

THE ROOFING CEO'S FIELD GUIDE TO 2026

5 forces reshaping the industry and what to
do about each one

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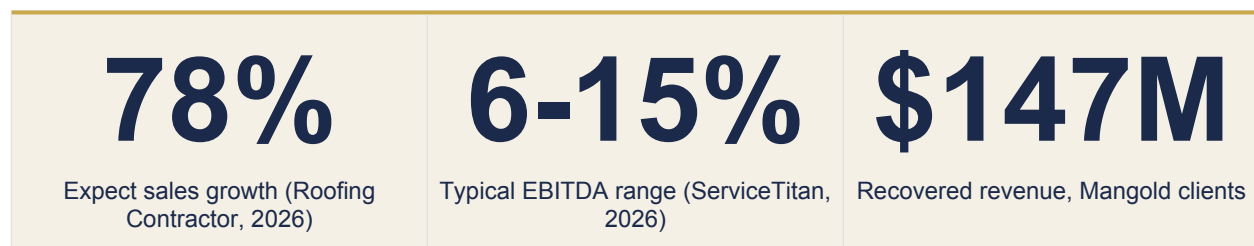
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The Big Picture: A Separating Market

Every roofing CEO I talk to says some version of the same thing: 'We are busier than ever, but it does not feel like we are getting ahead.'

The numbers confirm the tension. According to Roofing Contractor's 2026 State of the Industry survey, 78% of contractors expect sales volumes to increase this year. ServiceTitan's parallel study of over 1,000 roofing companies found that 75% expect revenue growth. On the surface, those are strong signals.

But look one layer deeper. Construction material prices have risen more than 30% since 2020, according to the U.S. Bureau of Labor Statistics. Labor costs are climbing. Overhead is climbing. And when ServiceTitan measured profitability, one-third of contractors reported EBITDA margins between just 6% and 15%. That is the gap between revenue growth and actual profit. It is the defining tension of 2026.



2026 is not a market that rewards hustle alone. The U.S. roofing market is projected at \$33.29 billion this year (Mordor Intelligence, 2026), with the broader roofing contracting industry reaching \$100.5 billion (IBISWorld, 2026). There is plenty of work. The question is whether you can execute that work profitably.

Rising labor and overhead costs are the top concern for 39% of contractors (ServiceTitan, 2026). In Roofing Contractor's parallel survey, 49% cite economy and inflation as their primary challenge, followed by building material costs at 38% and lack of qualified workers at 36%. These are not new problems, but they are compounding in a way that separates the companies with operational discipline from the ones running on momentum.

The companies that win in 2026 are not the ones with the most leads. They are the ones with the most operational discipline. Revenue is not the problem. Converting revenue into profit, predictably and repeatedly, is the problem.

-- Matthew Mangold

Across my coaching engagements, clients have collectively recovered \$147 million in revenue that was already inside their businesses. Not from new marketing. Not from

new territories. From fixing the constraints that were quietly bleeding cash: slow follow-up, scheduling waste, misaligned compensation, and the hundred small operational failures that compound into six- and seven-figure losses over a year.

This guide walks through the five forces that will define which companies separate from the pack in 2026 and which ones get left behind. More importantly, it tells you what to do about each one.

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PE Consolidation: The New Competitive Landscape

Private equity has fundamentally changed the roofing industry in less than three years. The numbers tell the story clearly: there were 17 PE-backed roofing platforms in early 2023. By the end of 2024, there were 56. That is a 229% increase. In 2024 alone, PE firms completed 134 roofing acquisitions, a 25% increase year over year.

By mid-2025, the pace reached one acquisition every 48 hours.

The distribution side has consolidated even faster. QXO completed its acquisition of Beacon Roofing Supply for approximately \$11 billion in April 2025, creating the largest publicly traded roofing distributor in the country. QXO then secured \$1.2 billion from Apollo to fund further acquisitions through 2026. Home Depot acquired SRS Distribution for \$18.25 billion and followed that by purchasing GMS Inc. for \$5.5 billion through SRS Distribution in September 2025, creating a distribution network of 1,200 locations, 3,500 sales associates, and nearly 8,000 trucks. TopBuild acquired Progressive Roofing for \$810 million at 9.1x EBITDA in July 2025, further signaling institutional demand for well-run roofing operations.

What This Means for a \$5M to \$15M Company

You are in the zone that PE finds most attractive. Companies in this revenue range are large enough to generate meaningful cash flow but small enough to acquire at reasonable multiples. For mid-market companies with strong operations, PE firms are paying 5x to 9x EBITDA, but it is not guaranteed. How your company is structured both operationally and financially can determine the price point. Smaller companies under \$5 million in revenue typically trade at 2.5x to 3.6x (AXIA Advisors, 2025). Either way, that represents a significant valuation for a well-run operation.

The question every CEO in this range needs to answer: Are you building a company that is strong enough to compete independently against PE-backed operators, or are you building one that is attractive enough for a strategic exit? Either path requires the same thing: clean financials, documented systems, and growth that does not depend on the owner being in the middle of every decision.

Case Study: Complete Roofing

Complete Roofing came to me at \$1.9 million in revenue. Through systematic work on their operational constraints, pricing structure, and growth strategy, they grew to \$14.6 million. That kind of trajectory is exactly what makes a company attractive to acquirers or strong enough to compete on its own terms. The companies getting squeezed are the ones stuck between \$3M and \$8M with no clear path in either direction.

Whether you intend to sell or not, the PE wave changes your competitive environment. PE-backed competitors will have access to cheaper capital, shared back-office resources, and negotiating leverage with suppliers and distributors that independent operators cannot match on their own. The response is not to panic. It is to get your house in order.

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Labor and Workforce: The Constraint That Will Not Ease

Labor has been the top constraint in roofing for years. It is not getting better. The 2026 State of the Industry data shows 38% of residential roofers and 36% of commercial contractors cite finding qualified workers as a primary challenge. The NRCA's broader survey puts the number higher: 85% of roofing contractors report struggling to hire skilled labor.

The demographics make the long-term picture worse. One in five roofers is over 55. Sixty-one percent of workers in roofing and insulation are foreign-born, which means immigration policy is not an abstract political issue for this industry. It is a direct workforce issue.



Most CEOs respond to this constraint by trying to recruit harder. More job postings, higher wages, signing bonuses. Those are necessary but insufficient. The companies I work with that have solved the labor problem did it by changing the question. Instead of 'How do I find more people?' they asked 'How do I get more out of the people I already have?'

The Real Cost of Scheduling Waste

Crew scheduling is one of the most underestimated profit leaks in roofing. When crews are idle between jobs, driving unnecessary routes, or waiting on materials that should have been staged the night before, the cost is invisible on a daily basis but devastating over a quarter.

Case Study: JC Roofing

When we diagnosed JC Roofing's operations, we found that scheduling inefficiencies were costing between \$100,000 and \$630,000 annually. The President and CEO, took those findings and grew the company by \$5 million in revenue with zero additional marketing spend. No new leads. No new salespeople. She fixed internal systems, and the capacity that was already there became visible.

That is the pattern I see repeatedly. The labor shortage is real, but a significant portion of the 'labor problem' is actually a systems problem. When you fix scheduling, streamline handoffs between sales and production, and eliminate the friction that makes good crews want to leave, you unlock capacity that was there all along.

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Technology and AI: Signal vs. Noise

Roofers are adopting technology faster than at any point in the industry's history. CRM platforms, aerial measurement services, AI-powered estimating, and drone inspections are moving from novelty to necessity. The contractors gaining ground are treating technology as operational infrastructure, not a nice-to-have.

What Actually Drives Technology Decisions

ServiceTitan's survey of over 1,000 contractors revealed what features matter most when choosing technology:



Production management features top the list at 47%. This makes sense. The companies feeling the most pain are not the ones struggling to generate leads. They are the ones struggling to execute the work they have already sold. Technology that helps

you schedule crews, track job progress, and manage materials in real time solves a real constraint.

The AI Reality Check

Here is where signal and noise diverge. Despite the buzz around artificial intelligence, 79% of roofing contractors are not using AI or external large language models in their business. Only 4% use AI features built into their CRM (ServiceTitan, 2026). The opportunity is real, but the adoption is early.

What gives a mid-size company an actual edge is not chasing every new tool. It is identifying the one or two bottlenecks where technology eliminates a manual step that costs you money every day. For most companies I work with, that means CRM and production management first. Everything else is a distraction until those fundamentals are in place.

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Insurance and Claims: The Tightening Vise

Forty percent of roofing contractors participate in insurance restoration work. For many, it represents the most profitable segment of their business. But the landscape is shifting in ways that will catch unprepared companies off guard.

Claims complexity is the top pain point, cited by 47% of contractors doing insurance work. Adjuster delays follow at 36%. Carriers are deploying aerial imagery, drones, GIS data, and AI-powered analysis tools to validate roof conditions and scrutinize claims documentation more aggressively than ever. Higher deductibles and stricter code-compliance scope requirements are becoming standard.

Insurance-funded projects are also seeing delayed payments as carriers increase scrutiny on documentation. Property owners, in turn, are delaying discretionary work. The entire chain is slowing down.

The enforcement side is escalating as well. Multiple states have implemented contractor registration, mandatory insurance verification, and licensing requirements to combat fraudulent claims. The days of loose supplementing practices are numbered.

What a CEO Should Plan For

If insurance restoration represents more than 30% of your revenue, you need a clear-eyed plan for what happens when that revenue stream tightens. That means:

- Audit your supplement process. Make sure every claim you file is documented to a standard that can withstand carrier pushback and legal scrutiny.
- Diversify your revenue mix. Build retail, commercial, or maintenance revenue streams that do not depend on storm events or carrier approvals.

- Tighten your cash flow cycle. Delayed insurance payments can create dangerous cash gaps. Know your days-to-collect number and have a plan for when it stretches.
- Watch carrier behavior in your top markets. The tightening is not uniform. Some carriers and some states are moving faster than others.

Insurance supplementing has been called one of the biggest profit leaks in roofing. The irony is that the leak comes from both directions: undercollecting on legitimate supplements costs you money, and over-reliance on insurance work exposes you to policy and regulatory risk you cannot control. The answer is better documentation, better diversification, and better cash flow visibility.

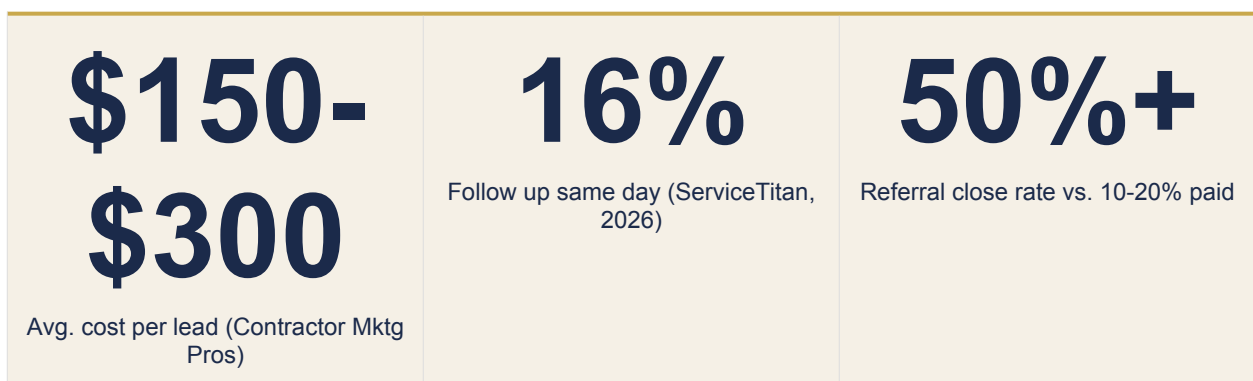
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Sales and Marketing: The Revenue Hiding in Your Pipeline

Here is a number that should bother every roofing CEO: only 16% of contractors consistently follow up with homeowners the same day on unsold estimates. That is from ServiceTitan's 2026 survey of over 1,000 roofing companies.

Think about what that means. You spend money on marketing. You send a salesperson to the home. They write an estimate. And then 84% of the time, you do not follow up that same day. The homeowner calls someone else. The lead goes cold. And you go buy more leads to replace the ones you already paid for.

The average cost per roofing lead ranges from \$150 to \$300, with high-competition markets pushing above \$450. Search ads average approximately \$188 per lead. Third-party leads close at 10-20%. Referrals close above 50%. And yet most companies are spending 5-10% of gross revenue on marketing to generate leads they do not follow up on promptly.



Homeowners are also changing how they find roofers. Word of mouth and referrals remain dominant, but online search and reviews play an increasingly decisive role. The contractors winning these customers are the ones who respond fast, price transparently, and make the decision easy.

The Fastest Path to Revenue Growth

I have seen this pattern so many times that I can almost predict the result before we start. A CEO comes to me convinced they need more leads. We look at their pipeline data and find that the growth they want is already sitting in unsold estimates, slow proposals, and unconverted opportunities.

Case Study: Jason B.

Jason had one specific follow-up problem. We identified it, built a process to fix it, and he generated \$30,000 in additional revenue within 5 days. Over the next 10 months, that single fix produced \$300,000 in incremental revenue. No new marketing spend. No new hires. One process change.

Case Study: Andy T.

Andy's constraint was proposal delivery speed. Homeowners were waiting too long and going with competitors who moved faster. Once we fixed that bottleneck, he generated \$50,000 in new revenue in 7 days. Within 6 months, the improvement produced \$250,000 in new contracts.

The lesson is the same in every case: most growth is sitting in your existing pipeline, not in more leads. Before you increase your marketing budget, audit your follow-up speed, your proposal turnaround, your estimate-to-close ratio, and your customer communication cadence. The cheapest lead is the one you already have.

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Your One-Page Action Plan

Five forces. Five actions. Each one is specific enough to start this quarter.

1. Market Pressure and Margin Compression

Run a trailing-12-month EBITDA analysis this month. Know your real margin, not your revenue. Identify the three largest cost categories that grew faster than revenue and build a plan to address each one. If your EBITDA is below 15%, you have a profitability constraint that no amount of sales growth will fix.

2. PE Consolidation

Get a professional business valuation or, at minimum, calculate your EBITDA multiple. Whether you want to sell or stay independent, you need to know what your company is worth and what makes it valuable. Document your systems, clean your financials, and reduce owner dependency. These steps make you stronger either way.

3. Labor and Workforce

Audit your crew utilization this quarter. Track actual production hours versus available hours for every crew for 30 days. In my experience working with roofing CEOs, scheduling gaps are one of the largest hidden capacity drains. Recapturing even a fraction of that lost time is the equivalent of adding a crew without the hiring cost.

4. Technology

If you do not have a CRM with production management capabilities, that is your first technology investment. If you do have one but your team is not using it consistently, that is your first operational priority. Before evaluating AI tools, make sure you are capturing the basic data you need to make informed decisions.

5. Insurance and Revenue Mix

Calculate what percentage of your revenue comes from insurance restoration. If it is above 30%, build a written plan to diversify. Set a target for retail or commercial revenue as a percentage of total, and assign someone to own that number quarterly.

'It is not the problems you can see that are costing you the most.'

Ready to Find What Is Costing You?

Take the Strategy Session to identify where your business is leaving money on the table.

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Or book a Strategy Session to discuss your specific situation.

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