



Business assessment and action plan for contractors

Welcome to your business process assessment!

A classic mistake that we have found is that entrepreneurs and executives think that maturity is 100% related to how many years you have been in the market, and that's a false statement. This assessment will help you understand how you are performing and reveal areas of improvement. We've pooled our expertise, from job costing and budgeting to invoicing and project management, to deliver a comprehensive assessment and action plan for making real advancements in your business for long-term success.

[Start quiz](#)

Business assessment and action plan for contractors

Part 1. Tracking, reporting, and evaluation

Please select the answer that best fits your organization

1. Do you know which of your current jobs are behind or ahead of schedule?

- Yes
- No

2. Can you measure which of your crews/team members are most/least efficient at certain kinds of work?

- Yes
- No

3. Do you know which kinds of jobs/scopes of work you consistently underbid/overbid?

- Yes
- No

4. Do you easily know which of your invoices are outstanding/overdue, and their amounts?

- Yes
- No

Business assessment and action plan for contractors

Part 2. Organization and processes

Please select the answer that best fits your organization

5. How many of your office-side processes (timecards, estimates/quotes, invoices, etc.) are done by paper, email, text, or excel?

- All
- Some
- None

6. How often do you or your team find yourselves staying late or working on the weekend to keep up with admin work/enter data?

- Always
- Sometimes
- Never

7. How are you collecting payment from clients?

- Electronically (ACH and credit cards)
- Paper checks
- Other

8. Which of the following best describes your sales pipeline?

- I have clear visibility and no concerns
- Some new jobs and some concern
- Struggling and hoping for closed deals

Business assessment and action plan for contractors

Part 3. Financial health

Please select the answer that best fits your organization

9. Do you know what your average job-level profit margin was in the last six months?

- Yes
- No

10. How would you describe invoicing for your business?

- Quick and easy
- Not too bad
- Painful and time intensive

11. Do you know the total hourly labor burden for each of your employees, including workers' comp, taxes insurance, etc.?

- Yes
- No

12. How simple is it for you to reference detailed costs from prior jobs, in order to budget and add appropriate markup estimates for new jobs you are bidding on?

- Easy
- Difficult

[Check your results](#)

Your results

Part 1. Tracking, reporting, and evaluation

1. Do you know which of your current jobs are behind or ahead of schedule?

- **If yes | 10 points**

Keep up the good work! A well-prepared project plan & budget that is updated in real-time allows you to quickly detect and deal with unexpected roadblocks in a project. This information is crucial for job success.

- **If no | 0 points**

Knowing which jobs are behind is the first step to understanding why they're behind. If you can quickly identify jobs that are behind, you'll be able to dig into understanding why it's behind - and what you can do about it. Having a centralized and easily updated budget and project plan for each job is the first step towards understanding where your projects—and business as a whole—stand at any point in time.

2. Can you measure which of your crews/team members are most/least efficient at certain kinds of work?

- **If yes | 10 points**

Well done. You understand the strengths and weaknesses of your crew. Continue to evaluate your team so that you can properly place them in situations that will maximize their efficiency and your earning potential.

- **If no | 0 points**

Task management is just as important as task execution. It's imperative that you gain an understanding on why each job and crew member performs the way that they do. We recommend that you start tracking the labor burden on every job. This will create a valuable record of how much and what kind of work each crew member is completing, and what it costs your business. This will enable you to place your crew in positions where they are most likely to succeed and where you can capture additional profit.

Your results

Part 1. Tracking, reporting, and evaluation

3. Do you know which kinds of jobs/scopes of work you consistently underbid/overbid?

- **If yes** | 10 points

You're off to a great start! If you have historical data available from similar jobs in the past, it's essential to review this data often so you can make operational changes to your business. You need to determine precisely where you are able to improve cost-effectiveness in order to apply that information to future jobs resulting in more accurate bids and more profitable jobs.

- **If no** | 0 points

Crafting an effective bid is far more nuanced than just being the lowest bidder. Understanding if a bid was over or underbid is essential to building a profitable business. If you're finding this balancing act challenging, you're not alone. Studies show that up to 60% of contractors overbid on jobs. If you take the time to understand the accuracy of your bids, you'll find profit where none existed before. Did you underperform? If so, why? Did you overperform? If so, you need to determine precisely where you were able to improve efficiency or cost-effectiveness and then apply that approach to future jobs. The more granular you can get with tracking and accounting costs, the more personalized and comprehensive your bids will be.

4. Do you easily know which of your invoices are outstanding/overdue, and their amounts?

- **If yes** | 10 points

Excellent! Continue to follow best practices by always sending invoices on time, look for ways to automate your follow-up process, and ensure that you are creating clear, easy-to-understand invoices.

- **If no** | 0 points

Invoicing is one of the most important elements of managing the financial health of your business. We recommend that you keep track of your job progress and produce reports. Implement a centralized system that can keep track of invoice status. Ideally, this system would provide an automated reminder system that would provide alerts when clients are not paying on time. Beyond tracking, you should ensure that you are sending your customers clear, easy-to-understand invoices. Utilize digital tools to quickly compile and create professionally formatted progress invoices. Lastly, accelerate your cash collection cycle by sending electronic payment links to streamline the payment process.

Your results

Part 2. Organization and processes

5. How many of your office-side processes (timecards, estimates/quotes, invoices, etc.) are done by paper, email, text, or excel?

- **All** | 0 points

Although it can seem daunting to transition to a digital process, the improvements to the organization and profitability of your business are boundless. Not only does digitizing your operations improve efficiency, but it also improves tracking, reporting, and decision-making. When your processes are automated, easily accessible, and scalable, you can create an interconnected system that eliminates the need for double data entry. We recommend moving all of your office-side processes (timecards, estimates/quotes, invoices, etc.) to a digital solution.

- **Some** | 5 points

While you're on the right track, it's time to consider going completely digital. Leveraging technology will give you a clear advantage over your competition; if used correctly you'll win more jobs, keep costs under control, and show customers that you are forward thinking. The construction industry as a whole is going through a digital transformation.

- **None** | 10 points

You're ahead of the game. Leveraging technology will give you a clear advantage over your competition; if used correctly you'll win more jobs, keep costs under control, and show customers that you are forward thinking. Continue to find ways to improve your operation through digital solutions.

6. How often do you or your team find yourselves staying late or working on the weekend to keep up with admin work/enter data?

- **Always** | 0 points

Whatever the reason for getting into your trade, we're willing to bet it wasn't because you love doing mountains of paperwork, entering data into spreadsheets, or tracking down payments. Spending an exorbitant amount of time on administrative tasks will leave you burnt out and with little time to focus on your craft. You will also be costing yourself money as these are unbillable hours as a business owner. Fortunately, you can make big changes that will lead to big results. Start by adopting digital tools designed to simplify your operation. The right software will keep all documents in one place. Helping you stay organized, minimize paperwork, and save time. This has the power to drastically improve organization and workflow. All combined this will cut down the time you spend on time-sucking admin work for everything from drafting proposals to collecting payments.

Your results

Part 2. Organization and processes

- **Sometimes** | 5 points

Whatever the reason for getting into your trade, we're willing to bet it wasn't because you love doing mountains of paperwork, monitoring contracts, or tracking down payments. If you're spending an exorbitant amount of time on admin tasks, you aren't alone. The average small business owner spends around 16 hours a week on administrative tasks—the equivalent of two full days in a week! This leaves you little time to focus on what you love doing. Start by adopting digital tools that are designed to simplify your business. Control all your jobs, budgeting, bidding, time tracking, and change order management in one tool so you can keep an accurate pulse on your entire business at all times. All combined, the right software has the power to dramatically cut down the time you spend on time-sucking admin work.

- **Never** | 10 points

Keep up the good work! You are likely already taking advantage of digital tools and software. It's crucial that you continue to collect data to help you understand performance at the business, project, and team level so you can further optimize your admin workflow.

7. How are you collecting payment from clients?

- **Electronically (ACH and credit cards)** | 10 points

Great job! Collecting payments via electronic means ensures timely, accurate, and easily trackable financials.

- **Paper checks** | 5 points

Paper checks were once the standard for conducting business, however, they are quickly phasing out. The number of paper checks being written is dropping by more than 1.8 billion a year. By 2026 paper checks will be virtually extinct. Although you may have been using them for decades, it's likely time you consider modernizing your payment process. Through technology, you now have the means to send electronic payment links, collect credit card and e-check/ACH payments, and accelerate your overall cash collection cycle. Make life easier for you and your clients by simplifying your payment process.

- **Other** | 0 points

Be sure that your system is efficient and works well for your needs. The easier you can make the payment process the better. This will usually mean going through a digital process. Through technology, you now have the means to send electronic payment links, collect credit card and e-check/ACH payments, and accelerate your overall cash collection cycle. Make life easier for you and your clients by simplifying your payment process.



Your results

Part 2. Organization and processes

8. Which of the following best describes your sales pipeline?

- **I have clear visibility and no concerns | 10 points**

Great work! It's crucial to keep tabs on the number of deals you have in the pipeline along with the size of those deals. Use this data along with sales velocity (how quickly a prospective client moves through your pipeline) to track bid-win rates. If you don't know your bid-win rate, you should. Your bid-win rate can reveal invaluable information to your overall operations like what type of jobs or customers are providing you the most business. From there you can better determine how many jobs you should be bidding for and what type of jobs you should be targeting.

- **Some new jobs and some concern | 5 points**

You're on the right track! It's crucial to keep tabs on the number of deals you have in the pipeline along with the size of those deals. Use this data along with sales velocity (how quickly a prospective client moves through your pipeline) to track bid-win rates. If you don't know your bid-win rate, you should. Your bid-win rate can reveal invaluable information to your overall operations like what type of jobs or customers are providing you the most business. From there you can better determine how many jobs you should be bidding for and what type of jobs you should be targeting.

- **Struggling and hoping for closed deals | 0 points**

If you're struggling to create an effective sales pipeline you're not alone. 50% of trades experience a significant impact on productivity due to poor logistics and a lack of an effective sales pipeline. The good news is that with just a few steps you can build a great sales pipeline that will foster more leads and generate more sales. First, it's important to know your numbers. Calculate how much revenue you need to generate each week, month, and year to make a profit. Second, you need to track how you are doing against those profit goals. Use a system that tracks proposals and bid-win rates. Your bid-win rate can reveal invaluable information to your overall operations like what type of jobs or customers are providing you the most business. From there you can better determine how many jobs you should be bidding for and what type of jobs you should be targeting. Allowing you to focus on the jobs that are most profitable for your business.



Your results

Part 3. Financial health

9. Do you know what your average job-level profit margin was in the last six months?

- **If yes** | 10 points

Well done. Now it's time to check your profit margin to ensure you're pricing correctly. The average net profit margin in the construction industry is around 6%. Know where you stand against this metric and always job cost to build a steady database of your business's performance. Knowing your job profit margin is crucial because it allows you to forecast your hiring/expansion, and determine where you'll need to cut costs or increase your bids or markup.

- **If no** | 0 points

You answered no which means you are missing a key metric that helps determine business success and profitability. Knowing your job profit margin is crucial because it allows you to forecast your hiring/expansion, and determine where you'll need to cut costs or increase your bids/markup. Profit margin is a gauge of how much money each job actually brings in. On a technical level, it indicates how many cents of profit is made for each dollar of sale. Through job costing you can determine how to price jobs as a contractor. From there you'll know how to adjust your profit margin accordingly when creating and submitting bids. Finally, using business software can help pinpoint where your profit margin currently stands along with what margin you should be targeting to maximize business earnings.

10. How would you describe invoicing for your business?

- **Quick and easy** | 10 points

You're doing great! Though, it's important that you continue to stay on top of your invoicing process. Find ways to further improve efficiency and always ensure your invoices are clear and accurate.

- **Not too bad** | 6 points

An efficient invoicing process is essential to any business. In the contracting world, however, it's even more essential as progress billing, compliance requirements, change orders, and lengthy projects can quickly complicate things. Aside from implementing an online payment system ensure you are following general best practices: Always send invoices on time, incentivize early payment (and penalize late payment), consistently follow up on sent invoices, and finally, ensure you are creating clear, easy-to-understand invoices. The faster you can send out an invoice the faster you can get paid. By leveraging the right software you can send out invoices with clarity and urgency.



Your results

Part 3. Financial health

- **Painful and time intensive | 0 points**

An efficient invoicing process is essential to any business. In the contracting world, however, it's even more essential as progress billing, compliance requirements, change orders, and lengthy projects can quickly complicate things. There are several steps you can take to improve your process in short order: Always send invoices on time, incentivize early payment (and penalize late payment), consistently follow up on sent invoices, and finally ensure you are creating clear, easy-to-understand invoices. To take things further you can streamline all of the above by using digital invoicing software. The faster you can send out an invoice the faster you can get paid. By leveraging software you can send out invoices with clarity and urgency.

11. Do you know the total hourly labor burden for each of your employees, including workers comp, taxes insurance, etc.?

- **If yes | 10 points**

Including labor burden is crucial for understanding the true profitability of your business. If you don't account for your total labor burden, your job costing could be off by as much as 50% when the job is all said and done. Don't forget to reference payroll reports and workers' compensation and health insurance plans. The information on these reports should always be accounted for when job costing.

- **If no | 0 points**

If you don't have an accurate picture of your overall labor burden, your profit will appear bigger than it actually is and your job costing could be off by as much as 50%. To start accounting for labor burden, reference your payroll reports. There, you should be able to find taxes, unemployment insurance, and other fees you pay via your payroll provider. Next check workers' compensation and health insurance plans. These are all significant sources of cost that affect the profitability of every job. Labor burden needs to be a vital part of the equation when you are estimating or crafting bids.



Your results

Part 3. Financial health

12. How simple is it for you to reference detailed costs from prior jobs, in order to budget and add appropriate markup estimates for new jobs you are bidding on?

- **Easy** | 10 points

Easily accessible data from prior jobs is invaluable for improving your business. If you can quickly access this data you'll be able to create more accurate estimates and bids, speed up the time it takes to make them, and be more profitable on every job.

- **Difficult** | 0 points

It is not enough to have data unless you can access it and use it when you need it most. Having a digital system in place that enables you to pull up past cost data from prior jobs will drastically improve the time it takes to craft accurate bids and estimates. Meaning you can send out more bids and complete more jobs. You should be analyzing why and how of your past jobs. Why did the cost come out the way it did and how could you have reduced the cost? Ask yourself these questions, develop solutions that would have improved the project and apply these to your next job.



Final score

[100 - 120 points] — Excellent

Your business tracking, reporting, organization, and financial health are in great shape! It's crucial you continue to optimize your job costing and double down on improving communication, project management, and invoicing procedures. This will ensure that you continue to find profitable, sustainable jobs that your team can execute confidently. Continue to collect data to help you understand performance at the business, project, and team level—so you can make the right decisions for years to come. Be sure to read the detailed feedback below to see where there's still room to optimize the way you work.

[75 - 95 points] — Commendable

You've built an incredible business and have some great processes in place to manage your team, projects, and finances. Don't settle for where you are now! With a few small changes, you can achieve even greater profit on every job, and save time in the process. It's crucial that you stay organized enough to answer detailed questions about the financial health and processes within your business. This information needs to be top of mind and easily accessible. Ensure you're job costing consistently and accurately, to understand where you're making or losing money on every job. Be sure to read our feedback on each question to see what you're doing well and where you could make improvements. With a few tweaks, you can build more trust with customers and make better decisions for your business.

[50 - 70 points] — Satisfactory

You've built a strong business and have some processes in place to ensure that jobs are profitable and performed the right way. Even better—there's still tons of room to improve your project and team management to generate more profit on every new job you take on. With a few changes, you can improve overall business operations and profitability. Ensure you're job costing by breaking down your costs by materials, labor, equipment, and job phase to understand what changes you should be making in the future to increase your margins. Be sure to read our feedback on each question to see what you're doing well and where you could make improvements. With a few tweaks, you can build more trust with customers and make better decisions for your business.

[0 - 45 points] — Needs improvement

You're building a successful business, one step at a time. As you take on new or more complex projects and expand your team, you'll want to think about how you stay organized and on top of project and financial details. Below, we've pooled together some comprehensive suggestions on what actions to take to get things under control and organized, quickly. The first step to improving is to identify missed opportunities, and then make meaningful changes to take advantage of those opportunities the next time around. Understanding your business performance starts with understanding why each project and team is performing the way it is, which is why it's crucial that you create detailed budgets and track job costs for every project you take on. From there, utilizing the right technology and tools will allow you to simplify the administrative tasks that go along with each job, like drafting proposals, scheduling, tracking invoices, and collecting payment, which will allow you more time to focus on what's important: your team and trade. Be sure to read our feedback on each question to see what you're doing well and where you could make improvements. With a few tweaks, you can build more trust with customers and make better decisions for your business.



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