

INSIGHT BRIEF · PROFESSIONAL SERVICES

WIP and Unbilled Revenue: The Services Firm's Silent Cash Leak

Unbilled revenue is real work aging into disputes and write-offs. Where WIP accumulates in services firms, how to age it honestly, and the operating rhythm that keeps it moving.

Between the hour worked and the invoice sent sits WIP: real cost incurred, real value delivered, no cash in sight. Some WIP is structural, work awaiting a milestone. The rest is drift: unbilled hours waiting for someone to assemble, review, and release an invoice.

Drift compounds. The older unbilled work gets, the harder it is to explain on an invoice and the easier it is to write off.

Where WIP piles up

- Partner review queues: invoices drafted, awaiting a busy person
- Missing time: the project looks unready to bill because hours are not in
- Milestone ambiguity: delivered work with no one confirming acceptance
- Client-caused delays that nobody papers, so billing waits politely

Age it honestly

Age WIP per project in 30-day buckets and treat each bucket differently. Current WIP is operations. Sixty-day WIP is a conversation. Ninety-day WIP is a collection risk wearing an accrual costume, and your recognition policy should get more conservative as the buckets age.

The weekly rhythm

- Timesheets complete weekly, enforced by name, no exceptions culture
- A standing WIP review: what can bill this week, what is blocked, by whom
- Invoices released on a schedule, not when someone finds time
- Blocked WIP escalated with the client while the work is fresh

Read your write-offs

Write-offs are a diagnostic. Coded by reason (scope, quality, delay, courtesy) and reviewed quarterly, they tell you which clients, engagement types, and partners consistently turn work into losses.

Uncoded write-offs tell you nothing, which is why busy firms prefer them. Resist the shortcut. The pattern is worth more than the individual recovery.



Questions about any of this?

Summit Business Systems has been implementing ERP for Ontario businesses since 1991. We are an Acumatica Gold-Certified Partner based in Barrie, working with construction, field service, distribution, and professional services companies across the province. If you want a second opinion on anything in this insight brief, we give straight answers.

summitbusiness.com/contact · info@summitbusiness.com · 1-877-840-6890