

“Contracting isn't easy, and in my early days I made it much harder than it needed to be. But Josh's practical approach--and his proven track record--put simple but powerful concepts in the hands of construction owners. Concepts that, if put in place, will dramatically change the arc of your enterprise--and your life. As I read this book, I thought out loud (and also asked Josh): where were you in the mid-90s when I was struggling to get off the ground and gain altitude?!?! Reading this book and following its concepts is almost guaranteed to make you a more capable contractor.”

*Herb Sargent,
Board Chair at Sargent*

“Most contractors don't have a money problem. They have a visibility problem. Josh has built the rare book that fixes it the right way: not with a pep talk, but with a system. Eight steps, one monthly cadence, and a set of numbers you can actually hold your business to. Every chapter earns its place with a real contractor and a real result. If you want control and clarity over where your money goes, read this and then do what it says. The process works. Whether you show up for it is the only variable left.”

*Dany Ortega,
Founder for Concrete Bookkeeping & Consulting*

Chapter 2

EQUIPMENT COST BASIS

Blake is a \$7.1 million civil contractor self-performing concrete, earthwork, utilities, curb and gutter, grading, and clearing. He had 34 pieces of equipment and 14 trucks, but none were tracked individually for job costing. Instead, they were all in overhead and individually estimated as one all-in hourly rate.

For example, their skid steer price was \$450 an hour or \$950 a day, which sounds reasonable until you do the math.

- \$950 a day just to have it on site
- \$200 to mobilize and stage it
- Eight gallons an hour for fuel
- \$47 an hour for an operator

So when a task only takes two hours, they would deploy the skid steer and bill two hours at \$450. But they lost money

■ THE PROBLEM WITH BUNDLED RATES

Most subs bundle everything into one all-in daily or hourly rate (equipment, operator, and fuel together) because it sounds logical. But it's not, and here's why: when everything is lumped together, you cannot see *where* you are over or under. You don't know if you went over on fuel, if the crew used the equipment longer than planned, or if labor took more hours than estimated. You just know you lost money.

So when a project that was supposed to be eight-hour days becomes 10- or 12-hour days for a week, you have massively underestimated labor, but you can't see it until all costs add up past the budget and then you can't stop it. You have to break them out individually so you can track each one weekly/monthly against your plan.

■ HOW TO CALCULATE YOUR EQUIPMENT COST

Now you can see why equipment cost basis is the best way to break down costs for your business. It is your true hourly, daily, weekly, or monthly cost to own and operate a specific piece of equipment based on how long you plan to keep it, what you will spend on maintenance and insurance over that time frame, and what it will cost to replace in the future.

The equipment cost basis spreadsheet walks you through this step by step. Let's break it down together. The spreadsheet divides everything by annual working days and provides daily, weekly, and monthly rates. The daily rate is used in job costing.