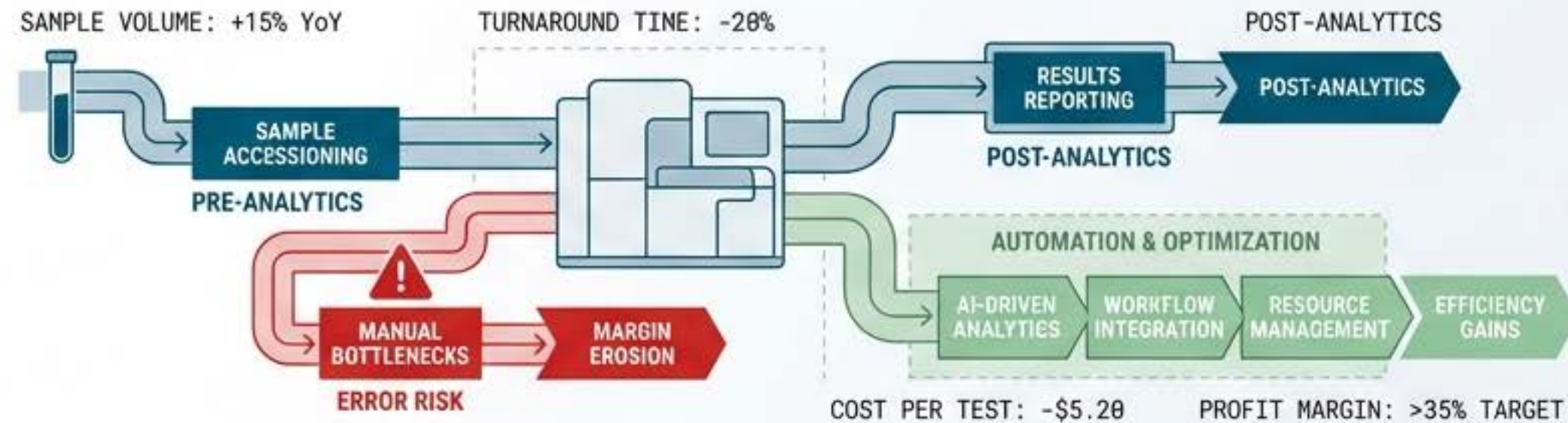


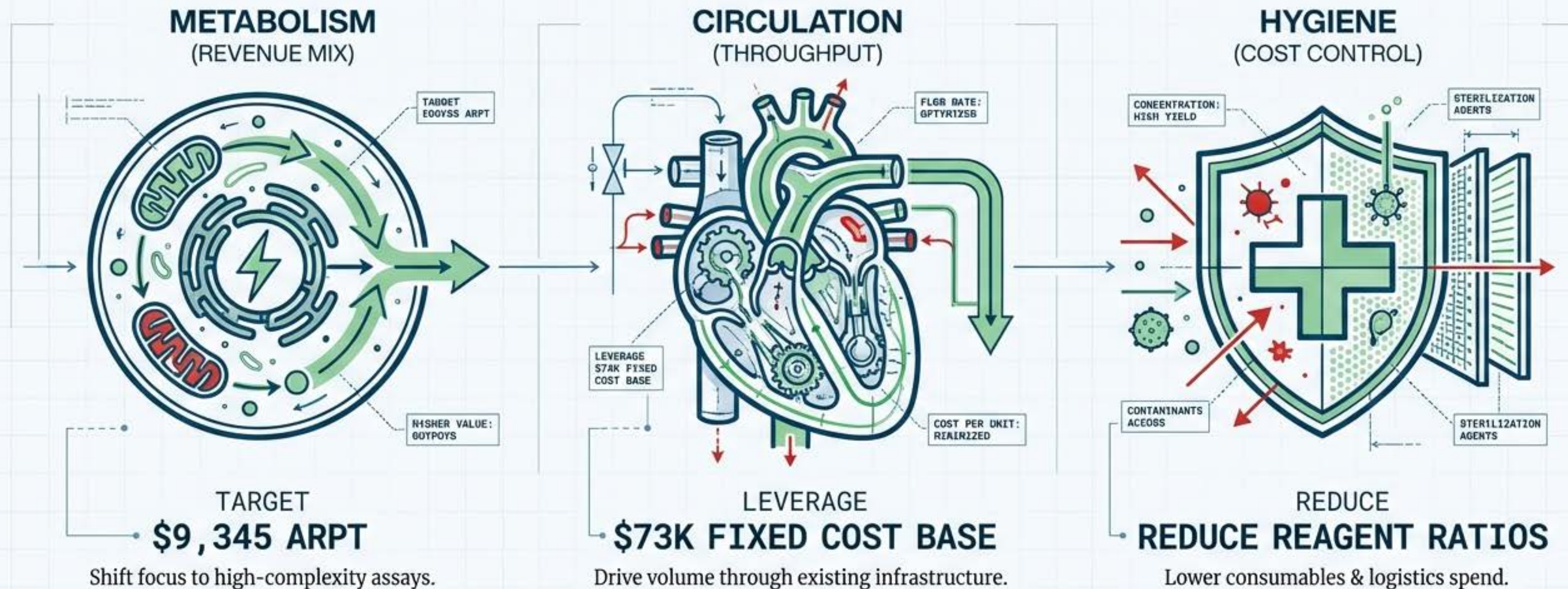
Scaling Clinical Laboratory Profitability

Operational Efficiency Strategies & Margin Optimization



THE ANATOMY OF PROFITABILITY: A THREE-PRONGED APPROACH

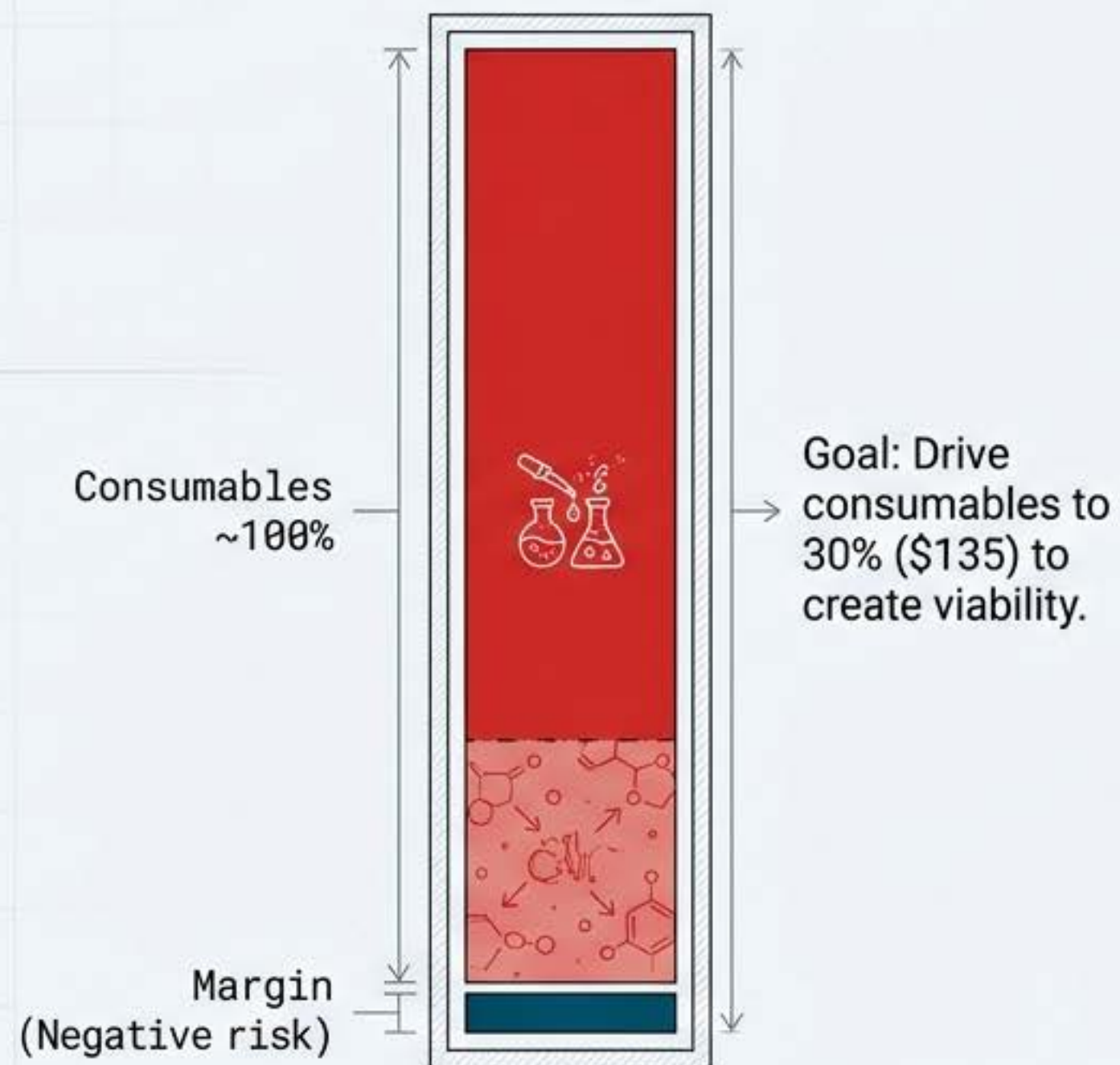
Achieving a 50%+ operating margin requires a simultaneous attack on variable costs, throughput efficiency, and revenue mix. High revenue does not equal high profit when unmanaged costs erode the baseline.



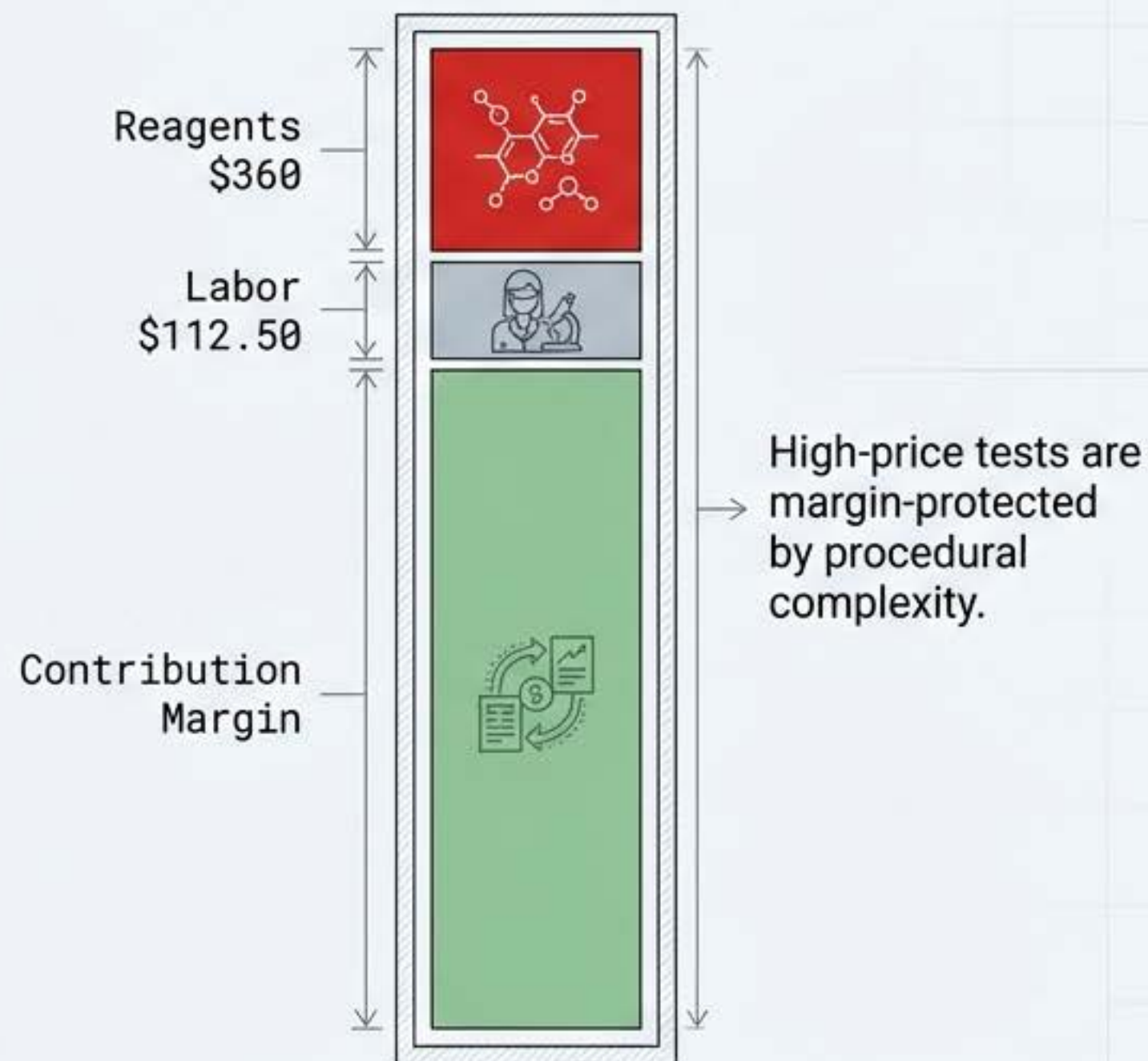
Not All Revenue Is Created Equal

The Contribution Margin Reality

Routine Chemistry Panel (\$450)



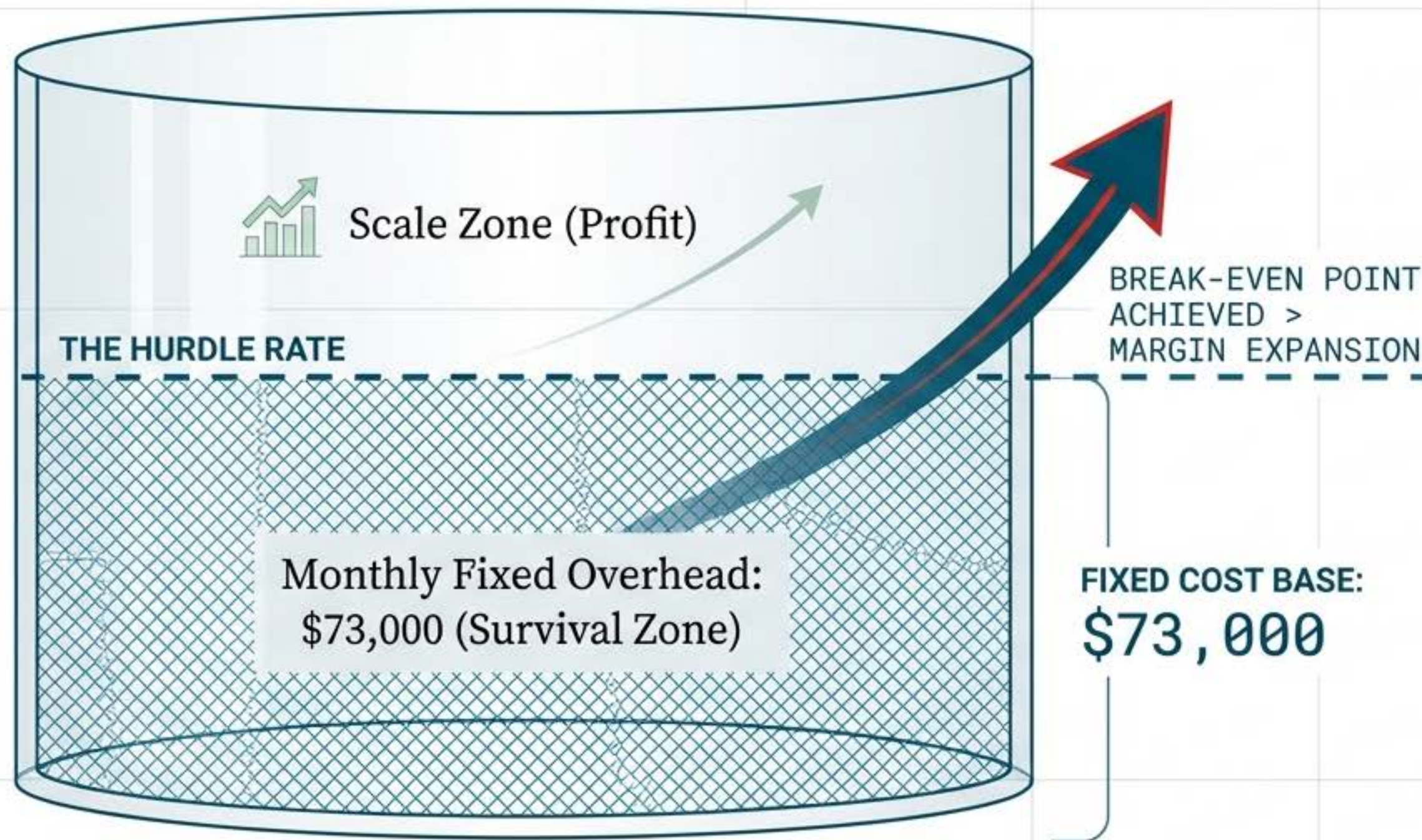
Infectious Disease Molecular (\$1800)



The \$73,000 Waterline: Leveraging Fixed Costs

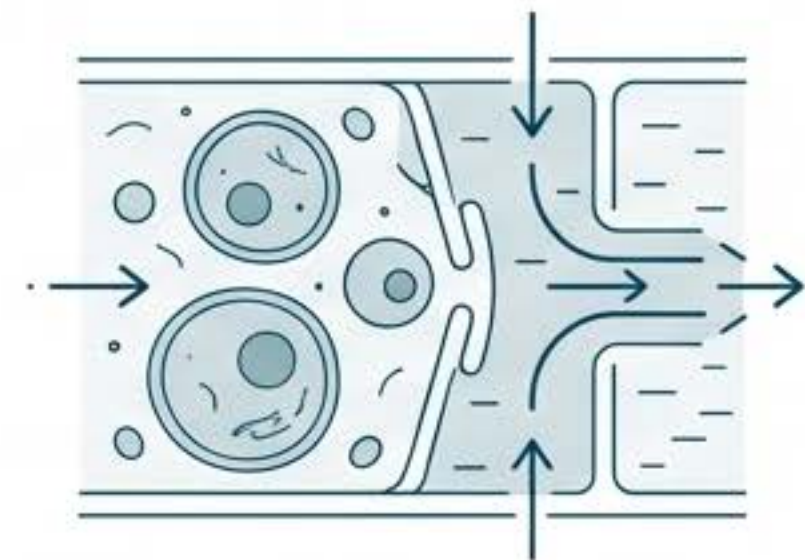


The Contribution Margin Reality

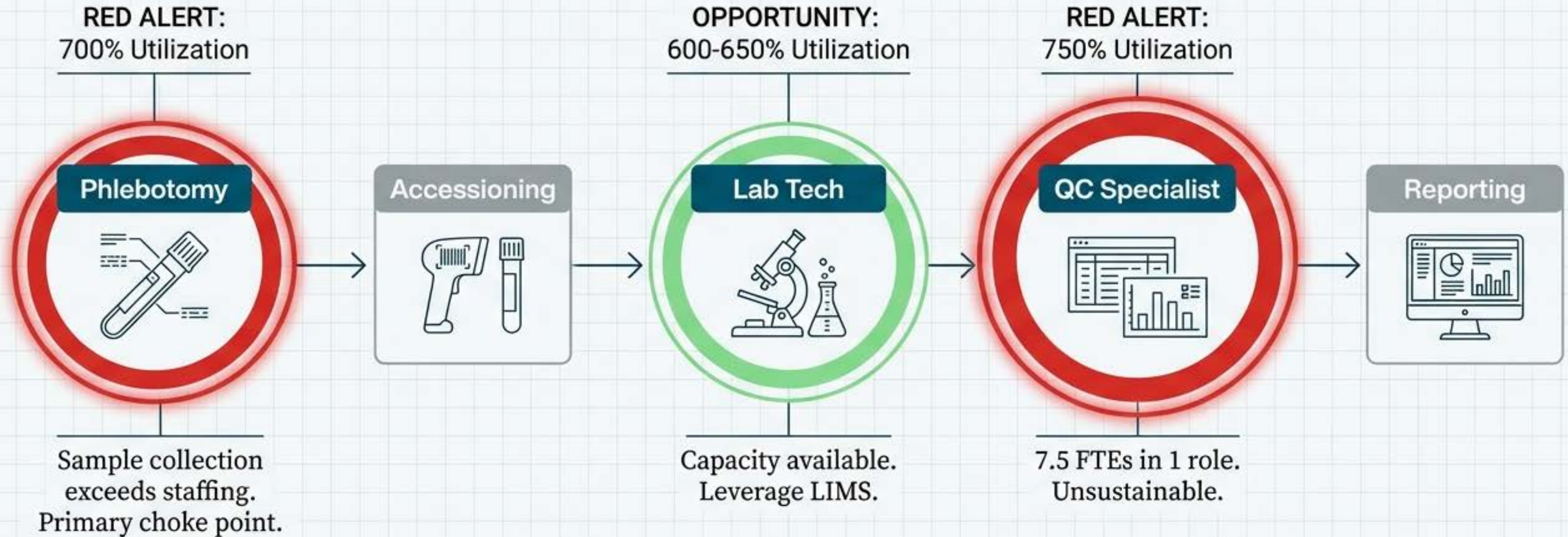


This cost is locked in. Every test run *after* break-even contributes dramatically to the margin.

We must maximize volume processed by existing staff to dilute this fixed cost base.



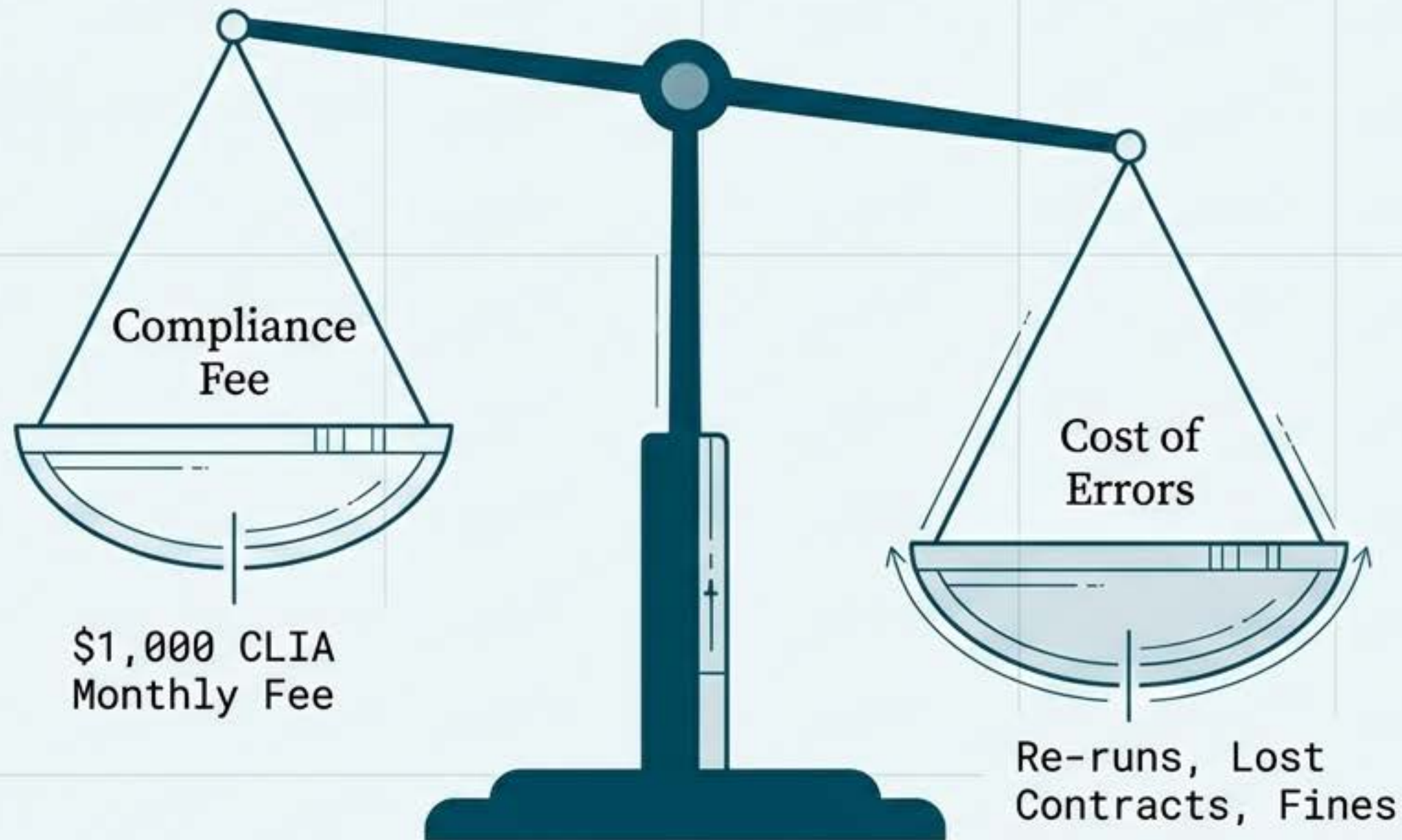
Operational Diagnostics: Identifying Workflow Ischemia



Insight: Throughput is currently capped by the slowest choke point (Phlebotomy).

The Quality vs. Volume Trade-Off

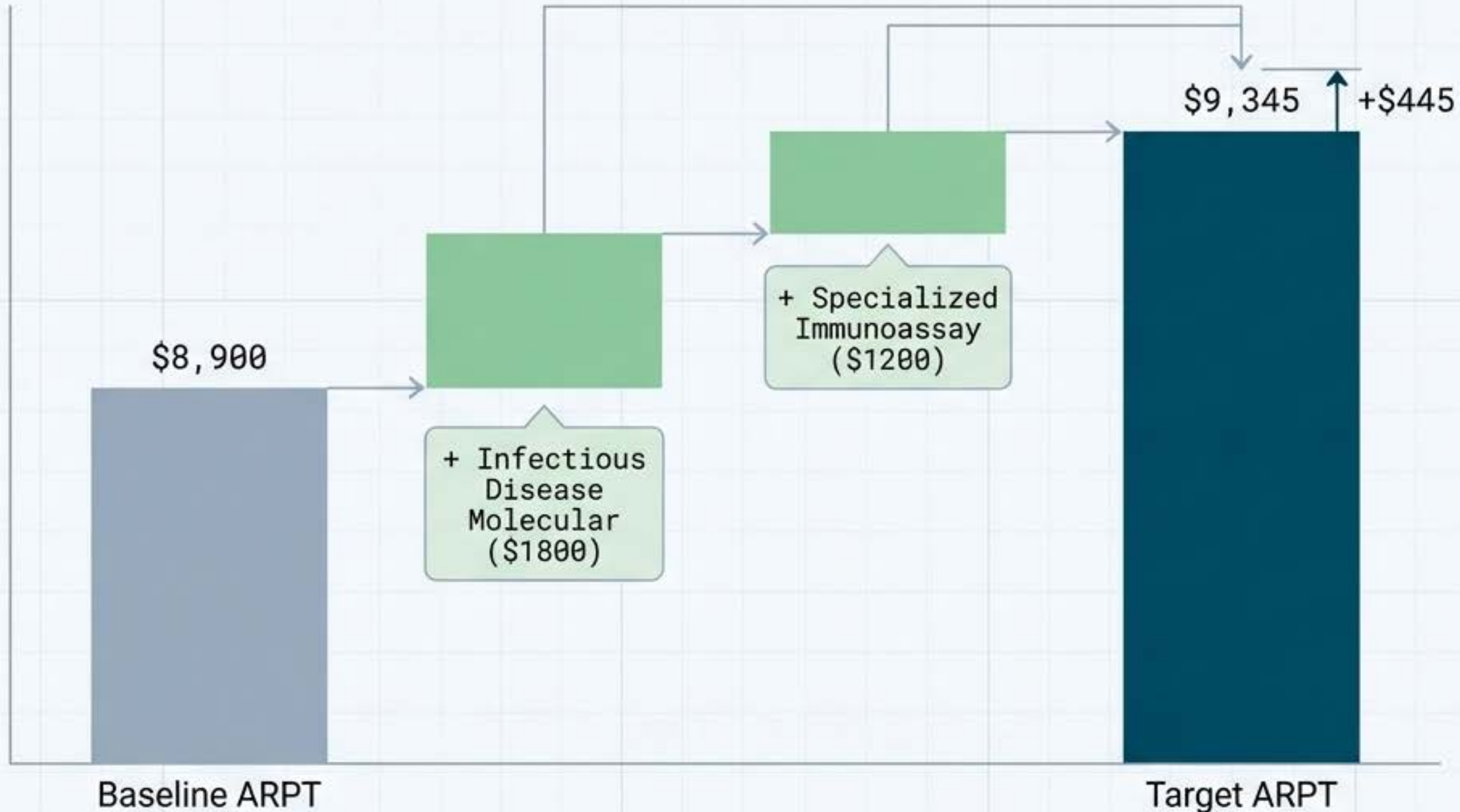
Pushing volume without fixing bottlenecks triggers expensive failure costs.
High utilization masks impending operational collapse.



DATA WARNING:
750% Utilization
at QC guarantees
procedures procedural
mistakes.
Focus must shift from
raw throughput to result
accuracy.

Strategy 1: Optimizing Test Mix to Lift ARPT

Target: Increase Average Revenue Per Test by \$445

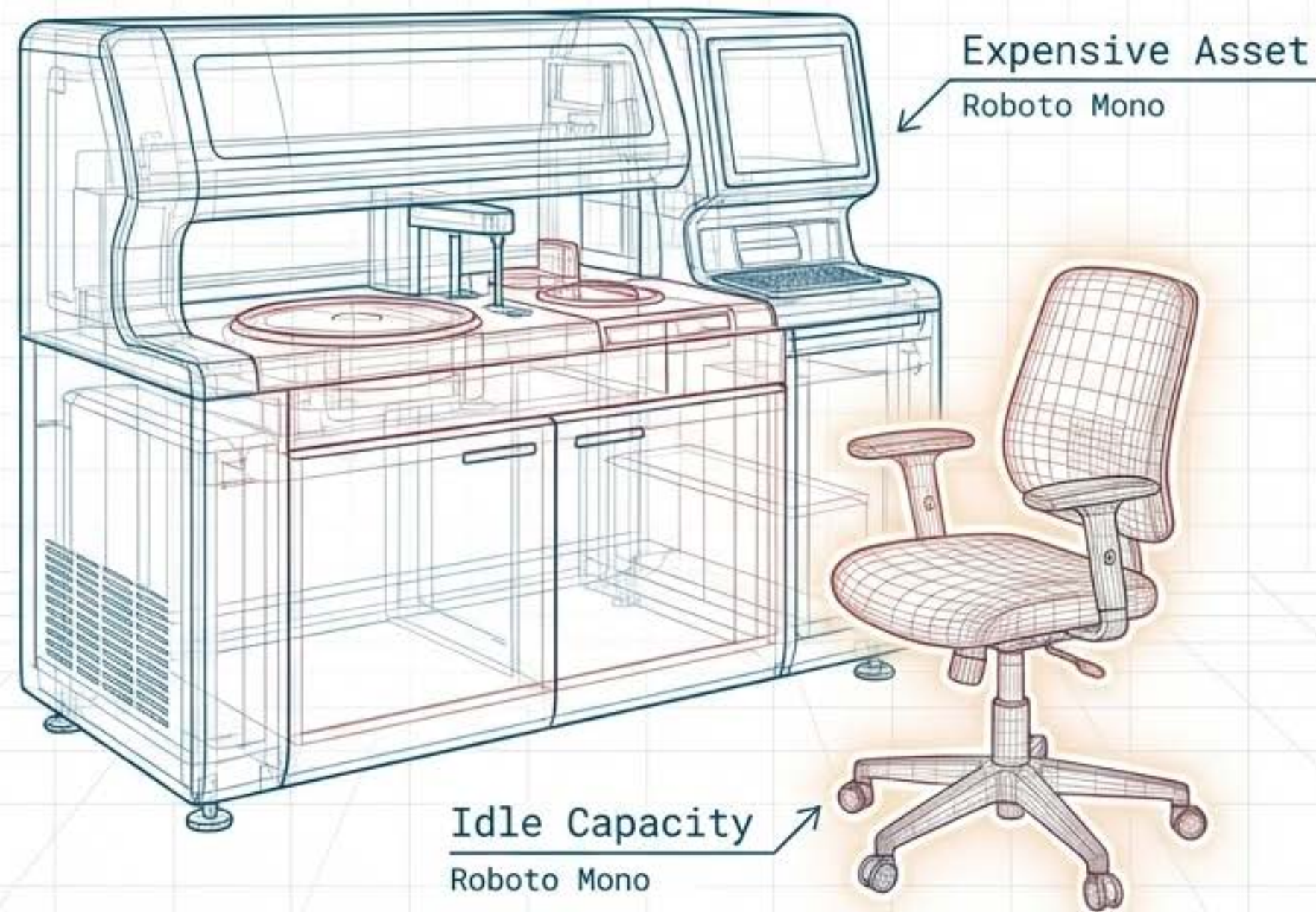


Action: Shift volume toward high-complexity assays.

Requirement: Active management of physician ordering behavior. If volume mix remains static, the revenue goal stays theoretical.

Strategy 2: Maximizing Throughput Without Headcount

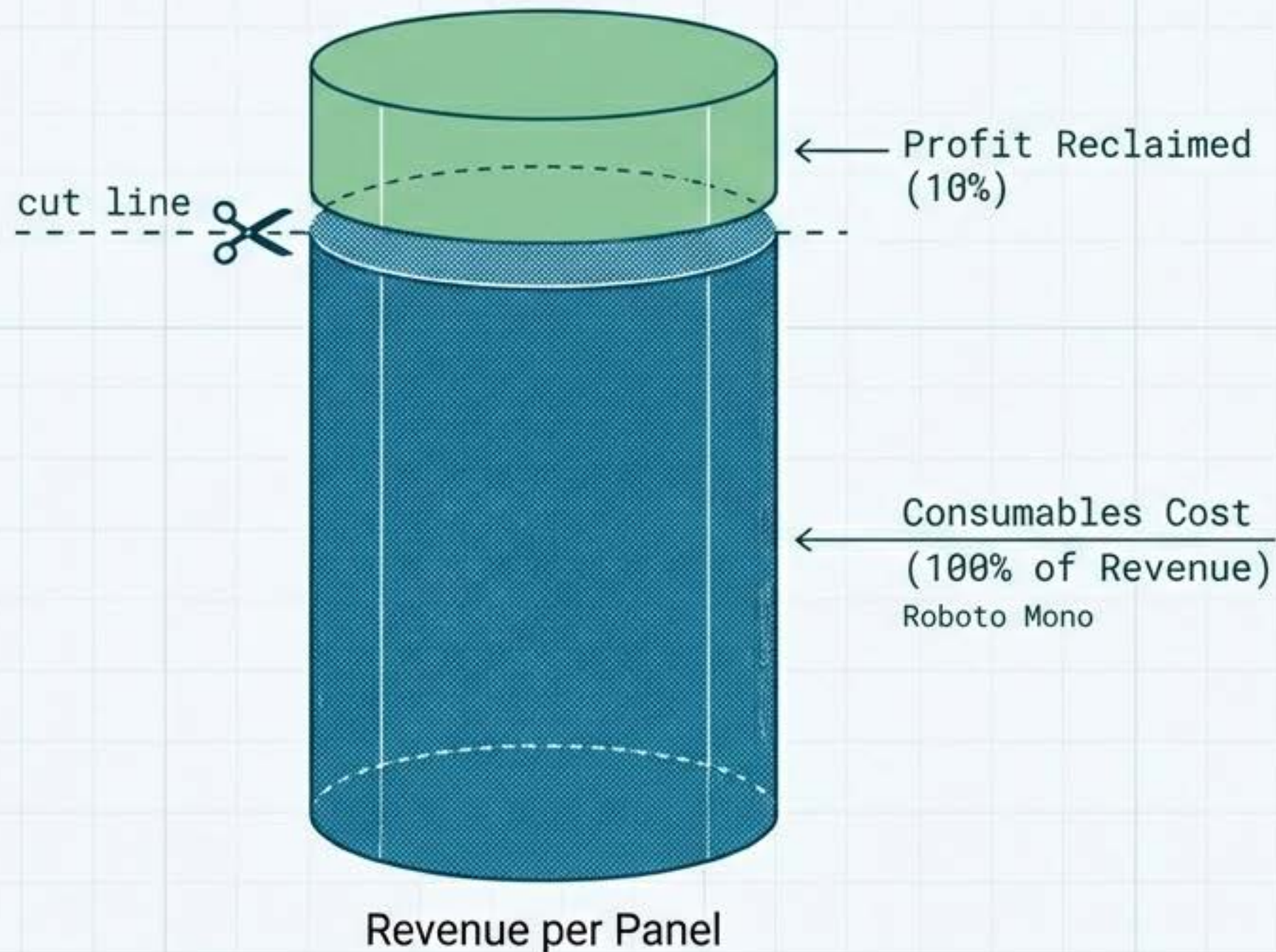
Impact: +\$18,000 Monthly Revenue (Pure Margin)



- Increase Lab Scientist utilization from 65% to 75-80%.
- Standardize scheduling around instrument uptime.
- Automate sample tracking data input.
- Don't let expensive equipment sit idle waiting for manual prep work.

Strategy 3: Slashing Variable Consumable Costs

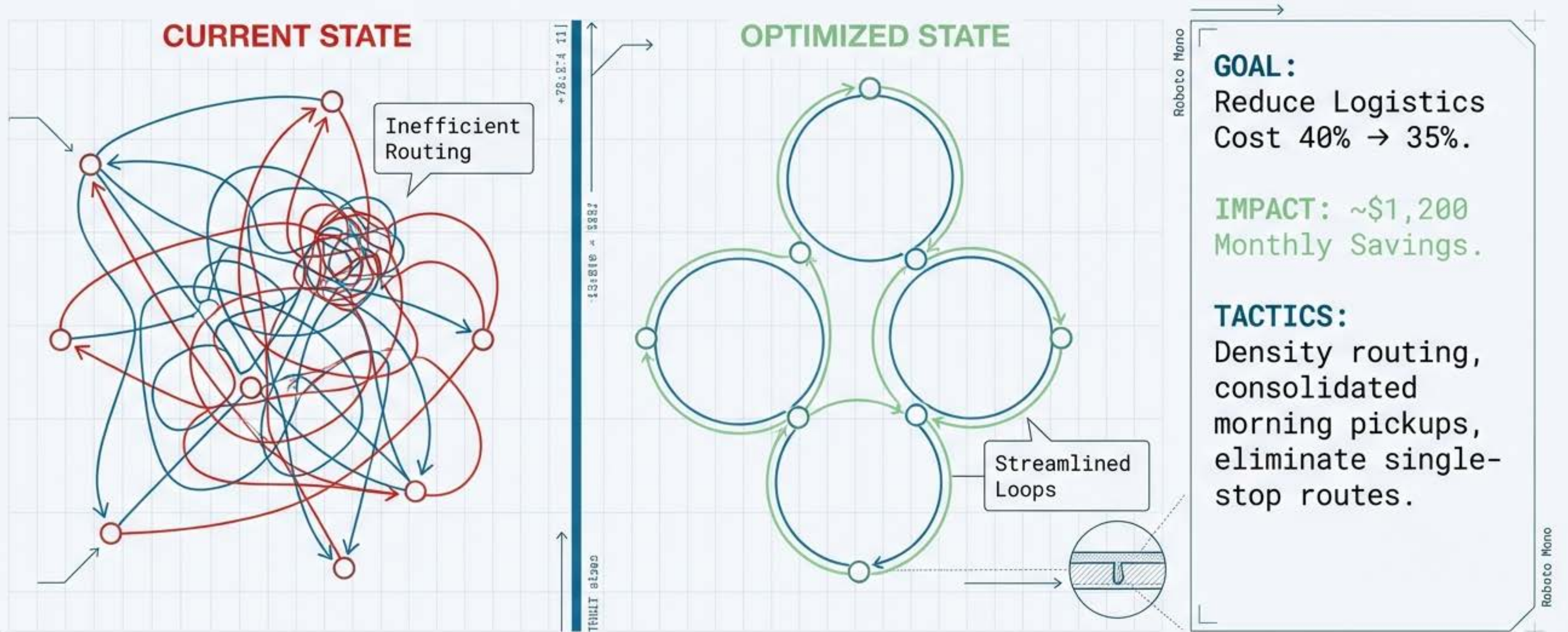
Impact: ~\$2,500 Monthly Savings.



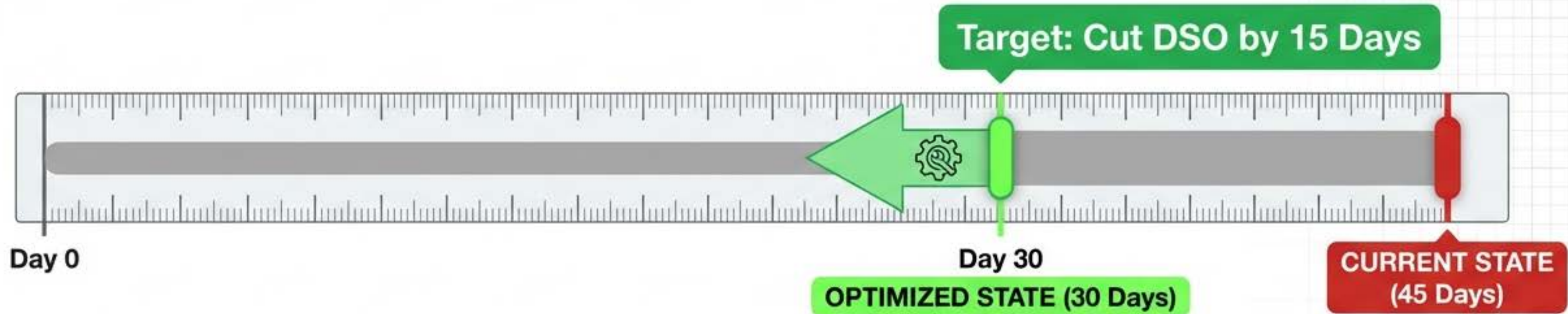
- **Problem:** Reagents & Consumables ratio is ~100% for some panels.
- **Tactics:** Negotiate 12-month volume commitments.
- **Impact:** ~\$2,500 Monthly Savings.




Strategy 4: Route Density & Logistics Optimization

Every dollar of revenue keeps 5 cents more in your pocket.



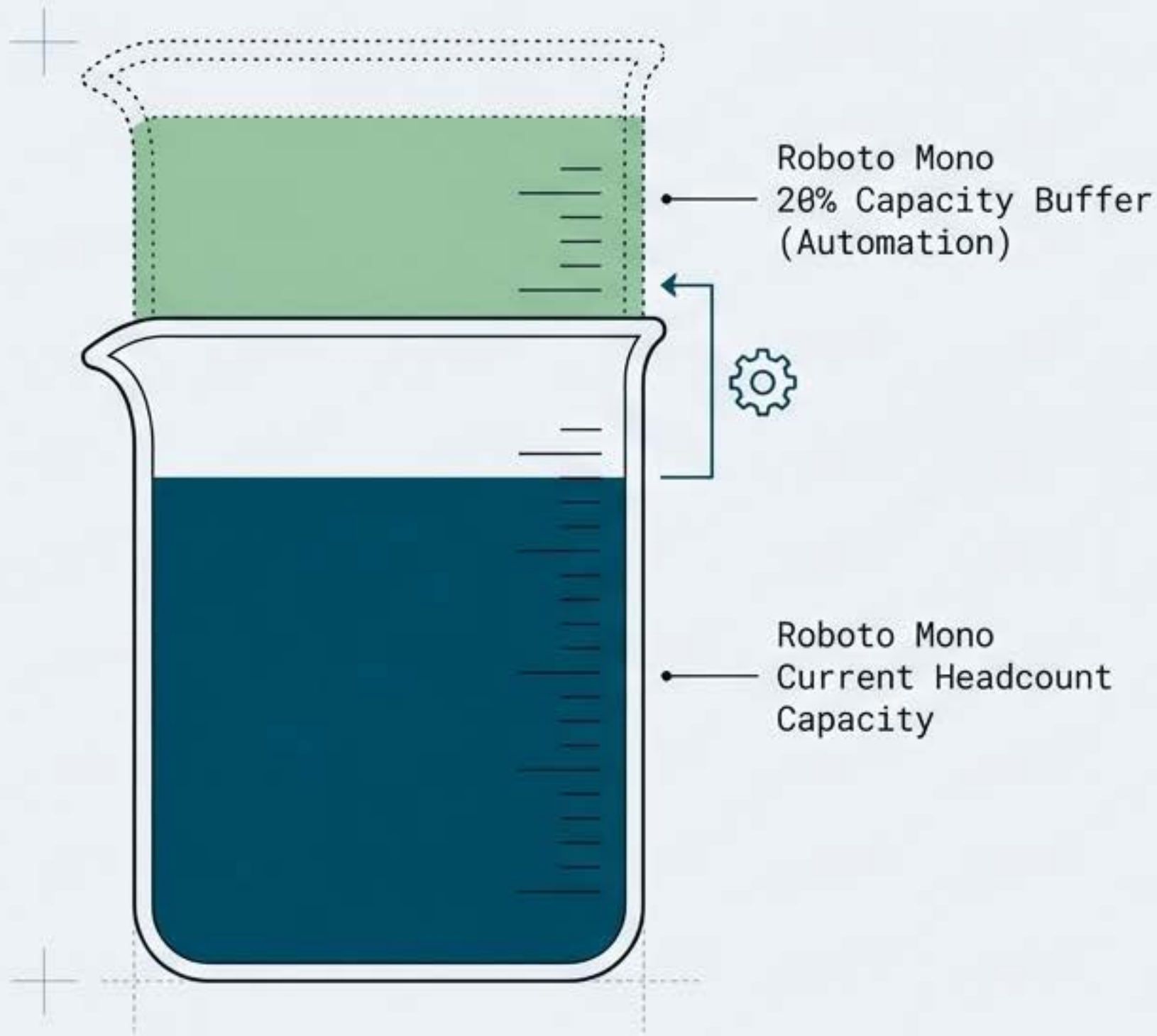
Strategy 5: Accelerating the Revenue Cycle



-  Investment: Hire Billing Specialist (\$55k/year).
-  Action: Prioritize high-value, aged claims to reduce churn risk.
-  Result: Lowers the \$176,000 minimum cash requirement needed for operations.

Strategy 6: Non-Scientist Efficiency & Automation

Buy operational runway without increasing payroll burden.



Goal

Absorb **20% more volume** with current staff.



Action

Automate admin for Client Services & Phlebotomy Supervisors



Financials

Avoid hiring next **\$50k CSR**.
Automation buy-in < Cost of new hire

Strategy 7: Restructuring Sales Commissions

Fixed Salary
(Manager \$100k)
- Stable Accounts



Variable Commission
- Net New Growth ONLY



Problem

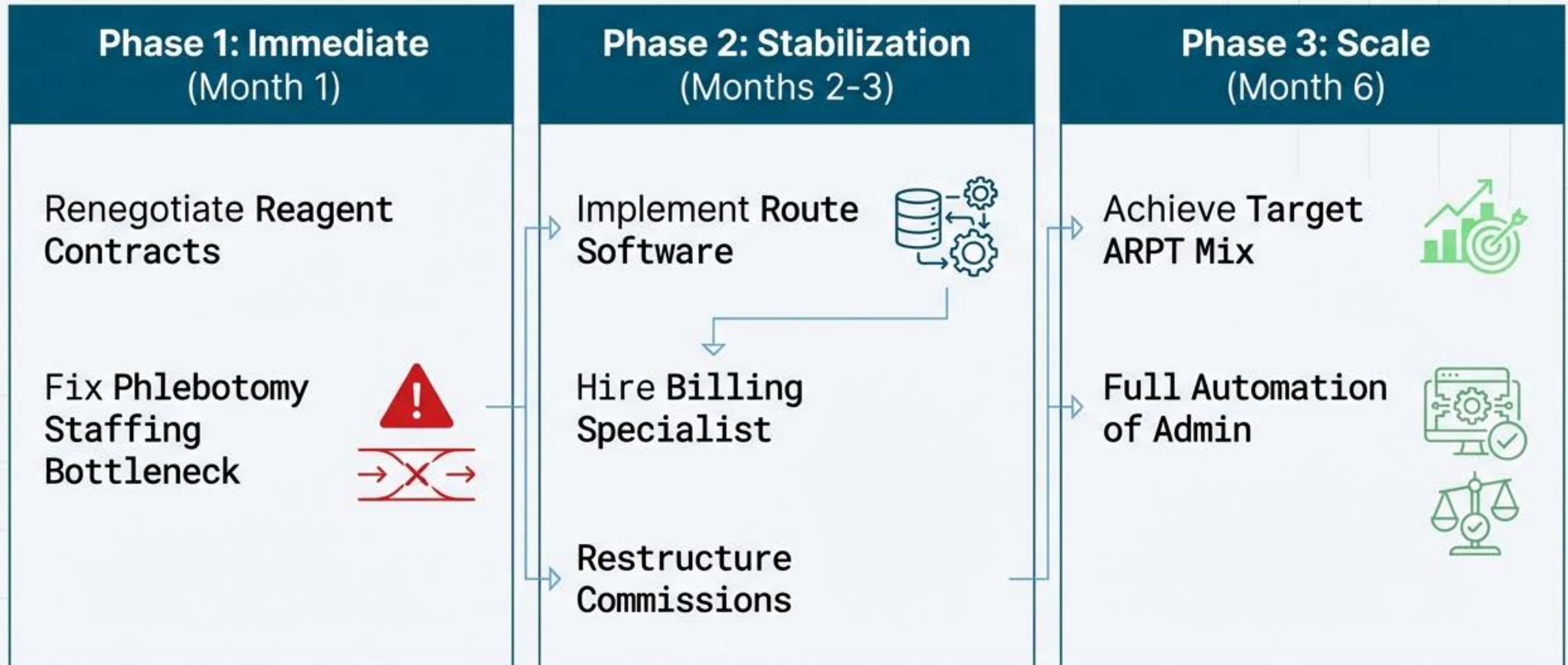
Paying **30% commission** on stable maintenance accounts.



The Fix

Move stable accounts to Salaried Manager.
Incentivize *new* growth, not maintenance.

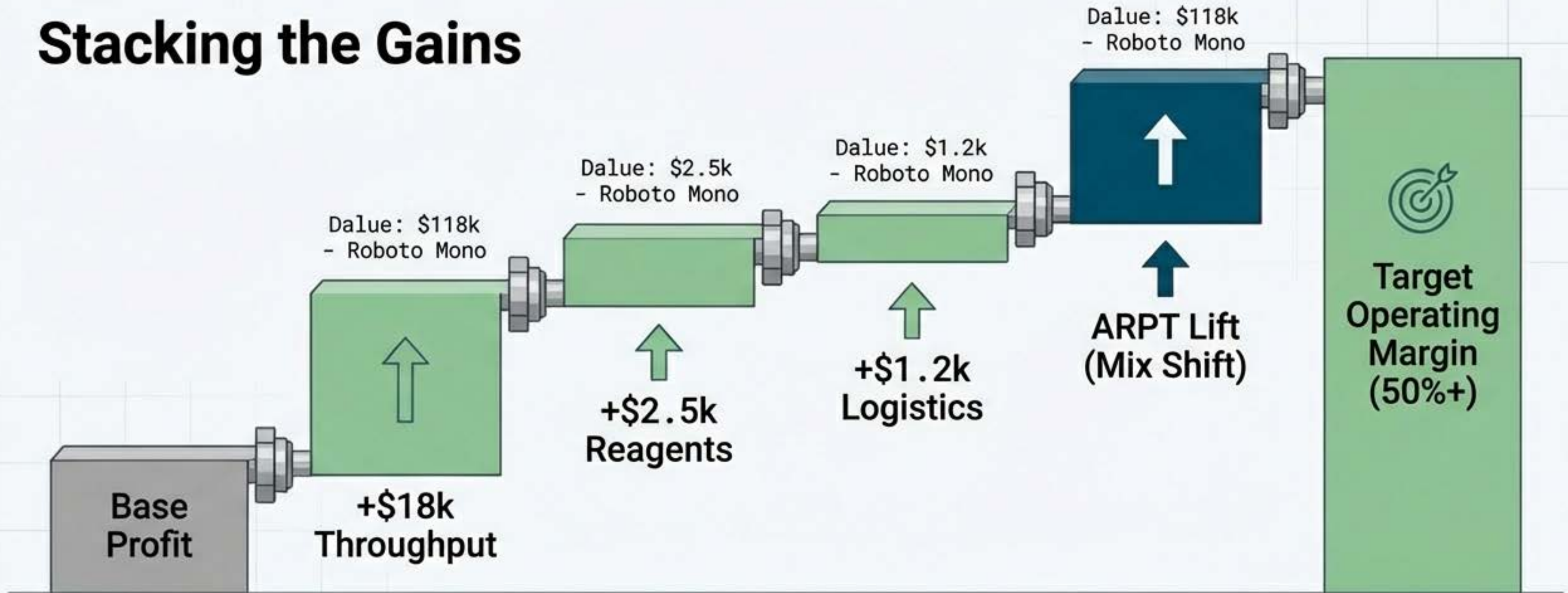
Implementation Roadmap: Phasing the Treatment



Target: Operational Efficiency & Profitability.

The Aggregate Financial Impact

Stacking the Gains



Scaling profitability is not just about selling more; it is about processing smarter. We are tuning the engine to achieve a 50%+ Operating Margin.