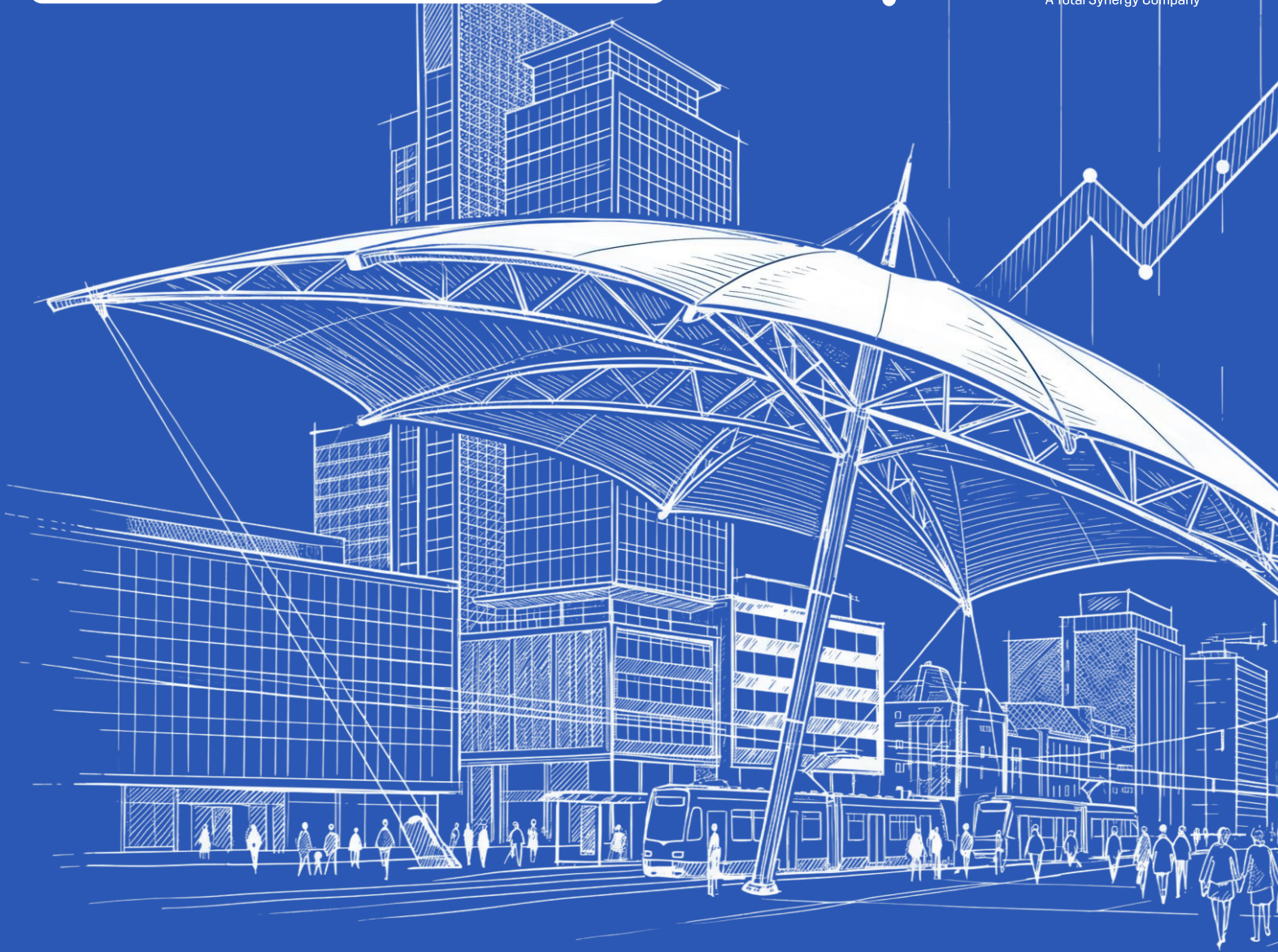


A Guide for Architecture & Engineering Firms

 **FACTOR A/E**  
A Total Synergy Company



# The A&E Firm's Guide to Revenue Forecasting



WHAT'S INSIDE

# Table of Contents

6 short chapters covering why revenue forecasting matters, why most firms skip it, and what a working system actually looks like, ending with a tour of how Factor builds it in.

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**03 Why Revenue Forecasting Matters**

Financial confidence, baselines, predictability, and reflection.

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**05 Why So Many Firms Skip It**

The 4 reasons forecasting gets abandoned, and the pattern underneath.

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**06 The 3 Types of Revenue Forecasting**

Backlog, timeline, and utilization, and why none of them work alone.

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**08 What Most Firms Actually Do Today**

The spreadsheets, the 2 reconciliation points, and the common failure mode.

---

**10 What Good Looks Like**

The 4 ingredients of a forecast that actually gets used.

---

**11 Revenue Forecasting in Factor**

A feature overview, automatic, manual, side-by-side, firm-wide, live.



**Watch our Revenue Forecasting Webinar On Demand**

Looking for more tips on forecasting? Watch our webinar: Why A&E Firms Struggle to Forecast Revenue (And How to Get it Right).

**Watch Now**



CHAPTER 01

# Why Revenue Forecasting Matters

It is easy to fall into a rhythm: updating the same spreadsheet every week, running the same report at month end, sitting in the same meeting to talk numbers. But stepping back and asking *why* you do any of it is surprisingly valuable.



**Financial Confidence**



**A Baseline for Planning**



**Predictability for Growth**



**A Mirror for Reflection**



## Financial Confidence

At the firm level, revenue forecasting gives leadership the ability to look beyond the current month and ask a fundamental question: **are we planning to bring in enough revenue to cover our costs, hit our targets, and maintain the margin we need to grow?** Without that forward view, you are navigating blind.



## A Baseline for Planning and Adjusting

A forecast is not just a prediction. It is a plan. When actuals start coming in and things are not going as expected, having that baseline is what allows you to course-correct. **You are reacting instead of adjusting.** People are logging time, completing scope, sending deliverables, knowing whether all that activity is tracking to your forecast is what separates proactive firms from reactive ones.



## Predictability for Growth

In professional services, revenue is generated through people's time. You are either billing directly for hours or billing against milestones that require your team to complete work. Either way, if your team is not properly utilized, you are not generating revenue, and **you cannot store unused capacity on a shelf and use it next month.**

Forecasting gives you the visibility to ask:

- Do we have enough capacity to hit our targets?
- Are we headed toward lean months where we need to pull work forward or add projects?
- Or are we overloaded and need to plan for it now?

## A Mirror for Reflection

If you do not start with a forecast, you cannot do meaningful backwards analysis. You have nothing to compare actuals against. You cannot ask why you missed a number if you never set one. **The forecast is the mirror**, and without it, a lot of valuable learning simply cannot happen.

### KEY TAKEAWAY

Revenue forecasting serves four core purposes: building financial confidence, creating a baseline for planning and adjustment, enabling growth predictability, and providing a point of reflection when actuals come in.



## CHAPTER 02

# Why So Many Firms Skip It

Understanding the barriers firms face is just as important as understanding the benefits. Here are the most common reasons A&E firms either do not forecast revenue at all, or do it inconsistently.

## ***"We always have enough work."***

Busy firms often assume that a full pipeline makes forecasting unnecessary. But being over-utilized does not mean you know how long it lasts, how many people you need to hire, or when things are about to slow down. Busy is not the same as planned.

## ***"We don't have the time or the process."***

This is a real barrier. If you do not have the right ingredients in place, or you are not sure how they fit together, it is genuinely hard to know where to start. What begins as complexity often ends in abandonment.

## ***"We tried it and it didn't help."***

If a firm implemented some version of forecasting but still found themselves off-track and reacting after the fact, they understandably question the value. Usually this means they had some of the pieces but not all of them, and the result was frustration rather than confidence.

## ***"We don't know where to start."***

Many firms have the desire to forecast but lack a system that makes it practical. They may be doing pieces of it: reviewing backlog, meeting with project managers. But without a coherent framework, it never quite comes together.

### **! THE PATTERN**

The common thread across all these barriers: firms end up in reactive mode. They are figuring out why they missed a number after the fact, rather than spotting the gap early enough to do something about it. The better your forecast, the further ahead you can act.



## CHAPTER 03

# The 3 Types of Forecasting

There is no single right way. Most firms use a blend, but each approach on its own leaves important gaps. Understanding the three types clarifies why combining them matters.

**TYPE 01 · BUDGET****Backlog Forecasting**

How much signed work do we have left to bill? The most common starting point.

**TYPE 02 · SCHEDULE****Timeline Forecasting**

When is the work expected to happen? Maps work to phases and milestones.

**TYPE 03 · CAPACITY****Utilization Forecasting**

Who is available, at what billing rate, for how long? Most accurate near term.

## 1. Budget Forecasting (Backlog)

It answers one simple question: how much signed work do we have left to bill? If you know roughly how much revenue you need each month, you can calculate how many months of runway your backlog represents. A firm that needs \$100K per month with \$600K remaining has, on paper, six months of runway.

**WHERE IT FALLS SHORT**

Backlog does not account for when the work actually happens. That \$600K might need to be delivered in three months, not six, or there might be a gap while another vendor finishes their portion.

## 2. Timeline Forecasting

Timeline forecasting adds a time dimension to the backlog. Instead of just knowing how much signed work exists, you map it to *when* it is expected to happen, by phase, milestone, or schedule.

**WHERE IT FALLS SHORT**

Assumes capacity exists, and that schedule and billing teams see the same picture. If a PM knows a milestone is slipping but billing doesn't, you reach end-of-month expecting to invoice something you cannot.



### 3. Utilization Forecasting

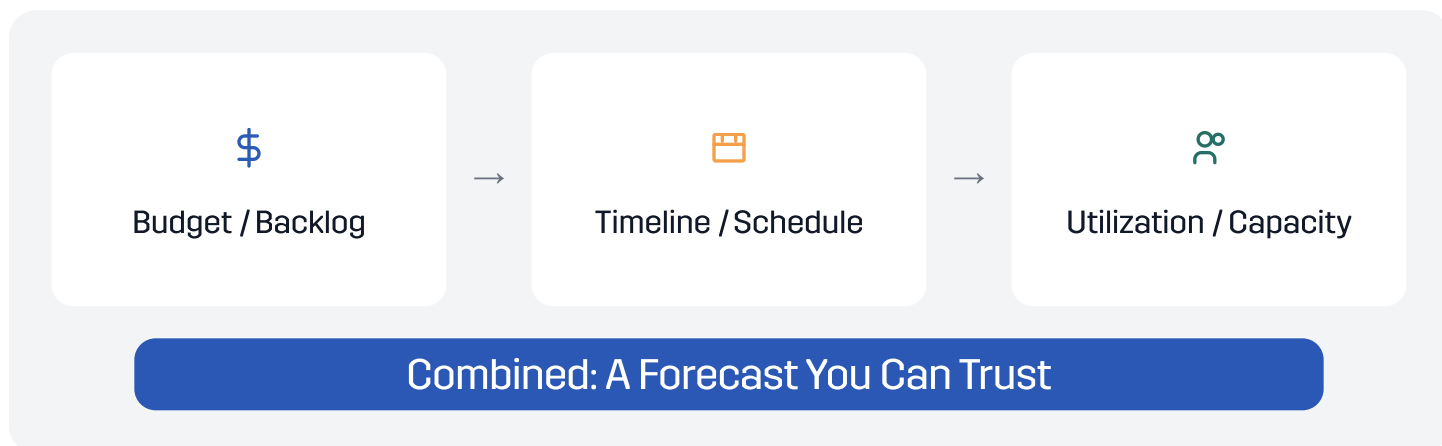
This approach builds the forecast from the ground up, starting with who is available, at what billing rate, for how long. It is the most granular of the three and can be very accurate in the near term.

#### WHERE IT FALLS SHORT

In real A&E environments, resource assignments shift constantly. Scope changes, timelines move, people get pulled between projects. Utilization-only forecasts are reliable for the current week or month but get increasingly unreliable the further out you plan.

#### THE TAKEAWAY

None of these approaches is wrong, each one is simply incomplete on its own. A budget without a timeline does not tell you when money will arrive. A timeline without utilization does not tell you whether you can execute it. Utilization alone does not hold up past the near term. The answer is all three, working together.





## CHAPTER 04

# What Most Firms Actually Do Today

Across conversations with A&E firms of all types, a clear pattern emerged. Whether firms were backlog-heavy, milestone-driven, or somewhere in between, most followed a version of the same workflow.

## The Spreadsheet Approach

The most common tool is a spreadsheet, or a Google Sheet, or something spreadsheet-like. It lists projects (sometimes broken down by phase), provides some visibility into remaining budget, and asks project managers or billing staff to fill in what they expect to bill that month.

Whether it is based on percentage of completion, scheduled hours, or a general read on remaining budget, the spreadsheet serves as the central document. In many firms, project managers update their own rows. In others, someone interviews them and enters the numbers.

## 2 Reconciliation Points

Almost every firm reconciles their forecast at 2 moments in the billing cycle:

### BEGINNING OF MONTH

#### Build confidence

PMs review what is coming, assess timelines, and estimate expected billings. The goal is to build confidence, or spot problems, before the month begins.

### END OF MONTH / BILLING

#### Compare actuals

Firms compare what they expected to invoice against what they actually billed. Did we get the work done? Did we log the hours? Did we leave money on the table?

The goal is a third reconciliation, comparing the final invoiced amount back to the original forecast to understand the variance and learn from it. But in practice this step often gets skipped, because by the time billing is done, there is already pressure to move on.



CHAPTER 04

## The Common Failure Mode

The deeper problem is that most firms only feel solid about one month at a time. And since even that month does not always shake out the way the plan suggested, it becomes very hard to build confidence about what comes after. If you cannot see further than a month ahead, longer-range planning starts to feel pointless.

### ! THE REAL COST

If you can only reliably see 1 month ahead, and even that month is uncertain, it is very hard to make confident decisions about hiring, project mix, or growth. You are always one bad month away from a scramble.

**1 mo**

Visibility most firms have

**2**

Reconciliation points in the cycle

**3rd**

Look-back step typically skipped

**∞**

Spreadsheet versions floating around



CHAPTER 05

# What Good Looks Like

Good revenue forecasting is not about having a perfect number. It is about having all the right ingredients working together in a system where the information is visible and actionable.



### Budget & What's Actually Remaining

Not just total contract value, but what is left to bill, with services and subconsultant budgets tracked separately so they don't distort your firm's true revenue.



### Timeline

Knowing when work is actually supposed to happen is what turns a backlog into a forecast. Without it, you can't see lean gaps hiding in the middle.



### Resource & Capacity Data

Do you have enough capacity to execute? Capacity connects the financial forecast to the operational reality of running your firm.



### A System That Brings It All Together

All 3 ingredients are still not enough if they live in separate places. When data doesn't flow together, the forecast stops getting used.

#### ✔ WHAT SEPARATES HIGH-PERFORMING FIRMS

The firms that forecast well do not necessarily spend more time on it. They have the right inputs organized in a place that rewards them for it. Every piece of data they enter makes the next decision faster and more confident.



CHAPTER 06

# Revenue Forecasting in Factor

Factor's revenue forecasting feature was built directly from what we saw A&E firms doing, and where they kept getting stuck. We took the spreadsheet workflow most firms rely on and made it smarter, more connected, and far less manual.

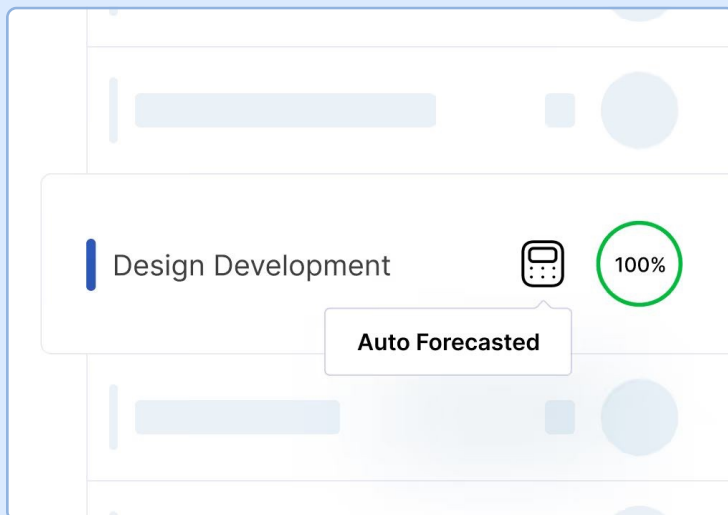
## Rely on accurate data, not gut feel.

Forecasts are powered by real project and opportunity data. See expected invoicing by month based on your phase-level timelines and budgets. Enter forecasts in dollars or percentages, and Factor calculates the rest. Instantly spot when your pipeline or backlog may fall short and take action before it impacts cash flow.

Revenue - Forecast		
Filter by name	April	May
<b>Portfolio Totals</b> 49 Projects	\$154,135.19	\$110,443.41
<b>Arbor Park Pavilion (12345)</b> Fixed Fee Client	85%	\$97,818.18
Schematic Design	40%	\$5250
Programming	55 <input type="text"/> %	+
Design Development	100%	

## Flexible forecasting that works the way you do.

Factor automatically spreads your phase budgets across timelines based on working days and updates as you invoice. Need more control? Switch to manual forecasting for hourly phases, front-loaded billing, or projects outside typical timelines. You get flexibility without sacrificing accuracy.

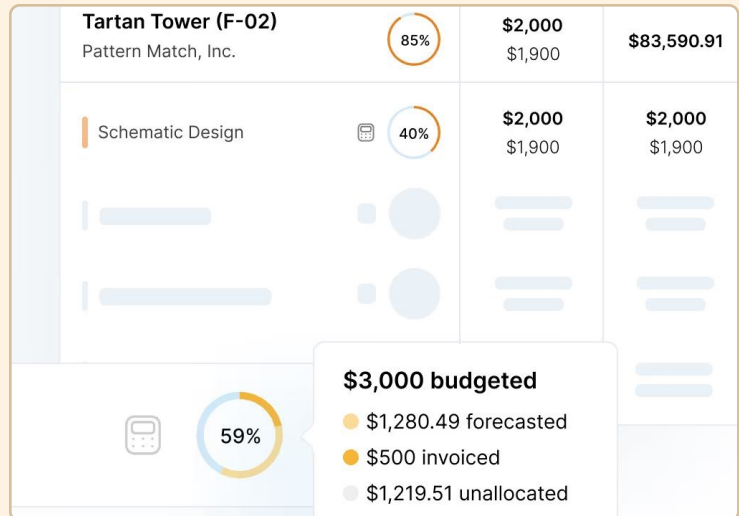




CHAPTER 06

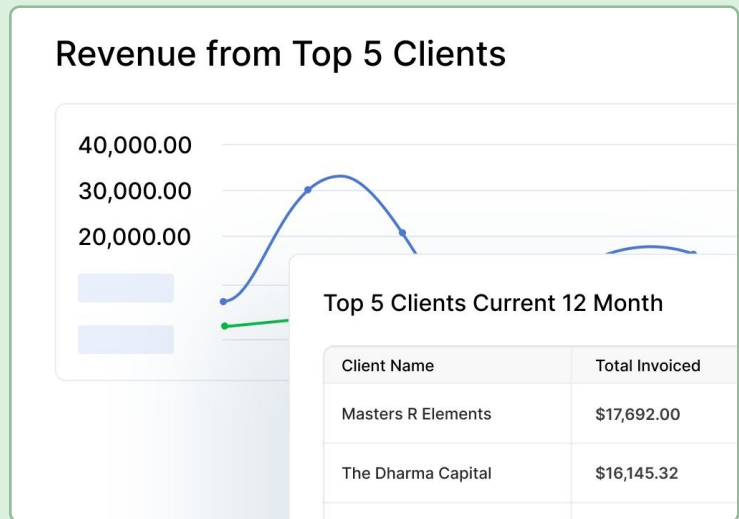
### Compare forecast vs actuals in real time.

See what you planned to invoice versus what you actually billed, side by side. Color-coded indicators instantly highlight phases that are under or over-forecasted, so you can course-correct early. Stay aligned with reality and avoid leaving revenue on the table or over-promising to clients.



### Accuracy that drives action.

Spend less time updating spreadsheets and more time steering the business. Leadership can make proactive decisions with confidence. Drill down to see which projects, clients, or departments are driving revenue and profitability so you can focus effort where it matters most.





HOW IT WORKS

# Set up your projects once. Forecast revenue automatically.

Factor's forecasting is built to match how most A&E firms already work. You enter the inputs you'd need anyway to run your projects. Factor pays you back with a forecast.

STEP 01

### Set up budgets & timelines

Phase-level budgets and project schedules, the same inputs you'd manage anyway.

STEP 02

### Override where it matters

Milestone billing? Front-loaded phase? Drop in a manual entry. Factor compares forecasts to actuals so variances are easy to spot.

STEP 03

### Compare, learn, repeat

Forecast, logged, and invoiced sit side-by-side. Variance is visible. Reflection is built in.

## See Revenue Forecasting in Factor

Let us show you around. In a quick demo, we'll show how A&E firms like yours use Factor every day to stay organized, stay profitable, and stay ahead without the busywork.

[Request Demo](#)