Two Roads

A GUIDE FOR PROFESSIONAL SERVICE FIRMS

5 numbers every firm owner should check monthly

Fifteen minutes a month to go from “I think we’re okay” to “I know where we stand.”

INSIDE

01 Profit by client

02 Unbilled time

03 Days to get paid

04 Cash runway

05 Revenue per person

\+ A monthly checklist

Prefer to talk it through? **Book a free call** at tworoadsco.com/get-started

BEFORE YOU START

Busy isn’t the same as doing well.

Your calendar is full, your team is busy, and revenue looks fine. So why does it still feel hard to say whether the firm is actually doing well?

Most firm owners get a profit and loss statement each month, if they get anything at all. It tells you what happened in total. It doesn’t tell you which clients are worth keeping, where billable work is slipping through, or whether you can comfortably make payroll in six weeks.

The five numbers in this guide fill that gap. Together, they take about 15 minutes a month to review.

How to use this guide

1. Read each page once to understand what the number tells you and where to find it.
2. Block 15 minutes in the first week of every month.
3. Fill in the checklist on the last page and compare it with last month. The direction matters more than any single number.

01 Profit by client

The question it answers: Which clients are worth the work?

WHAT IT IS

For each client, what they paid you minus what it costs to serve them. The biggest cost is usually your team's time.

WHY IT MATTERS

Your busiest client isn't always your most profitable one. A client who pays well but needs endless revisions, extra calls, and rush requests can quietly cost more than they bring in. Without this number, you can't tell which relationships are building the firm and which are draining it.

HOW TO FIND IT

1. Pull revenue by client for the month from your invoicing or accounting system.
2. Pull hours logged by client from your time-tracking tool.
3. Multiply those hours by a cost per hour for each person: their pay plus a share of overhead.
4. Subtract that cost from each client's revenue.

WHAT TO WATCH FOR

Clients whose profit is consistently thin or negative. That doesn't always mean letting them go. It may mean repricing, changing the scope, or setting clearer limits on what's included.

02 Unbilled time

The question it answers: Are we getting paid for everything we do?

WHAT IT IS

Billable work your team did that never made it onto an invoice: time that wasn't logged, time that was written off, and finished work still sitting unbilled at month-end.

WHY IT MATTERS

For a firm that sells time and expertise, this is revenue you already earned and didn't collect. Small leaks add up: a 15-minute call here, a "quick" revision there, a few hours someone forgot to log on a Friday.

HOW TO FIND IT

1. Compare hours logged as billable with hours actually invoiced for the month.
2. Note any time written down or written off, and why.
3. Check for finished work that hasn't been billed yet.

WHAT TO WATCH FOR

The same clients or team members showing up month after month. That usually points to a scope problem, a process gap, or someone who needs an easier way to track time.

Not sure how much billable time slips through?
Book a free call with our team at **tworoadsco.com/get-started**

03 Days to get paid

The question it answers: How fast does money actually come in?

WHAT IT IS

The average number of days between sending an invoice and getting paid. The important question: how long does money take to show up?

WHY IT MATTERS

You pay your team every two weeks whether clients pay on time or not. When clients stretch from 30 days to 60, the firm can look profitable on paper while the bank account runs thin.

HOW TO FIND IT

1. Run an AR aging report from your accounting system. It groups unpaid invoices by how overdue they are.
2. Look at how much is past 30, 60, and 90 days.
3. Track the overall average month to month to see which way it's moving.

WHAT TO WATCH FOR

The average creeping up, or one large client making up most of what's overdue. Clear payment terms, deposits or retainers, and a simple reminder routine usually fix more than people expect.

04 Cash runway

The question it answers: How many weeks are we covered?

WHAT IT IS

How many weeks your cash on hand would cover your regular bills (payroll, rent, software, loan payments) if no new money came in.

WHY IT MATTERS

Profit and cash aren't the same thing. A firm can have a great month on paper and still be short when payroll, quarterly taxes, and a slow-paying client land in the same week. Knowing your runway lets you make hiring and spending decisions calmly.

HOW TO FIND IT

1. Add up the cash in your business accounts.
2. Add up your typical monthly fixed costs. Payroll is usually the biggest piece.
3. Divide your cash by your monthly costs to see how many months you're covered. Example: $60,000 ÷ $20,000 = 3 months, about 13 weeks.
4. List any large bills due in the next 90 days, like taxes, insurance, or annual renewals.

WHAT TO WATCH FOR

Runway shrinking two or three months in a row, even while revenue holds steady. That's often the first sign of a collections or pricing problem.

Not sure how many weeks you're covered?
Book a free call with our team at **tworoadsco.com/get-started**

05 Revenue per person

The question it answers: Is growth making us stronger, or just bigger?

WHAT IT IS

Total revenue for the month divided by the number of people on your team, counting part-time people proportionately.

WHY IT MATTERS

In a professional service firm, your people are the product. Adding staff should lead to more revenue per person over time, not less. This number tells you whether growth is actually paying off.

HOW TO FIND IT

1. Take total revenue for the month.
2. Count your team as full-time equivalents. Two half-time people count as one.
3. Divide revenue by headcount, and compare with recent months and the same month last year.

WHAT TO WATCH FOR

A dip after a new hire is normal while they ramp up. A steady decline usually means pricing hasn't kept up, too much time goes to non-billable work, or the team is carrying unprofitable clients (see 01).

YOUR 15-MINUTE MONTHLY CHECK

Fill this in the first week of every month.

Number	This month	Last month	Better or worse?
01 Profit by client			
02 Unbilled time			
03 Days to get paid			
04 Cash runway (weeks)			
05 Revenue per person			

If a number moves the wrong way two months in a row, that's your cue to dig in.

When pulling the numbers is the hard part

If your books aren't set up to answer these questions, or reviewing them keeps falling to the bottom of the list, you're not alone. At Two Roads, we work alongside professional service firms as part of their team: clean, current books and these five numbers in plain language every month.

Want a second set of eyes on your numbers? We're happy to talk. No pressure, just a conversation.

Book a free call at

tworoadsco.com/get-started

More than numbers.

Two Roads