



MAGNETIS

REPRESENTATIVE SAMPLE REPORT

OWNER VISIBILITY DIAGNOSTIC

Executive Version

Northline Project Interiors OÜ

April 2026

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A representative sample showing owner-level findings, commercial risks, and improvement opportunities identified through an Owner Visibility Diagnostic.

€34,850

KNOWN EXPOSURE

31%

INVOICE UPLIFT

6 of 22

VARIATIONS SIGNED

18 of 26

HELD INVOICES ABOVE PR

8

BILLING CHALLENGES

1. Executive Snapshot

<p>PRIMARY ISSUE</p> <p>Work proceeds before the commercial steps that protect margin are completed: signed client variation, supplier written estimate, and updated budget line.</p>	<p>KNOWN FINANCIAL EXPOSURE</p> <p>€34,850 variance on the reviewed package, with the same pattern present across 18 of 26 held invoices in April. Total exposure is not yet quantified.</p>
<p>MOST URGENT FIX</p> <p>Make a signed client variation, or a same-day priced written confirmation, a hard precondition for instructing any subcontractor on additional scope.</p>	<p>HIGHEST-VALUE AI OPPORTUNITY</p> <p>A Change Order workflow that blocks supplier instruction until written cost estimate and client confirmation are attached.</p>

Executive Summary

A review of representative internal project documents, the April 2026 operations summary, and the current Change Approval SOP identifies a consistent gap in commercial control. The same pattern appears from procurement and site execution through invoicing, budget reporting, and client communication.

On the reviewed package, a €112,000 approved purchase request turned into €146,850 of supplier invoicing - a €34,850 variance, or 31% uplift. Six of the nine additional invoice lines relate to scope the original request had excluded. At sample-portfolio level, only 6 of 22 client variations were signed before work started, 18 of 26 held invoices exceeded their original PR, 12 client update escalations were recorded, and 8 billing challenges were linked to unclear commercial confirmation.

The strongest signal is that the company already has many of the right controls on paper. The gap is the operational layer that makes those controls binding: named authority, hard thresholds, workflow blocks, and a euro-level exception report that reaches the owner before the invoice arrives.

€34,850	31%	6 of 22	18 of 26	8
known exposure	invoice uplift	variations signed	held invoices above PR	billing challenges

2. Root Cause and Known Exposure

Main Root Cause

The company's written rules describe the right sequence, but the current operating rhythm still allows work to proceed before the commercial steps that protect margin are complete.

Each individual element of the process is reasonable on its own. The purchase request can list exclusions. Site meetings can capture client requests. Finance can raise questions. Operations can challenge suppliers. What is missing is the binding layer that converts those signals into mandatory steps: a form, a named approver, a system block, and a defined consequence if a step is skipped.

Operational urgency is replacing commercial control.

Restoring control requires decision authority, documentation discipline, and euro-level visibility before work starts - not after supplier invoices and client concerns appear.

Known Financial Exposure

Confirmed on reviewed project	Confirmed across April sample
<ul style="list-style-type: none"> • €34,850 variance on the reviewed package (31% uplift on a €112,000 approved PR). • 6 of 9 extra invoice lines map to scope the original PR excluded. • €18,500 remains pending recovery decision. 	<ul style="list-style-type: none"> • Only 6 of 22 client variations were signed before work started. • 18 of 26 held invoices exceeded the original PR. • 12 client update escalations and 8 billing challenges linked to unclear commercial confirmation.

Total exposure is not yet known. The next step is to calculate invoice variance above PR, unsigned variation value, absorbed project cost, disputed billing amount, and repeated exceptions by project, supplier, and project manager.

3. Top Owner-Level Findings

These findings reflect the highest-impact visibility gaps affecting profitability, control, and client trust across active projects.

<p>01 CRITICAL</p>	<p>Work proceeds before written cost, approval, or client variation</p> <p>What we found: The PR named the relevant exclusions; the supplier invoice included six lines connected to excluded or not-yet-priced scope. At sample-portfolio level, only 6 of 22 April variations were signed before work started.</p> <p>Why it matters: Without a signed variation and written client price, the company has a weaker basis to recover cost and a weaker position with the supplier.</p> <p>Recommended fix: Make a signed client variation a hard precondition for instructing any subcontractor on additional scope.</p> <p>AI opportunity: Change Order workflow with AI-drafted variation emails generated from site-meeting notes and supplier estimates.</p>
<p>02 HIGH</p>	<p>Written rules exist but are not yet operationally binding</p> <p>What we found: The SOP and PR templates describe the right controls but use soft language and do not attach a mandatory form, named approver, or consequence.</p> <p>Why it matters: The rulebook already exists; the lower-cost fix is to turn it from guidance into a hard operating standard.</p> <p>Recommended fix: Rewrite the SOP in mandatory language, attach a one-page Change Order form, and publish an Authority Matrix naming approvers and euro thresholds.</p> <p>AI opportunity: AI audit of SOP wording, producing a side-by-side rewrite in binding language.</p>
<p>03 HIGH</p>	<p>Internal questions are not consistently closed before work continues</p> <p>What we found: Finance and Operations raise the right questions, but status can move forward while commercial treatment is still unresolved. The April sample shows 11 tasks with open commercial or budget treatment questions.</p> <p>Why it matters: 'Completed' status can overstate true completion; margin and recovery decisions remain hidden from owner view.</p> <p>Recommended fix: Add a 'Completed - Commercial Pending' status and block closure where tagged cost, approval, or variation questions remain unanswered.</p> <p>AI opportunity: AI question-typing workflow that tags cost/approval/variation questions and blocks status transitions until written answers exist.</p>

4. Findings Continued and 30-Day Priorities

<p>04 HIGH</p>	<p>Client communication follows internal decisions instead of its own cadence</p> <p>What we found: Price and timing questions are handled after internal clarification rather than through a fixed external update rhythm. The April sample includes 12 client update escalations and 8 billing challenges.</p> <p>Why it matters: Internal delays become visible to clients, weakening trust and increasing cost-recovery risk on completed work.</p> <p>Recommended fix: Assign one named client owner per project, issue a fixed-day weekly written update, and create a 48-hour SLA for substantive replies.</p> <p>AI opportunity: CRM/shared mailbox with SLA tracking; AI drafts weekly updates and flags vague language that lacks a firm-up date.</p>
<p>05 HIGH</p>	<p>No euro-level view exists and cost-recovery authority is undefined</p> <p>What we found: The SOP does not name euro thresholds for urgent authorisation. The sample contains management-decision items without a named decision owner.</p> <p>Why it matters: Recurring issues addressed through reminders rather than decisions become embedded. Without a euro-level view, the leak is invisible at owner level.</p> <p>Recommended fix: Hold an owner-level decision meeting within seven days to set thresholds, name billing-vs-absorb authority, and define the monthly Commercial Exception Report.</p> <p>AI opportunity: Automated monthly Commercial Exception Report connecting tasks, POs, invoices, variations, and budget tracker.</p>
<p>06 MEDIUM</p>	<p>Supplier invoice review happens after exposure already exists</p> <p>What we found: Invoice exceptions are detected at Finance stage, after the work has been instructed and supplier costs have already been incurred.</p> <p>Why it matters: The business is catching issues after leverage has reduced. The highest margin protection comes before supplier instruction, not during invoice review.</p> <p>Recommended fix: Move supplier controls upstream: no PO release for excluded or added scope without a Change Order number.</p> <p>AI opportunity: AI invoice-line matching against PR scope and exclusions, with exception flags for urgency premiums and out-of-scope lines.</p>

30-Day Priorities

- Owner-level decision meeting within seven days to set euro thresholds, name billing-vs-absorb authority, and define the monthly Commercial Exception Report.
- Close the reviewed case end-to-end: final client reply, line-by-line reconciliation of the €146,850 supplier invoice against the €112,000 PR, and a documented decision on the €34,850 variance.
- Convert April KPIs into euros: variance and at-risk billing value for all 18 invoices above PR and all 16 missing or delayed variations.
- Assign a named owner and 30-day deadline for rewriting the SOP in binding language, incorporating the Authority Matrix and PR exclusions as Change Order triggers.
- Notify key subcontractors that lines outside the original PR will be returned unpaid unless accompanied by a referenced Change Order number.

5. Implementation Priorities and Automation Roadmap

90-Day Implementation Priorities	Recommended AI / Automation Opportunities
<ul style="list-style-type: none"> • Change Order workflow linking site-meeting notes, supplier estimates, client variations, and budget tracker as one chain. • AP automation with AI invoice-line matching against PR scope and exclusions. • Budget tracker restructure: Approved Budget, Committed Cost, Pending Recovery Decision. • Monthly Commercial Exception Report in euros by project, supplier, and PM. • Pilot the new SOP and templates on 2-3 active projects. 	<ul style="list-style-type: none"> • Change Order workflow that blocks supplier instruction without written estimate and client confirmation. • AI variation draft generator to make the correct process faster than the workaround. • AI invoice-line matching to flag out-of-scope lines and unauthorised urgency premiums. • Client update tracker with 48-hour SLA enforcement and auto-drafted weekly updates. • Owner dashboard showing exceptions and month-over-month trend lines.

Next Data Needed

- Line-by-line list of the 18 April invoices above PR: variance, supplier, project, PM, Finance status.
- Full detail on the 16 missing or delayed April client variations: value, commercial status, current treatment.
- The 8 April client billing challenges: contested amount, dispute status, retention or final-payment risk.
- The full text of the 12 client update escalations to identify clustering by PM, project type, or supplier.
- Last 3-6 months of supplier invoices for the top 5 subcontractors to annualise exposure and identify recurring urgency premiums.

The issue identified in this diagnostic is structural but fixable. The company already holds much of the diagnosis in writing. What is required now is governance: euro thresholds, named decision authority, binding rules against closing tasks with open Finance questions, and a monthly Commercial Exception Report. The priority is to restore commercial control before work starts, not after invoices and concerns appear.