

Case Study:
Unlocking Profitability Through Accurate Accounting

CHALLENGE

A commercial contractor was acquired by a new owner. Gross profit percentage was critically low, hovering between **5% to 10%**. This baseline made it incredibly difficult for new ownership to assess the true financial health of the business, accurately price new bids, or determine whether individual projects were making or losing money. The lack of financial visibility posed a severe threat to the company's long-term viability and growth.

SOLUTION

To gain control of their financial footing and establish operational clarity, the company engaged our specialized accounting and controller services. Our team implemented two critical financial interventions:

Proper COGS Allocation**:** Restructured the chart of accounts to ensure all applicable costs were accurately allocated to Cost of Goods Sold (COGS).

Percentage of Completion (POC) Calculations: Implemented percentage of completion accounting to correctly recognize revenue and expenses based on project progress rather than erratic cash flow or billing cycles.

RESULTS

Margin Optimization: Upon correcting the accounting, the company's true gross profit percentage surged to a healthy **18% to 23%**.

Operational Visibility: Proper accounting uncovered that the business was fundamentally more viable than the legacy records suggested.

Strategic Bidding Power: With accurate POC and COGS tracking, management gained the ability to bid on future projects with confidence.

CONCLUSION

By focusing on financial clarity, our controller services turned operational blind spots into a testament to sustainable financial management and strategic growth.