The 5-Minute Margin Leakage Audit For Architecture Firms

How to Use This Audit

This is not a test. It is a diagnostic tool. The following 12 questions represent the most common and costly sources of margin leakage in architecture firms.

Answer each question with a simple **Yes** or **No**. Be honest. No one will see the results but you.

A "Yes" indicates a strength. A "No" indicates a potential leak.

Pillar 1: Financial Clarity (Know Your Numbers)

		Yes	No
01	Can you see the real-time profit and loss for every active project in your firm right now, without waiting for your accountant?	☐	☐
02	Do you have a forward-looking capacity forecast that shows your team's utilization for the next 90-120 days?	☐	☐
03	Is every single scope change, no matter how small, formally documented and approved in writing by the client before work begins?	☐	☐
04	Do you know the exact percentage of unbilled (non-billable) hours your firm had last month?	☐	☐

Pillar 2: Decision Structure (Know Who Decides)

		Yes	No
05	Do your Project Managers have explicit authority to make day-to-day project decisions without escalating to a Principal?	☐	☐
06	Do you have a written, standardized process for project startup and kickoff that is used for every new project?	☐	☐
07	If a project is at risk of going over budget, is there an automatic, non-emotional process to flag it for leadership review?	☐	☐
08	Are principals spending less than 20% of their time on day-to-day project issues and firefighting?	☐	☐

Pillar 3: Operating Cadence (Know When to Act)

		Yes	No
09	Does your weekly leadership meeting have a fixed agenda that includes a review of a standardized KPI scorecard?	☐	☐
10	Does your firm have a written, 12-month operations roadmap with clear priorities that is reviewed quarterly?	☐	☐
11	When a problem is identified in a meeting, is there a formal process for assigning ownership and a deadline for its resolution?	☐	☐
12	Do you have a single, undisputed source of truth for project data, or do you pull reports from multiple, often conflicting, systems?	☐	☐

| **Totals:** | Yes | No |

Scoring Your Audit

Count the number of "No" answers. This number is your Margin Leakage Score.

Score ("No"s)	Diagnosis	The Financial Impact
0 - 2	**System-Driven:** Your firm has a strong operating system. Margin leakage is minimal and caught quickly. You are likely operating in the top quartile of firm profitability (>25%).	**Low Risk:** You are leaving less than 1-2% of revenue on the table. Focus on optimization.
3 - 6	**Experience-Driven:** Your firm runs on the experience and heroics of your leaders. You get by, but you are constantly fighting fires and leaving significant money on the table.	**Moderate Risk:** You are likely leaving **3-7% of revenue** on the table. For a $10M firm, that is **$300k - $700k** in lost profit every year.
7+	**Chaos-Driven:** Your firm is operating in a reactive state. Profitability is unpredictable, principals are bottlenecks, and burnout is a serious risk. You are confusing activity with progress.	**High Risk:** You are likely leaving **8-15% or more** of your revenue on the table. For a $10M firm, that is **$800k - $1.5M+** in lost profit every year. The cost of inaction is catastrophic.

What Now?

This audit diagnoses the *symptoms*. It shows you where the money is leaking out.

It does not, however, fix the underlying system that is causing the leaks. You can try to patch these holes one by one, but they will reappear until the core operating system of your firm is addressed.

The StudioLedger Operating System™ is designed to install the frameworks that turn your "No" answers into "Yes" answers—permanently.

We don't just advise. We implement.

If you are tired of leaving money on the table and are ready to build a firm that is as strong as your designs, the next step is to see how the system works.

Request a Briefing

StudioLedger - The Architecture Firm Operations Clarity Accelerator™

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