5 Silent Profit Leaks Keeping Owners Up at Night



# Where is the CASH GOING?

SABAL PALMS BOOKKEEPING

# Where Is the Cash Going?

## Five silent profit leaks keeping owners up at night

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Sabal Palms Bookkeeping · St. Augustine, Florida

I help owners of local service businesses who are busy but can't tell where the money went get books that trace every job, every hour, and every dollar.

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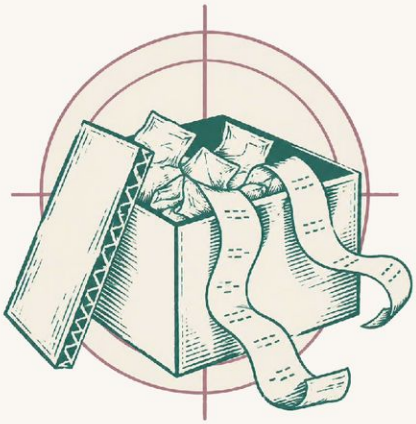
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# A note from Natalie

You booked the jobs. The crew showed up. The invoices went out. And at the end of the month, the bank balance still doesn't match the year you feel like you just had.

That gap is rarely one big expense. It's usually five small ones, each hiding in a different corner of your books.

I'm Natalie. I keep the books for local service businesses here in St. Augustine, and I wrote this because owners keep asking me the same question in the same tired voice. Where is it all going?



# The five questions your books should answer

Good books aren't tidy books. Tidy is nice. Useful is better. A useful set of books answers five questions every month, in under ten minutes.

1. **Did this job make money?**
2. **Where did our paid hours go?**
3. **Did we bill and collect for everything we finished?**
4. **Are we still paying for things we don't use?**
5. **Is the money in the bank actually available to spend?**

Answer all five and you can price a job, add a truck, hire a tech, and pay yourself without guessing. Can't answer one of them? That's your leak.



LEAK ONE

# The job cost with no home

## Your P&L shows every dollar you spent. It just won't tell you which job spent it.

A tech stops at the supply house on the way to a call and puts $240 of fittings on the company card. The receipt goes in the console. Three weeks later it gets coded to Supplies. The job closes out showing a 62 percent margin.

It wasn't 62. It was 41. And because it looked like 62, you quoted the next three jobs the same way.

> **The mis-coded receipt costs you $240 once. The pricing decision it produced costs you all year.**



Your fix

# One job, one ID

1. **Give every job an ID before it's scheduled**
   Year and sequence works fine. 2026-114. No ID, no calendar slot.
2. **Put that ID on everything the job touches**
   The estimate, the receipt photo, the supplier bill, the timecard, the invoice, the payment.
3. **Split your expense accounts into direct and shared**
   Direct means one job caused it and you can prove it with a document. Everything else is overhead.

### Watch for these

- A finished job with an invoice on it but no labor and no materials
- Receipts tagged from memory at the end of the month
- One Supplies account holding both job materials and the office coffee
- The same cost sitting in a job and in the overhead pool



LEAK TWO

# The hours nobody can trace

## Your payroll register tells you who you paid. It won't tell you what you bought.

A tech is on the clock nine hours. Six land on a job. The other three went to a supply run, a callback on last week's work, and forty minutes waiting on a gate code. If nobody coded them, they vanish out of every job report you own.

Rework is the one that hurts most, because it hides twice. The hours disappear, and so does the signal that something went wrong the first time.



Your fix

# Every hour gets a code

1. **One code per paid hour**

   Either a job ID or one of six overhead codes: dispatch, estimating, shop and yard, training, rework, drive time. Six. Not sixteen.

2. **Code it the same day**

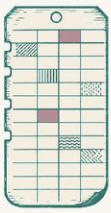
   A day reconstructed on Friday afternoon is fiction, and everyone involved knows it.

3. **Reconcile before you approve payroll**

   Paid hours should equal coded hours, every week, for every person. When they don't, find out why before the money moves.

### Watch for these

- Paid hours that don't equal coded hours
- A finished job showing almost no labor
- One generic Labor code covering jobs, driving, and office time
- Your own field hours missing from job costs entirely



LEAK THREE

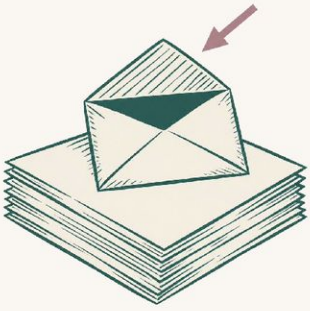
# The work you finished and never billed

## Finished, invoiced, and paid are three different facts. Most owners track one of them.

The calendar says the job closed Tuesday. The invoice list doesn't have it. Nobody's hiding anything. The tech finished late, the office was already closed, and by Thursday it was buried under this week's work.

Change orders are worse. The customer asks for one more outlet while you're standing right there. You do it, because you're decent and it takes fifteen minutes. There's a text message about it and nothing else.

> **An invoice isn't cash. It's a promise with a date on it.**



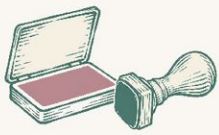
Your fix

# A job-to-cash list

1. **Keep a completed-but-unbilled list**
   Every finished job stays on it until an invoice goes out or somebody writes down why it didn't.
2. **Number your change orders**
   Description, price, and a yes you can point to. Get the approval before the work happens whenever you can.
3. **Work the aging list weekly**
   Oldest and largest first. Every open invoice gets a next action, a date, and a name attached to it.

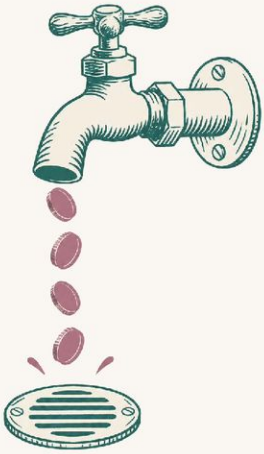
### Watch for these

- A finished job with no invoice and no explanation
- Extra work visible in the photos and receipts with no change order behind it
- Invoices with no due date and no payment instructions
- Old invoices with no next action and nobody's name on them



LEAK FOUR

# The charges that never stop



Nineteen dollars a month is nothing. Eleven of them is $2,508 a year, and nobody in your business can tell you what four of them do.

They scatter across the bank statement, two credit cards, and a payment platform. The vendor name printed on the statement rarely matches the product you think you're paying for. A price goes up nine dollars and nothing anywhere flags it.

Auto-renewals keep running until somebody acts.

> **A familiar merchant name is a reason to check. It isn't proof the charge still earns its place.**

Your fix

# The recurring-charge register

### 1 Build the register

One row per charge: vendor, what it does, who uses it, which card, how much, renewal date, how to cancel. Pull it from one full month of every statement.

### 2 Give each row an owner and a decision

Keep, combine, renegotiate, or cancel. Write "unknown, investigating" rather than guessing at it.

### 3 Verify the cancellation

Save the confirmation and check next month's statement. A cancellation you didn't verify isn't a savings. It's a hope.

**Watch for these**

- A charge nobody in the business can explain
- Two vendors doing the same job under different names
- An amount that changed without a notice
- One person requesting, approving, paying, and reconciling the same purchase



LEAK FIVE

# The bank balance that lies

## There's $38,000 in the account. How much of it is yours?

Some is sales tax you collected and owe. Some is payroll clearing Friday. Some is a card batch that hasn't settled yet. Some is a deposit for work you haven't done. The balance is a number, not an answer.

Post a whole loan payment as an expense and your profit looks worse than the business performed, because principal isn't an expense. It's paying back what you borrowed.

> **A month you didn't really close is a month you can't really use.**



Your fix

# Close the month properly

1. **Reconcile everything that has a statement**
   Not just checking. Cards, the processor, payroll, and every loan.
2. **Post from the source, not the bank feed**
   Start at the invoice or the settlement report and work toward the bank. A feed suggestion is a guess with good manners.
3. **Never force a difference to zero**
   Park what you can't explain, give it a name and a date, and chase it down. A reconciliation you fudged looks answered.

### Watch for these

- Net processor deposits going straight to revenue
- Loan payments booked entirely as expense
- Sales tax collected sitting inside service revenue
- A profitable month treated as proof that taxes and payroll are covered



# Your 30-day leak hunt

## You don't need to fix five years. You need one clean month.

**Week 1** **Map the money**

List every bank account, card, processor, and loan. Pull last month's statements into one folder. Build the recurring-charge register.

**Week 2** **Connect work to money**

Turn on job IDs and time codes. Apply them to every job that starts this week. Leave the old ones alone.

**Week 3** **Clean the current work**

Build the completed-but-unbilled list and the aging list. Send what should have gone out. Make the calls.

**Week 4** **Close it**

Reconcile every account to a statement. List what you couldn't explain. Look at the reports together before you decide anything.

Then do it again next month. Your first real close takes a day and tells you more than the last twelve months did.



# The monthly close, on one page

### Before you call the month done:

- [ ] Every bank and card account reconciled to a statement
- [ ] Processor settlement tied out: gross sales, refunds, fees, payouts
- [ ] Payroll tied to the register, taxes paid and confirmed
- [ ] Loan payments split into principal and interest
- [ ] Sales tax, if you collect it, in its own liability account
- [ ] An invoice issued for every finished job, or a written reason why not
- [ ] Aging list refreshed, next action on anything past 30 days
- [ ] Direct job costs reconciled to the general ledger
- [ ] Unexplained items listed, named, dated, and assigned
- [ ] Reports reviewed together before any pricing or hiring decision

None of this requires expensive software. It requires the same ten steps in the same order every month.



# What good looks like

Six months from now, here's what changes.

- You quote a job and you know your real cost, because the last eleven like it are sitting in a report with actual labor on them. You stop apologizing for your price.
- Friday payroll stops producing a knot in your stomach.
- You find out a customer is 60 days late on the day it happens, not the month you needed the cash.
- When your CPA asks for something in March, you send it that afternoon.

> **Same business. Same trucks. Same crew. Finally visible.**



# You can do this alone. Most owners don't.

Everything in this book is doable by an owner with a spreadsheet and a free Saturday. Some owners do exactly that, and it works.

Here's the honest part. These leaks don't persist because they're hard to fix. They persist because the fix competes with running the business, and the business always wins. By the time the pattern is obvious, it's a year of margin you can't go back and get.

Call somebody in when your records are more than two months behind, when payroll taxes or a notice is involved, when an account won't reconcile, or when you're about to make a real decision about price, a hire, a loan, or your own pay.



# Let's find yours.

A Leak-Hunt Session is 45 minutes. We go through your last full month together, account by account, and I show you which of the five leaks are actually running in your business and what each one is costing you.

You leave with a written list of what's leaking, ranked by cost, and the first three things to fix. No obligation to hire me.

1. Book the session.
2. We walk through one month of your books together.
3. You get your ranked leak list and your first three moves.

**Book your Leak-Hunt Session**



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# About Natalie

Natalie Hays keeps the books for local service businesses in St. Augustine and across northeast Florida. Monthly bookkeeping, cleanup and catch-up work, QuickBooks setup, and payroll, for owners who would rather be running the business than reconciling it at ten at night.

**Sabal Palms Bookkeeping**

# Where this came from

IRS — Recordkeeping

IRS — Publication 15, Employer's Tax Guide

IRS — Publication 334, Tax Guide for Small Business

U.S. Small Business Administration — Manage your finances

U.S. Department of Labor — Fact Sheet #21, Recordkeeping under the FLSA

U.S. Department of Labor — Fact Sheet #22, Hours Worked

Federal Trade Commission — Auto-Renewals and Negative Option Subscriptions

Intuit QuickBooks — Job Costing Guide

Xero — Accounts receivable aging report

Federal guidance is a floor. State and local rules can be stricter, and they change. Check yours.

