

The Fixed-Weight Finder

List every cost. Ask one question. Run your own 30 percent shock test.

Every fixed cost in your business is a bet that tomorrow's revenue looks like today's. I learned that the hard way, in the months after New Century collapsed and in the years since, and I built my company around one rule before I ever paid another person: nobody works for me full time.

This worksheet runs the same test on your numbers. List every cost you carry, ask one question about each line, then run your own 30 percent shock test the way I ran mine in chapter 8. You'll see which costs protect you in a bad quarter and which ones are quietly betting your business on a good one.

It also tells you who this model is not for. If you're turning away paying work every month, or your business runs on a plant, a fleet, or a warehouse, the math below changes for you. Read that section before you touch a single line item.

01 The one question

Every cost your business carries is a promise. You know the payment date, the amount, and who it goes to. What most owners never write down is what happens to that cost the day revenue drops. So this worksheet asks one question about every line: if revenue dropped 30 percent tomorrow, does this cost drop with it, or does it sit there anyway, waiting to be fed.

A cost that drops with revenue is variable. A cost that sits there regardless of revenue is fixed. Most businesses aren't running a clean either-or. You're running a mix, and the mix is the thing worth knowing before a bad quarter finds it for you instead.

02 List every cost you carry

One row per cost. Circle fixed or variable for each line, then answer the last column honestly. Add your own rows at the bottom for anything the list below leaves out.

COST LINE	MONTHLY \$	FIXED	VARIABLE	IF REVENUE DROPS 30%, THIS COST...
Office lease		☐	☐	
Full-time salaries + benefits		☐	☐	
Contractor / fractional labor		☐	☐	
Software licensed per seat		☐	☐	
Software billed per use		☐	☐	
Insurance		☐	☐	
Equipment (leased month-to-month vs. owned outright)		☐	☐	
[Add your own]		☐	☐	
[Add your own]		☐	☐	

03 Run the shock test on your own numbers

This is the same math from chapter 8, run against your own P&L instead of the constructed \$900,000 example in the book. Same revenue drop. Same rule for which costs move and which ones don't.

- 1 **Total your fixed costs.**
Add every line above marked fixed. This is what you pay whether or not revenue shows up this month.
- 2 **Total your variable costs.**
Add every line marked variable. This is what only gets spent against money already in the door.
- 3 **Write down current monthly revenue.**
- 4 **Calculate revenue at a 30 percent drop.**
Multiply current revenue by 0.7.

- 5 **Calculate variable costs at the drop.**
Multiply your variable-cost total by 0.7. They move with revenue, the same ratio as today.
- 6 **Leave fixed costs alone.**
The number from step 1 doesn't change. That's the entire point of the word fixed.
- 7 **Add fixed plus shocked variable**
to get total costs at the drop.
- 8 **Subtract costs from revenue,**
at today's numbers and at the drop, to get two profit figures.
- 9 **Compare the two.**
If profit fell by more than 30 percent, more than revenue did, the worksheet has already told you where to look. Go back to section 02 and find the biggest number you marked fixed.

For reference, here's what that same math did to the book's constructed example, one structure built on salaried staff and one built on fractional contractors, both starting from \$900,000 in revenue.

	FIXED-HEAVY STRUCTURE	VARIABLE-HEAVY STRUCTURE
Net profit at full revenue	\$306,000 (34.0%)	\$279,000 (31.0%)
Net profit after a 30% revenue drop	\$52,200 (8.3%)	\$187,200 (29.7%)
Change in profit	down 83%	down about 33%, roughly matching the revenue drop

04 The honest premium

A contractor costs more per hour than an employee doing the same job. In the example above, the variable-heavy structure spent 60 percent of revenue on labor against the fixed-heavy structure's 50 percent, a real premium of about 20 percent, not the 200 percent an hourly rate card suggests. That gap holds because you're buying the hours the work actually takes, not a person's whole week: no benefits load, no idle time between jobs, no training ramp on your clock. Buy contractor hours one for one against an open-ended role and that arithmetic breaks. This only holds when the engagement is scoped to a project or a capped block of hours.

05 The surge tradeoff

Run the same 30 percent the other direction, as a surge instead of a collapse. The fixed-heavy structure has slack sitting inside salaried staff already on payroll, so it absorbs new work at no new cost and its profit grows faster than revenue. The variable-heavy structure has to go buy that capacity at contractor rates, and the best people carry other clients on purpose, so the hours you suddenly need aren't always sitting there waiting. This model trades away some of the upside in a boom for most of the protection in a bust. Decide with your eyes open which side of that trade you want.

06 Who this is not for

- ☐ **Capacity-constrained businesses.** Name one specific week and one specific job you turned away because you didn't have enough hands, not because you didn't want the client. If you can name it, some of your fixed staff is doing priced work every day, and this math changes for you.
- ☐ **Owned-capacity businesses.** A plant, a fleet, a warehouse, proprietary product IP, or a licensed workforce is not a cost to shed. It's the moat. Wholesale adoption of no fixed weight is the wrong move here.
- ☐ **Regulated work.** If your industry dictates who's legally allowed to touch the work, that requirement isn't a fixed cost either. Apply the same test to your vendors and platforms instead, and leave the regulated capacity exactly where it is.

How to use this. This is a thinking tool, built to help you reason about your own cost structure. It is not professional advice, and it does not replace a conversation with your own CPA. The worked example in section 03 is a constructed comparison built to isolate one variable, not any single company's ledger. As of July 2026 - verify current figures and your own numbers before relying on anything here.

How to use this. This is a thinking tool, built to help you reason about your own firm. It is not a compliance guarantee and it is not legal advice. Where it states a rule, it states the rule as of 2026-07, and the law moves, so confirm the current rules in your jurisdiction with your own counsel before you rely on anything here.

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