

DECISION BRIEF / DIAGNOSIS AND RECOMMENDATION

Why Your Company’s Revenue Grew but Profit Barely Increased

Fictional commercial cleaning business. The business records are illustrative. Proposed changes have not been implemented.

How the findings fit together

Delivery costs and overhead absorbed most of the additional revenue. The explanation may begin with the customers attracted, promises made and hours estimated, then continue through staffing, service, billing and management decisions. The records establish weaker delivery margins and higher overhead. They partly support several underlying causes, but do not yet establish which combination of repairs will produce sustainable profit.

WHAT THE RECORDS ESTABLISH	WHAT STILL NEEDS TO BE RESOLVED
Revenue rose from \$4 million to \$5 million. Profit rose from \$400,000 to \$420,000.	Which customer, commercial and operating changes explain the weaker economics.
\$200,000 additional delivery contribution less \$180,000 additional overhead leaves \$20,000 more profit.	How much extra cost is recurring, avoidable, temporary or necessary for productive growth.
Complaints rose from 48 to 96; the rate per 1,000 cleaning hours rose from 0.56 to 0.86.	Complaint severity, reporting consistency and comparable service volumes remain unknown.

DECISION NOW

Defer the \$115,000 sales and marketing package as submitted because it exceeds the \$100,000 allowance. Confirm cash, establish recurring profit and test the causes of weak contract economics. Continue individually justified selling through the current team.

WHAT COULD CHANGE THE EMPHASIS

Recent profit improved and healthy new work exists. If a recurring contract-and-cost schedule supports the \$570,000 goal, a broad repair program may be unnecessary. Target service failures and cash problems while preserving profitable growth.

The next decision

Within 30 days, choose a supported repair, a limited test, a revised growth proposal or continued deferral with a responsible manager and review date. Maintain agreed service standards and address recurring failures. Staff capacity and any additional spending must be established before work is assigned.

Basis: S0 to S8. The section HOW TRUSTWORTHY IS OUR ANALYSIS explains support, uncertainty and the conditions for action.

DECISION BRIEF / ACTION AND RECONSIDERATION

What to Change, Continue and Defer

DECISION NOW	ACTION AND REASON	WHAT COULD CHANGE IT
Reconcile weak contracts.	Review all ten new complex contracts and retained complex outliers. Compare scope, paid hours and service failures with healthy work.	If excess work was temporary startup activity, narrow permanent changes.
Preserve justified selling.	Assess each prospect’s service requirements, delivery costs, shifts, cash and management demands. Group D’s acquisition channel remains unknown.	Decline or redesign work whose economics or delivery requirements fail the review.
Defer the submitted package.	The \$115,000 request exceeds the \$100,000 added-spending ceiling before other improvements.	Assess a specified redesign when its complete financial and service effects are supported.
Confirm cash first.	Resolve uncertain overdue receipts and prepare dated payments before releasing additional cash.	Verified receipts or agreed changes to commitments may make a limited stage affordable.
Repair recurring service failures.	Select sites using severity, recurrence, paid rework and lost contribution as well as complaint count.	Different complaint types may require different repairs. Better recording may initially increase counts.

Choose the next stage within 30 days

The first review can authorize a specific repair, a further test or a revised growth proposal. Reconsider earlier when decisive information arrives. Every continued deferral identifies the missing information, responsible manager and next review date.

THE STRONGEST REASON TO CHANGE EMPHASIS

The latest quarter earned \$139,000. If recurring performance is already near the profit goal, concentrate on cash, retention and specific service defects. Seasonal work and partial-year contracts prevent treating the quarter as a forecast.

Basis: S1 to S8. No outcome or resource commitment is established by this proposed sequence.

HOW TRUSTWORTHY IS OUR ANALYSIS

Commercial cleaning business

What the current findings justify

The historical arithmetic and deferral of the submitted \$115,000 package are well supported within this fictional case. The causes of weak profit growth are partly supported. The proposed changes have not been shown to deliver \$570,000 annual operating profit while maintaining agreed service and addressing recurring failures.

Question: Why did revenue grow from \$4 million to \$5 million while operating profit rose from \$400,000 to \$420,000, and what should change first? The owner seeks a sustainable \$570,000 annual profit rate within 12 months, added spending of no more than \$100,000, available cash of at least \$250,000, and an initial decision within 30 days. Contribution means revenue after direct delivery costs, before overhead.

CONCLUSION	TRUST LEVEL	BASIS AND PRACTICAL MEANING
The historical financial movement reconciles.	Well supported	S2 and S3: \$200,000 added contribution less \$180,000 added overhead leaves \$20,000 more profit. This explains the financial movement.
Defer the submitted sales package.	Well supported	S0 and S5: \$85,000 plus \$30,000 exceeds the allowance by \$15,000. Smaller proposals need their own assessment.
Cash requires confirmation.	Well supported	S7: delay of the unconfirmed \$40,000 Month 2 receipt reduces forecast month-end cash from \$270,000 to \$230,000. This is a scenario.
Contract and service weaknesses help explain the problem.	Partly supported	S3 to S8: excess hours, rework and complaints exist. Startup, scope, selection, staffing and reporting remain competing causes.
Targeted review and limited tests should precede larger commitments.	Partly supported	Missing records can change the action. Recurring profit, staff capacity and the cost of investigation remain unresolved.
The repairs will achieve the profit goal and sustained service improvement.	Not established	Achievable savings, customer acceptance, comparable service rates and implementation results are unverified.

Trust levels. Well supported: strong support within the stated scope; remaining uncertainty is unlikely to materially change the conclusion. Partly supported: meaningful support exists; an unresolved issue could change the conclusion. Not established: information or examination is insufficient for reliance. Contradicted: available information directly conflicts with the conclusion.

Source basis: S0 to S8 are fictional, including an illustrative supplement. The levels assess individual conclusions within that scope; they are not probabilities. Internal consistency cannot establish real transaction accuracy or completeness.

Where the Analysis Could Be Wrong

The largest uncertainties concern recurring profit, the causes of excess work and the service performance of continuing contracts. Their relative likelihood cannot be ranked reliably from the supplied records.

POTENTIAL WEAKNESS	WHY IT MATTERS	WHAT WOULD CHANGE THE ACTION
Recent improvement may be durable.	The latest quarter earned \$139,000, but includes seasonal and partial-year effects.	A verified recurring schedule near \$570,000 would narrow profit repairs and emphasize service, cash and retention.
Selection and reporting may distort comparisons.	Acquisition sources and early cancellations are not fully linked to contract results.	A complete start-and-exit register could change targeting, channel spending and the assessment of new work.
Complaint rates may misrepresent service.	Visit counts, severity and consistent logging are unverified. Cleaning hours can include rework.	Comparable visits and complaint histories could change site priorities or reveal under-reporting.
Apparently free capacity may be unavailable.	One supervisor week is fully occupied. Shift fit, absences and recurring management effort need assessment.	Representative schedules and a disruption test could rule out growth or require costed support.
Cash and repair benefits may be overstated.	Monthly cash can hide a lower interim balance. Savings, customer acceptance and overlap remain untested.	Dated flows and distinct realized benefits could delay spending or change the selected repair.

The strongest case for changing the recommendation

Startup costs may be fading while productive new work exists. Group D earned \$150,000 contribution on \$400,000 revenue, a 37.5% margin. A broad repair program could consume time unnecessarily if recurring profit is already near the goal. Selective growth through current sales staff and observation of contract maturation remain credible alternatives.

A salesperson-only illustration costs \$85,000. At an assumed \$600,000 earned revenue and 37.5% contribution margin, it adds \$140,000 before further overhead, taking the historical \$420,000 to \$560,000. Removing marketing does not preserve the original sales forecast. The proposal leaves only \$15,000 for every other added outlay; demand, delivery funding and service capacity remain unverified. These figures show a comparison, not a forecast.

How competing explanations affect the decision

Poor customer fit or positioning could make acquisition practices the source of recurring losses. If supported, qualification and targeting deserve priority alongside contract repairs. The original \$115,000 package still fails the allowance. A revised spending ceiling or lower-cost proposal changes that arithmetic test; it does not by itself establish commercial feasibility.

Supporting records: S2 recurring performance; S3 and S5 contract and sales economics; S6 service; S7 cash; S8 linked records. Missing supplier, competitor, software-use, invoice and handoff information remains in the cause examination.

What Was Tested and What Remains Unresolved

AREA	COMPLETED EXAMINATION	WHAT REMAINS UNVERIFIED
Records and sources	Compared the revised question, original financial records, linked supplement and scenario assumptions. Revisited outside method sources.	Actual transactions, complete contracts, historical logging consistency and missing customer histories.
Arithmetic	Recomputed the retained financial model, complaint comparisons, implementation illustration and smaller sales comparison. A named check record accompanies the files.	Encoded tests do not automatically inspect every printed number or verify original transactions and future outcomes.
Causes and reasoning	Compared financial explanations with customer selection, pricing, staffing, service, processes, information and management capacity.	Relative causal importance, omitted explanations and genuinely avoidable costs.
Alternatives	Compared repair, selective sales, maturation, overhead changes and contract exit against profit, cash, spending and service requirements.	No fully costed comparison establishes the best long-term combination.
Unfavorable outcomes	Revisited receipt delays, retained payroll after exit, labor-cost sensitivity and overlapping benefits.	Scenario probabilities and the full range of possible outcomes.
Practical delivery	Specified proposed roles, dates, permissions, service measurements and capacity tests.	No operating trial establishes savings, customer acceptance or sustained service improvement.

What the examination changed

The revised question centers on profit and required service. The analysis now explicitly includes early cancellations in the records request, compares contribution with scarce management time, tests capacity during disruptions and separates implementation-year profit from the year-end profit rate. No numerical complaint target or missing historical service records were invented.

The service comparison shows why raw counts require care: complaints doubled, while complaints per 1,000 cleaning hours rose about 54%. The report preserves the warning that rework can distort the hours denominator. Price-review timing now separates cost recovery from additional profit. Unsupported review allowances remain excluded.

How much assurance the examination provides

This assessment examines the analysis against the case records. It does not independently confirm the source records. A real operating trial remains outstanding.

THE MOST USEFUL NEXT REVIEW

List credible explanations the report does not examine. Then verify that this assessment accurately describes the work performed and that the revised service requirement is reflected throughout.

What the Current Findings Allow You to Do

ACTION STATUS	PRACTICAL CONSEQUENCE
Justified now	Defer the submitted \$115,000 package. Confirm dated cash and recurring profit. Continue obligations and prospect reviews where existing resources support them.
Suitable for a limited trial	Test a specified scope, access, staffing or complaint-response repair after its cost, capacity, permissions and measures are defined. Continue only if agreed service is maintained and paid cost, realized price or service improves.
Requires further confirmation	A new sales role, wider rollout, contract exit or forecast of target achievement needs supported demand, avoidable costs, cash timing and service capacity.

The information that would most improve the decision

REQUIRED INFORMATION	PROPOSED ROLE AND TIMING	DECISION IT COULD CHANGE
Dated cash and overdue receipts.	Finance, Day 3: 13-week dated flows and monthly forecasts thereafter.	Whether a commitment preserves \$250,000 available cash.
Recurring contract revenue and costs.	Finance, Day 10: separate seasonal work, startup and partial-year effects.	How large the remaining profit gap is.
Contract tasks, starts, exits and acquisition sources.	Sales and operations, Day 21: all complex contracts, retained outliers and healthy comparisons.	Whether targeting, estimating, price, scope or execution changes first.
Complaint histories and service activity.	Operations, availability by Day 10; comparison by Day 21.	Which sites and failures warrant repair, and how improvement can be measured.
Management effort, shift coverage and price-review dates.	Operations and finance, Day 21; test design by Day 30.	Whether growth or repair is deliverable, fundable and permitted on the proposed dates.

These assignments are proposals. Managers must identify available time, displaced duties and paid assistance before accepting the work. Day 1 is the start of the review.

What would require reconsideration

A supported recurring profit rate near the target reduces the need for broad repairs. Persistent avoidable overruns strengthen the case for specific changes. Acquisition-related losses shift prevention toward targeting. A costed growth proposal with supported demand and delivery capacity may justify expansion. Weaker service, lower cash or unplanned paid effort requires a pause or redesign.

The initial decision is due by Day 30. Earlier reconsideration follows material cash or service deterioration. Continued deferral names missing information, an accountable manager and a review date. Update this assessment and all affected recommendations together.

Supporting information. Assessed report: Why Your Company’s Revenue Grew but Profit Barely Increased. Source register: S0 question; S1 requirements; S2 accounts; S3 contracts; S4 payroll; S5 quotes and sales; S6 operations and service; S7 cash; S8 linked records. Analytical sections cover recurring profit, service, customer selection, management capacity, implementation timing and action. No reference depends on another document’s page numbers.

REQUIREMENTS / ONE CONSISTENT PLAN

Meet Profit, Cash, Spending and Service Requirements Together

The objective is sustainable profit growth while maintaining agreed service standards and addressing recurring service failures. A higher revenue total or lower labor bill alone does not establish success.

Reach a sustainable \$570,000 annual profit rate

Measure recurring operating profit before interest and tax, after the same owner compensation and all recurring costs. Compare the year-end contract schedule and realistic delivery costs with the next full year of overhead. Remove seasonal and startup effects only where supported.

MEASUREMENT PROPOSAL

Report the latest quarter, recurring contract schedule and next 12-month forecast together. Explain differences. A strong month multiplied by twelve does not establish sustainable annual profit.

Keep at least \$250,000 available

The cash floor applies throughout the year. Prepare weekly dated cash for the first 13 weeks and monthly cash for the remaining period, including payroll, taxes, equipment, distributions and proposed changes. Month-end balances may hide a lower balance between receipts.

Keep added spending within \$100,000

Count added cash outlays caused by selected changes, including payroll, marketing, review, implementation and delivery spending from new work. Existing commitments belong in the base forecast. Sales receipts and savings do not automatically enlarge the allowance. Record actual and committed spending together.

Maintain agreed service and address recurring failures

Preserve contractual tasks, frequencies and required quality. Assess complaint count, severity, repeated failures, repeat-cleaning hours and comparable activity. Establish consistent logging and retain customer correspondence. Fewer logged complaints alone cannot prove improvement; reduced reporting can conceal deteriorating service.

Visit counts and historical complaint categories are missing. Obtain them before adopting a visit-based target. Existing cleaning-hour rates are a screening measure because rework can increase the denominator. No numerical complaint-reduction target has been approved.

WHEN	REQUIRED DECISION
Within 30 days	Choose a supported repair, limited test, revised growth proposal or documented deferral.
By the end of 12 months	Assess sustainable profit against \$570,000 and service against the agreed obligations. Respect cash and spending requirements throughout.

Basis: revised S0 and S1; S6 and S7. Measurement proposals are recommendations, not observed outcomes.

THE REVISED QUESTION / 50

Our revenue is growing, but our profit is growing at a much slower rate. What is happening, and what should we change?

The revised question is reproduced below. The company and figures are fictional.

I own a commercial cleaning company in New Jersey. Over the last financial year, revenue increased from \$4 million to \$5 million, but operating profit increased from \$400,000 to only \$420,000, before interest and tax and after paying my salary. We are doing substantially more work, and I am spending more time resolving customer and staffing problems.

My sales manager wants another salesperson and a larger marketing budget. She believes we need more contracts to spread our overhead. She has asked me to approve an estimated \$85,000 in total employer costs for another salesperson over the next year, including commission, payroll taxes, and benefits, plus \$30,000 in additional marketing spending. She wants a decision within 30 days.

Our operations manager says some of the newer contracts were priced too aggressively and take more work than sales expected. Our finance manager says we added supervisors and systems ahead of growth, so profitability should improve as we use that capacity. I do not know how much of each explanation is right.

I have been pushing the team to grow revenue, and I am reluctant to slow down now that we are winning larger accounts. But I want to understand whether continuing this growth will produce the business I actually want.

By the end of the next 12 months, I want the business running at an annual operating profit of at least \$570,000, which is \$150,000 more than today, while maintaining agreed service standards and addressing recurring service failures. I can commit up to \$100,000 in additional cash spending during those 12 months, including any added payroll and marketing, provided we keep at least \$250,000 in available cash. I need to choose our initial course of action within 30 days.

I have monthly financial statements, revenue and labor hours by contract, pricing sheets for recent contracts, payroll and overtime reports, customer complaints and cancellations, and staff turnover records.

What is happening, what should we change first, and what should we keep?

QUESTION DESIGN / PURPOSE AND BOUNDARIES

Why This Question Supports a Thorough Analysis

The question supplies a financial problem, competing explanations, a pending commitment and explicit business requirements. It leaves the diagnosis open. The managers’ explanations are starting points for a wider examination.

FEATURE	WHY IT MATTERS
Revenue and profit grew at different rates.	Separate revenue, delivery contribution, overhead and profit. A 2% ratio of changes cannot establish new-contract margins.
Three managers offer explanations.	Test each explanation and allow several to be partly correct. Generate additional explanations across the business.
The owner has pushed revenue growth.	Examine whether targets or approval practices encouraged weak commitments, without assigning unobserved motives.
A \$115,000 proposal needs a decision.	The spending requirement can be tested immediately; commercial benefits require further support.
Profit and service requirements are explicit.	A cost reduction that compromises agreed service fails the requirements. Service repairs must include their financial effects.
Cash and spending are separate.	An annual allowance does not establish that payroll and dated payments can be funded.
The owner identifies records and asks what to keep.	Use contract and payroll comparisons, identify missing information, and preserve useful customers, staff and supervision.

What the question cannot establish

The question does not verify the records, identify the cause or establish that \$570,000 is achievable. The analysis must test the explanation set as well as the proposed remedies. Unavailable information stays visible.

A USEFUL STARTING QUESTION

Describe the observed change, pending decision, desired result, requirements and available records. Make existing preferences explicit so they can be examined. A good question allows the answer to change the preferred course.

Basis: revised S0. The numerical working-hours objective is absent from this revised case.

CAUSE EXAMINATION / SCOPE AND SUPPORT

Examine the Explanations Before Choosing the Repair

FINDING
The records establish the financial movement and support several operating concerns. They do not establish a complete causal explanation. The investigation must also examine how work is attracted, accepted, delivered, managed and collected.

WHAT COULD WEAKEN THIS FINDING
Broad coverage can become an unproductive checklist. Investigate explanations in proportion to the amount at risk, the support already available and the decision that a result could change.

How the Cause Examination Works

Begin with the observed changes: revenue, contribution, overhead, service demands and management effort. Trace each change through customer selection, commitments, resources and decisions. Generate rival explanations. Use healthy work as a comparison and identify what information would contradict the preferred account.

STATUS USED ON THE FOLLOWING PAGES	MEANING
Supported in part	A record supports part of the mechanism. The complete causal explanation may remain unproven.
Mixed or inconclusive	Information supports competing interpretations, or cannot distinguish them.
Untestable with supplied records	A credible explanation lacks the records needed for a meaningful test.
Contradicted within the stated scope	A specific assertion conflicts with supplied records; narrower related explanations can remain possible.
Not yet examined in detail	The possibility has been identified, but a substantive assessment has not been completed.

Limits of the Current Diagnosis

S0 to S8 cannot establish acquisition-channel profitability, customer expectations before quoting, the timing of management information, software usage or equipment productivity. No new company records are invented to resolve these gaps. Hypotheses below remain hypotheses until linked records or observed tests distinguish them.

Start With Decisions the Support Could Change

First establish cash and recurring profit. In parallel, retrieve acquisition and requirement records for weak and healthy contracts, then reconcile the largest unexplained hour differences. Expand investigation if early results point to a material alternative. Protect current service while information is gathered.

Inputs: S0 to S8; the cause map is an analytical assessment.

CAUSE EXAMINATION / CUSTOMERS AND COMMERCIAL DECISIONS

Test How the Company Attracts and Accepts Work

Each row names an explanation, its support status and the record that could change the conclusion. A business function as a whole receives no credibility score.

POSSIBLE EXPLANATION AND STATUS	SUPPORT AND COMPETING EXPLANATION	RECORD AND DECISION ENABLED
Acquisition or positioning attracts demanding work. Untestable with supplied records.	S5 combines referrals, owner relationships and marketing. Group E is weaker, but no source is linked to a contract. The same channel could produce both healthy and weak work.	Link source, campaign, message, acquisition cost and customer requirements to each win. Compare contribution after acquisition effort. Change targeting only if the association survives comparable-customer review.
Discounting or revenue incentives encourage weak commitments. Supported in part.	Commission follows signed value. Quotes omit overtime allowances. Six complex proposals have written approval; missing forms for four do not establish absent review. Customer complexity could explain the same results.	Retrieve quote versions, discounts, commissions and approval discussions. Identify who accepted each assumption. Test revised approval or incentive design against margin, wins and sales effort.
The service sold differs from what the customer expects. Supported in part.	E01 has requested extra tasks with no signed change or added invoice. The record does not quantify the tasks or establish whether each task was already owed.	Compare sales correspondence, site survey, agreement, handoff and task log. Correct the earliest recurring source of mismatch; agree customer changes before reducing obligations.
Lost or deteriorating existing work offsets healthy wins. Supported in part.	Group C contribution fell \$90,000; A and B together added only \$10,000. Departure timing and reasons limit causal interpretation.	Link each cancellation and retained-customer change to price, service, competition and dates. Separate preventable loss from unrelated departures before forecasting retention benefits.
All new work destroys profit. Contradicted at group contribution level.	D contributes \$150,000 and E \$130,000 before overhead. D's 37.5% margin exceeds E's 21.7%. Individual contracts and future capacity can differ.	Preserve economically justified prospects. Do not infer that a named channel, salesperson or entire customer category is proven effective.
Owner growth targets influence bid decisions. Supported in part.	S0 says the owner pushed revenue growth and is reluctant to slow it. This could influence accepted margins or scope concessions. Missing approval forms alone cannot establish that pressure bypassed review.	Compare target announcements, approval discussions, quote revisions and exceptions over time. If targets encourage weak commitments, revise owner direction and approval accountability alongside sales incentives.
Larger buyers negotiate stronger concessions. Untestable with supplied records.	S0 mentions larger accounts. Competitive bidding, discounts and buyer demands are not linked to contracts. Complex delivery or understated quoted hours could explain low returns instead.	Compare bid counts, concessions, contract size and service requirements. Revenue per quoted hour is only a screening measure because quoted hours may be wrong. Test pricing and qualification changes against actual delivery economics.

A comparison by channel alone may confuse channel effects with site size, travel, start date or service requirements. Examine those differences before assigning causation.

Inputs: S3, S5 and S6.

CAUSE EXAMINATION / DELIVERY AND PEOPLE

Distinguish Necessary Work From Avoidable Work

POSSIBLE EXPLANATION AND STATUS	SUPPORT AND COMPETING EXPLANATION	RECORD AND DECISION ENABLED
Quotes underestimate recurring work. Mixed or inconclusive.	D and E exceed quoted hours by 5,480 in total. E02 includes 240 setup/training hours. Extra tasks, access and scheduling could also contribute.	Reconcile hours by task and week to the survey and quote. Separate recurring work, startup and repeats before repricing or changing estimates.
Scheduling and geography create expensive hours. Supported in part.	2,500 overtime hours carry scheduling codes; E03 has eight access incidents. Supervisors record 18 travel hours. Code labels do not prove avoidability.	Obtain routes, shift windows, travel logs and customer access constraints. Compare feasible schedules before projecting conversion to regular hours.
Vacancies, skills or training create rework and overtime. Supported in part.	4,000 overtime hours cover absences/vacancies. Departures rose from 18 to 30 as average headcount rose from 64 to 72. Exit notes are incomplete.	Link staffing changes, tenure, training and absences to repeat work and complaints by site. Use visits or hours as denominators. Test staffing or training changes where the link is supported.
Startup costs temporarily depress otherwise healthy work. Mixed or inconclusive.	Partial-year contracts, startup expense and improving quarters support this possibility. Full-year supervision costs and continuing overruns could offset the improvement.	Compare like-for-like weeks after startup and rebuild recurring costs. Avoid multiplying a favorable quarter into a forecast.
Equipment, supplies or subcontracting increase unit costs. Untestable with supplied records.	Other direct costs are grouped. The supplied records do not separate purchase-price changes, consumption, breakdowns or task productivity.	Request supplier invoices, quantities, equipment downtime and subcontractor use for material variances. Compare repair, procurement and work-method options if a recurring difference is found.

Do Not Remove Required Service to Produce a Saving

Document customer requirements before altering frequency, scope or access. For medical sites, obtain the facility's cleaning requirements. A lower hour total is useful only if service obligations and quality are preserved (O3).

Inputs: S2 to S6 and S8; O3.

CAUSE EXAMINATION / MANAGEMENT, INFORMATION AND CONTEXT

Examine Why Problems Persist or Reach the Owner

POSSIBLE EXPLANATION AND STATUS	SUPPORT AND COMPETING EXPLANATION	RECORD AND DECISION ENABLED
Growth adds coordination complexity faster than useful capacity. Mixed or inconclusive.	Supervisors were added; one team week uses all 160 hours. Different access windows and site requirements could fragment capacity. One week cannot establish annual utilization.	Map shifts, decision authority and time by activity across representative weeks. Compare redesign, delegation and added capacity with their displaced duties.
Late reporting or weak handoffs allow repeat mistakes. Untestable with supplied records.	No joint reconciliation of quoted and actual hours is complete. Report availability dates and handoff contents are absent. Delayed information is plausible but unproven.	Trace one healthy and one weak contract from inquiry to the first overrun warning and response. Obtain report timestamps, recipients and actions. Test an earlier alert only if somebody can act on it.
Owner approval practices prolong routine problems. Supported in part.	The diary assigns 25 weekly hours to escalations and staffing. A/B work accounts for eleven of those hours; the issue extends beyond three detailed E contracts. Authority rules are missing.	Log decision type, reason for escalation, authority and outcome. Separate preventable problems from decisions a trained manager can absorb.
Disputes or billing practices delay cash. Supported in part.	E01's \$30,000 is disputed; E02's \$40,000 has no confirmed payment date. A timing problem alone does not establish lower operating profit.	Match service acceptance, invoice dates, dispute notes and collection contacts. Resolve existing cash exposure; separately assess bad-debt risk and any unbilled agreed work.
External pressure or reporting differences distort the comparison. Mixed or untestable, depending on the explanation.	Seasonality and partial-year work are visible. Both years use the same blended labor rates, so a rise in that recorded rate does not explain the historical labor increase. Supplier inflation, competitor pressure and recognition errors are untested.	Inspect ledger cutoffs, invoice timing, wage composition, supplier prices and loss reasons. Reconciliation establishes internal consistency; accuracy against real transactions requires separate verification.

Technology underuse is supported only in part: S6 says some spreadsheets remain after system rollout and no measured overtime or owner-time reduction is attributed to the system. Those facts warrant a usage review but do not prove that the system is ineffective. The technology assessment assigns no assumed saving.

Inputs: S1 to S8.

CAUSE EXAMINATION / INTERACTIONS AND DISCRIMINATING TESTS

Use Support That Can Separate Rival Explanations

Several explanations can operate together. The tests below connect departments while preserving alternatives. The suggested sequence is provisional and may change when records arrive.

OBSERVED PROBLEM	RIVAL EXPLANATIONS TO SEPARATE	COMPARISON AND ACTION
Complex work exceeds quote.	Demanding customers were selected; sales omitted known tasks; requirements changed; execution is inefficient.	Match initial requirements to quote, handoff, approved changes and actual tasks. Targeting addresses poor fit; estimating addresses omissions; change control addresses additions; delivery repair addresses avoidable effort.
Complaints and overtime increased.	Staff turnover degrades service; difficult schedules cause turnover; more visits produce more complaints; a few sites dominate both.	Compare normalized site-level results before and after staff changes, controlling for scope and startup. Inspect whether schedule changes precede departures. Existing totals cannot establish the direction.
Recurring problems still require owner intervention.	Authority is unclear; relevant shifts lack capacity; owner retains decisions unnecessarily; repeat defects consume management time.	Follow the same decision from first report to resolution. Measure total management effort after one controlled transfer and count repeat issues.
Recent profit improved.	Startup costs faded; seasonal work strengthened results; reporting timing shifted; recurring contract economics improved.	Reconcile like-for-like monthly service, costs and recognition. Retain selective growth if improvement survives that reconciliation.

Learn From the Healthy Contracts

Compare selected D contracts and stable A contracts with E and deteriorating B contracts of similar size, serviced duration, location and requirements. Record acquisition source, quote assumptions, supervisor, staffing continuity and actual hours. A difference suggests a hypothesis; it becomes more persuasive when the mechanism is documented and a comparable test changes the result.

How the Investigation Could Change the Recommendation

Support of poor customer fit would shift prevention toward qualification and targeting. Support of required but omitted tasks would shift prevention toward estimating and customer agreements. Support of avoidable execution cost would prioritize operations. Several findings may justify a combined plan, with each saving counted once.

DECISION THAT SURVIVES THESE ALTERNATIVES

The submitted \$115,000 package exceeds the stated allowance. That conclusion survives a change in the causal diagnosis. The best mix of repairs and future growth remains provisional.

Inputs: S2 to S8; comparisons are proposed tests.

ANALYSIS / REVENUE TO PROFIT

Locate Where the Additional Revenue Went

- FINDING**

The extra \$1 million of revenue produced \$200,000 of additional contribution after direct delivery costs. An additional \$180,000 of overhead left \$20,000 more operating profit.
- WHAT COULD WEAKEN THIS FINDING**

This reconciliation explains the accounting movement. It does not establish that each added cost was wasteful or that the new contracts earned only a 2% margin.

MOVEMENT FROM YEAR 1 TO YEAR 2	AMOUNT
Year 1 operating profit	\$400,000
Additional revenue	+\$1,000,000
Additional cleaning labor and employer costs	(\$700,000)
Additional other direct delivery costs	(\$100,000)
Additional overhead	(\$180,000)
Year 2 operating profit	\$420,000

The Growth Rates and Margins

MEASURE	YEAR 1	YEAR 2	CHANGE
Revenue	\$4,000,000	\$5,000,000	25% growth
Operating profit	\$400,000	\$420,000	5% growth
Contribution margin	35%	32%	3 percentage points lower
Overhead / revenue	25%	23.6%	1.4 percentage points lower
Operating margin	10%	8.4%	1.6 percentage points lower

At a constant 10% operating margin, \$5 million of revenue would produce \$500,000 profit. The actual \$420,000 is \$80,000 below that illustrative comparison. Preserving an old margin is not proof of what the business could have earned.

What the 2% Figure Means

\$20,000 divided by \$1,000,000 equals 2 cents of additional total profit per added revenue dollar. The numerator includes changes throughout the business. New customer economics must be calculated from the customer records.

Inputs: S2 and S3.

THE TARGET IN HISTORICAL PROPORTIONS

At Year 1’s 35% contribution margin, \$5 million revenue would produce \$1,750,000 contribution. After Year 2 overhead of \$1,180,000, profit would be \$570,000. This comparison measures scale; achievable margin and future costs remain unresolved.

ANALYSIS / CUSTOMER ECONOMICS

Protect Productive Growth and Examine the Weaker Work

FINDING

The two new customer groups contributed \$280,000 before overhead. Changes in existing and departing groups reduced that gain by \$80,000. The new standard group earned a higher contribution margin than the company average.

WHAT COULD WEAKEN THIS FINDING

Group totals hide individual contract differences and startup periods. Direct accounting costs are not necessarily immediately avoidable cash costs.

GROUP	Y1 CONTRIBUTION	Y2 CONTRIBUTION	CHANGE	Y2 MARGIN
A: Retained standard	\$1,060,000	\$1,090,000	+\$30,000	37.1%
B: Retained complex	\$220,000	\$200,000	(\$20,000)	22.7%
C: Departed	\$120,000	\$30,000	(\$90,000)	16.7%
D: New standard	\$0	\$150,000	+\$150,000	37.5%
E: New complex	\$0	\$130,000	+\$130,000	21.7%
Total	\$1,400,000	\$1,600,000	+\$200,000	32.0%

Contribution Margin in Year 2



Contribution equals revenue less recorded direct labor and other direct costs. The chart excludes overhead and uses each group’s actual serviced period.

Existing Customers Also Deserve Attention

Group B added \$80,000 of revenue while direct costs rose \$100,000. Group C’s partial year includes revenue before departure. Group C’s \$90,000 contribution decline is the observed annual difference. Recoverable savings and the effect of cancellations require separate calculations.

Keep serving customers whose work is economically and operationally sound. Review weak existing accounts alongside new complex accounts; a focus on new sales alone would miss part of the problem.

Inputs: S3.

CUSTOMER SELECTION / COMPLETE COMPARISONS

Include Failed New Accounts in the Assessment of Growth

An analysis of active new accounts can omit contracts that started and ended during the same period. Their sales effort, startup spending and service failures still belong in the assessment of recent selling. The current group summaries do not establish whether every early cancellation is captured.

RECORD TO RECONCILE	COMPARISON AND DECISION
Every contract started in the period, including those already ended.	Link contract ID, start date, end date, source and reason for departure. Reconcile the list to opening customers, wins, losses and closing customers.
Acquisition, startup, delivery and termination costs.	Assign each cost once. Include failed wins and unsuccessful selling when assessing acquisition economics. Keep recurring delivery economics separately visible.
Matched service periods and customer requirements.	Compare startup months with startup months and mature periods with mature periods. Adjust for location, size, access and scope before attributing a difference to a channel.
Complete and incomplete customer histories.	Report which records are missing. Do not assign early exits to Group C or change its totals without supporting contract records.

Compare profit with the management capacity required

Where supervisor or owner time genuinely restricts delivery, record recurring contribution and management hours over the same period. Contribution divided by the hours of the constrained role can help compare the work competing for that capacity. Retain total contribution, collection reliability and service obligations alongside the ratio.

Use the same direct-cost definition across accounts. Identify any additional management expense separately and deduct it once in the company profit forecast. Do not add owner and supervisor hours indiscriminately when their skills or availability differ. A zero or incomplete time record makes the ratio unusable.

WHAT WOULD CHANGE TARGETING

A source that repeatedly produces high service demands or early losses may warrant different qualification or positioning. If the same source supplies both strong and weak accounts, investigate the customer and operating differences before reducing channel spending.

Proposed examination using S3, S5, S6 and S8. No new customer histories or measured contribution-per-management-hour figures are asserted. The four-week owner diary and one-week supervisor record are insufficient for annual ranking.

ANALYSIS / REMAINING COMPLEX CONTRACTS

Examine the Seven Contracts Missing From the Detailed Records

- FINDING

The seven remaining Group E contracts used 7,750 hours against 4,750 quoted: 3,000 extra hours, approximately 63% above quote. Those contracts account for about 65% of Group E's 4,600 extra hours.
- WHAT COULD WEAKEN THIS FINDING

This is a group subtraction. It establishes neither that every remaining contract is weak nor that the excess is avoidable. Individual scope, startup, access and scheduling records are still required.

MEASURE	ALL GROUP E	E01 TO E03	REMAINING SEVEN
Revenue	\$600,000	\$285,000	\$315,000
Quoted hours	10,000	5,250	4,750
Actual hours	14,600	6,850	7,750
Hours above quote	4,600	1,600	3,000
Recorded contribution	\$130,000	\$59,250	\$70,750
Labor cost above quote	\$140,000	\$53,500	\$86,500

How This Changes the Review

Extract the seven remaining files early. Their combined hour overrun exceeds the individual overruns in the three detailed examples, but their 22.5% contribution margin is above E01's 12.5%. Rank each contract by dollars, hours, cash exposure and owner burden before choosing the repair.

Retained Customers Also Need Attention

Groups A and B earned only \$10,000 additional contribution on \$220,000 additional revenue. Group B's contribution fell \$20,000 as revenue rose \$80,000. Identify the contracts responsible for that movement and compare their changes in tasks, hours, prices and scheduling.

SOURCE DISCIPLINE

Every figure in the remaining-seven column is calculated from S3 and S5 totals. The subtraction introduces no new company record. Individual findings require the missing files.

Inputs: S3, S4 and S5.

ANALYSIS / LABOR AND QUOTATIONS

Separate Excess Hours From Overtime Premiums

- FINDING**

Labor increased \$700,000: 26,000 additional total hours at the \$25 base loaded rate account for \$650,000, and the increase in overtime premiums accounts for \$50,000.
- WHAT COULD WEAKEN THIS FINDING**

The calculation uses fixed fictional blended rates. The records do not establish how many additional hours were required for legitimate new work, training or service corrections.

NEW CUSTOMER GROUP	QUOTED HOURS	ACTUAL HOURS	EXTRA HOURS AT \$25	OVERTIME PREMIUM	LABOR ABOVE QUOTE
D: Standard	7,200	8,080	\$22,000	\$8,000	\$30,000
E: Complex	10,000	14,600	\$115,000	\$25,000	\$140,000
Total	17,200	22,680	\$137,000	\$33,000	\$170,000

Quoted labor for D and E totals \$430,000. Actual labor totals \$600,000. Other direct costs match the quoted group totals. The \$170,000 variance is an investigation target; eliminating the variance has not been shown feasible.

Do Not Count All Overtime Pay as a Saving

CHANGE	ILLUSTRATIVE COST EFFECT	WHAT MUST BE ESTABLISHED
Move 1,000 hours from overtime to regular time.	\$10,000 saved.	The same work can be delivered in regular hours with no offsetting costs.
Remove 1,000 unnecessary overtime hours.	\$35,000 saved.	The hours actually disappear from payroll and required service remains intact.
Move all 10,000 overtime hours to regular time.	\$100,000 maximum premium difference.	Complete conversion is only an arithmetic illustration. Scheduling and staff availability remain unresolved.

AVOID DOUBLE COUNTING

The \$33,000 new contract overtime premium is already included in the \$170,000 quote variance. Add separately only savings on distinct hours and distinct cost components.

Inputs: S3, S4 and S5.

ANALYSIS / SELECTED CONTRACTS

The Three Detailed Contracts Require Different Responses

FINDING

E01, E02 and E03 all produce positive recorded contribution, but their cost patterns differ. Scope changes, startup labor and access restrictions require different tests.

WHAT COULD WEAKEN THIS FINDING

Three selected contracts are not representative of all new complex work. Their annual results cover different operating periods, and fixed costs may remain after any exit.

MEASURE	E01	E02	E03
Recorded revenue	\$120,000	\$90,000	\$75,000
Direct labor	\$87,000	\$56,500	\$41,250
Other direct costs	\$18,000	\$13,500	\$9,500
Contribution	\$15,000	\$20,000	\$24,250
Contribution margin	12.5%	22.2%	32.3%
Hours above quote	1,000	450	150
Labor cost above quote	\$32,000	\$15,250	\$6,250

E01: Establish What the Customer Is Receiving

An email requests additional daily tasks, and the supervisor says the tasks are performed. No signed price change is supplied. Match tasks, hours and the agreement before discussing a paid scope change. The whole 1,000 hour variance cannot be assigned to that email.

E02: Test Whether Startup Work Has Ended

The timesheet contains 240 setup and training hours. Removing genuinely nonrecurring hours would matter, but the regular versus overtime split is unknown. Their historical loaded cost lies between \$6,000 and \$8,400. The range describes historical cost classification; an annual saving remains unverified.

E03: Resolve Access Before Assuming a Price Failure

Eight access problems are logged. Record paid waiting time and ask whether customer access can be changed. E03's margin is close to the company average and much stronger than E01's.

S8 supplies start periods, limited contractual summaries and linked workload records. Those additions are explicitly fictional and do not constitute legal review.

Inputs: S3, S4 and S8.

ANALYSIS / COMPETING EXPLANATIONS

Distinguish the Financial Symptom From Its Causes

FINDING

The accounting cause of slower profit growth is established: weaker delivery margin offset much of the overhead ratio improvement. The operational causes remain mixed and partly untested.

WHAT COULD WEAKEN THIS FINDING

A cost increase can reflect necessary service, temporary startup effort or investment in future capacity. A plausible causal sequence still needs task and time records.

EXPLANATION	SUPPORTING INFORMATION	WHAT COULD DEFEAT OR NARROW IT	NEXT DISCRIMINATING TEST
Sell more to spread overhead.	Overhead fell from 25% to 23.6% of revenue.	Absolute overhead rose; new work may require extra supervision or owner hours.	Cost a specific prospect and map the required shifts and cash.
Some contracts were underquoted.	D and E used 5,480 hours above quote.	Some hours may be startup work, access problems or added scope.	Reconcile sampled shifts to quoted tasks and actual work.
Capacity investment will pay off.	Startup expense and partial year contract revenue exist.	Supervisor annual cost rises to \$360,000; available capacity is unverified.	Rebuild recurring profit and a supervisor schedule.
Turnover causes service problems.	Departures, complaints and overtime all increased.	Counts have different exposure bases; customer reasons and exit notes are incomplete.	Match employee changes, site visits, complaints and repeat work by period.
Revenue incentives encourage weak bids.	Commission uses contract value; four complex approvals lack completed forms.	Missing forms do not prove absent review or deliberate discounting.	Inspect proposal decisions and who accepted which assumptions.

A Root Cause Hypothesis Worth Testing

If sales estimates are accepted without operational validation, extra work can continue without a priced change, and the owner remains the default escalation point, the same margin and workload problem can recur. Test each link. Improving one quote or collecting one invoice would address a current problem without necessarily changing that recurring process.

Inputs: S2 to S6 and S8.

This page develops five explanations already suggested by the records. The earlier cause examination expands the search and identifies important explanations that S0 to S8 cannot settle. Support of excess hours alone cannot distinguish an inaccurate quote from added scope, startup work, required complexity or inefficient execution.

ANALYSIS / RECURRING PROFIT

Establish the Profit Rate Before Sizing the Improvement

- FINDING**

The current sustainable annual profit rate remains unresolved. Historical profit is \$420,000; the latest quarter earned \$139,000. Neither measure alone establishes the next year’s recurring result.
- WHAT COULD WEAKEN THIS FINDING**

Recent revenue includes seasonal work and partial periods for new contracts. Supported recurring contract schedules could show that the remaining profit gap is smaller or larger than \$150,000.

RECONCILIATION STEP	AMOUNT OR STATUS	BASIS
Year 2 operating profit	\$420,000	Annual accounts.
Remove historical supervision and systems costs	+\$385,000	\$330,000 supervision plus \$55,000 systems.
Insert closing recurring supervision and systems	(\$400,000)	\$360,000 supervision plus \$40,000 systems.
Partial reference with other items unchanged	\$405,000	The \$25,000 startup expenses are already removed by replacing those cost lines.
Annualize active contracts and remove seasonal work	Unresolved	Recurring fees, serviced months and delivery costs by contract are missing.
Update other recurring costs and invoice treatment	Unresolved	Pay, depreciation, commitments and disputed balances require review.
Sustainable annual profit rate	Unresolved	Complete the remaining adjustments before sizing the gap.

How the Result Changes Your Next Decision

If recurring profit meets \$570,000, protect service and margins and improve cash timing. If profit falls short, quantify the remaining gap before choosing repairs or selective growth.

SEASONAL EXTRAPOLATION IS ONLY AN ILLUSTRATION

Multiplying the latest quarter by four gives \$556,000. Repeating a selected month produces other figures. Those calculations establish possible scenarios under stated assumptions; they cannot establish a lower or upper limit for recurring profit.

Inputs: S2, S6 and S8.

ANALYSIS / THE SALES PROPOSAL

The Proposed Sales Package Does Not Yet Fit

- FINDING**

The requested \$115,000 exceeds the \$100,000 allowance before any additional delivery funding or other improvements. At the proposed 32% contribution margin, \$600,000 of revenue would add \$77,000 profit before further overhead.
- WHAT COULD WEAKEN THIS FINDING**

The sales forecast is uncommitted. Its 32% margin is the whole company’s historical average; the proposed work needs its own supported margin. The proposal might be redesigned at a lower cost.

CONTRIBUTION MARGIN ON \$600,000	CONTRIBUTION	LESS \$115,000 PACKAGE	REVENUE NEEDED TO COVER PACKAGE
21.7%: Group E illustration	\$130,000	\$15,000	\$530,769
32%: Sales assumption	\$192,000	\$77,000	\$359,375
37.5%: Group D illustration	\$225,000	\$110,000	\$306,667

The Group E row uses its exact 13/60 margin. These calculations exclude additional overhead, collection delays and any separate working capital needs. Historical group margins provide scenarios; forecasts require prospect-specific information.

The combined new-customer contribution margin was 28%: \$280,000 divided by \$1 million. At that margin, \$600,000 of added revenue produces \$168,000 contribution and \$53,000 after the proposed \$115,000 package, before further overhead. Customer mix and serviced periods may differ.

What Would Make a Revised Proposal Worth Considering?

Specify which prospects, sites and scopes the salesperson would target. Build a monthly schedule of signed work, service costs, receipts and owner involvement. Price the proposal within the remaining allowance and show that existing operations can deliver the actual shifts.

THE TARGET IS LARGER THAN PACKAGE BREAK EVEN

At a 32% contribution margin, adding \$150,000 profit after a \$115,000 package requires about \$828,125 of earned revenue, before other changes. At a \$405,000 starting profit reference, the illustrative \$165,000 gap requires \$875,000. Neither figure is a sales prediction.

A smaller experiment using the current salesperson could establish whether the preferred customer type converts and delivers well. A 30 day window may establish qualified demand and quoting quality; it cannot necessarily establish annual sales productivity.

Inputs: S1, S3 and S5.

SALES ECONOMICS / IMPLEMENTATION TIMING

Separate Profit Earned During the Year From the Year-End Profit Rate

A gradual increase in sales can produce an attractive annual profit rate at year-end while adding much less profit during implementation. Receipts follow a separate schedule. The distinction matters when assessing both the profit goal and available cash.

PRESERVE THE SALES FORECAST'S DEFINITION

S5 forecasts \$600,000 of additional revenue earned during Year 3. It is already an in-year amount. Do not halve it as though it were the annual revenue rate reached at year-end.

A separate timing illustration

ASSUMPTION OR RESULT	AMOUNT AND BASIS
Desired added annual profit at year-end	\$150,000, using the historical \$420,000 starting figure only for this illustration.
Sales package and contribution margin	\$115,000 for a full year; 32% before the package, with no other cost changes.
Required added annual revenue rate at year-end	$(\$150,000 + \$115,000) / 32\% = \$828,125$.
Revenue earned during a smooth linear increase	Assume the annual revenue rate rises continuously from zero to \$828,125 over 12 months. In-year revenue is approximately \$414,063.
Contribution earned during implementation	$\$414,062.50 \times 32\% = \$132,500$.
Added operating profit during implementation	$\$132,500 - \$115,000 = \$17,500$.
Added annual operating profit rate at year-end	$\$828,125 \times 32\% - \$115,000 = \$150,000$.

This scenario assumes no startup cost, further overhead, wage change, deterioration elsewhere or seasonality. The 32% margin and smooth sales increase are unverified assumptions. The package remains outside the spending allowance. If the opening recurring profit is different from \$420,000, the required improvement also changes.

What a usable proposal must supply

For each contract and improvement, record the start month, earned revenue, paid delivery cost, price-effective date, recurring benefit, one-time expense and expected collection date. Include sales commission once; S5's \$85,000 employer-cost estimate already includes commission. Re-estimate that cost if sales volume changes it.

Basis: S0, S1 and S5 for case requirements and proposed economics. The linear increase is an analyst illustration, not a revision of the \$600,000 forecast.

ANALYSIS / CASH TIMING

Resolve Collection Risk Before Releasing Additional Cash

FINDING

The base forecast reaches \$270,000 in Month 2. A \$40,000 receipt delayed to Month 3 reduces Month 2 cash to \$230,000, below your \$250,000 minimum before any new spending.

WHAT COULD WEAKEN THIS FINDING

Only month-end cash is supplied. Payroll or tax timing could produce a lower balance within a month. Forecast receipts have not all been reconciled to signed schedules.

CASH AT PERIOD END, \$000	START	MONTH 1	MONTH 2	MONTH 3	
Base forecast		320	275	270	290
Receipt delayed to Month 3		320	275	230	290
Receipt absent through Month 3		320	275	230	250

The Two Collection Scenarios Have Different Consequences

A delayed receipt returns in Month 3 in the second row. The third row assumes no receipt during the forecast period. Neither scenario establishes that the debt is uncollectible. A write-off would require a separate accounting assessment.

Cash Available to Meet Your Minimum

Use unrestricted bank cash, with restricted balances excluded. Forecast payroll, tax, suppliers, equipment, distributions and proposed changes on their payment dates. Do not subtract the same obligation from starting cash and again as a forecast payment. Confirm the lowest balance around large payments as well as each week-end.

Immediate Response

Finance should confirm the \$40,000 collection date, reconcile other expected receipts and prepare 13 weeks of dated cash movements followed by monthly forecasts for the remaining year. Agree any changes to discretionary commitments before relying on them. Existing payroll and service obligations continue.

SPENDING CAPACITY

The owner has \$70,000 above the minimum today, while the base forecast has only \$20,000 at its lowest month-end. A \$100,000 annual allowance does not establish that the money can be spent now.

Inputs: S1, S7 and S8.

SYNTHESIS / HOW FINDINGS AFFECT ONE ANOTHER

Connect Profit, Service and Cash Before Choosing the Repair

Customer selection, sales commitments, delivery and collections can affect one another. The records justify investigating these links; they do not establish a single complete causal explanation.

POSSIBLE CONNECTION	SUPPORT AND DECISION CONSEQUENCE
Customer requirements, quotes and paid hours.	Unpriced tasks and excess hours may reflect poor fit, omitted scope or inefficient delivery. Trace requirements through quote, handoff and actual tasks before choosing targeting, pricing or operational repair.
Staffing, repeat work, complaints and cancellations.	Departures, repeat visits and complaints increased. Six of 15 cancellations cite service quality. Test the timing and mechanism at each site before assigning lost contribution to staffing or assuming all losses were preventable.
Scope disputes, service acceptance and receipts.	E01 links added-task uncertainty, ten complaints and a \$30,000 disputed balance. Clarifying obligations could affect price and collection, but collecting an existing receivable does not create new profit.
Supervision, authority and problem resolution.	A fully occupied supervisor week and owner approvals suggest possible capacity or authority constraints. Measure recurring decisions and response time; transferring work without usable capacity can create new delays.
Acquisition results and customer survival.	Channel sources and early exits are not fully linked. A review limited to active wins can overstate the performance of recent selling.
Investigation and current operations.	Review work consumes management time. Identify displaced duties and any paid support before assigning more work.

How the findings affect the first decision

Cash confirmation determines what can be funded. Recurring-profit reconstruction determines the size of the gap. Contract and service comparisons determine which repairs are plausible. Acquisition and reporting tests determine how to prevent recurrence. A combined plan counts each cost and benefit once.

WHAT COULD CHANGE THE SEQUENCE

If recent improvement survives recurring-cost and seasonal adjustments, reduce broad repair work. If targeting explains repeated losses, revise qualification. If service defects arise from required but omitted tasks, repair estimates and agreements. Preserve justified growth throughout.

Basis: S2 to S8. Associations and proposed causal mechanisms remain distinct.

SOLUTION SPECTRUM / OPEN THE OPTION SET

Explore Six Different Ways to Improve the Business

The following options were mapped before selecting the next action. The fixed limits remain intact. Three conventions are questioned: C1, improvement requires more revenue; C2, every customer needs the same commercial arrangement; C3, the owner must personally approve routine exceptions.

TERRITORY AND MECHANISM	OPTION AND DISTINGUISHING FEATURE	WHAT MUST BE TRUE
1. Contract economics / Inversion	Improve contribution from existing work before adding volume. Examine tasks that can be priced, agreed differently or removed by consent.	Actual scope and customer response support the change; required service remains intact.
2. Delivery / Analogy transfer	Use reserved shift capacity and route planning, similar to appointment scheduling, to reduce disruptive last minute changes.	Customer access and employee availability permit the revised schedule.
3. Commercial design / Constraint removal	Replace an undifferentiated fixed fee with a documented base scope plus priced optional work. Challenges C2.	Customers accept the arrangement and administration does not consume the gain.
4. Growth selection / Extreme scaling	Compare a single verified prospect with a broad new sales role. Concentrate initial growth on work resembling productive contracts.	The small test produces useful information while recognizing that one win cannot establish repeatability.
5. Decision authority / Recombination	Combine cost reporting with supervisor authority and exception limits, so information can lead to action without the owner.	The supervisor has capacity, competence and permission to act.
6. Cash and commitments / Worst idea repair	Examine the extreme of pausing every new sale; retain its useful mechanism as a temporary delivery and cash acceptance test.	Selective acceptance protects viable work while avoiding commitments the business cannot fund.

Waiting Is Also a Choice

A short observation period could reveal whether startup costs decline. Waiting still requires collection follow up, service fulfillment and a defined review point. It gives up time to repair recurring scope problems and can allow unfavorable contracts to continue.

These options are mechanisms to examine. Benefits, customer consent and implementation costs are not established by inclusion in the map.

SOLUTION SPECTRUM / DEVELOP AND PRESERVE ALTERNATIVES

Keep Distinct Alternatives Available

Three Branches of the Contract Repair Option

BRANCH	HOW IT COULD WORK	FIRST USEFUL TEST
Price the existing scope.	Recover the cost of work the customer wants to retain.	Reconcile actual tasks and price a specific change.
Agree a different scope or schedule.	Reduce cost while preserving the customer’s priority outcomes.	Obtain customer approval and measure a comparable service period.
Transfer or end unsuitable work.	Release capacity where lost contribution is outweighed by avoidable cost and better uses.	Calculate the transition, remaining costs and available replacement work.

Three Possibilities Recovered During Exploration

Consider a pause in selected sales despite the owner’s growth preference; transfer defined approval authority despite the habit of owner control; and use customer scheduling flexibility as a commercial variable and test whether access times can change. Each challenges C1, C3 or C2. These options were developed for this analysis.

Two Exploratory Wild Cards

IDEA	DEPARTURE AND POSSIBLE VALUE	REASON TO KEEP SEPARATE
Refer unsuitable geographic work to another provider.	Challenges the convention that every inquiry should become an internally delivered contract; could preserve a relationship while avoiding inefficient travel.	No provider, agreement, customer consent, economics or service responsibility has been established.
Offer a separately priced facility scope assessment.	Changes the buyer interaction before quoting; could expose service requirements and create paid diagnostic work.	Demand and delivery obligations are untested. Explore customer demand before projecting revenue.

Where Exploration Stops

The map varies customer scope, work timing, commercial terms, scale, operating authority and cash timing. Scope flexibility and approval authority added the most distinct mechanisms. The technology assessment adds process, software, AI and equipment alternatives. Task suitability, implementation costs and benefits remain untested. The cause map and missing records determine which alternatives deserve further development.

The two wild cards are retained for possible later selection and excluded from the current operating recommendation. No business partner or new paid offer is assumed available.

SOLUTION SPECTRUM / TECHNOLOGY AND AI

Test Technology Against a Specific Business Problem

Artificial intelligence (AI) and conventional software are possible ways to improve identified tasks. The records provide no tool inventory, usage data, implementation quote or measured benefit. The applications below are proposals to evaluate; no product capability or saving is assumed.

PROBLEM AND POSSIBLE APPLICATION	INFORMATION, COST AND OVERSIGHT	SMALL TEST AND DECISION
Requirements are lost between sales and delivery. Use structured intake; test AI-assisted extraction of tasks from approved documents.	Needs agreements, surveys and a defined task list. Cost staff review, configuration, subscriptions and correction time. Operations confirms every requirement.	Compare a manual checklist and an assisted checklist on completed contracts. Measure missed obligations, false additions and total review time before live use.
Actual hours exceed quote before managers respond. Use a recurring variance report; test AI summaries of documented reasons.	Needs reliable contract IDs, payroll and quotes. Finance owns calculations; managers verify narrative explanations. Include integration and data-cleaning work.	Run a parallel report on known contracts. Measure warning lead time, errors and actions taken. A summary without earlier useful action has little demonstrated value.
Scheduling generates avoidable overtime or travel. Test existing scheduling features or a constraint-based scheduling tool.	Needs shift windows, skills, locations and employee availability. Operations approves feasibility. Cost setup, training and disruption. AI suitability remains unestablished.	Compare a proposed schedule with the current feasible schedule. Record paid hours, travel, service compliance and supervisor time before assigning crews.
Owner and managers repeat administrative work. Test draft responses, request classification or documented knowledge retrieval.	Needs approved procedures and limited access to necessary data. A named manager reviews customer messages, staffing decisions and exceptions. Include review time.	Compare total handling time and error rates on routine tasks. Retain human approval for commitments. Stop if correction work offsets time saved.
Invoices stall or physical cleaning is inefficient. Evaluate reminders and exception tracking; separately assess equipment suitability.	Needs invoice status and disputed amounts; finance controls communications. Equipment needs task, site, service and capital assessment.	Test reminders only on reconciled balances. Request a site-specific equipment demonstration only after identifying a material task inefficiency.

Approval Requires a Net Benefit

Compare process repair, current software, additional training and a new tool. Count implementation, support, review and correction effort. Time released becomes a cash saving only where spending falls; otherwise identify the useful work that replaces it. Obtain current product details before selection. No tool purchase is recommended by this dossier.

Inputs: S4 to S8; applications are analyst-generated alternatives.

DISTILLATION / COMPARE THE CHOICES

Choose a Targeted Review While Preserving Selective Growth

OPTION	STRONGEST SUPPORTED CASE	MAIN COST OR EXPOSURE	PRESENT JUDGMENT
Approve the sales package.	More standard work could contribute toward installed overhead.	Costs \$115,000 before added delivery funding; sales, cash and capacity unverified.	Do not approve as submitted.
Targeted contract and workload repair.	Specific quote variances and escalation patterns can be examined and tested.	Savings may be temporary, unattainable or offset by service effects.	Best supported first investigation; test before expansion.
Selective growth with current sales staff.	Group D earned 37.5% contribution in its serviced period.	New prospects may differ; existing staff time and cash are limited.	Keep available under a prospect level delivery and cash test.
Observe maturation before major change.	The latest quarter suggests stronger earnings; startup expenses exist.	Delays scope and collection repairs if problems recur.	Use alongside measurement; avoid passive waiting.
Broad overhead reductions.	Absolute overhead rose \$180,000.	Removing supervision could raise overtime and owner burden.	Review duties and commitments first; no blanket reduction.
Exit weak contracts.	Some work may prevent more productive use of constrained capacity.	Lost contribution, retained payroll, customer obligations and transition costs.	Consider individually after avoidable cost analysis.

Why This Order

Cash confirmation comes first because a delayed receipt can breach the cash requirement. Contract reconciliation separates the causes of excess cost. Service and capacity tests prevent a price or labor change from creating new delivery failures. Selective growth can proceed when these requirements are satisfied.

WHAT COULD CHANGE THE ORDER

If recurring profit already meets the goal, emphasize cash, service and retention. If repairs have little recoverable value but specific new work has supported economics and funding, prioritize selective growth. Revise the spending ceiling only through an explicit owner decision.

The options are compared qualitatively. Different options depend on unresolved facts, and an unsupported score would imply precision the record cannot support.

Revisit this comparison after the acquisition, handoff and reporting tests. Customer-fit changes and technology tests are retained as exploratory options; their benefits are unquantified. A clear immediate spending restriction does not establish which longer-term repair is best.

SCENARIOS / SENSITIVITY AND COMBINED EFFECTS

Test the Profit Plan Without Counting the Same Saving Twice

- FINDING**

Small changes across a large labor and revenue base can matter, but a combination of changes is needed under some starting profit assumptions. Arithmetic feasibility does not establish operational feasibility.
- WHAT COULD WEAKEN THIS FINDING**

The sensitivities below illustrate hypothetical changes. Achievable savings require further support. Benefits must be calculated on actual contracts, timing and payroll changes.

ILLUSTRATIVE CHANGE	ANNUAL EFFECT BEFORE OTHER CHANGES	LIMITATION
1% added price on \$4.82m of active group revenue.	\$48,200	Historical active group revenue is not the full recurring annual base; customer acceptance and timing unknown.
1,000 regular hours genuinely removed.	\$25,000	Paid hours and costs must fall; work must be unnecessary or redesigned.
1,000 overtime hours converted to regular hours.	\$10,000	Use only hours distinct from removed hours; no added coverage costs.
1% higher cost across the \$2.9m labor base.	(\$29,000)	Sensitivity only; the input set has no forecast wage increase.
An illustrative \$50k revenue loss at Group D's 37.5% margin.	(\$18,750)	Assumes associated direct costs are avoidable; actual customer economics differ.

A Combined Illustration

Start with the incomplete \$405,000 reference. Suppose price changes add \$60,000, removal of unnecessary paid hours adds \$75,000, and conversion of separate overtime hours adds \$30,000. Deduct \$20,000 of recurring implementation costs. The total becomes \$550,000, below the \$570,000 target. A further \$29,000 labor cost increase would reduce it to \$521,000.

KEEP BENEFIT CATEGORIES DISTINCT

A collected overdue invoice improves cash without adding revenue already recognized. A price increase cannot also be counted as extra scope revenue for the same work. Released capacity increases profit only through avoided expenditure or supported replacement contribution. Full-year benefits differ from profit and cash during rollout.

The Practical Implication

Build a contract by contract plan with adoption dates and one ledger of costs and benefits. If the supported plan falls short, revise the option mix or discuss the goal. Do not fill the gap with an unexplained efficiency percentage.

Inputs: S1 to S7; all sensitivities on this page are report illustrations.

IMPROVEMENT ECONOMICS / ONE COMBINED PLAN

Connect Each Improvement to One Cost and Benefit Record

POSSIBLE CHANGE	ILLUSTRATION AT HISTORICAL VOLUMES	WHAT MUST BE ESTABLISHED
Improve Group E delivery contribution.	At \$600,000 revenue, 30% contribution gives \$180,000, an increase of \$50,000; 35% gives an \$80,000 increase.	Required service is maintained and paid costs actually fall. Overtime used to achieve the margin is already included.
Raise Group E prices.	\$470,000 costs require about \$671,429 revenue for a 30% margin, a \$71,429 increase.	Customers accept and remain; scope and costs are unchanged.
Restore Group B contribution.	27.5% of \$880,000 is \$242,000, an increase of \$42,000.	The cost reduction is feasible. A price-led repair requires a different calculation.
Convert separate overtime hours.	Each 1,000 hours moved from \$35 to \$25 saves \$10,000.	Hours are distinct from other savings and no offsetting cover costs arise.
Win suitable standard work.	\$100,000 at 37.5% contributes \$37,500 before further overhead.	Prospect costs, service demands, shift capacity, sales effort and collections support the result.

One plan must meet the business requirements

Record each change’s start date, customer agreement, recurring benefit, implementation expense, payment dates and staff effort. Sum each benefit once. Compare the recurring profit result with \$570,000, dated cash with \$250,000, added spending with \$100,000 and service with agreed obligations.

Price increases may only recover higher costs

The portfolio price-review record links permitted dates with pay and supplier changes. Separate the portion that offsets higher recurring costs from additional contribution. Deduct concessions and lost contribution if customers leave. No uniform increase or retention rate is assumed.

THE REMAINING GAP MAY BE REAL

Current recurring profit and achievable changes are incomplete. No combined improvement total is a forecast. If the supported plan falls short, reassess the mix or discuss the target; an unexplained efficiency percentage cannot fill the gap.

Basis: S1 to S7. Map actual operating dates and affected employees to official New Jersey guidance before forecasting pay changes. A uniform percentage across loaded labor remains only a sensitivity.

ANALYSIS / E01 ALTERNATIVES

Compare Keeping, Repricing and Ending E01

E01 earned \$120,000 revenue with \$87,000 cleaning labor and \$18,000 other direct costs. Recorded contribution was \$15,000. The following scenarios use the same historical service volume and exclude transition charges and unrelated overhead changes.

SCENARIO	CONTRIBUTION CHANGE	ASSUMPTIONS AND CALCULATION
Keep current terms	\$0	Reference position; workload and service problems remain to be examined.
Agreed price of \$150,000	+\$30,000	Same \$105,000 direct costs; customer accepts and stays. Resulting contribution is \$45,000, or 30% of the new price.
End service; all direct costs cease	(\$15,000)	Lose \$120,000 revenue and avoid \$105,000 cost. Existing overhead continues.
End service; payroll remains, other costs cease	(\$102,000)	Lose \$120,000 revenue; avoid \$18,000 other cost. The \$87,000 payroll remains without replacement value in this scenario.
End service; all 3,200 hours replace overtime elsewhere	+\$17,000	Lose \$120,000; avoid \$18,000 site cost; replace \$87,000 E01 labor and \$112,000 other overtime with \$80,000 regular labor.

These Examples Do Not Establish the Outcome Range

Redeployment requires compatible shifts, locations, employee availability and actual overtime elsewhere. Full conversion may be infeasible. Contract notice, transition costs and retained equipment costs could change every exit result. Removing a site does not automatically reduce payroll.

Prepare the Scheduled Review

Reconcile agreed tasks, added tasks and cost before E01’s Month 2 discussion. Compare a customer-approved price, a revised scope or schedule, and continued service. An exit decision requires the actual agreement and a supported cost-and-capacity plan.

Inputs: S3, S4, S7, S8 and O1.

FIRST 30 DAYS / RESPONSIBILITIES AND RESOURCES

Use the First 30 Days to Reach the Next Decision

The roles and dates below are proposed. Managers first identify time available, work displaced and any paid assistance. This schedule authorizes no additional cash.

RESPONSIBLE ROLE AND ACTION	DUE	REQUIRED OUTPUT
Finance confirms receipts and cash.	Day 3	Dated receipts and commitments; any potential breach of \$250,000; cost of obtaining missing information.
Finance reconstructs recurring profit.	Day 10	Contract-based reconciliation, unresolved adjustments and normal reporting displaced by the work.
Operations and sales reconcile hours and service.	Day 21	All ten complex contracts, retained outliers and healthy comparisons; tasks, paid hours, complaint types and service activity where recorded.
Sales reconciles customer starts and exits.	Day 21	Complete acquisition and cancellation register, channel links and missing records; no reconstruction of unsupported history.
Operations prepares E01’s scheduled review.	Day 25	Agreed and delivered tasks, customer alternatives, permissions, service risk and cost consequences.
Operations designs one service repair test.	Day 10	Site selection, mechanism, logging method, activity denominator, capacity, cost and stop conditions.
Owner, finance and operations choose next stage.	Day 30	Repair, narrower test, selective growth or deferral; specified resources, rationale and next review date.

Begin controls that existing capacity can support

Log requests for additional work and compare them with the agreement. Require delivery input and a realistic hours estimate before new complex commitments. Assign routine decisions to capable managers within defined authority; reserve owner review for material exceptions. Continue agreed service during any scope dispute.

Cost the work before committing cash

Record internal hours, duties postponed, external quotes, temporary staffing, training, tools and payment dates. Reassign current time where feasible. If capacity is inadequate, narrow the investigation or submit a costed alternative. No unsupported diagnostic allowance is assigned.

Basis: S1 to S8. Shared records and review work are costed once.

BROADER DIAGNOSIS / TESTS THAT CAN CHANGE ACTION

Fit the Broader Investigation Into the First 30 Days

INVESTIGATION	PROPOSED OUTPUT	DECISION IT COULD CHANGE
Acquisition and customer fit: sales with operations.	Day 10 availability; Day 21 matched weak and healthy contracts, acquisition sources, requirement profiles and early exits.	Qualification, positioning, channel spending or estimating.
Service and hour reconciliation: operations.	Day 21 explanation of material differences; missing visit counts, severity and logging changes identified.	Scope, staffing, access, quality control or price changes.
Reporting and authority: owner with operations.	Day 10 trace of one weak and one healthy contract from first warning to response.	Earlier reporting, clearer authority or prevention of recurring failures.
Tools, equipment and suppliers: finance and systems owner.	Day 10 inventory of existing tools and material gaps; cost deeper work only if decision-relevant.	Process repair, training, procurement or a bounded technology test.
Management and disruption capacity: operations.	Day 21 shifts, skill fit, travel and handling of ordinary absences and incidents.	Whether new work or delegated duties can be delivered reliably.
Price-review schedule: finance and account managers.	Day 21 permitted review dates, notice deadlines, escalation terms and relevant cost changes.	Which financially justified changes can actually take effect in time.

Prioritize the result that could change the next commitment

Missing cash dates and recurring profit take priority. Add customer, service or management tests where an answer can change the repair or spending decision. Record deferred questions with a responsible role and review date. The cause map creates no automatic permission to conduct every possible study.

THE BROADER ANALYSIS CAN CHANGE THE PREFERRED REPAIR

Customer mismatch supports qualification changes. Omitted obligations support quote and handoff repair. Avoidable execution cost supports operational changes. Temporary startup effects support a narrower intervention. Several findings may justify a combined response.

No arbitrary Day 90 postponement is imposed. Each assigned investigation needs a resource estimate and an actionable output.

PRACTICAL TESTS / OBSERVE THE MECHANISM

Measure Whether the Repair Actually Works

TEST	RECORD BEFORE ACTION	RESULT AND RESPONSE
E01 scope reconciliation	Agreed tasks, actual tasks, hours, complaint type and permissions. Select one documented change.	Retain only if realized price, paid cost or service improves while agreed work is preserved.
E02 startup classification	The 240 hours by date, task and pay type; comparable recent weeks.	Remove only the supported nonrecurring portion from recurring profit. One quiet week is insufficient.
E03 access arrangement	Access failures, waiting time and customer-approved access change.	Retain if paid cost or usable capacity improves without service deterioration.
Recurring service failure	Incident details, severity, repeat visits, activity volumes and staffing; stable logging.	Test a specific mechanism. Stop or redesign if required service, repeat failures or paid effort worsen.
Routine decision authority	Decision type, response time, allowed spending, recipient's capacity and escalation route.	Retain if resolution improves without unplanned cost or weaker service. Owner convenience alone is insufficient.
Suitable standard prospect	Real scope, expected costs, staffing, disruptions and collections before commitment.	One accepted proposal supports that sale; it does not establish annual sales productivity.

Use comparable observations

Match tasks, shifts, requirements and operating periods. Record absences, training, seasonal work and scope changes. Use complaint severity and repeat failures alongside counts. Obtain visits or scheduled service activity where available; preserve unknown denominators.

An improvement after a change does not by itself establish causation. If staffing and access change together, retain the combined result without assigning all credit to either. Short tests may show operational fit; annual retention and seasonality require longer observation.

MINIMUM RECORD FOR EACH TEST

Before results arrive, name the action, expected mechanism, measure, observation period, accountable manager, resource allowance, service obligations, result needed for another stage and reason to stop.

Basis: S3 to S8. No trial result is asserted.

SERVICE ANALYSIS / COMPLAINTS AND REPEAT WORK

Locate Service Failures Without Mistaking Counts for Quality

FINDING

Complaints doubled from 48 to 96. Per 1,000 recorded cleaning hours, they rose from 0.56 to 0.86, approximately 54%. Repeat cleaning visits rose from 30 to 75. These measures justify investigation but do not establish the cause or severity of service deterioration.

YEAR 2 GROUP	COMPLAINTS	PER CUSTOMER	PER \$100,000 REVENUE	PER 1,000 HOURS
A: retained standard	24	0.40	0.82	0.39
B: retained complex	22	0.88	2.50	0.99
C: departed	18	1.20	10.00	3.60
D: new standard	10	0.50	2.50	1.24
E: new complex	22	2.20	3.67	1.51

B, C and E account for 62 of 96 complaints and 33.2% of revenue. E01 alone has ten of Group E’s 22 complaints. These concentrations identify where to inspect incident detail, repeated failures, paid rework and potential lost contribution.

The denominator changes the comparison

E has 4.4 times D’s complaints per customer, but about 22% more complaints per cleaning hour. Customer size, scope and serviced periods differ. Revenue is affected by pricing; actual hours can include rework. None of these denominators alone establishes which group delivers poorer service.

Establish a comparable service baseline

Group C’s 18 complaints relate to departed customers. Subtracting them leaves 78 recorded complaints in retained and new groups for their actual serviced periods. That is not a next-year forecast: new contracts operated for partial periods, and the continuing portfolio and service schedule may change.

Request visit counts, incident dates, complaint categories, severity, repeat-cleaning hours and recording practices. Preserve customer messages and distinguish repeat contact about one incident from a new incident. Agree a consistent method prospectively and disclose any break in historical comparability.

SERVICE REQUIREMENT

Maintain agreed tasks, frequency and quality while addressing recurring failures. Select repairs by severity, recurrence, paid effort and customer consequences. A lower count achieved through under-reporting or reduced required service is not improvement. No numerical reduction target is imposed.

Derived from S3, S6 and S8. Year 1 and Year 2 cleaning hours are 86,000 and 112,000. Rates are rounded to two decimals. Missing service histories remain missing.

NEXT DECISION / RESULTS AND COMMITMENTS

Decide What the Review Allows You to Do

RESULT AVAILABLE	NEXT ACTION	BEFORE COMMITMENT
Cash forecast breaches \$250,000.	Resolve collections and payment timing; defer unsupported discretionary spending.	Dated receipts and commitments support the minimum under an accepted downside case.
Recurring profit already meets \$570,000.	Focus on cash, recurring service defects and retention; preserve productive growth.	Confirm all recurring costs, seasonal adjustments and agreed service delivery.
Unpriced scope or avoidable hours persist.	Prepare a specific price, scope, access or staffing change.	Customer permission, cost, service and cash consequences are recorded.
Excess hours were temporary startup work.	Update recurring profit and future startup allowances.	Comparable recent work supports the adjustment; remove each item once.
Service repair improves comparable results.	Expand only the tested change where similar conditions apply.	Stable logging, required service, staff capacity and financial effects remain acceptable.
A revised sales package is proposed.	Assess the complete proposal when decisive information is available.	Demand, full costs, shifts, disruption coverage, service and cash fit the remaining allowance.

A supported sales decision

Sales supplies prospect mix, monthly earned revenue, delivery costs and collection dates. Operations confirms realistic tasks, required service and usable shift capacity. Finance includes payroll, marketing, setup, delivery funding and all existing commitments. Compare the proposal with current-team selling, repair and continued deferral.

DEADLINE AND AUTHORITY

Make the initial decision by Day 30. Any deferral names the exact missing information, responsible manager and next review date. A changed spending ceiling requires an explicit owner decision. A salesperson-only approval would not authorize additional marketing.

Basis: S1 to S8. Customer mismatch, late reporting or ineffective handoffs can change the chosen repair.

Request the Records That Can Change the Decision

Copy-ready draft for the owner to adapt. This report does not send the request.

Subject: Records for our revenue and profit review

We need to explain why profit growth is lagging revenue and select the next action within 30 days. Please use consistent customer and contract IDs. Identify missing records and disagreements directly.

- 1. Finance, cash by Day 3 and recurring profit by Day 10.** Reconcile revenue, direct costs and overhead to the annual accounts. Separate recurring, seasonal and startup work and current commitments. Provide dated cash flows for 13 weeks and monthly forecasts thereafter, including uncertain receipts, payroll, taxes, equipment and distributions.
- 2. Operations and sales, by Day 21.** Extract the seven remaining new complex contracts first. For all ten complex contracts and retained outliers, reconcile quoted tasks and hours with regular hours, overtime, startup, repeats and access delays. Include healthy comparisons and identify costs that could actually change.
- 3. Sales and account managers, by Day 21.** Provide quotes, agreements, scope changes, approvals and commission terms. List every contract started and ended in the review period, including early cancellations; reconcile the register with customer totals. Link source, acquisition effort and costs to each contract without assigning unsupported history.
- 4. Finance and account managers, by Day 3.** Confirm dated overdue receipts and customer acceptance of disputed invoices. Separate collection of existing balances from additional revenue. Record each customer's actual agreement.
- 5. Operations, availability by Day 10 and comparison by Day 21.** Provide complaint logs by contract, dates, severity, repeat contacts, service visits where recorded and repeat-cleaning effort. Identify changes in logging. Relate incidents to staffing, scope and access without assuming causation.
- 6. Supervisors and owner, by Day 21.** Provide representative duties, travel, shifts and decision records. Identify which role is constrained, what ordinary disruptions require and which routine decisions could be handled without additional delay or paid effort.
- 7. Finance and sales, by Day 21.** Provide last price increases, permitted review dates, notice deadlines, escalation terms and relevant cost changes. Translate any revised sales proposal into monthly earned revenue, collections, costs and service requirements.

RESOURCE REQUIREMENT

Identify internal time, displaced duties and any outside quotes before accepting assignments. Prioritize cash, recurring profit and the missing information most likely to change the next commitment. Reuse existing records and cost shared work once.

Supporting request for handoffs, reporting, tools, suppliers and external changes follows. A complete historical cleanup is a separate project.

PRACTICAL MATERIALS / ADDITIONAL SUPPORT

Request the Records That Could Change the Diagnosis

Add this request to the existing coordinated request. Request existing exports first. Where a record does not exist, record the gap and propose a narrow observation task with a resource estimate. Do not reconstruct unsupported historical detail as fact.

OWNER AND REQUESTED RECORD	QUESTION THE RECORD ANSWERS	PRIORITY AND OUTPUT
Sales and marketing: contract ID, original source, campaign/message, referral or owner relationship, spend and sales effort; wins and losses with reasons.	Did acquisition select costly requirements, or did later pricing and delivery create the problem?	By Day 10: availability and missing fields. By Day 21: compare all E wins with selected D wins and relevant losses. Avoid allocating all marketing expense only to successful accounts.
Sales and operations: initial site survey, requirement profile, quote revisions, discounts, approvals and handoff.	What was known before commitment, what was omitted, and what changed later?	By Day 21: reconcile seven remaining E contracts first, then E01 to E03 and B outliers; include healthy comparisons.
Operations and staffing lead: task logs, staff changes, training, absences, routes, visits and repeat-cleaning hours.	Did scope, skills, staffing stability, access or routing explain excess cost?	By Day 21: use comparable periods and denominators; identify the largest unresolved differences.
Finance and operations: cost-report issue dates, recipients, warning dates and resulting decisions.	Could managers see and correct overruns before they repeated?	By Day 10: trace one healthy and one weak contract; retain the support that contradicts a delay explanation.
Finance and systems owner: software inventory, actual use, manual duplicate work, supplier prices and equipment downtime.	Are process defects, underused tools, purchasing or equipment materially increasing effort?	By Day 10: inventory only. Cost deeper work after the owner sees its likely decision value.
Finance: ledger cutoffs, wage composition, write-offs and invoice acceptance records.	Could accounting timing or external cost changes alter the diagnosis?	With recurring-profit reconstruction: isolate each adjustment and document support.

A Common Contract Record

Use the same contract ID across acquisition, quote, staffing, tasks, complaints, invoices and management effort. Preserve unknown fields. Record supporting and contrary information, the next test and the action that the result could change.

All deadlines are proposed review milestones. Managers must identify internal time, displaced work and any paid support before accepting the expanded scope.

PRACTICAL MATERIALS / CUSTOMER DISCUSSION

Prepare a Price and Scope Review With the Customer

Draft for E01’s scheduled review. Replace bracketed items with reconciled facts. Remove any point the contract records do not support. This draft has not been sent.

Subject: Review of your cleaning service and requested work

Hello [name],

Before our scheduled review in [month], I would like to confirm the service your site needs and agree how we will deliver and price that work.

1. Our current agreement describes [tasks and schedule]. Our records show we also perform [documented additional tasks]. Please confirm whether your team needs those tasks to continue.
2. We will bring a summary of the agreed work, additional requests and recorded hours. Please tell us where your understanding differs so we can resolve the differences before agreeing changes.
3. We would like to discuss [a price for agreed additional work], [a revised fee for the current service] and [an agreed scope or schedule adjustment]. We will show the service and price associated with each option.
4. For future requests, we propose confirming the task, price and approval in writing before accepting additional work. We will continue our existing obligations while discussing any change.

Please suggest two suitable meeting times. We will document any agreement and its effective date after the discussion.

Thank you,
[Name]

BRING TO THE MEETING	PURPOSE
Agreement and reconciled scope	Distinguish existing obligations from additional requests.
Actual hours and delivery costs	Price the proposed service without assuming every excess hour was the customer’s responsibility.
Customer options and service requirements	Preserve the required outcome, including medical-facility requirements where applicable.
Authority and response to refusal	Know which alternatives can be offered and what requires a further internal decision.

Access issues appear in E03’s records. Add an access discussion only for a customer whose own records establish the issue. An invoice dispute requires reconciliation of that invoice and agreement.

PRACTICAL MATERIALS / CONTRACT WORKSHEET

Record One Contract’s Economics and Next Action

Complete with the actual agreement, quote and payroll records. Preserve the original calculation when new information changes the result.

Contract ID, serviced period, customer scope and source records.

MEASURE	HOW TO CALCULATE OR ESTABLISH IT
Recorded contribution	Earned revenue less actual direct labor and other direct delivery costs.
Quote variance	Actual labor less quoted hours multiplied by the quoted rate. Identify overtime premiums separately.
Recurring economics	Remove supported startup work; include ongoing scope, current pay and expected service.
Effect of changing or ending work	Compare lost revenue with costs actually avoided, transition costs and any supported replacement contribution.

Enter revenue, hours, costs, assumptions, recurring adjustments and the resulting calculation.

Record proposed price, scope, schedule or exit action; customer agreement needed; costs that remain.

Name the observation, responsible person, time allowance, service requirements and result needed before expansion.

DO NOT INFER SAVINGS FROM COST ALLOCATION

Allocated overhead may continue even when a contract ends. Redeployed staff time is valuable only if a supported use or cash reduction follows. O1 informs this distinction.

Connect Price Review Dates With Service and Delivery Capacity

Complete one record for each material renewal, repair or prospect. Use actual agreements and observed work. Missing dates, costs or capacity stay unresolved; this worksheet creates no spending authority.

REQUIRED RECORD	HOW IT AFFECTS THE DECISION
Contract and proposed action	Record ID, customer, service period, current scope, proposed change and accountable manager.
Price-review timetable	Record last increase, next permitted review, notice deadline, escalation terms, consent needed and implementation date. Obtain full agreements before assuming rights.
Cost recovery and additional profit	Separate the price increase offsetting higher recurring costs from additional contribution. Deduct concessions, lost contribution and added administration.
Comparable contract economics	Record revenue, direct delivery costs, contribution, recurring adjustments and collection risk for the same period. Identify transition and retained costs.
Management time and constrained role	Record owner and supervisor hours separately, task, period, recurring versus startup effort and available capacity. Use contribution per constrained-role hour only when both measures are reliable and comparable.
Usable capacity under disruption	Map shift, skill, geography, access and travel. Test ordinary absence and complaint workloads against available cover. Cost any overtime or displaced work.
Service and stopping conditions	Record tasks, frequency, severity, repeats and activity denominators. Define what would justify another stage and what would pause the change.

Release capacity only when the consequence is demonstrated

Time released can support avoided spending or profitable replacement work, but unused time alone does not increase operating profit. Keep total contribution and customer obligations visible; a high ratio cannot justify work the team cannot deliver.

COMPLETION RECORD

Record the source of each input, missing information, proposed date, cash required, permission needed, approving role and next review date. Finance includes recurring expense and dated cash in the same plan.

Proposed worksheet. The source records do not supply a complete review calendar, management-time series or quantified disruption reserve.

PRACTICAL MATERIALS / CASH AND IMPLEMENTATION

Track the Cash Floor and the Spending Allowance

Use this record alongside a dated cash schedule. A positive closing balance does not establish that cash remained above the minimum throughout the period.

Name the cash schedule, responsible person and next review point.

REQUIRED ENTRY	RECORD
Starting unrestricted cash	Reconcile the bank balance and any restricted amounts.
Receipts	Identify customer, invoice, amount, expected date and confirmation status.
Payments	Include payroll, taxes, equipment, suppliers, distributions and proposed changes.
Scenario	Show an uncertain receipt delay and any linked service dispute once.
Cash minimum	Calculate the lowest dated balance against \$250,000.
Annual allowance	Track actual and committed added cash spending against \$100,000.

Record the next payment proposed, its amount, lowest cash after payment, and the supporting receipt assumptions.

If the minimum is breached or unresolved, record the collection or commitment action and what spending remains deferred.

Record added spending already used, committed, and still available; include review and implementation together.

An expected receipt remains uncertain until supported. Releasing part of the budget does not authorize the remaining balance.

DECISION RECORD / BEFORE OUTCOMES ARE KNOWN

Preserve the Decision and Compare It With What Happens

The entries below record the recommendation for a fictional owner. No owner approval, customer trial or business outcome is asserted.

RECORD	CURRENT ENTRY
1. Intended result	A sustainable \$570,000 annual operating profit rate by the end of 12 months, maintaining agreed service and addressing recurring failures. Cash stays at least \$250,000; added spending stays within \$100,000.
2. Proposed action	Defer the \$115,000 package. Confirm cash and recurring profit; examine causes across acquisition, commitments and delivery; choose a supported stage within 30 days.
3. Expected mechanism	Accurate requirements, realistic hours and clear authority may improve pricing and delivery. Complete start-and-exit histories may improve customer selection. Each mechanism requires testing.
4. Alternatives retained	Current-team selective sales, observation of contract maturation, targeted overhead changes and individual contract exit after avoidable-cost analysis.
5. Resources and authority	Cost review scope and internal time before additional cash is approved. Include implementation and new delivery funding in the remaining allowance.
6. Reconsideration	Revise the sequence if recurring profit is near target, repairs have little recoverable value, acquisition mismatch is supported or specific growth is more useful and affordable.
7. Review point	Day 30 or earlier for material cash or service deterioration. Each deferral names missing information, responsible role and next review date.

Record actual results

Compare actual spending, profit effects, collections, service, staff effort and customer outcomes with the original expectation. Preserve the original prediction. Explain whether a difference came from execution, assumptions or external changes.

A FAVORABLE RESULT HAS A LIMITED MEANING

One successful contract or short service trial does not establish repeatable annual sales, complete causal understanding or sustained portfolio performance. Update the recommendation when material results change its basis.

Actual results and remaining uncertainties

METHOD / WHAT THIS EXAMINATION CONTRIBUTES

How the Analysis Supports a More Informed Business Decision

DIMENSION	SPECIFIC CONTRIBUTION
Question and requirements	Profit, cash, added spending and service are assessed together. Revenue growth remains a possible means of improvement.
Origin and assumptions	Business records, manager explanations, fictional supplementary detail, outside methods and scenarios retain distinct status.
Arithmetic and interpretation	The 2% company-wide ratio is separated from new-account margins; overtime premiums are separated from total overtime pay; complaint comparisons show denominator effects.
Competing explanations	Startup recovery, pricing, customer selection, delivery, staffing, information and external changes are examined with supporting and contrary information.
Alternatives	Repair, selective growth, maturation, overhead changes and exit are compared against the same requirements. Process, software and AI tests remain available where justified.
Connected decisions	Scope, service, collections and capacity are examined together. Price-review dates and monthly implementation affect when a theoretical improvement can be realized.
Proportionate action	A costed first stage precedes larger commitments. Customer obligations, staff capacity and missing records remain visible.
Learning and traceability	Named records, practical tests and fillable worksheets preserve assumptions, decisions and outcomes for later reassessment.

What the reader receives

The dossier combines a quantified financial diagnosis, a broad but qualified causal examination, alternatives, downside scenarios, proposed responsibilities, records requests, worksheets and the underlying illustrative records.

What agreement cannot establish

Repeated agreement using the same records cannot establish that those records are accurate or that the causal search is complete. A separate review should identify credible explanations the report does not examine and verify that the trust assessment describes the work performed.

No controlled comparison establishes superiority over another product.

Read the Inputs With Their Original Status

S0 is the revised question reproduced in this dossier. S1 reflects its updated service requirement. S2 to S7 preserve the substantive financial and operating records; S8 is an explicitly added fictional supplement. Analytical scenarios and recommendations are kept separate from company observations.

SOURCE	CONTENTS	STATUS
S0	Revised question.	Fictional owner request.
S1	Business and requirements.	Fictional business context and owner clarifications.
S2	Annual and monthly accounts.	Fictional records, arithmetically reconciled.
S3	Customer groups and selected contracts.	Fictional summaries; individual records incomplete.
S4	Pay, overtime and staff movement.	Fictional averages and management codes.
S5	Quotes, sales results and proposal.	Records plus an untested sales forecast.
S6	Service, supervision and management observations.	Fictional records and manager explanations.
S7	Cash, receivables and forecast.	Historical illustration and forecast assumptions.
S8	Linked contract and workload supplement.	Added illustrative detail; no external verification.

S1. Business and owner requirements

The New Jersey company provides recurring commercial cleaning to offices and medical practices, generally for fixed monthly fees and defined scope. Extra work may be priced separately; some requested tasks have no written price change.

Year 1 and Year 2 are consecutive complete financial years. Analysis starts immediately after Year 2; Year 3 is the next 12 months. The owner seeks a sustainable \$570,000 annual operating profit rate by Year 3 end while maintaining agreed service and addressing recurring failures. The initial decision is due within 30 days.

Unrestricted cash begins at \$320,000 and must remain at least \$250,000. Added cash spending for selected changes is capped at \$100,000. No borrowing is included. Existing employee, supplier, tax and customer obligations continue.

Owner salary remains \$150,000. Expected sales do not enlarge the spending allowance. The profit goal is the annual rate reached by year-end; total profit earned during rollout is a separate measure. Price and scope changes require appropriate agreement. No specific action has been approved.

Historical management-time observations remain operational context. They establish no numerical time-reduction objective. Service logging definitions and historical consistency require verification.

SOURCE REGISTER / S2 ANNUAL ACCOUNTS

The Annual Financial Records

Both years use the same accrual basis: revenue is recorded when earned and expenses when incurred. Operating profit includes owner compensation and depreciation, and excludes interest, income tax and owner distributions.

ITEM	YEAR 1	YEAR 2
Revenue	\$4,000,000	\$5,000,000
Direct cleaning labor	\$2,200,000	\$2,900,000
Other direct delivery costs	\$400,000	\$500,000
Contribution	\$1,400,000	\$1,600,000
Supervisors and operations	\$240,000	\$330,000
Owner salary and employer costs	\$150,000	\$150,000
Sales compensation and employer costs	\$120,000	\$135,000
Marketing	\$70,000	\$80,000
Software and systems	\$30,000	\$55,000
Office, administration and occupancy	\$220,000	\$230,000
Insurance and other overhead	\$130,000	\$150,000
Depreciation	\$40,000	\$50,000
Total overhead	\$1,000,000	\$1,180,000
Operating profit	\$400,000	\$420,000

Cost Classification

Direct delivery costs include cleaning labor and associated employer costs, supplies, site equipment rentals and subcontracted cleaning. Supervisors are in overhead and are not also included in direct cleaning labor.

Nonrecurring Items and Period Effects

Year 2 systems expense includes \$15,000 of implementation work in March. Operations expense includes \$10,000 of initial supervisor training in April. Finance expects neither specific expense to recur, although future training and systems work remain possible.

November and December include additional seasonal cleaning. The summary does not separate that work’s revenue and cost. Several contracts started during Year 2 and therefore contributed only part of a year. No hypothetical efficiency gain or future price increase is included in profit.

NO DOUBLE COUNTING

The annual accounts already include payroll, repeat cleaning, startup items and supervisor expense. Any adjustment must identify the original cost and the period affected.

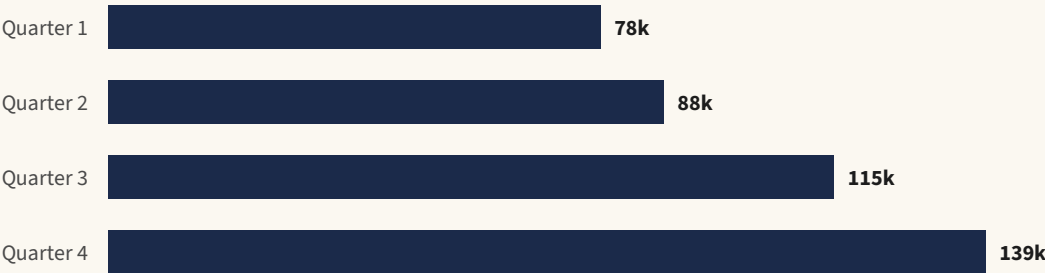
SOURCE REGISTER / S2 MONTHLY ACCOUNTS

Monthly Results Retain the Timing Information

Every numerical entry in the table is thousands of dollars. Direct costs include cleaning labor and other direct delivery costs. Profit equals revenue less direct costs and overhead.

MONTH	Y1 REV.	Y1 DIRECT	Y1 OVERHEAD	Y1 PROFIT	Y2 REV.	Y2 DIRECT	Y2 OVERHEAD	Y2 PROFIT
Jan	300	195	80	25	350	230	90	30
Feb	300	195	80	25	350	232	90	28
Mar	320	208	80	32	375	250	105	20
Apr	320	208	80	32	375	251	105	19
May	330	214.5	80	35.5	400	270	95	35
Jun	330	214.5	80	35.5	400	271	95	34
Jul	340	221	85	34	425	290	95	40
Aug	340	221	85	34	425	292	95	38
Sep	350	227.5	85	37.5	450	313	100	37
Oct	350	227.5	85	37.5	450	315	100	35
Nov	360	234	90	36	500	342	105	53
Dec	360	234	90	36	500	344	105	51
Total	4,000	2,600	1,000	400	5,000	3,400	1,180	420

Year 2 Quarterly Operating Profit



Quarter totals derive from the monthly table. The improving pattern does not separate seasonality, new contract maturity or temporary costs.

The annual total is \$420,000. The latest quarter’s \$139,000 becomes \$556,000 only if multiplied by four without adjustment. That extrapolation is reported as an illustration and is not used as a verified forecast.

Inputs: S2.

SOURCE REGISTER / S3 CUSTOMER GROUPS

Customer Economics and Selected Contract Records

A means retained standard offices; B means retained complex work; C means departed customers; D means new standard offices; E means new complex work. Complex is a scheduling category. The company started with 100 customers, lost 15 and added 30, ending with 115.

GROUP	COUNT	Y1 REVENUE	Y1 LABOR	Y1 OTHER	Y2 REVENUE	Y2 LABOR	Y2 OTHER
A	60	2,800	1,480	260	2,940	1,590	260
B	25	800	490	90	880	580	100
C	15	400	230	50	180	130	20
D	20	0	0	0	400	210	40
E	10	0	0	0	600	390	80
Total		4,000	2,200	400	5,000	2,900	500

Financial amounts in the table are \$000. Counts span retained, departed and new customers, so the total count cell is intentionally blank. Group C's count identifies customers that departed, not year end active customers.

CLEANING HOURS	Y1 REGULAR	Y1 OVERTIME	Y2 REGULAR	Y2 OVERTIME
A	55,000	3,000	58,000	4,000
B	17,500	1,500	20,120	2,200
C	8,500	500	4,500	500
D	0	0	7,280	800
E	0	0	12,100	2,500
Total	81,000	5,000	102,000	10,000

SELECTED GROUP E ITEM	E01	E02	E03	
Revenue		\$120,000	\$90,000	\$75,000
Regular hours		2,500	1,700	1,300
Overtime hours		700	400	250
Other direct costs		\$18,000	\$13,500	\$9,500
Quoted hours for serviced period		2,200	1,650	1,400
Earliest price review in Year 3	Month 2	Month 5	Month 3	

E01 has an email requesting additional tasks and a supervisor account that they are performed, without a signed change order or added invoice. E02 includes 240 setup/training hours, with their continuation unresolved. E03 has eight access problem dates, without quantified waiting time. Remaining Group E customers account for the group balance. A scheduled price review establishes neither consent nor a unilateral right to increase price.

SOURCE REGISTER / S4 PEOPLE AND SCHEDULING

Payroll, Overtime and Staff Movement

The fictional blended loaded rates are \$25 per regular cleaning hour and \$35 per overtime hour in both years. The rates include wages and employer costs. They are accounting averages, not individual wage rates or a statement of legal pay requirements.

PAYROLL RECONCILIATION	YEAR 1	YEAR 2
Regular hours cost	\$2,025,000	\$2,550,000
Overtime hours cost	\$175,000	\$350,000
Total cleaning labor	\$2,200,000	\$2,900,000

YEAR 2 PRIMARY OVERTIME CODE	HOURS
Absence or vacancy cover	4,000
Customer scheduling restrictions	2,500
Additional work or repeat cleaning	2,000
New site opening and training	1,500
Total	10,000

Each overtime hour has one primary code. Codes record staff descriptions and have not been matched to individual complaints or cancellations.

STAFF MOVEMENT	YEAR 1	YEAR 2
Average monthly cleaning headcount, including part time	64	72
Departures	18	30
New employee starts	22	38

Limits on Interpretation

Departures include voluntary and employer initiated events. Incomplete exit notes mention scheduling, travel, pay and personal circumstances; respondents could name multiple reasons. No consistent exit interview method was used.

Staff work across sites, and hours differ by location, shift and availability. Removing a customer may not immediately remove payroll. The records contain no complete plan for converting overtime to regular work or removing hours without compromising agreed service.

For scale only, 112,000 Year 2 cleaning hours divided by average headcount of 72 is approximately 1,556 hours per average employee. The arithmetic does not establish individual schedules or validate the invented payroll against market rates.

Quote Assumptions and the Proposed Sales Investment

NEW CONTRACT QUOTE SUMMARY	GROUP D	GROUP E
Revenue earned in serviced Year 2 period	\$400,000	\$600,000
Estimated hours	7,200	10,000
Actual hours	8,080	14,600
Quoted loaded labor rate	\$25	\$25
Quoted other direct costs	\$40,000	\$80,000
Actual other direct costs	\$40,000	\$80,000

Quote worksheets have no separate overtime allowance. Sales attributes much of the excess to startup effort and poor scheduling. Operations attributes part to underestimated scope and added work without price changes. No joint reconciliation has been completed.

SALES RECORD	YEAR 1	YEAR 2
Qualified opportunities	90	120
Proposals	60	80
New customers	20	30
Marketing spending	\$70,000	\$80,000
Sales compensation and employer costs	\$120,000	\$135,000

The qualified opportunity definition changed in Year 2; earlier records were not restated. Wins include referrals, owner relationships and marketing. The summary cannot establish individual channel returns.

Compensation and Approval

Commission is based on signed contract value, without adjustment for realized delivery costs. Some complex proposals require operations approval. Six of ten new complex contracts have a written approval; four have emails but no completed form. Missing forms do not establish that discussion never occurred.

Proposal and Forecast

The additional salesperson is estimated at \$85,000 in Year 3 cash cost including commission and employer costs; extra marketing is \$30,000. No employment offer has been accepted. Sales estimates \$600,000 of extra revenue earned during Year 3, a Month 2 start, gradual sales buildup, a 32% contribution margin, existing supervisory capacity and no extra owner time.

No customer commitments or monthly sales and collection schedule support the forecast. The manager’s explanation is: “We have already paid for more supervision and better systems. We should sell enough work to use them.”

PROPOSED ADDED ANNUAL SPENDING	AMOUNT
Salesperson, including employer costs	\$85,000
Additional marketing	\$30,000
Total	\$115,000

SOURCE REGISTER / S6 OPERATIONS

Service Quality, Supervision and Owner Time

OPERATIONS COST CHANGE	AMOUNT
Added supervisory capacity during Year 2	\$65,000
Pay changes and management coverage	\$15,000
Initial supervisor training	\$10,000
Total increase, from \$240k to \$330k	\$90,000
Estimated full year cost at closing staffing	\$360,000

Operations estimates the supervisors could handle 15% more cleaning hours. The estimate has not been tested against travel, shifts, complexity or duties. Systems expense rose from \$30,000 to \$55,000, including \$15,000 implementation and \$10,000 additional recurring expense. Expected recurring systems cost is \$40,000. The system began in Month 4, some spreadsheets remain, and no measured overtime or owner time reduction is attributed to it.

SERVICE AND CUSTOMER MEASURE	YEAR 1	YEAR 2
Complaints	48	96
Repeat cleaning visits	30	75

Year 2 complaints: A 24, B 22, C 18, D 10 and E 22. Counts are not adjusted for visits or contract size. Repeat labor is already in payroll. Cancellation reasons for the 15 departed customers: six service quality, four price, three closure/relocation and two unknown. Account managers entered reasons; customers confirmed seven. The records do not establish how much lost work could have been retained profitably.

OWNER DIARY: FOUR WEEKS NEAR YEAR END	HOURS PER WEEK
Strategy, finance, administration	15
Sales and proposals	10
Customer escalations	12
Staffing and scheduling	13
Other	5
Total	55

The owner estimates 55 weekly hours across Year 2 versus 40 in Year 1. The four-week diary may not represent the year. Supervisors arrange replacement crews; the owner approves credits, most disputed scope changes and larger discounts. Staff sometimes contact the owner directly. These are historical observations, with no time-reduction goal. Spare management capacity remains unverified.

Operations says it cannot yet separate poor pricing, scheduling and temporary work. Finance notes startup spending and partial year revenue and requests a full year contract view without assuming every contract is good business.

SOURCE REGISTER / S7 CASH

Cash Records and Forecast Assumptions

YEAR 2 CASH RECONCILIATION	CASH EFFECT
Opening unrestricted cash	\$360,000
Operating profit	+\$420,000
Depreciation added back	+\$50,000
Receivables increase	(\$180,000)
Prepaid expenses increase	(\$20,000)
Payables and accrued expenses increase	+\$60,000
Income tax payments	(\$110,000)
Equipment and capital purchases	(\$160,000)
Owner distributions outside salary	(\$100,000)
Closing unrestricted cash	\$320,000

Closing receivables total \$600,000: \$300,000 not due, \$140,000 overdue 1 to 30 days, \$90,000 overdue 31 to 60 days and \$70,000 overdue more than 60 days. Opening receivables were \$420,000. The oldest balances include \$30,000 disputed over scope and \$40,000 without a documented payment date. No additional write off is included in Year 2 profit.

YEAR 3 FORECAST, \$000	MONTH 1	MONTH 2	MONTH 3
Opening cash	320	275	270
Customer receipts	440	470	510
Operating payments	(450)	(440)	(465)
Tax	(20)	(20)	(15)
Equipment	(15)	(15)	(10)
Distributions	0	0	0
Closing cash	275	270	290

The forecast excludes all new improvement programs. Month 2 includes an unconfirmed \$40,000 overdue receipt. No weekly dated flows or full 12 month forecast exist. Receipts include active contracts and expected additional work without full reconciliation to signed schedules. Current payroll continues. Distributions are paused for three months; later policy is missing. Proposed new salesperson receipts are excluded.

Equipment can sometimes be transferred; resale proceeds and early exit charges are unknown. Contract exit does not automatically remove supervision, office or software. Labor savings depend on scheduling, employment arrangements and redeployment. No exit or staffing change has been authorized.

SOURCE SUPPLEMENT / S8 LINKED RECORDS

Additional Fictional Detail for Testing the Connections

This supplement was developed for the dossier after the original S0 to S7 input set. These are explicitly invented case records, not external discoveries. Original financial totals remain unchanged. Include S8 in any later comparison run.

SELECTED CONTRACT	SERVICED PERIOD IN YEAR 2	PAYMENT TERMS	CONTRACTUAL SUMMARY FOR ILLUSTRATION
E01	Months 1 to 12	30 days after invoice	Annual arrangement; price review in Year 3 Month 2. Changes require written agreement.
E02	Months 7 to 12	45 days after invoice	Two year initial arrangement; price discussion in Year 3 Month 5. No convenient unilateral exit is established.
E03	Months 4 to 12	30 days after invoice	Annual arrangement; price review in Year 3 Month 3. Access changes require customer agreement.

The summaries establish no legal conclusion about enforceability, notice, termination or unilateral pricing. Obtain the full agreements before using those mechanisms. Serviced periods do not establish constant monthly revenue or cost.

LINKED YEAR 2 ITEM	E01	E02	E03	REMAINING E	
Complaints		10	5	2	5
Selected closing receivables		\$30,000	\$40,000	\$12,500	Not extracted
Age of selected balance	More than 60 days	More than 60 days	1 to 30 days	Unknown	

E01’s \$30,000 is the scope dispute in S7. E02’s \$40,000 is the uncertain Month 2 receipt in S7. E03’s balance is part of the \$140,000 overdue 1 to 30 days. These are existing receivables, not additions to the \$600,000 total.

Workload Links in the Same Four Week Diary

Of the owner’s 25 weekly escalation and scheduling hours, E01 accounts for five, E02 two, E03 one, remaining E contracts three, A/B contracts eleven and other staffing coordination three. The total remains 25. These allocations associate work with contracts; they do not establish a single cause.

Supervisor Team: One Week, 160 Hours

Scheduled site visits use 62 hours; staffing coordination 34; training 18; complaint and quality follow up 20; travel 18; administration eight. The total is 160. Some work may be redesigned, but no unused capacity is demonstrated by this one week. The observation does not by itself disprove the manager’s 15% capacity estimate.

FICTIONAL E02 INVOICE TIMING CLARIFICATION

For this explicitly fictional timing clarification, use 30-day accounting months. Month 7 and Month 8 service invoices are \$20,000 each; Months 9 to 12 are \$12,500 each, totaling \$90,000. Assume the first two months contain more scheduled service, with a lower service volume thereafter; no setup fee is introduced. Also assume the customer held the first two invoices during purchase-order setup, then processed later invoices while the earlier balances remained unresolved, including early payment of the final invoices. At 45-day terms, the first two unpaid invoices are 105 and 75 days overdue at year-end. These added assumptions explain consistency only. They preserve the \$40,000 balance, establish no historical discovery and must not be used to infer recurring revenue or collection behavior.

Use Outside Research Within Its Relevant Scope

Outside research informs the method. It cannot verify the fictional payroll, customer demand, savings or collections. The two accounting articles share an institution and provide no independent confirmation of company facts.

O1. ACCA: Relevant Costs

This guidance considers the cash flows changed by a decision, including avoidable expenditure and lost contribution. It supports assessing contract exits using costs that actually cease and replacement uses that can be delivered.

ACCA: Relevant Costs

O2. ACCA: Pricing 2, Practical Aspects

The article discusses pricing in relation to costs, customer demand and competition. An internally calculated target price does not establish customer acceptance; the dossier therefore requires a specific agreement before counting a price benefit.

ACCA: Pricing 2, Practical Aspects

O3. CDC: Environmental Services

The guidance relates cleaning methods and frequency to healthcare facility policy and the nature of surfaces and contact. Obtain each medical customer's requirements before changing service scope or schedules. It does not prescribe a cleaning plan for these fictional sites.

CDC: Environmental Services

O4. New Jersey: Worker Wage and Hour FAQs

Official guidance provides wage and overtime information. The fictional operating years have no assigned calendar dates and the records lack individual pay distribution. Map actual dates, worker coverage and pay before estimating statutory changes. Loaded accounting averages cannot establish individual compliance.

New Jersey: Worker Wage and Hour FAQs

Applicability and review

These primary pages were revisited for this analysis. Their methods support the limited uses described above. No industry-average staffing ratio, vendor performance promise or across-payroll statutory cost increase has been inserted into the forecast.

The source register and trust assessment distinguish fictional inputs, derived figures, proposed tests and unresolved questions. Source names and direct links remain usable when pagination changes.