Business Health Check Sample Report

“Results, not just advice.”

Level Up Business Partnering

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Executive Summary

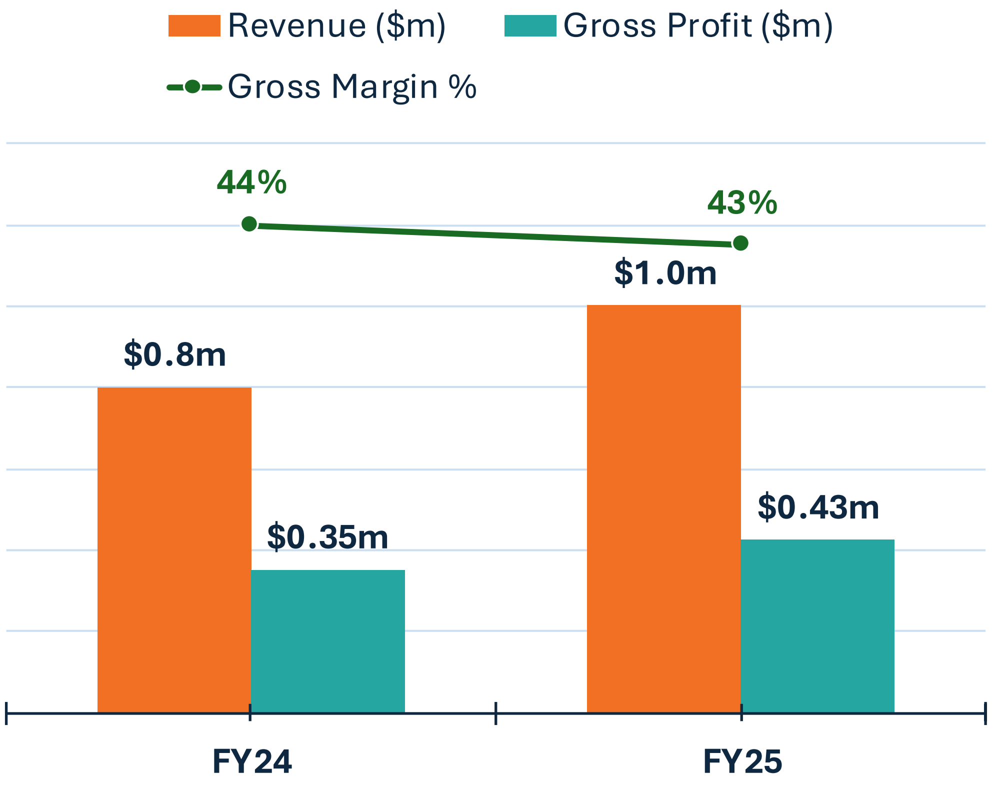
Multi-Service Operations Pty Ltd has delivered strong top-line growth, but that growth is **not converting into profit or cash.**

Despite a 25% lift in revenue, margins, profit and cash flow have all moved the **wrong way** — a visibility and controls issue, not a sales problem.

Key points:

- Revenue increased from $0.8m to $1.0m (+25%)
- Gross margin fell from 44% to 43%
- Net profit declined by approximately $75k
- Cash flow under pressure; working capital increased
- Inventory and cost of sales are not accurately tracked
- Labour costs rising faster than revenue; profit visibility limited by product, service and customer

Revenue & Gross Margin Trend



Net profit down ~$75k year-on-year

~$200k+ in profit and cash flow opportunities identified — over 20% of revenue — through operational and financial improvements alone.

Business Context

A representative $1.0m-turnover business, used to illustrate a typical Business Health Check across varied industries.

- Example business — Multi-Service Operations Pty Ltd, ~$1.0m annual revenue
- Revenue mix — Services 50%, Products 30%, Recurring contracts 20%
- Cost of sales — product lines carry inventory that must be purchased, stored and tracked
- Operating model — a labour-based workforce running rostered shifts, plus overheads and software subscriptions
- Purpose of review — assess profitability, cash flow, inventory, labour efficiency and operational processes to find practical improvements

Revenue mix

50% Services

30% Products

20% Recurring contracts

~$1.0m total annual revenue

Growing revenue does not automatically create growing profit — this review focuses on where profit and cash are lost, and how they can be recovered.

Key Findings

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- Profitability leakage — gross profit rose only ~$80k on $200k of extra revenue, so gross margin slipped from 44% to 43%. The business is selling more but keeping less of every dollar earned
- Inventory & cost of sales — ~$120k of stock on hand with no SKU-level tracking, limited usage reporting and inconsistent stock counts, creating risk of shrinkage, distorted margins and cash tied up in stock
- Labour efficiency — labour cost rose 12% while revenue grew only 9–10%; overtime is climbing, shifts aren't allocated to jobs and there is no visibility of labour productivity
- Cash flow & working capital — ~$50k in receivables and ~$120k in stock lock significant cash inside the business despite positive trading activity
- Profit visibility is limited — profitability is not tracked by product, service or customer, so management cannot see where margin is being made or lost
- Operating expenses are drifting — multiple software subscriptions and overhead costs, with duplication across tools, are quietly eroding profit

i ***The business doesn't need more sales first — it needs better visibility, stronger controls and better conversion of revenue into profit and cash.***

Opportunity Areas & Impact

Five practical opportunities identified within the existing business:

- Inventory & cost control — SKU-level inventory, monthly stock counts and product-profitability reporting
- Job costing & margin visibility — allocate labour and materials to jobs; report margin by revenue stream
- Labour productivity — measure efficiency, reduce overtime and schedule shifts to demand
- Cash flow management — rolling 12-week forecast, faster debtor collection and lower stock holding
- Operating expense review — rationalise subscriptions and remove duplicated costs

Opportunity	Annual Benefit
Inventory & purchasing controls	**$35k**
Margin & job-costing visibility	**$30k**
Labour efficiency	**$80k**
Working capital / cash release	**$45k**
Overhead reduction	**$15k**
Total identified opportunity	**$205k**

$200k+

Potential profit & cash flow improvement — equivalent to 20%+ of annual revenue

i ***Identified without increasing sales, adding staff or investing significant capital — value already available within the business.***

Recommended Next Steps

A phased, practical approach turns the opportunities above into measurable profit and cash outcomes.

- Phase 1 — Understand the numbers — analyse profit by service, product and customer, review inventory movements and establish management reporting
- Phase 2 — Improve visibility — implement job costing, introduce labour-productivity KPIs and build inventory tracking processes
- Phase 3 — Strengthen cash flow — introduce rolling cash flow forecasting, improve debtor collection and optimise stock levels
- Expected outcome (3–6 months) — improved gross margin, better labour utilisation, increased cash availability and stronger decision-making, with $200k+ in profit and cash flow opportunity identified and measured

i *A Business Health Check isn't about producing reports — it's about finding where profit, cash and performance can improve, and quantifying the value.*

Thank You

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