

FINANCIAL KPIs QUICK REFERENCE CHEAT SHEET

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ESSENTIAL FINANCIAL KPIs

KPI	Formula	GC Target	Sub Target
Gross Profit Margin	$(\text{Revenue} - \text{Direct Costs}) \div \text{Revenue} \times 100$	15-25%	25-35%
Net Profit Margin	$\text{Net Income} \div \text{Revenue} \times 100$	2-5%	5-10%
Overhead Rate	$\text{Overhead Costs} \div \text{Direct Costs} \times 100$	10-20%	10-20%
Current Ratio	$\text{Current Assets} \div \text{Current Liabilities}$	1.2-1.5+	1.2-1.5+
Working Capital	$\text{Current Assets} - \text{Current Liabilities}$	Positive	Positive
AR Days	$(\text{AR} \div \text{Revenue}) \times \text{Days in Period}$	30-45	30-45
AP Days	$(\text{AP} \div \text{Cost of Sales}) \times \text{Days in Period}$	30-45	30-45
Backlog	Sum of Unbilled Contracts	6-12 mo	6-12 mo
WIP Over/Under	$\text{Billings} - (\text{Costs} + \text{Earned Profit})$	5-10% over	5-10% over
Debt-to-Equity	$\text{Total Debt} \div \text{Owner's Equity}$	<2.0	<2.0

RED FLAG INDICATORS

IMMEDIATE ACTION REQUIRED:

- & Current Ratio < 1.0
- & AR Days > 60
- & Negative Working Capital
- & Net Margin < 0%
- & Debt-to-Equity > 3.0

WATCH CLOSELY:

- & Current Ratio 1.0-1.2
- & AR Days 45-60
- & Gross Margin declining
- & Backlog < 3 months
- & WIP significantly underbilled

FREQUENCY

Monthly: All KPIs except Debt-to-Equity

Quarterly: Debt-to-Equity Ratio

INDUSTRY BENCHMARKS

GENERAL CONTRACTORS:

- Gross Margin: 18%+ (Good), 12-18% (Average), <12% (Poor)
- Net Margin: 3%+ (Good), 1-3% (Average), <1% (Poor)
- Current Ratio: 1.5+ (Good), 1.2-1.5 (Average), <1.2 (Poor)
- AR Days: <40 (Good), 40-60 (Average), >60 (Poor)

SPECIALTY SUBCONTRACTORS:

- Gross Margin: 30%+ (Good), 25-30% (Average), <25% (Poor)
- Net Margin: 8%+ (Good), 5-8% (Average), <5% (Poor)
- Current Ratio: 1.5+ (Good), 1.2-1.5 (Average), <1.2 (Poor)
- AR Days: <35 (Good), 35-50 (Average), >50 (Poor)

QUICK CALCULATIONS

Monthly AR Days = $(\text{AR Balance} \div \text{Monthly Revenue}) \times 30$

Monthly AP Days = $(\text{AP Balance} \div \text{Monthly Costs}) \times 30$

Backlog Months = $\text{Total Backlog} \div \text{Average Monthly Revenue}$

NOTES

- Review trends over time, not just single months
- Compare to industry benchmarks for your company type
- Take action on red flags immediately
- Green indicators = continue current practices
- Yellow indicators = monitor closely
- Red indicators = investigate and take corrective action