White Paper #5

ProSysco Profit Management - Optimization & Turnaround

Predetermined Profit. Residual Value. Retained Earnings

Executive Summary

Most companies hope profit appears in the end. ProSysco specifies profit at the beginning—and blocks anything that cannot produce it with a **profit mandate.**

Profit Optimization is not cost cutting. It is **profit engineering**, enforced through financial guardrails, automation, and incentive alignment. This white paper explains ProSysco's **three-layer profit architecture**, applicable across construction, development, and capital-intensive industries.

Profit by Design, Not by Accident

ProSysco begins where most companies finish:

- With profit specified up front
- Before pricing, staffing, or execution
- Embedded into every decision

Nothing moves forward unless profit is mathematically guaranteed.

The Three Profit Segments

1. Predetermined Input Profit (The Floor)

- Non-negotiable profit built into pricing
- Ensures:
  - Investor returns
  - Debt service
  - Rainy-day reserves

- If a quote cannot clear the floor, it is rejected automatically

This is classic **cost-volume-profit math**, enforced by AI.

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2. Residual Throughput Profit (Economic Value)

Profit is meaningless if it does not exceed the cost of capital.

ProSysco tracks:

- **NOPAT**
- Capital charge
- **Economic Value Added (EVA)** monthly

Employees manage KPIs that expand positive spread:

- Cost discipline
- Throughput efficiency
- Cycle time reduction

Profit becomes a shared operational objective, not a finance afterthought.

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3. Retained Earnings Output Profit (The Vault)

Profit is useless if it leaks back out.

ProSysco locks retained earnings into a digital vault:

1. Working capital first
2. Debt reduction second
3. Growth third

This prevents the fatal pattern of **"growing broke."**

Scale Back to Demand

Profit optimization requires saying no.

ProSysco:

- Scales operations to real, paying demand
- Eliminates low-margin volume
- Prioritizes critical path, long lead items and fast-cash work
- Matches capacity to profitable throughput

Busy is not the goal. Profitable is.

Closed-Loop Automation

Profit is protected through automation:

- Order-to-Cash (O2C)
- Procurement-to-Pay (P2P)
- Instant invoicing
- Shortened Day Sales Outstanding (DSO) and Collateralized Debt Outstanding (CDO)

Unprofitable work is physically blocked by the system.

Pay-for-Performance Incentives

Compensation is welded to:

- Contribution margin
- Cash velocity
- On-time delivery
- Customer outcomes

Behavior changes. Profit sticks.

Relationship to Construction & Development

- **Development White Paper:** Determines whether a project should exist
- **Construction White Paper:** Executes profit daily after permits
- **Profit Optimization (this paper):** Governs the entire enterprise

Profit Optimization is the operating logic behind both.

Rapid Results

- **21 days:** System installed
- **45 days:** Bankable change
- Often delivered at **net-zero added cost**, funded by recovered profit

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Conclusion

Profit is not luck. It is architecture.

ProSysco replaces hope with design, friction with automation, and effort with outcomes. Whether applied to construction, development, or full enterprise turnaround—profit becomes inevitable.

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