

THE PMZ SYSTEM – CONTRACTOR EDITION

# THE PMZ FIELD GUIDE

Four pillars. One system. The difference between **grinding your life away for someone else's profit** and running a contracting business that pays what you're actually worth.

**Tommy Profit**

FOUNDER – TOTAL PROFIT MANAGEMENT

7,000 RPM

THE PROBLEM

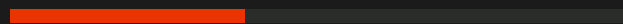
# The 3,000 RPM Burnout Zone

You're running a full schedule. The trucks are rolling, the crew's working, customers keep calling. So why is your bank account still tight on Friday?

That's the trap. Busy doesn't mean profitable. Revenue doesn't mean take-home pay. Most contractors are running their engines hot and going nowhere – redlining on stress, barely moving the needle on real income.

It's not because you're bad at the work. Nobody ever taught you the financial side of the trade.

CURRENT STATE



**3,000 RPM — Burnout Zone**

TARGET STATE



**7,000 RPM — Strategic Operator**

**68%** of contractors are underbidding work because they're using the wrong cost baseline – and they don't know it.

**30pt** The average gap between what contractors think their gross margin is and what it actually is after true cost reclassification.

**\$1,925** Left on the table per job when targeting 33% margin but bidding at 30% markup. On a \$10K job. Every time.

**50%** Net profit increase possible in Year 1 by correcting cost classification and rebidding at accurate rates. Same jobs. Same crew. Correct price.

"You are not bad at business. You were never taught the recipe. The PMZ system is the recipe."

TOMMY PROFIT – FOUNDER, TOTAL PROFIT MANAGEMENT

# Four Pillars. One Operating System.

The PMZ system is a complete operating system built on math, proven in the field, designed for contractors who are done guessing. Each pillar solves a specific problem costing you money right now.

PILLAR 1

## The North Star

Most contractors set a revenue goal and hope profit shows up at the end. The North Star reverses that – define your required net profit first, then work backwards to guarantee it mathematically.

"Profit isn't what's left over. It's the first line item. If you're not defining it first, you're running a gamble."

- Define your personal income target before anything else
- Back-calculate the gross profit your business must generate
- Clean your P&L – strip lifestyle costs, get to real overhead
- Build a budget that tells your bids what they need to produce

PILLAR 2

## The Revenue Filter

Not all jobs are created equal. Different work types carry different margins and demands on your crew. The Revenue Filter identifies which work fuels your engine and which burns it out.

"You can't hit a margin target doing the wrong work at the wrong price. The fastest way to grow isn't more jobs – it's better ones."

- Score each work type by gross margin and crew efficiency
- Identify which job categories are destroying your average
- Build a work mix strategy that hits your North Star
- Know when to say no – and what to say yes to instead

PILLAR 3

## The Hard Science

Your true cost includes burdened labor, equipment depreciation, fuel, workers' comp, payroll taxes, and overhead burden – not just the check you write on Friday. The Hard Science makes those numbers real.

"You can't price work you don't understand. The Hard Science tells you exactly what it costs before you bid a single dollar."

- Calculate your fully burdened cost per field hour by role
- Account for equipment depreciation, not just fuel
- Reclassify buried job costs out of overhead into COGS
- Build a true cost baseline every bid stands on

PILLAR 4

## The Lock

Knowing your costs is worthless if your bids don't recover them with margin to spare. The Lock is your bidding integrity system – ensuring every proposal hits your gross profit target no matter the pressure.

"The bid is the moment of truth. The Lock means you never submit a number you can't defend – mathematically or professionally."

- Master the markup vs. margin formula – they are not the same
- Build bids that lock gross profit before they leave your desk
- Develop the discipline to hold your number under pressure
- Know exactly which jobs to walk away from – and why

# Markup Is Not Margin.

This is the single most expensive mistake in the trade. Contractors set a margin target, then bid using the same number as a markup – giving away thousands on every job, every year, without knowing it.

If you're targeting 30% margin by adding 30% to your costs, your actual margin is 23.1%. That 6.9-point gap compounds across every bid you submit all season.

## THE RULE

To hit your **target gross margin**, you must apply a **markup** that is mathematically larger than that margin. Every time. No exceptions. The formula below is non-negotiable.

## THE MARKUP FORMULA – REQUIRED

$$\text{Markup \%} = \text{Margin \%} \div (1 - \text{Margin \%})$$

Target 33% margin:

$$0.33 \div 0.67 = \mathbf{49.3\% \text{ markup required}}$$

## WHAT THE GAP COSTS – PER JOB

\$10,000 job at 30% markup = \$13,000 bid

Actual margin:  $\$3,000 \div \$13,000 = 23.1\%$

To hit **33% margin**: bid must be \$14,925

That's \$1,925 left on the table. Per job. Every job.

## COMMON MARGIN TARGETS → REQUIRED MARKUPS

25% margin → **33.3% markup**

30% margin → **42.9% markup**

33% margin → **49.3% markup**

35% margin → **53.8% markup**

40% margin → **66.7% markup**

# The 7,000 RPM Creed

The Weightless State isn't a windfall. It's what happens when a Strategic Operator applies the four pillars consistently until they become instinct. These are the seven commitments that get you there.

## 1 Profit Is the Reason

Net profit is not a leftover. It is the reason you're in business and the first line item in every budget. If it isn't defined before anything else, everything downstream is guesswork.

## 2 Not All Revenue Is Good Revenue

More work doesn't mean more profit. Busy is not a business strategy. Every job gets filtered through the Revenue Filter – if it doesn't fuel the engine, it doesn't get the bid.

## 3 I Know My Real Cost Before I Bid

No bid leaves the desk without a fully burdened cost baseline. Labor burden, equipment depreciation, overhead allocation – all accounted for. The math runs before the bid is written.

## 4 I Hold My Number

The bid is not a negotiating position. It is a mathematical requirement. A contractor who caves to price pressure isn't being flexible – they're working for free. The Lock holds.

## 5 I Track Every Job to Close

Estimated margin and actual margin are two different numbers. A Strategic Operator knows the gap – and uses every closed job to sharpen the next bid. The data doesn't lie.

## 6 I Am Not Owned by My Business

A business that only runs when the owner is on site is not a business – it's a job with overhead. The Weightless State means the engine runs whether you're on site or watching your kid score a goal.

## 7 I Run at 7,000 RPM

The Weightless State is the reward for installing the system and trusting the math. It is available to every contractor willing to do the work.

# Where Are You Running?

Score yourself against the four PMZ pillars. Circle your score for each question, then total at the bottom.

**1 = Never 2 = Sometimes 3 = Usually 4 = Always**

QUESTION	1	2	3	4	SCORE
I define my required net profit before I build my annual budget.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I know my gross profit target – not just revenue – for this year.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I filter work based on margin performance, not just availability.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My bids use a fully burdened labor rate – workers' comp, taxes, benefits included.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I calculate markup using the correct formula, not the same number as my margin target.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I hold my bid price when customers push back – without compromising my margin.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
After closeout, I compare estimated vs. actual margin to sharpen the next bid.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**TOTAL SCORE**  / 28

## 7-14

### BURNOUT ZONE

The system isn't installed. Every bid is built on assumptions. Fixing the foundation changes everything downstream.

## 15-24

### PARTIAL SYSTEM

You've got some of it – but the gaps are expensive. The missing pillars are costing you margin on every job.

## 25-28

### PERFORMANCE ZONE

You're operating with discipline. The next step is optimization – tighten the Lock, sharpen the Filter.

TWO WAYS TO TAKE THE NEXT STEP

# Ready to Run at 7,000 RPM?

FREE DIGITAL BOOK

## Get The PhD of Profit

The complete PMZ blueprint – worksheets, the markup formula, pillar scoring, and the bidding math that changes how you price every job. Visit the website, drop your email, and we'll send it straight to your inbox. **Free.**

**PhD**

### The PhD of Profit

COMPLETE DIGITAL EDITION ·  
WORKSHEETS INCLUDED

VISIT & ENTER YOUR EMAIL

**TotalProfitManagement.com**

FREE 30-MINUTE AUDIT

## Book a Profit Audit Call

Tommy will look at your real numbers – your overhead, your bids, your margins – and show you exactly where the money is going. No pitch. No obligation. Just 30 minutes of clarity that most contractors never get. Book your slot directly at the link below.

BOOK YOUR APPOINTMENT

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appointment/1](https://totalprofitmanagement.com/appointment/1)**

30 minutes · No sales pitch · Tommy Profit, live on the call

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