

Why Revenue Growth Is Producing Anemic Profits

SAPIEN AMPLIFIED / REVENUE AND PROFIT / DECISION CARD

PROFIT	CASH	SPENDING	CLEANING QUALITY
Establish sustainable profit.	Confirm collection dates.	Defer the submitted package.	Resolve recurring failures.
Aim for a \$570,000 annual profit rate by month 12. Annualizing the latest quarter gives \$556,000; seasonality makes that an illustration.	Keep at least \$250,000 available. A delayed \$40,000 receipt would reduce Month 2 cash to \$230,000.	The \$115,000 salesperson and marketing request exceeds the \$100,000 annual allowance by \$15,000.	Maintain contracted cleaning tasks, frequency and quality while reducing costs. Make the initial spending decision within 30 days.

Defer Additional Sales Spending While Reviewing Contract Profitability

Confirm Collections, Recurring Costs and Contract Labor Hours

Finance: verify payment dates by Day 3 and sustainable annual profit by Day 10. Sales and operations: reconcile quoted and paid hours by Day 21, prioritizing the seven contracts missing detail. Continue profitable selling and address recurring cleaning failures. Confirm review costs and management availability before assigning work.

Compare Contract Improvements, Selective Sales and Continued Monitoring

A. Improve Contract Margins

Prioritize persistent cost overruns.

Compare contracted tasks with paid hours. Test revised pricing, customer-approved tasks or access times, or staffing arrangements.

Risk: Lower paid costs must preserve cleaning standards. Customer acceptance remains unproven.

B. Pursue Profitable Contracts

Use the existing sales team where feasible.

Confirm each prospect's costs, shifts, management needs and receipts before acceptance. Assess a smaller sales proposal separately.

Risk: Past margins do not establish a new contract's costs, staffing needs or collection dates.

C. Monitor Recent Improvement

Consider this if stronger profit persists.

If sustainable profit meets \$570,000, prioritize collections, customer retention and recurring cleaning failures. Schedule the next review.

Risk: One strong quarter can reflect seasonality. Monitoring does not resolve unpaid invoices or cleaning failures.

Make the Initial Decision by Day 30

Cash or staffing cannot support the work.

Defer the expenditure. Assign a manager to resolve the funding or staffing gap by a specified review date.

A tested change improves cost or cleaning quality.

Extend it only to comparable work, with confirmed staffing and funding. Preserve contracted cleaning standards.

A new contract has verified costs and staffing.

Approve only if payment timing preserves \$250,000 cash and total added spending stays within \$100,000.

Understand the Costs Behind the Profit Shortfall

\$1 million more revenue; \$20,000 more profit.	\$800,000 more delivery costs and \$180,000 more overhead absorbed the difference.
7,750 hours against 4,750 quoted.	Seven new complex contracts account for 3,000 excess hours. Their causes and avoidability remain unresolved.
Potential \$50,000 cost reduction.	Illustration: reduce new complex-contract costs from \$470,000 to \$420,000 at unchanged \$600,000 revenue and cleaning standards.
Potential \$37,500 before added overhead.	Illustration: \$100,000 new revenue at a 37.5% contribution margin, before added overhead. Contribution is revenue less direct delivery costs.

Illustrative case, based on the Revenue and Profit Decision Dossier and Confidence Audit. Benefits are conditional and must not be added where they overlap. No operating trial or customer agreement is established.