



Design Manager

The Lifecycle of a Design Manager Project

Design Manager 101: Master Class

Overview of Design Manager's Role in Interior Design Firms

Design Manager serves as the operational backbone of successful interior design firms, bringing together bookkeeping, procurement, project management, financial tracking, and client management into one connected system. By providing the tools needed to manage every stage of a project, Design Manager gives firms everything they need to operate efficiently, scale confidently, and build a more profitable business.

At the core of Design Manager is a structured operational workflow. Every process, from project setup through final payment, functions as a link in an operational chain. When each link is completed correctly, firms benefit from accurate financial reporting, streamlined project management, improved team efficiency, and a better client experience.

“

Design firms don't struggle due to lack of creativity. **They struggle because the operational chain breaks.**

”



Staci Davidson

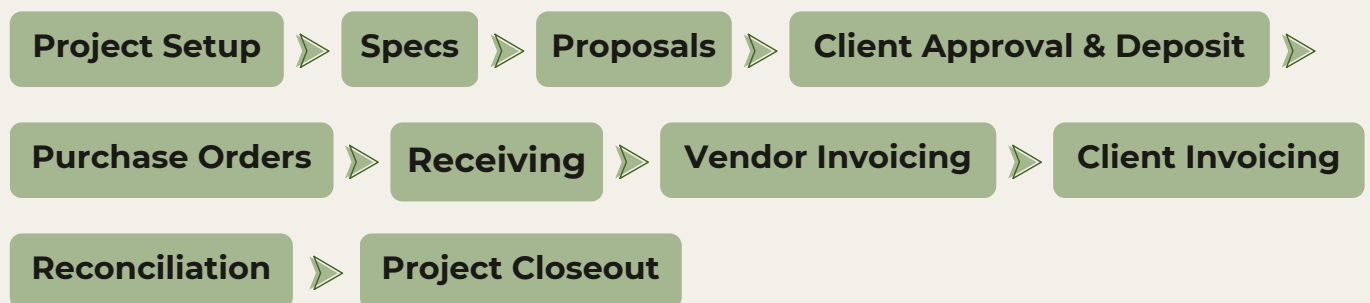
Founder, Everything But Design

The Core Principle: The Operational Chain

Each stage in Design Manager is interconnected. When the chain is complete, firms can:

- Track project profitability in real time
- Maintain accurate financial records
- Improve cash flow management
- Reduce administrative errors
- Increase client confidence and satisfaction

The chain follows this sequence:



The 10 Links in Design Manager's Workflow

1. Project & Client Setup

A properly configured project establishes the foundation for everything that follows.

✓ Best Practices

- Enter complete client information.
- Use consistent project naming conventions.
- Establish markups and billing rates at the project level.
- Standardize project setup procedures across the firm.

✗ Avoid

- Duplicate clients or projects.
- Incomplete contact information.
- Inconsistent naming conventions.

2. Spec (Item) Creation

Specs are the building blocks of every project and should be fully developed before being included in proposals.

Include:

- Client-friendly item descriptions
- Vendor information
- Item numbers
- Cost details
- Markups
- Sales categories
- Tax settings
- Photos
- Shipping information
- Labor details

✓ Best Practices

- Build detailed specs before creating proposals.
- Use consistent sales categories for reporting accuracy.
- Keep client-facing descriptions generic enough to discourage comparison shopping.

✗ Avoid

- Vague descriptions.
- Missing cost or markup information.
- Creating items directly within proposals.

3. Client Proposals

Proposals should always be generated directly from specs within Design Manager.

✓ Best Practices

- Generate proposals from approved specs.
- Ensure project-level markups flow correctly.
- Maintain all pricing within Design Manager.

Avoid

- External proposal documents.
- Manual pricing calculations.
- Mismatched proposal and project pricing.

4. Client Approval & Deposit

Client approval and deposit collection are critical before procurement begins.

Best Practices

- Obtain written approval.
- Record deposits accurately in Design Manager.
- Verify funding before placing orders.

Avoid

- Ordering without approval.
- Misapplying client deposits.
- Beginning procurement before funds are received.

5. Purchase Orders (POs)

Purchase Orders are the central procurement document and should be created before any order is placed.

Best Practices

- Create a PO for every purchase.
- Link all costs to the appropriate project.
- Record vendor acknowledgment numbers and dates.
- Follow consistent naming conventions.

Avoid

- Ordering without a PO.
- Untracked vendor purchases.
- Costs disconnected from projects.

6. Receiving Against Purchase Orders

Receiving updates project status and ensures accurate billing.

✓ **Best Practices**

- Record receipts immediately.
- Enter accurate dates and quantities.
- Document shortages, damages, or discrepancies.

✗ **Avoid**

- Skipping the receiving process.
- Delayed updates.
- Untracked inventory discrepancies.

Receiving triggers accurate project tracking and indicates when items are ready for client invoicing.

7. Vendor Invoicing & Payment

Vendor invoices should always be verified before payment.

✓ **Best Practices**

- Match invoices against purchase orders.
- Confirm quantities and pricing.
- Verify freight charges.
- Track vendor credits.

✗ **Avoid**

- Paying unverified invoices.
- Missing credits.
- Recording incorrect costs.

8. Client Invoicing

Consistent invoicing improves cash flow and provides clients with ongoing project visibility.

✓ Best Practices

- Invoice items after they are marked as received.
- Convert deposits from liabilities to revenue appropriately.
- Follow a consistent billing schedule (monthly is recommended).
- Separate furniture invoices from time-billing invoices when appropriate.

✗ Avoid

- Manual invoices created outside Design Manager.
- Irregular billing schedules.
- Delayed invoicing.

Even when clients pay 100% upfront, invoices are still necessary for proper revenue recognition and liability reduction.

9. Reconciliation

Reconciliation is one of the most commonly overlooked yet critical steps.

✓ Best Practices

- Reconcile bank accounts monthly.
- Reconcile credit card accounts monthly.
- Assign transactions to projects whenever possible.
- Review financial reports regularly.

✗ Avoid

- Falling behind on reconciliations.
- Using vague expense categories.
- Waiting until year-end to clean up records.

Accurate reconciliation provides reliable profitability reporting and ensures clean financial records.

10. Project Closeout

Formal project closure prevents open transactions from distorting reports.

✓ Best Practices

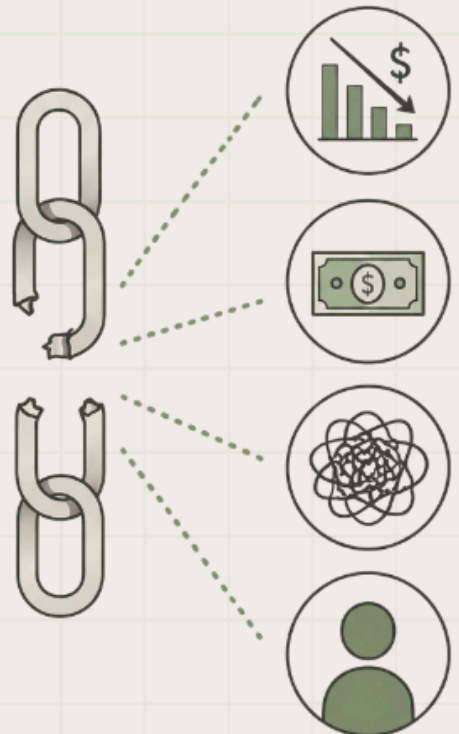
- Confirm all POs are received and paid.
- Verify client balances are zero.
- Run project profitability reports.
- Close projects formally in Design Manager.

✗ Avoid

- Leaving projects open indefinitely.
- Ignoring outstanding orders.
- Skipping profitability analysis.

WHAT IT COSTS DESIGNERS

- Lost profit
- Cash flow issues
- Accounting chaos
- Client frustration



Common Workflow Breakdowns and Their Impact

The most common failures occur in three areas:

- Purchase Orders
- Client Invoicing
- Reconciliation

Frequent Issues

- Using spreadsheets instead of Design Manager.
- Ordering before creating purchase orders.
- Skipping receiving procedures.
- Falling behind on reconciliations.
- Creating manual invoices outside the system.

Consequences

These breakdowns often result in:

- Lost profits from markup errors
- Missed vendor credits
- Overpayments
- Cash flow challenges
- Inaccurate profit reporting
- Client billing mistakes
- Reduced client confidence

Benefits of a Complete Chain

When the workflow is followed consistently, firms gain:

- Real-time profitability reporting
- Clean financial records
- Predictable cash flow
- Improved client experiences
- More time for design work

Practical Recommendations

1. Strengthen One Weak Link

Identify the area causing the greatest operational challenge and focus on improving it first.

2. Commit to Purchase Orders

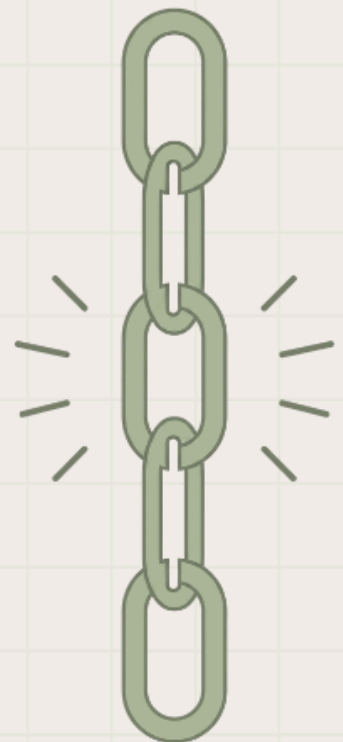
Every purchase should have a corresponding PO—even if the order was placed externally.

3. Reconcile Monthly

Never allow bookkeeping to fall behind. Delays create more errors, more stress, and less reliable reporting.

WHEN THE CHAIN IS RIGHT

- Profit improves
- Client trust grows
- Teams work more efficiently
- Designers get back to designing



Additional Q&A Highlights

Accrual Basis Accounting

Design Manager operates on an accrual basis, which is the standard for interior design firms due to the long duration of projects.

Sales tax reporting is based on invoice dates rather than payment receipt dates.

Markup Management

- Markups are typically established at the project level.
- Individual items can be adjusted as needed.
- Standardized markups improve consistency and profitability.

Retail Purchases

Retail purchases made on behalf of clients should be entered and tracked just like trade purchases to ensure accurate cost and markup management.

Time Tracking

Design Manager supports importing time entries from external systems, reducing duplicate data entry and improving efficiency.

Sales Tax Best Practices

A recommended approach is to:

- Include prepaid sales tax in the item's cost basis.
- Charge sales tax on the final client sale price.
- Maintain clean records for audits and tax reporting.

Work Orders vs. Purchase Orders

Purchase Orders should be used for the majority of procurement activities.

Work Orders are generally reserved for specialized situations, such as window treatment fabrication and installation.

Strength Your Firm's Operations

By consistently following the Design Manager workflow, your firm can:

- Streamline operations
- Improve cash flow and profitability
- Maintain accurate financials
- Deliver a better client experience
- Spend more time designing

Three habits that drive the biggest impact:

- Create purchase orders consistently.
- Complete monthly reconciliations.
- Use Design Manager as your single source of truth.

Strong processes create stronger profits, happier clients, and a more scalable business.

Start your Design Manager free trial or schedule a 30 minute 1:1 demo by visiting designmanager.com. Or contact our team of experts directly by emailing support@designmanager.com.

