THE FINANCE SEAT · FOR THE SEAT HOLDER

The Finance Seat Operating Guide

For the person inside the company who owns the numbers — what the seat is accountable for, in what order to build it, and how to know it's working.

What's inside

- What the seat owns — and what it does not
- Whether the basis fits the business — before anything else
- The close standard: a set date, and what has to be true by it
- Measurables the leadership team will actually believe
- The working capital nobody watches
- The forward cash view, and why the bank balance isn't one
- What you don't control — and how to escalate it
- The year, not just the month — the calendar behind the close
- Moving from reporting what happened to explaining why
- Your first ninety days, and a self-check for the seat

> *The job is not to produce financial statements. It is to make the company's numbers trustworthy enough that the leadership team stops arguing about them and starts deciding with them.*

1

What the seat owns

Most finance seats are defined by the tasks the last person happened to do. That's why the role drifts, why it's hard to hire for, and why the leadership team is never quite sure what to expect. A seat is defined by outcomes it is accountable for, not activities it performs.

Those outcomes form a chain: **Books** feed the **Close**, the Close makes the **Scorecard** trustworthy, and together they produce **Insight** and **Decisions**. **Cash** is the sixth link and runs in parallel. This guide works up that chain in order.

The seat is accountable for

- **Numbers final when promised.** A published close date, met.
- **Measurables the team believes.** Same definition, same source, week after week.
- **A forward view of cash.** Not what the balance is, what it will be.
- **An explanation, not a report.** Why the number moved, in business terms.
- **The financial consequences of decisions, surfaced before they are made.**

The seat is not accountable for

- Making the results good. Finance reports reality; the business creates it.
- Being the only person who understands the numbers. That's a failure state, not job security.
- Owning every spreadsheet. A number belongs to whoever can move it.

Three layers of work	Produces	Answers
Bookkeeping	A complete, categorized record	"What happened"
Controller	Trustworthy, timely numbers and reliable measurables	"What it means"
CFO	Forward modelling and decision support	"What we should do"

> *If you are holding all three layers at once, name it out loud. Say which layer you are letting slip this month, so the leadership team chooses rather than discovers.*

2

Does the basis fit the business?

Before you improve the close, check that it's closing the right thing. A flawless close on the wrong basis produces numbers that are precisely wrong: timely, reconciled, and misleading. Three structural questions come ahead of everything else in this guide.

Cash basis or accrual?

On cash basis, revenue lands when the money arrives rather than when it is earned. In a business with deposits, contracts, retainers, inventory, or work in progress, that makes a strong month last quarter's collections and a weak one a customer paying late. The leadership team is reading a payment calendar and calling it performance. If the company runs projects, holds inventory, bills in advance, or carries meaningful receivables, raise this with your CPA before anything else in this guide.

Changing basis is a tax accounting method change, not a bookkeeping preference. It affects the return, generally requires filing with the IRS, and produces a catch-up adjustment. Your accountant owns that decision and its timing. Your job is to surface the mismatch and explain what it costs the leadership team in decision quality. Many companies have never had the conversation at all.

Can you see margin by job, project, or customer?

Company-level gross margin tells a contractor, agency, or project shop almost nothing. The money is won and lost on individual jobs and the average hides the bleeders. If margin is drifting and you can't say which work caused it, job costing is the gap and no amount of close discipline closes it. Start by costing the ten largest jobs of the last quarter by hand; you will learn more in a day than a year of company-level reporting taught you.

Does the chart of accounts match how the business is run?

The chart of accounts is the substrate for every margin question you will ever be asked. If cost of sales is one line, or departments and locations are not separable, no report built on top can answer "which part of this is making money." Map what leadership actually wants to see — by service line, location, or project type — and plan the restructure with your accountant, at a year end where possible so prior-year comparability survives.

> *These three are structural. They're also unglamorous, invisible to the leadership team, and easy to defer forever. Deferring them means every improvement above is built on sand.*

3

The close standard

Everything above this sits on the close. Predictability matters more than speed: the same date every month, and when the numbers arrive they are final. A fast close that gets revised is worse than a slow one that does not, because the team learns not to trust the first version.

There is no universal close date. Scale it to the complexity you carry, then hold it.

Shape of the business	A reasonable target
Single entity, service business, accrual already clean	Fifth business day
Typical growing company — one entity, light inventory or WIP	Tenth business day
Multi-entity, consolidations, inventory, or percentage-of-completion	Fifteenth business day

What has to be true by the close date

- Every bank and credit card account reconciled, no unexplained differences
- Receivables and payables current, with aging reviewed
- Accruals and deferrals booked in the period they belong to
- A balance-sheet review completed — that’s where errors hide
- Statements produced, reviewed by a second set of eyes, released

Signs the close is not actually a close

- "Closed" figures still get restated afterwards
- The balance sheet carries accounts nobody can fully explain
- The process lives in one person's head, undocumented
- The date moves whenever the month was busy

Make it a system, not an effort

Write the close as a dated checklist with an owner per line, worked in the same order every month. That makes you replaceable in the healthy sense, which is what lets you move up the chain instead of running the same treadmill.

> *Publish the close date and hit it three months running. Nothing buys credibility faster.*

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Measurables they'll believe

A number on the weekly scorecard the team quietly distrusts is worse than no number — it teaches everyone the scorecard is decorative. Trust is built by consistency: same definition, same source, same owner, week after week, including the weeks it looks bad.

What makes a financial measurable worth the row

- **Leading, not only lagging.** It moves before the result does.
- **Weekly-meaningful.** If it only changes at month-end, it belongs in the monthly review.
- **Defined in one sentence** everyone would state the same way.
- **Owned by someone who can move it** — not finance, unless finance can move it.

Worth considering	Why
Projected cash balance, thirteen weeks out	Leading. Turns cash from a report into a decision input.
Weekly revenue or bookings against target	Early signal on the top line before the month closes.
Receivables past due	Where healthy revenue fails to become cash.
Gross margin trend	Revenue can grow while margin erodes underneath.

What to keep off

- Lagging-only numbers that update once a month
- Metrics that always look fine, and any number you would not defend

> *Two or three rows the team trusts beat fifteen nobody reads. Start with one you can defend every week, and earn the second.*

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The working capital nobody watches

Growing companies rarely fail on the income statement. They fail because growth eats cash faster than it produces it. Receivables stretch, inventory builds, suppliers want paying sooner than customers pay you, and a profitable year ends with an empty account. Smaller companies often track none of this, and it’s one of the most valuable things you can bring that nobody has asked you for.

Three numbers

- **Days sales outstanding** — how long it takes to collect what you have earned
- **Days payable outstanding** — how long you take to pay
- **Days inventory on hand**, where inventory exists at all

Collections plus inventory minus payment days is the cash conversion cycle: the number of days the company funds its own growth out of its own pocket. Track it monthly. When it lengthens, growth is getting more expensive, and you will see it here months before it reaches the bank balance.

What it changes

- A cycle stretching by ten days on a growing revenue base is a real, fundable cash need — not a collections nag.
- It converts "we need to chase receivables" into a number the leadership team can act on.
- It tells you whether a strong quarter is worth celebrating or worth worrying about.

> *Profit is an opinion until the cash conversion cycle agrees with it. This is the number that explains why a good year still felt tight.*

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The forward cash view

A bank balance is a historical fact. It tells the leadership team where the company has arrived, not where it’s heading, and a profitable month can still end in a cash crisis. The forward view is the first predictive thing the finance seat produces, and it’s usually the moment the seat stops being seen as overhead.

A thirteen-week forecast, minimally

- Opening balance, then expected receipts and disbursements by week
- Receipts built from actual invoices and realistic collection timing — not from the revenue plan
- Payroll, tax, debt service, and rent placed on their real dates, not spread evenly
- Known irregular items — insurance renewals, tax payments, equipment — placed explicitly
- Updated weekly, same day, and compared against what actually happened

The comparison is the point

The forecast's value is not accuracy in week one. It’s that comparing forecast to actual each week teaches you where your assumptions are wrong: customers who always pay ten days late, a season that consistently runs light. After a quarter of this the forecast starts to hold up, and the company can decide about hiring, equipment, and debt from a position of knowledge rather than nerve.

> *The first forecast will be wrong. Publish it anyway. A wrong forecast corrected weekly beats a right one produced once a year.*

What you don’t control

Almost every late close has a cause outside finance. The standard in this guide is yours to hold, and much of what it depends on arrives from people who do not report to you and have no particular reason to prioritise your deadline. Pretending otherwise is how a capable seat holder ends up personally absorbing a structural problem, month after month, and being blamed for it.

What arrives late	Who owns it	What you actually need
Signed contracts, change orders, job status	Sales and operations	A cutoff date, and the number treated as unbilled until it lands
Expense reports and receipts	Everyone	A published deadline with a stated consequence — next period, not this one
Owner-level transactions needing a coding decision	The owner	An agreed treatment up front, so coding is not a monthly guess
Inventory counts, timesheets, project completion	Operations	A named person and a date, on the close checklist like any other line

Escalate as a date, not a complaint

"I never get what I need" is a grievance and the room will treat it as one. "The close moved four days because job status arrived on the eighth; I need it by the third" is an operating constraint with an owner and a date attached, and it belongs on the issues list rather than in your head. Bring the specific instance, the cost in days, and the ask.

- Track slipped dependencies for one month before raising them. Two examples with dates beat six months of frustration.
- Put the dependency on the close checklist with the other owner’s name against it. Visible beats implied.
- Publish the close date *with* its conditions. A date you can’t meet alone, presented as though you can, becomes your failure the first time it slips.

> *You are accountable for the close. You are not the only person who has to do something for it to happen, and the leadership team cannot fix a dependency it has never been shown.*

From reporting to decisions

Insight and Decisions, the last two links, are where the seat earns its keep, and they are the ones most often skipped. Insight means explaining why a number moved, in the language of the business. Decisions means being in the room before the choice is made rather than reporting on it after.

Reporting versus insight

Reporting sounds like	Insight sounds like
"Gross margin was down two points."	"Margin fell two points because the three largest jobs last month were fixed-fee and ran over on labour. Two of the four in progress have the same shape."
"Receivables are up."	"One customer moved from thirty days to sixty and is now a fifth of the balance. That’s the cash gap in week six."
"We came in under budget on payroll."	"Two roles stayed open a month longer than planned. That’s a saving this quarter and a capacity problem next."

Getting into the decision

- Bring the financial shape of a decision *before* it is debated, not a verdict after.
- Tie reporting to the Rocks and the plan. A number beside the goal it serves is management information; a number alone is trivia.
- Model the two or three options on the table, not the theoretically optimal one.
- Say what you do not know. Credibility survives uncertainty; it doesn’t survive a confident number that turns out to be wrong.

> *The measure of the seat is not the quality of the reporting pack. It’s whether decisions in the last quarter were actually different because of it.*

The year, not just the month

A seat that only runs a monthly cycle gets ambushed once a quarter by something it should have seen coming. The close is your rhythm; the year is your calendar, and most of what lands on it arrives from outside the company with a deadline attached.

What belongs on it

Roughly when	What lands	What it needs from you
Rolling	Estimated tax payments, sales and payroll tax filings	Cash reserved in the forecast, not discovered the week it is due
Year end	Tax return prep, any audit or review, inventory counts	A clean close, schedules ready, and a date agreed with your CPA
Annually	Insurance renewals, licence renewals, major contract dates	Placed in the thirteen-week view before they hit
Quarterly or monthly	Covenant compliance and lender reporting, if you borrow	Calculated before the period closes, never after
Annually	The budget, and the plan behind it	Built from the operating plan, not last year plus a percentage

Budget versus actual, monthly

The thirteen-week forecast tells the leadership team whether the company can pay for things. The budget tells them whether the year is going the way they said it would. Run the comparison every month and report the variances that are large, persistent, or new — not all of them. Three explained variances beat a forty-line report nobody reads, and the explanation is the deliverable, not the table.

> *If a covenant calculation, a tax payment, or an audit request has ever surprised you, the problem was the calendar, not the month you were having.*

First ninety days, and a self-check

Work the chain in order. Anything built on an unreliable close gets built twice. The exception is cash: if money is tight, start the forward view in week one.

Days	Done looks like
1–30	**Find the truth.** You know the real close date, which accounts are unreconciled, and which numbers the team already distrusts.
31–60	**Fix the close.** A written checklist with owners, and one month closed on the published date.
61–90	**Earn one measurable.** One scorecard row you would defend, plus a first thirteen-week cash view.

Load-bearing — nothing above these holds

- [ ] The basis of accounting fits the business (accrual where there is WIP)
- [ ] Where the business runs on jobs, margin is visible per job
- [ ] I published a close date and met it last month
- [ ] Last month's numbers are final and have not been restated

Supporting

- [ ] Dependencies I don't control are named, not absorbed
- [ ] One financial measurable is on the scorecard and goes unchallenged
- [ ] I keep a forward cash view and compare it to actuals weekly
- [ ] I track the cash conversion cycle and know which way it moves
- [ ] I can explain the last movement in margin in business terms
- [ ] I was in the room before the last big financial decision
- [ ] I work at the layer the company needs, not the one I prefer

Reading it

Do not total it. Find the earliest unticked line. That's where the work is; the ones below are symptoms. Ten of twelve means nothing if the two missed are load-bearing.