runs out.

6 · 5 MIN — Read It Back
Approved list, who releases payments, action items & owners.

Forecasting deposits: what counts?

COUNT IT	Invoice due this week from a customer who always pays on time
COUNT IT	A promise with a **date and amount**, from a named person
COUNT IT	CRM / card payouts already collected, in transit to the bank
HALF	Slow-but-steady payers: count half, move the rest to next week
ZERO	Late invoices with no promise, disputes, "check's in the mail"
ZERO	New-job deposits until the money is actually in hand
GRADE IT	Every Wednesday, compare forecast to actual. Missed? Count less next time.

Who gets paid, and when

1. **Must-pay, first.** Payroll and payroll taxes, then secured notes, rent and insurance. Never skipped.
2. **Critical, second.** Whatever keeps this week's crews and jobs running. Call before you are late, not after.
3. **Decide together.** Pay design-build subs as their job's money comes in. Oldest past-due vendors with active work next.
- **Pause while tight.** Owner distributions and marketing wait until the cushion is rebuilt.
- **Can't pay in full?** Small, regular payments on a set schedule beat silence. Put any plan in writing.

Meeting rules

- ✓ One owner approves every payment; nothing is paid outside the meeting
- ✓ Promise vendors only what the plan supports
- ✓ Roll the 4-week plan forward one week, every week
- ✓ Use the bank balance, never the QuickBooks balance
- ✓ Every late invoice over $5,000 gets a named caller and a date
- ✓ Same day, same time, same packet. Decisions in 60 minutes.

Red flags: stop and call your CFO

- ! Priority 1 + 2 don't fit inside cash available
- ! A payroll tax deposit is late or skipped
- ! Ending cash below the cushion two weeks in a row
- ! Deposits miss the forecast by more than 20%

Key idea: Cash available decides what you can pay. Collections decide how much cash is available. Spend the meeting on both.

Budgeting 101

Six steps to a budget you'll actually use

1 Start with sales
A revenue goal by division and month, from last year plus work already sold.

2 Set the profit goal
Decide what you want to earn before you budget a single expense.

3 Estimate job costs
Use your target gross margin to set materials, labor and subs.

4 List overhead
Line by line: rent, salaries, insurance, fleet. Most of it is predictable.

5 Spread it by month
Match the season: a big May, a small January. Not 1/12 each month.

6 Compare every month
Budget vs. actual. Act on the biggest gaps, like the example below.

Step 6 in action: budget vs. actual

Same month as the P&L example

Line	Budget	Actual	Variance
Revenue	$120,000	$110,000	**−$10,000**
Direct Expenses	$46,800	$43,700	**+$3,100**
Gross Profit	**$73,200**	**$66,300**	**−$6,900**
Indirect Expenses	$5,400	$5,000	**+$400**
Fleet Expenses	$11,500	$11,850	**−$350**
Admin Expenses	$37,000	$38,380	**−$1,380**
Net Profit	**$19,300**	**$11,071**	**−$8,229**
Net Margin	16.1%	10.1%	**−6.0 pts**

Green = better than budget (more revenue or lower cost). **Red** = worse than budget.

Reading this month

Sales came in $10,000 short, the main reason profit missed. Direct costs dropped with sales, as they should. Admin ran $1,380 over budget, so that's the line to dig into.

A budget is a plan, not a guess

Build it before the season starts, update it mid-year if things change, and use it to make decisions on hiring, equipment and pricing.

Key idea: The P&L tells you what happened. The budget tells you whether that's what you planned.

BY THE NUMBERS · A BEGINNER'S GUIDE

Monthly KPI Scorecard

Ten numbers to check every month

Profit · Productivity · Cash

1 · Revenue vs. Budget — 91.7%

$110,000 actual ÷ $120,000 budget

Are sales on plan this month?

Your target _____ ○ ○ ○

2 · Gross Margin — 60.3%

Gross Profit ÷ Revenue

Are jobs priced right and run efficiently?

Your target _____ ○ ○ ○

3 · Net Margin — 10.1%

Net Profit ÷ Revenue

Is the whole company making money?

Your target _____ ○ ○ ○

4 · Overhead % of Revenue — 50.2%

(Indirect + Fleet + Admin) ÷ Revenue

Is overhead growing faster than sales?

Your target _____ ○ ○ ○

5 · Labor % of Revenue — 22.7%

Field Labor $25,000 ÷ Revenue

Are crews producing enough for what they cost?

Your target _____ ○ ○ ○

6 · Revenue per Labor Hour — $110

Revenue ÷ 1,000 field hours

How much each crew hour brings in.

Your target _____ ○ ○ ○

7 · Backlog — 2.2 months

$240,000 sold, not yet done ÷ monthly revenue

Is the pipeline full enough to keep crews busy?

Your target _____ ○ ○ ○

8 · Months of Cash — 1.5 months

Cash $85,000 ÷ monthly overhead $55,230

How long could you cover the bills with no sales?

Your target _____ ○ ○ ○

9 · Days Sales Outstanding — 32.7 days

A/R ÷ average daily sales

How fast are customers paying you?

Your target _____ ○ ○ ○

10 · Current Ratio — 2.1 : 1

Current Assets ÷ Current Liabilities

Can you cover the bills due this year?

Your target _____ ○ ○ ○

How to use it: Write in your targets once. Each month, fill in the actuals and mark each one green (on target), gold (watch it) or red (act now). Look for trends over three months, not one.

Key idea: What gets measured gets managed. Ten numbers, once a month, beats a stack of reports nobody reads.

STAGE 3 OF 3

Strategy

“Where is this business going?”

Grow & build value · Guides 15–22



15	Surviving the Off-Season	22
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17	Landscape Revenue Rankings	24
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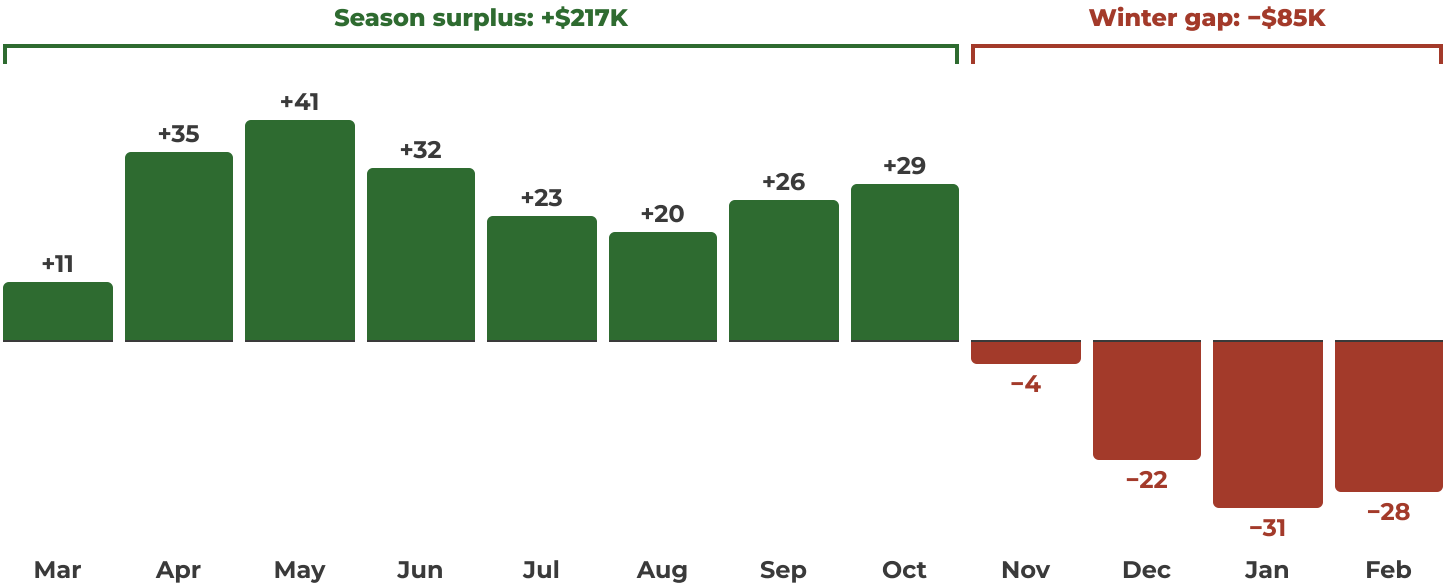
YOU'RE READY WHEN

You plan a year ahead, have the right team in place and know what your business is worth.

Surviving the Off-Season

Monthly cash flow across a landscape season

Example: $1.32M company, $55K/mo overhead



Net cash flow in $ thousands. Revenue swings from $40K in January to $160K in May, but overhead stays near $55K every month.

+	**Season Surplus** Eight strong months generate all the cash.	March through October	**+$217K**
−	**Winter Gap** Overhead keeps coming when revenue slows down.	November through February	**−$85K**
=	**Cash Reserve Target** Save from the peak so winter pays for itself.	$85K ÷ 8 months = set aside $10,625 each month, March to October	**$85K by Nov 1**

Shrink the gap

Add winter work such as snow and ice, pruning and tree work. Bill maintenance contracts in 12 equal monthly payments. Offer an early-pay discount on next season's contracts.

Line of credit: set it up early

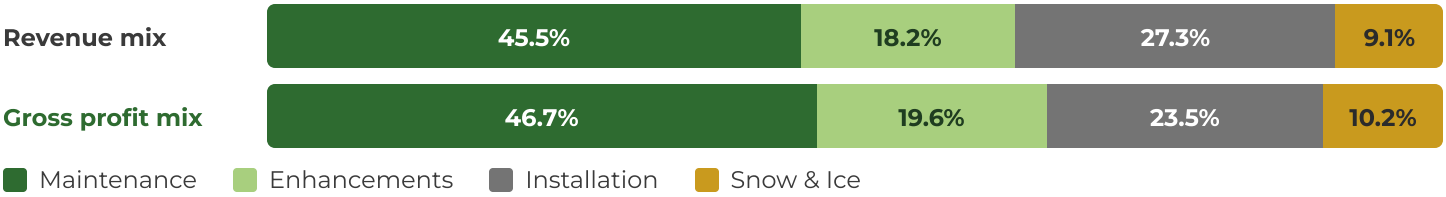
Apply in late summer or fall, while your numbers look their best. Use it as a bridge for the winter gap, and pay it down each spring.

Key idea: In a seasonal business, the year's profit is earned in eight months and spent in twelve. Plan for winter in spring.

Division Profitability

Where the sales come from vs. where the profit comes from

Example: $1.32M company, one year



DIVISION	REVENUE	MARGIN	GROSS PROFIT	SHARE
Maintenance — Recurring contracts that renew. Steady, predictable cash.	$600,000	62%	$372,000	46.7%
Enhancements — Extra work sold to maintenance clients. Small jobs, strong margins.	$240,000	65%	$156,000	19.6%
Installation — Big tickets, often bid against competitors. Estimating risk is highest here.	$360,000	52%	$187,200	23.5%
Snow & Ice — Fills the winter gap. Results swing with the weather.	$120,000	68%	$81,600	10.2%
Whole Company	$1,320,000	60.4%	$796,800	100%

Gross profit = Revenue × Margin. Share = that division's gross profit ÷ total gross profit.

Sales mix ≠ profit mix

Installation brings in 27.3% of sales but only 23.5% of gross profit. Growing it without fixing its margin pulls the whole company's margin down.

Recurring revenue is gold

Nearly half of sales come from maintenance contracts that renew. Banks and buyers value predictable revenue more than one-time jobs.

The next step

Set up your books so every job, crew and cost is coded to a division. Then share overhead fairly to see net profit by division.

Key idea: One company-wide margin can hide a division that's losing money. Look at each line of business on its own.

Landscape Revenue Rankings

U.S. landscape businesses ranked by annual revenue

~634,500
U.S. landscaping businesses: about 118K with employees, 517K solo operators

$3.2M+
Revenue it takes to be in the top 1% (about 6,300 companies)

Top 4.5%
Where a $1M company ranks. Only about 28,500 businesses clear $1M

~$25K
Revenue of the median landscaping business, most of them one-person operations

Revenue by percentile band

Each 1% ≈ 6,345 businesses

Percentile	# Businesses	Revenue range	Avg revenue	Share of industry rev.	Cumulative share
Top 1%	**6,345**	**$3.24M – $2.7B**	**$6.55M**	**32.4%**	**32.4%**
2nd percentile	6,345	$2.01M – $3.24M	$2.52M	12.4%	44.8%
3rd percentile	6,345	$1.45M – $2.01M	$1.70M	8.4%	53.2%
4th percentile	6,345	$1.12M – $1.45M	$1.27M	6.3%	59.5%
5th percentile	6,345	$898K – $1.12M	$1.00M	5.0%	64.4%
6th percentile	6,345	$737K – $898K	$814K	4.0%	68.5%
7th percentile	6,345	$615K – $737K	$673K	3.3%	71.8%
8th percentile	6,345	$519K – $615K	$565K	2.8%	74.6%
9th percentile	6,345	$442K – $519K	$479K	2.4%	76.9%
10th percentile	6,345	$379K – $442K	$409K	2.0%	79.0%
Bottom 90% · consolidated into 10% bands					
11–20%	63,454	$117K – $379K	$212K	10.4%	89.4%
21–30%	63,454	$59K – $117K	$83K	4.1%	93.5%
31–40%	63,454	$37K – $59K	$47K	2.3%	95.8%
41–50%	63,454	$25K – $37K	$31K	1.5%	97.3%
51–60%	63,454	$17K – $25K	$21K	1.0%	98.3%
61–70%	63,454	$12K – $17K	$15K	0.7%	99.1%
71–80%	63,454	$8.0K – $12K	$10.0K	0.5%	99.6%
81–90%	63,454	$4.6K – $8.0K	$6.2K	0.3%	99.9%
91–100%	63,454	$1.0K – $4.6K	$2.8K	0.1%	100.0%

Top 1% range runs up to BrightView, the industry's largest company at about $2.7B. The bottom band floor reflects the Census minimum of about $1,000 in receipts.

Reading this table

The top 10% of businesses earn about 79% of all industry revenue, and the top 1% alone earns about a third. Below the 20th percentile, nearly every business is a solo operator with no payroll. A company doing $500K is already in the top 9%.

How these figures were built

Business counts and solo-operator receipts come from U.S. Census 2023 data. Employer revenue is modeled and checked against the LM150. These are estimates, not published percentiles; the top 2% is the least precise.

Key idea: Crossing $1M in revenue puts a landscape company in the top 5% of its industry.

Who Owns What

Sales sells the margin. Production keeps it.

Each roadmap concept, split between the two teams

SALES
Sell the right work at the right price — **11** leads
Estimators, account managers, sales lead

PRODUCTION
Deliver it at the planned cost — **10** leads
Operations manager, crew leaders, fleet

CONCEPT	SALES OWNS	PRODUCTION OWNS	SCOREBOARD
1 · FOUNDATIONS			
Revenue Guide 1	● Sell to the monthly goal by division; keep the backlog full.	◐ Finish work on schedule so it can be invoiced.	**Revenue vs. Budget**
Gross Margin Guide 1, 4	● Price every job to the target margin, not a markup habit.	● Deliver at estimated cost so the sold margin is earned.	**Sold vs. earned GM**
Labor Cost & Burden Guide 5	◐ Estimate with the loaded rate, never the wage.	● Control overtime, drive and lot time, and crew size.	**Field Labor %**
Break-Even Point Guide 6	● Keep enough sold each month to clear break-even.	◐ Hit the daily production target.	**Daily target**
2 · CONTROL			
Equipment Cost per Hour Guide 7	◐ Price machine hours into every bid.	● Log machine hours by job; maintain to cut downtime.	**Downtime %**
Billing Rate Guide 8	● Quote at or above the rate; never below break-even.	◐ Supply real crew hours so the rate stays accurate.	**Realized Rate**
Job Estimating Guide 9	● Build the bid; check margin and realized rate first.	◐ Review hours and crew plan before it goes out.	**Close Rate**
Job Costing Guide 10	◐ Fix future estimates with what closed jobs show.	● Track hours, materials and dump fees against the estimate.	**Job Cost Variance**
Receivables Guide 11	◐ Set terms and deposits; help on disputed invoices.	◐ Same-day completion notes, photos and change orders.	**DSO**
Weekly Cash Meeting Guide 12	◐ Forecast deposits from newly sold work.	◐ Request materials, subs and rentals for active jobs.	**Forecast accuracy**
Budget Guide 13	● Sales budget by division and month.	● Labor-hour, job cost and crew plan for the season.	**BvA variance**
KPI Scorecard Guide 14	● Revenue vs. budget, backlog, close rate.	● Gross margin, labor %, revenue per labor hour.	**Monthly review**
3 · STRATEGY			
Surviving the Off-Season Guide 15	● Sell snow, pruning and early renewals for next season.	● Winter crew plan; fleet repairs before spring.	**Winter gap**
Division Profitability Guide 16	● Grow the divisions with the best margins.	● Hit margin targets in every division.	**GM by division**
Recurring Revenue & Retention Guide 16, 21	● Signed contracts, renewals, no one oversized customer.	● Quality that keeps customers renewing.	**Renewal Rate · CSAT**
Getting Buyer-Ready Guide 22	● Estimating and key customers not tied to the owner.	● Written processes, safety logs, fleet records, key crew leaders.	**Readiness score**

● Leads: owns the result ◐ Supports: feeds or uses it

The handoff meeting

Before work starts, sales walks production through scope, budgeted hours, materials and margin. Production signs off on the hours before it's scheduled.

Sold vs. earned margin

Sold margin is on the estimate: that's sales. **Earned margin** is on the job cost report: that's production. Review the gap together on every closed job.

Owner & office keep

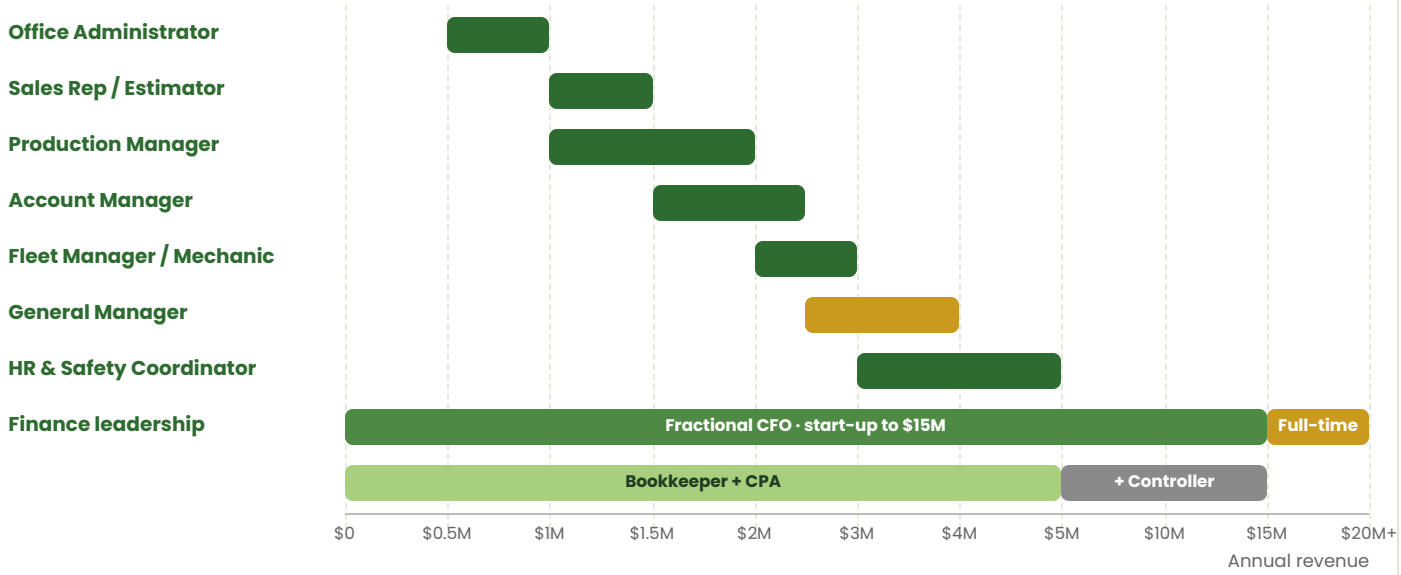
Balance Sheet, Profit Isn't Cash, collections follow-up, payroll, the weekly cash decisions, valuation and the finance team. Both teams feed them numbers.

Key idea: When everyone owns a number, no one does. Give each one a single owner and review it monthly.

Building Your Team

Who to hire, and at what size, as a landscape company grows

One sheet per role in this series



THE AFFORDABILITY TEST

Revenue needed = Loaded cost ÷ Gross margin %

Same math as the break-even point: every overhead dollar needs sales behind it.

Each role at a glance

Example pay · 20% burden · 60.3% gross margin

ROLE	TYPICAL REVENUE	TRIGGER	LOADED COST	REVENUE NEEDED
Office Administrator	$500K–$1M	10+ hrs/week owner time spent on admin	$56K	**$93K**
Sales Rep / Estimator	$1M–$1.5M	$750K–$1.5M new work sold per rep, per year	$88K	**$146K**
Production Manager	$1M–$2M	4–6+ crews running in the field	$102K	**$169K**
Account Manager	$1.5M–$2.5M	$750K–$1.2M maintenance revenue per manager	$82K	**$136K**
Fleet Manager / Mechanic	$2M–$3M	25–30+ units trucks and major equipment	$74K	**$123K**
General Manager	$2.5M–$4M	3+ managers reporting to the owner	$147K	**$244K**
HR & Safety Coordinator	$3M–$5M	40–50+ employees, including seasonal	$69K	**$114K**
Finance leadership	Start-up to $15M (fractional)	No close, budget or cash forecast	Part-time	**Finds > costs**

Hire to free the owner

Start with the work that keeps the owner from selling and leading: usually admin first, then sales or production.

Scoreboard before job ad

Write the numbers the role will own before you post it. Use the Who Owns What sheet.

Revenue is a guide

Hire on the signs, then check the math. A strong owner may wait; a fast-growing company may hire early.

Ranges reflect common green-industry practice, not rules. Salaries are examples only; use local market pay.

Key idea: Every hire should free someone to do higher-value work. If the math works and the signs are there, don't wait.

Adding an Office Administrator

When the owner does the books at night, it's time.

First hire off the truck · usually part-time to start

$500K–$1M	10+ hrs/week	$56K	$93K
Typical revenue range	Owner time spent on admin	Example loaded cost per year	Added revenue to pay for it

Signs it's time · check what's true today

- [ ] Invoices go out days or weeks after the work is done
- [ ] DSO is over 45 days and nobody calls on late invoices
- [ ] Payroll and bills get done at night or on weekends
- [ ] Calls go to voicemail while the owner is in the field
- [ ] Books aren't closed monthly, or close late
- [ ] Vendor bills are paid late or early-pay discounts are missed

What they own

- Same-day invoicing and A/R follow-up calls
- Timecards and payroll prep
- Phones, customer records and scheduling support
- Vendor bills and A/P entry (owner approves payments)
- Month-end support so the books close on time

THEIR SCOREBOARD

DSO · Days to invoice · Close by the 10th

Does the math work?

Base salary (example)	**$45,000**
+ Labor burden & benefits (20%)	**$9,000**
+ Phone & software seats	**$2,000**
= Loaded cost per year	**$56,000**
÷ Gross margin	**60.3%**
= Added revenue to cover the role	**$92,869**

Payback: Invoicing 7 days faster on $1M of sales frees about $19,000 of cash (7 × $2,740 a day).

Hire it right

- [ ] List every task you'll hand off before you post the job
- [ ] Part-time is fine to start; grow the hours with the workload
- [ ] Give system access with the owner approving every payment
- [ ] Split duties: whoever enters bills should not also sign checks

Common mistake

Handing one person bookkeeping, deposits and check-signing with no review. It's the most common setup for fraud in a small company.

How to pay it

Hourly or salary. A small quarterly bonus tied to DSO or an on-time monthly close keeps the focus on cash.

The first 90 days

Day 30: invoices go out the day work is done. Day 60: runs payroll prep. Day 90: books closed by the 10th.

Ranges reflect common green-industry practice, not rules; your margins, service mix and the owner's strengths decide the timing. Salaries are examples only; use local market pay. Revenue needed uses the example company's 60.3% gross margin.

Key idea: The first hire buys back the owner's time. Spend it on selling and running crews.

Adding a Sales Rep / Estimator

When the owner is the only one who can sell, growth stops at the owner.

Owns sold margin · see Who Owns What

$1M–$1.5M	$750K–$1.5M	$88K	$146K
Typical revenue range	New work sold per rep, per year	Example loaded cost per year	Added revenue to pay for it

Signs it's time · check what's true today

- [ ] The owner writes every estimate
- [ ] Leads wait more than 48 hours for a site visit
- [ ] Close rate is falling or proposals go out late
- [ ] Backlog swings between too much and too little
- [ ] Bids go out without a margin or realized-rate check
- [ ] The owner is selling instead of running the company

What they own

- Lead follow-up, site visits and proposals
- Estimates priced to the target margin
- Handoff meeting with production before scheduling
- Pipeline and backlog by division
- The sales budget by division and month

THEIR SCOREBOARD

Close rate · Sold GM · Backlog months · Revenue vs. budget

Does the math work?

Base salary (example)	**$65,000**
+ Labor burden & benefits (20%)	**$13,000**
+ Vehicle, CRM & phone	**$10,000**
= Loaded cost per year	**$88,000**
÷ Gross margin	**60.3%**
= Added revenue to cover the role	**$145,937**

Payback: At 60.3% GM, a rep who sells $750K of new work brings in about $452K of gross profit, roughly 5× the cost of the role.

Hire it right

- [ ] Hand over your billing rate, estimator and markup chart before the first bid
- [ ] Owner reviews every bid over a set size for the first 90 days
- [ ] Assign divisions or territory so reps don't overlap
- [ ] Put every lead in a CRM from day one

Common mistake

Paying commission on revenue. It rewards discounting. Pay on gross profit, or on margin above target, so the rep sells the work you want.

How to pay it

Base salary plus commission on gross profit, paid after the job is closed and collected.

The first 90 days

Day 30: bids alongside the owner. Day 60: bids alone with owner review. Day 90: owns the pipeline and the monthly sales number.

Ranges reflect common green-industry practice, not rules; your margins, service mix and the owner's strengths decide the timing. Salaries are examples only; use local market pay. Revenue needed uses the example company's 60.3% gross margin.

Key idea: Sales sells the margin. Hire for pricing discipline, not just a friendly handshake.

Adding a Production Manager

When the owner is the scheduler and the fixer every morning, it's time.

Owns earned margin · see Who Owns What

$1M–$2M	4–6+ crews	$102K	$169K
Typical revenue range	Running in the field	Example loaded cost per year	Added revenue to pay for it

Signs it's time · check what's true today

- [ ] Four or more crews are running every day
- [ ] Crew leaders call the owner for every decision
- [ ] Job cost variance is getting worse
- [ ] Overtime and drive time keep rising
- [ ] Quality callbacks and redo work are increasing
- [ ] The owner can't leave the field to sell or plan

What they own

- Daily schedule and crew assignments
- Hitting estimated hours on every job
- Labor %, overtime and drive time
- Quality and safety in the field
- Logging machine hours and equipment use

THEIR SCOREBOARD

Job cost variance · Labor % · Revenue / labor hour · On-time completion

Does the math work?

Base salary (example)	**$75,000**
+ Labor burden & benefits (20%)	**$15,000**
+ Truck, fuel & phone	**$12,000**
= Loaded cost per year	**$102,000**
÷ Gross margin	**60.3%**
= Added revenue to cover the role	**$169,154**

Payback: Cutting field labor from 24% to 22% of revenue on $1.5M saves $30,000 a year, close to a third of the role's cost.

Hire it right

- [ ] Promote a strong crew leader, or hire one who knows the numbers
- [ ] Send them the job cost report every week
- [ ] Set their scoreboard before day one
- [ ] Give them authority over the schedule, not just the title

Common mistake

Promoting the best crew leader without training on job costing, then leaving them running a crew full-time. They need time to manage.

How to pay it

Salary plus a bonus on earned gross margin versus estimate, with a safety gate (no bonus with a lost-time accident).

The first 90 days

Day 30: runs the daily schedule. Day 60: reviews every closed job's variance. Day 90: owns labor % and the weekly crew plan.

Ranges reflect common green-industry practice, not rules; your margins, service mix and the owner's strengths decide the timing. Salaries are examples only; use local market pay. Revenue needed uses the example company's 60.3% gross margin.

Key idea: Production keeps the margin sales sold. Give the manager the numbers and the authority to hit them.

Adding an Account Manager

When maintenance clients only know the owner, renewals are at risk.

Maintenance relationships, renewals & enhancements

$1.5M–$2.5M	$750K–$1.2M	$82K	$136K
Typical revenue range	Maintenance revenue per manager	Example loaded cost per year	Added revenue to pay for it

Signs it's time · check what's true today

- [ ] Maintenance is near $750K–$1M with no one owning the clients
- [ ] Renewals slip or annual price increases aren't taken
- [ ] Enhancement sales to existing clients are flat
- [ ] Customer complaints go straight to the owner
- [ ] Contract renewal rate is falling
- [ ] Site walks happen only when something goes wrong

What they own

- Client relationships and scheduled site walks
- Renewals and annual price increases
- Enhancement sales to existing clients
- Customer satisfaction and follow-up
- Quality feedback to production

THEIR SCOREBOARD

Renewal rate · **Enhancements per account** · **CSAT / NPS** · **Avg recurring revenue / job**

Does the math work?

Base salary (example)	**$60,000**
+ Labor burden & benefits (20%)	**$12,000**
+ Vehicle & phone	**$10,000**
= Loaded cost per year	**$82,000**
÷ Gross margin	**60.3%**
= Added revenue to cover the role	**$135,987**

Payback: Raising renewals 5 points on $1M of maintenance keeps $50,000 of recurring revenue, about $31,000 of gross profit at a 62% margin.

Hire it right

- [ ] Divide accounts by route or region
- [ ] Give them the renewal list with dates and history
- [ ] Set a site-walk schedule for every account
- [ ] Tie them to the production manager on quality

Common mistake

Treating the account manager as a complaint desk. Their job is to keep and grow accounts, so measure renewals and enhancements.

How to pay it

Salary plus bonus on renewal rate and enhancement gross profit from their accounts.

The first 90 days

Day 30: walks every account. Day 60: renewal plan and price-increase list. Day 90: owns renewals and enhancement sales.

Ranges reflect common green-industry practice, not rules; your margins, service mix and the owner's strengths decide the timing. Salaries are examples only; use local market pay. Revenue needed uses the example company's 60.3% gross margin.

Key idea: Recurring revenue is what buyers and banks value most. Give it an owner.

Adding a Fleet Manager

When crews lose hours waiting on broken equipment, it's time.

Fleet manager or in-house mechanic · uptime & replacement plan

$2M–$3M	25–30+ units	$74K	$123K
Typical revenue range	Trucks and major equipment	Example loaded cost per year	Added revenue to pay for it

Signs it's time · check what's true today

- [ ] Outside repair bills are a large, growing line
- [ ] Equipment downtime is above target
- [ ] Units sit for days waiting on a repair shop
- [ ] There are no maintenance records by unit
- [ ] Crews lose hours to breakdowns in the field
- [ ] No one owns the replacement plan

What they own

- Preventive maintenance schedule for every unit
- Repair records and parts inventory
- Equipment downtime and loaner plans
- Fleet replacement plan and buy-or-rent input
- Machine hours logged by unit

THEIR SCOREBOARD

Downtime % · Equipment ratio · Cost per hour · Repair spend

Does the math work?

Base salary (example)	**$55,000**
+ Labor burden & benefits (20%)	**$11,000**
+ Tools & shop supplies	**$8,000**
= Loaded cost per year	**$74,000**
÷ Gross margin	**60.3%**
= Added revenue to cover the role	**$122,720**

Payback: One three-person crew idle for a day at a $65 billing rate is $1,560 of lost revenue. Prevent a few breakdowns a month and the role pays for itself.

Hire it right

- [ ] Add up last year's outside repair spend first
- [ ] Build the full asset list with age and condition
- [ ] Set a preventive schedule before the season
- [ ] Decide who approves repairs over a set amount

Common mistake

Hiring a mechanic but keeping every repair outside out of habit. Track in-house versus outside spend monthly.

How to pay it

Hourly or salary plus a bonus on uptime and staying within the repair budget.

The first 90 days

Day 30: asset list and records. Day 60: preventive schedule running. Day 90: replacement plan for aging units.

Ranges reflect common green-industry practice, not rules; your margins, service mix and the owner's strengths decide the timing. Salaries are examples only; use local market pay. Revenue needed uses the example company's 60.3% gross margin.

Key idea: Idle equipment is expensive equipment. Broken equipment is worse.

Adding a General Manager

When every decision waits for the owner, the business can only grow as fast as one person.

Runs the day-to-day so the owner can lead, plan or exit

$2.5M–$4M	3+ managers	$147K	$244K
Typical revenue range	Reporting to the owner	Example loaded cost per year	Added revenue to pay for it

Signs it's time · check what's true today

- [ ] Three or more managers report directly to the owner
- [ ] Decisions stall when the owner is out
- [ ] The owner can't take two weeks off
- [ ] Growth has stalled at the owner's capacity
- [ ] A sale is planned in the next 3–5 years
- [ ] The owner wants to move from operator to investor

What they own

- Day-to-day across sales, production and office
- Budget and the monthly KPI review
- Hiring and accountability for managers
- The weekly cash meeting (owner approves)
- Executing the annual plan

THEIR SCOREBOARD

Net margin · Revenue vs. budget · Adjusted EBITDA · Employee retention

Does the math work?

Base salary (example)	$110,000
+ Labor burden & benefits (20%)	$22,000
+ Vehicle, phone & benefits extras	$15,000
= Loaded cost per year	**$147,000**
÷ Gross margin	60.3%
= Added revenue to cover the role	**$243,781**

Payback: A business that runs without its owner earns a higher multiple. On $500K of Adjusted EBITDA, every half-turn of multiple is $250,000 of value.

Hire it right

- [ ] Have sales, production and office managers in place first
- [ ] Write the decisions the GM owns and the ones you keep
- [ ] Share every financial report with the GM
- [ ] Agree on the budget together before the season

Common mistake

Hiring a GM, then going around them. If the owner overrules every call, the team keeps going to the owner.

How to pay it

Salary plus bonus on net profit or Adjusted EBITDA versus budget. Some owners add a long-term incentive tied to a sale.

The first 90 days

Day 30: meets every manager and client leader. Day 60: runs the KPI review. Day 90: owns the budget and the weekly cash meeting.

Ranges reflect common green-industry practice, not rules; your margins, service mix and the owner's strengths decide the timing. Salaries are examples only; use local market pay. Revenue needed uses the example company's 60.3% gross margin.

Key idea: Owner independence is one of the biggest drivers of value. A GM is how you build it.

Adding an HR & Safety Lead

When hiring never stops and safety lives in the owner's head, it's time.

HR & safety coordinator · recruiting, training & claims

$3M–$5M	40–50+	$69K	$114K
Typical revenue range	Employees, including seasonal	Example loaded cost per year	Added revenue to pay for it

Signs it's time · check what's true today

- [ ] The owner or managers do all the recruiting
- [ ] Turnover is high and onboarding is inconsistent
- [ ] Workers' comp claims are rising
- [ ] Training isn't logged or tracked
- [ ] Employee records are scattered or incomplete
- [ ] Seasonal rehiring takes over the spring

What they own

- Recruiting, hiring paperwork and onboarding
- Safety training, tailgate talks and logs
- Workers' comp claims and return-to-work
- Employee handbook and personnel records
- Retention and engagement surveys

THEIR SCOREBOARD

Retention · Accident-free days · Training completion · eNPS

Does the math work?

Base salary (example)	**$55,000**
+ Labor burden & benefits (20%)	**$11,000**
+ Software & training materials	**$3,000**
= Loaded cost per year	**$69,000**
÷ Gross margin	**60.3%**
= Added revenue to cover the role	**$114,428**

Payback: Cutting turnover from 40% to 30% on 50 employees means 5 fewer hires to recruit, onboard and train each year.

Hire it right

- [ ] Start with safety and onboarding, the biggest risk
- [ ] Get the handbook reviewed by an employment attorney
- [ ] Set up training logs that a buyer or insurer can read
- [ ] Give them a seat in the weekly manager meeting

Common mistake

Making HR a paperwork role. Measure it on retention and safety, which show up in labor cost and insurance.

How to pay it

Salary plus a bonus on retention and accident-free days.

The first 90 days

Day 30: onboarding checklist. Day 60: safety training calendar and logs. Day 90: retention and eNPS baseline.

Ranges reflect common green-industry practice, not rules; your margins, service mix and the owner's strengths decide the timing. Salaries are examples only; use local market pay. Revenue needed uses the example company's 60.3% gross margin.

Key idea: People and safety records are part of what a buyer reviews. Keep them organized.

Adding Finance Leadership

Bookkeepers report the score. A CFO helps you change it.

From bookkeeper to CFO · see Finance Team At a Glance

Every stage	Start-up to $15M	$5M+	$15M–$25M+
Bookkeeper + CPA	Fractional CFO	Add a Controller	Full-time CFO

Signs it's time · check what's true today

- ☐ Books close after the 15th, or not every month
- ☐ There's no budget, KPI scorecard or cash forecast
- ☐ Profitable on paper but always short on cash
- ☐ Margins are slipping and no one can say why
- ☐ A bank loan, line of credit or equipment package is coming
- ☐ A sale, acquisition or partner buyout is 1–5 years out

What a CFO owns

- Monthly KPI review and what to do next
- Annual budget and budget vs. actual
- 12-month cash forecast and off-season plan
- Pricing, billing rates and job-costing setup
- Lender, bank and equipment financing
- Valuation, add-backs and buyer-readiness

THEIR SCOREBOARD

Net margin · Months of cash · BvA · Adj. EBITDA

The finance team as you grow

Bookkeeper · Records and reconciles. Looks at the past.	**Every company**
CPA · Taxes and compliance. Checks it's right and filed.	**Every company**
Fractional CFO · Part-time strategy: plans ahead and holds the owner accountable.	**Start-up to $15M**
Controller · Full-time manager of accounting, close and controls.	**~$5M and up**
Full-time CFO · In-house finance leader for a larger, complex company.	**~$15M and up**

Keep them all: a CFO doesn't replace your bookkeeper or CPA. It directs them.

Does the math work? What a CFO should find

Price at margin, not markup, on $500K of job costs	**+$64,286 GP**
Collect 8 days faster (DSO 33 → 25)	**+$29,333 cash**
Labor 2 points lower on $1.5M of revenue	**+$30,000 / yr**
$10K more Adjusted EBITDA at a 4× multiple	**+$40,000 value**
The test	**Finds more than it costs**

Fractional first: part-time CFO help costs a fraction of a full-time salary and scales with the company.

Common mistake

Waiting for a crisis: a cash crunch, a lender request or a buyer's diligence list. A CFO is worth most a year or more before you need one.

How to engage

Fractional: monthly retainer with a set close date and KPI review. Controller or CFO: salary plus bonus on cash, close timing and EBITDA.

The first 90 days

Day 30: clean books and a monthly close date. Day 60: KPI scorecard and 12-month cash forecast. Day 90: budget and pricing review.

Ranges reflect common green-industry practice, not rules; complexity, lender requirements and exit plans can move the timing earlier. Dollar examples come from the Margin Drivers guides' example company.

Key idea: Hire finance leadership before you need it. It costs less than the mistakes it prevents.

BUILDING YOUR FINANCIAL TEAM

Finance Team At a Glance

BOOKKEEPER	ACCOUNTANT	AI TOOLS	FRACTIONAL CFO
"What happened?"	"Is it right & filed?"	"Can it be faster?"	"What do we do next?"

WHAT THE BUSINESS NEEDS	Bookkeeper	Accountant	AI Tools	PLANS AHEAD Fractional CFO
Records transactions & reconciles accounts The clean books everything else depends on.	●	◐	◐	◐
Files taxes & keeps you compliant Returns, 1099s, sales tax, year-end adjustments.	○	●	○	◐
Produces monthly financial statements P&L and balance sheet on a set close date.	◐	●	◐	●
Explains what the numbers mean Turns a report into what to do next month.	○	◐	◐	●
Job costing, pricing & markups Bids that hit your gross margin goal.	○	○	◐	●
Cash flow forecast & off-season plan Sees the cash crunch before it arrives.	○	◐	◐	●
Budget, KPI scorecard & benchmarks Sets targets and measures against peers.	○	○	◐	●
Bank, lender & equipment financing Builds the package and sits at the table.	○	◐	○	●
Valuation, exit & buyer-readiness Builds the value a buyer will pay for.	○	◐	○	●
Holds you accountable to the plan A monthly seat at the table with the owner.	○	○	○	●
MOSTLY LOOKS AT	**The past**	**The past**	**The present**	**The future**

● Core role ◐ Some help / oversees ○ Not their role

What a fractional CFO adds

$ Price for profit
Markups, labor rates and job costing that clear your margin goal.

C Cash before crisis
A 12-month forecast for payroll, equipment and the winter slowdown.

V Build value
Buyer-ready books and a plan to grow EBITDA, the number buyers pay a multiple on.

Better together: Keep your bookkeeper and your CPA. AI tools speed up their work. The fractional CFO directs the whole team and turns their numbers into decisions.

Key idea: Bookkeepers and accountants report the score. A CFO helps you change it.

GROWTH & EXIT · A BEGINNER'S GUIDE

What's My Business Worth?

Step 1: find the true earnings (Adjusted EBITDA)

Example: $1.32M company, one year

$	**Net Profit** The bottom line on the year's P&L.	**$132,000**
+	**Depreciation** A non-cash expense, so it's added back.	**$42,000**
+	**Interest & Taxes** Financing choices a buyer will make their own way.	**$12,000**
=	**EBITDA** Earnings before interest, taxes, depreciation & amortization.	**$186,000**
+	**Owner Pay Above Market** Owner takes $150K; a hired manager would cost $90K.	**$60,000**
+	**One-Time Costs** Expenses that won't repeat, like a single legal bill.	**$15,000**
+	**Personal Expenses** Owner's vehicle and phone run through the business.	**$9,000**
=	**Adjusted EBITDA** What a buyer believes the business really earns.	**$270,000**

Step 2: apply a multiple, then subtract debt

At 3× (example)
$810,000
$270K × 3

At 4× (example)
$1,080,000
− $155K debt = **$925,000** to owner*

At 5× (example)
$1,350,000
$270K × 5

What moves the multiple

Up: recurring revenue, clean monthly books, a team that runs without the owner, a well-kept fleet.

Down: owner does everything, one big customer, messy books, shrinking sales.

Every dollar is multiplied

At 4×, adding $10,000 of lasting annual profit adds about **$40,000** of value. So does proving a $10,000 add-back with clean records.

*Before taxes and deal fees. Multiples shown are for illustration only; real multiples depend on size, market conditions and the buyer.

Key idea: Value = true earnings × a multiple. You can grow both, and it starts years before you sell.

Getting Buyer-Ready

Buyers pay for earnings they can trust and a business that runs without you

3 years out
Clean up the books, close monthly, start tracking add-backs.

2 years out
Build the management team. Grow recurring maintenance revenue.

1 year out
Get a valuation, fix fleet issues, assemble the document folder.

Sale
Diligence goes faster, and fewer surprises means fewer price cuts.

1 · Financials

- [ ] Three years of accrual-basis financial statements
- [ ] Books closed every month, on time
- [ ] Job costing and profit by division
- [ ] Add-backs documented with receipts

2 · Revenue Quality

- [ ] Maintenance on signed contracts that renew
- [ ] No single customer is a large share of sales
- [ ] Customer list with history and renewal dates
- [ ] Sales steady or growing over three years

3 · Owner Independence

- [ ] A manager runs the day-to-day work
- [ ] Estimating isn't done only by the owner
- [ ] Key customers know more people than just you
- [ ] Written processes for crews and the office

4 · Fleet & Equipment

- [ ] Full asset list with age and condition
- [ ] Maintenance records for major equipment
- [ ] Titles and loan balances organized
- [ ] A replacement plan for aging units

5 · People

- [ ] Key employees likely to stay after a sale
- [ ] Payroll and employment records in order
- [ ] Safety record and training logs
- [ ] Clear org chart and job descriptions

6 · Legal & Admin

- [ ] Licenses, permits and insurance current
- [ ] Leases and customer contracts organized
- [ ] No open lawsuits or tax problems
- [ ] Company documents and ownership clear

Your readiness score. Count your checks. Every unchecked box is something a buyer will find in diligence, and usually a reason to lower the price or hold back part of it. **____ / 24**

Key idea: The best time to get buyer-ready is years before you sell. A buyer-ready business is also a better one to own.

MARGIN DRIVERS
RESOURCE CENTER
by EquiScape

Finance Terms At a Glance

95 terms and 41 acronyms for running a landscape company by the numbers

Same example company as the guides

1 **Financial Statements** 20 terms	2 **Pricing, Estimating & Job Costing** 20 terms	3 **Cash, Collections & the Off-Season** 13 terms	4 **Planning & Performance** 6 terms	5 **Customers & Sales** 13 terms	6 **People & Safety** 7 terms	7 **Value, Growth & Exit** 16 terms

▲ Higher higher is better · ▼ Lower lower is better · ◆ Balance stay in a healthy range · GPM acronym

Guide # = step on Your Financial Roadmap · **BSC** = Balanced Scorecard metric

Acronyms quick reference

Acronym	Stands for	In plain words
A/P	Accounts Payable	Bills you owe vendors
A/R	Accounts Receivable	Money customers owe you
ACH	Automated Clearing House	Bank-to-bank electronic payment
Adj. EBITDA	Adjusted EBITDA	EBITDA plus documented add-backs
BS	Balance Sheet	Snapshot of what you own and owe
BSC	Balanced Scorecard	KPIs across financial, ops, people, customers
BvA	Budget vs. Actual	Monthly plan compared with results
CFO	Chief Financial Officer	Leads planning, cash and value
CLV	Customer Lifetime Value	Gross profit a customer brings over time
COGS	Cost of Goods Sold	Direct job costs (labor, materials, subs)
CPA	Certified Public Accountant	Licensed accountant; taxes and compliance
CR	Current Ratio	Current assets per $1 due this year
CSAT	Customer Satisfaction	Share of customers happy with service
D/E	Debt-to-Equity	How much the company leans on debt
DPO	Days Payable Outstanding	Average days to pay vendors (AP Days)
DSO	Days Sales Outstanding	Average days to get paid (AR Days)
EBITDA	Earnings Before Interest, Taxes, Depreciation & Amortization	Operating earnings buyers start from
eNPS	Employee Net Promoter Score	Would staff recommend working here?
FICA	Federal Insurance Contributions Act	Social Security + Medicare payroll tax
FTE	Full-Time Equivalent	Staff count in full-time units
FUTA / SUTA	Federal / State Unemployment Tax Act	Employer unemployment taxes

Acronym	Stands for	In plain words
GP	Gross Profit	Revenue minus direct job costs
GPM / GM	Gross Profit Margin	Cents kept per $1 after job costs
ICP	Ideal Client Profile	The customer you want more of
KPI	Key Performance Indicator	A number tied to a goal, tracked monthly
LOC	Line of Credit	Revolving bank credit for seasonal gaps
LOI	Letter of Intent	A buyer's non-binding offer and terms
M&A	Mergers & Acquisitions	Buying, selling or combining companies
NPM	Net Profit Margin	Cents of true profit per $1 of sales
NPS	Net Promoter Score	Would customers recommend you?
OH	Overhead	Costs to run the company, not the job
P&L	Profit & Loss Statement	Income statement for a period
PE	Private Equity	Investment firms that buy companies
PTO	Paid Time Off	Vacation and sick hours paid, not worked
QoE	Quality of Earnings	Buyer's review that tests your EBITDA
RPH	Revenue per (Labor) Hour	Revenue each field hour brings in
SDE	Seller's Discretionary Earnings	EBITDA plus one owner's full pay
WC	Working Capital	Current assets minus current liabilities
W/C	Workers' Compensation	Insurance for on-the-job injuries
YoY	Year over Year	Same period compared with last year
YTD	Year to Date	From Jan 1 (or fiscal start) to today

Commonly confused

Markup vs. Margin
Markup is on cost; margin is on price. A 30% markup is only a 23.1% margin.

Profit vs. Cash
Profit is the score on the P&L. Cash is what's in the bank. Draws, loan principal and slow payers separate them.

Revenue vs. Gross Profit
Revenue is what you bill. Gross profit is what's left to pay overhead.

WC vs. W/C
WC usually means working capital; W/C is workers' comp. Spell it out on reports.

EBITDA vs. Adjusted EBITDA
Adjusted adds back owner and one-time items. Only documented add-backs count.

DSO vs. DPO
DSO: how fast customers pay you (lower is better).
DPO: how fast you pay vendors (within terms).

1 Financial Statements

Read the numbers · Stage 1 · Guides 1–3

TERM	WHAT IT MEANS	HOW IT'S FIGURED	HOW TO USE IT	GUIDE
Profit & Loss Statement P&L	Revenue and expenses over a period; also called the income statement. A video of the month.	Revenue - Direct - Indirect - Fleet - Admin = Net Profit	Close the books monthly and review it by the 15th. Compare to budget and last year.	1
Revenue ▲ Higher	Everything invoiced for work performed. The "top line."	In-house work + subcontracted work	Track by division and month. Sales alone don't pay bills; margin does.	1
Direct Expenses (Job Costs) COGS ▼ Lower	Costs that exist only because a job was done.	Field labor + materials + subs + rentals + dump fees	Code every direct cost to a job and division so job costing works.	1, 10
Gross Profit GP ▲ Higher	What jobs earn before paying to run the company.	Revenue - Direct Expenses	GP, not revenue, pays overhead. Grow GP dollars, not just sales.	1
Gross Profit Margin GPM ▲ Higher	Cents kept from each $1 of sales after job costs.	Gross Profit ÷ Revenue (e.g. 60.3%)	The test of pricing and field efficiency. Track monthly and by division.	1, 14
Indirect & Fleet Expenses ▼ Lower	Indirect: labor burden on the P&L (payroll taxes, W/C, PTO, travel). Fleet: cost to own, fuel and repair trucks and equipment.	Burden costs; Depreciation + fuel + repairs + fleet insurance + small tools	Indirect should move with field labor. Fleet ÷ revenue is the Equipment Ratio and feeds the billing rate.	1, 5, 7
Overhead & Overhead Ratio OH ▼ Lower	Costs paid whether or not crews work: office, rent, insurance, admin pay.	Indirect + Fleet + Admin; Ratio = Overhead ÷ Revenue (e.g. 50.2%)	Watch for overhead growing faster than sales. Divide by billable hours for overhead per hour.	1, 6, 14
Net Profit (Net Income) ▲ Higher	The bottom line: what the business earned.	Revenue - all expenses	A score, not a bank balance. Read alongside cash flow.	1, 3
Net Profit Margin NPM ▲ Higher	Cents of true profit kept from every $1.	Net Profit ÷ Revenue (e.g. 10.1%)	Shows how well the whole company is run, not just the jobs.	1, 14
Revenue Growth YoY ▲ Higher	Change in sales versus the same period last year.	(This Year - Last Year) ÷ Last Year	Compare same months year to year; seasonality makes month-to-month misleading.	BSC
Accrual vs. Cash Basis	Accrual records revenue when earned and costs when incurred; cash basis records them when money moves.	—	Manage and sell on accrual. Buyers and lenders expect it.	22
Balance Sheet BS	What the company owns and owes on one day. A snapshot.	Assets = Liabilities + Equity	Review monthly with the P&L. Net profit flows into equity.	2
Current vs. Fixed Assets	Current: cash or turns to cash within a year (cash, A/R, inventory). Fixed: long-lasting (trucks, equipment).	Fixed shown net of accumulated depreciation	Too much cash tied up in A/R or idle equipment shows up here first.	2
Current vs. Long-Term Liabilities	Current: due within 12 months, including this year's loan payments. Long-term: due after that.	—	Match loan terms to how long the equipment lasts.	2, 3
Owner's Equity ▲ Higher	What owners truly own after every debt is paid. Includes retained earnings.	Assets - Liabilities	Grows with profit kept in the business; shrinks with draws and losses.	2
Depreciation	Spreading an asset's cost over its useful life. An expense with no check written.	(Cost - Resale) ÷ Years	Added back for cash flow and EBITDA. Plan replacements anyway.	2, 3, 7
Working Capital WC ▲ Higher	The cushion to cover short-term bills.	Current Assets - Current Liabilities	Shrinking working capital in a growing company is an early cash warning.	2
Current Ratio CR ▲ Higher	Current assets for every $1 due this year.	Current Assets ÷ Current Liabilities (e.g. 2.1 : 1)	Below 1.0 means bills due exceed liquid assets. Lenders watch this.	2, 14
Debt-to-Equity D/E ▼ Lower	How much the company relies on borrowed money.	Total Liabilities ÷ Owner's Equity (e.g. 0.96)	Under 1.0 means owners fund more than lenders. Check before financing equipment.	2
Owner Draws / Distributions	Cash taken by owners. Not an expense on the P&L, but real cash out.	—	Schedule them. Pause draws when the cash cushion is below target.	3, 12

2 Pricing, Estimating & Job Costing

Make every job pay · Stage 1–2 · Guides 4–10

TERM	WHAT IT MEANS	HOW IT'S FIGURED	HOW TO USE IT	GUIDE
Markup	Amount added on top of cost, as a percent of cost.	(Price - Cost) ÷ Cost	A 30% markup gives only a 23.1% margin. Convert before you price.	4
Margin vs. Markup	Margin is based on price; markup on cost. The P&L reports margin.	Price = Cost ÷ (1 - Target Margin) Markup = Margin ÷ (1 - Margin)	Set prices from the margin you need. Keep the pocket chart at the estimating desk.	4
Labor Burden ▼ Lower	Cost riding on every paid hour beyond the wage: FICA, FUTA/SUTA, W/C, PTO, travel and lot time.	Burden costs ÷ base wages (e.g. 20%)	Add health insurance, retirement match and gear if you pay them.	5
Loaded (Burdened) Labor Rate	What one field hour actually costs you.	Base Wage × (1 + Burden %) ($25 → $30)	Estimate with the loaded rate, never the paycheck rate.	5, 8, 9
Billable Hours ▲ Higher	Field hours you can charge a customer, not every hour you pay.	Field staff × billable hours each	The denominator for equipment and overhead per hour. Be realistic.	8
Equipment Cost per Hour ▼ Lower	Full hourly cost of a machine: owning it plus running it.	(Ownership cost per year ÷ hours used) + fuel + maintenance	Price into every job. Idle hours raise the rate; use it for buy-or-rent.	7
Break-Even Rate	Lowest hourly price that covers all costs.	Loaded Labor + Equipment/hr + Overhead/hr	Never bid below it. Every hour under it loses money.	8
Billing Rate (Labor Rate) ▲ Higher	What you charge per man-hour, including profit.	Break-Even Rate ÷ (1 - Target Margin)	Rebuild yearly from your own costs, not a competitor's price.	8
Realized Rate ▲ Higher	Revenue left per hour after materials, equipment and subs at cost.	(Revenue - materials - equip - subs) ÷ crew hours	Should beat the target billing rate. If not, the bid is underpriced.	9
Revenue per Labor Hour RPH ▲ Higher	How much each field hour brings in.	Revenue ÷ field labor payroll hours (e.g. $110)	Falls when crews are slow, idle or underpriced.	14, BSC
Estimate (Bid)	The planned price built line by line: cost × markup.	Σ (each line's cost × its markup)	Check gross margin and realized rate before sending.	9
Job Costing	Tracking actual costs on each job against its estimate.	Same buckets as the P&L, one job at a time	Review closed jobs weekly. Fix estimates with what you learn.	10
Job Cost Variance ▲ Higher	How close actual job margin came to the estimate.	Actual GPM ÷ Estimated GPM (100% = on plan)	Under 100%: find the line that missed (hours, materials, equipment).	10, BSC
High Margin Job % ▲ Higher	Share of jobs that beat your target margin.	Jobs with GPM > target ÷ total jobs completed	Shows whether good margin is the rule or a few lucky jobs.	BSC
On-Time Job Completion ▲ Higher	Share of jobs finished within estimated hours.	Jobs within estimated hours ÷ total jobs	Low scores point to estimating or crew-efficiency problems.	BSC
Crew Efficiency ▲ Higher	Share of paid field hours spent on revenue-producing work.	Hours on job tasks ÷ total field payroll hours	Lost hours are usually drive time, loading and waiting.	BSC
Field Labor Ratio (Labor %) ▼ Lower	Field wages as a share of revenue (before burden).	Field labor wages ÷ Revenue (e.g. 22.7%)	Rising labor % with flat sales means crews are producing less per hour.	14, BSC
Materials Ratio / Equipment Ratio ▼ Lower	Material or total equipment costs as a share of revenue.	Materials ÷ Revenue; Equipment (incl. fuel, repairs, ins.) ÷ Revenue	Compare by division; installation runs higher materials than maintenance.	BSC
Equipment Downtime % ▼ Lower	Share of workdays equipment was unavailable.	Days unavailable ÷ total equipment workdays	High downtime raises cost per hour and rental spend. Plan replacements.	7, BSC
Subcontractor Sub	Outside trade hired for part of a job (irrigation, lighting).	Priced at cost × sub markup	Price subs separately; they carry risk but little margin.	9, 10

Pricing formulas to keep at the estimating desk

Loaded labor
Wage × (1 + Burden %)
$25 × 1.20 = $30

Price for a margin
Cost ÷ (1 - Target Margin)
$1,000 ÷ 0.70 = $1,428.57

Billing rate
(Labor + Equip + OH per hr) ÷ (1 - Margin)
$55 ÷ 0.85 ≈ $65

Equipment per hour
Ownership ÷ Hours + Fuel + Repairs
$19.33 + $6 + $5 = $30.33

3 Cash, Collections & the Off-Season

Keep cash moving · Stage 2–3 · Guides 3, 11, 12, 15

TERM	WHAT IT MEANS	HOW IT'S FIGURED	HOW TO USE IT	GUIDE
Cash Flow	Actual money in and out of the bank. Different from profit.	Net Profit + Depreciation − A/R growth − loan principal − draws − taxes	Read P&L, Balance Sheet and Cash Flow together every month.	3
Accounts Receivable A/R ▼ Lower	Money customers owe for work already done.	From the Balance Sheet	Review the aging report every week, not month-end.	11
Aging Report	A/R sorted by how late it is: 0–30, 31–60, 61–90, 90+ days.	—	Over 90 days is at risk. Assign a caller and a date to every late invoice.	11
Days Sales Outstanding (AR Days) DSO ▼ Lower	Average days to get paid.	A/R ÷ average daily sales (= A/R ÷ annual credit sales × 365)	Each day cut frees one day of sales in cash (e.g. $3,667).	11, 14
Accounts Payable A/P	Bills you owe vendors and suppliers.	From the Balance Sheet	Pay in priority order. Promise vendors only what the plan supports.	12
Days Payable Outstanding (AP Days) DPO ◆ Balance	Average days you take to pay suppliers.	A/P ÷ annual purchases on account × 365	Longer helps cash, but only within terms. Paying late costs credit and pricing.	BSC
Cash Available (weekly)	The most you can spend this week.	Real bank balance + deposits you're confident will land in 7 days	Every payment decision starts here, not with the QuickBooks balance.	12
Cash Cushion ▲ Higher	A floor of cash held back for a slow payer or broken truck.	Set once by the owner	If ending cash falls below it two weeks in a row, call your CFO.	12
Months of Cash ▲ Higher	How long you could cover overhead with no sales.	Cash ÷ monthly overhead (e.g. 1.5 months)	Build it up before November in a seasonal business.	14
Backlog ▲ Higher	Work sold but not yet done, in months of revenue.	Sold, not done ÷ monthly revenue (e.g. 2.2 months)	A thin backlog in spring means sell now; a deep one means hire or schedule.	14
Seasonal Cash Gap & Reserve ▼ Lower	Winter months when overhead continues and revenue drops, and the cash set aside to cover them.	Gap = negative cash flow, Nov–Feb; Reserve per month = Gap ÷ season months	Hit the reserve by Nov 1. Snow, pruning and 12-month billing shrink the gap.	15
Line of Credit LOC	Revolving bank credit, drawn and repaid as needed.	—	Apply in late summer or fall while numbers look best. Pay down each spring.	15
Lien Rights (Mechanic's Lien)	A legal claim on property for unpaid work. Deadlines are strict and vary by state.	—	Know your state's notice and filing deadlines before you need them.	11

4 Planning & Performance

Run the business by the numbers · Stage 2 · Guides 6, 13, 14

TERM	WHAT IT MEANS	HOW IT'S FIGURED	HOW TO USE IT	GUIDE
Break-Even Point	Monthly sales needed for a $0 profit month.	Overhead ÷ Gross Margin % (e.g. $55,230 ÷ 60.3%)	Turn it into a daily target crews can rally around. Above it, margin is profit.	6
Budget	The year's plan: sales by division and month, profit goal, job costs and overhead.	Revenue goal → profit goal → job costs at target GM → overhead	Build before the season, spread by season (not 1/12), update mid-year.	13
Budget vs. Actual / Variance BvA	Comparing each P&L line to plan, for the month and year to date (YTD).	Actual − Budget (favorable or unfavorable)	Act on the largest gaps first. Look for three-month trends and compare YTD to last year's YTD.	13
Key Performance Indicator KPI	A number tied to a goal, reviewed on a set schedule.	—	Pick about ten. Set targets once; mark each green, gold or red monthly.	14
Balanced Scorecard BSC	KPIs grouped into financial, operations, people and customer views.	—	Keeps attention on what drives profit, not just profit itself.	14
Revenue vs. Budget ▲ Higher	Share of planned sales achieved.	Actual Revenue ÷ Budgeted Revenue (e.g. 91.7%)	The usual first explanation when profit misses plan.	13, 14

5 Customers & Sales

Balanced Scorecard · customer view

TERM	WHAT IT MEANS	HOW IT'S FIGURED	HOW TO USE IT	GUIDE
Average Revenue per Job ▲ Higher	Typical job size, all work.	Total revenue ÷ number of jobs	Small average jobs carry more drive and admin time per dollar.	BSC
Avg Recurring Revenue per Job ▲ Higher	Typical value of a recurring (maintenance) contract.	Recurring revenue ÷ number of recurring jobs	Raise it with enhancements sold to existing clients.	BSC
Customer Satisfaction CSAT ▲ Higher	Share of customers happy with your service.	Satisfied customers ÷ customers surveyed	Survey after jobs and at renewal time. Follow up on every unhappy answer.	BSC
Net Promoter Score NPS ▲ Higher	Would customers recommend you? Asked on a 0–10 scale.	% Promoters (9–10) - % Detractors (0–6); passives (7–8) excluded. Range -100 to +100	Track the trend, not one score. Ask promoters for reviews and referrals.	BSC
Repeat Customer Rate ▲ Higher	Share of customers with more than one job.	Customers with >1 job ÷ total customers	Repeat work costs less to sell and supports recurring revenue.	BSC
Contract Renewal Rate ▲ Higher	Share of last year's recurring customers still under contract.	Last year's customers with current contracts ÷ last year's customers	A key number for buyers. Track renewal dates on the customer list.	16, 22
Customer Lifetime Value CLV ▲ Higher	Gross profit a customer generates over the relationship.	Avg contract value × avg GPM × avg years retained	Tells you how much you can spend to win and keep a customer.	BSC
Qualified Leads & Lead Conversion ▲ Higher	Prospects who fit your services, area and budget, and the share who become customers.	Leads: count per period; Conversion = new customers ÷ qualified leads	Track by source. Low conversion points to response speed or lead quality.	BSC
Estimate Conversion (Close Rate) ▲ Higher	Dollar share of estimates that are won.	$ of estimates sold ÷ $ of all estimates	Very high close rates can mean prices are too low.	9, BSC
Avg Days to Conversion ▼ Lower	Average time from estimate created to estimate sold.	Average (sold date - created date)	Follow up on a schedule; long cycles stall the backlog.	BSC
Positive Online Reviews ▲ Higher	Count of 5-star reviews on Google, Facebook and similar.	Count per period	Ask at job completion, while the result looks its best.	BSC
Ideal Client % ICP ▲ Higher	Share of clients who fit your ideal client profile.	Clients fitting ICP ÷ total clients	Define the ICP first: size, service mix, location, payment habits.	BSC
Customer Concentration ▼ Lower	How much of revenue depends on your largest customers.	Top customer (or top 5) revenue ÷ total revenue	Buyers discount value when one customer is a large share of sales.	21, 22

6 People & Safety

Balanced Scorecard · people view

TERM	WHAT IT MEANS	HOW IT'S FIGURED	HOW TO USE IT	GUIDE
Employee Retention ▲ Higher	Share of employees who stayed through the year.	Employees at start of year still employed ÷ employees at start of year	Turnover drives training cost, errors and lost hours. Buyers check it.	22, BSC
Employee Net Promoter Score eNPS ▲ Higher	Would staff recommend working here? 0–10 scale.	% Promoters (9–10) - % Detractors (0–6)	Survey anonymously twice a year; act on what you hear.	BSC
Training Hours & Completion ▲ Higher	Average training time per person, and the share of assigned training actually completed.	Hours = training hours ÷ employees; Completion = completed ÷ assigned	Keep logs; buyers and insurers ask for them. Pair with safety and quality results.	22, BSC
Accident-Free Workdays ▲ Higher	Workdays with no reported accident in the year.	Count per year	Fewer claims help hold down workers' comp rates over time.	5, BSC
Overhead-to-Field Payroll Ratio ▼ Lower	Office payroll compared with field payroll.	Overhead staff payroll ÷ field staff payroll	Watch it as you add office roles; each must support more field revenue.	BSC
% of Staff Meeting KPIs ▲ Higher	Share of staff meeting or beating their personal KPIs.	Staff meeting KPIs ÷ total staff	Gives each role a number to own.	BSC
Late Rate / Absenteeism Rate ▼ Lower	Share of scheduled workdays with a late arrival or absence.	Lates (or absences) ÷ (working days × full-time staff)	Late starts idle the whole crew; track by crew leader.	BSC

7 Value, Growth & Exit

Build what a buyer pays for · Stage 3 · Guides 16–22

TERM	WHAT IT MEANS	HOW IT'S FIGURED	HOW TO USE IT	GUIDE
Division Profitability	Revenue, margin and profit by line of business: maintenance, enhancements, installation, snow.	Division GP = Division Revenue × Division GM	Sales mix isn't profit mix. Code every job and cost to a division.	16
Recurring Revenue ▲ Higher	Revenue from contracts that renew, usually maintenance.	Recurring revenue ÷ total revenue	Banks and buyers value predictable revenue more than one-time jobs.	16, 21
EBITDA ▲ Higher	Earnings before interest, taxes, depreciation and amortization.	Net Profit + Interest + Taxes + Depreciation + Amortization	The starting point for valuation. Have your CPA confirm the numbers.	21
Add-Backs	Expenses a buyer won't have: above-market owner pay, one-time costs, personal expenses.	Documented with receipts	Every add-back you can't prove gets cut in diligence.	21, 22
Adjusted EBITDA Adj. EBITDA ▲ Higher	What a buyer believes the business really earns.	EBITDA + documented add-backs	At a 4× multiple, $10K more of lasting earnings adds about $40K of value.	21
Seller's Discretionary Earnings SDE	Earnings to one owner-operator; common for smaller companies.	EBITDA + one owner's total compensation	Used for owner-run businesses; Adjusted EBITDA for larger ones.	21
Valuation Multiple ▲ Higher	The number a buyer multiplies earnings by.	Value = Adjusted EBITDA × Multiple	Moves up with recurring revenue, clean books, a team and a good fleet.	21
Enterprise Value vs. Owner Proceeds	Enterprise value is the business price; owner proceeds subtract debt (and taxes, fees).	Enterprise Value - Debt = Equity Value	Paying down debt before a sale raises what you keep.	21
Letter of Intent LOI	A buyer's written, mostly non-binding offer: price, structure, timeline.	—	Review structure, not just price: earnouts, holdbacks, working capital target.	22
Earnout & Holdback (Escrow)	Earnout: part of the price paid later if targets are hit. Holdback: part held back to cover claims after closing.	Set in the LOI and purchase agreement	Cash at close matters more than headline price. Know what's at risk and for how long.	22
Working Capital Target (Peg) ◆ Balance	The normal level of working capital a buyer expects left in the business at closing.	Usually a trailing 12-month average	Above the peg can raise your price; below lowers it. Plan for seasonality.	22
Due Diligence	The buyer's detailed review of financials, contracts, fleet, people and legal.	—	Every gap they find is usually a reason to lower or hold back price.	22
Quality of Earnings QoE	An accounting review that tests reported and adjusted EBITDA.	—	Monthly accrual closes and documented add-backs make it go faster.	22
Owner Independence ▲ Higher	How well the business runs without the owner.	—	A manager runs the day; estimating and key customers don't depend on you.	21, 22
Industry Revenue Percentile	Where a company ranks among U.S. landscape businesses by revenue.	$1M ≈ top 4.5%; $3.2M+ ≈ top 1%	Use for context and goal setting, not as a profit benchmark.	17
Fractional CFO CFO	A part-time CFO who plans ahead: pricing, cash forecasting, KPIs, financing, value.	—	Keeps the bookkeeper and CPA; directs the team and turns numbers into decisions.	20

The value math in three lines

1 · True earnings
Net Profit + Interest + Taxes + Depreciation + documented add-backs
= Adjusted EBITDA ($270K)

2 · Business value
Adjusted EBITDA × Multiple
$270K × 4 = $1.08M

3 · What you keep
Value - Debt - taxes & fees
$1.08M - $155K debt = $925K before taxes & fees

Key idea: Shared words make shared decisions. When the owner, office and CFO use the same terms, the monthly numbers turn into action. Confirm tax-related figures such as EBITDA with your CPA.

THE NEXT STEP

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