

# The 12-Point Margin Leak Checklist

FOR BAY AREA RESIDENTIAL GCS AT \$2M TO \$20M

These are the 12 patterns we see most often across Bay Area residential GC operations. Each one bleeds margin quietly. Run through the self-checks. **If you answer yes to 3 or more, the leak is real.**

- 01 Existing conditions blow the contingency** ADDITIONS + PRE-1980 STOCK

*On your last remodel, did you find asbestos, knob-and-tube, or settled framing after demo started?*

**FIX** Price a testing allowance and a separate contingency line item on every pre-1980 job. Not a round number. A real allowance based on what you found on the last three.
- 02 PMs running 4+ jobs miss burn until month-end** \$6M+ SHOPS WITH PMS

*Can your PM tell you the budget variance on Job #3 right now, without opening QuickBooks?*

**FIX** Surface estimate-vs-actual weekly, not monthly. If only the owner can see the budget, only the owner can manage the budget. That stops scaling at 4 jobs.
- 03 Change orders sitting in inbox more than 48 hours** REMODEL GCS

*How many unsigned COs are older than 2 days right now? If you are not sure, that is the answer.*

**FIX** Set a 48-hour rule: any CO not signed in 48 hours gets escalated to the owner. Every day a CO sits unsigned, your crew is working at risk.
- 04 Material price moves between bid and order** ALL JOBS OVER \$50K

*When was the last time lumber, concrete, or finish material pricing shifted after you locked the estimate?*

**FIX** Add a material-escalation clause to every proposal over \$50k. Lock pricing to a 30-day window. If materials move, the clause protects your margin.
- 05 Sub callouts that don't ride the schedule** ADU + TIGHT TIMELINES

*Did a sub show up last month expecting a different scope or timeline than what you had?*

**FIX** Send a 48-hour lookahead to every sub on the active schedule, every week. One missed solar inspection tanks a 4-month ADU.
- 06 Photos buried in iCloud, not tagged to scope** FIELD-HEAVY OPS

*Can you pull every photo from the demo phase of your last job in under 60 seconds?*

**FIX** Tag photos to the scope line item the day they are taken. Not the folder, the line item. Your job site photos are a competitive advantage, but only if you can find them.
- 07 Crew hours captured in text messages, not logged daily** SUB-HEAVY SHOPS

*Are any crew hours on your last three jobs sitting in a text thread instead of a time log?*

**FIX** Log hours at the end of every shift, tied to the job and the scope line. If your subs prefer text, that is fine. But the hours have to land in a log the same day.

## 08 Permit fees and inspection costs estimated as a round number

MULTI-JURISDICTION

*Did you price permits on your last job from the county fee schedule or from memory?*

**FIX** Pull the county fee schedule for every jurisdiction you bid in. Bay Area permit timelines and costs vary wildly between Alameda, San Mateo, and Marin. Update annually.

## 09 Demo scope under-priced

REMODEL + ADDITION

*How much did your last demo phase go over the original estimate? If you do not know, that is the leak.*

**FIX** Walk the demo scope on site before pricing it. Add 15% for what you cannot see. On older Bay Area housing stock, half the real cost is behind the walls.

## 10 Punch list dragging into invoiced final draw

ALL RESIDENTIAL

*How many days between your last project's punch list start and final payment?*

**FIX** Start the punch list 2 weeks before substantial completion, not after. Every week a punch list drags is a week your final draw sits uncollected.

## 11 Office staff time not tracked against jobs

2+ OFFICE STAFF

*Do you know how many hours your office manager spent on Job #4 last month?*

**FIX** Track admin hours by job, not just field hours. If your office runs 20 hours a week and 60% goes to one job, that job's true margin is lower than your P&L shows.

## 12 Quotebook that has drifted from your actual costs

REPEAT PLAN TYPES

*When was the last time you compared your unit costs to an actual closed-out job?*

**FIX** After every job closeout, update 3 line items in your quotebook with real numbers. If you build the same plan-set 3 times a year and your costs drifted 5%, you are leaving money in every bid.

## What to do next

Pick the top 3 leaks that hit hardest. Fix those first. If you want help figuring out which ones cost you the most, book 15 minutes with me. No pitch, no deck. Just a conversation about where your margin is going.

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