

Executive Operational & Financial Review

What an analytical engagement produces. A demonstration deliverable on synthetic data for Halbrook Industrial Supply, a fictional \$38.4M industrial distributor.

The question it answers

A business grew 9.1% over two years and earned 2.9% more gross profit. Management wanted to know why the second number was not the first one.

What the review found

Gross margin fell 1.594 points, from 28.03% to 26.43%. At the opening margin the closing book would have earned \$612K more gross profit.

The decline splits almost evenly and the halves call for different responses: 0.806 points is the net of the two lines' own margin movements, and 0.788 points is the shift in which line the revenue came from. The within-line half calls for pricing and cost-recovery analysis; the mix half calls for a different operating response.

Beneath the aggregate, growth was masking contraction: net revenue retention of 109.1% against gross revenue retention of 96.7%, with 34 accounts shrinking and the three largest contractions sitting in three of the four largest opening accounts, including the two largest.

FINDING	SEVERITY	AMOUNT	BASIS
Revenue grew; gross profit did not follow	critical	\$612,097	gross-profit counterfactual
Revenue mix explains roughly half the margin decline	critical	\$302,592	gross-profit counterfactual
The within-line margin decline is entirely in Distribution	material	\$389,376	gross-profit equivalent
2 accounts explain half the margin decline	material	Not sized	-
Growth is masking contraction in the largest accounts	material	\$1,173,336	revenue
Service revenue fell on realised rate, not on hours	material	\$1,069,285	revenue
Discount off list rose in every customer segment	material	\$132,994	revenue
The year swings 1.66x from trough to peak	watch	Not sized	-

The amounts are in different units and must not be ranked against each other or added. A revenue movement and a gross-profit counterfactual are different economic quantities. The exact, additive view is the margin decomposition, whose effects sum to the movement with no residual.

What makes it checkable

- **Every decomposition ties.** The margin bridge, the retention bridge and the price/volume/mix split each ship with a residual column, and the build refuses to publish a run where any residual is non-zero.
 - **Every figure is computed, not typed.** The findings' sentences are generated from the same analysis that produced the exhibits beside them.
 - **The method states its own limits.** Price and volume are decomposed within a unit of measure, because this book bills in five and an average price across them would add hours to boxes. Seasonality is measured against a centred moving average rather than a period mean, so growth is not read as season.
 - **What the data cannot support is said plainly.** Cohort and logo-retention analysis are absent because the account roster is fixed across the window; a retention rate there would be 100% by construction. Revenue retention is measurable and is reported.
 - **Causes are not asserted beyond the evidence.** The ledger carries price, cost and quantity. It does not carry a rate card, a vendor agreement or a schedule of delegated authority, so where a realised rate moved, the report states the movement and puts the cause to management.
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Scope

278,169 invoice lines across 36 months and 142 accounts, 2024 to 2026 (96,899 lines in 2026 alone). 8 findings, 2 critical, 6 sized. The document covers the executive summary, the financial position and control section, the commercial drivers, customer and revenue-base risks, prioritised actions, methodology, and a detailed findings appendix.

Built from XR-44835F, over reconciliation build RC-698FA2 and exception build EI-4716D1; case digest HB-9EF73D.

Halbrook Industrial Supply is fictional and every figure here is computed from synthetic data generated for demonstration. It is not client work and describes no real business.

Demonstration build RC-698FA2 · exception EI-4716D1 · case digest HB-9EF73D · generated 2026-09-14