CompanyCam

FIELD REPORT · NO. 01

THE STATE OF THE GROWING TRADES BUSINESS · 2026

# THE MESSY MIDDLE

How To Go From 10 To 50

What it costs to scale from 10 to 50 employees, what tends to break, and what the contractors who make it through do differently.

COMPILED FROM 5,000+ CONTRACTOR RESPONSES · 2024–2026

A COMPANYCAM BENCHMARK REPORT

REAL WORK. REAL NUMBERS.

WHERE THIS REPORT STARTS

# At some point between your 10th and 40th employee, the business stops feeling like yours.

You hired because you had more work than you could handle. Then you hired again. Then you had a crew lead who needed managing, a truck that needed replacing, a job that ran over, and a client who was slow to pay.

You stopped doing the work that made you good at this and started doing a different job, one nobody trained you for, and nobody warned you was coming.

This is the part of growing a trades business that doesn't get written about. The survival stories skip it. The coaching content glosses over it. The industry data mostly ignores it, because the firms that make it to 15, 25, or 40 people are a small enough minority that they fall through the cracks of most research.

**The margins, the hiring wall, the cash squeeze, and the moment the owner becomes the bottleneck all follow a recognizable pattern.** This report lays out that pattern with data.

**What this is:** a benchmark and a field guide for the messy middle, the 10-to-50 employee stretch where you're too big to run on instinct and too small for a corporate playbook. Read it three ways.

### 01 MEASURE YOURSELF

Benchmarks for every number that matters at your size.

### 02 SEE THE PATTERN

These headwinds aren't bad luck. They're predictable stages.

### 03 FIND THE WAY THROUGH

What the operators who break through do differently.

WHAT'S INSIDE

# SIX PRESSURES, ONE TRANSITION.



**2 in 3**

**NEW CONSTRUCTION FIRMS FAIL WITHIN FIVE YEARS. THIS REPORT IS ABOUT BEING THE ONE THAT DOESN'T.**

Every figure is sourced from federal data and the major industry benchmarks of 2024–2026. Full source list on page 22.

THE PATTERN AT A GLANCE

# IF YOU ONLY READ ONE PAGE, READ THIS ONE.

Six numbers that define the 10-to-50 stretch. Read the line, not just the figure.

**36%**

of new construction firms make it 5 years. Two-thirds are gone.

**82%**

of contractors now wait 30+ days to get paid, up from 49% two years ago.

**56 days**

is the real wait subs face for payment. Their GCs think it's 30.

**+12.6%**

jump in material prices in early 2026, the fastest run since 2022.

**349K**

new workers the trades need in 2026, mostly to cover retirements.

**41%**

of the workforce retires by 2031. Just 10% are under 25.

THE DANGER ZONE

The $1M–$5M revenue band is where most growing shops stall: too big to run on the owner's direct involvement, too small to comfortably afford the management layer that would replace it.

**$1–5M**

# 01

SECTION ONE

# THE ODDS ARE ALREADY AGAINST YOU.

Before we get into what it takes to grow from 10 to 50, it’s worth understanding how rare it is to be on that path at all.

## 36%

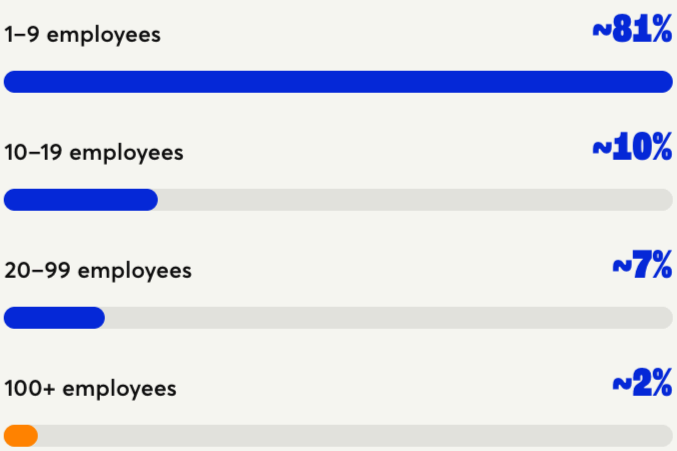
**OF NEW CONSTRUCTION FIRMS ARE STILL OPERATING FIVE YEARS IN.**

MOST NEVER GET HERE

# MOST TRADE BUSINESSES NEVER GET HERE.

In specialty trade contracting (roofers, HVAC shops, plumbers, electricians), the overwhelming majority of firms sit in the 1–9 employee bracket. Counts drop sharply at 10–19, sharper still above 20, and very few firms ever operate above 100.

**SPECIALTY TRADE FIRMS BY EMPLOYEE COUNT**




Illustrative distribution of employer firms. Roughly 81% of all specialty trade contractors are non-employers: solo operators who've never hired.

**81%**

of specialty trade firms are non-employers: one person with a truck and a phone.

**2 in 3**

new construction firms are gone within five years, one of the lowest survival rates of any industry.

> Most never grow past one or two people. Most who do never clear $1M. Most who clear $1M never build a company of 20.

**If you're running 10 to 50 employees, you're already in a minority most contractors never join,** and almost no guidance is written for where you are.

**OPERATOR'S TAKE** OPINION, NOT BENCHMARK

"The odds look brutal, but that number counts everyone who never should've gone into business for themselves. Take care of your customers, pay your people on merit, and outwork the rest, and you've already beaten most of the field."

**DAVID SILVERSTEIN** Owner, American Home Contractors

# 02

SECTION TWO

# WHAT BREAKS, AND WHEN.

A 10-person trades business runs on a completely different operating model than a 50-person one. It isn't a smaller version of the bigger company. It's a different kind of operation.

## $1–5M

**THE REVENUE BAND WHERE GROWTH STALLS: THE DANGER ZONE.**

THE OWNER BECOMES THE CEILING

## WHY THE 10-PERSON MODEL WORKS, UNTIL IT DOESN'T.

At 10 people, the systems that keep things running aren't written down. They live in the owner's memory. The scheduling system is a text thread. The quality-control process is the owner showing up. The HR department is a conversation in a truck.

This isn't dysfunction. For a small shop it's fast, flexible, and cheap. The trouble is these systems don't scale, and the owner usually doesn't realize it until something breaks. At six crews across multiple sites, jobs get double-booked and crews show up without materials.

**OVERHEAD CLIMBS AS YOU SCALE**

**8-10%**
10-person shop

→

**12-15%**
at 25-50 employees

Overhead as a share of revenue. The climb isn't the problem. Revenue not keeping pace with it is. (CFMA 2024)

**<20**

Firms under 20 employees consistently lag larger contractors on formal safety management and documented process. (CPWR 2026)

**THE REAL CEILING**

Somewhere around 25-35 employees, growth stalls even though everything looks like it should work. Revenue's up, the crew is competent, the work is there, but every decision still runs through the owner. At this stage most owners are still spending the bulk of their time **in production, doing the work** rather than building the company. The owners who break through to $5M+ made the opposite shift: most of their time goes to hiring, systems, pricing, and relationships.

**OPERATOR'S TAKE** OPINION, NOT BENCHMARK

"The real middle is closer to **$3M to $10M**. A strong closer can do $1.5 to 3M on their own, so a few good salespeople get you to $10M. Past that, the owner becomes the ceiling unless they delegate and build real systems. Keep **net profit at 10% minimum** while you grow, and push for 15%+ to last."

**DAVID SILVERSTEIN** Owner, American Home Contractors

# 03

SECTION THREE

# THE MONEY.

Most contractors have a feel for whether they're profitable. Far fewer know whether their margins are healthy for a shop their size, or why a profitable business still runs out of cash.

## 6.9%

**AVERAGE NET INCOME BEFORE TAXES FOR SPECIALTY TRADE CONTRACTORS.**

PROFITABLE ON PAPER, BROKE IN PRACTICE

# WHAT HEALTHY MARGINS ACTUALLY LOOK LIKE.

The clearest public benchmark comes from CFMA's 2024 Construction Financial Benchmarker, drawing on 2023 financials across commercial and residential trades. Read these as a floor to clear, not a target to settle for. Residential home-services shops (roofing, exteriors, HVAC) routinely run well above these averages.

**SPECIALTY TRADE BENCHMARKS · PUBLIC DATA**

| | |
|---|---|
| Gross profit margin (typical) | 15–25% |
| Best-in-class gross margin | 25%+ |
| General contractor gross | 12–16% |
| Overhead (target band) | 8–15% |
| Net income before taxes | 6.9% |

**13.4%**

average return on assets, with return on equity above 30%.

**1.5–2.0**

current ratio that signals financial health. Below 1.2 is a warning sign, especially for a scaling shop taking on larger jobs.

**OPERATOR'S TAKE** OPINION, NOT BENCHMARK

"Gross margins are arguably the most important thing to track. Our goal is **35 to 40% and up**, some shops shoot for 50%+. Roughly 30% materials, 30 to 35% labor. This is a margin business, not a volume business. Selling **fewer jobs profitably beats selling a pile of jobs unprofitably**, just look at solar. Warranties and surprises eat thin margins alive."

**DAVID SILVERSTEIN** Owner, American Home Contractors

So the public floor and the operator target tell two halves of one story: **clear the benchmark, then keep climbing.** A 22% gross margin can mean you're healthy, or that you're coasting on prices you set three years ago. The number tells you where you stand. It doesn't tell you whether you're keeping up.

# WHY A PROFITABLE BUSINESS STILL RUNS OUT OF CASH.

It has less to do with management than with how construction handles money, and the squeeze compounds as you scale. For a growing business, getting paid on time has become the exception.

### SHARE OF CONTRACTORS FACING 30+ DAY PAYMENT DELAYS

2022 **49%**

2024 (latest available) **82%**

In two years, the share of contractors waiting more than a month to get paid jumped from 49% to 82%. Slow payments added an estimated $280B in industry costs in 2024. (Rabbet, vendor-commissioned)

### WHAT IT DOES TO CASH

**5-10%**

retainage withheld on every progress payment. $25K-$50K locked up on a single $500K job, until the punch list is signed off.

**1 in 3**

subcontractors have pulled from personal or retirement savings to cover the shortfall.

### THE EXPECTATION GAP

What the GC assumes, against what the sub actually lives with.

**30** days GCs assume → **56** days subs wait

### OPERATOR'S TAKE

OPINION, NOT BENCHMARK

"Profit on paper means nothing if you can't collect. We run **AR aging reports, 30, 60, 90+ days**, and chase cash as fast as we can. Accrual accounting will show you profits while you're cash poor. **Cash is king** for a reason."

**DAVID SILVERSTEIN** Owner, American Home Contractors

SOURCES: RABBET 2024 PAYMENTS REPORT · BILLD 2025 SUBCONTRACTOR MARKET REPORT (BOTH VENDOR-COMMISSIONED)

# 04

SECTION FOUR

# THE EXTERNAL SQUEEZE: MATERIALS IN 2026.

Everything to this point builds from inside the business. This pressure comes from outside it, and in 2026 it arrived fast. The cause this time is policy: tariffs on imported materials.

**+12.6%**

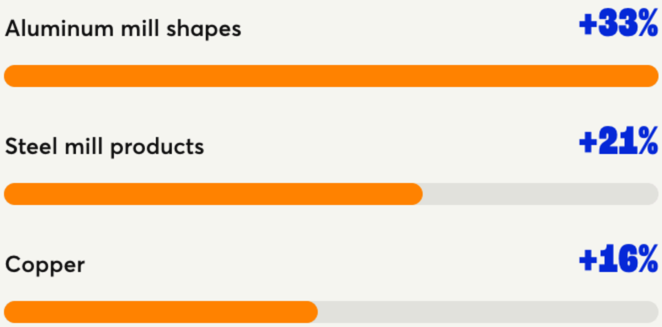
**ANNUALIZED JUMP IN NONRESIDENTIAL INPUT PRICES, EARLY 2026, THE FASTEST SINCE 2022.**

PRICED BEFORE THE SPIKE

# METALS ARE LEADING THE CLIMB.

Steel, aluminum, and copper now carry a 50% tariff, with many derivative products taxed at 25%. For a contractor running fixed-price contracts signed in 2024 or early 2025, those increases land straight in the job file as margin surprises, on work that was priced before the tariffs hit.

**MATERIAL PRICES, YEAR OVER YEAR (EARLY 2026)**




**50%**
tariff on steel, aluminum & copper

**25%**
on many derivative products

**16%**
of construction firms have had a project postponed, canceled, or scaled back because of tariffs.

**2 in 5**
have already raised their own prices in response. (AGC 2025)

**WHO'S POSITIONED FOR IT**

## THREE THINGS SEPARATE THE FIRMS THAT PROTECT THEIR MARGIN FROM THE ONES THAT EAT THE INCREASE.

**01**
**ESCALATION CLAUSES**
written into contracts before the spike hit.

**02**
**DEEP SUPPLIER TIES**
relationships strong enough to lock in pricing.

**03**
**TIGHT JOB COSTING**
tracked closely enough to catch the bleed early.

**Most growing contractors have none of those three things in place.**

A note on direction: input-price and tariff figures move month to month. The pattern (sharp, metals-led, landing on pre-priced work) is the durable takeaway.

# 05

SECTION FIVE

# THE HIRING PROBLEM GETS HARDER AS YOU GROW.

The trades labor shortage isn't a pandemic hangover. The data points to something more permanent: a demographic shift that's been building for years and is now arriving all at once.

**349K**

**NET NEW WORKERS NEEDED IN 2026, RISING TO 456K IN 2027.**

THE EMPTY TRUCKS

# THE SHORTAGE IS A DEMOGRAPHIC PROBLEM.

The 2026 number is actually lower than recent years, which sounds like relief until you read why. ABC attributes the majority of that demand to **retirements**, not growth. Even in a slower year, the workforce is aging out faster than it's being replaced.

### THE GENERATIONAL GAP

Workforce retiring by 2031 **41%**

Workers today under age 25 **10%**

The people leaving the trades far outnumber the people entering them, and the gap has been widening for years. (HBI / ABC)

**349K**
workers needed in 2026

**456K**
needed in 2027 as spending resumes

For a shop running 15 to 40 people, this means competing for a shrinking pool against companies five and ten times your size, with wages that rise year over year whether or not your revenue does.

> Labor shortages are now the leading cause of project delays for construction firms, ahead of supply-chain problems.

## WHAT IT LOOKS LIKE IN A 20- OR 30-PERSON SHOP.

Most contractors are trying to hire at the same time, running into the same wall. Wages are responding accordingly, and every percentage point added across a crew of 30 is a real hit to margin that doesn't automatically pass through to clients, especially on fixed-price work.

**92%**

report a hard time filling open positions

**45%**

say shortages are directly causing project delays

### WAGE PRESSURE ENTERING 2026

Construction labor wage growth **+4.6%**

Labor categories with 3%+ raises **98%**

The third straight year of wage increases above 4%. (Gordian 2026 RSMeans)

### THE MANAGER GAP

## THE FIRST MANAGEMENT HIRE IS THE HARDEST ONE YOU'LL MAKE.

Finding a qualified project manager is a different challenge than finding a skilled tradesperson. The pool is smaller, and the cost of a bad hire is larger. When the owner is still acting as PM, estimator, and operations lead at 30 employees, the company is really a 10-person operation carrying 20 extra people. Everyone can feel the strain.

**OPERATOR'S TAKE** OPINION, NOT BENCHMARK

"Hiring actually gets easier as you scale, if you hire people who are good at recruiting. Always be selling, always be hiring. We've grown a ton through employees referring family and friends, and a dedicated recruiter beats the owner trying to do it alone."

**DAVID SILVERSTEIN** Owner, American Home Contractors

# 06

SECTION SIX

# THE TECH STACK.

Most growing shops that lag on technology aren't resistant to it. The real obstacle is time. Running the jobs rarely leaves a free afternoon to work out what the business actually needs.

## ~30%

**OF A TOOL'S FEATURES THE TYPICAL SHOP ACTUALLY USES BEFORE MOVING ON.**

BOUGHT, NEVER OWNED

# THE RIGHT TOOLS, WORKING TOGETHER.

Most firms run a collection of partly connected tools that don't talk to each other. The barriers contractors name most have less to do with cost than with **time to implement and train, proving ROI, and employee resistance.** The deeper problem: software amplifies whatever process already exists, good or bad.

## HOW THE STACK TENDS TO EVOLVE

### ~10
**EMPLOYEES**

A spreadsheet, a group text, a calendar, maybe a lightweight estimating tool. Simple, because the operation is.

### ~25
**EMPLOYEES**

At least one core platform for scheduling, work orders, and field documentation. Accounting still separate; integration partial.

### ~50
**EMPLOYEES**

An integrated stack (field, accounting, reporting), and critically, someone who **owns** the systems: maintains them, trains on them, keeps the data clean.

> Software doesn't fix a broken workflow. It amplifies whatever process already exists. A chaotic estimating process just gets faster and more expensive.

**OPERATOR'S TAKE** OPINION, NOT BENCHMARK

"Less isn't always more. I'd rather have the **best tool for each job** than one mediocre all-in-one, as long as they integrate. Think of your toolbox: you want a real hammer, real snips, a real knife, not a clumsy combo tool. Keep the right tools working together and the job gets done."

**DAVID SILVERSTEIN** Owner, American Home Contractors

The tools are easy to buy. **Owning them**, keeping them maintained, adopted, and trustworthy, is the part that rarely gets assigned to anyone. That's where most growing contractors fall short.

FROM THE FIELD

STRAIGHT TALK

# REAL OWNERS. SAME MIDDLE.

We pulled the numbers. These operators lived them. Here's the messy middle in the words of the people who've actually run it.

### ON GETTING OUT OF YOUR OWN WAY

"The main thing I try to do is get out of the way of myself, cause I will screw everything up. I will overanalyze, I will pick and poke at things that don't need touched until I wreck it."

**DAN WATERS**
Decks Unlimited / Deck City · 4 crews

### ON THE TECHNICIAN TRAP

"I ran a horrible company. We did good work, I ran a bad business, because I was more focused on being a technician than a business person."

### AND THE CEILING

"Your business is only going to grow to the capability and your understanding of yourself at that time."

**CALEB AUMAN**
Kid Contractor Podcast

### ON WORKING IN VS. ON THE BUSINESS

"It is extremely difficult, if near impossible, to work a company and run a company."

**Matt** · Working with Matt

### ON PRE-SYSTEMS CHAOS

"Our business was a Wild West show… it was just like whatever, whatever, whatever."

**Chris Caudy** · Select Plumbing

### ON CREW QUALITY OVER HEADCOUNT

"I would much rather have a team with four quarters than 100 pennies… people that are gonna stick and stay, rather than this constant turnover."

**Ashley Smith** · Always Forward Roofing

### ON HIRING TOO FAST

"You expand your team and then you realize, oh, these people aren't working well together."

**David Peters** · Construction Clock

THE WAY THROUGH

STEAL THESE

# EVERY HEADWIND HAS A MOVE.

The operators who clear the messy middle aren't working harder than you. They run the same plays, earlier. Here's the short version, one move per pressure.

**01** WHEN SYSTEMS LIVE IN YOUR HEAD

### WRITE IT DOWN BEFORE YOU OUTGROW IT.

**02** WHEN YOU'RE THE BOTTLENECK

### HIRE THE MANAGER BEFORE IT FEELS AFFORDABLE.

**03** WHEN YOU CAN'T READ YOUR MARGINS

### KNOW YOUR NUMBERS COLD.

**04** WHEN PROFIT ISN'T CASH

### PROTECT CASH LIKE IT'S A JOB.

**05** WHEN PRICES MOVE UNDER YOU

### PRICE FOR TODAY, NOT LAST YEAR.

**06** WHEN THE TOOLS PILE UP

### PICK FEWER. OWN THEM.

One source of truth beats five half-used apps. Put someone in charge of adoption, not just the purchase.

HOW TO USE WHAT YOU JUST READ

# THE PATTERN IS THE POINT.

Six pressures, one transition. The systems, the cash, the prices, the labor, the tools: they're stages of the same shift, the one that turns a good crew into a real company. So here's what to actually do with all of it.

### NUMBERS MATCH? GOOD.

If your margins, your delays, and your overhead look like these, you're not behind. You're normal. Stop second-guessing it.

### NUMBERS OFF? NOW YOU KNOW.

A gap against these benchmarks isn't bad news. It's next quarter's focus, picked for you, before it picks you.

### EITHER WAY, BUILD FOR IT.

The way through runs on knowing what's true about every job, before it bites. That's the whole game.

OPERATOR'S TAKE — IF YOU ONLY READ ONE PAGE

"Margin, margin, margin, that's how you make money. Take care of your customers and the reviews follow. Pay your people on merit, for the value they create. Outwork everybody. There are no shortcuts."

**DAVID SILVERSTEIN** Owner, American Home Contractors

You don't have to win every one of these fights this quarter. You just have to see them coming. **That's what this report is for: to put the pattern on paper before you're standing in the middle of it.**

METHODOLOGY & SOURCES

# WHERE THE NUMBERS COME FROM.

Figures are drawn from federal data and the major construction-industry benchmarks of 2024–2026. Two sources (Rabbet, Billd) are vendor-commissioned and labeled as such; their direction matches what contractors across the industry describe, but absolute figures should be read with that in mind.

U.S. Census Bureau: Statistics of U.S. Businesses & Economic Census firm-size data

NAHB analysis of Census microdata

U.S. Bureau of Labor Statistics: Business Employment Dynamics

CPWR: 2026 Safety Management SmartMarket Report

CFMA: 2024 Construction Financial Benchmarker (2023 financials)

Rabbet: 2024 Construction Payments Report (vendor-commissioned)

Billd: 2025 National Subcontractor Market Report (vendor-commissioned)

Associated Builders & Contractors: 2026 workforce & input-price analyses

Associated General Contractors of America: 2025 workforce survey

Gordian: 2026 RSMeans Data

Home Builders Institute (HBI): workforce analysis

FURTHER READING FROM COMPANYCAM

- How to Recruit and Hire Skilled Trade Workers
- Hiring & Job-Seeking Tips for Contractors
- Do Good Work: The State of the Trades
- Why Contractors Get Stuck at 25 Employees
- Handheld Tech Is Changing the Hiring Game
- The CompanyCam Resource Hub

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