

HOW TO USE YOUR P&L TO RUN YOUR CONSTRUCTION BUSINESS

**NOT ANOTHER EXPLANATION OF WHAT A P&L IS.
A GUIDE TO WHAT TO ASK IT.**



WOODLAND BUSINESS SOLUTIONS

YOUR P&L ISN'T JUST AN ACCOUNTING REPORT.



It's one of the clearest ways to understand how your company is actually performing. Most builders already know what revenue, job costs and net profit mean.

That was never the gap. The gap is knowing what questions to ask once the numbers are in front of you — and what to do with the answers. You probably don't need another report. You need to know what the one you already have is telling you.

REVENUE

DON'T ONLY ASK:

Did revenue increase?

ASK:

What did it cost us to produce that revenue?

Growing revenue with shrinking margins isn't necessarily growth.

It may simply mean you're doing more work without keeping more of what you earn.

Revenue tells you how much work moved through the company.

It doesn't tell you how well the company performed.



JOB COSTS

DON'T ONLY ASK:

What were our job costs?

ASK:

Were they in line with what we estimated — and if not, why?

A job-cost number by itself tells you what happened.

Compared against the estimate, it becomes something you can act on.

Was it pricing?

Labour?

Materials?

A subcontractor?

A missed scope item?

A process that needs attention?

The number matters. The reason behind it matters more.

GROSS PROFIT

DON'T ONLY ASK:
What was our gross profit?

ASK:
Was there enough gross profit to support the
company required to deliver the work — and
still leave room for profit?

Gross profit isn't simply what's left after
paying the direct costs of a job.
It's what has to support the company behind
those jobs:
Your people.
Your systems.
Your office.
Your vehicles.
Your insurance.
Your management time.
Your overhead.
And ultimately, your profit.

A job can look successful on its own and still
fail to contribute enough to support the
company standing behind it.
Revenue keeps work moving. Gross profit
helps build the business.



OVERHEAD

DON'T AUTOMATICALLY ASK:

What can we cut?

ASK:

Is overhead actually the problem — or are our jobs not producing enough gross profit to cover it?

There will always be opportunities to control unnecessary costs.

But overhead can only be cut so far.

Eventually, running “lean” can become the owner doing everyone’s job.

Before cutting expenses, understand which problem you actually have.

Too much overhead?

Or:

Not enough gross profit to support the company?

Those are two very different problems — and they require very different decisions.

NET PROFIT

DON'T ONLY ASK:

Did we make money?

ASK:

Is this a result we could repeat on purpose?

One profitable period doesn't necessarily mean the underlying business is consistently profitable.

Look at what produced the result.

Were your jobs consistently hitting their margins?

Was one unusually profitable job carrying the company?

Were there expenses that simply haven't hit yet?

Did something happen this period that won't happen again?

The goal isn't just profit. It's understanding what created it.

YOUR NEXT MOVE

Open your most recent P&L.
Don't just read down the numbers.

Start asking questions.

Revenue

What did it cost us to produce it?

Job Costs

How did actual costs compare to what we expected?

Gross Profit

Was there enough to support the company behind the work?

Overhead

Is overhead really the problem?

Net Profit

Could we repeat this result on purpose?

Your P&L can tell you what happened.

Financial direction comes from understanding why it happened — and deciding what to do next.

Before creating another spreadsheet or another report, start with the information you already have.

If your P&L still leaves you unsure what your next move should be, that's usually where a Builder Financial Assessment goes deeper into your actual numbers, jobs and systems.



**FINANCIAL DIRECTION FOR BUILDERS WHO'VE OUTGROWN GUESSWORK.
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