

THE

JBA REPORT

Eleven headlines from this week. **What they cost you, where it leaks** and what it pays to fix.

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Good morning.

The economy had a strong quarter. Your costs had a stronger one. Diesel is up \$2.634 a gallon from a year ago, a new tariff list went live at midnight, and health insurance renewals are starting to land.

None of it shows up in your books until next month. By then the quote is signed, the job is done and the money is gone. Most owners can't just raise prices to cover it. They don't have to. The money is usually already inside the business, leaking out somewhere nobody measures. This report shows you where.

THE WEEK BY THE NUMBERS

<div>100</div> <div>TARIFFS</div> <div>Canadian products added to the 50% list today</div>	<div>3.6%</div> <div>PRICES</div> <div>Inflation for the year ending in September</div>	<div>2 of 12</div> <div>THE FED</div> <div>Voters who wanted a rate hike</div>
<div>\$6.352</div> <div>DIESEL</div> <div>National average per gallon, Oct. 27</div>	<div>91.7</div> <div>YOUR CUSTOMER</div> <div>Consumer confidence, highest since June</div>	<div>9.6%</div> <div>HEALTH INSURANCE</div> <div>Michigan small group increase for 2027</div>

HOW TO READ THIS REPORT

Every story tells you what happened, **who it hits** and **what you lose if you do nothing**. Then **where it leaks** inside your business, three moves for this week (**Measure, Manage, Fix**) and **the return** on making them. Raising prices is one lever. It is rarely the first one.

TARIFFS EFFECTIVE TODAY, OCT. 30

01

Canada's 50% tariff list changed overnight.

100 in 22 out

PRODUCTS ON THE 50% LIST

WHAT HAPPENED

Signed Oct. 23, live this morning. The list of Canadian products paying the extra 50% grew from 513 lines to 591. It stacks on steel and aluminum duties and applies even when goods qualify under USMCA.

NOW ON THE LIST

- Acrylic and vinyl paints and varnishes
- Putty, caulk and mastics
- Shampoo and toilet soap
- Lubricants and waxes
- Sweetened cocoa powder

NOW OFF THE LIST

- Corrugated cartons and boxes
- Polyethylene sacks and bags
- Plastic boxes and crates
- Thin hardwood plywood
- Packing and labeling machinery

WHO IT HITS

Painters, flooring and finishing contractors, facilities and maintenance, salons and janitorial, bakeries and food makers. The relief side helps packagers and shippers.

HOW IT HITS YOU: WHAT YOU LOSE IF YOU DO NOTHING

Canadian acrylic and vinyl paint goes from 13.6% total duty to 63.6%. Illustration: a \$10,000 order now carries \$6,360 in duty instead of \$1,360. If the quote was signed last month, that \$5,000 comes out of your profit, not your customer's.

WHERE IT
LEAKS

Material. The cost lands over the estimate, nobody assigns it to the job, and it disappears into the month.

DO THIS NOW

- | | |
|---------|---|
| MEASURE | Pull 90 days of purchases that came from Canada, item by item. |
| MANAGE | Ask each supplier in writing which of your items moved and when the new price starts. |
| FIX | Move the next order to a source or product that is not on the list, and put a material escalation clause in every open quote. |

THE
RETURN

Every \$10,000 of material you move off the list keeps up to \$5,000 in duty inside your business.

The economy grew 3.4%. Prices grew 3.6%.

3.6% INFLATION, YEAR OVER YEAR

WHAT HAPPENED

The economy grew at a 3.4% annual rate from July through September, up from 2.2% in the spring. The same morning, the Fed's preferred inflation gauge came in at 3.6% for the year ending in September. Core prices rose 3.1%.

3.4% GDP growth, third quarter	2.2% GDP growth, second quarter	3.6% PCE inflation, September	3.1% Core PCE inflation
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WHO IT HITS

Every business that sells from a price sheet, a menu or a rate card. Contractors, distributors, manufacturers, restaurants, service companies.

HOW IT HITS YOU: WHAT YOU LOSE IF YOU DO NOTHING

Busy is not profitable. A growing economy fills your schedule while rising costs drain the margin on every job in it. Illustration: on \$1,000,000 of annual costs, 3.6% is \$36,000. If your prices cannot move, that \$36,000 has to come from somewhere inside the business.

WHERE IT LEAKS	Overhead nobody tests for a return. Drift of 3% to 6% of revenue a year is common, and it compounds every year it goes unexamined.
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DO THIS NOW	
MEASURE	Compare your top 10 costs today against the same 10 a year ago.
MANAGE	Put one date on the calendar every month to check cost against what it returns.
FIX	Before you touch price, go line by line on overhead and cut what earns nothing.
THE RETURN	Finding \$36,000 of overhead that earns nothing protects the same profit a price increase would, without asking a single customer.

The Fed held rates at 3.75% to 4%. Two voters wanted a hike.

10 to 2 THE VOTE TO HOLD

WHAT HAPPENED

The Fed kept its benchmark rate where it has been since September's quarter point increase. Its statement says inflation "remains elevated." Governor Lisa Cook and Cleveland Fed President Beth Hammack wanted another quarter point. The next meeting is Dec. 9 and 10.

<div>3.75% to 4%</div> <div>Federal funds target range</div>	<div>4.0%</div> <div>Primary credit rate</div>	<div>8.2%</div> <div>Average small business short-term loan rate, Sept.</div>	<div>Dec. 9 and 10</div> <div>Next meeting</div>
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WHO IT HITS

Anyone carrying a line of credit, equipment notes, floor plan or construction draws. Dealers, contractors, manufacturers, real estate.

HOW IT HITS YOU: WHAT YOU LOSE IF YOU DO NOTHING

A hold is not a refund. September's increase is still in your variable payment. Illustration: on a \$1,000,000 variable balance, one quarter point is \$2,500 a year, every year it stays.

<div>WHERE IT LEAKS</div>	Debt service. The P&L only shows the interest. The principal still comes out of after-tax profit, and it often takes about \$1.30 of pretax profit to cover every \$1.00 of it.
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<div>DO THIS NOW</div>	
<div>MEASURE</div>	List every variable rate payment. Write August's amount next to this month's.
<div>MANAGE</div>	Budget next month on today's payment, not the one you hope for.
<div>FIX</div>	Point freed-up cash at the most expensive variable balance first, and talk to your banker before Dec. 9.
<div>THE RETURN</div>	Paying down \$100,000 on a line at 8.2% keeps about \$8,200 a year that used to go to the bank.

DIESEL OCT. 27

04

Diesel hit \$6.352 a gallon this week.

+\$2.634 PER GALLON VS. A YEAR AGO

WHAT HAPPENED

The national on-highway diesel average rose 8 cents in one week, according to Energy Information Administration data released Monday. The Midwest jumped 13 cents to \$6.480. The West Coast sits at \$7.329.

<div>\$6.352 National diesel average</div>	<div>\$6.480 Midwest, up 13 cents</div>	<div>\$7.329 West Coast</div>	<div>\$4.269 National gasoline</div>
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WHO IT HITS

Trucking, distribution, construction, landscaping, HVAC, plumbing and electrical service, agriculture, delivery.

HOW IT HITS YOU: WHAT YOU LOSE IF YOU DO NOTHING

Illustration: one truck at 500 miles a week and 8 miles per gallon burns 62.5 gallons. At \$2.634 more per gallon, that is about \$165 a week, or \$8,561 a year, per truck. Ten trucks: \$85,610.

WHERE IT LEAKS	Labor. The miles nobody bills carry a paid driver, a paid crew and a \$6 gallon. Drive time is the most expensive hour you do not charge for.
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DO THIS NOW	
MEASURE	Fuel cost per truck per day, and hours paid against hours billed, this October against last.
MANAGE	Put a fuel line on every invoice that leaves the building.
FIX	Tighten routes and cut one unbilled trip per truck per day.
THE RETURN	Cutting 50 unbilled miles a week per truck saves about \$2,064 a year in fuel alone, per truck, before you count the labor riding along.

YOUR CUSTOMER OCT. 27

05

Consumer confidence jumped 7.5 points to 91.7.

91.7 HIGHEST SINCE JUNE

WHAT HAPPENED

The Conference Board's index beat expectations, helped by gas prices easing from September to October. Same survey, different story: consumers plan to spend less on services and big-ticket goods over the next six months, and they are still frustrated with rising costs.

WHO IT HITS

Restaurants, retail, home services, remodelers, auto, furniture and appliance dealers.

HOW IT HITS YOU: WHAT YOU LOSE IF YOU DO NOTHING

A better mood is not a bigger ticket. Illustration: 1,000 jobs a year at \$2,000 each. A ticket that shrinks 5% costs you \$100,000 in sales, and you will not see it in one month. You will see it in three.

WHERE IT
LEAKS

The office. Estimates that sit, follow ups that never happen and quotes nobody tracks. That is a seat with a job and no standard.

DO THIS NOW	
MEASURE	Leads, close rate and average ticket this month against October last year.
MANAGE	Track close rate every week, not at month end.
FIX	Work the quotes you already have before you buy more leads. Every open estimate is a sale you already paid to produce.
THE RETURN	Lifting close rate from 30% to 33% on 1,000 quotes at \$2,000 is 30 more jobs and \$60,000 in sales, without spending another dollar on marketing.

Michigan approved 9.6% average small group health increases for 2027.

9.6% AVERAGE INCREASE, EFFECTIVE JAN. 1

WHAT HAPPENED

Regulators approved the increases for plans covering businesses under 51 employees, about 403,722 people. The biggest was 14.8%. Nationally, the median small business premium hit \$8,743 per employee in 2026, up 31% since 2022.

ILLUSTRATION: A 20 PERSON SHOP

Covered employees	20
Premium per employee	\$8,743
Annual premium today	\$174,860
9.6% increase	\$16,787 a year

WHO IT HITS

Every employer under 51 people that offers coverage. Labor heavy shops feel it first: trades, practices, restaurants, manufacturing.

HOW IT HITS YOU: WHAT YOU LOSE IF YOU DO NOTHING

That \$16,787 a year starts in January whether your sales moved or not. Michigan is the filing that landed this week. Every state's filings are public.

WHERE IT
LEAKS

Labor. You pay benefits on every paid hour, not every billed hour. The lower your billed hours, the more each billed hour has to carry.

DO THIS NOW

MEASURE	Get your renewal number in writing now, and measure billed hours against paid hours.
MANAGE	Put the new premium in next month's budget so January is not a surprise.
FIX	Shop the renewal before December, and raise billed hours so the premium spreads across more billed work.

THE
RETURN

Illustration: 20 people at 2,080 paid hours each. Moving billed hours from 70% to 75% of paid is 2,080 more billed hours on the same payroll and the same premium.

Quick Hits

Five more headlines worth a minute.

HIRING OCT. 29

Jobless claims fell to 194,000, near 57-year lows.

Who it hits: Every employer trying to hire. Trades, healthcare, hospitality, manufacturing.

The move: Finding people stays hard. Before you add a seat, measure what the seats you already pay are producing.

YOUR TIME OCT. 28

60% of owners lose nearly a full workweek every month managing cash flow.

Who it hits: Owner-operators who still run the books, the bank and the bills themselves. A Grasshopper survey found 27% lose 15 days or more.

The move: Your hour is the most expensive one in the building. Put a number on it, then decide what you stop doing.

TARIFFS NOV. 10

178 China product exclusions expire Nov. 10 unless extended.

Who it hits: Importers, distributors and manufacturers buying from China. The same date restarts a 100% duty on Chinese intermodal chassis.

The move: Check every China-sourced item against the exclusion list now. After Nov. 10, the duty lands on the next entry.

SELLING YOUR BUSINESS IN EFFECT

SBA buyers must now show \$1.25 of earnings for every \$1.00 of loan payments.

Who it hits: Owners planning to sell to a buyer using SBA financing. Earnings must be actual results, not forecasts.

The move: Your buyer's loan is now sized on your real numbers. Clean books are worth money at the closing table.

CARD FEES OCT. 28

Merchants pay 2% to 3% on every credit card sale, and about a third of small businesses surcharge.

Who it hits: Restaurants, retail, home services, anyone taking cards at the counter or in the field.

The move: Illustration: \$2,000,000 in card sales at 2.5% is \$50,000 a year. Know the number before you decide who pays it.

ELEVEN HEADLINES. ONE QUESTION.

Does your profit cover next month?

Your accountant will tell you what this week cost you. In about 45 days. **The owners who measure it this week get to act on it.** The rest get to read about it in their books.

The number that answers the question has a name: **Minimum Mandatory Profit**. It is the profit your business has to make next month to cover its debt, its obligations and you. Debt service is where it starts. It is not where it ends.

Every headline in this report moves that number. You have more than one way to answer. Raise the price if the market lets you. If it doesn't, find the leak: hours paid and never billed, material nobody assigned to a job, overhead nobody tested, quotes nobody followed up.



The JBA Report

The week's headlines, translated for owners of privately held businesses with \$1M to \$100M in sales. Every story ends with three moves: Measure, Manage, Fix. From Jay Aldebert.

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