ILLUSTRATIVE CLIENT CASE

ALDER & VALE STUDIO

The business grew.
The profit disappeared.

REVENUE

+20%

OPERATING PROFIT

−$70k

The founder wanted another project manager. The numbers suggested a different question.

EVERY COMPANY DETAIL AND FIGURE IN THIS PACK IS FICTIONAL

FICTIONAL COMPANY · MODELED INPUTS · NOT CLIENT RESULTS

Don’t hire the problem.

Find out what’s making the business feel understaffed.

THE FOUNDER’S FIRST INSTINCT

Hire a project manager

Spend more on advertising

Raise every price

CONDUIX RECOMMENDATION

Run an eight-week scope-and-pricing pilot.

First verify where custom work loses margin. Then test a small, reversible fix before buying more capacity.

DECISION STATUS

Provisional. The mechanism must be verified against project records and customer response.

A $300k sales gain hid a $70k profit decline.

Here is the complete arithmetic. This tells us where to look, not yet why it happened.

MORE REVENUE	MORE DIRECT COST	MORE FIXED COST	=	PROFIT CHANGE
+$300k	−$354k	−$16k		−$70k

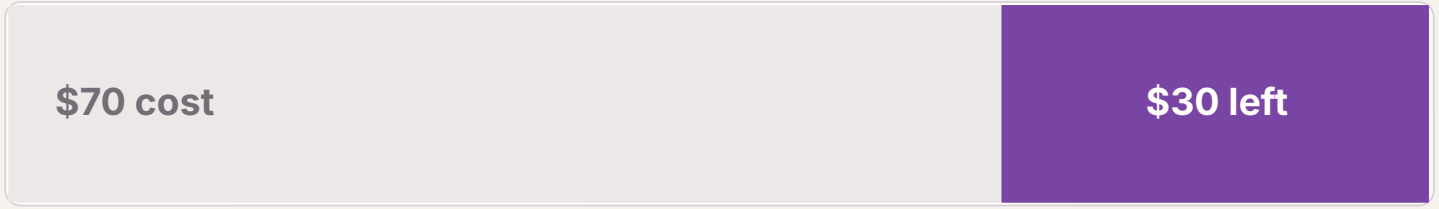
PRIOR YEAR	Revenue $1.50m · Direct cost $1.05m · Fixed cost $240k · Profit $210k
CURRENT YEAR	Revenue $1.80m · Direct cost $1.404m · Fixed cost $256k · Profit $140k

Two kinds of work. Two very different economics.

For every $100 of revenue, this is what remains after direct delivery costs.

STANDARDIZED WORK

60% of sales · $1.08m revenue



CUSTOM WORK

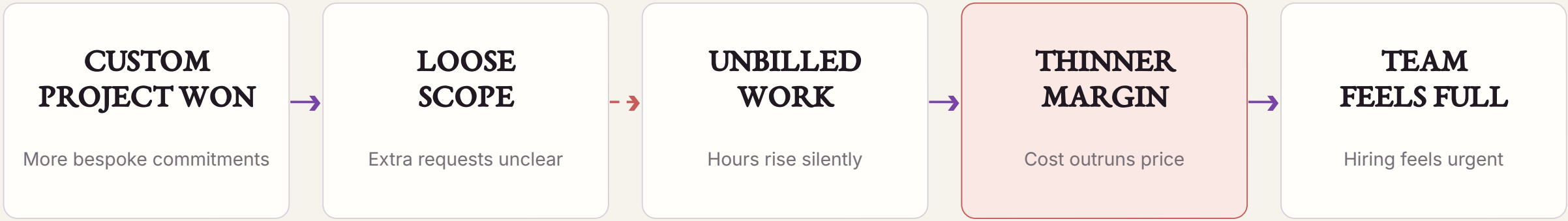
40% of sales · $720k revenue



THE SURPRISE **Custom work is 40% of revenue but only 18.2% of the company's contribution.**

The workload may be a symptom, not the constraint.

Follow the suspected mechanism from the sale to the founder's desk. Dotted links still need proof.



THE WRONG FIX **Hire someone to coordinate extra work without first pricing or reducing that work.**

TEST THE LINKS Reconcile time logs, change requests, estimating errors, client mix and profitable backlog before calling this causal.

Separate the facts from the attractive story.

Our working filter keeps a plausible explanation from becoming an expensive assumption.

FACT

Profit fell $70k

Contribution fell $54k. Fixed cost rose $16k.

ASSUMPTION

Scope creep drives cost

Possible, but not established by the P&L.

CONSTRAINT

Protect client trust

No retroactive changes to signed commitments.

UNKNOWN

Which hours are leaking?

Overruns, revisions, handoffs, or underpricing?

THE QUESTION THAT EARNS THE NEXT STEP

Where does custom work absorb unpriced cost, and can that cost be recovered?

Four explanations. Only one needs to survive.

A good recommendation gets stronger when we make it easy to disprove.

01	**SCOPE CREEP**	Unbilled changes cluster in custom jobs	Change logs + revised fees
02	**BAD ESTIMATES**	Projects exceed planned hours from day one	Quoted vs. actual hours
03	**CLIENT MIX**	A few accounts absorb most unrecovered work	Margin by client and job type
04	**TRUE CAPACITY LIMIT**	Profitable jobs wait for coordination, not execution	Queue times + rework timing

NO INTERVENTION WINS UNTIL JOB COSTS AND CUSTOMER EFFECTS CAN BE CHECKED.

Don’t spend $95k to avoid an eight-week test.

The costs below are illustrative commitments for this fictional business.

HIRE

$95k / yr

Adds fixed cost. May help, but does not identify the cause.

MORE ADS

$60k

Adds demand before profitable capacity is confirmed.

BLANKET REPRICE

Unknown

Can damage healthy offers and blur the diagnosis.

TEST THE SCOPE

Pilot first

Checks the suspected mechanism with reversible changes.

WHY THE PILOT WINS **Lowest regret: cheaper to test, faster to learn, easier to reverse.**

Change the selling rule before adding people.

Recommended intervention: a controlled eight-week trial for selected NEW custom projects.

1

BASELINE

Reconcile 10 recent jobs

2

BOUNDARY

Define deliverables and exclusions

3

APPROVAL

Price every material change

4

REVIEW

Measure realized margin and friction

5

DECIDE

Expand, revise or stop

GUARDRAIL **No changes to signed work. No forced extra charges. Protect strategic accounts. Track any customer harm.**

Deliverable 01 | The scope gate

A usable proposal rule. Sales and delivery can apply this tomorrow.

EXAMPLE / NEW CUSTOM PROJECT

Brand launch / Phase 1

INCLUDED	Messaging framework · 3 landing pages · 2 review rounds
NOT INCLUDED	Extra templates · campaign management · third revision
CLIENT APPROVER	Named marketing lead · written decision
CHANGE TRIGGER	New output, later deadline, or new acceptance condition
EXCEPTION RULE	Founder approval for courtesy work under 2 hours

WHY THIS MATTERS

Everyone can see what the price actually buys.

The gate prevents new work from becoming invisible cost. The terms can still be tailored for important clients.

Deliverable 02 | A change-request decision

The rule takes a vague request and turns it into a simple choice.

INCOMING REQUEST

“Could we add two more pages before launch?”

Without a gate: the team says yes, and the hours disappear into delivery.

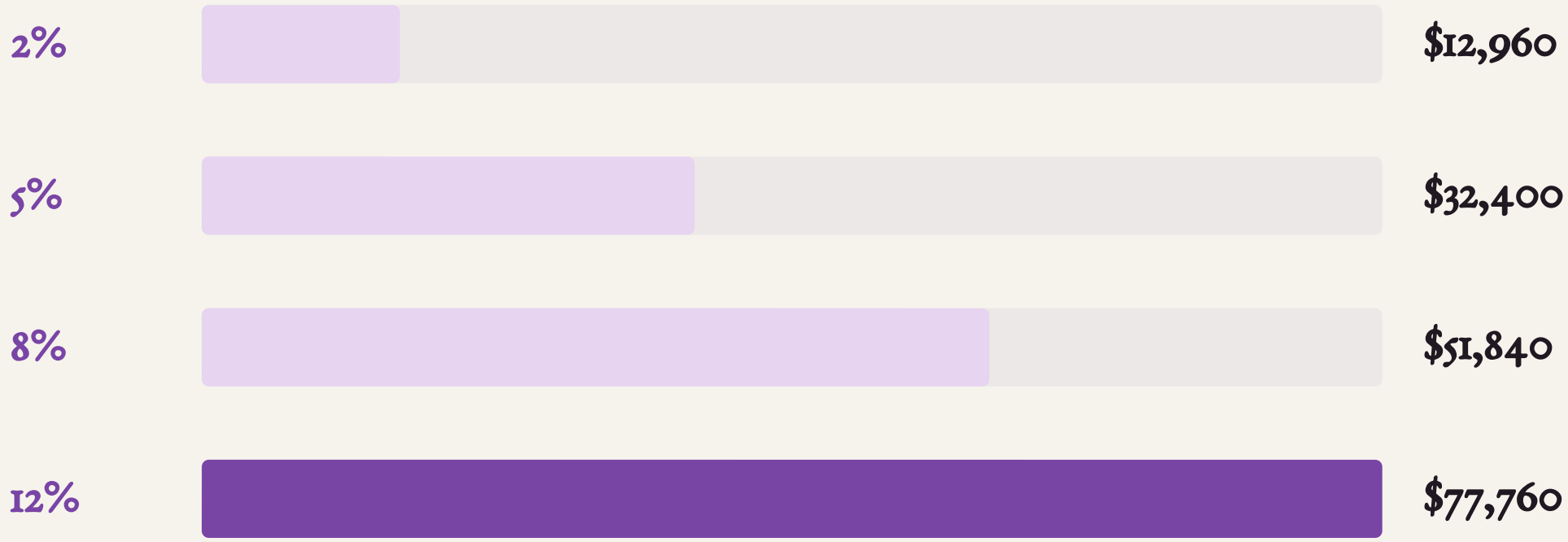
SCOPE GATE / EXAMPLE

NEW WORK	2 additional landing pages
COST TO DELIVER	12 hours × $125 = $1,500*
OPTIONS	Approve paid change / defer / remove something else
WHO DECIDES	Client owner approves in writing before work begins

*Illustrative rate and effort. Not an actual client quote.

A modest improvement could matter. A claim still needs proof.

Annualized direct-cost sensitivities if custom revenue stays constant. This is arithmetic, not a forecast.



MODEL BASIS $648,000 custom direct delivery costs × assumed reduction | Excludes pilot cost and customer effects.

Eight weeks. Five decisions. Nobody guessing.

A client-owned test plan; Conduix equips the decision and reviews new evidence during the agreed engagement.

DAYS 1–5

Verify

Finance + delivery

Reconcile 10 jobs. Identify missing cost and change data.

Baseline signed off

WEEK 2

Equip

Founder + sales

Approve scope gate, pilot criteria and exception rules.

Protocol approved

WEEKS 3–5

Run

Delivery lead

Apply to new eligible projects. Log changes and client response.

Clean test records

WEEKS 6–7

Measure

Finance

Compare contribution, rework and win rate after mix adjustment.

Comparable readout

WEEK 8

Decide

Founder

Expand, revise or stop the practice.

Recorded decision

CONDUIX ENGAGEMENT Decision brief ≤5 business days · Consultation and refinement within 30 days · Client owns implementation.

The scoreboard decides. Optimism does not.

Capture a baseline first. Targets and thresholds are agreed with the founder before the pilot.

MEASURE	BASELINE	AFTER PILOT	WHY IT MATTERS
Custom project contribution	Reconcile	Calculate	Did project economics improve?
Unbilled change hours	Measure	Compare	Was silent work reduced?
Rework / revision share	Measure	Compare	Did quality or estimating change?
Client satisfaction / disputes	Record	Check	Did the fix create new friction?
Eligible proposal win rate	Record	Check	Did the scope rule harm conversion?

Do not populate “after” figures until the test has been run. No fictional improvements are claimed here.

After eight weeks, there are only three honest answers.

A useful experiment helps even when the first hypothesis fails.

EXPAND

Margin rises on comparable work and client outcomes hold.

Roll out to more suitable custom projects.

REVISE

Economics improve, but win rate or relationships suffer.

Adjust eligibility, terms or commercial model.

STOP

Improvement disappears after comparison, or the cost exceeds value.

Test a different constraint. Do not force a story.

Before approving anything: Which new fact would make us change our mind?

Leave with decisions, not a pile of slides.

A real engagement is scoped to the evidence and the consequential decision.

01

Decision brief

The recommendation, evidence, alternatives and what would change it.

02

Financial lens

A reconciled margin map and scenarios that expose the real trade-offs.

03

Working tools

The scope gate, change-request decision and weekly measurement rules.

04

Action & consultation

Owners, dates, stop rules and a working session to challenge the plan.

THE POINT

Make one move. Know why. Measure what happens.