



The Level Index

2026

Financial Benchmarks from 2,200+ Contractors across HVAC,
Plumbing, Electrical, and Mechanical Trades

2,242
COMPANIES

\$13.25B
JOB REVENUE

8+
TRADES

50
STATES

EXECUTIVE SUMMARY

The 8 Numbers That Matter

These are the most striking findings from our analysis of 2,242 contractor companies representing \$13.25 billion in job revenue.

~15% of billed revenue in outstanding receivables

~15% of billed revenue sits in outstanding receivables (point-in-time snapshot). The median contractor has collected 85.1% of what they've billed (n=464). Some of this is normal AR (invoices not yet due), but the spread is massive — top decile sits at 96.0%. At 8% cost of capital, every \$1M in outstanding AR costs \$80K/year in financing.

\$280B industry slow-payment problem (Rabbet 2024)

Slow payments cost the U.S. construction industry \$280 billion in 2024 alone — approximately 14% of total construction spending (Rabbet 2024). 82% of contractors wait 30+ days past expected payment. The issue isn't just non-payment — it's the cash flow strain of financing your customers' projects.

91% of jobs have no cost data entered

Industry surveys confirm 70%+ of contractors don't do proper job costing (QuickBooks, Precision Accounting). Our data independently validates this: of 1.2M jobs, only 9% have both revenue and cost data. Among those, margins distribute normally at 20-50% — exactly what industry benchmarks predict.

~\$45M in AR at one contractor

One commercial contractor had ~\$140M billed and ~\$95M collected — roughly \$45M in outstanding receivables. Not all of this is 'lost' (some is normal AR, retainage, recent billing), but the financing cost at scale is significant.

-30% to 70% Service agreement margin range (P10 to P90)

Service agreement profitability varies more than any other metric. The P10-to-P90 band runs -30.4% to 70.3% across 259 contractors. Individual outliers are even wider — one contractor loses money on every service agreement, another runs 90%+ margins. The drivers: pricing discipline, scope control, customer mix, and cost visibility — no single factor explains the spread.

1.4% → 50% of service agreements hold half of all service agreement revenue

The top 1.4% of service agreements (those over \$100K ACV) account for 49.9% of total service agreement revenue. Service agreement portfolios follow a power law — a handful of accounts drive most of the value.

40% of jobs with tracked labor hours exceed estimated hours

Of jobs with both estimated and actual labor hours tracked, 40% exceed their estimated hours. 18.3% exceed it by more than 50%. The worst cases hit 179–552% of estimated hours. Without real-time job costing, you don't know until the job is done.

7 days real invoice delay (excluding progress billers)

The often-cited 1-day median is misleading — it includes ~25% who progress-bill before completion. Among post-completion invoicers, the median delay is 7 days. One in four waits 2+ weeks. Bottom 10% wait a full month.

AT A GLANCE

The Median vs. Top Quartile Gap

Every percentage point between median and top quartile is real money. On \$10M revenue, closing these gaps is worth \$500K–\$2M annually.

COLLECTION RATE

% of billed revenue you actually collect as cash

85.1% median

92.7%

top quartile

Gap: 7.6 pts

BILLING SPEED

Days from job completion to first invoice*

1.0d* median

-3.3d

top quartile

Gap: 4.3 days

BILLING CAPTURE*

Hours invoiced ÷ hours LOGGED ON JOBS (n=963). Not 'utilization', which divides by total paid hours — see methodology

97.1% median

100%

top quartile

Gap: 2.9 pts

QUOTE CONVERSION

% of quotes the customer said yes to (decided quotes only)

73.9% median

83.2%

top quartile

Gap: 9.3 pts

AVG BILL RATE

Labor component charged per tech hour (not total invoice — excludes trip, materials, overhead)

\$79/hr median

\$111/hr

top quartile

Gap: +\$32/hr

SERVICE AGREEMENT MARGIN

Profit kept on each maintenance contract after labor & parts

37.9% median

53.5%

top quartile

Gap: 15.6 pts

AGREEMENT PULL-THROUGH

Additional revenue from service agreement customers per year. 3-5x lifetime multiplier compounds through this annual rate

8.7% median

29.6%

top quartile

Gap: 20.9 pts

*Billing Speed: Raw median is 1 day including ~25% who progress-bill before completion (negative values = invoice sent before job closed). Among post-completion invoicers only, the adjusted median is 7 days. Top quartile (P25) is -3.3 days — these contractors invoice before the job is marked complete.

How to Use This Report

1

Find your numbers

Use the scorecard on page 16 to fill in your own KPIs. If you don't know a number, that's the most important finding.

2

Spot the biggest gaps

Where are you below median? Each section includes the dollar impact so you can prioritize by ROI, not gut feel.

3

Dive into the details

Pages 6–15 break down each metric with real examples, trade-specific data, and the exact levers to pull.

Five Pillars of Contractor Financial Health

Every metric in the Level Index maps to one of five pillars. Together they give you a complete picture of where money is made, lost, stuck, or at risk.



Cash Is your cash flowing — or stuck?

Metrics: Collection Rate · Billing Speed · Billing Capture · Unbilled Work



Labor Is your workforce generating returns?

Metrics: Rate Card Distribution · Labor Hours vs. Budget · Construction Workforce Churn



Earnings Are you pricing profitably?

Metrics: Service Agreement Margin · Avg Bill Rate · Est. vs Actual Hours · Job Size Distribution



Accounts Are you winning new work — and keeping it?

Metrics: Quote Conversion · Pull-Through · Add-On Sales · Customer Concentration



Risk Are you exposed?

Metrics: Market Contraction · Customer Concentration · Credit Risk

How to use CLEAR: Score yourself on each pillar. If you're below median on any two pillars, you likely have six-figure upside in financial optimization. The deep dives on pages 7–17 break down each metric with real examples and the exact levers to pull.

CORE BENCHMARKS

Where Do You Stand?

Nine KPIs that determine contractor financial health. Each shows the full distribution from bottom 10% to top 10%. Find where you fall.

Collection Rate

n = 464 companies

P10 38.8%	P25 70.7%	MEDIAN 85.1%	P75 92.7%	P90 96.0%
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What this means: Percentage of billed revenue actually collected. At \$10M revenue, the gap between median and top performers is roughly \$1.1M per year. Excludes companies with under \$100K invoiced and those with partial-year data.

Billing Speed

n = 733 companies

P10 -11.9d	P25 -3.3d	MEDIAN 1.0d*	P75 5.5d	P90 11.2d
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What this means: Days from job completion to first invoice. *Raw median is 1 day including ~25% who progress-bill before completion. Among post-completion invoicers only, the adjusted median is 7 days. One in four waits over two weeks. Every day of delay costs you float and increases non-payment risk.

Billing Capture*

n = 963 companies

P10 66.9%	P25 89.2%	MEDIAN 97.1%	P75 100.0%	P90 102.0%
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What this means: Hours billed ÷ hours logged on jobs. NOT the same as 'utilization' (65-80% industry avg, which includes drive time, admin, training). This measures: of hours a tech logs on a job, how many make it onto an invoice? Over 100% = overtime billed at premium rates.

Quote Conversion*

n = 794 companies

P10 47.1%	P25 61.0%	MEDIAN 73.9%	P75 83.2%	P90 90.0%
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What this means: Won ÷ (Won + Lost) — decided quotes only. Industry 'close rates' (15-40%) include pending/open quotes in the denominator, which is why our number looks higher. This measures: when a customer makes a decision, how often do you win?

Avg Bill Rate

n = 1,770 companies

P10 \$39	P25 \$55	MEDIAN \$79	P75 \$111	P90 \$148
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What this means: Labor component of what you charge per tech hour — not the total customer invoice (which includes trip charges, materials, overhead). Varies by state, trade, and role. Commercial-heavy dataset. IL averages \$128/hr; MS averages \$74/hr.

KPIs 6-9

Service Agreement Margin

n = 259 companies

P10 -30.4%	P25 20.5%	MEDIAN 37.9%	P75 53.5%	P90 70.3%
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What this means: Profit on service agreement revenue after direct costs. Industry cites 55-75% for residential-only maintenance plans — our lower median reflects a commercial-heavy mix (equipment costs, multi-visit scopes). Our P75-P90 (53-70%) aligns with residential benchmarks.

Labor Hours: Actual % of Budget

n = 315,393 companies

P10 n/a	P25 70.1%	MEDIAN 99.4%	P75 131.1%	P90 n/a
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What this means: Actual labor hours ÷ budgeted labor hours, per JOB. 100% = on budget. The median lands on budget (99.4%) but the MEAN is 119%, because 40% of jobs exceed their hour budget and 18.3% run past 150% of it. Read both: the median alone makes estimating look solved, the mean alone makes it look broken. Only jobs carrying both a budget and an actual are counted.

Agreement Pull-Through

n = 386 companies

P10 0.3%	P25 1.5%	MEDIAN 8.7%	P75 29.6%	P90 93.4%
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What this means: Additional revenue from service agreement customers as % of agreement value, measured annually. The 3-5x lifetime value multiplier (widely cited across HVAC/plumbing operator literature) compounds through this annual pull-through over 5-10 years of retained relationship. Top quartile (29.6%) is the realistic operational target.

Agreement Rev / Employee

n = 217 companies

P10 \$5.9K	P25 \$11.4K	MEDIAN \$28.5K	P75 \$64.1K	P90 \$150.5K
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What this means: Annual service agreement revenue generated per employee (directional, Level engagement observation). Measures how efficiently your workforce drives recurring revenue.

How to use this data: Circle where you fall on each metric. If you're below median on 3+ KPIs, you likely have six-figure upside in financial optimization. If you don't know your numbers for a given metric, that's the most important finding of all.

BILL RATES BY STATE

What Contractors Charge Across the U.S.

Hourly labor bill rates from 1,770 commercial-focused contractors (HVAC, mechanical, plumbing, electrical). Rates reflect the labor component charged per technician hour — not the total customer invoice, which includes trip charges, materials markup, and overhead. Use for relative benchmarking across states, not absolute pricing.

State		Median	P75	P90	n
IL	Illinois	\$128	\$148	\$172	112
NY	New York	\$120	\$145	\$175	134
HI	Hawaii	\$118	\$142	\$168	30
MA	Massachusetts	\$118	\$142	\$168	76
DC	Washington DC	\$118	\$144	\$170	30
CT	Connecticut	\$115	\$140	\$166	42
NJ	New Jersey	\$115	\$140	\$165	82
WA	Washington	\$108	\$132	\$158	68
RI	Rhode Island	\$108	\$132	\$158	30
AK	Alaska	\$105	\$130	\$155	32
MD	Maryland	\$105	\$130	\$156	61
CO	Colorado	\$102	\$126	\$151	72
NH	New Hampshire	\$102	\$126	\$150	34
OR	Oregon	\$102	\$126	\$152	52
NV	Nevada	\$98	\$122	\$148	48
PA	Pennsylvania	\$98	\$122	\$148	104
DE	Delaware	\$98	\$122	\$146	32
VA	Virginia	\$98	\$122	\$148	74
MN	Minnesota	\$96	\$118	\$142	58
VT	Vermont	\$96	\$118	\$142	30
UT	Utah	\$95	\$118	\$142	48
AZ	Arizona	\$95	\$118	\$142	89
CA	California	\$113	\$138	\$167	187
TX	Texas	\$92	\$116	\$142	168
ME	Maine	\$92	\$114	\$138	34
FL	Florida	\$88	\$112	\$138	156

State		Median	P75	P90	n
MI	Michigan	\$88	\$110	\$134	78
ID	Idaho	\$88	\$110	\$134	38
MT	Montana	\$88	\$110	\$134	32
WI	Wisconsin	\$88	\$110	\$134	52
WY	Wyoming	\$88	\$110	\$134	30
OH	Ohio	\$86	\$108	\$132	92
GA	Georgia	\$85	\$108	\$132	94
ND	North Dakota	\$85	\$108	\$132	30
MO	Missouri	\$84	\$106	\$130	62
NC	North Carolina	\$84	\$106	\$130	86
IN	Indiana	\$82	\$104	\$128	54
IA	Iowa	\$82	\$104	\$128	42
LA	Louisiana	\$82	\$105	\$130	52
NM	New Mexico	\$82	\$104	\$128	34
TN	Tennessee	\$82	\$104	\$128	64
KS	Kansas	\$80	\$102	\$126	40
SC	South Carolina	\$80	\$102	\$126	52
SD	South Dakota	\$80	\$102	\$126	30
NE	Nebraska	\$80	\$102	\$126	36
AL	Alabama	\$78	\$98	\$121	68
KY	Kentucky	\$78	\$100	\$124	48
OK	Oklahoma	\$78	\$100	\$124	46
AR	Arkansas	\$75	\$96	\$118	38
WV	West Virginia	\$75	\$96	\$120	30
MS	Mississippi	\$74	\$94	\$116	34

How to use this: Find your state. If you're below the median, you may be underpricing labor — or your trade mix differs. The 70%+ gap between top and bottom states reflects cost-of-living, prevailing wage laws, and trade mix. Compare against your specific trade's local market rate, not just the state average. States with fewer than 35 companies (HI, DC, AK, VT, RI, NH, WV, SD, ND, ME, DE) have thinner samples.

Source: Level's proprietary contractor benchmark research (rate cards across 1,770 contractors). Dataset skews commercial. Rates are blended across HVAC, plumbing, electrical, and mechanical — a state's trade mix affects its average. These are labor bill rates, not total invoice rates.

MARGINS BY JOB TYPE

Not All Revenue Is Created Equal

Gross margins vary dramatically by job type. Service-heavy contractors consistently outperform project-heavy ones.

Job Type	Bottom Quartile	Median	Top Quartile	Key Insight
Service Calls	35%	50%	55%	Fastest cash cycle. Same-day invoicers in our data show higher collection rates. Callback cost (\$150-350 each) is the hidden margin killer.
Maintenance / PM Contracts	32%	44%	69%	Highest-margin work when priced correctly. The spread is enormous — some contractors run -23% on their service agreement book while top quartile runs 69%+.
Time & Materials	30%	40%	45%	T&M work expands by nature — a \$2,720 diagnostic can become a \$57K repair. That's not the problem. The problem: in our dataset, fewer than 10% of T&M estimates are formally sent to the customer before work starts. No paper trail = dispute risk on every overrun.
Install / Construction	15%	20%	25%	Retainage (5-10%) creates permanent cash drag. Progress billing is essential — top performers invoice 4 days before completion.
Commercial Projects	10%	15%	20%	Lowest margins, longest payment cycles. 56% of commercial jobs have no project manager assigned. Vendor concentration risk is highest here.

The takeaway: Service calls and maintenance contracts are where margin lives. Install and commercial projects drive volume but compress profit. The most profitable contractors run 60-70% of revenue through service work and use project work for market presence, not margin.

LABOR VS MATERIALS

Where Profit Actually Lives

Cost Category	Total Quoted	Gross Margin	Implication
Labor	\$19.6B	47.7%	Highest margin. Labor-heavy work = more profitable.
Materials	\$4.6B	29 – 34%	Lower margin. Markup needs to cover waste and warranty.
Equipment	\$620M	25.5%	Thin margin. Rental and depreciation eat into profit.
Subcontractors	\$468M	23.6%	Lowest margin. Sub management overhead often exceeds markup.

DEEP DIVE

The Service Agreement Power Law

A small number of high-value agreements drive the majority of service agreement revenue. Understanding your portfolio concentration is critical for revenue stability.

ACV Tier	Count	Total ACV	% of agreements	% of Revenue
Under \$1K	22,196	\$9.7M	26.6%	0.8%
\$1K – \$5K	28,589	\$74.2M	34.2%	5.9%
\$5K – \$10K	13,622	\$95.1M	16.3%	7.5%
\$10K – \$25K	11,879	\$184.1M	14.2%	14.6%
\$25K – \$50K	4,268	\$147.3M	5.1%	11.7%
\$50K – \$100K	1,770	\$120.7M	2.1%	9.6%
\$100K+	1,211	\$630.2M	1.4%	49.9%

The headline: 1,211 agreements (1.4% of total) generate \$630M — nearly **half of all service agreement revenue**. Average ACV in this tier: ~\$520K per agreement. If you lose one of these accounts, it's not a churn event — it's a financial crisis.

DEEP DIVE

Service Agreement Billing Patterns

How contractors structure their service agreement billing.

Billing Type	Count	Avg ACV	Companies
Recurring (monthly/quarterly)	65,971	\$13,509	898
Bill on completion	33,913	\$12,370	826
One-time	1,110	\$80,296	80
Non-billable / internal	1,064	\$0	117

DEEP DIVE

Invoice Size Distribution

2.5 million invoices totaling \$11.6 billion. Where your revenue actually comes from.

Invoice Size	Count	Revenue	% of Total Revenue
Under \$500	920K	\$250M	2%
\$500 – \$1K	542K	\$387M	3%
\$1K – \$5K	749K	\$1.6B	14%
\$5K – \$10K	134K	\$936M	8%
\$10K – \$25K	90K	\$1.4B	12%
\$25K – \$50K	34K	\$1.2B	10%
\$50K – \$100K	19K	\$1.3B	11%
\$100K+	16K	\$4.4B	38%

The insight: 38% of all contractor revenue comes from invoices over \$100K — but these represent less than 1% of total invoice count. Conversely, invoices under \$500 account for 36% of volume but only 2% of revenue. Your AR collection strategy should weight by dollar value, not invoice count.

DEEP DIVE

Job Margin Distribution

Where do jobs actually land on the profitability spectrum?

Margin Band	Jobs	Avg AR	Total AR
Severe loss (< -50%)	644	\$4,671	\$3.0M
Losing (-50% to 0%)	1,299	\$7,022	\$9.1M
Thin (0 – 20%)	17,295	—	—
Below avg (20 – 35%)	24,654	—	—
Healthy (35 – 50%)	14,094	—	—
Strong (50 – 65%)	15,965	—	—
Very strong (65 – 80%)	37,867	—	—
No job-level cost data*	1,109,204	\$11,208	\$12.4B

The industry's cost tracking gap: 1.1M jobs (91%) have revenue recorded but no cost data coded to the job. Industry surveys confirm this: **70%+ of contractors don't do proper job costing** (QuickBooks, Precision Accounting). Costs exist in payroll, AP, and PO systems — they just don't get allocated to individual jobs. Among the 9% of jobs WITH cost data, margins distribute normally at 20-50%, consistent with CFMA benchmarks. *The gap isn't a data bug — it's the industry's cost tracking problem, validated by our data.

AR Snapshot – Cash Tied Up in Receivables

This is a point-in-time snapshot of billed vs. collected revenue. Some of this is normal AR (invoices not yet due), retainage, or progress billing. But the spread between contractors reveals real differences in AR management discipline.

Company Profile	Billed	Collected	Outstanding AR	Collection %
Commercial HVAC contractor	~\$140M	~\$95M	~\$45M	~68%
Multi-trade contractor	~\$360M	~\$325M	~\$35M	~90%
Mechanical contractor	~\$180M	~\$160M	~\$20M	~89%
HVAC/Plumbing contractor	~\$130M	~\$115M	~\$15M	~88%
Residential contractor	~\$320M	~\$300M	~\$20M	~94%

Important context: Not all outstanding AR is 'lost' revenue. Some is normal working capital (invoices not yet due), retainage (5-10% held on commercial work), or recent billing. But the spread matters: a contractor at 68% collection has far more cash tied up than one at 94%. At 8% cost of capital, every \$1M in outstanding AR costs ~\$80K/year in financing. For an external anchor, the CFMA 2024 Construction Financial Benchmarker reports 56.6 days in accounts receivable (n=1,290).

Credit Risk: The Bad Debt Clock

Construction bad debt commonly runs **1.5-3% of credit sales**, higher than most industries. Collections-industry data has long shown recovery probability falling sharply as a receivable ages past 90 days. For a \$10M contractor, 2% bad debt = **\$200K/year** written off. The contractors who escalate at 30 days — not 90 — minimize both financing cost and permanent write-offs. 82% of contractors wait 30+ days past terms (Rabbit 2024). Over **90,000 mechanic's liens** were filed in the 12 months ending 2024 (NCS Credit).

Numbers rounded for anonymization. Collection % = total collected / total invoiced at time of measurement. Does not distinguish between AR not yet due and AR past due.

Rate Card Distribution by Role

How contractors set their rate cards — a mix of billing rates and loaded labor costs across 1,567 companies.

Role	P25	Median	P75	P90	Sample
Superintendent / Foreman	\$55	\$80	\$100	\$117	3,934
Journeyman	\$53	\$79	\$100	\$124	9,546
Technician (General)	\$42	\$59	\$82	\$104	19,662
Electrician	\$30	\$50	\$66	\$134	1,070
Apprentice	\$28	\$42	\$57	\$80	5,179
Helper / Laborer	\$21	\$29	\$54	\$77	1,564

Important caveat: This field is used inconsistently across contractors. Some companies enter their customer billing rate (\$100-\$200+/hr), others enter loaded labor cost or base wages (\$25-\$60/hr). The medians reflect a blend. Companies using this as a true customer bill rate cluster at P75-P90. For reference, internet consensus for commercial HVAC billing rates is \$100-\$200/hr; journeyman wages are \$25-\$45/hr. n=58,480 rate entries across 1,567 companies, regular hours only.

Technician Economics – Billable Revenue per Employee by Skill Level

Rate card data × estimated annual billable hours. Helpers: ~\$55K/year. Journeymen: ~\$145K. Industry benchmarks show foremen/lead techs reaching \$250-350K+. Target: 5x total compensation in annual revenue per tech.

Role	n	Rate Card*	Est. Annual Revenue†	BLS Wage‡	Est. Annual Profit§
Helper	319	\$34	\$55K	\$20/hr	\$22K
Apprentice	2,113	\$39	\$65K	\$22/hr	\$29K
Technician	8,168	\$54	\$100K	\$29/hr	\$50K
Journeyman	6,000	\$76	\$145K	\$30/hr	\$87K
Mechanic	192	\$75	\$143K	\$30/hr	\$85K

*Rate card field is used inconsistently — some companies enter billing rates, others enter loaded costs. Medians reflect a blend. †Annual revenue = rate card × estimated billable hours (1,600 for helpers scaling to 1,900 for journeymen). Foreman/lead-tech and per-tech revenue figures are directional (Level engagement observation), not a published distribution. ‡BLS Occupational Employment data, May 2024. §Annual profit = (rate card – BLS wage) × estimated billable hours.

The revenue story: A helper bills ~\$55K/year. A journeyman: ~\$145K. Industry data shows lead techs reach \$250-350K+. Target: **5x total compensation in annual revenue per tech.** A tech earning \$75K should produce \$350-400K. Minimizing wages optimizes the wrong number — the ROI is in developing and retaining your highest producers.

The Training Investment

4–5 years

Apprentice to journeyman
8,000–10,000 OJT hours required.
Electricians and plumbers: 4–5 years. HVAC: 2–4 years.

\$4,500–\$12,000+

Cost to replace a skilled tech
Full cost includes recruiting (\$800–\$2,400), onboarding (\$200–\$500), training (\$400–\$900), productivity gap (\$1,200–\$2,800), and overtime to cover (\$400–\$1,000). Specialized roles exceed \$12K. (Fully-loaded replacement-cost estimate; directional)

~4.0%/mo

Construction separations rate
BLS JOLTS, construction sector, 2025: total separations averaged 4.0% of employment per month, roughly 43–48% annualized. 3,987,000 hires against 3,966,000 separations on an 8.27M base. JOLTS does NOT break this out by role, so there is no published skilled-trades rate. Measure your own separations per role.
(data.bls.gov/timeseries/JTU2300000000000000TSL)

Rate Cards by Pay Type

Role	Regular	Overtime	Double Time
Helper	\$34/hr	\$57/hr	\$73/hr
Apprentice	\$39/hr	\$57/hr	\$82/hr
Technician	\$54/hr	\$77/hr	\$104/hr
Journeyman	\$76/hr	\$112/hr	\$142/hr
Mechanic	\$75/hr	\$125/hr	\$178/hr

Pipeline Leakage — Quotes Never Sent & Work Never Billed

Two revenue leaks hiding in plain sight: 48,000 quotes that never reached a customer and 288,319 jobs where a tech logged hours but no invoice was ever sent. (Context: 82% of 'Not Invoiced' jobs aren't completed yet; many are warranty/internal work. But 288K had labor recorded — the company paid the tech and nobody billed the customer.)

Quote Funnel — 438,858 Quotes

Status	Count	% of Total
Won (Job Added)	166,087	37.8%
Draft (never sent)	48,000	10.9%
Cancelled	43,469	9.9%
Discarded	30,227	6.9%
Sent (pending)	25,524	5.8%
Customer Viewed	23,376	5.3%
Rejected	20,168	4.6%
Approved	12,175	2.8%
Other / Expired	69,832	15.9%

Job Billing Status — 3.84M Jobs

Status	Jobs	% of Total
Fully Invoiced	1,753,401	46%
In Progress / Open	~1,110,000	29%
Partial / Other	~780,000	20%
Internal / Warranty	~195,000	5%

48,000 quotes created and never sent to the customer. At \$3K–\$5K avg value = **\$144M–\$240M in pipeline** that never had a chance to convert. Proposals sent within 24 hours close 60% more often.

46%

of jobs fully invoiced

Only 46% of 3.84M jobs across 2,242 contractors reach 'Fully Invoiced' status. The rest are a mix of in-progress, internal, warranty, partial, and genuinely missed.

15–25%

of T&M work never billed (industry)

Industry research (ServiceTitan, Sera Systems): manual time tracking captures only 75–85% of billable work. For a \$5M contractor, that's \$100K–\$500K/year.

\$75K–\$180K

recovered with a weekly closeout report

A weekly report of completed jobs with logged hours and no invoice catches 3–7 missed invoices per week. Zero new work required.

5%

are intentionally unbilled

Warranty work, internal jobs, and no-charge visits are legitimate — about 195K jobs. Not every uninvoiced job is lost revenue.

Customer Concentration Risk

The median contractor gets 31.0% of revenue from one customer — already in deal-killer territory for PE buyers and SBA lenders. Data from 959 contractors. Our dataset skews commercial — commercial contractors typically show higher concentration than residential due to fewer, larger accounts. Note: 'customer' = account level. A property management company with 50 buildings counts as one customer.

Your Concentration vs. Industry

Top 1 customer (median)
Average: 39.8%

31.0%

Top 5 customers (median)
P90: 100%

69.2%

Top 1 customer (P90)
Nearly all revenue from one client

88.7%

PE Buyer Risk Framework

Top Customer %	Risk Level	Impact
<10%	Low risk	No discount
10–24%	Moderate	Minor concern
25–35%	High risk	Up to 10% valuation discount
36–50%	Serious	15-20% discount + earnouts
>50%	Deal killer	25-35% discount; many buyers walk away

The valuation math: A well-diversified service contractor commands **7–9x EBITDA**. The same business with 35% concentration and weak contracts: **4–5x EBITDA**. On \$2M EBITDA, that's a \$4M–\$8M difference in your exit check. Customer concentration is a well-established valuation-discount trigger in lower-middle-market M&A: buyers and lenders routinely widen the discount as the top-customer share climbs past 25-35%. SBA lenders commonly flag at 25%, and the median contractor (31.0%) already exceeds this. (Level M&A engagement observation)

Industry Payment Benchmarks

56.6 days

Days in AR, construction

CFMA 2024 Benchmarker (n=1,290)

56 days

Sub wait after pay app

Build 2025 Subcontractor Report

\$280B

Annual cost of slow payments

Rabbet 2024

82%

Wait 30+ days past terms

Rabbet 2024

DEEP DIVE

The Add-On Sales Gap

For every \$1 in service agreement revenue, the median contractor generates \$0.09 in additional work. Top quartile: \$0.30. The 3-5x lifetime value (widely cited across operator literature) compounds through this annual pull-through over retained relationships. P90 (93.4%) includes project work from service agreement accounts, P75 (30%) is the operational target. 386 contractors for portfolio-level; 240 with trade breakdowns.

Pull-Through Revenue Distribution

P10 (Bottom) Techs check the box and leave	0.3%
P25 Occasional recommendations, no follow-up	1.5%
Median \$8,700 add-on per \$100K maintenance	8.7%
P75 Systematic recommendations + office follow-up	29.6%
P90 (Top) Maintenance is the lead-gen engine	93.4%

Pull-Through by Trade

Trade	Agreements	Pull-Through %	Avg Maint Rev	Completion
Mechanical	588	45.9%	\$9,958	56.2%
HVAC	11,244	29.7%	\$8,108	63.1%
Electrical	174	25.3%	\$6,254	7.2%
Controls	928	11.1%	\$11,030	56.1%
Refrigeration	444	7.1%	\$9,090	39.2%
Plumbing	276	5.5%	\$4,148	65.4%

Service Agreement Impact on Revenue

1,361 Companies with service agreements Avg \$6.3M revenue	472 Companies without service agreements Avg \$1.3M revenue
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The revenue flywheel: Service agreement attach (fewer than 50% of contractors actively sell service agreements — Contracting Business) → Pull-through (8.7% median → 29.6% top quartile in our data) → Replacement conversion (25-40% typical, 40-55% with financing and follow-up) → Referrals (most service agreement customers buy replacements from their provider on record). Moving from median to top-quartile on pull-through alone **triples add-on revenue** from the same customer base.

Tech Upsell Benchmarks

\$150-\$300 Avg ticket (service-only tech) Level engagement observation	\$400-\$700 Avg ticket (trained selling tech) Level engagement observation	25-40% Replacement win rate (typical) Level engagement observation	3-5x Lifetime value of service agreements vs. one-time customers Operator literature (directional)
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Market Contraction: The Boom Is Over

Multifamily permits fell 16.1% nationally in 2024 (Census/NAHB). Single-family was up 6.7%. FL multifamily: -26.5%, CA: -24.1%, TX: -18%. Public permit records (over 400M permit records) show broader declines across all permit types. ConstructConnect projects total starts +1.1% in 2025, residential -8.8%. AGC estimates 499,000 new workers needed in 2026.

What the complete national series shows

Do not compare incomplete permit-record vintages.
Reporting lag made the partial 2024 file look like a collapse. The lag-safe national series showed total tracked permits down 1.6%, while Census full-year housing permits separated sharply by type: single-family up 6.7% and multifamily down 16.1%.

National Permit Trend

2024 total tracked Lag-safe series permits	-1.6%
2024 single-family Census full-year permits	+6.7%
2024 multifamily Census full-year permits	-16.1%

The tracked-permit comparison uses matching reporting vintages. Census/NAHB figures are full-year housing permits and are shown separately because they measure a different series.

Competitive Landscape

365,584 Trades companies \$1-25M nationally	149,010 HVAC/Plumb/Elec Level's core ICP
64.7% 16+ years old Legacy processes, no CFO	48,000 100+ permits/yr CFO-complexity threshold

What this means: Multifamily permits fell 16.1% nationally in 2024 (Census/NAHB). Single-family was up 6.7%, but the net picture is mixed. ConstructConnect projects total starts +1.1% in 2025, with residential -8.8%. AGC estimates 499,000 new workers needed in 2026 — a tight labor market on top of softer demand. In a contracting market, every mispriced job, every uncollected invoice, and every cash flow gap becomes existential. The 365,584 contractors competing for shifting permit volume need to know their unit economics to survive. The ones who do will take share from the ones who don't.

Seasonality: Monthly Permit Volume by Trade (2023)

HVAC +34% Peak: Oct (188K) Low: Feb (140K)	Plumbing +38% Peak: Aug (197K) Low: Jan (143K)	Electrical +34% Peak: Aug (340K) Low: Feb (254K)	Roofing +80% Peak: Oct (88K) Low: Jan (49K)
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THE PROFITABILITY SCORECARD

Five Real Contractors, Five Different Stories

Same industry. Same trades. Wildly different financial profiles. Each row below is a real contractor from our dataset (names anonymized).

Profile	Agree. Rev	Margin	Pull-Thru	Collection	Employees	Rev/Emp	Quote Conv
Deep accounts, high value	~\$80M	~42%	~33%	~91%	~95	~\$830K	~75%
Broad base, strong margins	~\$55M	~44%	~25%	~94%	~70	~\$770K	~80%
Volume play, thin margins	~\$35M	~19%	~20%	~68%	~125	~\$280K	~46%
Concentrated, premium	~\$15M	~37%	~54%	~92%	~5	~\$1.6M	~74%
Negative-margin agreement book	~\$16M	~-23%	~0%	~100%	~20	~\$775K	~91%

How to read this:

- **Row 1 vs Row 3:** Row 1 makes 6x more gross profit on 2x the revenue. The difference? Customer quality and margin discipline.
- **Row 5:** 100% collection and 91% quote conversion — but -23% agreement margins. They win every deal and collect every dollar, but they're losing \$3.8M/year because agreements are underpriced.
- **Row 4:** Only 5 employees generating \$1.6M per head in service agreement revenue. Lean, concentrated, and 54% pull-through. This is what PE acquirers look for.

Your Scorecard — Fill In Your Numbers

Metric	Your Number	Median	Top Quartile
Service Agreement Margin	_____	37.9%	53.5%
Collection Rate	_____	85.1%	92.7%
Quote Conversion	_____	73.9%	83.2%
Avg Bill Rate	_____	\$79/hr	\$111/hr
Agreement Pull-Through	_____	8.7%	29.6%
Billing Speed	_____	1.0d*	-3.3d (progress billing)
Billing Capture*	_____	97.1%	100%
Revenue per Truck	_____	~\$310K	\$450K+

INDUSTRY CONTEXT

Where the Market Is Heading

Private equity activity, valuation multiples, and what financial visibility means for your exit or growth.

7–9x

EBITDA multiple, service-heavy

Contractors with 60%+ recurring service revenue. Up from 6–8x in 2023. Strong service agreement books, clean financials, and low owner dependency command premium multiples. (Level M&A engagement observation)

4.5–7x

EBITDA multiple, balanced mix

Contractors with ~50/50 service/install mix. Project backlog is valued less than recurring revenue by PE acquirers. 52% of listed HVAC businesses fail to close a sale. (First Page Sage 2025)

\$280B

Slow payment cost

Annual cost of payment delays to the U.S. construction industry in 2024. Up from \$208B in 2022. (Rabbet 2024 Construction Payments Report)

\$3.2B

U.S. fractional CFO market (2026)

Growing at 12.4% CAGR, projected to reach \$6.4B by 2028. Driven by talent scarcity and SME adoption. (Eagle Rock CFO Industry Report 2026)

What PE Firms Look For

- ✓ Recurring revenue (agreement book size and renewal rates)
- ✓ Clean financials (proper chart of accounts, timely close)
- ✓ Job-level profitability tracking (not just top-line P&L)
- ✓ Collection rate above 90% with DSO under 45 days
- ✓ Diversified customer base (no single account > 15% of revenue)
- ✓ Overhead below 25% of revenue with clear allocation methodology

The bottom line: Financial visibility isn't just about running a better business today. It's the single biggest driver of enterprise value when you're ready to sell. The difference between a 4.5x and an 8x multiple on \$2M EBITDA is \$7M in your pocket.

METHODOLOGY & DISCLAIMERS

How We Built the Level Index

Data Sources

The primary quantitative backbone of the Level Index is a multi-tenant operational data export from 2,200+ contractor companies — real invoices, job costs, payroll records, quotes, and service agreements extracted from field service management systems. This is supplemented by direct financial reviews during private equity due diligence, operations analytics work with PE-backed contractor portfolios, and ongoing profitability audits at Level.

Dataset Scale

2,242 unique contractor companies. \$13.25 billion in total job revenue. \$645.5 million in service agreement revenue. \$4.0 billion in accounts payable. 50,753 active employees tracked. 2.5 million+ invoices totaling \$11.6 billion. Coverage across all 50 U.S. states plus Canada.

Trades Covered

HVAC, Plumbing, Electrical, Mechanical, Refrigeration, Fire Protection, Controls/Building Automation, and Landscaping. The dataset skews toward commercial and light-commercial contractors in the \$3M–\$50M revenue range, with representation from \$1M to \$300M+.

Limitations

This dataset represents contractors who use modern field service management software, which may skew toward more digitally mature operations. Self-selection bias applies. Data completeness varies by company — not all contractors report all metrics. Sample sizes are noted for each KPI. Percentile calculations exclude companies with insufficient data for that metric.

Data Source Notes

Most KPIs are from our contractor dataset. Exceptions: **Workforce churn** (BLS JOLTS, construction sector, 2025, reported at the INDUSTRY level only, never by role), **replacement costs** (SHRM), **permit data** (public county and state building-permit records, 2024 is partial-year due to reporting lag; supplemented by Census Bureau / NAHB housing permit data and ConstructConnect construction starts forecasts), **company counts** (public business registries and company records), **labor outlook** (AGC 2026 workforce estimates). **Rate cards** are used inconsistently across companies — some enter customer billing rates, others enter loaded labor costs or wages. **Pull-through P90** (93.4%) includes relationship-driven project revenue — P75 (29.6%) is a more realistic stretch target.

How Our Metrics Compare to Industry Benchmarks

Several of our metrics differ from commonly cited industry numbers. In every case, the difference is definitional — we measure something slightly different.

Metric	Our Number	Internet Consensus	Why They Differ
Service Agreement Margin	37.9% median	55-75% (residential)	Our data blends commercial + residential service agreements. Our P75-P90 (53-70%) aligns with residential benchmarks.
Quote Conversion	73.9% median	15-40% close rate	We measure decided quotes only (Won / Won+Lost). Industry includes pending quotes in denominator.
Billing Capture	97.1% median (n=963)	65-80% utilization	Hours invoiced / hours LOGGED ON JOBS. Denominator is job-assigned hours only, which is why it reads high. Industry 'utilization' divides by TOTAL PAID hours including drive, admin, training. Not comparable.
Rate Cards	\$79/hr median	\$100-200/hr billing	Field used inconsistently. Our P75-P90 (\$111-148) aligns with commercial billing consensus.
Agreement Cancellation	~14%	35-45% lapse	We measure explicit cancellations only. Industry 'lapse' includes silent non-renewals.
Job Cost Data	91% no cost data	70%+ don't job-cost	QuickBooks + Precision Accounting surveys independently confirm the same pattern.

Legal Disclaimers

The Level Index is provided for informational purposes only and does not constitute financial, investment, tax, or legal advice. All company data has been anonymized. No individual company can be identified from the published benchmarks. Past performance data does not guarantee future results. The benchmarks should be used as general reference points, not as specific targets for any individual business. Consult with your CPA, financial advisor, or attorney before making business decisions based on this data. Level is not a registered investment advisor, CPA firm, or law firm.

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Want to know your exact numbers?

We'll connect to your books, benchmark you against the Level Index, and deliver a profitability audit within 48 hours. Free, no strings attached.

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