

THE LEAN LEDGER

FIND \$50K+ IN HIDDEN PROFIT



HOW INDUSTRIAL
LEADERS USE
7 OPERATIONAL
TWEAKS
EACH YEAR.

Melody Ulbrich, *Bookkeeper
& Lean Six Sigma Black Belt*

Busy or Profitable: A letter from the author

I felt each thump as my shoe hit the sidewalk. The sky was a sharp, clear blue, and the air was just chilly enough to keep me moving.

"Do you see what I'm typing on the google doc?" the earpods resonated.

No, I'm actually on a walk now," I said.

"I'm making a few edits," he said.

"Then I have to go get ready to buy the company tomorrow."



Josiah was about to sign the deal of a lifetime. He was purchasing Jazzed Up Accessories—a massive operation with 10 locations and 46 employees. From the outside, it was the definition of "cool." It was a powerhouse. But as I listened to him talk, he didn't sound like a man about to celebrate. He sounded spread thin. Exhausted.

"Melody, I've looked at the books," he whispered. "The stores are full. The staff is busy. But the revenue doesn't mean there's a profit. This business is moving 10 times faster than I have ever moved before, but their bank account is flat. Where is their money going?"





It's the same old phenomenon that has been plaguing owners forever. They have the people. They have the systems. They have the revenue. But they don't have the peace of mind. They assume the next step is more growth. More sales. More locations. But that is just adding more water to a leaky bucket.

A typical bookkeeper records what happened.

As a Lean Six Sigma Black Belt, I look at why it happened.

I'm not just looking for transactions; I'm hunting for the \$50k+ in hidden profit that is currently being swallowed by "busy-ness."

This guide is built for the owner who is tired of the noise and ready for the results.

Not more work. Not more complexity.

Just a Lean Ledger that gives you your life back.

So . . . Are you ready to be profitable rather than just busy?

Here are the top 7 financial tips we use to help our clients put more profit in their pockets and free themselves from the grind.

Wishing you freedom and success!

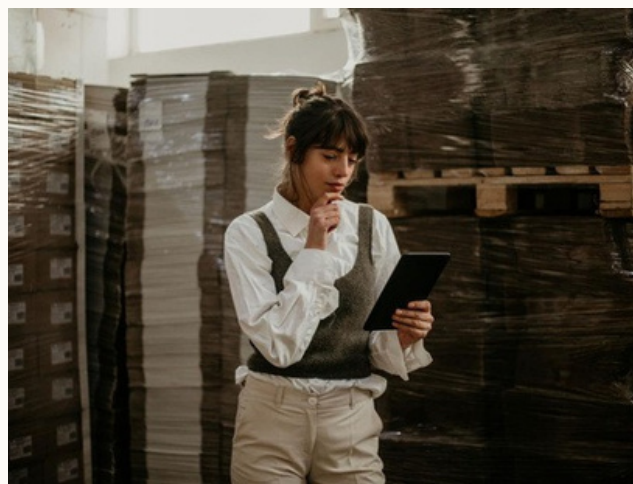
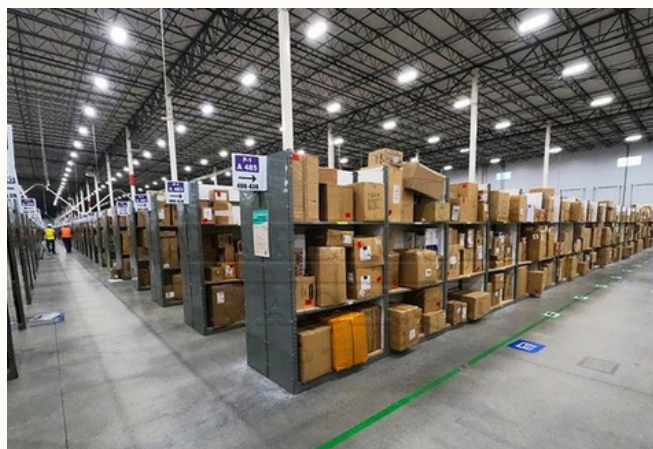
Melody Ellrich

1. WHY DOES CASH FEEL TIGHT EVEN WHEN SALES ARE STRONG?

(The Inventory Trap: Turning "dusty shelves" back into available cash.)

ESTIMATED SAVINGS: \$20k for every \$100k in inventory.¹

When Josiah mentioned that the business's bank account felt flat despite high sales, I knew exactly what was happening. In Lean Six Sigma it's called "The Inventory Trap." Most business owners look at a shelf full of parts and see "security." They think, "At least we're prepared." But through the lens of a Black Belt, I see something different. I see trapped cash.



Every piece of inventory sitting on a shelf is a stack of \$20 bills that you've already spent but can't use. It's money that isn't paying your rent, isn't covering your payroll, and isn't in your pocket. It's a bill you've already paid that's just gathering dust. You've already spent that money. But you can't use it to pay your mortgage or give your staff a bonus. It's just ... stuck. Most shops are "suffocating" on about 20% more stuff than they actually need.

The Problem: You're "Inventory Rich" but "Cash Poor." Your money is hiding in a box in the back room.

The Strategy: Stop buying for "just in case" and start buying for "right now."

The Benefit: You suddenly find \$20,000 you didn't know you had. It was there the whole time.



It's hard to fix a leak when you can't see the pipes. That's what I do. I show you the pipes. Once you see where the money is getting stuck, you can finally reach in and pull it out.

Bookkeeping reveals that the cash is gone. Lean Six Sigma tells you how to get it back.

2. WHERE IS THE MONEY QUIETLY DISAPPEARING?

(The Ghost Employee: Why you're paying for the same job twice.)

ESTIMATED SAVINGS: \$150k to \$400k for every \$1M in operating costs.²

Imagine you're in the back shop. You mill a part, you injection-mold the piece, but something fails. The specs were slightly off. Or maybe you have to reprint a purchase order just because of a typo. So, you redo it. It's just another day. It happens. Individually, these moments feel like "just part of the job." But through the lens of a Black Belt, these are Profit Leaks. If you have to do a job twice, you just cut your hourly rate in half. You're paying for the labor, the lights, and the material twice—but the customer is only paying you once. When you do that, you aren't just losing time; you're burning your own margin.

- **The Problem:** You're paying for mistakes and do-overs that eat your profit before you even see it.
- **The Strategy:** Start tracking the "Double-Work." If it's happening once, it's happening a thousand times.
- **The Benefit:** You stop the leak. Every new sale actually stays in your pocket instead of paying for a second attempt.

Bookkeeping records the cost of the materials.

Lean Six Sigma asks: "Why did we have to buy it twice?" and finds the way to keep that cash in your bank account.



3. ARE WE GROWING . . . OR JUST SCALING PROBLEMS FASTER?

(The Complexity Tax: Protecting your profit as the business grows.)

ESTIMATED SAVINGS: \$100k to \$250k in "Lost Margin" for every \$1M in sales. ³

Growth sounds exciting. More customers, more sales, more locations. But there is a dark side to growth that most owners don't talk about: Scaling the mess.

If you have a small leak in a small shop, you can probably just mop it up. But when you grow to 10 locations without fixing that leak, you aren't just a bigger business—you're a flood zone.

It happens in manufacturing all the time: the owner gets busier, the team gets more reactive, and suddenly, expenses are rising faster than the sales. You're moving 10 times faster, but you're actually taking home less money than when you were small.

- **The Problem:** You're growing your revenue, but you're also growing your inefficiencies.
- **The Strategy:** Standardize the "small stuff" now so it doesn't become "big chaos" later.
- **The Benefit:** Predictable profit. You recover the money usually lost to the transactional waste that hits every growing business.

SMALL SHOP



SCALED OPERATION



Bookkeeping tells you when your margins are shrinking.

Lean Six Sigma pinpoints exactly where "transactional waste" (emails, meetings, errors, waiting) is eating 10% to 25% of your revenue so you can actually keep what you earn.

4. WHY DOES EVERYONE FEEL BUSY BUT PROFIT STILL FEELS TIGHT?

(The Efficiency Trap: Distinguishing between "activity" and "productivity.")

ESTIMATED SAVINGS: \$1,500 to \$3,000 for every \$10k in payroll.⁴

I see this all the time: a team that is working their hearts out, but moving half as fast as they could. I once watched a group of performers setting up chairs for a show. Each person walked to the closet, grabbed one chair, walked it 100 feet to the row, and walked back. They were exhausted before the show even started. By simply forming a line and passing the chairs from person to person, they saved their energy and finished in a fraction of the time. It's the same with a buffet line. If the table is against a wall, the line moves at a crawl. Pull that table into the center so people can access both sides, move the drinks to a separate station, and suddenly the "bottleneck" disappears. In your shop, these "bottlenecks" are invisible. You see people moving, so you assume they're being productive. But if they're "walking 100 feet for a chair" all day, you're paying for motion, not results.

- **The Problem:** Your team is working hard, but your shop layout or process is forcing them to waste 30% of their energy on "motion" that adds zero value
- **The Strategy:** Organize the "flow" of work so the most common tasks require the least amount of movement.
- **The Benefit:** You get more output from the same team without asking them to "hustle" harder. You're just removing the obstacles in their way.

Bookkeeping shows you that your payroll is high.

Lean Six Sigma shows you that you're paying people to "walk" when you should be paying them to "work."





5. WHY DO PROBLEMS ALWAYS SEEM TO SHOW UP TOO LATE?

(The Timing Issue: The danger of reactive management.)

ESTIMATED SAVINGS: \$10k for every \$100k in operational costs.⁵

I once worked with a team in Hawaii that managed student housing inspections. Every inspection was done on paper. Employees would walk through apartments, write notes by hand, and eventually turn those papers in to be processed later.

The problem was not that the team was lazy. The problem was timing. Leadership would not see the reports until almost a week later. That meant problems kept repeating before anyone had visibility into them. Maintenance issues stayed unresolved longer. Communication lagged behind reality. Decisions were delayed because the information itself was delayed.

We made one simple change: we replaced the paper forms with digital reporting. Nothing about the team changed. But the operation changed quickly. Because now leadership could actually see what was happening while it was still happening. That is what visibility does. Most businesses do not need perfect data. They need timely data.

- **The Problem:** Owners often don't realize something is wrong until cash flow tightens or profit margins begin shrinking, forcing major decisions to be made from instinct instead of accurate data.
- **The Strategy:** Utilize bookkeeping reports that match your personal timeline. Operate with a clear, weekly pulse on your profitability and cash flow.
- **The Benefit:** Problems become visible earlier, allowing for stronger control over the business and more predictable results.

Bookkeeping organizes the data.

Lean Six Sigma converts that data into a "GPS" for your business, showing you exactly where you are and where you need to adjust before the month is over.

6. THE INTERRUPTION TAX: WHY YOUR TIME IS THE MOST EXPENSIVE "OVERHEAD"

(The Personal Impact: Owner exhaustion or Peace of Mind)

ESTIMATED SAVINGS: 5–10 focused leadership hours per week.⁶

“Yes! Sweet—Sweet! Sweet! Sweet!” Glynda practically cheered as she hung up the phone. She was excited that we found the solution to her problem! Constant interruptions would drive anyone up the wall!

I was sitting in my apartment, and I had just gotten my baby down for her nap. That quiet hour was the perfect time for our consultation call. Glynda is easy to talk to and is friends with everyone she meets. She loves her employees and genuinely enjoys talking with them. But her business was struggling due to constant interruptions and distractions.

Glynda was trying to manage her business. She didn’t know how to inspire her employees and also get work done herself.

The bottleneck wasn’t the work to get done. It was accessibility.

Glynda cared deeply about her employees. She had built strong relationships. People trusted her and felt comfortable coming to her throughout the day. So they did. Questions. Conversations. Quick approvals. Small decisions. One interruption turned into another. Individually, none of it seemed like a problem. But together, it created constant fragmentation. She could never stay focused long enough to complete the work that actually moved the business forward.



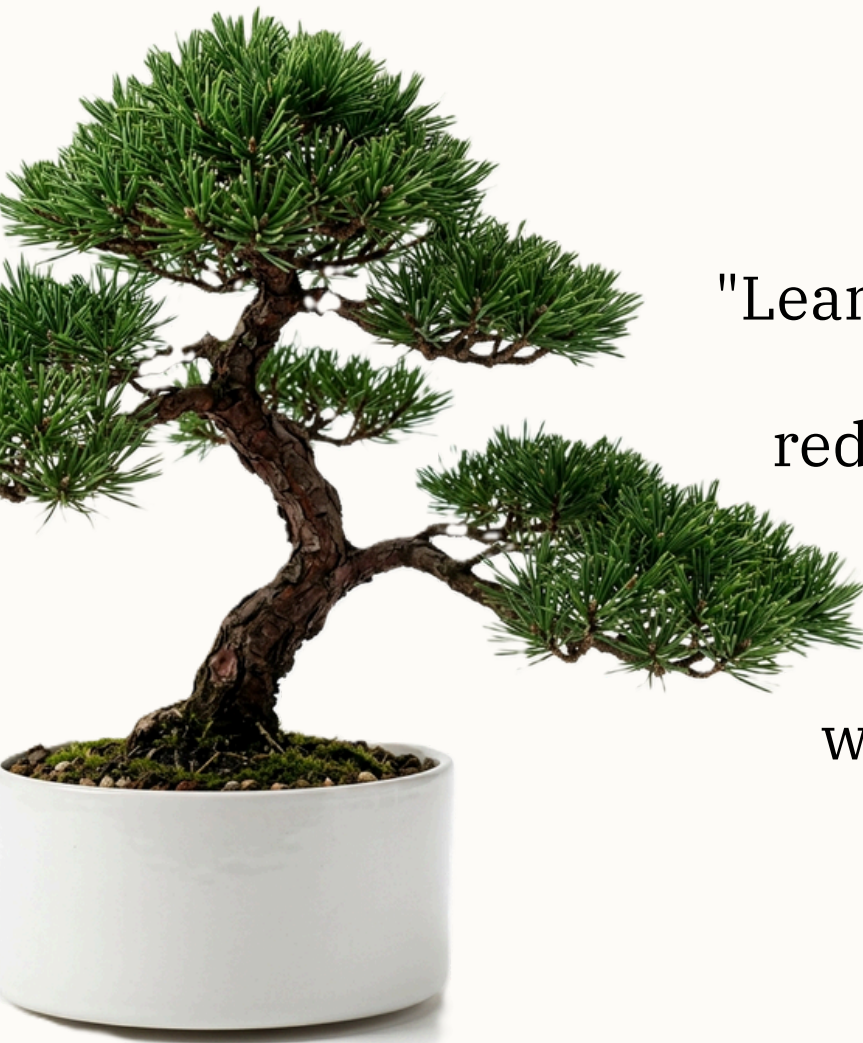
At the end of the day, she had been busy the entire time. But the important work was still waiting.

This is one of the most common hidden bottlenecks inside growing businesses. It doesn't show up in the numbers first; it shows up as slower decision-making and mental exhaustion. We found a simple solution: Office Hours. Professors do it, why not managers and CEOs? Suddenly she had her focus back without losing the relationships she valued.

- **The Problem:** The owner is constantly interrupted by questions and decisions, limiting their ability to focus on high-value work.
- **The Strategy:** Create structured communication times (like Office Hours) and standardized workflows for routine questions and approvals.
- **The Benefit:** The owner gains uninterrupted time for leadership while the team still receives the support they need.

Bookkeeping reveals where operational strain is occurring.

Lean Six Sigma redesigns the workflow so you can lead with peace of mind.



"Lean Six Sigma
redesigns the workflow
so you can lead with
with peace of mind."

7. WHAT IF YOUR NUMBERS ARE TRYING TO TELL YOU SOMETHING?

(The Strategic Vision: How to use this book.)

ESTIMATED SAVINGS: \$100.⁷

Jon Deaux sat back at his desk. He had just finished reading some “Lean Six Sigma Black Belt’s” marketing propaganda. Is it actually worth it?

He thought. What if she's pushy? I'll think about it. His mouse pointer hovered over the button that read “Free Strategy Call.”

A long to-do list flashed through his head, then slugged him in the chest. It's easier to stick with what I'm familiar with—even if it's messy. A meeting notification jostled his attention and his finger twitched, clicking the “Free Strategy Call” button. It can't hurt. He typed in his email address and phone number.

He quickly found out that Melody was a human just like him, with a sense of humor and a genuine desire to help, not push. The first question he asked was, “Where is the endnote to the \$100 of savings?”

He learned it was reflected just a few moments later.



Turn the page to find your hidden savings . . .

What's next?

Implement these strategies to maximize your profits and get the most out of your business!

It's absolutely crucial to have timely, accurate financial data to work with. I highly recommend outsourcing this to a professional who knows your industry and can handle operation details and help you stay on top of your most important numbers.

With your books in order, you'll boost your profits, slash the time you spend second-guessing decisions, and free yourself to enjoy what drives you.

[CLICK HERE TO BOOK YOUR FREE STRATEGY CALL](#)

We'll walk through your situation, hunt down those hidden opportunities, and give you clear next steps.

Getting the most out of our call

So that I can help you get a ton of value from our call::

- ✓ Have a copy of your most recent Profit & Loss statement, if you have it
- ✓ Be logged into your current accounting software, if possible
- ✓ Make a quick list of any questions or pain points you have for me

This will allow me to quickly determine where you can save the most money and boost your profits.

From one growth-minded business owner to another, I'm looking forward to talking strategy with you!



ENDNOTES

1. Liker, Jeffrey K. *The Toyota Way: 14 Management Principles from the World's Greatest Manufacturer*. 2nd ed., McGraw-Hill Education, 2020.
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3. Womack, James P., and Daniel T. Jones. *Lean Thinking: Banish Waste and Create Wealth in Your Corporation*. Free Press, 2003.
4. George, Michael L. *Lean Six Sigma for Service: How to Use Lean Speed and Six Sigma Quality to Improve Services and Transactions*. McGraw-Hill, 2003.
5. Mayer, Elizabeth. "The Cost of Interruption in Small Business Operations." *Journal of Applied Business and Economics*, vol. 22, no. 4, 2020, pp. 45-58.
6. Liker, Jeffrey K., and James K. Franz. *The Toyota Way to Continuous Improvement*. McGraw-Hill Education, 2011.
7. Reflected in the immediate value of a human conversation and the decision to stop "guessing."

