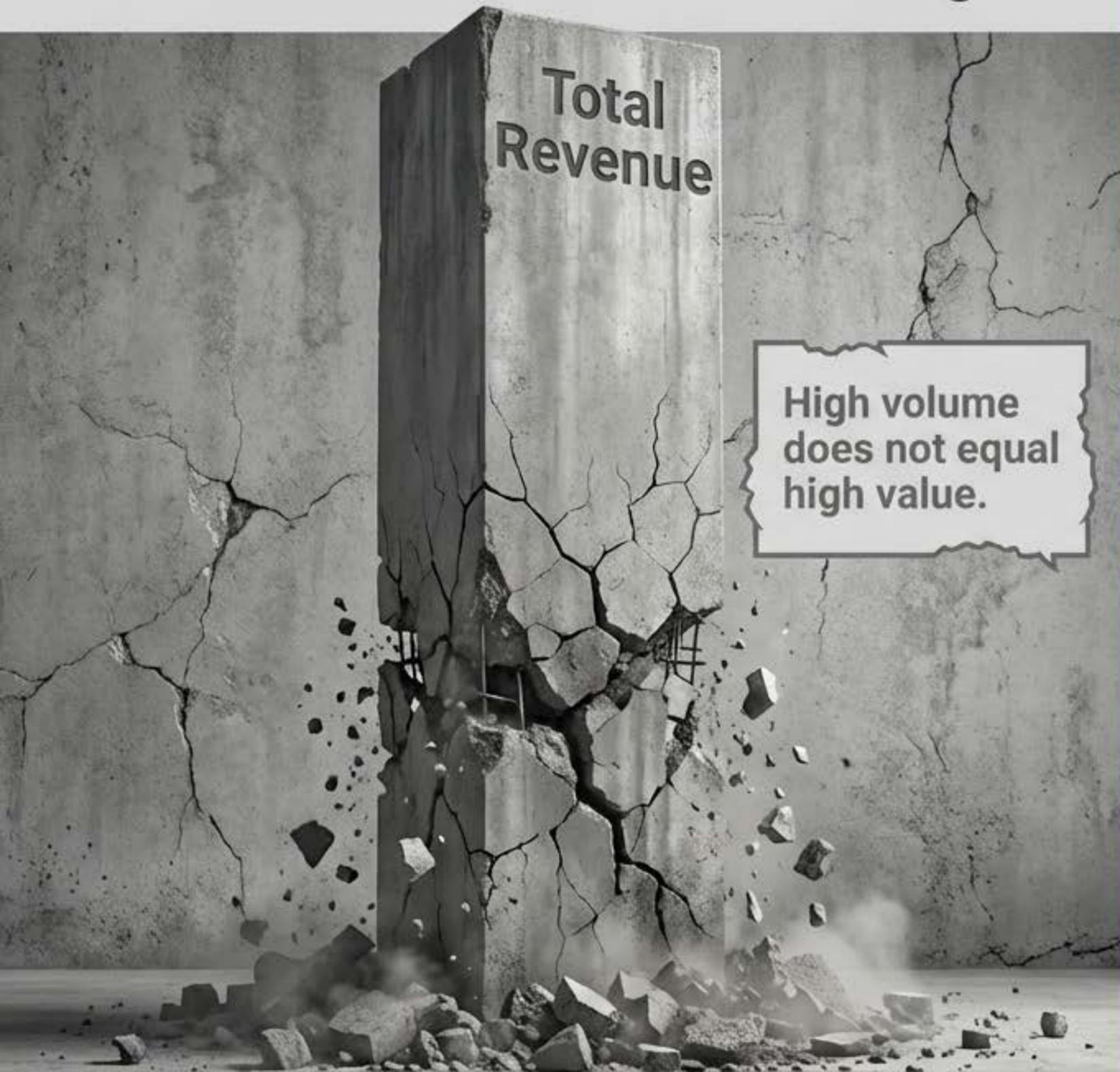


Which three metrics truly drive my General Contractor business value, and why?

Top-line revenue is a vanity metric in General Contracting



Three core metrics dictate your true enterprise multiplier.



**Committed Backlog
Gross Margin**

Quality of future earnings.



**WIP Over/Under
Billing Ratio**

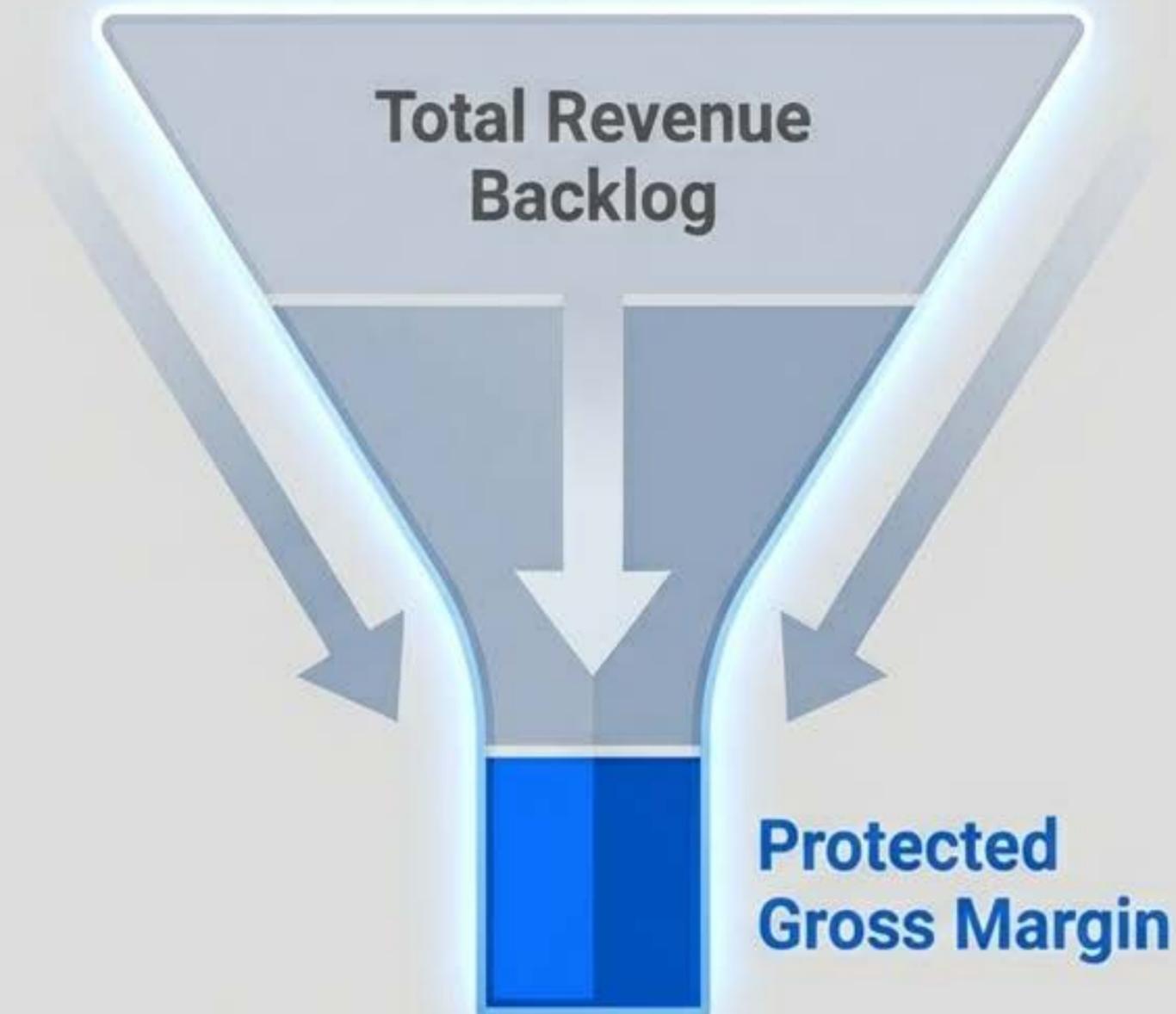
Capital efficiency.



**Client & Sector
Concentration**

Diversification of risk.

Metric 1: Committed Backlog Gross Margin measures the quality of your future.



Definition:

(Total Anticipated Gross Profit from Signed Contracts) - (Historical Margin Fade)

It is not about how much work you have lined up; it is about how much profit is legally protected in that pipeline.

High-margin backlog acts as an insurance policy for potential buyers.

Company A

\$50M backlog at 4% margin



Lower Valuation Multiplier

Company B

\$30M backlog at 12% margin



Premium Valuation Multiplier

A high committed gross margin proves accurate estimating, strong project management, and cushions the business against unexpected macroeconomic downturns or supply chain shocks. Buyers pay a premium for this cushion.

Operationalize your pre-construction estimating to protect future margins.



Implement strict Go/No-Go project filters before bidding.



Embed rigid contingency buffers into all pre-construction estimates.



Track and penalize margin fade from estimate to project completion.

Metric 2: Work-In-Progress (WIP) Cash Position dictates your capital efficiency.

The Over/Under Billing Ratio.



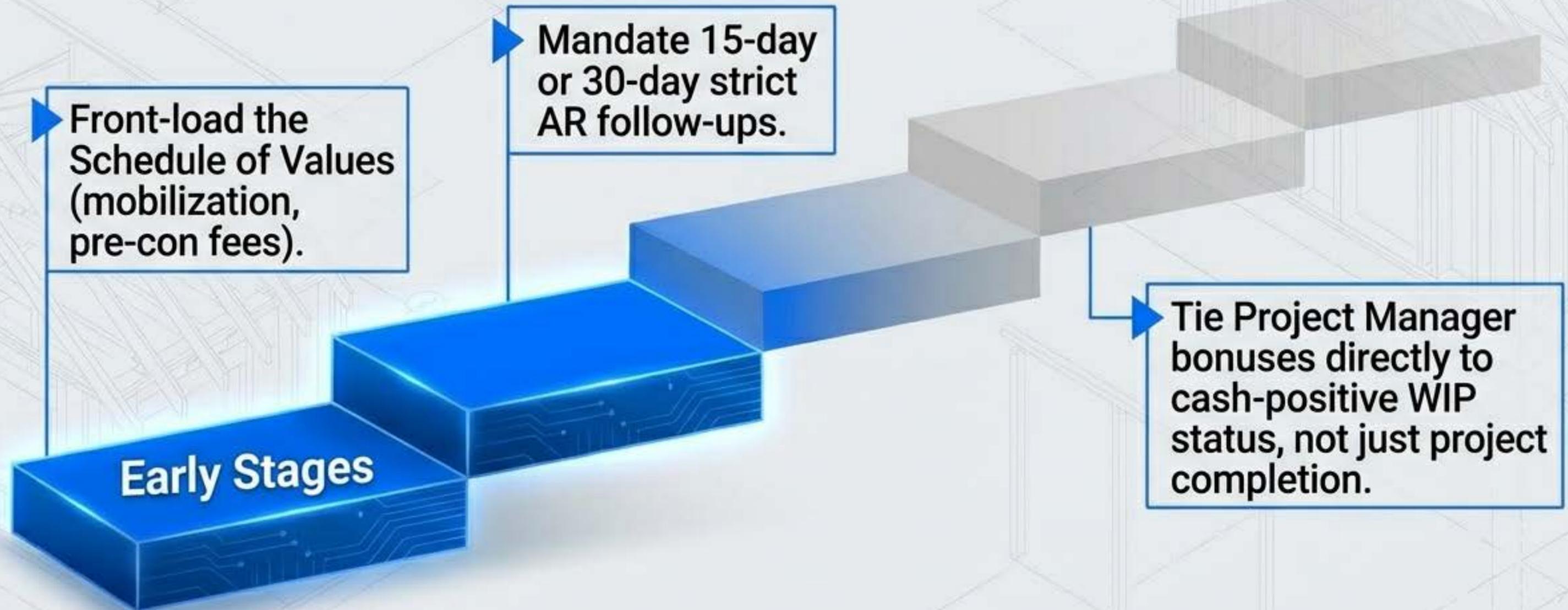
This metric reveals whether **your projects are funding themselves** or if your business is **bleeding working capital** to float your clients.

Consistent overbilling reduces the working capital a buyer must inject.

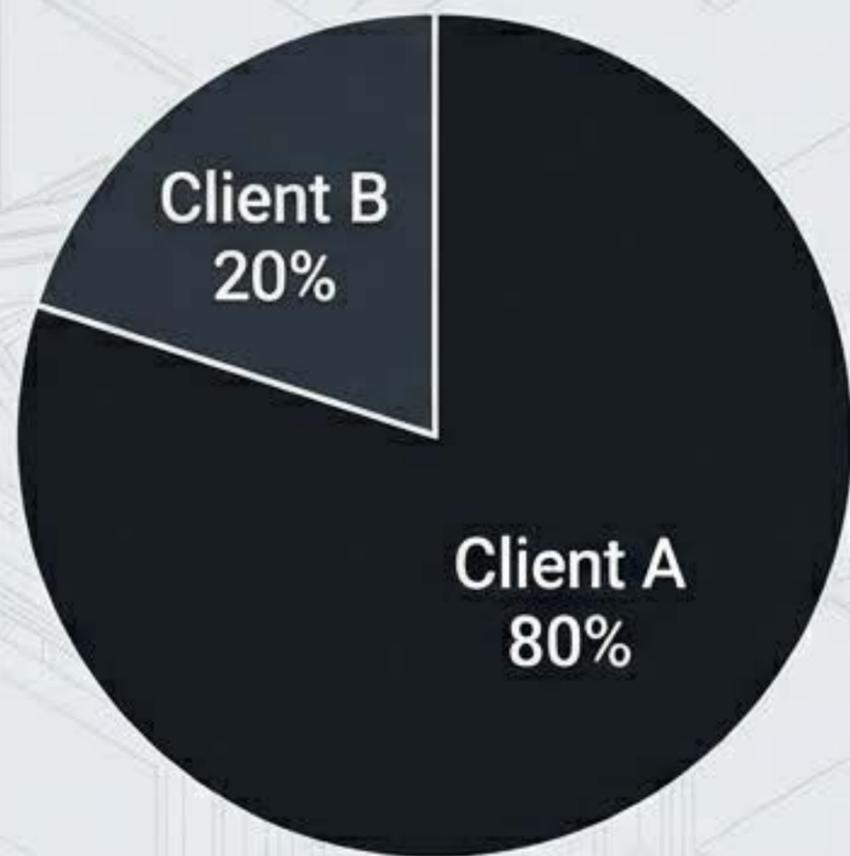


If a GC is chronically underbilled, a buyer must inject heavy working capital on day one just to keep projects moving. This directly lowers your final payout. Positive WIP cash flow proves operational efficiency and maximizes cash-at-close.

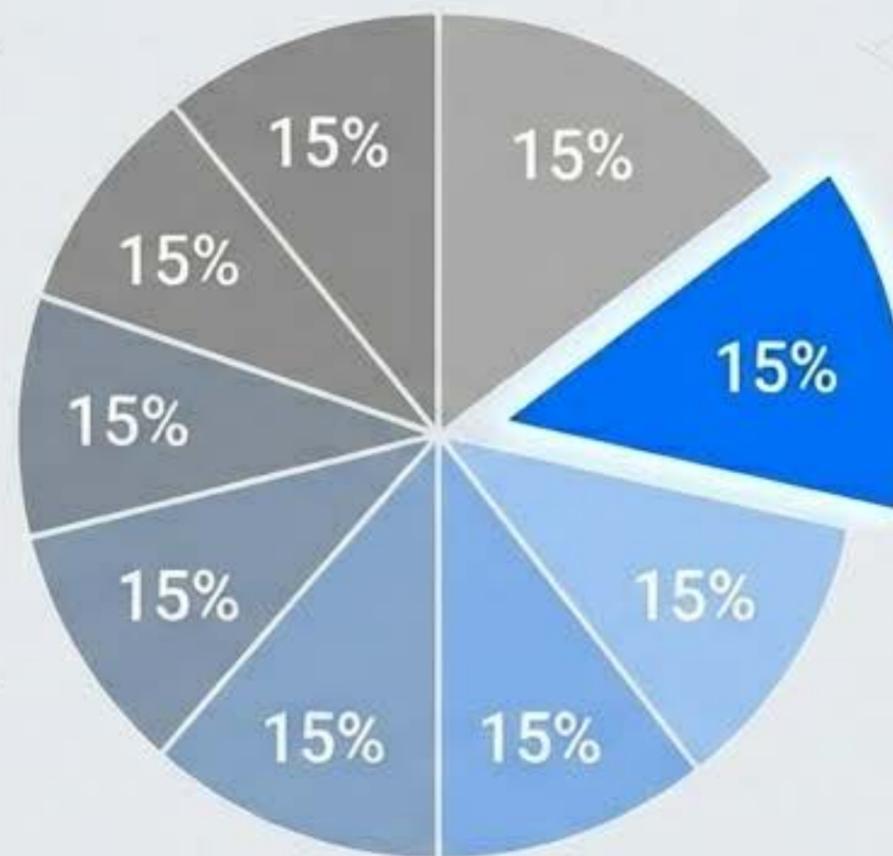
Accelerate your schedule of values and aggressively tighten billing cycles.



Metric 3: Client and Sector Concentration measures systemic business risk.



High Risk



Low Risk

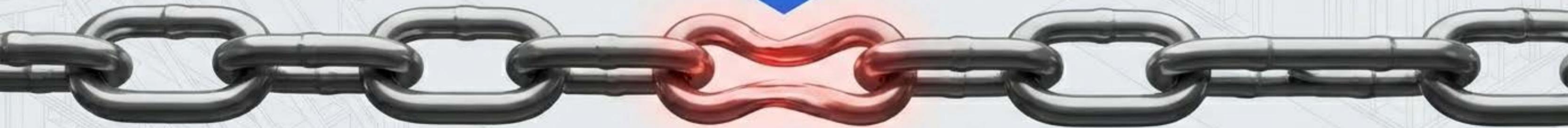
The Revenue Concentration Threshold.

If the loss of a single relationship threatens to capsize your P&L, you do not own a scalable business; you own a high-risk job.

**Single-point-of-failure dependencies
trigger steep valuation discounts.**

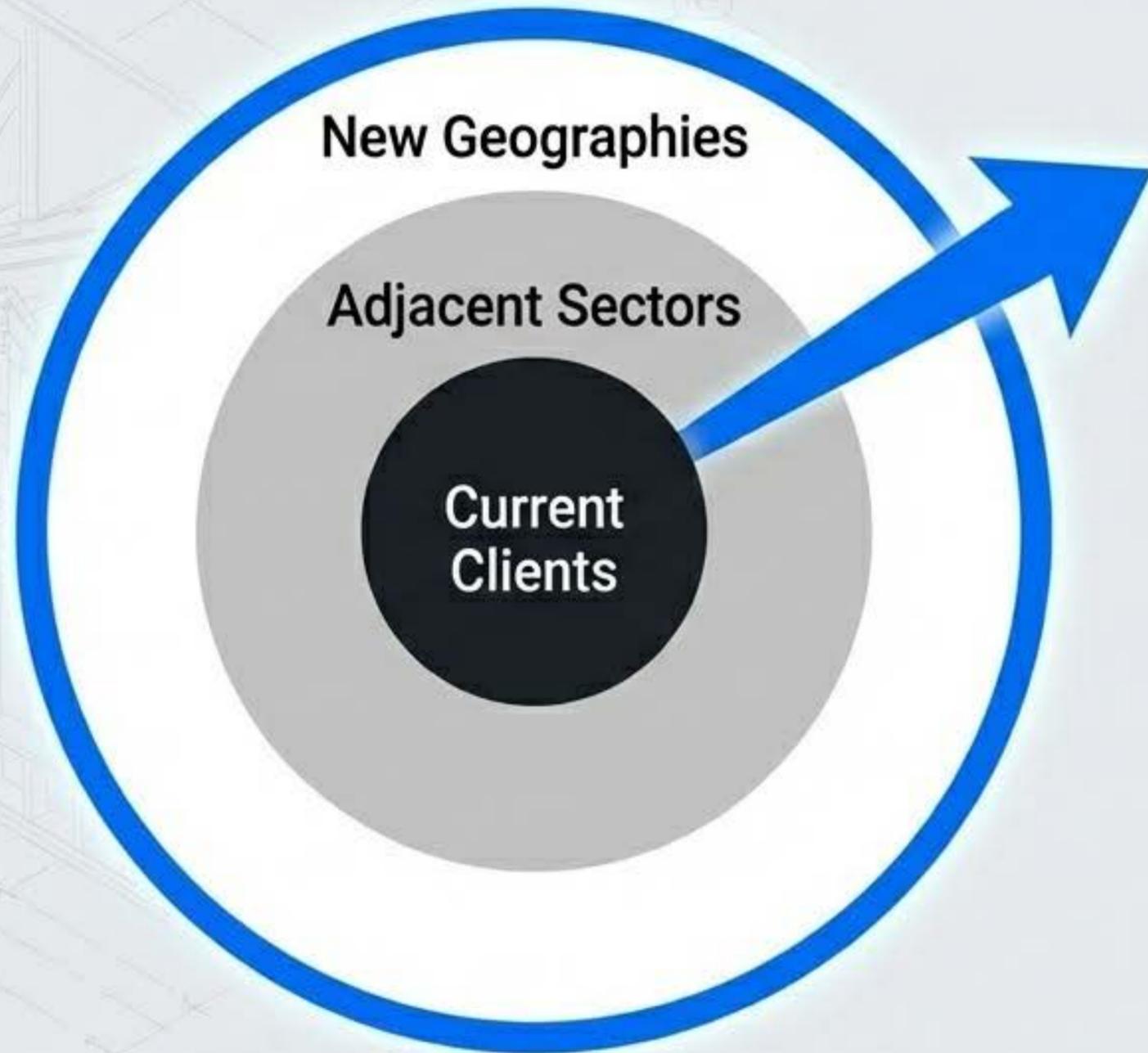


**The
Concentration
Penalty**



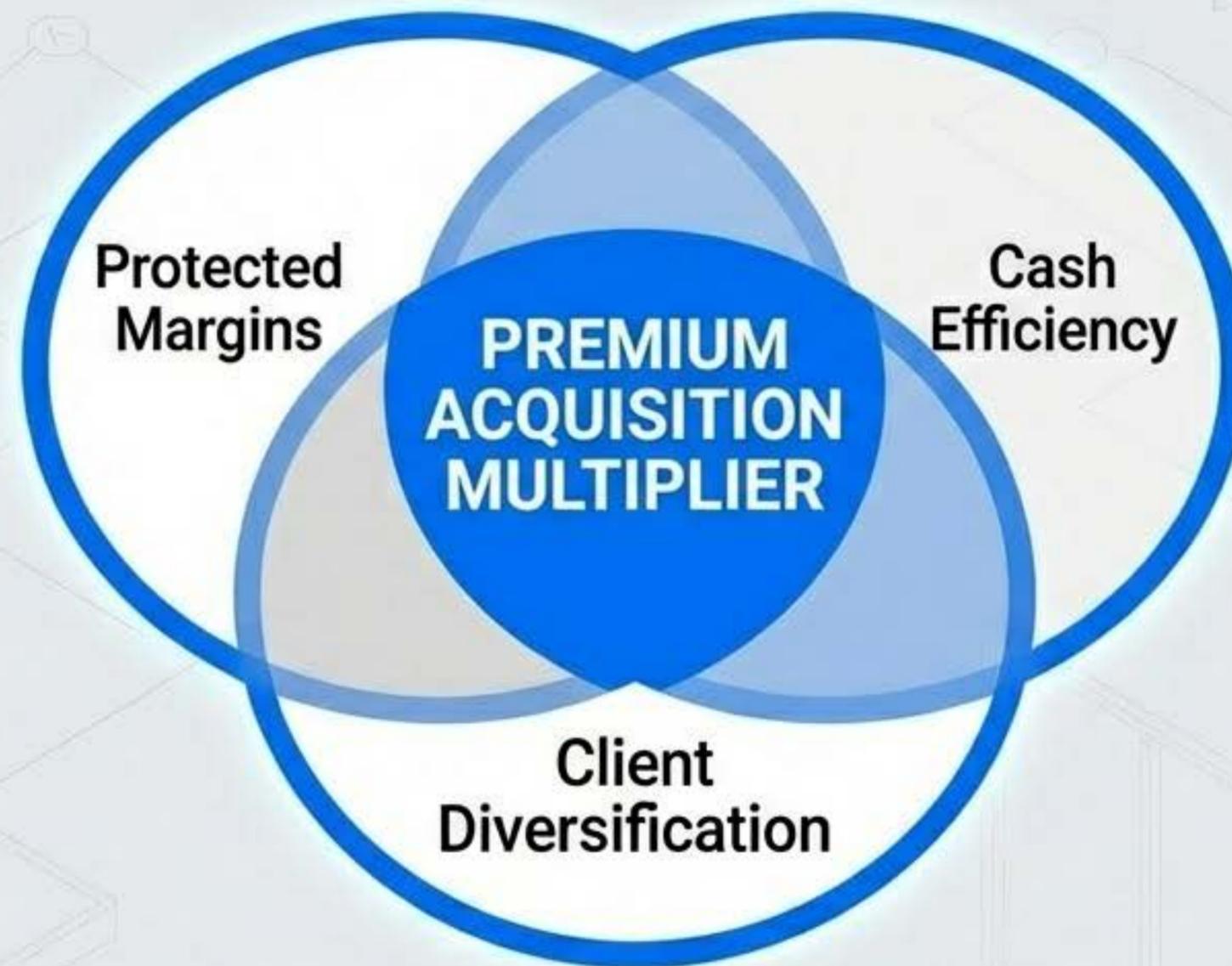
Acquirers severely discount—or entirely walk away from—GCs heavily tied to one client or one hyper-specific sub-sector. Diversification guarantees that the company survives leadership transitions, relationship changes, and isolated sector downturns.

Cap allowable revenue per client and proactively expand laterally.



- **Establish a policy:** No single client should represent more than 20% of total revenue.
- **Invest** targeted business development resources into historically counter-cyclical sectors.
- **De-risk** by expanding your footprint with institutional or recurring-revenue clients.

The Multiplier Effect creates exponential, lasting enterprise value.



These metrics do not operate in a vacuum. A GC that excels in all three shifts from a standard asset to a highly contested, premium acquisition target.

Transition from lagging indicators to a proactive valuation dashboard.

Committed Margin



WIP Status



OVERBILLED

Current Project Status

Top Client %



Revenue Concentration

Embed these three metrics into your Monthly Executive Review cadence immediately.

Build a general contracting firm that holds value beyond its founders.

Focus on the predictability of your profit, not just the volume of your revenue.