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Business Invincibility Advisory

Invincibility Blueprint

Guided Diagnostic Report

Sample Ltd

May 2026

SAMPLE REPORT

FICTIONAL COMPANY | CREATED FOR DEMONSTRATION PURPOSES

CONFIDENTIAL

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Non-Reliance and Confidentiality

This report has been prepared on a confidential basis for the named client. The findings are derived from evidence supplied by the client, from the structured questionnaires completed during the engagement, and from the analytical framework applied during the diagnostic. The report is not a financial audit; financial figures are referenced for diagnostic purposes only.

Outcomes from comparable engagements are indicative; specific results depend on the client's execution, market conditions, and the operational and financial trajectory described herein. This report does not constitute a binding commitment to specific outcomes.

The report and the analytical method that produced it are provided to the named client and to the senior leadership team specifically. The report should not be circulated, copied, or distributed beyond that audience without prior written consent.



Section 1: Executive Summary

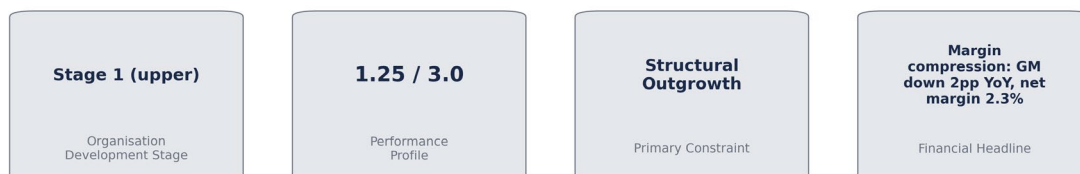


Figure 1: Executive Summary one-page overview

Sample Ltd has built a £14.2m business in seven years, delivering EV charging infrastructure at a technical standard that consistently outperforms the quality thresholds set by its largest clients. The business is profitable, growing, and staffed by capable people. It is also running on a management structure designed for a company a quarter of its current size.

The diagnostic places the organisation at **Stage 1 (upper)** of the development stage framework (Section 3). The business has genuine management assets, enough to be at the threshold of Stage 2, but the management system has no solid components and would not survive a personnel change in most functions. Capable individuals are personally holding the system together, which is the defining characteristic of Stage 1. The Reality Test assessment of nine management system components found zero solid: three absent (Competitive Advantage Strategy, Marketing Strategy, and Workforce Planning and Development), three built around individuals (Operating System, Business Processes, Power and Authority), and three others carrying assorted gaps (Business Development Strategy virtual, People Management demo version, Organisational Structure wrong tool for the job). If any of three or four key people left, the management infrastructure they personally sustain would leave with them.

The Performance Profile scores across the four diagnostic dimensions are uniformly Amber, ranging from 1.0 to 1.5 on a three-point scale. The business has genuine management assets: monthly financial reporting, project scheduling, HSEQ systems, and a structured commercial pipeline. These sit alongside material gaps in management precision, authority definition, and operational system infrastructure.

The primary system constraint is the organisational structure, which has not been redesigned to match the company's current scale. The same two directors make the same decisions they made at 25 people. Department heads promoted from technical roles manage without training, defined authority, or a management operating system to work within. The result is a management bottleneck at the top and a supervision gap in the middle.

The financial data reflects this constraint in motion. Revenue grew 20% but gross margin compressed from 27.0% to 25.0%, driven by rising subcontractor reliance as the installed workforce could not keep pace with demand. Operating margin fell from 4.0% to 2.6%. Cash at bank dropped from £410,000 to £185,000, representing just 17 days of operating cost cover. Receivable days stretched from 49 to 67 against contractual terms of 30, with no formal credit control process in



place and no one in the business owning the receivables ledger as a primary responsibility. At the current trajectory, these figures converge on a decision point within 12 months: either the receivables come back under control and the margin compression is addressed, or the business will require external funding to sustain operations at its current scale.

Top 3 blockers: the structural mismatch between the organisation's size and its management infrastructure (Section 4); the absence of a written operating system (Section 8); the untrained management layer between the directors and the workforce (Section 6).

Top 3 quick gains: a weekly department heads meeting to install a management rhythm (Section 12, item 3); a payment terms protocol with the two largest clients to recover working capital (Section 12, item 1); a written three-year direction statement to provide a reference point for every structural decision that follows (Section 12, item 4).

Two pathways are presented in Section 11: a DIY sequence of nine priorities that the leadership team can pursue independently, and the Business Invincibility programme for structured implementation with external accountability. The Implementation Roadmap in Section 12 provides a 17-item sequenced action plan across three time horizons, starting with immediate cash and management rhythm actions in the first 90 days and building toward the full operating system over 12 to 24 months.

This report is advisory and does not constitute legal, financial, or specialist advice. Findings reflect professional judgement on the evidence available during the diagnostic period. Non-reliance and full terms are set out in the engagement agreement.



Section 2: About This Report

This report presents the findings of a Guided Blueprint diagnostic conducted for Sample Ltd during April and May 2026. The diagnostic examined the company's management systems, operational structure, financial position, and organisational development stage through two evidence streams: a structured questionnaire programme and an uploaded document pack.

Twenty-one questionnaire responses were received across four organisational layers: both directors, all five department heads, six of eight team leaders and supervisors, and eight engineers and staff. The questionnaire programme covered management practices, authority and decision-making, operational processes, communication, goals, and self-assessment of organisational maturity. Responses were completed independently and confidentially.

Forty-seven documents were uploaded across fifteen evidence folders. Upload completeness was 67%; the upload gap rate was 33%, with five of fifteen folders either empty or containing minimal evidence. The gaps were concentrated in roles and job descriptions, people and performance management, and strategy and execution documentation. Where folders were empty, this was noted as an evidence gap rather than interpreted as proof that the relevant capability does not exist. Where questionnaire responses described a capability that was not corroborated by uploaded documents, both facts are stated.

The analytical method applies four structured assessment frameworks, each examining the business from a different angle. The first examines management precision: whether a functioning management cycle of planning, delegation, control, and follow-up operates across the business. The second examines throughput and flow: how work moves through the organisation, where it gets stuck, and how effectively the business converts effort into paid output. The third examines accountability and authority: whether the people in management roles have the structural authority and the defined accountability to manage effectively. The fourth examines the operational system and execution architecture: whether a written management operating system exists, whether the organisational structure is fit for purpose, and whether a connection exists between the company's goals and the daily work of its people.

The Reality Test, introduced in Section 3, is the diagnostic instrument used to assess the nine core components of a management system. Each component is assessed against a structured framework of gap types to identify not just whether a gap exists but what kind of gap it is.

Financial analysis is based on the management accounts for FY 2024 and FY 2025, including the profit and loss account, balance sheet, and supporting schedules. The financial methodology applies a standard 28-ratio analysis with interpretation framed through the operational diagnosis. Full methodology is set out in Appendix A.

A confidence framework governs how findings are presented. Confidence 3 indicates hard documentary evidence or convergent evidence across multiple layers and sources. Confidence 2 indicates consistent evidence from questionnaires across multiple layers without full documentary corroboration. Confidence 1 indicates single-source evidence with explicit caveats. Confidence 0 findings are not presented as formal findings.

The Guided Blueprint tier carries an inherent limitation. Evidence is self-assessed through questionnaires rather than tested through structured interviews. Interview-based probing, which



allows follow-up questions, clarification, and cross-referencing between participants, was not conducted. This means that all questionnaire-derived findings carry an automatic confidence penalty of one point. The diagnostic compensates by requiring documentary corroboration for the highest-confidence findings and by explicitly flagging where assessments rest on questionnaire evidence alone.

This report is prepared for Sample Ltd only and does not constitute legal, financial, or specialist advice. Findings reflect professional judgement based on the evidence available during the diagnostic period. All recommendations are advisory. The client retains responsibility for its own decisions and should seek independent professional advice where appropriate. Full terms are set out in the Master Terms of Engagement.



Section 3: Diagnostic Overview

Two instruments underpin this diagnostic. The first, the Reality Test, examines whether each of the nine core components of a management system exists, and if so, what type of gap it carries. The second, the Performance Profile, scores the organisation across four measurable dimensions of operational capability. Together they produce the overall development stage assessment and identify where the system is strongest, where it is weakest, and what is holding the business at its current level.

3.1 The Reality Test

Operating System Built around individuals / Cargo Cult	C2
Power and Authority Built around individuals	C2
Business Development Strategy Virtual	C2
Competitive Advantage Strategy Absent	C3
Marketing Strategy Absent	C2
Organisational Structure Wrong tool for the job	C3
Business Processes Built around individuals	C2
People Management Demo version	C2
Workforce Planning and Development Absent	C3

- Absent / Virtual
- Ritual / Demo / Cargo Cult
- Compromised / Individual-dependent
- Solid

The management system has no solid components. Three components, Competitive Advantage Strategy, Marketing Strategy, and Workforce Planning and Development, are absent entirely. The remaining six exist in some form but are predominantly built around individuals rather than documented systems.

Figure 2: Reality Test summary

The Reality Test assesses nine management system components against a structured framework of eight possible gap types: absent, virtual, ritual, demo version, cargo cult, wrong tool for the job, conflicting approaches, and built around individuals. A component with no gap is labelled "Solid."



Component	Primary Gap	Secondary Gap	Confidence
1. Operating System	Built around individuals	Cargo cult	C2
2. Power and Authority	Built around individuals	None	C2
3. Business Development Strategy	Virtual	None	C2
4. Competitive Advantage Strategy	Absent	None	C3
5. Marketing Strategy	Absent	None	C2
6. Organisational Structure	Wrong tool for the job	None	C3
7. Business Processes	Built around individuals	None	C2
8. People Management	Demo version	None	C2
9. Workforce Planning and Development	Absent	None	C3

The pattern across these nine components tells a consistent story. Three components are absent entirely: Competitive Advantage Strategy, Marketing Strategy, and Workforce Planning and Development. The business has no strategy document and no defined view of how it wins against competitors beyond "grow with the EV market," no marketing approach covering pricing, channel, or promotion, and no workforce plan that connects future demand to future headcount. Three components, the Operating System, Business Processes, and Power and Authority, are built around individuals, meaning they function only while specific people remain in their current roles. The Organisational Structure exists but is the wrong tool for the job: it reflects the business as it was in 2022, not as it operates today.

Business Development Strategy is virtual: the MD carries a plan in his head, described by the Finance Director as "we know what we want to do," but it is not written, not shared, and not tested against reality. The annual targets that should flow from it do not reach the people meant to deliver them. Goals are set at director level, but when department heads and team leaders were asked to state the company's goals, three of five department heads and two of six team leaders could not answer, and the remaining answers were inconsistent. People Management exists as a demo version: some elements are in place (role descriptions for most positions, an annual appraisal process in name) but they do not function as a management system.

The management system has no solid components. Zero of nine. The constraining pattern is that the components which do exist are predominantly built around individuals rather than documented systems. This means the management infrastructure functions only while specific people remain in post and continue to operate it through personal effort. Remove three or four key individuals and the management system, such as it is, would need to be rebuilt from scratch.

This assessment is derived primarily from questionnaire responses and uploaded documents. Interview-based validation was not conducted. Where a component rating rests on questionnaire evidence alone, confidence is capped at C2.



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3.2 Performance Profile

Performance Profile: Sample Ltd



Figure 3: Performance Profile

Dimension	Score (0-3)	RAG	One-sentence summary
1. Throughput and Flow Discipline	1.5	Amber	Project pipeline tracked but cycle time estimated, not measured; regional variation in throughput performance is material.
2. Cash and Cost Control	1.5	Amber	Monthly management accounts produced, but job costing is



Dimension	Score (0-3)	RAG	One-sentence summary
			retrospective and contribution margin is not tracked by project type.
3. Management Precision and Follow-up	1.0	Amber	Fragmented management routines with no structured follow-up cycle operating across the business.
4. Accountability and Authority Clarity	1.0	Amber	Roles exist on paper but authority is undefined and escalation is the default operating mode.

Throughput and Flow Discipline: 1.5, Amber. The project scheduling system tracks milestones but does not measure elapsed cycle time from order receipt to practical completion. Regional variation in throughput is visible in the project data but not systematically analysed or acted upon. The business operates above the 1.0 calibration point because pipeline visibility exists and work is planned, but below 2.0 because no formal constraint identification has occurred and no subordination of non-constraint resources is in place. Full analysis: Section 4 and Section 5.

Cash and Cost Control: 1.5, Amber. Monthly management accounts are produced on time and the Finance Director monitors cash weekly. These are genuine management tools. But job costing is retrospective, contribution margin is unknown by project type during execution, and the receivables stretch from 49 to 67 days has not triggered a structured response. The business knows its aggregate financial position but cannot see project-level profitability in real time. Full analysis: Section 5.

Management Precision and Follow-up: 1.0, Amber. Four of five department heads described their management approach as reactive. No regular management review operates below director level. Delegation defaults to task instruction without defined parameters. The score reflects the fact that some planning exists through the project scheduling system, preventing a score of zero, but the absence of a structured management cycle across the business caps the score at 1.0. Full analysis: Section 6.

Accountability and Authority Clarity: 1.0, Amber. Role descriptions exist for most positions but do not include decision authority. No decision authority schedule exists. Team leaders function as senior engineers rather than first-line managers. One of five conditions for rules-based management is partially met. The score reflects the existence of a formal organisational structure and some role documentation, which prevents a score of zero, but the absence of functioning authority boundaries and structural accountability caps the score at 1.0. Full analysis: Section 7.



3.3 Overall Organisational Development Stage



Stage 1 (upper): heroic effort sustains the system; capable individuals are personally holding the management infrastructure together

Figure 4: Maturity stage assessment

Stage 1, upper [C2] The overall development stage is derived from three inputs: the Performance Profile mean (1.25, which falls in the Stage 2 band), the Reality Test aggregate severity (1.0, sitting exactly on the Stage 1/Stage 2 boundary), and the cross-personnel test (pass in one function only, HSEQ). The evidence sits on the Stage 1/2 boundary rather than clearly inside Stage 2: only one of the three inputs (the Performance Profile mean at 1.25) sits unambiguously in the Stage 2 band; the Reality Test sits exactly on the boundary; and the cross-personnel test passes in just one function. The tie-breaker rule assigns the lowest-stage indication where inputs diverge. Stage 2 carries the label "Managed Delivery," meaning the organisation is managing itself through systems. The evidence does not support that description. Zero of nine management system components are solid. Two are absent. The other seven carry assorted gaps and the three most structurally significant components (Operating System, Business Processes, Power and Authority) are built around individuals, not documented systems. Capable people are personally holding the infrastructure together. That is the defining characteristic of Stage 1, not Stage 2.

The "upper" qualifier reflects the reality that this business has moved well beyond the purely heroic early-stage model. Monthly financial reporting, project scheduling infrastructure, HSEQ systems, and a structured commercial pipeline represent genuine management assets. The business is at the threshold of Stage 2, not deep in Stage 1. But the threshold has not been crossed because the management system would not survive a personnel change in most functions.

The directors' self-assessments diverged. The MD rated the business at Stage 2, which is fractionally more optimistic than the diagnostic finding. The Finance Director rated it at Stage 2 to 3, which is significantly more optimistic. The divergence itself is diagnostic: an organisation operating at Stage 2 or above would produce more convergent self-assessments because the management system would generate shared visibility.

3.3.1 Stage-Gap Summary

The gap between the current stage and Stage 2 (Managed Delivery) is defined by three requirements the business does not yet meet. First, a written operating system that governs management behaviour independently of who occupies each role. Second, a goals-to-tasks cascade that connects the directors' intentions to daily decision-making across the business. Third, a management capability at department head and team leader level that can sustain structured management routines without ongoing intervention from the directors. These three requirements are interdependent: without an operating system there is no standard to train managers against, and without trained managers there is no one to operate the system. The Implementation Roadmap in Section 12 addresses the sequencing.



3.4 By-Department Stage View

Department	Approximate Stage	Key Evidence
Commercial/Estimating	Stage 2	CRM system provides structured pipeline management
Design	Stage 1, upper	Design checklists exist; management of the function is informal
Installation (3 teams)	Stage 2, lower	Client quality scorecards provide external measurement; internal management informal
Commissioning/Testing	Stage 1, upper	Commissioning protocols documented; team management is not
Aftercare/Maintenance	Stage 1	No management infrastructure evidenced
Procurement/Stores	Stage 1	No management infrastructure evidenced
Finance/Admin	Stage 2	Monthly accounts and cash monitoring functioning
HSEQ	Stage 2, upper	Documented standards, measured outcomes, approaching rules-based

3.5 Top 3 Blockers

1. The organisational structure has not been redesigned for the company's current scale. The structure that worked at 25 people has been stretched to cover 105 without a formal review since 2022. Twelve current roles do not appear on the organogram. The Head of Installation oversees approximately 60 people across three regions. The directors retain decisions that should sit at department head level. Until the structure is redesigned with defined authority at each level, the management bottleneck at the top will persist. (Section 4, Section 7.)

2. No written operating system governs how management works. Zero of eight core requirements for a functioning operating system are met. The HSEQ manual governs compliance, not management. Each manager invents their own approach. The results are inconsistent, non-transferable, and fragile. (Section 8.)

3. Department heads and team leaders have not been equipped to manage. All five department heads were promoted from technical roles without management training. Team leaders function as senior engineers. The management layer between the directors and the workforce exists on the organogram but does not function as a management layer in practice. (Section 6.)



3.6 Top 3 Quick Gains

1. Introduce a weekly department heads meeting with a structured agenda. Costs nothing. Takes 30 minutes per week. Creates a regular management rhythm, gives the directors visibility without personal intervention, and begins building the habit of structured management. Achievable within 30 days. (Section 6.)

2. Agree payment terms protocol with the two largest CPO clients. The receivables stretch from 49 to 67 days is consuming working capital. A structured conversation with each client about payment terms, followed by a defined credit control process, could recover £200,000 to £400,000 in cash. Achievable within 60 days. (Section 5.)

3. Write a one-page three-year direction statement. A short document covering headcount intent, revenue intent, and the two or three structural changes the directors want in place by year three. Provides a reference point for every structural decision that follows and for the operating system design work in the medium term. Achievable within 30 days. (Section 4, Section 12.)

The blockers describe the structure that has to change and the quick gains describe the first moves available without that structural change. Sections 4 through 9 carry the supporting analysis behind each item; Sections 11 and 12 set out how the leadership team can sequence the work and what external structure is available if it chooses to bring one in.



Section 4: Current Reality Map

If this business stopped growing tomorrow, most of the problems identified in this diagnostic would eventually become manageable. The directors have the capability. They have built a business from nothing to £14.2m. Given enough time and a stable workload, they could patch the structural gaps one by one. The problem is that the business is not going to stop growing. The EV charging market is accelerating, client demand is rising, and standing still means losing position to better-organised competitors who are entering the sector.

The primary system constraint is this: **the organisational structure has not been redesigned to match the company's current scale, creating a management bottleneck that limits throughput capacity and quality consistency.** [C3]

This is an internal policy constraint, meaning it is within the business's control to change. It is not a market constraint, a resource constraint, or a constraint imposed by external clients. The business chose, implicitly rather than explicitly, to grow headcount without redesigning the management infrastructure. That choice was rational at the time: when the market opportunity is large and immediate, restructuring feels like a distraction. But the accumulated cost of that choice is now visible in the financial data, the management patterns, and the dependency on a small number of individuals to hold the operation together.

The constraint presents itself in several visible ways. The Managing Director personally approves all expenditure above £500. In a business that spends over £10m per year on direct project costs, that approval threshold generates dozens of decision requests per week. Each request sits in the MD's workflow until he can review it, creating delay that cascades through procurement, scheduling, and site delivery. The department heads, meanwhile, describe their role as technical rather than managerial (Section 6). They know their trade. They do not hold authority to make the management decisions their positions require (Section 7). The result is a management layer that exists on the organogram but does not function as a management layer in operational terms.

At 25 people, the MD could compensate for this by direct oversight. At 105 people across three regions, direct oversight is physically impossible. The gap between what the structure requires and what the structure provides is the constraint.

The financial expression of this constraint is traced in Section 5 and Appendix A, but the mechanism is worth stating here. Every project that slows down because a decision is waiting for the MD costs money in idle subcontractor time. Every rework cycle caused by an inconsistent handover between design and installation erodes margin on that project. Every week that a £200,000 invoice sits uncollected because no one below director level owns the credit control function depletes cash that the business needs for the next month's payroll. The structural gap is not abstract. It has a cost, and Section 5 quantifies it.



Root Cause Analysis

Reinforcing Loop: How the Constraint Persists

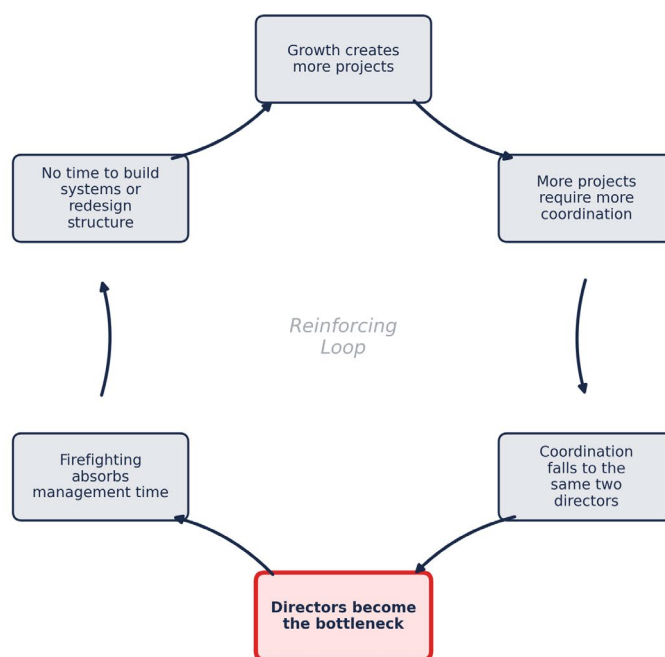


Figure 5: Reinforcing Loop Diagram

Root cause 1: Growth without structural redesign [C3]

- Contributing: No organisational review was triggered at any growth milestone
- Amplified by: The directors' personal capability masks the structural gap
- Persists because: Revenue growth validates the status quo
- Evidence: Both directors confirm no structural review has occurred since 2022. The organogram has not been updated since and does not reflect the current team structure.

Root cause 2: Untrained management layer [C3]

- Contributing: Department heads were promoted on technical merit without management development
- Amplified by: No management development programme exists
- Persists because: Directors compensate by retaining decisions that should be delegated



- Evidence: All five department heads confirm no formal management training received. Four of five describe their role as "senior technical" rather than "management."

Root cause 3: Undefined authority boundaries [C2]

- Contributing: No decision authority schedule exists at any level
- Amplified by: The MD personally approves all expenditure above £500
- Persists because: Trust is personal rather than structural
- Evidence: Four of six team leaders describe routine escalation for decisions that should sit at department head level.

Root cause 4: Absent operating schedules [C2]

- Contributing: No regular management meeting cadence and no structured reporting cycle
- Amplified by: Information flows informally through WhatsApp and ad hoc calls
- Persists because: Firefighting absorbs the time that structured management would require
- Evidence: Five of nine operational schedules absent. No regular management review exists below director level. ## Reinforcing Loop

These four root causes do not operate independently. They feed each other in a cycle that accelerates as the business grows.

Growth creates more projects. More projects require more coordination across design, procurement, installation, and commissioning. That coordination falls to the same two directors because the department heads lack the authority, the training, and the management infrastructure to handle it independently. The directors become the bottleneck. Projects slow down, or quality inconsistency emerges across regions, or receivables stretch because nobody below director level owns the credit control function. Firefighting absorbs the management capacity that should be spent building systems. The systems do not get built (Section 8). The next phase of growth starts on top of the same structural gaps, compounding the problem.

The cycle is not dramatic. It does not announce itself through a single visible crisis. It manifests as a gradual erosion: margins compress a little each year, cash gets a little tighter, the directors work a little harder, and the gap between what the structure can support and what the market demands grows a little wider. The financial data in Section 5 quantifies the early stages of that erosion. The gross margin compression from 27.0% to 25.0%, the receivables stretch from 49 to 67 days, and the cash decline from £410,000 to £185,000 are all expressions of the same underlying cycle. The structural constraint does not create any single dramatic failure. It creates a pattern of accumulating small losses that compound over time, and the compounding accelerates with every new project the business takes on.

Unresolved Contradictions

Two points from the questionnaire evidence remain unresolved. The MD described the business as having "clear goals that everyone understands," while three of five department heads and two of six team leaders could not state the company's goals when asked. Either the goals exist but have not been communicated effectively, or the MD's perception does not match the organisation's experience. The diagnostic cannot resolve this from the available evidence.



The second contradiction concerns the design-to-installation handover process. One respondent described a structured checklist process, while two others described informal handovers. Either a formal process exists in one region but not others, or the process was recently introduced and has not been adopted consistently. Further investigation is needed.

Confidence Summary

The primary constraint identification carries C3 confidence: both directors' questionnaire responses, the uploaded documentation, and the cross-layer evidence all converge on the same structural diagnosis. Root causes 1 and 2 carry C3 confidence for the same reason. Root causes 3 and 4 carry C2 confidence because the evidence for authority boundaries and operating schedules is drawn primarily from questionnaire responses without independent documentary corroboration.

The genuine strengths examined in Section 9 sit alongside this diagnosis: capabilities the business already has that are now available to the work of dismantling the constraint.



Section 5: Cash and Cost Performance

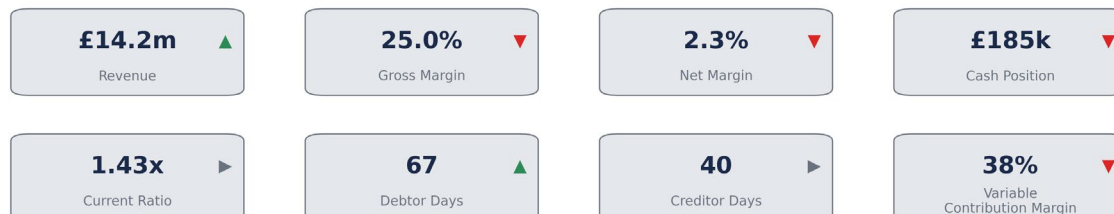


Figure 6: Cash and Cost headline metrics

At 2.6%, the operating margin is technically positive but leaves almost no room for the unexpected. Two years ago the business operated at 4.0%. Revenue has grown by £2.4m in that period, yet operating profit has fallen by £102,000. The arithmetic is uncomfortable: the business is working harder, turning over more money, and keeping less of it.

The gross margin tells the underlying story. It dropped from 27.0% to 25.0% across the two financial years, a compression of two percentage points that has flowed almost entirely through to the bottom line. The primary driver is direct labour cost. As the installation workload expanded beyond the capacity of the employed workforce, the business absorbed subcontractor labour at rates that erode margin on every project they touch. This is not a procurement failure. It is a structural consequence of growth outpacing the organisation's ability to recruit, train, and retain its own installation engineers.

Finding: Revenue has grown 20% year on year but gross margin has compressed from 27.0% to 25.0%, driven by rising subcontractor reliance during a period of rapid headcount expansion.

Evidence basis: Management accounts FY 2024 and FY 2025. Direct labour cost analysis within the cost of sales breakdown.

Confidence: C3.

Job costing is the blind spot. The Finance Director confirmed that project-level profitability is calculated retrospectively, typically six to eight weeks after practical completion. During project execution, nobody knows whether that specific job is making or losing money. The implication is that pricing decisions for new work are based on historical averages rather than current performance, and margin erosion on individual projects is invisible until it is too late to correct.

A business installing EV charging stations across three regions, each with different site conditions, client specifications, and subcontractor rates, cannot price accurately without knowing what its current projects are actually costing. The absence of real-time job costing is not a technology gap. It is a management process gap: nobody has been tasked with designing the cost capture workflow, defining who enters the data, or reviewing the output during project execution.

The cost structure carries a vulnerability that the margin figures partially mask. Payroll at 42% of revenue is not unusual for a labour-intensive contracting business, but it represents a fixed cost



commitment in an industry where project volumes can shift with short notice. The business has approximately £5.96m in annual payroll against £14.2m in revenue. If the two largest CPO clients reduced their order volumes by 20%, revenue would drop by approximately £1.7m, but the payroll commitment would not flex proportionately.

The subcontractor element within cost of sales provides some natural flex, since subcontractor hours can be reduced more quickly than employed headcount. But the employed workforce, which represents the core delivery capability, is a commitment the business must feed with work. This is not a criticism of the employment model. It is a statement about the financial risk that accompanies rapid headcount growth without equivalent growth in the client base or the management infrastructure to optimise utilisation.

The receivables position has deteriorated faster than revenue has grown. Receivable days stretched from 49 to 67 across the year. On £14.2m revenue, 67 receivable days means approximately £2.6m sitting in trade debtors at any point. The two largest clients, accounting for 60% of revenue between them, are both stretching payment terms beyond contract. The business has no formal credit control process and no documented escalation procedure for overdue invoices. No one in the business currently owns the receivables ledger as a primary responsibility.

Cash at bank dropped from £410,000 to £185,000 across the year. That is 17 days of operating cost cover, down from 41 days twelve months earlier. The business is funding its own growth from working capital rather than from operating cash flow, and the working capital itself is being consumed by the receivables stretch. At the current trajectory, the cash position reaches a decision point within 12 months: either receivables come back under control, or the business needs additional external funding to sustain operations at the current scale.

Finding: Cash days cover has dropped from 41 to 17 days, driven by receivable days stretching from 49 to 67 while revenue grew 20%. The business is funding growth from working capital.

Evidence basis: Balance sheet and cash flow analysis, FY 2024 and FY 2025. Receivables ageing data.

Confidence: C3.

Working capital merits separate attention. Net current assets stand at £945,000, which looks adequate on its own. Strip out the receivables over 60 days and the picture changes. Approximately £780,000 of the receivables balance, based on the ageing profile, sits beyond contractual terms. If those invoices were paid on time, the cash position would be closer to £960,000 than £185,000. The working capital challenge is not structural insolvency. It is a collection discipline problem compounded by the absence of anyone who owns it as a defined responsibility.

Revenue concentration sits at 60% across the top two clients. This has improved marginally from 64% in the prior year as direct commercial work has grown, but the exposure remains material. The loss of either Electric Chargers UK (38%) or GridCharge (22%) would require immediate restructuring. Neither client is contracted beyond rolling annual frameworks, which means revenue visibility is limited to the current order book.

The overhead base grew 17% against 20% revenue growth. On the surface this looks like reasonable cost discipline, but the composition matters. Vehicle and equipment costs rose by £420,000 as the fleet expanded to service the third regional installation team. These are largely fixed costs that will not flex downward if project volumes soften.



The variable contribution margin under the broad classification sits at approximately 38%, reflecting the proportion of revenue available after deducting all costs that vary directly with project volume. Under the narrow classification, which strips out subcontractor labour and materials on a per-project basis, the contribution margin is approximately 52%. The gap between the two figures reflects the extent to which labour costs sit between fixed and variable in a business that mixes employed and subcontracted installers. This distinction matters for pricing: the narrow margin is the relevant figure for assessing whether an individual project covers its direct costs, while the broad margin indicates the overall ability to absorb overheads.

The capital deployment profile shows a business investing in physical capacity. Fixed assets grew by £420,000 in the year, funded by a combination of operating cash flow and £400,000 in new borrowings. The debt ratio has risen from 0.53 to 0.56. Return on assets fell from 11.9% to 6.5%, and ROCE from 22.3% to 13.3%. Both declines reflect expanding the asset base while margins compressed. The returns are still positive, but the trajectory matters: if margin compression continues at the same rate while asset investment continues, the returns will approach a level where the cost of capital exceeds the return on it.

An indicative weighted average cost of capital for a business of this profile, using a cost of equity in the range of 15 to 20% and the current blended borrowing rate of approximately 4.8%, sits in the range of 10 to 14%. ROCE at 13.3% is within that range but no longer comfortably above it. This is a monitoring point rather than a crisis, but it warrants attention alongside the margin compression and the receivables stretch.

The constraint identified in Section 4 has a direct financial expression. The structural mismatch that limits management capacity also limits the business's ability to control its cost base during growth. When project scheduling, resource allocation, and quality oversight depend on informal coordination rather than structured management, the cost of growth runs higher than it should. Every subcontractor hour that could have been an employed hour, every rework cycle that a structured handover process would have prevented, and every invoice that sits unpaid because nobody owns the credit control function represents margin leaking through structural gaps. Full financial detail, including all applicable ratios from the standard 28-ratio set, sits in Appendix A.



Section 6: Management Precision

People work as they are managed. If the management system provides clear plans, defined boundaries, structured control points, and consistent follow-up, people deliver accordingly. If the management system provides ad hoc instructions, undefined parameters, no intermediate checkpoints, and no consequences for incomplete work, people adapt to that instead. The evidence from this diagnostic shows an organisation operating under the second set of conditions. The issue is not the people. The issue is what the management system asks of them.

No structured management cycle operates across the business. The four components of a functioning management routine, namely planning, delegation, control, and follow-up, exist in fragments. Project scheduling provides a form of planning for installation work, but it does not extend to the support functions and it does not connect to daily management activity. Four of the five department heads described their management approach as "reactive" in their questionnaire responses. The remaining respondent described it as "project-driven," which amounts to the same thing: management activity is triggered by external events rather than governed by an internal rhythm.

Finding: No structured management cycle operates. Planning, delegation, control, and follow-up are ad hoc and event-driven rather than rhythmic and systematic.

Evidence basis: Questionnaire responses from 4 of 5 department heads and 4 of 6 team leaders. No management meeting schedule or reporting template evidenced in uploaded documents.

Confidence: C2.

Delegation across the business defaults to task instruction. Instructions are issued without defined parameters, without intermediate deadlines, without quality criteria, and frequently without a clear statement of the expected result. The team leader questionnaire responses paint a consistent picture: work is passed down as "can you sort this out" rather than "here is what needs to happen, by when, to what standard, and here is where I will check progress." The consequence is that managers spend their time chasing outcomes rather than managing execution, and the boundary between delegation and abdication becomes unclear.

The absence of a consequence system compounds the delegation gap and feeds the accountability patterns assessed in Section 7. When work is not completed to standard or on time, the diagnostic found no evidence of a structured response. Three of five department heads and four of six team leaders confirmed that incomplete or substandard work has no defined consequence. This does not mean that nothing happens. It means that what happens is inconsistent, personality-dependent, and invisible as a management process.

Some supervisors chase informally. Others absorb the shortfall themselves. Neither approach constitutes a management system.

The management capability gap sits at the root of these patterns. All five department heads were promoted from technical roles. None received formal management training. Their uploaded role descriptions, where available, list technical responsibilities exclusively.

Four of the five described their role as "senior technical" rather than "management" in their questionnaire responses. This is not a criticism of individuals who are clearly capable professionals.



It is a statement about a system that promoted people into management positions without providing the tools, training, or frameworks that management requires.

The pattern is self-reinforcing. A department head who has not been trained to plan, delegate with boundaries, or run a structured control cycle will default to the only management approach available: personal intervention. Personal intervention works when the team is small enough to oversee directly. At the scale this business now operates, with the Head of Installation alone responsible for approximately 60 people across three regions, personal intervention becomes physically impossible.

The result is not bad management. It is incomplete management: the things that get the manager's personal attention get managed, and everything else drifts until it surfaces as a problem. The gap between what gets attention and what drifts creates the firefighting cycle that every layer of the questionnaire responses describes.

The time-eater pattern follows predictably. Firefighting absorbs management capacity that should be spent on planning and structured follow-up. The MD's diary, as described in the director questionnaire, is dominated by decisions that could and should be made by department heads with defined authority. Each decision retained at the top consumes time twice: once for the person who escalates it, and again for the person who resolves it. The cumulative effect is a management layer that is permanently busy but structurally underemployed in the work that actually constitutes management.

The control gap is visible at the project level. Installation work proceeds on the basis of project schedules and client deadlines, which provide an external form of control. But internal controls, the checkpoints between design completion and installation start, between installation completion and commissioning, between commissioning and client handover, are informal. Where these checkpoints fail, rework or delay results.

The business tracks rework through the client quality scorecards (Section 9 discusses the high pass rates achieved), but it does not track the internal cost of coordination failures that occur before the client's quality gate is reached. Subcontractor hours consumed on return visits, supervisor time spent resolving design queries on site, and installation delays caused by incomplete procurement are all absorbed into direct costs without separate visibility.

The management levels assessment in Section 7 confirms that all eight departments sit at Level 1 (personalised management). The operating system gap identified in Section 8 explains why these patterns persist. Without a written standard for how management should work, each manager defaults to their own approach, and the operation as a whole has no shared discipline to depend on.



Section 7: Accountability and Cross-team Dynamics

The organogram says one thing. The daily operation says another. On paper, authority flows from the two directors through five department heads to eight team leaders and out to the workforce. In practice, authority flows from the MD to whoever is nearest the problem, bypassing the intermediate layers almost entirely. The gap between the paper structure and the operating structure is the defining feature of how accountability works in this business.

Finding: The authority structure exists on paper but not in practice. The MD retains all material decisions, including routine expenditure above £500, creating a structural bottleneck and hollowing out the management layer beneath.

Evidence basis: Director questionnaire confirms personal approval of all expenditure above £500. No decision authority schedule evidenced. 4 of 6 team leader responses describe routine escalation for decisions that should sit at department head level.

Confidence: C2.

The five conditions for rules-based management provide a useful diagnostic frame. The first condition, a clear definition of authority at each level, is not met: no decision authority schedule exists and the only documented approval threshold is the MD's £500 limit. The second condition, written standards that govern behaviour independently of who occupies the role, is not met: management standards are personal, not documented. The third condition, a functioning feedback loop that connects outcomes to decisions, is partially met through the HSEQ system and the client quality scorecards, but absent in all other functions. The fourth condition, consequences that follow predictably from performance against standards, is not met: consequences are inconsistent and personality-dependent, as established in Section 6. The fifth condition, information flow that gives each level visibility of the right things at the right time, is not met: reporting is informal, and the primary information channel is WhatsApp rather than a structured management reporting system.

One of five conditions partially met. The business is operating on personal authority rather than structural authority. This works at 30 people. It is already straining at 105.

Team leaders function as senior engineers, not as first-line managers. Their role descriptions, where available, list technical duties: supervising installation quality, conducting site assessments, liaising with clients on technical matters. Five of six team leader respondents described their role as "lead installer" rather than "supervisor" or "manager." They do not hold people accountable because they have not been given the authority or the framework to do so. They escalate upward because that is what the system teaches them to do.

Cross-team coordination is personality-dependent. The design-to-installation handover, which is the most consequential internal interface in the business, was described differently by the three respondents who commented on it. One described a structured checklist process. Another described a verbal handover supplemented by email. The third described receiving design packs without any formal handover at all.

No standard handover protocol was evidenced in the uploaded documents. The variation is not surprising given the absence of documented processes, but it carries real operational risk: errors at



the design-to-installation boundary create rework, delays, and margin erosion on the affected project.

Information flows informally. WhatsApp groups carry operational coordination that should sit in structured reporting. The advantage of WhatsApp is speed and reach. The disadvantage is that nothing is recorded in a form that management can review, trend, or act on systematically.

When information moves through personal channels rather than structured ones, the business depends on the right person seeing the right message at the right time. That is not a system. It is a bet that works most of the time and fails expensively when it does not.

The management levels assessment shows all eight departments at the first level of management maturity: personalised management. HSEQ is the closest to the second level, with documented standards, measured outcomes, and multi-person capability. Installation shows some progression through the client quality scorecard system, but this is externally driven (the CPO clients require it) rather than internally designed. No department has achieved rules-based management, where the system governs behaviour independently of who occupies the role.

Department	Management Level	Key Evidence
Commercial/Estimating	Level 1	CRM system provides structure but management of the team is personal
Design	Level 1	Design checklist exists but no standard for management of the function
Installation (3 teams)	Level 1	Client quality scorecards provide external measurement; internal management is informal
Commissioning/Testing	Level 1	Commissioning protocols documented; management of the team is not
Aftercare/Maintenance	Level 1	No management infrastructure evidenced
Procurement/Stores	Level 1	No management infrastructure evidenced
Finance/Admin	Level 1	Monthly accounts produced; no management system for the function
HSEQ	Level 1, upper	Documented standards, measured outcomes, approaching rules-based

The structural question raised by this section connects directly to the constraint identified in Section 4 and to the operating system gap assessed in Section 8. The management levels assessment in Section 3 confirms this picture across all eight departments. An organisation that relies on personal



authority rather than structural authority cannot scale beyond the personal capacity of the senior people who carry it. That is the operational risk this section identifies.



Section 8: Operational System and Execution Architecture

8.1 Operating System Assessment

Does the business have a written operating system? The answer depends on what you count. An HSEQ manual exists, runs to 187 pages, and governs health, safety, environmental, and quality compliance across the operation. It is a genuine, functioning document. Three of five department heads referred to it as "the way we do things" when asked about the company's operating system. That response is diagnostic in itself: the only written system that governs behaviour across the business is a compliance document, not a management document.

Tested against the eight core requirements for a functioning operating system, the position is as follows. A written set of principles that define how work is managed: not evidenced. Operating norms that apply consistently across departments: not evidenced. Rules for decision-making at each management level: not evidenced. A definition of key terms (what constitutes an acceptable result, a completed task, a valid escalation): not evidenced. A management meeting rhythm defined by role: not evidenced.

A reporting structure that connects daily activity to organisational goals: not evidenced. A task acceptance and accountability protocol: not evidenced. A document that a new department head could read on day one and know how this business expects its managers to manage: not evidenced.

The HSEQ system, the design checklists, and the commissioning protocols are genuine operational documents. They govern specific technical and compliance functions effectively. They do not, individually or collectively, constitute an operating system. The gap is not that nothing is written down. The gap is that the management of the business, as opposed to the technical delivery of the work, has no written standard at all. The management precision patterns in Section 6 and the accountability gaps in Section 7 are direct consequences of this absence.

8.2 Structural Coherence Assessment

The organisational structure was last formally reviewed in 2022, when the business employed approximately 65 people. Three roles on the current organogram are vacant. Twelve people currently employed in the business do not appear on it. The third regional installation team, established in late 2024, exists operationally but has no structural representation in the company's own documentation.

The structure has grown organically in response to workload rather than by design in response to strategy. New roles were created when pain became acute, not when forward planning identified a need. This is typical of businesses at this growth stage and is not itself a failing. It becomes a constraint when the accumulated organic growth produces a structure that no longer fits the organisation's actual scale, complexity, or ambition. That is the position here.

The span of control is uneven. The Head of Installation nominally oversees three regional teams with approximately 60 people between them, making this the widest span in the business by a factor of three. The HSEQ Manager oversees three people. The Finance Director manages the finance and administration function directly, without a department head layer. These imbalances are not unusual in a growing SME, but they mean that the quality of management varies significantly by function, driven by how much attention each department head can practically give to their team.



8.3 Execution Architecture Assessment

The strategy-to-daily-work cascade is incomplete at every stage. No written strategy exists. The MD described the company's direction as "grow with the EV market," which is a statement of aspiration rather than a strategy. No goals or objectives have been formally set below director level.

Department heads and team leaders were asked in the questionnaire what the company's goals are for the current year: three could not answer, and the remaining responses were inconsistent with each other and with the directors' statements.

The practical consequence is that daily work is governed by the project schedule and by whatever the next urgent problem happens to be. Project scheduling is competent and keeps the installation teams productive. But it is an operational coordination tool, not an execution architecture. It determines where people go tomorrow. It does not determine why the business is prioritising that work over other work, or how today's activity connects to a 12-month or 3-year objective.

The absence of a goals-to-tasks cascade means that development work, the work that builds the business's future capability, competes informally with sustaining work, the work that keeps the current operation running. Sustaining work always wins in that competition because it carries immediate consequences. Development work, whether that is documenting a process, training a team leader, or building a new reporting structure, has no deadline, no owner, and no review point. It happens when someone finds time, which in a business that runs at this pace means it rarely happens at all.

The Reality Test findings in Section 3 provide the diagnostic detail on each management system component. The structural analysis here confirms the mechanism: the execution architecture does not exist at a level that would connect the directors' intentions to the daily decisions being taken across the operation. Until that connection is built, strategic intent will continue to leak out between the boardroom and the workshop floor.

The operating capabilities that have survived the structural gap (and that earn their place in Section 9) provide the building blocks on which a designed operating system can be assembled, rather than starting from a blank sheet.



Section 9: Genuine Strengths

The strengths identified in this section are held to the same evidence standard as the weaknesses discussed in Sections 5 through 8. Each has been tested against four criteria: whether a documented process exists, whether more than one person can perform the function, whether a success measure is recorded, and whether the system has demonstrated longevity. Only strengths that pass at least three of these four criteria are included.

HSEQ System: Documented, Multi-Person, and Measured

The health, safety, environmental, and quality management system is the standout organisational asset in this business. The 187-page HSEQ manual is not a shelf document. Accident rates are tracked monthly, incident reports are completed and reviewed, and site audit scores are recorded against a defined standard. Three people can operate the function. The system survived a personnel change in 2024 when the previous HSEQ Manager departed and the function continued without interruption.

This strength passes all four personnel change test criteria: documented process, multi-person capability, recorded success measure, and system longevity. Confidence: C3.

The HSEQ function operates at a higher management maturity than any other department. It demonstrates that the organisation can build and sustain a genuine system when the requirement is clear and the measurement is consistent.

Technical Installation Quality: Consistently High Across All Regions

Client quality scorecards show first-time pass rates of 94 to 97% across all three regional installation teams. This is not a single team performing well. It is a consistent standard delivered across approximately 60 engineers working under three separate supervisors. The measurement system is the CPO client portal, which records pass rates, rework rates, and remedial actions for every job.

This strength passes three of the four criteria: multi-person capability, recorded success measure, and documented process (CPO quality framework supplemented by internal commissioning protocols). System longevity is partially met at 14 months against an 18-month threshold. Confidence: C2.

The quality standard is externally reinforced by the CPO clients' own requirements. The business benefits from that discipline, but the discipline originates outside the organisation. The internal commissioning protocols would likely sustain a similar standard independently, though that test has not been made.

Commercial Pipeline Management: Structured and Effective

The CRM system tracks every opportunity from initial enquiry through to signed contract. Win rates are recorded at 34% and tracked monthly. Two people operate the pipeline. The system has been in place for two years and provides genuine visibility of future workload and revenue.

This strength passes three of the four criteria: documented process, recorded success measure, and multi-person capability. The fourth criterion, system longevity through a personnel change, is not met. Confidence: C2.

These three strengths are not diplomatic inclusions. Each operates at a level that the rest of the business does not yet match. They demonstrate that when the requirements are clear and the



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measurements are defined, this organisation builds reliable capability. Extending that discipline from the pockets where it exists to the management of the business as a whole is the development challenge ahead.



Section 10: SWOT Analysis

The SWOT analysis below synthesises the diagnostic findings (Strengths and Weaknesses, drawn from Sections 3 through 9) with the external market context (Opportunities and Threats). The value is in the cross-reading at the end, not in the individual items.

Strengths

- S1. Proven technical delivery quality across all regions.** First-time pass rates of 94 to 97% on client quality scorecards, delivered consistently by approximately 60 engineers under three supervisors. This is a competitive differentiator in a market where CPO clients track contractor quality rigorously. (Section 9.) [C2]
- S2. Established relationships with two major charge point operators.** 60% of revenue comes from Electric Chargers UK and GridCharge, both of whom have maintained or grown their order volumes year on year. The relationships are commercial assets, though the concentration carries risk. (Section 5.) [C3]
- S3. Documented HSEQ system operating at a higher maturity than any other function.** The system survived a personnel change, is measured monthly, and is run by three trained people. It demonstrates genuine organisational capability. (Section 9.) [C3]
- S4. Commercial pipeline with structured CRM and tracked win rates.** 34% win rate tracked monthly. Two-year system providing forward visibility of workload. (Section 9.) [C2]
- S5. Revenue growth trajectory of 20% in the latest financial year.** The business has demonstrated it can win and deliver work at increasing scale, growing from £11.8m to £14.2m. (Section 5.) [C3]

Weaknesses

- W1. Organisational structure not redesigned since 2022.** Twelve current roles not on the organogram. The management bottleneck at the top limits throughput and quality consistency. (Section 4, Section 7.) [C3]
- W2. Management capability gap at department head and team leader levels.** No management training, no structured delegation, no follow-up cycle. (Section 6.) [C2]
- W3. Gross margin compression from 27% to 25%.** Driven by subcontractor reliance and absence of real-time job costing. Operating margin at 2.6% leaves minimal buffer. (Section 5.) [C3]
- W4. Receivable days at 67 against contractual terms of 30.** Cash at bank down to 17 days cover. No credit control function. (Section 5.) [C3]
- W5. Person-dependent systems.** Three of nine management system components built around individuals who would take their systems with them if they left. (Section 3.) [C2]

Opportunities

- O1. UK government 2030 ZEV mandate.** The requirement for all new cars sold to be zero emission by 2030 is driving accelerating demand for charging infrastructure across commercial, residential, and public sites. [Market context]



02. Local authority decarbonisation budgets. Councils across England are allocating capital for on-street and car park charging under Local Electric Vehicle Infrastructure (LEVI) funding. New framework contract opportunities are emerging quarterly. [Market context]

03. Fleet electrification by large corporates. Companies with vehicle fleets are transitioning to electric and need depot and workplace charging installed and maintained. This is an adjacent market with higher margins and longer project cycles. [Market context]

04. Recurring revenue from installed base maintenance. The aftercare and maintenance function currently generates minimal revenue but serves an installed base that grows with every completed project. [Market context]

Threats

T1. Larger electrical contractors entering the EV market. National contractors with established management systems, supply chain relationships, and balance sheets are competing for the same CPO framework contracts. Their structural advantage becomes decisive as project scale increases. [Market context]

T2. CPO client consolidation. Charge point operator mergers and acquisitions are concentrating purchasing power. Fewer, larger CPOs will negotiate harder on price and payment terms and demand higher quality thresholds from fewer contractors. [Market context]

T3. Skills shortage driving wage inflation. Qualified EV charging installers are in demand across the sector. Wage pressure is rising, contributing directly to the margin compression identified in Section 5. [Market context]

T4. Regulatory tightening. IET Wiring Regulations updates, OZEV grant conditions, and building regulations changes are increasing the compliance burden on installation contractors. Businesses without structured compliance management carry higher risk. [Market context]

Strategic Cross-Reading

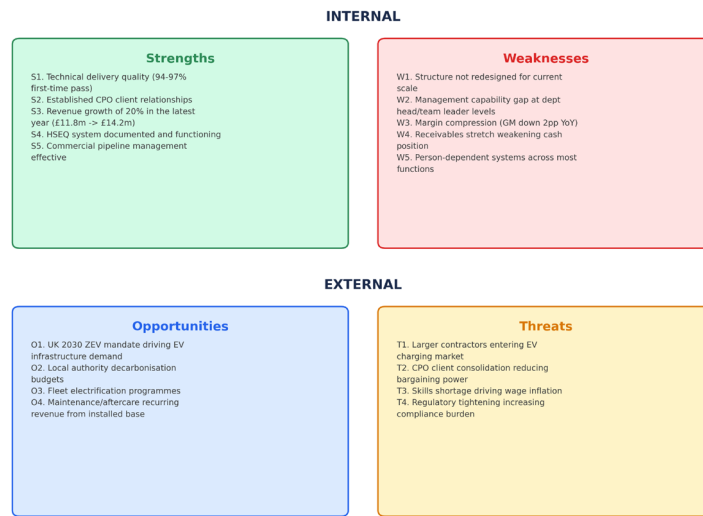


Figure 8: SWOT Analysis

Figure 7: SWOT cross-reading

S1 + O1/O2 (Strength-Opportunity): The technical quality record and the accelerating market demand create a window for growth. The business is well-positioned to win local authority framework contracts where quality track record is a procurement criterion. The constraint is whether the management infrastructure can scale to deliver more work without the quality record eroding.

W1 + T1 (Weakness-Threat): The structural mismatch is the most consequential strategic vulnerability. Larger competitors entering the EV market bring management systems that the business does not have. As CPO clients consolidate and demand more from fewer contractors, the ability to demonstrate structured management, workforce planning, and financial discipline becomes a qualification requirement, not a differentiator. The business's technical quality is currently ahead of some larger competitors, but quality alone may not be sufficient when clients also require operational maturity.

W4 + T2 (Weakness-Threat): The receivables stretch combined with CPO consolidation creates a cash flow risk. If a consolidated CPO unilaterally extends payment terms further, the business has no formal mechanism to respond.

The practical conclusion: the window of opportunity is open now, but it will not remain open indefinitely. The management infrastructure that will determine whether this business can compete at the next scale needs to be built while the market is still growing and the client relationships are still strong. Sections 11 and 12 address the pathways and sequencing.



Section 11: Options: DIY and Business Invincibility

The diagnostic has identified what needs to change and why. This section sets out two pathways: the first is what the leadership team can do independently, using the findings in this report as a guide. The second is the structured implementation programme, Business Invincibility, which provides the management methodology, the build sequence, and the external accountability to get the changes done at the pace the market requires.

Both pathways address the same constraint. The difference is speed, structure, and the likelihood of sustained execution against competing day-to-day priorities.

DIY Pathway

The following priorities are sequenced to address the constraint identified in Section 4. The sequence matters: organisational direction first, then structure and system, then everything else. Quick fixes addressing cash and commercial exposure come first within that sequence.

1. **Agree payment terms with the two largest CPO clients.** The receivables stretch is consuming working capital. A structured conversation about payment compliance, followed by a defined credit control process, is the highest-return near-term action. Likely owner: Finance Director. (Section 5.)
2. **Write a three-year direction statement.** One page. Where is the business going, what does it need to become, and what are the three priorities for this year? Every subsequent decision, from hiring to restructuring, needs a reference point. Likely owner: Managing Director. (Section 8.)
3. **Redesign the organisational structure for 100+ people.** Define management layers, reporting lines, spans of control, and the roles that need to exist at the company's current and projected scale. This is structural work that should involve both directors. Likely owner: Managing Director with Finance Director. (Section 7.)
4. **Create a decision authority schedule.** Define what each management level can approve, spend, and decide without escalation. The MD currently approves all expenditure above £500. Releasing defined authority to department heads is the single most impactful action for reducing the management bottleneck. Likely owner: Managing Director. (Section 7.)
5. **Install a management operating rhythm.** Weekly department heads meeting (30 minutes, structured agenda). Monthly department reviews. Quarterly business reviews. The rhythm creates the habit of structured management before the formal operating system is built. Likely owner: each department head with director oversight. (Section 6.)
6. **Invest in management development for department heads and team leaders.** Five department heads and eight team leaders need structured training in the management cycle: planning, delegation, control, and follow-up. This is the capability that enables the structural changes to function. Likely owner: Managing Director. (Section 6.)
7. **Introduce real-time job costing.** Track contribution margin per project during execution. The accounting system can support this. What is needed is the management process: who enters the data, when, and who reviews the output. Likely owner: Finance Director. (Section 5.)
8. **Document the three highest-risk processes.** Design-to-installation handover, commissioning sign-off, and procurement. These are the interfaces where errors create rework and delay. Likely owner: relevant department heads. (Section 7.)



9. **Build a workforce plan.** Map current headcount against forecast demand. Identify the gap before it becomes a crisis that can only be filled with subcontractors. Likely owner: Managing Director with department heads. (Section 3.)

Business Invincibility Pathway

The DIY pathway is genuine. A leadership team that commits to these nine priorities, in this sequence, with sustained effort over 12 to 18 months, can close the structural gap. The question is whether the business can sustain that effort against the day-to-day demands of running a growing operation. In my experience with organisations at a similar stage, the priorities that do not have external deadlines, external accountability, and a structured build sequence tend to drift. In day-to-day operation, the items with external deadlines and immediate consequences tend to crowd out the items with neither, no matter how important the latter are.

The Business Invincibility programme is designed for exactly this situation: a business that knows what needs to change but needs a structured framework and external discipline to get it done at the pace the market requires. The programme builds the operating system, the management capability, and the structural infrastructure in a defined sequence, calibrated to the specific constraint and development stage identified in this diagnostic.

In comparable engagements with organisations facing similar structural growth constraints, the programme has typically achieved measurable improvements within the first 90 days: management meeting rhythms installed, decision authority defined and delegated, and the first documented processes operational. Over 6 to 12 months, the full operating system build, management development programme, and structural redesign produce a business that operates at Stage 3, with management infrastructure that survives personnel changes and scales with growth.

The programme is not a consulting engagement in the traditional sense. It is a hands-on build programme. I work alongside the leadership team, not as an advisor writing reports, but as a practitioner installing the systems, training the people, and holding the accountability that makes the changes stick.

This report is advisory and does not guarantee outcomes. Full terms and limitations are set out in the engagement agreement. The specific application to this business, including timeline, investment, and scope, is discussed separately from this report.

All findings and pathway descriptions in this report are advisory. Non-reliance, confidentiality, and full engagement terms are set out in the Master Terms of Engagement and the engagement letter referenced in the Front Matter.



Section 12: Implementation Roadmap

The roadmap below translates the diagnostic findings into a sequenced action plan. The sequencing logic follows a defined hierarchy: organisational direction first, then structure and the operational system, then everything else. Within that hierarchy, quick fixes addressing cash, commercial exposure, or compliance come first.

Each item identifies the finding it addresses, the likely owner by role, and an indicative timeframe. All timelines are indicative, not commitments.

Quick Gains (0-90 Days)

1. Agree payment terms protocol with Electric Chargers UK and GridCharge. Receivable days have stretched from 49 to 67. The business has no formal credit control process and no one owns the receivables ledger as a primary responsibility. Initiate a structured conversation with each client's accounts payable function. Define internal escalation for overdue invoices. Estimated cash improvement: £200,000 to £400,000 from receivable days reduction to contractual terms. Likely owner: Finance Director. (Section 5.)

2. Implement weekly cash forecast. The Finance Director already has the data. What is needed is the discipline: a weekly one-page cash forecast shared with the MD, showing the 8-week forward position and flagging any week where cash cover drops below 15 days. Likely owner: Finance Director. (Section 5.)

3. Introduce a weekly department heads meeting. 30 minutes, structured agenda: last week's key numbers, this week's priorities, blockers. No preparation required beyond each department head knowing their own numbers. Creates a management rhythm, gives the directors visibility, and begins building the habit of structured management. Likely owner: Managing Director. (Section 6.)

4. Write the three-year direction statement. One page. Where is the business going, what does it need to become, and what are the three priorities for the next twelve months? This is not the full business development, competitive, and marketing strategy the Reality Test found absent; it is the reference point that makes that work possible, and against which every subsequent decision, from hiring to restructuring, can be tested. Likely owner: Managing Director. (Section 8, Section 3.)

5. Pilot per-project margin tracking on the next 10 projects. Track actual costs against estimate for 10 projects across the three regions. Use the output to identify which project types, regions, or client specifications produce the highest and lowest margins. This provides the data for pricing decisions without requiring a full system change. Likely owner: Finance Director with Head of Installation. (Section 5.)

Medium-Term (3-12 Months)

6. Redesign the organisational structure. Define management layers, reporting lines, and spans of control for a business of 100 to 150 people. Address the Head of Installation's span of control (currently approximately 60 people). Create the structural slots for the authority that the decision authority schedule will define. Likely owner: Managing Director with Finance Director. (Section 7, Section 4, Root Cause 1.)



7. Create and deploy the decision authority schedule. Define what each management level can approve, spend, and decide without escalation. Start with the five department heads. Release defined authority in stages, with review points at 30 and 90 days. This directly addresses the management bottleneck at the top. Likely owner: Managing Director. (Section 7.)

8. Deliver management skills programme for department heads and team leaders. Structured training in the management cycle: planning, delegation with boundaries, intermediate control, and follow-up. Five department heads and eight team leaders. The programme should be practical, not academic. Training sessions interspersed with supervised application over 6 to 9 months. Likely owner: Managing Director with external support as required. (Section 6.)

9. Install monthly management review cycle. Each department produces a one-page monthly report covering key metrics, exceptions, and forward priorities. The directors review the reports and hold a monthly review with each department head. This creates the structured reporting that replaces WhatsApp as the primary information channel. Likely owner: each department head, with director oversight. (Section 6, Section 7.)

10. Document the design-to-installation handover process. The handover between design and installation is the highest-risk internal interface. A standard handover protocol, including a checklist, a sign-off gate, and a defined escalation route for incomplete information, would reduce rework and delay. Likely owner: Head of Design and Estimating with Head of Installation. (Section 7.)

11. Document the commissioning sign-off process. Formalise the internal commissioning protocol to supplement the CPO client quality framework. This ensures the quality standard is internally owned, not solely dependent on external enforcement. Likely owner: Head of Commissioning and Testing. (Section 9.)

12. Build a 12-month workforce plan. Map current headcount by role and region against the project pipeline forecast. Identify the gaps before they become crises that can only be filled with subcontractors at a margin disadvantage. Likely owner: Managing Director with Head of Installation. (Section 3, Reality Test: Workforce Planning and Development.)

13. Introduce real-time job costing across all project types. Extend the pilot from Quick Gain 5 into a standard process. Define who enters cost data, at what frequency, and who reviews the output. The objective is contribution margin visibility per project during execution, not after completion. Likely owner: Finance Director. (Section 5.)

Long-Term (12-24 Months)

14. Build a written operating system covering all eight core requirements. This is the capstone: the document that defines how this business manages itself. It draws on the management meeting rhythm, the decision authority schedule, the documented processes, and the management training delivered in the medium term. It codifies what has been built into a standard that survives personnel changes. Likely owner: Managing Director. (Section 8.)

15. Diversify the client base below 50% revenue concentration for the top two clients. The current 60% concentration carries material risk. Use the commercial pipeline and the quality track record to win framework contracts with additional CPOs and local authorities. The LEVI programme and fleet electrification market provide the opportunity. Likely owner: Managing Director with Head of Design and Estimating. (Section 5, Section 10.)



16. Develop the aftercare and maintenance function. The installed base grows with every completed project. Maintenance contracts provide recurring revenue with lower volatility than project-based income. This requires investment in the function's management infrastructure, which the operating system build in item 14 supports. Likely owner: designated function lead (to be appointed as part of the structural redesign). (Section 10.)

17. Conduct a structural review at 150 employees. The structure built at item 6 is designed for 100 to 150 people. If growth continues, the next structural review should be planned rather than reactive. Likely owner: Managing Director. (Section 4.)

Sequencing Rationale

The sequence above follows a deliberate logic. The quick gains address the immediate cash and commercial exposure (items 1-2), install the first management rhythm (item 3), establish the strategic reference point (item 4), and create data for financial decision-making (item 5). The medium-term items then build the structural and management infrastructure in dependency order: structure first (item 6), authority second (item 7), capability third (item 8), management processes fourth (items 9-11), workforce planning fifth (item 12), and financial processes last (item 13). The long-term items depend on the medium-term infrastructure being in place before they can succeed.

The primary constraint, the structural mismatch identified in Section 4, is addressed directly by medium-term items 6 through 9. It is not deferred to the long term. The quick gains build the immediate management discipline and financial visibility. The medium-term items build the structural and management infrastructure. The long-term items depend on that infrastructure being in place and functioning before they can succeed.



Appendix A: Financial Assessment

Executive Overview

The financial position of Sample Ltd reflects a business that has grown rapidly and is now experiencing the financial consequences of outpacing its management infrastructure. Revenue has grown 20% in the latest financial year to £14.2m, but profitability has moved in the opposite direction. Gross margin has compressed from 27.0% to 25.0%, operating margin from 4.0% to 2.6%, and cash at bank has fallen from £410,000 to £185,000 despite the revenue growth. The receivables stretch from 49 to 67 days is the most immediate financial concern, consuming working capital that the business needs to fund ongoing operations.

The financial data does not indicate a crisis. The business is profitable, cash-positive, and solvent. What it indicates is a trajectory that, left uncorrected, reaches a decision point within 12 months as margin compression, receivables stretch, and rising fixed costs converge.

Documents Reviewed

- Management accounts FY 2025 (year ended 31 March 2025)
- Management accounts FY 2024 (year ended 31 March 2024)
- Profit and loss account (summary and extended classifications)
- Balance sheet at 31 March 2025 and 31 March 2024
- Aged receivables summary (31 March 2025)
- Aged payables summary (31 March 2025)

Basis of Preparation

All figures are derived from the management accounts prepared under FRS 102 on an accruals basis. No audit report was available; the figures are management representations. Monthly data was available for the 12 months to March 2025.

Ratio Analysis

Profitability

Ratio 1: Gross profit margin

Formula

$(\text{Revenue} - \text{Cost of sales}) / \text{Revenue}$

FY 2025

$(£14,200,000 - £10,650,000) / £14,200,000 = 25.0\%$

FY 2024

$(£11,800,000 - £8,614,000) / £11,800,000 = 27.0\%$

Interpretation

A two-percentage-point decline in gross margin despite revenue growth of 20%. The primary driver is the rising proportion of subcontractor labour within cost of sales. As the business grew beyond the capacity of its employed workforce, subcontractor hours increased at rates that carry lower margin than employed labour. This is a structural issue, not a procurement issue. The trend is a function of the current labour mix: subcontractor hours carry lower margin than employed hours, and the proportion of subcontractor hours has risen as



Ratio 1: Gross profit margin

headcount growth has lagged workload growth.

Ratio 2: Variable contribution margin (broad)

Formula (Revenue - Variable costs under P&L summary classification) / Revenue

FY 2025 approximately 38%

FY 2024 approximately 41%

Interpretation The broad contribution margin reflects the proportion of revenue available after deducting all costs that vary directly with project volume, including direct materials, subcontractor labour, and employed direct labour. The decline mirrors the gross margin trend.

Ratio 3: Variable contribution margin (narrow)

Formula (Revenue - Variable costs under extended classification) / Revenue

FY 2025 approximately 52%

FY 2024 approximately 55%

Interpretation The narrow classification strips variable costs to materials and subcontractor labour only, treating employed direct labour as a committed cost. The 14-point gap between the broad and narrow margins illustrates the extent to which employed labour sits between fixed and variable. For individual project pricing decisions, the narrow margin is the more relevant figure.

Ratio 4: Operating profit margin

Formula Operating profit / Revenue

FY 2025 £370,000 / £14,200,000 = 2.6%

FY 2024 £472,000 / £11,800,000 = 4.0%

Interpretation Operating profit has fallen by £102,000 in absolute terms despite revenue growing by £2.4m. The entire gross margin compression has flowed through to the operating line, offset only partially by overhead growth lagging revenue growth (17% vs 20%).

Ratio 5: Net profit margin



Ratio 5: Net profit margin

Formula	Net profit / Revenue
FY 2025	£322,000 / £14,200,000 = 2.3%
FY 2024	£440,000 / £11,800,000 = 3.7%
Interpretation	Interest costs increased from £32,000 to £48,000, reflecting additional borrowings taken on during the year to fund fleet expansion.

Ratio 6: Return on assets (ROA)

Formula	Net profit / Average total assets
FY 2025	£322,000 / £4,942,500 = 6.5%
FY 2024	£440,000 / £3,695,000 = 11.9% (estimated from opening balance assumptions)
Interpretation	The decline reflects both lower profit and a larger asset base. The business is deploying more capital but generating lower returns from it.

Ratio 7: Return on capital employed (ROCE)

Formula	Operating profit / Average capital employed
FY 2025	£370,000 / £2,792,500 = 13.3%
FY 2024	£472,000 / £2,120,000 = 22.3% (estimated)
Interpretation	ROCE has fallen by 9 percentage points. An indicative WACC for a business of this profile sits in the range of 10 to 14%. ROCE at 13.3% is within that range but is no longer comfortably above the cost of capital. If the trajectory continues, the business risks investing capital at returns below its cost.

Liquidity

Ratio 8: Current ratio

Formula	Current assets / Current liabilities
FY 2025	£3,145,000 / £2,200,000 = 1.43
FY 2024	£2,270,000 / £1,570,000 = 1.45
Interpretation	Stable and above the 1.0 threshold. The ratio masks the quality of the current assets: £2.6m of the £3.1m is tied up in trade receivables, of which approximately £780,000 sits beyond contractual terms.



Ratio 9: Quick ratio

Formula (Current assets - Inventory) / Current liabilities

FY 2025 approximately 1.43 (no material inventory held)

FY 2024 approximately 1.45

Interpretation Identical to the current ratio because the business holds no material inventory. All materials are procured per project and consumed on delivery.

Ratio 10: Cash ratio

Formula Cash / Current liabilities

FY 2025 £185,000 / £2,200,000 = 0.08

FY 2024 £410,000 / £1,570,000 = 0.26

Interpretation The cash ratio has dropped from 0.26 to 0.08, a decline of 69%. This is the sharpest liquidity indicator. The business has 8p in cash for every £1 of current liabilities. If the receivables do not convert to cash on time, the business has very limited liquid resources to meet its obligations.

Ratio 11: Cash days cover

Formula Cash / (Monthly operating cost / 30)

FY 2025 approximately 17 days

FY 2024 approximately 41 days

Interpretation 17 days of cash cover provides minimal buffer. A single delayed payment from a major client could create a short-term cash shortfall. This is the most immediate financial risk identified in the diagnostic.

Ratio 12: Working capital

Formula Current assets - Current liabilities

FY 2025 £3,145,000 - £2,200,000 = £945,000

FY 2024 £2,270,000 - £1,570,000 = £700,000

Interpretation Working capital has increased in absolute terms but this is driven by the receivables growth. The quality of the working capital has deteriorated: more of it is locked in debtors and less of it is liquid.



Efficiency

Ratio 13: Accounts receivable turnover

Formula	Revenue / Average trade debtors
FY 2025	£14,200,000 / £2,100,000 = 6.8x
FY 2024	estimated 7.5x
Interpretation	Declining, indicating slower collection.

Ratio 14: Receivable days

Formula	365 / AR turnover
FY 2025	365 / 6.8 = 54 days (average); 67 days at year end
FY 2024	365 / 7.5 = 49 days (average and year end approximately aligned)
Interpretation	The year-end figure of 67 days is the more relevant indicator. Against contractual terms of 30 days, the business is funding approximately 37 days of credit to its clients beyond what was agreed.

Ratio 15: Accounts payable turnover

Formula	Cost of sales / Average trade creditors
FY 2025	£10,650,000 / £1,035,000 = 10.3x
FY 2024	estimated 9.7x
Interpretation	The business is paying its own suppliers slightly faster in absolute terms.

Ratio 16: Payable days

Formula	365 / AP turnover
FY 2025	365 / 10.3 = 35 days (average); 40 days at year end
FY 2024	365 / 9.7 = 38 days (average and year end approximately aligned)
Interpretation	The business pays its suppliers in 35 to 40 days. This is faster than it collects from its clients (67 days). The mismatch creates the working capital pressure identified in Section 5. 17-18. Inventory turnover and inventory days Not applicable. The business holds no material inventory. Materials are procured per project and consumed on delivery.



Ratio 19: Cash conversion cycle

Formula Receivable days + Inventory days - Payable days

FY 2025 $67 + 0 - 40 = 27$ days

FY 2024 $49 + 0 - 38 = 11$ days

Interpretation The cash conversion cycle has more than doubled, from 11 days to 27 days. The business must fund 27 days of operating costs between paying its suppliers and collecting from its clients. At the current revenue run rate, that equates to approximately £1.05m in working capital that the business must fund from its own resources.

Ratio 20: Asset turnover

Formula Revenue / Average total assets

FY 2025 $£14,200,000 / £4,942,500 = 2.87x$

FY 2024 estimated 3.19x

Interpretation Declining, reflecting the asset base growing faster than revenue.

Ratio 21: Working capital turnover

Formula Revenue / Average working capital

FY 2025 $£14,200,000 / £822,500 = 17.3x$

FY 2024 estimated 16.9x

Interpretation Broadly stable. The business generates approximately £17 of revenue for every £1 of working capital.

Leverage and Solvency

Ratio 22: Debt ratio

Formula Total liabilities / Total assets

FY 2025 $(£2,200,000 + £600,000) / (£1,840,000 + £3,145,000) = 0.56$

FY 2024 $(£1,570,000 + £400,000) / (£1,420,000 + £2,270,000) = 0.53$

Interpretation Rising modestly. The business has taken on £400,000 in new borrowings to fund fleet expansion. At 0.56, the debt ratio is not alarming but the trajectory



Ratio 22: Debt ratio

warrants monitoring.

Ratio 23: Equity ratio

Formula Total equity / Total assets

FY 2025 £2,185,000 / £4,985,000 = 0.44

FY 2024 £1,720,000 / £3,690,000 = 0.47

Interpretation Declining marginally as debt grows faster than retained earnings.

Ratio 24: Debt-to-equity

Formula Total liabilities / Total equity

FY 2025 £2,800,000 / £2,185,000 = 1.28

FY 2024 £1,970,000 / £1,720,000 = 1.15

Interpretation The business has £1.28 of liabilities for every £1 of equity. Rising, but within normal ranges for a growing contracting business.

Ratio 25: Interest cover

Formula Operating profit / Interest expense

FY 2025 £370,000 / £48,000 = 7.7x

FY 2024 £472,000 / £32,000 = 14.8x

Interpretation Interest cover has halved, from 14.8x to 7.7x. The decline reflects both lower operating profit and higher interest costs. At 7.7x, the ratio remains well above typical bank covenant levels (usually 3.0x to 4.0x), but the rate of decline is notable.

Concentration and Structure

Ratio 26: Revenue concentration

FY 2025 Top client (Electric Chargers UK) = 38%. Top two clients = 60%.

FY 2024 Top client = 41%. Top two clients = 64%.



Ratio 26: Revenue concentration

Interpretation Marginal improvement in concentration as direct commercial work has grown. The exposure to the top two clients remains material and carries restructuring risk if either relationship ends.

Ratio 27: Payroll as % of revenue

FY 2025 approximately £5,964,000 / £14,200,000 = 42%

FY 2024 approximately £4,720,000 / £11,800,000 = 40%

Interpretation Rising. The payroll burden is increasing faster than revenue, reflecting both headcount growth and wage inflation in the EV installation sector.

Ratio 28: Revenue per employee

FY 2025 £14,200,000 / 105 = £135,238

FY 2024 £11,800,000 / 90 = £131,111

Interpretation Marginal improvement. Revenue per head is broadly stable, suggesting that the additional headcount is being deployed productively in revenue terms, even as margins compress.

Operating Cost Structure

The operating cost base merits separate analysis because it determines the business's sensitivity to revenue fluctuations. Total operating costs for FY 2025, comprising cost of sales and overheads, were approximately £13.83m against £14.2m revenue. The cost base divides into three categories.

Fixed costs, primarily employed staff payroll, premises, insurance, and vehicle financing, account for approximately 55% of total costs. These costs do not flex with short-term changes in project volume. A 10% revenue decline would reduce revenue by £1.42m, but fixed costs would remain broadly unchanged, compressing operating profit to near zero.

Semi-variable costs, including employed direct labour deployed on projects, account for approximately 20% of total costs. These can be redeployed between projects but cannot be reduced without redundancies.

Variable costs, principally subcontractor labour and project-specific materials, account for approximately 25% of total costs. These are the only costs that flex naturally with workload.

The practical implication is that the business needs to sustain a revenue run rate above approximately £12.5m to cover its fixed cost base. Below that level, the business becomes loss-making before any discretionary spending. The current £14.2m provides a margin of safety of approximately 12%, which is narrow for a business dependent on two clients for 60% of revenue.



Cash Flow Dynamics

The cash flow pattern deserves attention beyond the balance sheet snapshot. The business consumes cash during the first half of each project (mobilisation, procurement, labour deployment) and recovers it on invoicing and collection. With a cash conversion cycle of 27 days and a growing project pipeline, the business is permanently in a position of funding work in progress from its own resources.

The receivables stretch compounds this. At 67 days, the business is effectively providing 37 days of free credit to its clients beyond contractual terms. On £14.2m of revenue, 37 days of excess credit equates to approximately £1.44m of cash that should be available but is not. If the two largest CPO clients paid within contractual terms, the cash position would be approximately £1.6m rather than £185,000. The working capital challenge is, at its core, a collection discipline problem.

Cost of Capital and Capital Deployment Assessment

The business's capital is deployed across fixed assets (vehicles, tools, and equipment at £1.84m) and net working capital (£945,000, of which the majority is receivables). Total capital employed is approximately £2.79m.

An indicative weighted average cost of capital (WACC) can be estimated using a cost of equity in the range of 15 to 20% (reflecting the risk profile of a private SME in a growth sector) and the current blended borrowing rate of approximately 4.8%. With a capital structure of approximately 44% equity and 56% debt, the indicative WACC sits in the range of 10 to 14%.

ROCE at 13.3% is within that range but is no longer comfortably above it. This means the business is approaching the point where the marginal return on invested capital approximates the cost of that capital. In practical terms, the next £100,000 invested in fleet or equipment needs to generate at least £10,000 to £14,000 in annual operating profit to justify the deployment. At the current margin trajectory, this is achievable but not assured.

The productive asset to non-productive asset ratio shows that the majority of the asset base is deployed in revenue-generating activity (vehicles and equipment used on client sites). The cash balance, at £185,000 against total assets of approximately £5m, represents minimal idle capital. This is efficient in good times but leaves no buffer for disruption.

The maturity matching profile is acceptable: short-term borrowings (£400,000) are offset by short-term assets (receivables of £2.96m). Long-term borrowings (£600,000) are covered by fixed assets (£1.84m). No maturity mismatch is evident.

Quick-Reference Ratio Table

Ratio	FY 2025 Standard	FY 2024 Standard	Direction
Gross margin	25.0%	27.0%	Declining
Variable contribution (broad)	38%	41%	Declining
Variable contribution (narrow)	52%	55%	Declining



Ratio	FY 2025 Standard	FY 2024 Standard	Direction
Operating margin	2.6%	4.0%	Declining
Net margin	2.3%	3.7%	Declining
ROA	6.5%	11.9%	Declining
ROCE	13.3%	22.3%	Declining
Current ratio	1.43	1.45	Stable
Quick ratio	1.43	1.45	Stable
Cash ratio	0.08	0.26	Declining sharply
Cash days cover	17 days	41 days	Declining sharply
Working capital	£945K	£700K	Increasing (quality declining)
Receivable days	67	49	Deteriorating
Payable days	40	38	Stable
Cash conversion cycle	27 days	11 days	Deteriorating
Asset turnover	2.87x	3.19x	Declining
Working capital turnover	17.3x	16.9x	Stable
Debt ratio	0.56	0.53	Rising
Equity ratio	0.44	0.47	Declining
Debt-to-equity	1.28	1.15	Rising
Interest cover	7.7x	14.8x	Declining
Revenue concentration (top 2)	60%	64%	Improving marginally
Payroll as % of revenue	42%	40%	Rising
Revenue per employee	£135,238	£131,111	Stable

Summary of Concerns

Three financial concerns warrant immediate attention:

1. **Receivables stretch and cash position.** The most immediate risk. Cash days cover at 17 days combined with receivable days at 67 creates vulnerability to any payment disruption from the two largest clients. Addressed in Section 12, Quick Gain 1.



2. **Margin compression trajectory.** Gross margin declining by 1 percentage point per year will eliminate the operating profit within two to three years at the current rate. The subcontractor labour mix is the primary driver. Addressed in Section 12, items 5 and 13.
3. **ROCE approaching cost of capital.** At 13.3%, the return on capital employed is within the indicative WACC range of 10 to 14%. Further investment in fleet or equipment should be evaluated against the expected return at current margins. Addressed in Section 12, medium-term items.

These concerns are connected. The margin compression funds the receivables stretch, which depletes the cash that would otherwise provide the buffer for continued investment. The reinforcing loop described in Section 4 has a direct financial expression.

Financial Position Relative to Industry

A contracting business of this size and growth trajectory would typically target a gross margin in the range of 28 to 32%, an operating margin of 5 to 8%, and receivable days within 10 days of contractual terms. Sample Ltd sits below these benchmarks on all three measures. The gap is not extreme, but it is consistent: every profitability and efficiency metric is moving in the wrong direction despite revenue growth. The financial data does not describe a business in distress. It describes a business whose operational infrastructure has not kept pace with its commercial success, and whose financial position is gradually deteriorating as a consequence. The Implementation Roadmap in Section 12 addresses the financial priorities in the first 90 days (quick gains 1, 2, and 5) and the structural drivers in the medium term (3-12 months).



Appendix B: Evidence Inventory

Evidence Received

Evidence stream	Items received
Questionnaire responses	21 (2 directors, 5 department heads, 6 team leaders, 8 engineers/staff)
Uploaded documents	47 files across 15 folders

Upload Pack Summary

Folder	Status	Content
01 Company Overview	Populated	Company registration, trading history, client list
02 Purpose, Values and Culture	Partially populated	Company values document, staff handbook extract
03 Governance and Operating Model	Partially populated	Board meeting minutes (2 instances only)
04 Organisation Chart and Structure	Populated	Organogram PDF (dated 2022)
05 Roles and Job Descriptions	Partially populated	3 of 5 department head role descriptions. No team leader descriptions
06 People and Performance	Empty	No evidence submitted
07 Strategy and Execution	Empty	No evidence submitted
08 Process and SOP Evidence	Partially populated	HSEQ manual (187 pages), design checklist, commissioning protocols
09 KPI and Reporting Evidence	Partially populated	Client quality scorecards (3 screenshots), CRM dashboard screenshot
10 Financial Documents	Populated	Management accounts FY 2024 and FY 2025, aged receivables, aged payables
11 Technology and Systems	Partially populated	Project scheduling tool screenshots (2)
12 Supply Chain	Empty	No evidence submitted
13 Client Contracts	Partially populated	Framework agreement extracts



Folder	Status	Content
		(Electric Chargers UK, GridCharge)
14 Training and Development	Empty	No evidence submitted
15 Compliance and Certification	Populated	HSEQ certifications, insurance certificates, NICEIC registration

Gap Rate

33% (5 of 15 folders empty or containing insufficient evidence)

Key gaps: Roles and job descriptions (incomplete), People and performance (empty), Strategy and execution (empty), Supply chain (empty), Training and development (empty). These gaps affected the confidence levels applied to findings in Sections 6, 7, and 8 where documentary corroboration would have strengthened questionnaire-derived conclusions.



Appendix C: Reality Test Detail

This appendix provides the evidence basis for each Reality Test component assessment presented in Section 3.1.

1. Operating System: Built around individuals / Cargo cult (C2) The HSEQ manual (187 pages) provides genuine documented standards for health, safety, and compliance. Three of five department heads referenced it as "the operating system." However, the HSEQ manual governs compliance, not management. No document governing how the business manages itself, as distinct from how it complies with regulations, was evidenced. The "cargo cult" secondary gap reflects the treatment of a compliance document as an operating system: the form exists but the function is different from what an operating system requires. The "built around individuals" primary gap reflects that management practices, where they exist, depend on individual managers rather than documented standards.

2. Power and Authority: Built around individuals (C2) Authority sits with the individuals who hold it rather than with the positions they occupy. No decision authority schedule exists. The MD approves all expenditure above £500. Department heads have informal authority defined by their personal relationship with the directors rather than by their role specification. If the current department heads were replaced, the authority structure would need to be rebuilt from scratch.

3. Business Development Strategy: Virtual (C2) Both directors confirmed that a business plan exists "in the MD's head" but has not been written down or shared. The Finance Director described it as "we know what we want to do." No written business plan, annual plan, or operational plan was evidenced, and no defined view of what business the company is in, at what scale, or in what geography was described beyond the MD's direction to "grow with the EV market." The annual revenue targets that should flow from such a plan are set at director level but do not reach the people meant to deliver them. When asked to state the company's goals, three of five department heads and two of six team leaders could not answer, and the remaining answers were inconsistent. The gap type "virtual" fits: the component is believed to exist but cannot be observed, tested, or communicated in a form that others can act on independently.

4. Competitive Advantage Strategy: Absent (C3) No strategy document exists. No strategic planning process was described by either director. No defined view of how the business wins against specific competitors, for specific categories of customer, was evidenced. The MD described the company's direction as "grow with the EV market"; both directors confirmed this in their questionnaire responses, and Folder 07 (Strategy and Execution) was empty. The gap type "absent" is confirmed by convergent evidence.

5. Marketing Strategy: Absent (C2) No marketing strategy was evidenced. No structured approach to the service mix, pricing, distribution channels, or promotion was described in any questionnaire response or uploaded document. Commercial activity runs through the existing CPO client relationships and the commercial pipeline rather than through any defined marketing approach. The component is absent: the structured marketing function that a business of this scale would be expected to operate was not evidenced, and no informal substitute was described.

6. Organisational Structure: Wrong tool for the job (C3) An organogram exists and was uploaded. It was last updated in 2022 when the business employed approximately 65 people. Three roles on it are vacant. Twelve people currently employed do not appear on it. The third regional installation



team has no structural representation. The structure exists but does not fit the current organisation: the definition of "wrong tool for the job."

7. Business Processes: Built around individuals (C2) Three of fifteen evidence folders contained process documentation: HSEQ procedures, a design checklist, and commissioning protocols. The remaining twelve operational areas have no documented processes. Where processes exist informally, they depend on the individual who created them. The design-to-installation handover was described in three different ways by three different respondents.

8. People Management: Demo version (C2) Some elements exist: role descriptions for most positions, an annual appraisal process that the MD described as "in place." No documentary evidence of appraisal records, development plans, or training records was provided (Folder 06 and Folder 14 were both empty). The gap type "demo version" fits: the components can be demonstrated (role descriptions exist, an appraisal process is named) but they do not function as a management system.

9. Workforce Planning and Development: Absent (C3) No workforce plan exists. No headcount forecasting process was described, and no structured development path was evidenced for building management or technical capability ahead of need. Recruitment is reactive: positions are created and filled when pain becomes acute. Both directors confirmed this pattern. The Finance Director described recruitment as "we hire when we need someone yesterday." Folder 07 (Strategy and Execution) was empty.



Appendix D: Scoring Detail

Performance Profile Calibration

Dimension 1: Throughput and Flow Discipline: 1.5 Calibration reference: Score 1.0 requires "some flow awareness, pipeline visibility exists." Score 2.0 requires "constraint formally identified, cycle time measured, subordination of non-constraints begun." The business has pipeline visibility and project scheduling (above 1.0) but has not identified the constraint formally and does not measure cycle time (below 2.0). The half-point at 1.5 reflects the project scheduling infrastructure, which is more developed than minimum Score 1.0.

Dimension 2: Cash and Cost Control: 1.5 Calibration reference: Score 1.0 requires "some throughput awareness, financial reporting available but not driving decisions, cost reduction reactive." Score 2.0 requires "throughput accounting in place, contribution margin tracked, cash flow forecast maintained." Monthly management accounts and weekly cash monitoring exceed the 1.0 threshold. The absence of real-time job costing and contribution margin tracking by project type keeps the score below 2.0.

Dimension 3: Management Precision and Follow-up: 1.0 Calibration reference: Score 1.0 requires "fragmented management cycle elements exist in pockets." Score 2.0 requires "consistent management cycle across the organisation." Project scheduling provides one element of the management cycle. No consistent cycle operates across the business. Score 1.0 is precisely met.

Dimension 4: Accountability and Authority Clarity: 1.0 Calibration reference: Score 1.0 requires "some authority boundaries exist but are inconsistent and poorly understood." Score 2.0 requires "authority defined at each level, accountability mechanisms functioning." Role descriptions exist but do not include authority. No decision authority schedule exists. One of five conditions for rules-based management partially met. Score 1.0 is precisely met.

Reality Test Aggregate Scoring

Aggregate severity score: **1.0** [C2]

The weakest-link logic from the diagnostic assessment framework is applied. Three components are absent (Competitive Advantage Strategy, Marketing Strategy, Workforce Planning and Development), scoring 0 on the severity scale. However, the aggregate is not simply the minimum; it reflects the overall pattern. The majority of components exist in some form. The three most structurally significant components (Operating System, Business Processes, Power and Authority) carry "built around individuals" gaps; the remainder carry other gap types (virtual, ritual, demo version, wrong tool for the job). The aggregate of 1.0 reflects a management system that exists but is fragile, person-dependent, and incomplete.

Confidence: C2. The aggregate rests primarily on questionnaire-derived assessments with limited documentary corroboration.



Appendix E: Contradiction Register

#	Contradiction	Sources	Current Interpretation	Confidence in Interpretation
1	MD states "clear goals that everyone understands." 3 of 5 department heads and 2 of 6 team leaders cannot state the goals.	Director questionnaire vs department head and team leader questionnaires	Goals exist at director level but have not been effectively communicated or decomposed. The MD's perception reflects what was intended rather than what was received. This sits within the Business Development Strategy component in the Reality Test, which is rated virtual: targets are set at director level but are not written, shared, or cascaded into operational reality. The divergence is itself diagnostic of a management system where information flows upward but intention does not flow downward with equal reliability.	C2
2	Design-to-installation handover described differently by three respondents: one describes a checklist, one describes verbal handover, one describes receiving packs without any handover.	Three separate questionnaire responses across two departments	Either a formal process exists in one region but not others, or a recently introduced process has not been adopted consistently. The diagnostic cannot resolve which from the available evidence. The variation itself is material regardless of the explanation: the most consequential internal interface in the business operates without a consistent standard, creating rework risk on every project that crosses the design-to-installation boundary.	C1



Appendix F: Missing Data Summary

Item	Owner likely responsible	Impact on findings
Role descriptions for team leaders	Head of Installation / MD	Limited the assessment of management role definition at the team leader level. The team-leaders-as-senior-engineers assessment rests on questionnaire evidence without documentary corroboration.
People and performance records (appraisals, development plans)	MD	The assessment of People Management as "demo version" in the Reality Test rests on the absence of documentary evidence. If records exist but were not uploaded, the assessment may overstate the gap.
Strategy and execution documents	MD	Confirmed absent by both directors. The empty folder corroborates the finding rather than limiting it.
Training records	HSEQ Manager / MD	The finding that no management training has been provided to department heads rests on questionnaire self-reports without documentary corroboration. If training records exist, the finding may need adjustment.
Supply chain documentation	Procurement and Stores Manager	Limited the assessment of the procurement function. No findings about procurement efficiency or supplier management could be made with confidence.
Monthly management accounts (month-by-month breakdown)	Finance Director	Only annual summaries were available. Monthly trend analysis within the year was limited. Seasonal variation in profitability could not be assessed.