A practical guide for owner-led equipment companies

10 Margin Blind Spots

Every Equipment Owner-Operator Needs to See in Their Own Numbers

Why $10M-$50M equipment sales and service companies keep competing on price, and how to stop.

For commercial equipment installation, service, distribution and field service businesses

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Most Equipment Companies Do Not Have a Revenue Problem

They have a visibility problem.

Revenue is growing. Trucks are busy. The schedule is full. Yet profits do not seem to increase at the same pace as sales.

The reason is simple. The most expensive problems in your business are often hiding in plain sight inside your own numbers. Not because the data does not exist, but because nobody has built the reports that expose it.

This guide will help you identify ten common margin blind spots found inside owner-operated equipment businesses. You do not need to solve all ten. Finding just two or three can permanently change what your business earns.

> ***Use this guide as a working document. Mark the blind spots that feel familiar, then ask whether your current system can show you the number behind each one.***

Inside this guide

01 YOU MAY BE YOUR OWN BIGGEST MARGIN LEAK

What most owners believe

"I take care of my customers. That is what builds loyalty."

What the numbers often reveal

The owner is frequently the least disciplined person in the company when it comes to protecting margin. Unbilled travel time, informal discounts, service calls that never make it onto an invoice, and quotes created from memory rather than actual costs all feel small in the moment. Together, they create real profit erosion over time.

> ***Ask yourself: Can I see exactly how much revenue is discounted, written off, or never billed?***

02 YOUR LABOUR RATE MAY NOT COVER YOUR ACTUAL COSTS

What most owners believe

"Our rates are competitive with everyone else in town."

What the numbers often reveal

Many companies establish labour rates by looking at competitors rather than calculating actual costs. A true labour burden includes wages, benefits, training, vehicle costs, insurance, tools, management overhead, and non-billable time. When companies calculate their fully loaded technician cost for the first time, they often discover their rates are not protecting acceptable margins.

> ***Ask yourself: Do you know your true cost per billable technician hour?***

03 FLAT PARTS MARKUPS ARE COSTING YOU MONEY

What most owners believe

"We apply the same markup to every part. It is fair and consistent."

What the numbers often reveal

A $15 filter and a $4,000 emergency replacement component do not create the same value for the customer. The customer buying an emergency part is paying for availability, speed, expertise, reduced downtime, and business continuity. Tiered pricing based on part type, urgency, and availability can improve margin without selling a single additional item.

> ***Ask yourself: Are you pricing based on cost or based on value delivered?***

04 YOUR BEST CUSTOMERS BY REVENUE MAY NOT BE YOUR BEST CUSTOMERS BY PROFIT

What most owners believe

"Our biggest customers are our most valuable customers."

What the numbers often reveal

Revenue and profitability are rarely the same ranking. Some high-revenue customers demand frequent discounts, generate excessive callbacks, require additional support, and consume disproportionate management attention. Without customer-level margin reporting, many companies unintentionally prioritise their least profitable relationships.

Ask yourself: Can you rank your customers by profitability rather than sales volume?

05 YOUR SERVICE DEPARTMENT MAY BE SUBSIDISING EQUIPMENT SALES

What most owners believe

"Equipment sales drive growth. Service supports the relationship."

What the numbers often reveal

Many equipment companies discover their service division generates significantly higher margins than equipment sales. Discounted equipment transactions can create hidden losses when service and equipment profitability are blended together. Separating profitability by division often changes equipment pricing, sales incentives, growth strategy, and resource allocation.

Ask yourself: Do you have a separate profit and loss statement for each business unit?

06 CALLBACKS AND WARRANTY WORK ARE MORE EXPENSIVE THAN YOU THINK

What most owners believe

"Standing behind our work is simply part of doing good business."

What the numbers often reveal

Standing behind your work is non-negotiable, but that does not mean it should go unmeasured. Without tracking callback costs, companies miss opportunities to improve training, installation quality, service procedures, and technician coaching. The first step is not reducing callbacks. It is measuring them clearly.

> ***Ask yourself: Can you see callback costs by technician, customer, equipment type, or job category?***

07 SOME PREVENTIVE MAINTENANCE CONTRACTS ARE LOSING MONEY

What most owners believe

"PM contracts create recurring revenue and customer loyalty."

What the numbers often reveal

Many maintenance agreements were priced years ago, but fuel, labour, benefits, parts, administration, and travel have all changed. Without reviewing actual job costs, owners cannot determine whether each contract is producing profit or simply generating activity.

> ***Ask yourself: When was the last time you calculated the true profitability of every PM agreement?***

08 YOU MAY BE REPEATING ESTIMATING MISTAKES AT SCALE

What most owners believe

"I have been doing this long enough to know what jobs should cost."

What the numbers often reveal

Experience matters. However, experience without feedback creates blind spots. When companies lack robust job costing, overruns remain hidden, pricing errors repeat, problem customers stay unidentified, and chronic inefficiencies persist. The business becomes good at estimating average jobs while losing money on exceptions.

> ***Ask yourself: How many completed jobs have been compared against the original estimate during the last quarter?***

09 YOUR COSTS HAVE RISEN FASTER THAN YOUR PRICES

What most owners believe

"We have increased our rates over the years."

What the numbers often reveal

Most owners can identify a rate increase. Far fewer can demonstrate that pricing has kept pace with rising delivery costs. Even modest gaps compound over time. The result is gradual margin compression that is difficult to notice month by month but significant over several years.

> ***Ask yourself: Have your prices increased at the same rate as your actual operating costs?***

10 YOU COMPETE ON PRICE WHEN YOU CANNOT QUANTIFY YOUR VALUE

What most owners believe

"Our market is extremely price-sensitive."

What the numbers often reveal

Customers rarely buy based solely on price. They buy based on perceived value. If your team cannot clearly explain the financial impact of faster response, reduced downtime, certified technicians, better documentation, improved uptime, and greater reliability, customers default to comparing prices because that is the only number they can see.

> ***Ask yourself: Can your sales team calculate the cost of downtime for a customer?***

The Common Thread

Every blind spot in this guide shares the same root cause.

The business was built on craftsmanship, hard work, expertise, and relationships. But as a company grows beyond $10 million in revenue, instinct alone becomes insufficient.

The companies that consistently improve profitability are not necessarily better operators. They simply measure more.

They know:	What that changes
Which customers create profit	Customer conversations become more disciplined
Which contracts lose money	Renewals are priced with confidence
Which jobs underperform	Estimating improves through real feedback
Which services generate value	Sales conversations shift from price to outcomes
Which pricing strategies work	Discounting becomes intentional, not reflexive

> ***The goal is not more reports. The goal is knowing exactly where your profit comes from.***

Margin Visibility Assessment

Answer yes or no to each question. If you answer "No" to three or more, there is likely hidden profit inside your business waiting to be uncovered.

Question	Yes	No	Notes
Can you calculate profitability by customer?	■	■	
Can you calculate profitability by job?	■	■	
Can you calculate profitability by technician?	■	■	
Can you calculate profitability by equipment category?	■	■	
Can you calculate profitability by PM contract?	■	■	
Can you identify all discounts given last month?	■	■	

Do you know your fully burdened labour rate?	■	■	
Can you measure callback costs?	■	■	
Are equipment and service profitability separated?	■	■	
Can your team quantify the cost of downtime for customers?	■	■	

> ***Next step: Pick the two "No" answers that would create the most pricing confidence if you could measure them accurately.***

About Paul Sweeney

For more than 27 years, Paul Sweeney has helped equipment sales, installation and service companies improve operational visibility through ERP, automation, job costing, and real-time reporting.

Most ERP implementations stop at go-live. The real value comes afterwards, when leaders gain visibility into the numbers that drive pricing confidence, better decisions, and measurable profit improvement.

> ***The platform is not the problem. Visibility is.***

Use this guide to start the right internal conversation. Not about software features. About the numbers that tell you where profit is being made, where it is being lost, and what your team should stop tolerating.