



# Your Office is Leaking Money

**How to Identify Losses  
and Plug the Holes**

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# Introduction

Most firms gauge success by looking at the bottom line, profitability, as a single metric. But when margins fall short or losses start to mount, that number alone won't tell you why. Architecture and engineering firms are complex ecosystems made up of people, projects, clients, consultants, and expenses, all of which create opportunities for inefficiency, redundancy, and waste.

The truth is, many firms apply far more structure and discipline to their design process than they do to running their business. Missed billable hours, delayed invoicing, untracked expenses, and under-performing projects can quietly drain your profits without raising red flags until it's too late.

This ebook is your guide to identifying the hidden leaks in your operations and plugging them with simple, modern solutions. By applying a project-minded approach to business management—and leveraging the right technology—you can build a firm that's not just creatively fulfilling, but highly profitable and built to last.



# Outline of Best Practices

- **Remove Inefficient Technologies**
- **Firm and Project Management Software**
- **Eliminate Spreadsheets**
- **Integrated Accounting**
- **Project Accounting**
- **Chart of Accounts**
- **Profit & Loss Report**
- **Accounts Receivable**
- **Collections**
- **Electronic Payments**
- **Cost Optimization**
- **Financial Budgeting**

# Inefficient Technologies

If you're serious about improving profitability, your technology stack needs to work for you, not against you. Too many architecture and engineering firms still rely on outdated systems, scattered tools, or endless spreadsheets to manage operations. While these methods may feel familiar, they often introduce errors, require unnecessary manual effort, and lack the real-time visibility needed to run a business effectively.

Think about your internal processes: Are your teams re-entering the same data in multiple places? Are project managers chasing down reports that take hours to compile? Are billing cycles delayed because your system can't keep up with your workflow? These inefficiencies cost time, and time is your most valuable, and expensive, resource.

Modern, integrated tools streamline everything from time tracking and invoicing to reporting and resource planning. When you compare your current systems to today's best-in-class technology, it becomes clear: one of the biggest drains on profitability is outdated software. Upgrading isn't just about convenience—it's a strategic move to close financial leaks and build a more efficient, resilient firm.

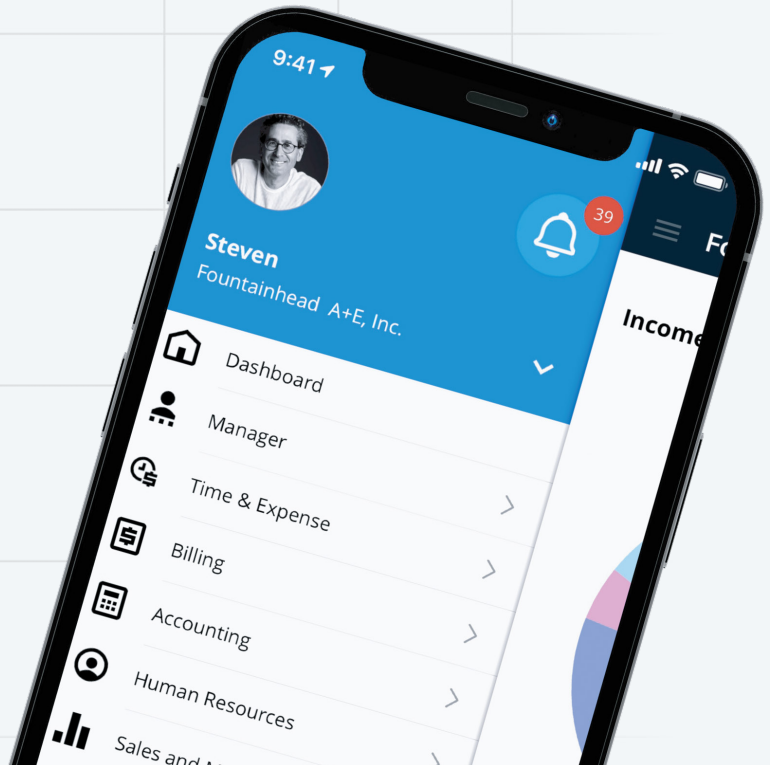




# Firm & Project Management Software

Effective firm and project management starts with removing subjectivity from decision-making. When you shift from manual, manager-created reports to a centralized system that captures real-time data, you empower your firm to make decisions based on facts, not assumptions. Too often, manually built spreadsheets or schedules present an optimistic picture that doesn't hold up against the actual performance data.

Modern project management and accounting software offers an unbiased, consistent view of your firm's financial and operational health. It connects every task, hour, and dollar in one system, so profitability, progress, and performance are transparent and accurate. If you want clarity instead of guesswork, everything that touches your firm's finances should run through a well-designed, integrated platform—one that's built to deliver truth, not interpretation.



# The Problem with Spreadsheets

There are three primary problems with spreadsheets:

- 01** Spreadsheets **require people to manage** them which means they aren't doing other valuable tasks. Spreadsheets suck up time.
- 02** Spreadsheets have a **high probability of error**. Equations break and there is always a risk of human error. Anytime you ask someone to create a spreadsheet, you introduce errors. It could be a calculated field that doesn't include all the cells that it should, or someone might have entered a number into a cell but transposed some of the characters which will lead to wrong results.
- 03** Spreadsheet results are not in real-time. Most reports are manually created and distributed about **two weeks too late** for anyone to make meaningful adjustments to their project or business. All that lost time that was unnecessary could have been fixed by simply having the right technology.

The more your firm relies on spreadsheet the more dangerous they become. They distract your most valuable asset, your people, from working on higher value tasks. They are disconnected and require manual data entry, which is ripe for errors. And they don't give a real-time view of your business performance. If you take anything away from this ebook, it's that all architecture and engineering firms should be using integrated firm management software.

# Integrated Accounting

Every successful A&E firm needs to manage two critical layers of financial insight: **business accounting** and **project accounting**.

Business accounting tracks the health of your firm as a whole, covering overhead, cash flow, payroll, and profitability. Project accounting, on the other hand, dives into the financial performance of individual jobs, monitoring budgets, expenses, time, and profitability at the task or phase level.

While these can exist in separate systems, the real power comes from integration. A fully integrated accounting solution ensures that firm-wide financials and project-level metrics speak the same language. You eliminate data silos, reduce double entry, and get a clear, unified picture of how your business is performing, both from 10,000 feet and on the ground. Whether you adopt an all-in-one platform or tightly connect two best-in-class systems, integrated accounting is a major leap forward from the limitations and risk-prone nature of spreadsheets.





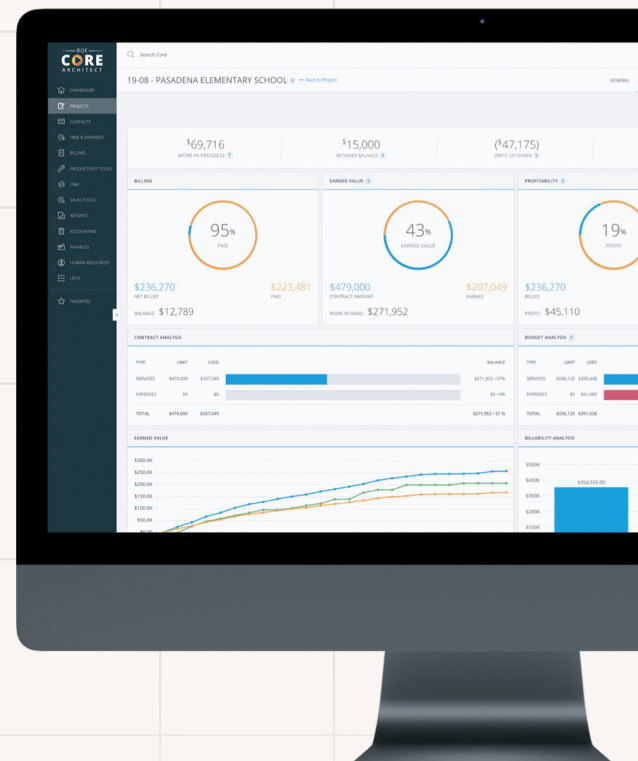
# What You'll Gain from Project Accounting

Project accounting gives your firm a powerful lens into the financial performance of each job, not just the firm as a whole. Instead of relying on high-level business metrics, you gain detailed insights into how specific projects, contract types, team members, and clients contribute to your bottom line.

With this visibility, every project becomes its own mini business. You can generate profit and loss statements at the project level, empowering project managers to take ownership and make informed decisions that align with your firm's financial goals. It also helps identify which partners are bringing in profitable work, and which projects are quietly draining your fees.

You'll discover how different contract types perform, when hourly billing hits a ceiling, and where fixed-fee or phased billing can significantly boost margins. You'll also learn which project types and clients deliver the best returns, guiding better marketing and business development strategies.

Ultimately, project accounting helps you focus your energy where it matters most. It turns guesswork into clarity, equips your team with actionable data, and enables you to run a more profitable, disciplined, and strategic practice.



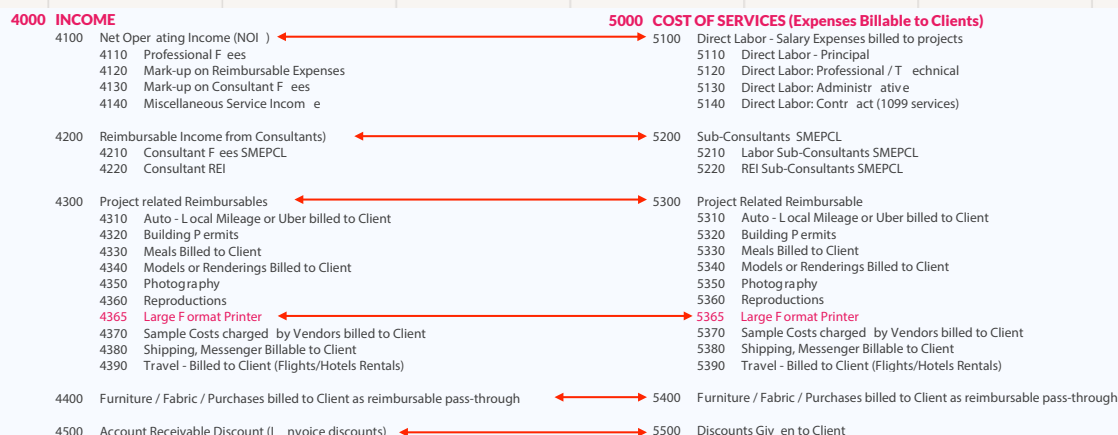
# Chart of Accounts

Your chart of accounts is the financial backbone of your firm. It organizes every transaction into categories that help you track performance, make decisions, and maintain compliance. While the full chart spans multiple segments, two areas deserve special attention: the 4000s and 5000s. These are the income and expense accounts, and they're where the real story of your Profit and Loss lives.

Segment 4000 represents revenue earned from services, consulting, sub-consultants, reimbursables, and more. Segment 5000 captures your direct and indirect expenses, from labor costs and project-related expenses to overhead and administrative costs. Analyzing these segments allows you to pinpoint inefficiencies, identify profit centers, and understand the true cost of delivering your services.

In contrast, the 1000s, 2000s, and 3000s feed into your Balance Sheet. These track your firm's assets, liabilities, and equity, providing a snapshot of your financial health at a single moment in time. It's like checking your bank balance: useful for seeing where you stand, but not how you got there or what's working beneath the surface.

If you want to improve profitability and operational decision-making, you need to monitor the 4000 and 5000 segments. They offer the clearest view into your firm's financial engine, and the insights you need to fine-tune it.



# Profit & Loss Report

The Profit & Loss (P&L) statement is one of the most valuable tools for understanding your firm's financial performance. It shows not just how much money you're making, but how you're making it, and what it's costing you. Unlike a Balance Sheet, which is a snapshot in time, the P&L measures performance over a defined period: monthly, quarterly, or annually. This lets you compare time frames—like Q2 2025 versus Q2 2024—to uncover trends, assess progress, and identify areas for improvement.

The real power of your P&L lies in how your chart of accounts is structured. A well-organized chart doesn't just show if you're profitable, it helps pinpoint why you're profitable, or why you're not. It gives you visibility into which projects, teams, services, or clients are driving revenue, or dragging down your margins. With this insight, you're no longer guessing. You know exactly where to focus your attention. Whether that's fixing a leak, refining a process, or doubling down on what's working, you have the information to make the right decision..

**Fountinhead A+E, Inc.**  
PROJECT PROFITABILITY BY MASTER PROJECT  
1/1/2007 - 12/31/2025

All values are within date range specified except for A/R which is as of the ending date. Profit = Invoiced Revenue + WFP - Credits - Write-offs - Costs

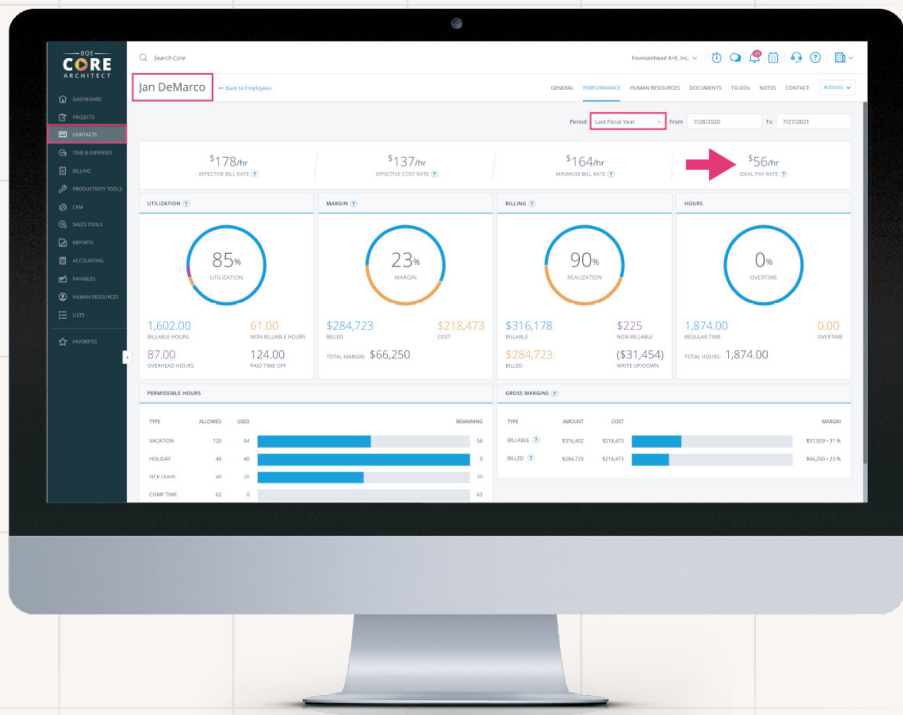
PROJECT	CONTRACT AMOUNT	INVOICED REVENUE	BILLABLE WFP	REVENUE + WFP	INVOICE PAYMENTS	CREDITS & WRITE-OFFS	UNPAID A/R	SERVICE COST	EXPENSE COST	PROFIT	%
<b>19-03 - SANTA MONICA SCIENCE CENTER</b>											
19-03 - SANTA MONICA SCIENCE CENTER	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
19-03 - SMSC Schematic Design	\$150,000.00	\$74,333.49	\$17,187.50	\$91,520.99	\$71,625.36	\$0.00	\$2,708.13	\$66,150.54	\$11,490.15	\$13,880.30	15%
19-03 - SMSC Design Development	\$210,000.00	\$97,833.60	\$6,833.02	\$104,666.62	\$97,342.83	\$0.00	\$490.77	\$68,565.89	\$24,057.27	\$12,043.46	12%
19-03 - SMSC Construction Documents	\$180,000.00	\$165,887.30	\$5,719.75	\$171,607.05	\$165,887.30	\$0.00	\$0.00	\$127,932.95	\$21,066.10	\$22,608.00	13%
19-03 - SMSC Contract Administration	\$0.00	\$84,689.53	\$1,300.00	\$85,989.53	\$84,532.03	\$0.00	\$157.50	\$61,856.14	\$17,161.10	\$6,372.29	8%
19-03 - SANTA MONICA SCIENCE CENTER TOTAL	\$540,000.00	\$422,743.92	\$31,040.27	\$453,784.19	\$419,387.52	\$0.00	\$3,356.40	\$324,505.52	\$73,774.62	\$55,004.05	12%
<b>19-08 - PASADENA ELEMENTARY SCHOOL</b>											
19-08 - PASADENA ELEMENTARY SCHOOL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
19-08 - PASADENA Schematic Design	\$24,000.00	\$49,821.88	\$3,800.00	\$53,621.88	\$44,371.98	\$0.00	\$5,349.90	\$37,882.93	\$2,748.75	\$12,999.20	34%
19-08 - PASADENA Design Development	\$126,000.00	\$67,080.78	\$17,250.00	\$84,330.78	\$60,711.59	\$0.00	\$6,959.19	\$126,452.44	\$5,403.50	\$47,525.10	56%
19-08 - PASADENA Construction Documents	\$144,000.00	\$38,457.25	\$5,950.00	\$44,407.25	\$38,181.25	\$0.00	\$276.00	\$42,753.38	\$2,750.00	\$1,096.13	-2%
19-08 - PASADENA Contract Administration	\$150,000.00	\$67,354.67	\$0.00	\$67,354.67	\$66,400.92	\$0.00	\$893.75	\$40,834.75	\$10,295.20	\$16,224.72	24%
19-08 - PASADENA Change Order #1	\$0.00	\$13,555.00	\$0.00	\$13,555.00	\$13,555.00	\$0.00	\$0.00	\$7,235.00	\$3,500.00	\$2,820.00	21%
19-08 - Change Order #2	\$5,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0%
19-08 - PASADENA ELEMENTARY SCHOOL TOTAL	\$479,000.00	\$236,269.58	\$27,000.00	\$263,269.58	\$223,663.74	\$0.00	\$12,788.84	\$255,156.50	\$24,697.45	\$15,586.37	-4%
<b>19-14 - WARNER RESIDENCE</b>											
19-14 - WARNER RESIDENCE	\$0.00	\$15,000.00	\$0.00	\$15,000.00	\$15,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$15,000.00	100%

# Accounts Receivable

The Accounts Receivable Aging report is one of the simplest tools to help you stop losing money. Your AR is potentially troublesome because if you are bad on collections, you're going to find yourself not only out of money but borrowing money which has a cost associated with it. So, ensuring your clients pay you on time is critical.

When you allow your clients to pay you late, you're giving them more than just an interest-free loan – you're giving them a loan and paying the interest on their behalf.

Include a clause in your contracts that describes the terms of your invoices and the charges that will be incurred if they are late. Make late payment penalties as stiff as allowed by law. You aren't a bank. Interest charges on late payments should be very high - more than the interest on a credit card. Don't ever allow a client to abuse this. It is disrespectful of your firm's services and will become a habit. No one delays paying their attorney or utility bills. But there is a mile-long list of people who conveniently forget to pay their architect or engineer on time.

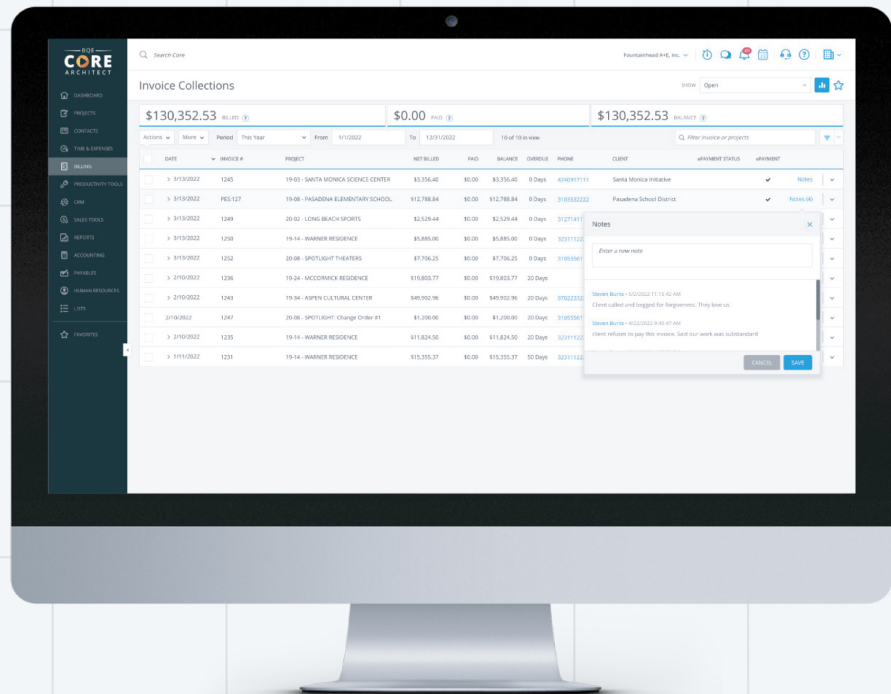


# Collections

Managing cash flow starts with staying on top of collections. The right software makes that process dramatically easier. A strong platform should monitor the aging of your receivables in real time and alert you when invoices are approaching or past due. Just as importantly, it should give you the tools to take swift, professional action.

Modern systems streamline communication with clients, keeping a clear record of follow-ups and making it easy to resend invoices with a single click. No more scrambling when a client claims they never received the bill—just pull it up and email it on the spot, even during a phone call. Better yet, you can enable clients to pay instantly, by phone or directly from the invoice, using secure electronic payment options.

Investing in collections tools that support e-invoicing and digital payments isn't just about convenience. It reduces delays, improves client satisfaction, and ensures your team spends less time chasing payments and more time focused on high-value work. This is where modern technology transforms collections from a pain point into a seamless part of your business operations.





# Electronic Payments

In today's business environment, offering electronic payments isn't just a nice-to-have—it's essential. If your firm isn't offering epayments, you are falling behind. Clients expect the same convenience in paying for professional services as they do with everyday purchases. And for architecture and engineering firms, enabling e-payments directly from invoices dramatically improves cash flow, reduces administrative overhead, and boosts client satisfaction.

According to a recent survey by PYMNTS and American Express, firms that adopt digital invoicing and e-payment systems get paid up to 35% faster than those relying on traditional methods like checks or manual bank transfers. That means fewer aging receivables, fewer follow-up calls, and less time spent chasing payments.

With a feature-rich system like BQE CORE, electronic payments are fully integrated into your invoicing workflow. Clients can pay directly from the invoice—no login portals or added steps—and even choose their payment date to match their internal cash flow. Meanwhile, your system records and reconciles payments automatically, reducing data entry and enabling what's known as zero-touch accounting. The result? Fewer errors, faster payments, and more time for your team to focus on higher-value work.

E-payments are a strategic advantage. If your firm isn't offering them, you're missing out on faster collections, happier clients, and a more efficient back office. Now is the time to make the switch.

# Cost Optimization

Every dollar your firm spends should support your ability to deliver services, generate revenue, or create long-term value. Whether it's investing in a large-format printer or hiring a new employee, the expectation is the same: the cost should lead to a measurable return. If that printer isn't generating reimbursable income, or that new hire isn't contributing to project delivery or profitability, those dollars aren't working for you—they're draining your margins.

True cost optimization starts with visibility. A detailed, well-structured chart of accounts helps you understand not just how much you're spending, but where and why. When you segment your income (4000s), project expenses (5000s), and operational expenses (6000s) with enough granularity, you turn vague financial data into actionable insight. It's the difference between seeing a bright light in the sky and knowing it's a galaxy, not just a star. With that level of clarity, you can make smarter decisions—cutting waste, doubling down on what works, and improving your firm's overall profitability with confidence.

## 6000 EXPENSES

6010 Automobile Partner Expense	6060 Marketing	6100 Payroll for Indirect Labor (Salary) Expense
6011 Automobile - gas or mileage not billable to client	6061 Advertising	6110 Indirect Labor: Pr
6012 Automobile - Leasing	6062 Brochures and Pri	6111 Principal: Non-project Labor
6013 Automobile - license fees	6063 Photography	6112 Principal: Marketing & Business Development Labor
6014 Automobile - rental	6064 Social Media C	6113 Principal: Pro-Bono Labor
6015 Automobile - repairs and maint.	6065 Web SI	6114 Principal: Paid Time Off (PTO)
6020 Business Development	6070 Office Expenses Facilities	6120 Indirect Labor: Professional
6021 Donations / Contributions	6071 Janitorial Service, dumpster a	6121 Professional: Non-project Labor
6022 Marketing Related Dues & Memberships fees	6072 Kitchen Coffee, Snacks, E	6122 Professional: Marketing & Business Development Labor
6023 Entertainment - Business Meals	6073 Office Petty Ca	6123 Professional: Pro-Bono Labor
6024 Gifts - Business	6074 Rent	6124 Professional: Paid Time Off (PTO)
6025 Networking Functions	6075 Repairs and Mainte	6130 Indirect Labor: Account
6026 Travel Expense Non Billable to Client	6076 Security	6131 Administrative: Non-project Labor
6027 BD Other	6077 Telephone: Land - Mobile/FAX	6132 Administrative: Marketing & Business Development Labor
6030 Employee Benefits & Perks	6078 Utilities Expen-Water-El	6133 Administrative: Pro-Bono Labor
6031 Celebrations : Birthdays	6079 Off Exp Fac O	6134 Administrative: Paid Time Off (PTO)
6032 Education and Seminars	6080 Office Expense	6140 Indirect Labor: Temporary / Hou
6033 Employee Exercise	6081 Code Books / Research Book / M	6141 Temporary / Hourly: Non-project Labor
6034 MetroPasses	6082 Computer and Soft	6142 Temporary / Hourly: Marketing & Business Development Labor
6035 Office Lunches/Meals	6083 Contact Labor - In	6143 Temporary / Hourly: Pro-Bono Labor
6036 Parking	6084 Copier/Plotter/Equipment Rentals/s	6150 Payroll Process
6040 Financial Related	6085 Furniture & Fix	6200 Professional Fees : Outsou
6041 Bank Charges: WACB, Other Fees	6086 Licenses & Permits	6201 Account Fees
6042 Bad Debt	6087 Misc Office Supplies: Staff/Depot,	6202 Bookkeeping
6043 Depreciation	6088 Postage / Cour/FedEx - Non Bil	6203 Coaching
6044 Interest due on Line of Credit	6089 Off Exp Prod O	6204 IT - Computer Mainte
6045 AP Discount	6090 Professional Development Expenses	6205 Legal
6050 Insurance Expenses	6091 Professional Membership	6300 Retirement Accounts : Non-Discretionary, Contributions
6051 Insurance - Auto for company	6092 Professional Life Fee	6311 401k Employer Contribution: Pr
6052 Insurance - business auto - business liability	6093 Professional Life Fee	6312 401k Employer Contribution: employee
6053 Insurance - E&O	6094 Professional Seminar & Conf Fees	6320 Roth IRA
6054 Insurance - Health/Disability	6095 Professional Training / Educational	6330 SEP IRA
6055 Insurance - Life/Disability	6096 Professional Development Travel	6400 Taxes/Local
6056 Insurance - fire property		6410 Business Tax by City A
6056 Insurance - venders comp.		6420 Business Tax by City B
		6450 Property Tax
		6500 Where to put expense - JACQUAN TANT

# Financial Budgeting

Just as you wouldn't launch a project without a scope and budget, running your firm without a financial roadmap puts your goals at risk. According to a study by the Association for Financial Professionals, organizations that regularly monitor and update their budgets are 30% more likely to meet or exceed their financial goals compared to those that review budgets annually or less.

Modern accounting software makes this process significantly easier by analyzing historical data to show how much your firm earns and where every dollar goes. This visibility allows you to align spending with strategic priorities and adjust in real time. Budgeting shouldn't be a once-a-year event; instead, it should be a living document, revisited quarterly at minimum. Regular check-ins allow firm leaders to course-correct when revenue targets aren't being met or expenses begin to creep above plan.

Industry research from Zweig Group shows that firms with structured budgeting practices are 24% more profitable than those without. The reason is simple: when you track performance consistently, you can make better-informed decisions about staffing, marketing, and operational investments. Think of your financial budget as a GPS for your business. When roadblocks arise—whether from inflation, tariffs, project delays, or unexpected costs—budgeting gives you the insight needed to reroute, optimize, and still reach your destination.

In short, financial budgeting is about empowerment. With smart tools and a disciplined approach, your budget becomes one of the most valuable levers for profitability, growth, and long-term success.

# Key Takeaways

- Everything that touches money in your firm must be reported directly out of a well-designed **project management accounting system** that is not subject to human manipulation.
- Use project management software rather than Excel spreadsheets. Spreadsheets require people to manage them which takes time that could be used for more meaningful and impactful activities. Spreadsheets also have a **high probability of error** and results are not in real-time.
- There are two levels of accounting your firm should consider: **business accounting and project accounting**. These two items can be part of a single system or separate.
- In the Chart of Accounts, you should be primarily focused on **segments 4000 and 5000**. These have a tremendous impact on your Profit and Loss and can show you areas of weakness.
- **Ensuring your clients pay you on time is critical**. When you allow your clients to make late payments, you're giving them more than just an interest-free loan – you're giving them a loan and paying the interest on their behalf!
- Every dollar you spend should have the potential to **return a profit**. Once the money is out the door – it's gone. For example, if you spend \$10,000 on a large format printer it should be earning you money every month through reimbursable printing expenses. If it won't generate a return, don't make the purchase.
- Financial budgeting isn't something to do once a year. It is a living document and should be visited **no less than quarterly** to ensure you are on track to achieve your objectives.

# Identify Losses and Plug the Holes with BQE CORE

Improve efficiency and accuracy with BQE CORE's all-in-one platform that includes expense tracking, invoicing, electronic payments, accounting, project management, HR, and a Customer Relationship Management (CRM) tool.

- Understand the full financial implications of project decisions with integrated project accounting and project management tools.
- Instantly see your firm's health and project performance with real-time dashboards.
- Prevent cost overruns, poor team performance, and missed deadlines with real-time visibility into project performance at every phase.
- Spend less time on manual processes with automated time tracking, invoicing, and reporting, so your team can focus more on project delivery.
- Prevent overworked or underutilized staff by monitoring utilization rates in real-time.

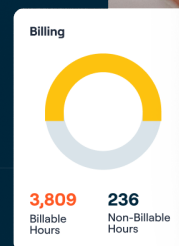
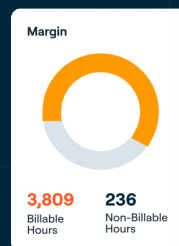


# BQE CORE

If you're serious about improving efficiency and profitability, you need access to technology that makes the process of tracking Key Performance Indicators (KPIs) straightforward. BQE CORE is an all-in-one firm management platform with integrated accounting and project management tools that's backed by a company with over 30 years of experience and countless end users worldwide. It was designed by an engineer and architect to give their firms the tools they needed to thrive. Thus all of the built-in features are designed to address the pain points many engineering firms – and perhaps even yours – typically face.

BQE CORE can streamline your business processes, while simultaneously providing groundbreaking insights that will help grow your firm, all from the convenience of a desktop computer, laptop, or mobile device. BQE CORE makes it easier than ever to collaborate with both your team and clients.

**Running your business should be exciting, not chaotic. That's why we're here, and most importantly, why we developed CORE.**



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