Kestrel Operations / $24M ARR / 31 March 2026 / USD

01 / EXECUTIVE BRIEF · 1 MINUTE

Correct billing. Set the conditions for the next investment.

Approve billing corrections and renewal controls. Test the case for moving more acquisition spend to partners.

Kestrel Operations is a $24M ARR workflow software business. Billing offers an immediate correction. The growth decision is whether partner customers' higher value can be repeated with additional spend.

Decision	Evidence	Owner and next step
Correct billing	$144k in annual signed charges missing from 24 accounts.	Finance: validate the corrections and costs before approving implementation.
Enforce renewal approvals	16 discounts above 10% have no approval record.	CRO: check the records and require approval on the next 20 renewal quotes.
Test before reallocating spend	Partner customers produce $270k more annual gross profit at month 12, but started larger.	CMO: compare similar customers before proposing a capped partner test.

The investment case

Billing correction would produce $15.4k to $37.6k in first-year net benefit after the $15k audit fee, $24k implementation estimate and $12k annual control cost. Renewal and acquisition differences are excluded.

Model assumptions: April start, 75-100% realization and 82% incremental margin. Finance must confirm the omitted charges are not already recognized as revenue.

The next investment decision belongs with the CEO, CMO and Finance: fund a limited test only if comparable partner customers show better economics and there is enough qualified demand to pursue.

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02 / BILLING

24 active add-ons are missing from invoices.

The review removes six valid billing exceptions and isolates $12,000 per month in omitted charges.

Contract-to-invoice review · E1	Accounts	Annual charges
Initial exceptions	30	$180,000
Agreed April 1 billing starts	6	($36,000)
Active add-ons not billed	24	$144,000

Records B001-B024 show signed addenda, completed activation and no approved waiver. B025-B030 have agreed future billing dates and are excluded. The remaining gap is contractual; no price increase is required.

Decision: approve validated corrections

Finance should approve implementation once the account review supports the timing, costs and revenue assumptions. Finance and RevOps should confirm each start date and customer explanation, with a second reviewer approving each correction.

The invoice records establish the gap, but not its cause. Trace whether the omission came from manual entry, an integration or an exception process before changing the workflow.

- Control: each activated paid add-on must link to an invoice line or an approved exception.
- Owner: Finance, supported by RevOps and Customer Success.
- Success measure: no unexplained exceptions in the next two billing cycles; track objections, reversals and cash collection.

The $144k is annual contracted billing. It should not be added to company ARR. Customer disputes, start dates and collection still need review; the model assumes 75% to 100% of the omitted charges become billable revenue.

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03 / RENEWALS

16 discounted renewals lack an approval record.

Require approval for discounts above 10%, with room for justified exceptions.

Q4 2025 renewal sample · E2	Sales team A	Sales team B
Renewals / list ARR	20 / $1.00M	20 / $1.00M
Average discount	8%	14%
Net contracted ARR	$920,000	$860,000
Deals above the 10% approval threshold	4	16
Above-threshold deals missing approval	0	16

Both groups have the same product, customer size band, contract length, currency and quarter. Team B agreed to $60k less annual revenue; $40k of its discounts exceeds the approval threshold. Neither figure is a forecast of recoverable revenue.

Decision: enforce approvals, then assess retained value

The CRO should require a reason and Finance approval for discounts above 10%. Check for approvals held elsewhere, then review the next 20 eligible quotes. Retain justified exceptions and honor signed terms.

Account health, the buyer’s negotiating position and competition may justify different prices. Record what each discount secures: a longer term, a payment commitment, a change in scope or a lower risk of losing the account.

- Review the next 20 eligible renewal quotes against this rule.
- Track discount, customer acceptance, net price and the reason for any exception.
- Customer Success should flag adoption and renewal risks. Check retention once these customers reach their next renewal.

If discount rates fall while customer acceptance or retained account value worsens, review the rule before extending it. The current records support better approval discipline; they do not establish a new price or discount target.

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04 / ACQUISITION

Test before shifting spend to partners.

Partner customers start larger. Equal acquisition cost does not establish where the next dollar will earn more.

Q1 2025 cohorts · E3	Paid search	Partner
Customers / acquisition spend	20 / $300k	20 / $300k
Average starting ARR per customer	$35k	$50k
Starting ARR / ARR lost by month 12	$700k / $100k	$1.00M / $100k
ARR retained at month 12	$600k	$900k
Gross revenue retention	85.7%	90.0%
Delivery gross margin	75%	80%
Annual gross profit at month 12	$450k	$720k

Where the $270k difference comes from

Both groups lost $100k of ARR. Partners started with $300k more ARR and retained that lead. This accounts for $225k of the profit gap at paid search’s 75% margin. The higher partner margin adds $45k.

A larger starting base improves the retention percentage here. Compare similar customers before attributing the difference to the channel.

- CMO and RevOps: match the 40 accounts by segment, starting value and use case. Check sales cycle and onboarding. Report the comparable sample size.
- Finance: include partner, selling and delivery costs. Compare payback using monthly revenue and margin. Customer Success: check adoption and churn reasons.

Month-12 gross profit is an annual rate, not first-year profit. Flag small samples and missing cost history.

Decision: require a test proposal before more spend

The CMO should propose a capped test only if comparable partner customers show better economics and qualified demand is available. Finance and the CEO agree budget, loss limit and review date; Sales defines a qualified opportunity. If matching removes the advantage, improve targeting before moving budget.

Stop or revise if opportunity quality or costs miss agreed limits. Early pipeline can support continuing a limited test. Scaling needs wins and delivery-cost evidence; retention and payback need longer observation.

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05 / ECONOMICS

Billing correction: $15.4k to $37.6k after first-year costs.

The model includes the audit fee and estimated implementation and control costs. It excludes any gains from renewals or acquisition.

Billing scenario · E4	75% realized	100% realized
Annual billing corrected	$108,000	$144,000
Revenue from April-December	$81,000	$108,000
Gross profit at 82% incremental margin	$66,420	$88,560
One-time implementation estimate	($24,000)	($24,000)
Annual control cost	($12,000)	($12,000)
Audit fee	($15,000)	($15,000)
First-year net benefit	$15,420	$37,560

Assumptions for Finance to confirm

Corrections start April 1, 2026. Between 75% and 100% of omitted charges become billable revenue, at an 82% incremental margin. The model assumes these charges have not already been recognized as revenue. If they have, assess cash collection separately and rebuild the case. Implementation and control costs are estimates; the full annual control cost is included.

Calculation: $144,000 × realization × 9/12 × 82% - $24,000 - $12,000 - $15,000. Break-even realization is 57.6% at this timing and margin. A month of delay reduces gross profit by $8,856-$11,808.

A subsequent full year would produce $76,560 to $106,080 after the $12,000 control cost, provided the corrected charges and margin hold and no further implementation or audit fee is required.

The model excludes tax, financing, cash collection timing, working capital and past arrears. Proceed once Finance confirms the corrections, timing and costs. Recalculate if any of them change.

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06 / FIRST 90 DAYS

Start with the next useful step.

Timing is a starting estimate. Agree the sequence around the team's capacity, existing commitments and available evidence. Reset dates when earlier work is delayed.

Target / owner	First useful step	Conditions to proceed
Days 1-10 · Finance	Reconcile one flagged account from contract to invoice, then review the remaining 23.	Confirm revenue recognition, timing, costs and reviewer availability before approving implementation.
Days 11-60 · Finance + RevOps	Correct the first approved account and verify its invoice before proceeding.	Requires Finance approval and an agreed customer explanation. Review two billing cycles for exceptions, objections, reversals and collections.
Days 1-30 · CRO	Apply the approval rule to the next eligible renewal quote.	Name an approver before the quote. Review 20 quotes; revisit the rule if acceptance or retained value worsens.
Days 15-45 · CMO	Check whether the existing records support a like-for-like customer comparison.	A test needs comparable economics, qualified demand and available Sales capacity. CEO and Finance agree budget, loss limit and review date.
Days 46-90 · Executive team	Review the evidence available and decide what can proceed.	Stop or revise tests that miss agreed limits. Require wins and delivery-cost evidence before scaling. Extend observation when results are not yet conclusive.

When priorities change

Before assigning more work, agree what the team can make room for and what will wait. If capacity or assumptions change, the owner proposes a smaller scope, a new date or a pause, and explains the cost of delay.

Keep independent work moving. A delayed billing correction need not hold up the renewal review. Revisit the sequence at each review point and after a material change in priorities, staffing or evidence.

This sample does not establish a case for changing headcount, list prices or packaging. Bring separate evidence to those decisions. Assess retention and acquisition payback when enough time has passed.

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07 / EVIDENCE & SCOPE

Sources, definitions and scope.

Kestrel and every record in this report are fictional. The files demonstrate how the findings reconcile.

Source	Contents	Coverage
E1 · Billing	Contract charges, invoice charges, effective dates and exception review.	30 accounts at March 31, 2026.
E2 · Renewals	List price, signed price, discount and approval status.	40 Q4 2025 renewals; two sales teams.
E3 · Acquisition	Acquisition cost, starting ARR, month-12 ARR and delivery margin.	40 Q1 2025 customers, each followed for 12 months.
E4 · Model	Financial reconciliation, fee and planning assumptions.	Billing case only; no combined upside estimate.

ARR is recurring annual revenue at a point in time. Gross revenue retention excludes expansion; this sample contains churn but no expansion or contraction among surviving customers. Annual gross profit at month 12 equals retained ARR × delivery margin.

The files cover separate groups of accounts selected for review. They do not reconcile to the full $24M ARR or estimate losses across the company. Approval records describe the fictional evidence; original agreements and invoices are not included.

What this sample covers

This sample covers three findings, the decisions they support and the work needed to act on them. A client audit's scope depends on the business question and available data. Pipeline conversion, activation, expansion and pricing research may need additional evidence.

Revenue Architecture Audit · $15,000. Scope, data access, timing and deliverables are agreed before work begins. Implementation is scoped separately.