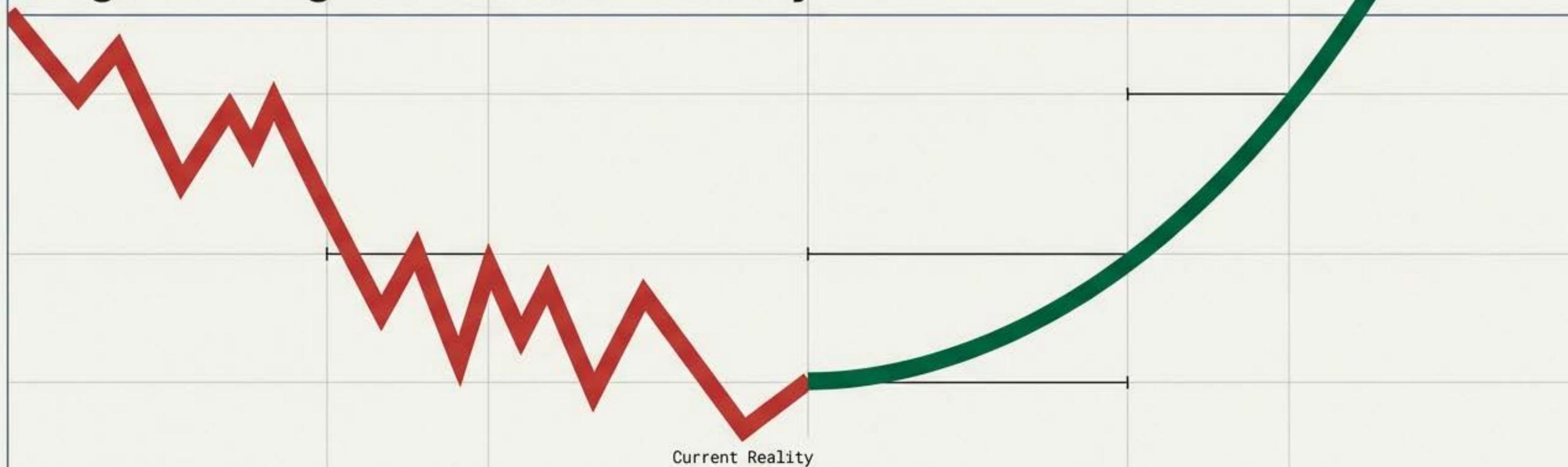


From Deficit to Durability: Financial Restructuring for Elderly Care

A 7-Step Strategic Roadmap to Reverse Negative Margins and Scale Efficiency



The Profitability Bridge: Re-engineering Unit Economics

The Burning Platform

-130%

**Contribution
Margin per hour**

Wage Ratio: 200% of revenue

UNSUSTAINABLE

The Strategic Bridge

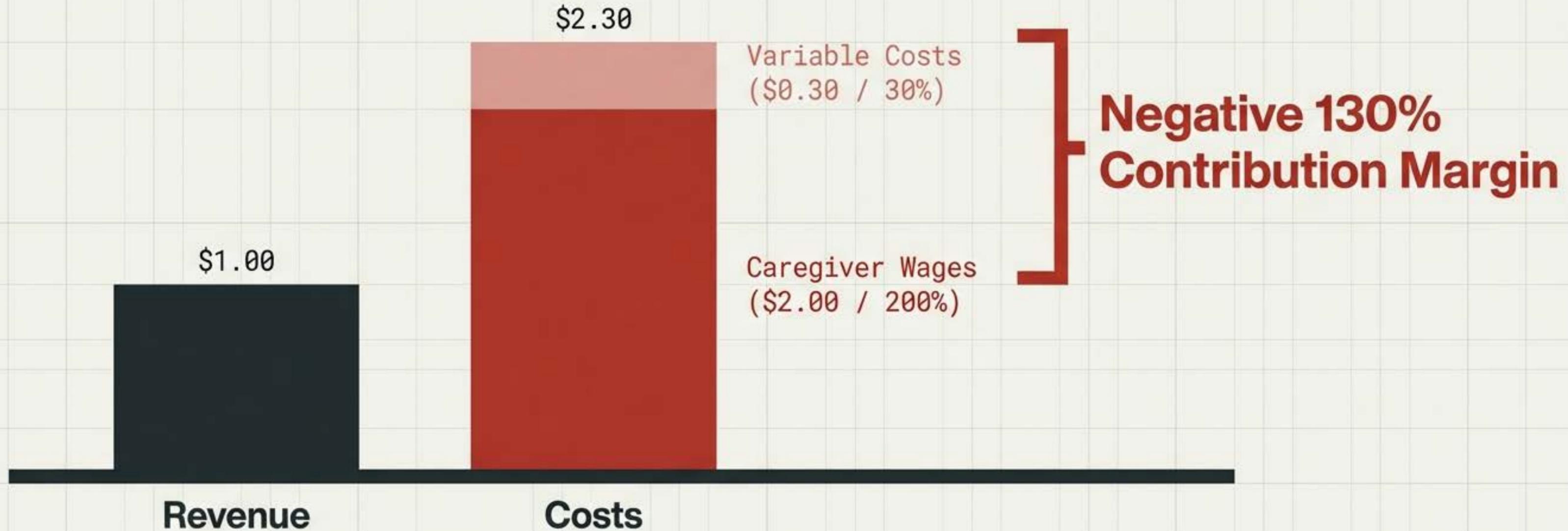
- **Revenue Quality:** Shift Bronze to Gold; increase utilization to 45 hours.
- ⚙️ **Operational Engine:** Compress wage ratio to 180%; cap overhead at 5%.
- 📉 **Financial Discipline:** Reduce CAC to \$700; cut processing fees.

The Destination

**Positive
Unit Economics**

Key Driver: Scalable
Operating Leverage

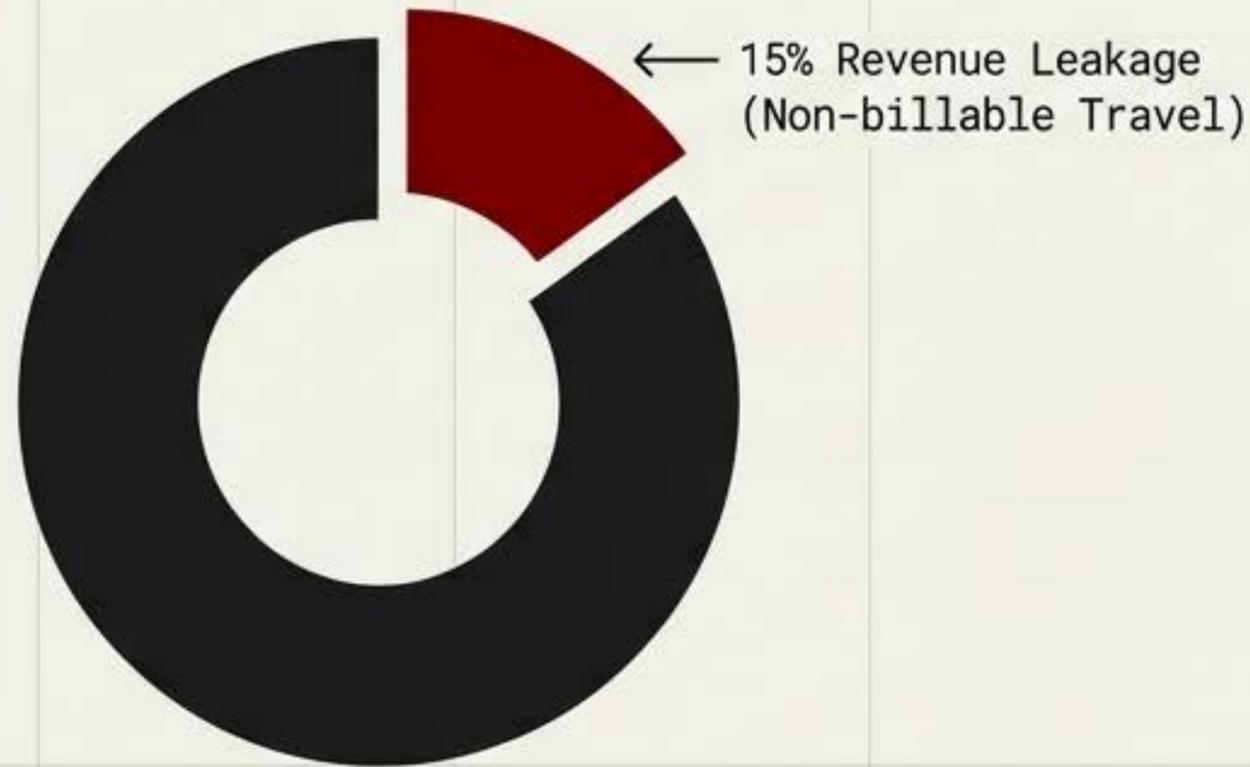
The Core Problem: We Are Losing Money on Every Hour Delivered



Caregiver wages alone consume 200% of revenue. No plan tier—Bronze, Silver, or Gold—currently generates a positive dollar contribution.

The Operational Drag: Revenue Leakage & Churn Risk

The Travel Tax



Inflates true cost of labor beyond the 200% gross margin target.

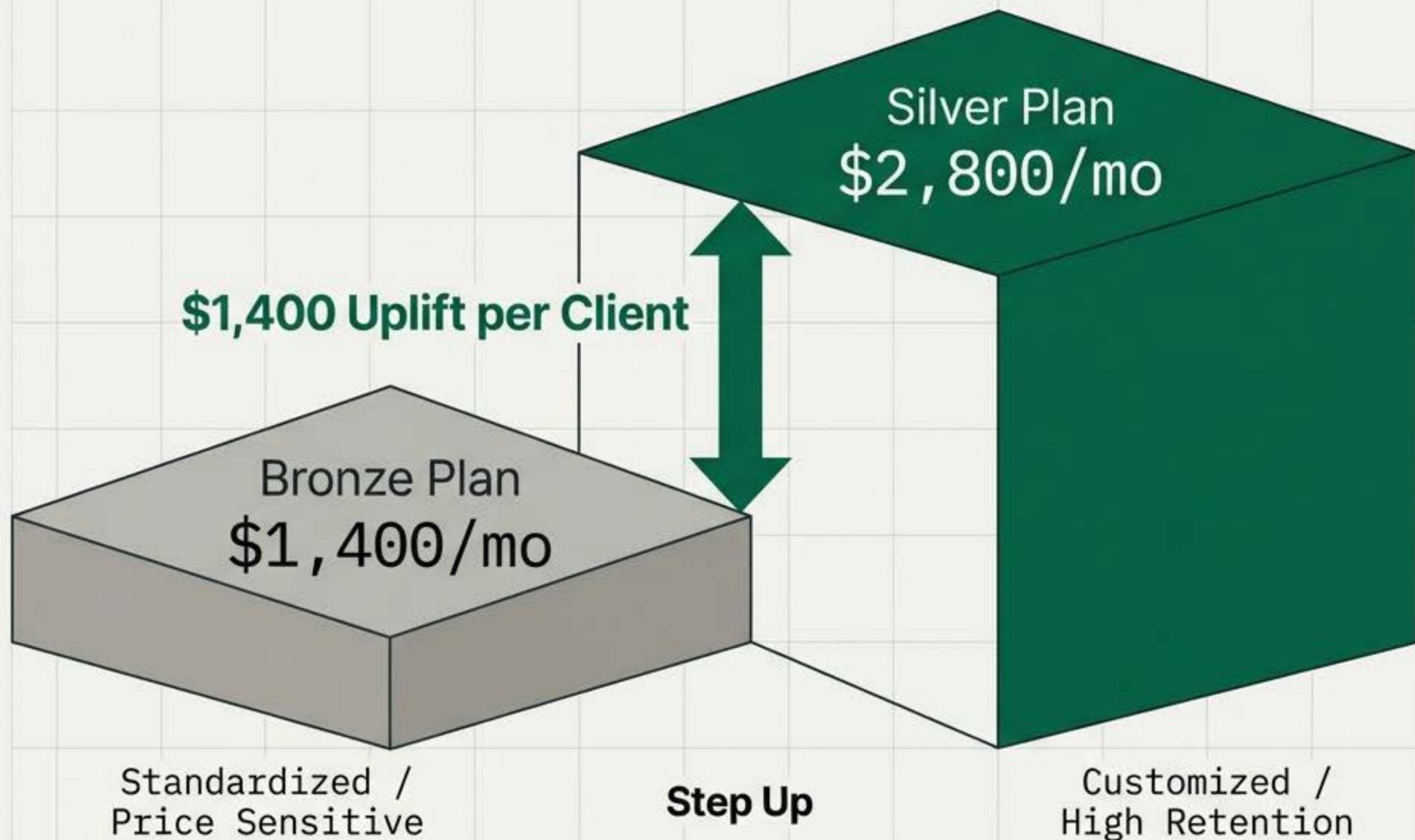
The Onboarding Danger Zone



Slow placement erodes trust and wastes acquisition spend if onboarding > 14 days.

Strategy 1: Escaping the Commodity Trap via Mix Shift

Migrating 10% of Bronze users to Silver generates immediate margin expansion.

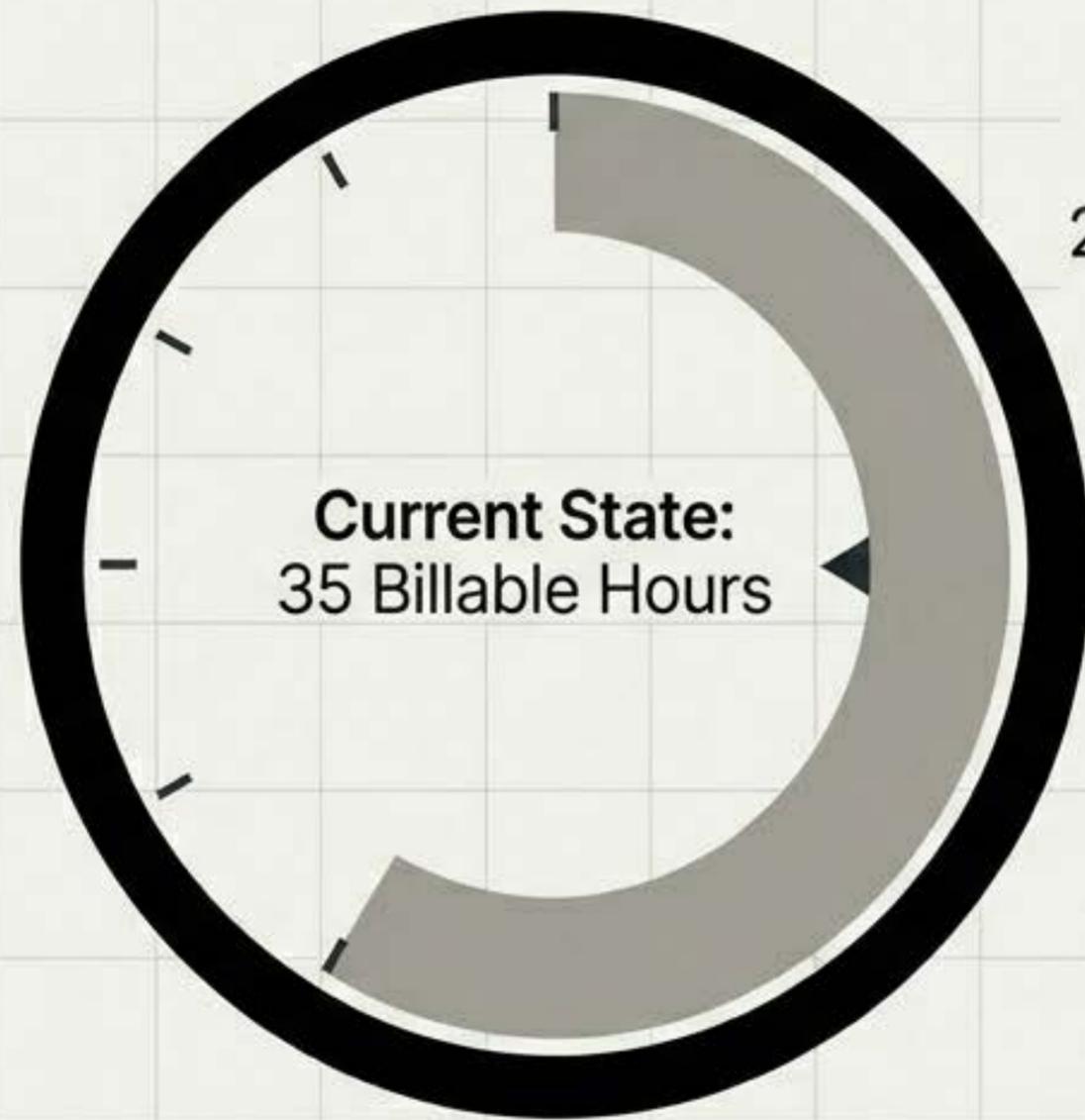


Action Plan:

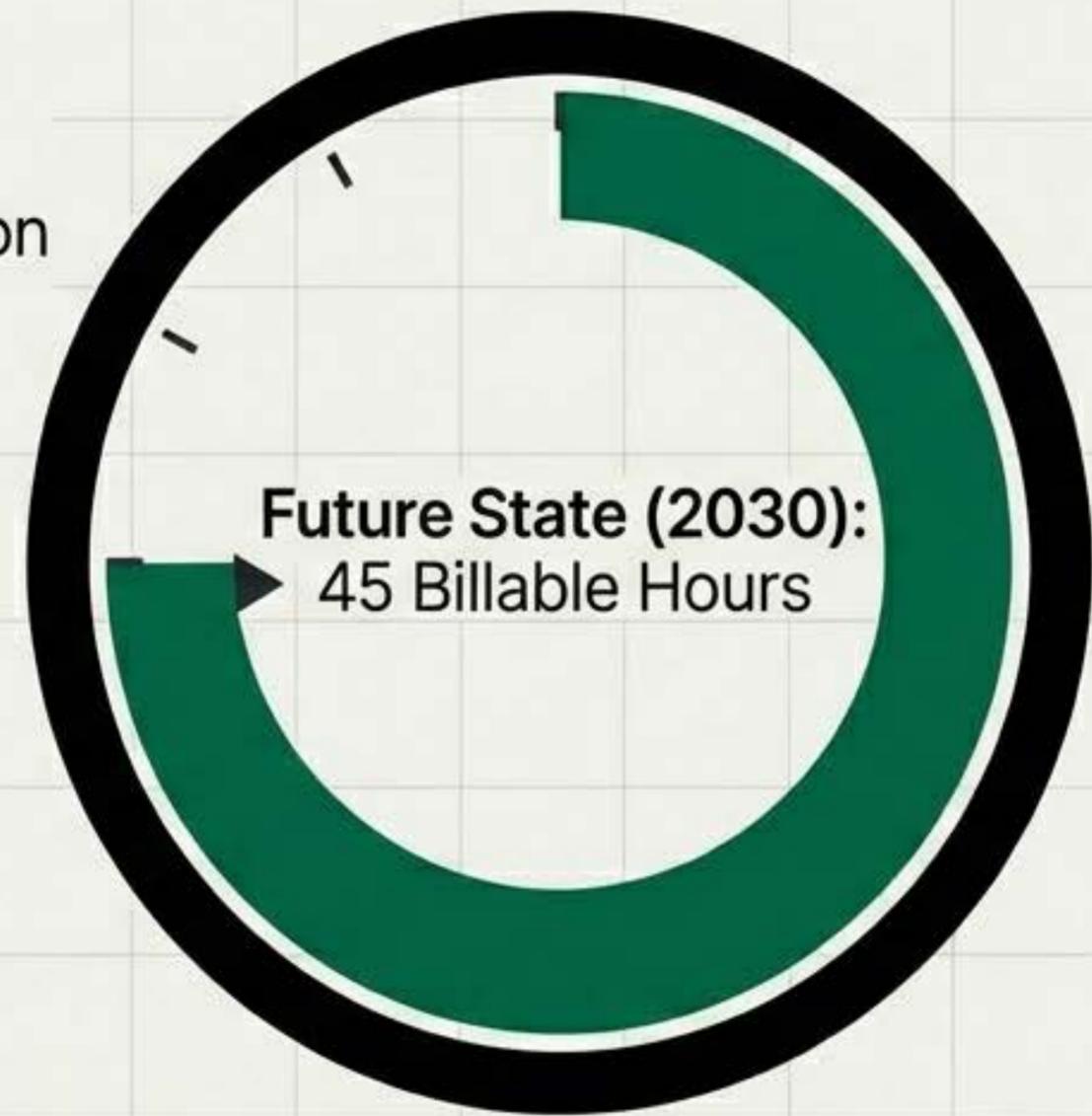
1. Identify clients exceeding 35 hours/month.
2. Target top 10% of Bronze base for upgrade.

Insight: Standardized plans invite comparison. Customization drives value.

Strategy 3: Deepening Engagement to Boost Utilization



The Bridge:
24-Hour Add-on
Service



■ **Investment Required:** \$50/hr internal cost for specialized training (40 hours per new hire).

■ **Outcome:** 10-hour utilization jump = Pure operating leverage (Revenue growth without CAC increase).

Strategy 2: Compressing the Wage Ratio

Reducing inefficiencies to unlock immediate operating leverage.



 **The Lever:** Tech-enabled scheduling to eliminate “dead air” between visits.

 **The Math:** A 20% reduction in wage ratio = 20% direct increase in contribution margin on every dollar.

 **Execution:** Automate shift matching to minimize overtime and manual override.

Strategy 7: Mandating ROI from the \$150k Platform Investment

\$150k CapEx Investment  **Cost of Future Coordinator FTEs**

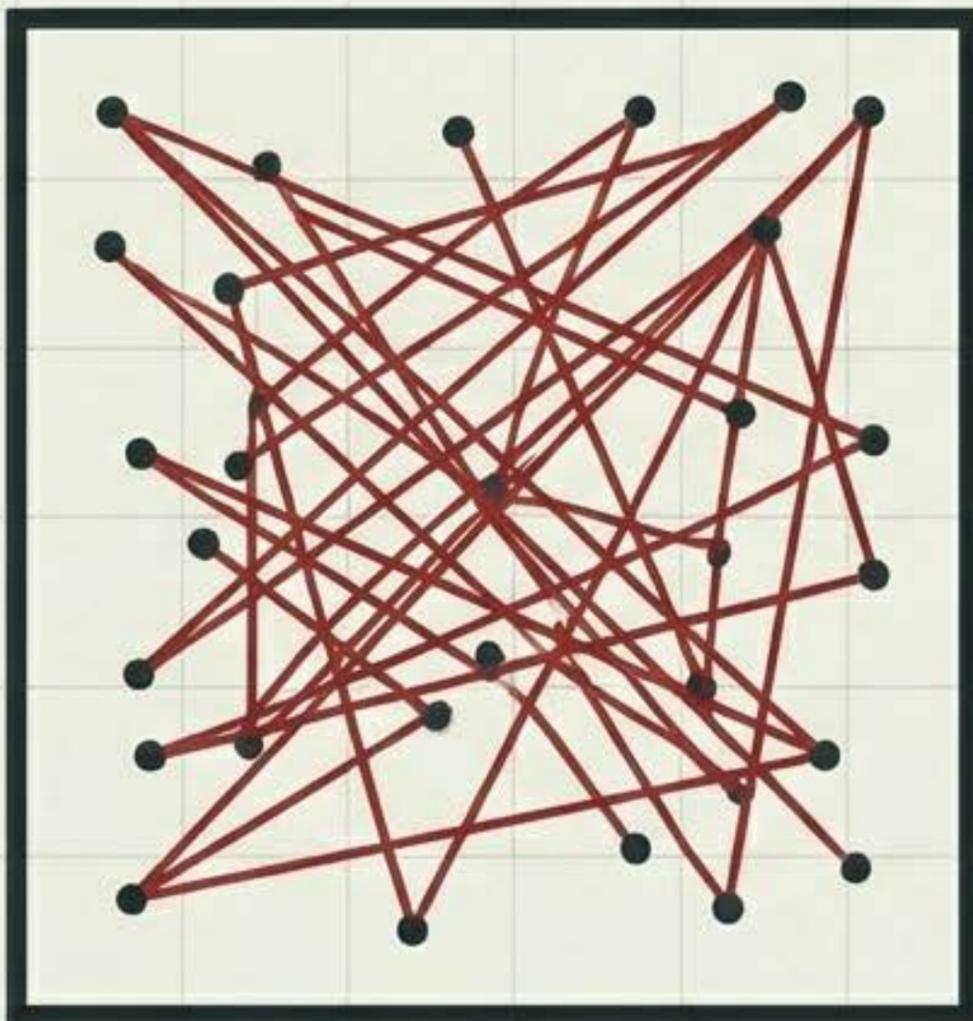
KPI Section:

- **Target:** 90% automated scheduling within 6 months.
- **Constraint:** Hiring freeze on Care Coordinators until platform adoption milestones are met.

If the platform doesn't automate scheduling, we are adding CapEx without OpEx savings.

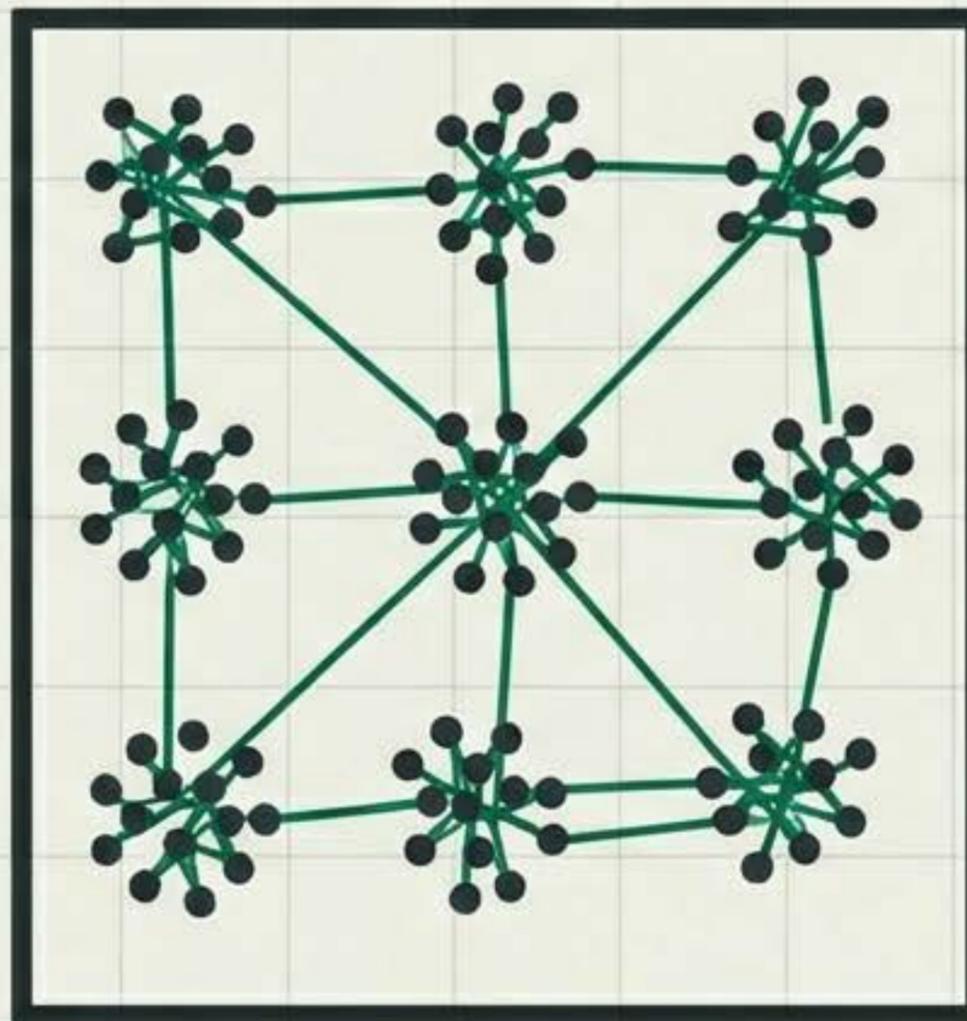
Operational Synergy: Density & Zoning

Scenario A: Inefficient



High Drive Time (>15%)

Scenario B: Optimized

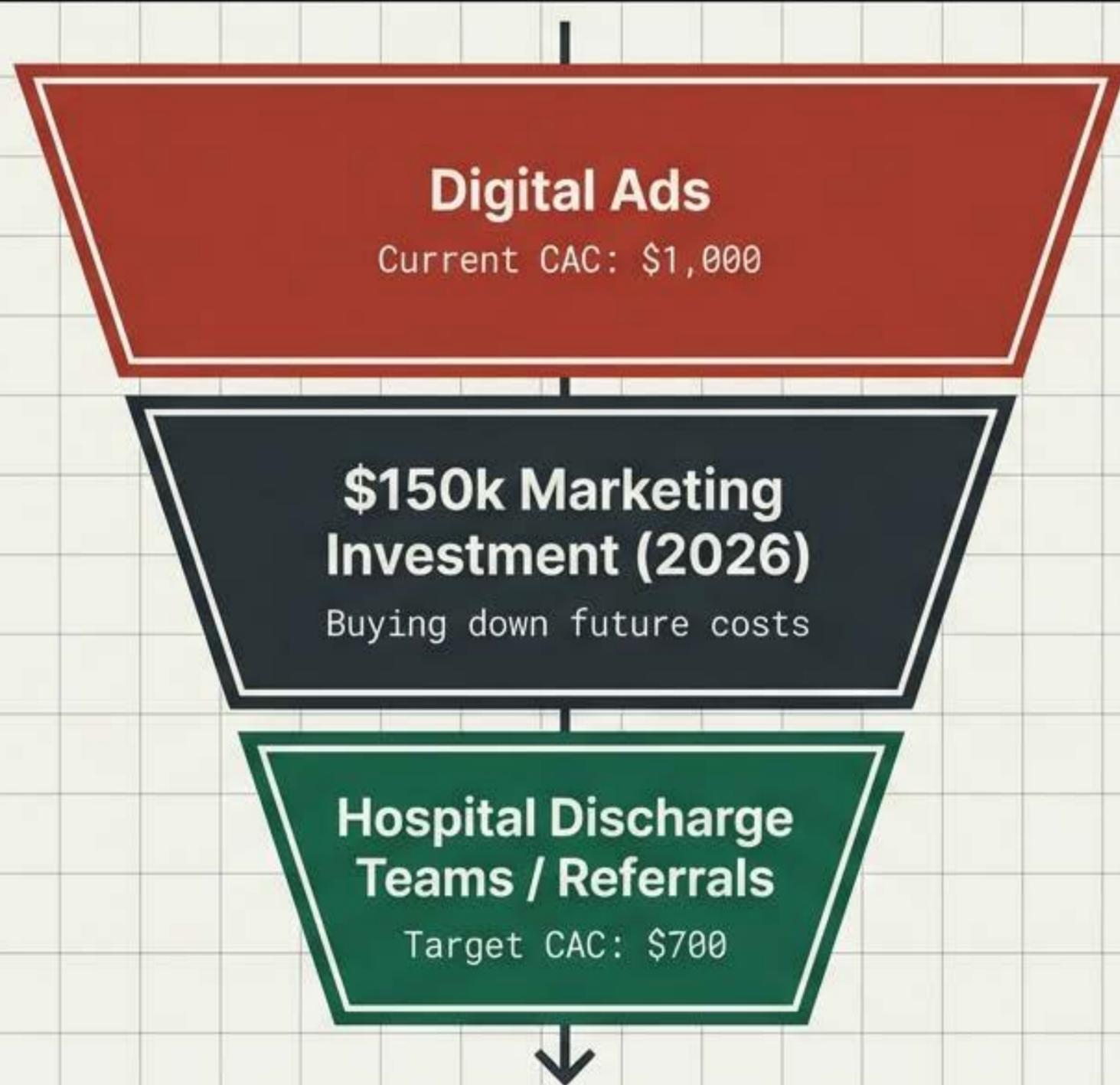


Batched Scheduling (<10%)

Protocol: Map caregiver density by zip code daily. Zero drive time between consecutive visits.

Logic: Lower drive time = Lower effective labor rate = Healthier margins.

Strategy 5: Architecting a Lower CAC



Target: Reduce CAC by \$300.

Impact: Saves \$30,000 annually per 100 clients.

Demographic Note:

Target Audience: Adult children (40-65) - Decision makers for Silver/Gold tiers.

Strategy 4: The 5% Overhead Cap

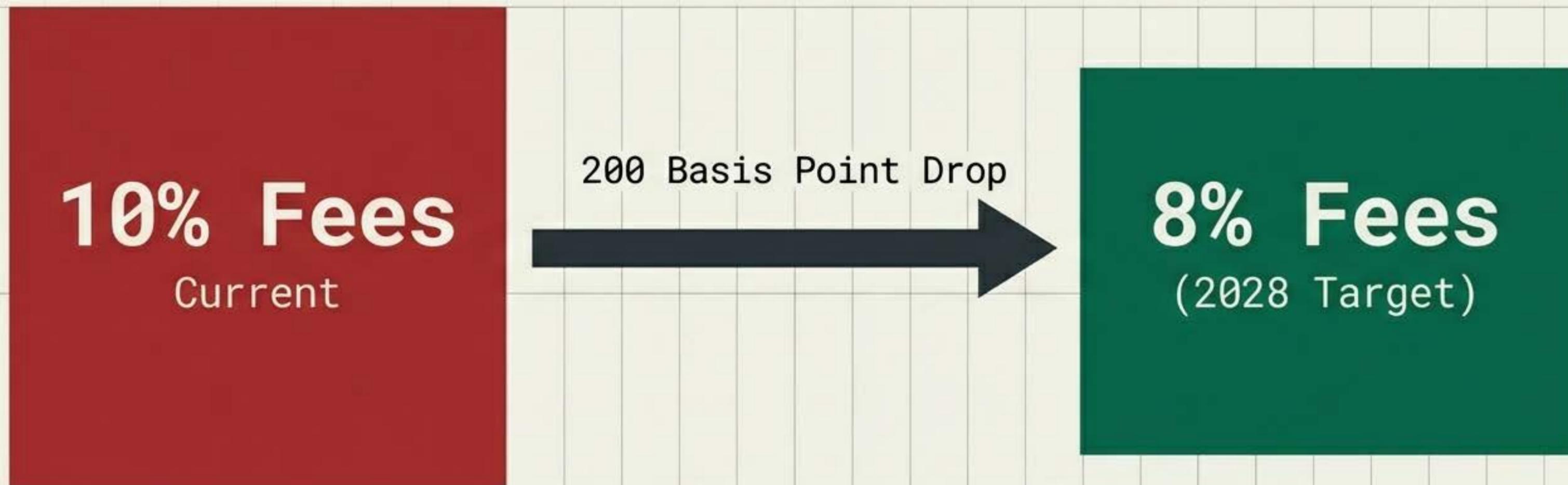


The Rule: Fixed costs must be $<5\%$ of revenue.

The Discipline: Rent (\$4,000) + Utilities (\$500) + Software (\$3,000).

Trigger: No new administrative hires until monthly revenue $> \$150,000$.

Strategy 6: Optimizing the Payment Layer



At \$500k monthly revenue, a 2% saving = \$10,000/month.
Impact: This saving alone covers the entire fixed office overhead (Rent + Utilities).

Risk Assessment: The Retention Imperative



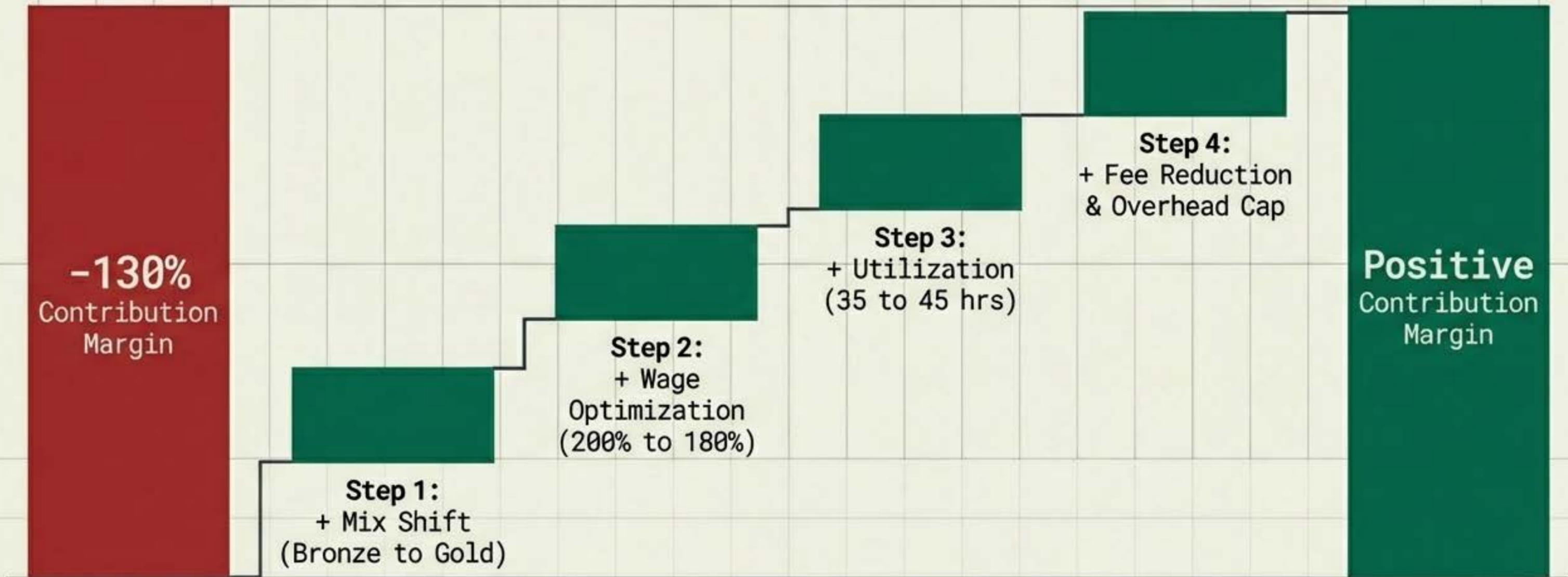
The Economics of Customization:

- Price Point: \$3,500/month ARPC.
- Requirement: Customization must yield 20%+ higher Customer Lifetime Value (CLV).

Mitigation Strategy:

1. Real-time transparency via platform to reduce family anxiety.
2. Specialized onboarding (4-6 weeks) for complex needs to lock in loyalty.

The Path to Positive Unit Economics



Transitioning from cash bleed to sustainable operating leverage.

Execution: The First 90 Days

	STOP	Freeze Coordinator hiring; enforce platform usage for scheduling.
	START	Migration campaign for top 10% of Bronze users (Target: \$1,400 uplift).
	IMPLEMENT	Geo-batching in scheduling software (KPI: <10% drive time).
	AUDIT	Map current CAC by channel to prepare for the \$150k 2026 pivot.