



# 5 Billing Practices that are Killing your Business

**Fix the Invoicing Mistakes That Drain Your Cash Flow and Undermine Profitability**

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# Fact

Bad billing practices will kill your business. They harm your cash flow, cost you money, and damage your profits. Yet it is surprising how many firms don't have defined processes to keep invoicing on track. To protect your firm and profit margins, avoid these five fatal practices.



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# Hiding No-Charge Items on Invoices

There are many reasons why your clients should know what they are being charged for. By the same token, they should also know what they're NOT being charged for, as well. Displaying a no-charge line item on your invoices makes it much easier to justify charging for the additional services later. What's more, your clients will understand that you've done them a favor since they will know that you've already performed the same service for free several times.

When you do work that you decide not to bill to your clients, show that on your invoice. List the scope of work performed, the full value or price for that work, and then show a discount to zero out the line item. Transparency in value provided is good for all parties.





# Beginning Projects Without Retainers

If you start working on a project without a retainer, and something happens to your clients or their company, the hours you and your staff worked since your last invoice will be lost. To prevent this, charge a down payment, a deposit, or retainer, for the first month's bill upfront. Calculate the monthly fee you're going to charge, and bill them one month in advance. Don't make the project status "active" in your billing system until you have this retainer money in hand. Don't allow your team to start work until the first payment has been made.

A good rule of thumb for most projects is to invoice for around 10% of the total project price as the down payment. Another tactic would be to take your total price, divide by the number of months in the project schedule, and then invoice for the first month to begin work.



# Not Adding Markups to Reimbursable Expenses

You should be adding a markup to all reimbursable expenses to cover the time your team spends managing them, and the risk of not getting reimbursed. Typically, this markup is 10% to 20%.

Consider this: if you will be traveling, someone in your office needs to book your flight and room. Costs of this time will come out of your pocket, and it is never guaranteed a client will fully reimburse you for the actual costs of that travel. Planning a trip takes effort, paying out of pocket increases risk, and it should be up to your CLIENT to cover the time and expense associated with getting everything booked.

Any expense that you pay out of pocket on behalf of a client or project should be reimbursed with a markup added to the cost to your business. Too many firms don't do this and lose financially.



# Not Charging Interest on Late Payments

Your client will not prioritize paying your invoices if you don't charge a penalty for late payments. Charging interest on late payments is wise for two reasons:

- 01 When an invoice specifically states that a client's payment is late and that they'll be charged interest, they're more likely to pay promptly.
- 02 If they don't pay on time, you'll make some extra revenue.

It's a win-win. Your business is not a bank. You don't make interest free loans. But that is what you are doing when a client pays an invoice late. Late payment penalties are standard across most contracts and people are used to them. Make this a standard term and condition of your contracts. And make the penalty large enough that it strongly encourages on time payments.

For example, think about the interest percentage charged by credit card companies when you carry a balance. Late payment fees should be at least that high (or whatever the maximum allowed is by your local jurisdiction).

Clients should pay on time. It's a sign of respect.

# Not Sharing Your Budget

Many architecture and engineering firms hesitate to share budget details with clients, fearing it could expose internal margins or invite uncomfortable scrutiny. But the reality is that transparency around budget is a strategic advantage. When clients understand how their money is being allocated across phases, services, and contingencies, it builds trust, sets realistic expectations, and reduces the risk of conflict down the road.

Sharing the budget early in the process helps align everyone on scope, priorities, and trade-offs. It opens the door to meaningful conversations about value, not just cost. Instead of reacting to surprises, clients feel like collaborators with a stake in balancing ambition and feasibility. This level of openness helps prevent scope creep, improves decision-making, and makes billing conversations smoother. Ultimately, a shared budget creates a more professional, transparent relationship where both the client and the firm can stay focused on achieving the best project outcomes.

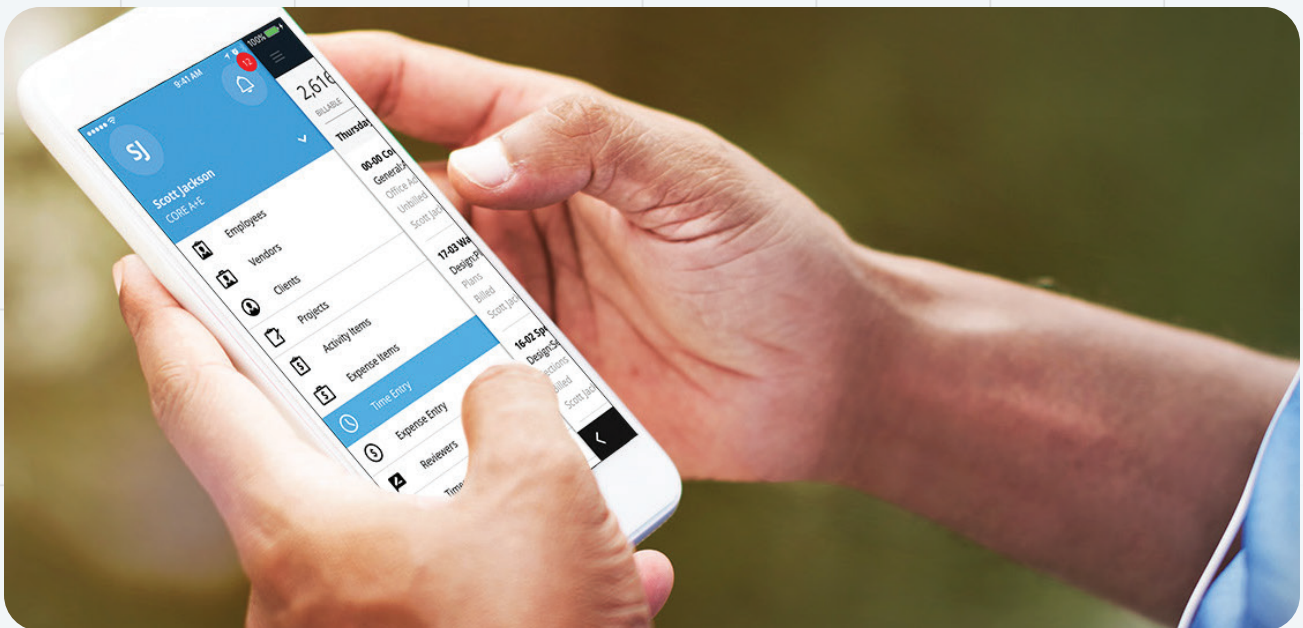




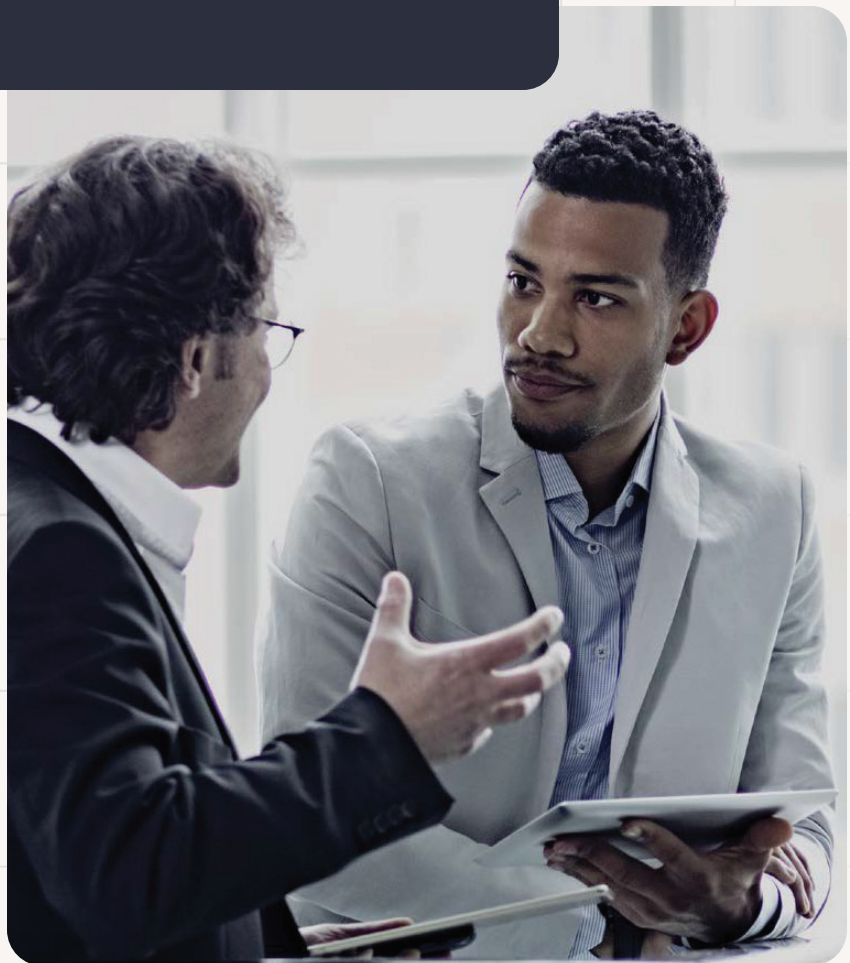
# And a Bonus: **Not** Automating Your Invoices

If you're still manually creating every invoice, you're wasting time and missing out on an opportunity. Automating the process will increase accuracy and save time, which you can then devote to making strategic decisions about your firm. You can easily set rules and frequencies for billing based on whichever invoice type you use. Sophisticated platforms like **BQE CORE** will automate your billing process and save you hours, if not days.

Plus, automating invoices coupled with e-payment options means you will get paid faster. This gives a big boost to your firm's cash flow and financial well-being.



Avoiding these billing mistakes leads to stronger cash flow and greater profitability. When you communicate with clients clearly, specifically, and on time, you build trust, reduce confusion, and create a consistent payment cycle. This allows your firm to operate more smoothly, justify the value of your work, and reinvest in long-term success.

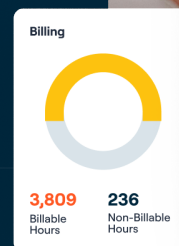
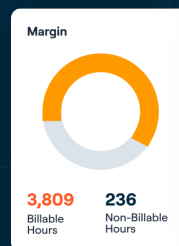


# About BQE CORE

Designed for engineering, architecture, and professional services firms, BQE CORE is a leading provider of business management software.

Firm owners are busy. This is why we built BQE CORE to streamline operations by integrating time tracking, project management, invoicing, and accounting into a single platform, enabling firms to boost productivity and profitability.

With a track record of over 25 years serving the A&E industry, BQE empowers businesses to make informed decisions through real-time insights and powerful analytics, helping them achieve growth and operational excellence.



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