



## Design Manager

# The 15-Point Design Firm Billing Accuracy Checklist

*For Interior Design Firm Principals | April 2026 | Financial Confidence Series*

## ▶ Before You Begin

If you have ever reached the end of a project and wondered where the margin went, you are not alone. Most interior design firm principals did not go to business school. Financial processes were never part of the curriculum. The billing systems that worked when you had two projects no longer hold up when you are running eight.

This checklist is not a judgment. It is a diagnostic tool. Work through each item for one active project. Be honest about what is actually in place versus what you think is in place. The goal is to find the gaps before your clients do, or before a billing error becomes a relationship problem.

The 15 items below cover the four financial workflows where interior design firms lose the most margin: markup and pricing, client billing and invoicing, cash flow and deposit management, and financial visibility and controls.



## ▶ How to Use This Checklist

Work through each item for one active project. Check the box only if the process is fully in place and working as described, not if it is partially done or handled informally. Partial credit is not how billing errors work.

At the end, tally your checked items and use the scoring guide to assess where your firm stands.



# Section 1: Markup and Pricing Accuracy (Items 1-4)

#	Check	Checklist Item
1	[ ]	<b>Written markup policy exists for all product categories</b> Your firm has a documented markup percentage for furniture, fabric, lighting, accessories, and other categories. It is written down, not held in memory. All designers know the policy and apply it.
2	[ ]	<b>Markup is applied at the specification stage, not the invoice stage</b> Markup is set when the item is specified, before the purchase order is placed. It does not get added retroactively when the invoice is built. This is the single most important workflow checkpoint for markup accuracy.
3	[ ]	<b>Freight, delivery, and storage costs are included in the markup base or billed separately with markup applied</b> These costs are not invoiced at cost and not absorbed by the firm. Every dollar associated with getting an item from the vendor to the client is either in the markup base or on a separate markup-bearing line item.
4	[ ]	<b>A review step exists before invoicing to verify markup on every line item</b> Someone, whether a principal, senior designer, or operations lead, reviews the markup on every line item before the invoice is sent to the client. This review is a documented step in the workflow, not an informal habit.



## Section 2: Client Billing and Invoicing (Items 5-9)

#	Check	Checklist Item
5	[ ]	<p><b>Every line item on the client invoice can be traced to a verified purchase order</b></p> <p>No line items are added to an invoice from memory, a text message, or a verbal conversation. Every item has a purchase order or work order behind it that has been verified before invoicing.</p>
6	[ ]	<p><b>Change orders are documented in the project system before work begins</b></p> <p>Every approved scope change is entered into the project record, not just an email thread. Clients receive written change order approval before additional work starts. Approved change orders are linked to the next invoice.</p>
7	[ ]	<p><b>Invoices are sent within a defined window after item delivery or milestone completion</b></p> <p>Your firm has a billing cadence: invoices go out within a specific number of days of delivery, installation, or project milestone. The billing cycle is not driven by when the principal remembers to invoice.</p>
8	[ ]	<p><b>Sales tax is calculated correctly for your billing method and state requirements</b></p> <p>Tax is not applied uniformly to all line items. Your firm understands the tax treatment for product sales, retainer fees, and labor in your state, and your invoicing process reflects that treatment accurately.</p>
9	[ ]	<p><b>Invoice disputes have been reviewed to identify the process failure that caused them</b></p> <p>If a client dispute occurred in the last six months, the root cause was identified and the process was corrected. Disputes are not treated as one-off client issues. They are treated as workflow signals.</p>

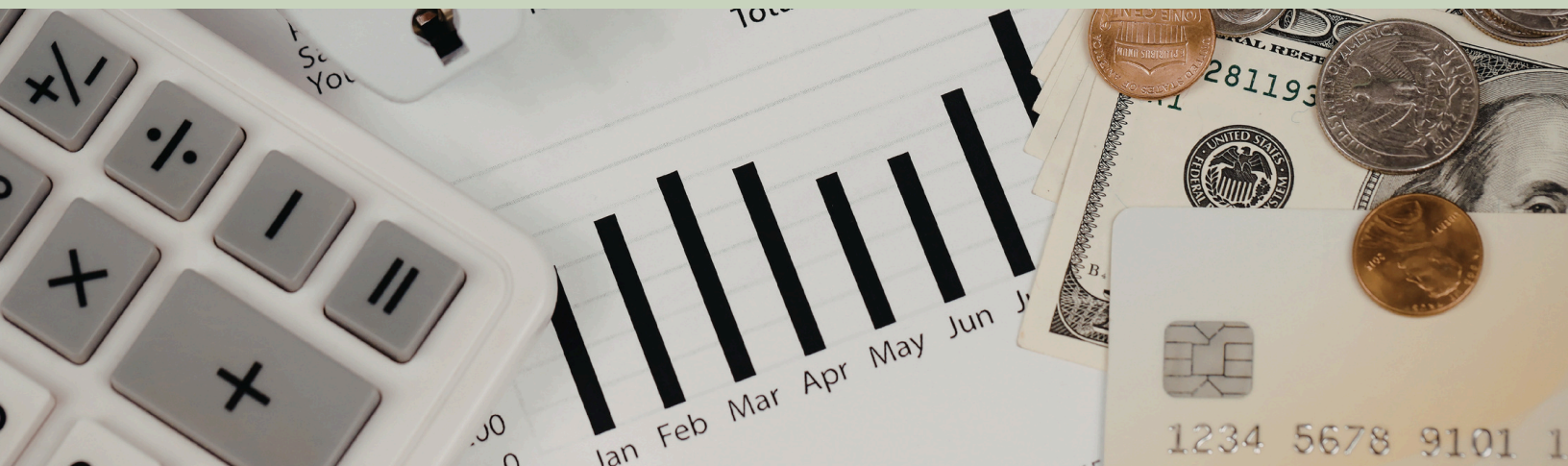
## Section 3: Cash Flow and Deposit Management (Items 10-12)

#	Check	Checklist Item
10	[ ]	<p><b>Client deposit balances are tracked at the project level, not just the bank account</b></p> <p>You can name the current deposit balance for any active project without opening a spreadsheet and manually calculating it. Deposit balances are tracked in your project system and visible in real time.</p>
11	[ ]	<p><b>Deposits are applied to invoices at the correct project stage, not prematurely</b></p> <p>Deposits are not recognized as income when collected. They are held as client liabilities until the corresponding product or service is delivered and invoiced. Your accountant or bookkeeper has confirmed that this treatment is consistent with your state's requirements.</p>
12	[ ]	<p><b>You can forecast cash position for the next 30 and 90 days without building a spreadsheet</b></p> <p>A 30-day and 90-day cash flow picture is available to you at any time without starting a new spreadsheet. You know what is coming in from client invoices and what is going out to vendors in the near term. This is a standard operating view, not an annual exercise.</p>



## Section 4: Financial Visibility and Controls (Items 13-15)

#	Check	Checklist Item
13	[ ]	<p><b>You can answer 'what is the current margin on this project?' for any active project</b></p> <p>Without running a manual calculation or asking your bookkeeper, you can pull the current estimated margin on any active project. This means your system shows you revenue, cost, and markup variance in real time, not just at project close.</p>
14	[ ]	<p><b>Your bookkeeper or accountant has access to clean, structured financial data without you having to export and send files</b></p> <p>Your financial partner does not rely on emailed spreadsheets or month-end exports to do their work. They have access to the data they need in a format they can work with. This reduces errors, reduces your preparation time, and reduces the chances of a discrepancy at tax time.</p>
15	[ ]	<p><b>You have reviewed project profitability on the last two completed projects and identified at least one area for improvement</b></p> <p>Post-project financial reviews are part of your standard workflow. You are not just closing projects and moving on. You are identifying where margin was lost or protected and adjusting your processes accordingly.</p>





# Self-Assessment: How Did Your Firm Score?

Count your checked items and find your score below. Be honest. The value of this assessment is in identifying what is actually working, not in feeling good about a number.

Score	Status	What It Means
13-15	<b>Strong Foundation</b>	Your billing workflows are well-structured. Your primary opportunity is moving from manual review processes to system-enforced controls so that accuracy does not depend on individual attention.
9-12	<b>Functional but Exposed</b>	You have the right intentions but gaps in execution. Two or three process failures in your billing workflow are likely generating measurable margin leakage on every project. Identify the three unchecked items with the highest financial exposure and address those first.
5-8	<b>Significant Risk</b>	Multiple billing process gaps exist across categories. Margin leakage, invoice disputes, and cash flow uncertainty are likely symptoms you are already experiencing. A systematic review of your billing and procurement workflow is the highest-value operational investment you can make right now.
0-4	<b>Immediate Action Required</b>	Your current billing and financial visibility workflows are not adequate for the size and complexity of your firm. The gap between what you are invoicing and what you are collecting is likely significant. Prioritizing a connected billing system is not optional at this point. It is the foundation your firm needs to scale without financial risk.

# A Note on Systems vs. Discipline

The goal of this checklist is not to make you feel like your firm is broken. Most interior design firms scoring below 10 have perfectly competent, detail-oriented teams. The problem is not discipline. The problem is that the tools they are using cannot enforce the workflows that protect margin.

When markup is applied in a spreadsheet that is separate from the invoice, it gets missed. Not because someone forgot, but because the connection between those two documents is manual, and manual connections break. When deposits are tracked in a separate ledger from the project billing, they get misapplied. Not because the bookkeeper is careless, but because reconciling two separate systems at the end of a busy month is genuinely hard.

Design Manager is built to enforce the workflows on this checklist automatically. Markup is set at specification and flows to the invoice. Deposits are tracked at the project level and applied correctly. Change orders are documented in the same system where projects are managed. The connection between procurement and billing is not manual. It is structural.

You do not need an accounting background to get this right. You need a system that was built for how design firms actually work.

## See How Design Manager Works in Practice

Schedule a 30-minute walkthrough at [www.designmanager.com](http://www.designmanager.com) and bring this checklist. We will show you exactly how each item is handled in the platform. No pressure, no commitment. Just clarity on what your firm's billing process could look like.