

Everything Looks Fine



Why mid-market
operations quietly
consume the margin
leaders cannot see,
and what to do
about it.

Opportunity to Outcome

Diagnose. Design. Deliver Outcomes.



INTRODUCTION

This guide is written for leaders who sense that something is costing them margin they cannot quite locate. It does not propose a transformation program. It offers a way to see what is actually happening, size what it is worth, and act on it with confidence.

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CHAPTER

1

Everything Looks Fine

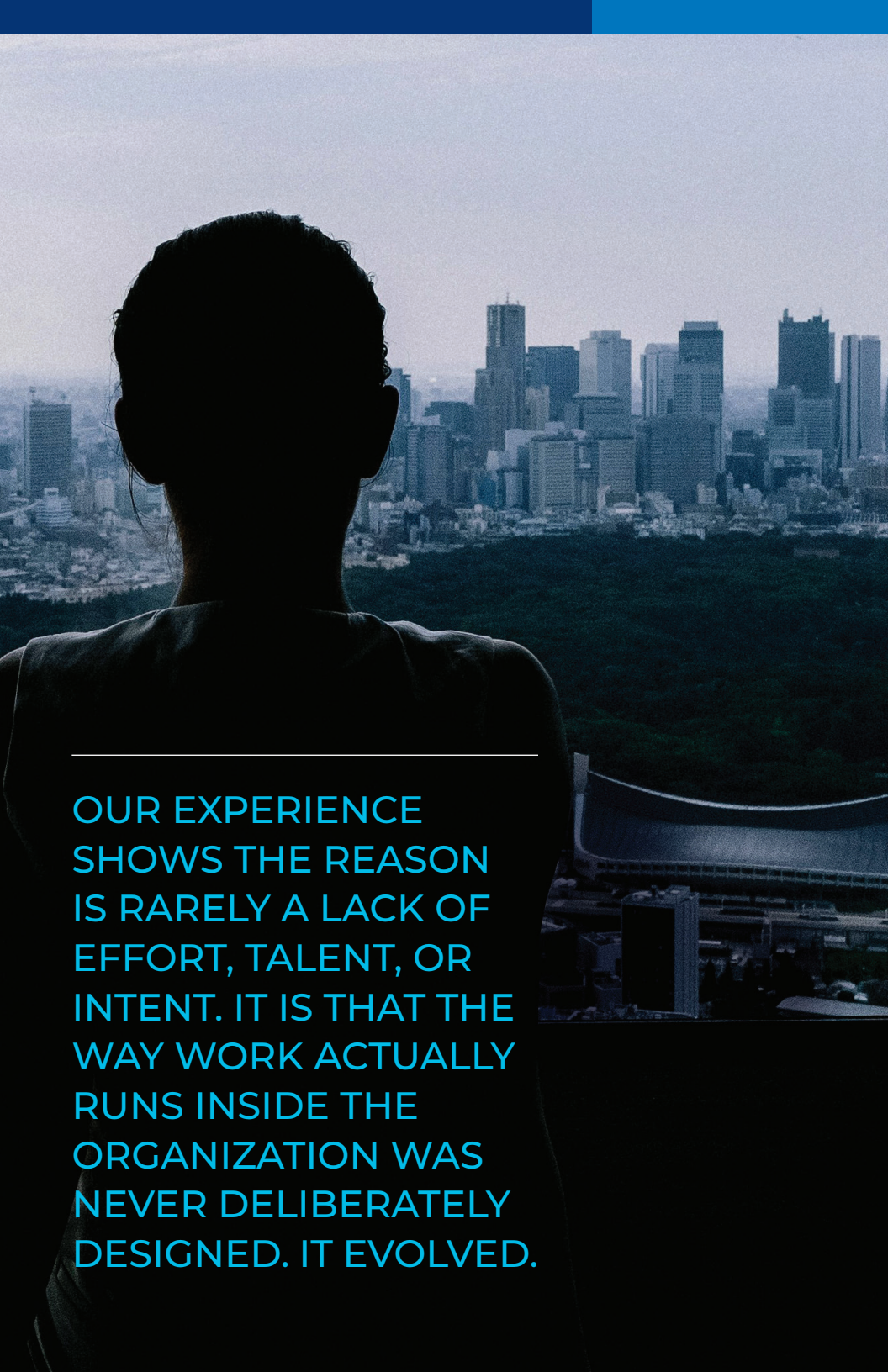
**The paradox most mid-market
leaders are living right now**

In our experience, the businesses most at risk are the ones where everything looks fine. Strategy is sound, leadership is capable, the enterprise systems are in place and largely working, and by most measures the business is performing.

And yet, something is off.

Margin is **harder to hold** than it used to be. Work that should be routine takes longer than it should, the same problems resurface no matter how many times the team addresses them, and a handful of key people are quietly carrying more than their share. If any one of them left tomorrow, no one is entirely sure what would happen.

Most leaders we work with have already looked for the cause. They have added governance, named process owners, launched improvement initiatives, and asked their teams to communicate better and align more tightly. Some of it helped. None of it fully closed the gap.

A person's silhouette is shown from the back, looking out over a city skyline. The person is in the foreground, and the city is in the background. The city skyline is composed of many tall buildings, and the sky is a pale blue. The person's hair is dark and pulled back. The overall mood is contemplative and forward-looking.

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Processes were inherited from an earlier version of the business, technology was layered on top of technology, and workarounds quietly became standard practice. Manual steps everyone knows about and nobody owns accumulated in the seams. The system functions because **your people make it function**, absorbing complexity on behalf of the organization every single day.

That is not a culture problem. It is a **design problem**, and it carries a real cost.

Most leaders in this position sense as much. What they lack is a clear view of where the cost is happening, what it is worth, and how to act on it without disrupting what is already working.

That is what this guide is for.

The first step is understanding what is actually happening underneath the surface of a business that, by most measures, looks fine.

CHAPTER

2

What Is Actually Happening Underneath

The patterns that quietly consume margin in well-run organizations

Most organizations believe work follows documented processes supported by enterprise systems. In practice, it does not. Not because people are not trying, but because the distance between the documented process and the actual process grows quietly over time, and nobody has a clear view of where the two diverge.

The workaround that became the process

It starts small. A system does not handle a particular exception well, so someone builds a workaround that works, gets shared across the team, and quietly becomes **the way things are done**. Two years later, half the team is running a process that no one designed, no one owns, and no one is measuring. The original system capability is still there, unused.

In logistics, this looks like dispatchers manually managing load assignments that a well-configured system would handle automatically because the system was never fully configured for the current network. In distribution, it looks like planners maintaining their own spreadsheets alongside the ERP because the ERP data is not trusted for short-cycle decisions. In insurance, it looks like adjusters manually correcting claims that upstream data quality issues should have caught before they arrived.

The exception that became the rule

Exceptions are supposed to be rare. In most organizations we work with, they are not: **a growing share of work requires manual intervention**, issues surface after the customer or financial impact has already landed, and performance varies significantly depending on which individual is handling the work rather than which process they are following.

When exceptions are routine, two things happen. First, your best people spend their time on work that should not require them, which is both expensive and demoralizing. Second, the exceptions become invisible to leadership because they are normalized, which means the cost they carry never shows up in a conversation about where to improve.

The key person who is actually the process

Every organization has them: the person who knows where everything is, who to call when something goes wrong, and how to get things done the system cannot handle. They are invaluable, and they are also a **single point of failure**.

When a significant share of operational continuity depends on institutional knowledge held by specific individuals rather than embedded in systems and processes, the organization is **more exposed than its org chart suggests**. The risk is not just turnover; it is that the dependency itself prevents leadership from seeing where the real gaps are, because the gaps are always being covered.

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NONE OF THESE PATTERNS SHOW UP AS A LINE ITEM. THEY APPEAR AS OVERHEAD, AS CYCLE TIME, AS MISSED OPPORTUNITY, AS MARGIN PRESSURE WITH NO CLEAR SOURCE. THAT IS PRECISELY WHAT MAKES THEM SO PERSISTENT.

The signals worth paying attention to

If any of the following are true in your organization, the patterns above are almost certainly present:

- Your teams are working hard but certain performance metrics have plateaued

- The same issues surface repeatedly despite genuine effort to resolve them
- Problems tend to show up after the impact has already been felt, not before
- Performance in a given area depends heavily on who is doing the work
- Finance can see margin pressure but cannot trace it to a specific source
- Leaders spend a meaningful amount of time in conversations that are essentially firefighting

None of these are signs that something is broken. They are signs that the organization has grown beyond the design of its operations, which is a normal consequence of success. The question is what it is costing.

Once you can see these patterns clearly, the next question is a financial one: what are they actually worth?

CHAPTER

3

What This Is Costing You

**Sizing the opportunity at the
cost-pool level, not the
headline level**

The most common mistake in conversations about operational improvement is the headline number: a percentage of revenue attached to a vague promise of efficiency. It sounds compelling in a presentation and falls apart in the first finance review.

We do not work that way, for a practical reason: a CFO cannot defend a percentage of revenue. They can defend a **specific cost pool, a defensible improvement range, and a reconciliation back to actuals.** That is the standard we hold ourselves to, and it is the standard that makes the value real rather than theoretical.

What the cost pools actually look like

Across the industries where mid-market organizations concentrate, the operational cost pools that carry the most recoverable value tend to cluster in a few areas. Here is what they look like in practice, using publicly available benchmarks.

In 3PL, trucking, and logistics services, four pools carry the recoverable value: empty miles and asset utilization, warehouse and DC operating cost, back-office documentation and coordination, and purchased transportation optimization. At a \$1 billion carrier, the addressable annual value across those pools is **approximately \$43 million**. That is not a transformation promise; it is the math on specific, measurable cost lines using published industry benchmarks.

In industrial distribution and wholesale, the pools are inventory carrying cost, logistics cost-to-serve, warehouse throughput, and indirect procurement. At a \$1 billion distributor, the addressable annual value is **approximately \$21 million**, plus a separate working capital release of roughly \$21 million from inventory reduction alone.

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THESE FIGURES ARE NOT ADDITIVE IN PRACTICE, AND THEY ARE NOT PROMISES. THEY ARE THE ORDER OF MAGNITUDE AVAILABLE WHEN YOU MODEL THE RIGHT COST POOLS WITH DEFENSIBLE ASSUMPTIONS. THE ACTUAL NUMBER FOR YOUR ORGANIZATION DEPENDS ON YOUR DATA. THAT IS EXACTLY THE CONVERSATION WE START WITH.

In property and casualty insurance, the pools are loss-adjusting expense, claims leakage, underwriting operations efficiency, and fraud and subrogation recovery. At a \$1 billion P&C carrier, the addressable annual value is **approximately \$43 million**.

For healthcare providers, labor productivity, claims denials and underpayments, denial management rework, and supply utilization sum to **approximately \$18 million** at a \$1 billion organization.

Why the number a CFO can defend is the only number that matters

Our experience shows organizations build compelling business cases for operational improvement that never get funded, because the number at the **top did not survive contact with the finance team**. The problem was not the opportunity; it was that the case was built on a percentage applied to the whole revenue

line rather than a model of specific cost pools with traceable assumptions.

The discipline of sizing at the cost-pool level does two things. It makes the initial case more credible, which means it gets funded. And it creates the measurement framework needed to reconcile realized value back to the original estimate, which means the organization can **actually prove what it recovered**. That proof matters for the next initiative, and the one after that.

Understanding the cost is the first step. The more interesting question is what the organizations that have gotten out of this pattern actually did differently.

CHAPTER

4

What Others Do to Change This Pattern

Four behaviors that separate designed operations from inherited ones

The organizations we have worked with that successfully recovered margin from operational patterns like the ones described in this guide did not do it through a transformation program, a new system, or a reorganization. They changed four specific things about how they manage operations.

They made the invisible visible

The first thing these organizations did was get a clear, end-to-end picture of **where work actually deviates from design** and what that deviation costs. Not a survey or an interview series, but an evidence-based view of where exceptions concentrate, where manual intervention is highest, and where specific cost pools are being consumed by operational patterns rather than intentional investment.

This sounds straightforward. In practice it requires connecting data across systems that were never designed to talk to each other, triangulating operational patterns with financial outcomes, and being willing to see things that governance forums have been smoothing over for years. The organizations that do it well come out of the process with a prioritized list of 4 to 6 specific opportunities, each with a defensible dollar estimate attached: not an infinite improvement backlog, but a **short list of high-conviction bets**.

They prioritized by economic impact, not by urgency

Most organizations prioritize operational improvements by whoever is loudest, whatever is most recent, or whatever the CEO mentioned last quarter. The organizations that recover margin systematically do it differently: they rank opportunities by **the size of the cost pool, the defensibility of the improvement range, and the speed to realized value.**

This sounds obvious, but it is not common, because economic prioritization requires the cost-pool view described above, which most organizations do not have. Once you have it, **the conversation changes completely:** instead of debating which initiative deserves resources, leaders allocate against a ranked list with dollar stakes attached to each item.

They automated inside what they already had

One of the most consistent findings across our engagements is that organizations **underutilize the systems they already own.** Before investing in new technology, the right question is: what is our existing platform capable of that we are not currently using?

The answer is almost always significant: ERP systems with configured capabilities that were turned off during implementation because the team was not ready, workflow tools with automation features that nobody ever activated, and reporting infrastructure that could support real-time operational visibility but is only being used for monthly closes. The organizations that get out of operational drag fastest are the ones that **deploy against existing platform capability before they buy anything new.**

They closed the loop from insight to reconciled dollar

The single behavior that most distinguishes high-performing operations from well-intentioned ones is this: **they do not stop at insight.** They connect the finding to a specific change, the change to a measured outcome, and the outcome to a reconciliation against the original estimate.

This closed loop is what makes improvement sustainable. Without it, each initiative is its own island; with it, the organization builds **a track record of recovery that compounds over time** and gives the CFO something concrete to point to when the next opportunity comes up for funding.

The question is how to get there without another initiative that consumes resources and produces a deck. That is where Jabian comes in.

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THE DIFFERENCE BETWEEN COMPANIES WHERE EVERYTHING LOOKS FINE AND COMPANIES WHERE EVERYTHING ACTUALLY IS FINE IS NOT STRATEGY, TALENT, OR TECHNOLOGY. IT IS WHETHER OPERATIONS WERE DESIGNED OR INHERITED, AND WHETHER SOMEONE IS ACTIVELY CLOSING THE LOOP BETWEEN WHAT WAS PROMISED AND WHAT WAS RECOVERED.

CHAPTER

5

How Jabian Helps You Get There

From sized opportunity to realized dollar, with the line a CFO can trace

Jabian is a management consulting firm working with mid-market organizations in the \$500 million to \$5 billion range. We work at this scale because it is where the opportunity is most concrete and the speed to value is highest: organizations large enough that operational cost pools are material, and lean enough that a good finding can reach a decision in days, not quarters.

Our operational work is powered by OptIQ, Jabian's Operational Excellence Intelligence Suite. OptIQ is not software you license; it is **the proprietary method and capability set** that lets us move faster, size opportunities more defensibly, and prove value more rigorously than a conventional consulting approach. You engage Jabian, and OptIQ is how we deliver.

The Opportunity to Outcome chain

Every engagement we run is organized around a single principle: every dollar of opportunity we identify should be **traceable from the original estimate through to a reconciled actual**. We call this the Opportunity to Outcome chain. It has four stages.

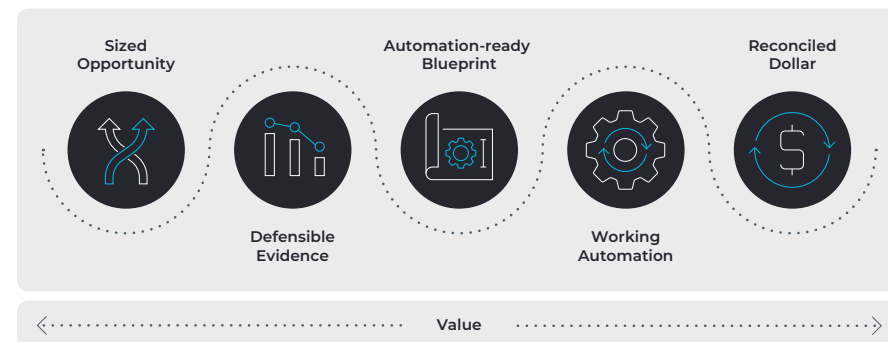
- **Diagnose:** we triangulate operational, financial, and workforce data into 4 to 6 sized opportunities. Not an improvement backlog. A short list of high-conviction, high-value bets with defensible dollar estimates attached.
- **Design:** we turn directional estimates into case-level evidence, then into automation-ready blueprints. Every design decision connects back to a specific cost pool and a specific process.
- **Deliver Outcomes:** we deploy working automation and process changes inside the platforms you already run. No parallel systems to maintain. No rip-and-replace.
- **Prove Value:** we reconcile realized savings against the original estimate, at the process and cost-pool level. The CFO can point to the line two years from now.



WE FIND WHERE VALUE LEAKS ACROSS YOUR VALUE CHAIN, SIZE IT AT THE COST-POOL LEVEL, DEPLOY WORKING CHANGES INSIDE THE SYSTEMS YOU ALREADY RUN, AND RECONCILE THE DOLLAR. NO TRANSFORMATION PROGRAM. NO SHELF WARE. A DEFENSIBLE LINE FROM WHERE MARGIN IS LEAKING TODAY TO DOLLARS YOU CAN PROVE.

Where most engagements start: the OptIQ Diagnostic

Most clients begin with a Diagnostic maturity scan: a **structured, 60-minute readout** that gives leadership a clear view of where operational patterns are consuming the most value, what each pattern is worth at the cost-pool level,



and which 4 to 6 opportunities represent the highest-conviction starting points.

The Diagnostic is designed to be **low-friction and high-signal**. It does not require months of data gathering or a team of analysts embedded in your operations; it is the entry point that gives both sides enough to decide whether a deeper engagement makes sense, and what it should focus on.

What a typical engagement produces

Within the first 90 days of a full OptIQ engagement, clients typically have: a validated,

cost-pool-level map of where value is leaking; a prioritized set of 4 to 6 opportunities with defensible dollar estimates; at least one deployed automation or process change generating measurable results; and a measurement framework that connects every subsequent change back to the original estimate.

That last piece matters more than most people expect. The organizations that compound improvement over time are the ones that built the reconciliation infrastructure early, so **every win becomes evidence for the next one**.

The question that remains is a leadership one, and it is worth sitting with.

CHAPTER

6

The Choice

You can recover costs, and we know how to help

Operations will always exist. The question is whether they are managed deliberately or left to evolve through inheritance and compensation.

If the patterns in this guide sound familiar, the margin pressure you are feeling has a source. It is not strategy, and it is not talent; it is **the accumulated cost of operations that were never fully designed**, carried quietly by the people who make the system work through effort rather than design.

That cost is recoverable. We know, because we have helped organizations recover it at the cost-pool level, **with the reconciliation to prove it.**

The difference between a business where everything looks fine and a business where everything actually is fine is a deliberate choice. It starts with

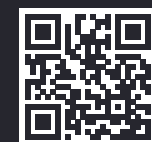
seeing clearly what is actually happening, and deciding to do something about it.

If that conversation is worth having, we are ready to have it.



Book a working session with our team

jabian.com/optiq



About Jabian and OptIQ

Jabian Consulting is a management consulting firm that helps mid-market organizations turn operational complexity into competitive advantage. We work with leaders at companies with \$500 million to \$5 billion in revenue across logistics, distribution, financial services, healthcare, manufacturing, and construction.

OptIQ is Jabian's Operational Excellence Intelligence Suite: the proprietary method and capability set that powers our operational engagements. Every OptIQ engagement is organized around the Opportunity to Outcome chain, connecting sized opportunity to designed solution to deployed automation to reconciled dollar.

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