

# A 4-Week Operational Reset for Professional Services Firms



REMOVE THE HIDDEN FRICTIONS AFFECTING PROFITABILITY, ALIGNMENT, AND LEADERSHIP FOCUS

## WEEK TWO IMPROVE YOUR REPORTING TO IMPROVE YOUR DECISION-MAKING

You likely already have the data you need to make good decisions, but the problem is timing. Billing, reporting, and cash planning often operate on separate cadences, so the information leadership relies on arrives at different moments.

**Each function works. They just don't move together.**

When financial rhythms fall out of sync, leadership feels it immediately, even if the income statement looks strong.

**This is the Planning Drag.**

**And we're going to help you remove it. Make Your Data Move In Lock-Step**

Every professional services firm runs on three primary financial clocks, each of which produces a different kind of operational insight.

When they move together, leadership gains a complete picture of firm performance.

When they drift apart, they make decisions with partial information.

### 1. Billing Clock

**This clock reflects how work turns into revenue.**

Partners review WIP. Draft invoices move through approval. Bills go out the door. Work that lived in the system as production finally converts into receivables and, ultimately, cash.

From a leadership perspective, billing reveals the **true pace of revenue conversion**. It shows whether work being done today is actually translating into billable revenue at the expected rate.

**That insight informs some of the firm's most practical decisions. Leaders can see whether:**

- Demand is strong enough to support new hires
- Realization is slipping in certain practices
- Revenue projections are holding up

The billing clock tells leadership what the firm is truly earning from the work already being done.

### 2. Reporting Clock

**The reporting clock begins when the books close and leadership steps back to evaluate performance.**

Financial statements come together. Practice leaders review margins, utilization, and realization. Patterns begin to emerge across service lines and teams.

Where the billing clock shows revenue velocity, the reporting clock shows operational effectiveness, or how efficiently the **firm converts activity into profit**.

**Those insights shape decisions about:**

- Staffing levels
- Service mix
- Operational adjustments

Leadership can identify where leverage is working, where teams may be stretched too thin, or where margin pressure is starting to build. The reporting clock helps leaders understand not just how the firm is performing, but *why*.

### 3. Cash Planning Clock

**The third clock looks forward.**

Here, leadership connects revenue and profitability to what the firm can actually do next. Cash flow projections come into focus. Distribution timing gets evaluated. Hiring plans, compensation adjustments, and technology investments enter the conversation.

**This clock reveals the firm's capacity for growth. Strong cash planning allows leaders to move decisively:**

- Adding staff when demand supports it
- Expanding services at the right moment
- Reinvesting profits back into the firm

The cash planning clock answers the question every leadership team eventually asks: *what can we responsibly do from here?*

**These clocks build on one another.**

- Billing shows how revenue is converting.
- Reporting explains how efficiently that revenue is produced.
- Cash planning determines how the firm can deploy the resulting capital.

## What This Misalignment Could Cost Your Firm

**When those clocks stay aligned, leadership sees the firm plainly.**

But when the clocks fall out of sync, that certainty fades. Billing may lag behind operations, making revenue momentum look weaker than it really is. Reporting may arrive weeks after the period closes, obscuring emerging margin pressure. Cash planning may rely on outdated numbers, making growth decisions feel riskier than they actually are.

You'll also start to see patterns emerge:

- Hiring decisions pause because forward cash visibility feels uncertain.
- Partner distributions require extended debate because reporting reflects prior periods rather than current billing activity.
- Investment timing becomes conservative because forecasting relies on lagging data.
- WIP accumulates, tightening realization and cash velocity.

Even if nothing is broken, leadership hesitates because the signals they rely on no longer line up. And it's tough to make good decisions without confidence.

## Are Your Financial Clocks Aligned?

Use the checklist below to evaluate whether your firm's **billing, reporting, and cash planning clocks** are working together or operating on separate timelines.

## Billing Clock: Revenue Conversion Visibility

**Start by evaluating how consistently work becomes billable revenue by asking yourself:**

- Is billing cadence clearly defined across the firm, or does it vary by partner or practice group?
- Are WIP reviews conducted on a predictable schedule before invoices are finalized?
- Do draft invoices move through approval quickly, or do they often sit awaiting review?
- Are realization trends reviewed regularly so leadership can identify pricing or scope issues early?
- Can leadership confidently estimate current revenue momentum based on recent billing activity?

If billing discipline varies across teams, leadership may not have a reliable view of **current revenue velocity**.

## Reporting Clock: Operational Performance Insight

**Next, consider how your reporting cycle reflects operational performance.**

- Does month-end close follow a predictable timeline each month?
- Are financial statements distributed soon enough to inform leadership decisions while the information is still current?
- Do reports clearly highlight utilization, realization, and margin trends across practice areas?
- Can leadership easily connect recent billing activity to reported financial performance?
- Do practice leaders consistently review financial performance with the same metrics and definitions?

If reporting lags behind operations or varies across departments, leadership may be evaluating performance using **outdated or incomplete information**.

## Cash Planning Clock: Forward Capacity

**Finally, examine how your firm plans for future decisions.**

- Are cash flow projections updated regularly using current billing and realization data?
- Do hiring decisions incorporate forward revenue forecasts rather than historical statements alone?
- Are partner distributions evaluated using projected cash flow, not just prior-period results?
- Are technology investments or expansion decisions modeled against expected margin and revenue growth?
- Can leadership quickly assess whether the firm has the financial capacity to support upcoming initiatives?

Without forward-looking cash planning, leadership may delay or mis-time growth decisions because **financial capacity is unclear**.

## HOW TO REMOVE THE PLANNING DRAG

Removing the Planning Drag doesn't require more reports or more financial analysis. It requires getting the firm's financial rhythms back in sync. That alignment usually comes from four deliberate shifts.

### 1. Standardize Billing Discipline

In many firms, billing habits evolve partner by partner. Some teams review WIP regularly, while others wait until the end of the month. Draft invoices may sit in approval queues longer than anyone realizes.

Over time, those small inconsistencies create uncertainty around revenue momentum.

High-performing firms treat billing cadence as an operational discipline. WIP reviews happen on a predictable schedule, draft approvals move quickly, and invoicing aligns closely with the reporting cycle.

### 2. Close the Reporting Gap

Financial reporting only creates insight when it arrives in time to inform decisions.

If leadership is reviewing financial statements weeks after the underlying work occurred, the firm is managing the past rather than the present.

Strong firms shorten that gap. Month-end close happens on a consistent schedule, and financial reports reach leadership while the information is still actionable. This allows partners and practice leaders to connect billing activity, staffing decisions, and margin performance in real time.

### 3. Build Forward Modeling into the Operating Rhythm

Many firms forecast, but only when a question arises, such as when hiring is under consideration or distributions are being evaluated.

High-performing firms treat forecasting as an ongoing discipline. Leadership regularly reviews forward-looking projections that incorporate realization trends, revenue-per-FTE benchmarks, hiring plans, seasonal demand patterns, and partner compensation structures.

That forward view gives leaders the confidence to make decisions earlier.

### 4. Establish Clear Ownership of Financial Alignment

Finally, someone needs to ensure that billing, reporting, and planning actually move together.

Without that ownership, each function tends to optimize independently. Accounting focuses on closing the books, partners focus on billing their clients, and leadership reviews forecasts separately.

When one person or team owns financial alignment, those cycles start reinforcing one another. And leadership regains the confidence that comes from seeing the full picture at once.

**READY TO SYNCHRONIZE  
ALL YOUR CLOCKS?**

**Get a Personalized Consultation**



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