REVENUE + OPERATIONS INFRASTRUCTURE

# Sample Revenue Leakage Diagnostic

A prospect-facing example of how Struktekale examines the gaps between sold work, field execution, change management, billing and cash.

**ILLUSTRATIVE EXAMPLE - NOT CLIENT DATA** All company details, amounts and findings below are fictional and exist only to demonstrate the diagnostic method.

| COMPANY | TRADE | ANNUAL REVENUE | ACTIVE PROJECTS |
| --- | --- | --- | --- |
| **Example Specialty Contractor** | **Commercial Electrical** | **$18.4M** | **17** |
| AVG. PROJECT SIZE | PRIMARY STACK | DIAGNOSTIC LENS | PERIOD REVIEWED |
| **$1.1M** | **Procore + Sage + Excel** | **Revenue + margin leakage** | **Last 90 days** |

EXECUTIVE SNAPSHOT

## The problem is not sales. It is conversion of sold work into protected margin and collected cash.

This sample diagnostic surfaces where commercial value is exposed after a project is won. The purpose is not to replace the contractor's systems. It is to identify where ownership, timing, controls or visibility allow value to stall between teams.

| $286K | 11 | 3 |
| --- | --- | --- |
| **Potential value exposed** | **Items requiring action** | **Priority control gaps** |
| Illustrative exposure across change orders, billing readiness and aging closeout. | Exceptions where a commercial decision, owner or handoff is unclear. | The few operating failures most likely to materially affect cash or margin. |

Diagnostic conclusion: the highest-value intervention is not “more reporting.” It is tightening the commercial handoffs that determine whether approved work becomes billable, whether billing-ready work is invoiced promptly, and whether unresolved project items receive a clear owner before closeout.

01 / FOLLOW THE MONEY

# Trace revenue through the operating flow.

We map the path from estimate to cash, then look for points where value can stall, disappear from view or depend on manual follow-up.

| 01 | 02 | 03 | 04 | 05 | 06 | 07 |
|---|---|---|---|---|---|---|
| ESTIMATE | HANDOFF | FIELD | CHANGE ORDERS | BILLING | COLLECTIONS | SERVICE |
| Scope + assumptions | Sold scope becomes execution plan | Work performed + changes identified | Extra scope priced + approved | Completed work becomes invoice | Invoice becomes cash | Installed base becomes repeat revenue |

ILLUSTRATIVE FINDINGS

| Leakage point | Observed condition | Exposure | Why it matters | Diagnostic question |
|---|---|---|---|---|
| **Change orders** | 6 pending COs older than 21 days; 2 have field work already complete. | $124K | Work can be physically complete before commercial approval catches up. | Who owns the clock from field identification to approval and billing? |
| **Billing readiness** | 3 projects show completed milestones but invoices are waiting on manual confirmation. | $92K | Delay between completion and invoice creation extends cash conversion. | What makes a project “billing ready,” and who can see that status? |
| **Closeout / retainage** | 2 completed projects still have unresolved documents and retainage release dependencies. | $48K | Cash stays trapped after operational work is effectively done. | Is closeout managed as a revenue process or an admin checklist? |
| **Estimate -> PM handoff** | Key inclusions/exclusions live in estimator notes and are not consistently translated into PM controls. | Margin risk | Scope memory depends on individuals, increasing change-order and margin risk. | Which sold assumptions must become explicit project controls at kickoff? |
| **Project -> service** | Completed equipment/install base is not consistently handed into service follow-up. | Future revenue | Finished projects may fail to become recurring customer value. | What event automatically creates the service/maintenance opportunity? |

The amounts above are deliberately illustrative. In a real engagement, exposure is validated against project records, approvals, invoice status, job-cost data and owner interviews before any financial conclusion is made.

02 / PRIORITIZE THE FEW CONTROLS THAT MATTER

# Not every inefficiency deserves a project.

The diagnostic ranks issues by financial relevance, recurrence and controllability. We focus first on the failures most likely to affect cash, margin or management visibility.

| Priority | Control gap | Business effect | Recommended intervention | Success measure |
|---|---|---|---|---|
| 01 / HIGH | **No single change-order aging control across PM + finance.** | Approved/approvable work can sit outside billing visibility. | Define CO states, owner, SLA and escalation; create one exception view across projects. | COs >21 days reduced; billing conversion tracked. |
| 02 / HIGH | **Billing readiness is confirmed through manual follow-up.** | Completed work waits for the right person to confirm status. | Create explicit billing-ready criteria and ownership trigger at milestone completion. | Days from milestone to invoice reduced. |
| 03 / MED | **Closeout treated as operational admin rather than cash release.** | Retainage and final cash remain trapped longer than necessary. | Add revenue-linked closeout checklist, owner and aging view. | Completed jobs with unresolved cash dependencies reduced. |
| 04 / MED | **Estimate assumptions not consistently converted into PM controls.** | Scope leakage and missed change events become more likely. | Standardize estimate-to-PM commercial handoff around assumptions, exclusions and risk items. | Kickoffs contain required commercial controls. |
| 05 / LOW | **Project-to-service handoff is inconsistent.** | Future recurring value depends on memory and follow-up. | Create trigger from completed install/project to service opportunity. | Eligible completed projects entering service pipeline. |

RECOMMENDED 30-DAY CONTROL PLAN

| | | |
|---|---|---|
| WEEK 1 | Validate | Confirm baseline, owners, existing workflow states and financial exposure. Remove false positives. |
| WEEK 2 | Redesign | Define commercial handoffs, approval states, SLAs, escalation and decision rules. |
| WEEK 3 | Implement | Build the minimum visibility layer required across the existing stack. No unnecessary replacement. |
| WEEK 4 | Measure | Track exceptions, cycle time, recovered/accelerated value and adoption. Adjust only where evidence supports it. |

Operating principle: do not automate a broken commercial process. Clarify the control first; then use the existing stack wherever possible to make the control visible and repeatable.

03 / WHAT THE FULL STRUKTEKALE DIAGNOSTIC DELIVERS

# A decision document, not a recommendation dump.

The outcome of the diagnostic is a prioritized view of where value is exposed, what evidence supports it, what should change, and whether the expected upside justifies implementation.

01

### Leakage map

Where revenue, margin, time or customer value can fall between teams and systems.

02

### Exposure model

Validated financial or operating impact where the available data supports quantification.

03

### Root-cause analysis

The process, ownership, decision-rule or visibility failure behind the symptom.

04

### Priority matrix

What deserves action now, later or not at all.

05

### Control design

Required workflow states, owners, SLAs, triggers and management visibility.

06

### Implementation path

What can be fixed in the existing stack versus what actually needs to be built.

WHAT WE NEED TO VALIDATE A REAL DIAGNOSIS

Typical inputs include a small sample of active and recently completed projects, change-order status, billing/AR status, project financial reports, workflow ownership, and short interviews with the people who touch the commercial flow. The diagnostic is designed to work around the systems already in place rather than forcing a platform migration.

THE QUESTION STRUKTEKALE ANSWERS

## Where is value getting stuck - and is fixing it financially worth it?

Start with the Revenue Leakage Diagnostic. If the exposure is not meaningful, we say so. If it is, the next step is a clear control and implementation plan tied to the outcome.

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Diagnostic -> Design -> Build -> Compound