MR ! PURPLE

FICTIONAL DEMONSTRATION

Busy revenue can still hide commercial drag.

A worked Provider Profit Leak Finder example for Northstar Field Services, a fictional established service business with a billable team.

Illustrative figures only. Not a customer result, forecast or profit promise.

The fictional business

Northstar sells appointment and project-based services. The team is busy, but the owner cannot see whether the friction sits in cancellations, paid but non-billable time, or cash collection.

Monthly service revenue	USD 240,000
Monthly paid labour hours	4,800
Monthly billable labour hours	3,600
Cancelled or no-show hours	180
Already recovered or refilled	30%
Current debtor days	52
Target debtor days	35
Financing cost assumption	10%
Utilisation lift scenario	2 points

Transparent starting point: USD 240,000 divided by 3,600 billable hours equals USD 66.67 realised revenue per billable hour.

Use only de-identified business totals. Never enter customer, client or staff-identifying information.

THREE SEPARATE SCENARIOS

Signals worth investigating

Cancellation exposure

USD 8,400 / month

Gross revenue exposure after the supplied 30% recovery rate. Not guaranteed recoverable profit.

Labour utilisation

USD 6,400 / month

A 2 percentage-point lift equals 96 already-paid hours. Assumes demand exists and no extra paid labour.

Debtor timing

USD 134,137

Working-capital release scenario from reducing debtor days from 52 to 35. Not monthly revenue.

Do not add cancellation and utilisation together

They may describe some of the same hours. Test them separately. Debtor timing describes when cash moves, not extra monthly revenue.

First moves

Cancellation: Track every cancelled hour for four weeks by category, refill outcome and recovered revenue. Use counts only, never names.

Utilisation: Split paid hours into billable, cancellation-related, travel, administration and other non-billable categories. Choose one category to reduce.

Debtors: Review invoice-age bands weekly. Give the oldest material commercial balance one owner and one next action.

A PRACTICAL SEQUENCE

Thirty days, four contained experiments

Days 1 to 7	Reconcile paid, billable, cancellation and other non-billable hours. Establish one clean baseline.
Days 8 to 14	Test cancellation recovery. Record recovered hours and recovered revenue separately.
Days 15 to 21	Test one utilisation category. Avoid counting cancellation recovery twice.
Days 22 to 30	Review debtor ageing, compare actual movement with this snapshot, then keep, change or stop each experiment.

The discipline

The scenarios show where to investigate. Actual operational data decides what is real. A useful result is not a bigger headline. It is a smaller number of better experiments.

What the result does and does not mean

It does	It does not
Use transparent formulas	Promise recoverable profit
Keep your figures in your own file	Replace accounting or tax advice
Separate three commercial signals	Provide legal, governance or compliance advice
Turn signals into practical first moves	Prove demand exists for extra billable hours
Create a 30-day test sequence	Use personal customer or staff data

Questions for the owner

Which category explains most paid but non-billable hours? Which cancellations were genuinely refillable? Which debtor balances are commercially recoverable now? What moved after 30 days in actual currency and hours?

See the live Provider Profit Leak Finder at mrpurple.com.au/product/provider-profit-leak-finder/

Valued at A$197. Yours for A$19 including GST, charged in Australian dollars. Choose your edition at checkout: Australian provider, US human services or service business. You get a 2-page start-here guide and one spreadsheet that opens in Excel or Google Sheets.