Flourish

THE BUILDER AND REMODELER CASH PLAYBOOK

Get paid on time. *Keep the margin you sold.*

The weekly numbers, checklists, forms and Texas deadlines that keep custom builders and design-build remodelers ahead of their costs, and make the company worth more to a buyer.

INSIDE

- Six numbers to check every Friday
- Draw checklist and lender follow-up
- Deposit and draw schedule design
- Margin fade review
- Change order policy and form
- Allowance overage process
- Texas deadline calendar
- 13-week cash forecast
- What buyers look for

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01 · WHERE THE MONEY LEAKS

You build good homes. *The margin slips somewhere between the bid and the final bill.*

Builders and remodelers lose money in the gap between the margin they sold and the margin they finished with, in change orders that never got billed, and in weeks of fronting costs between draws. Each page that follows takes one of those gaps and shows what to do about it.

5 points

Average gap between sold and final margin in remodeling. On $1 million of revenue, that's about **$50,000** (our math). [1]

About 10%

Share of revenue that flows through change orders, the easiest money to lose [3]

29.9%

Average remodeler gross margin in 2024, against a **35%** target for a healthy shop [4,5]

The leaks this playbook closes

01 **Margin fade.** In one reader survey, fewer than two in three remodeling projects closed within 3 points of their target margin. [2]

02 **Change orders that never get billed,** or get forgotten until the final bill and then discounted to keep the client happy. [3]

03 **Fronting cash between draws.** Every underbilled job is an interest-free loan from you to your client. [8]

04 **Allowance overages billed at the end.** Unclear allowance math can lead clients to hold back the last payments. [6]

05 **The final 10% and the final bill.** Texas law has the owner hold 10% until 30 days after completion, so the last dollars are always the slowest. [9]

06 **A company that runs only through you.** It's the biggest thing holding down what a buyer will pay. [14]

How to use it: print the Friday numbers (page 3) and the follow-up schedule (page 9), put them where your office manager can see them, and review the rest once a month. Numbers in brackets point to the sources on the last pages.

02 · FRIDAY NUMBERS

Six numbers to check *every Friday.*

Pick a set time every Friday. Pull these six numbers, write them in the last column, and look for anything off target two weeks in a row. That's the whole meeting.

NUMBER	HOW TO GET IT	HEALTHY RANGE	THIS WEEK
Cash vs. the next 2 weeks	Bank balance minus payroll, subs and suppliers due in the next 14 days	**Never negative. Keep one payroll of cushion.**	
Draws out and days waiting	Every draw sent: date sent and what it's waiting on	**Funded in 10 business days or fewer**	
Over or under billed, by job	Billed to date minus (cost to date ÷ estimated total cost × contract)	**No job underbilled** [8]	
Signed changes and overages not billed	Change order and allowance log against your invoices	**$0 older than one draw**	
Margin to date vs. sold	Job cost report by phase against the budget, every open job	**Within 2 points of sold** [1]	
Signed backlog	Signed, unearned contract value ÷ average monthly revenue	**4 to 6 months of work**	

How to run it

- [ ] Set aside 15 minutes every Friday. Owner plus whoever runs the books.
- [ ] Write each number in the last column. Circle anything off target.
- [ ] Anything off target **two weeks in a row** gets one owner and one date.
- [ ] Keep every sheet. A year of them is the history a buyer's accountant will ask for.
- [ ] Targets here are working targets from industry practice, not guarantees.

Every draw funded *in ten business days.*

In one software vendor's survey, lenders followed up on about 9 out of 10 draw packages and sent 1 in 3 back. Missing lien waivers, especially from subs, were the number one reason. Every bounced draw is another week of paying subs out of your own account.[7]

NUMBER TO WATCH	TARGET
Days from draw sent to funded	10 business days or fewer

Before you send the draw

- [ ] Draw summary balances: original budget, prior draws, this request, remaining balance
- [ ] Schedule of values or lender form, percentages matching work in place
- [ ] Invoice summary by vendor and budget line, with sub and supplier invoices attached
- [ ] Change order log, signed and pending, with the budget effect
- [ ] **Conditional** waivers for this draw, **unconditional** waivers for what the last draw paid (Texas statutory forms)
- [ ] Current certificates of insurance (expired COIs are a top rejection reason)
- [ ] Inspection scheduled, or the date it was completed
- [ ] Stored materials log, if billing for materials not yet installed
- [ ] Cover sheet signed last. Date sent and follow-up date go on your Friday numbers sheet.

LENDER FOLLOW-UP, DAY 5

Subject: Draw #[number], [job]: checking on funding

Hi [name],

Following up on Draw #[number] for $[amount] on [property address], sent [date].

Attached again:
Draw request and SOV
Invoice summary with sub invoices
Conditional waivers for this draw
Unconditional waivers for Draw #[prior]
Change order log
Current COIs

Inspection: [completed on date / the site is open (days, times)].

Can you confirm:
1. Whether anything is missing. If it is, we'll send it today.
2. The expected funding date.

Our subs on this phase are due [date].

Thank you,
[Name], [Company], [phone]

Buyer's view. A buyer's accountant sets a working-capital target from your normal month. Cash you're fronting on open jobs gets counted at closing, not ignored.[15]

04 · DEPOSITS AND DRAW SCHEDULE

Stay ahead *of your own costs.*

At every payment point, what you've collected should be at or above what you've spent. Anywhere cost runs higher than billing, you're the bank, at zero percent interest.[8]

NUMBER TO WATCH	TARGET
Collected minus cost, at each payment point	Never below zero

Design the schedule

- [ ] **Map cost by phase first.** From the estimate, write cumulative cost at the end of each phase.
- [ ] **Set the deposit to cover start-up costs:** design, permits, engineering and first material orders.
- [ ] **Put each payment a step ahead of cost.** Bill at the start of a phase, not the end.
- [ ] **Plan for the Texas 10%.** Assume 10% of every payment arrives more than 30 days after completion.
- [ ] **Cost-plus jobs bill on a calendar,** every two weeks, with a deposit about one billing cycle deep.
- [ ] **Change orders and overages ride the next payment,** never the final one.
- [ ] **Test it** on your last three jobs and fix the worst payment point in your next contract.

THE 3-JOB TEST

Take your last 3 finished jobs.
At each payment point write:

Collected to date
Cost to date
The gap

The payment point with the biggest negative gap is the one to move earlier in your next contract.

AT THE FINAL WALK

Collect final sub and supplier lien waivers before the walk ends, so the bills-paid affidavit and final invoice can go out the same week.

Buyer's view. Customer deposits are work you still owe. Buyers count them in working capital, so deposits spent on overhead come straight off the price at closing. (Our view, based on how working-capital targets are set.)

Finish every job *at the margin you sold.*

The average remodeling job finishes about 5 points below its sold margin. The best shops hold the gap under 2. The difference is a monthly habit: comparing what you sold to what you finished, and fixing the cause.[1,2]

NUMBER TO WATCH	TARGET
Sold margin minus final margin, by job	Under 2 points

Monthly review, every job closed

- [ ] Pull the original estimate by phase and the final job cost report
- [ ] Add signed change orders to **both** revenue and budget, so changes don't hide fade
- [ ] Work out sold margin, final margin and the gap in points
- [ ] Rank cost codes by dollars over budget. Find the top two.
- [ ] Name the cause: estimate missed it, scope crept with no change order, price went up, labor ran long, or cost hit the wrong job
- [ ] Check for extras done in the field with no change order
- [ ] Write one fix into the estimate template or change order process
- [ ] Log it. This history is what a buyer asks for.

MONTHLY FADE LOG

Job | Sold GP% | Final GP% | Gap
Top 2 cost codes over budget
Cause
The one fix

Fill one line per closed job. After six months the same two or three causes will be obvious.

Buyer's view. A quality-of-earnings review looks for big month-to-month swings in gross profit, the sawtooth pattern that comes from cost-to-complete estimates that true up at closeout. A clean fade log answers it.[18]

No signature, *no work.*

About 10% of revenue moves through change orders, and that's where money slips: changes that never make it back to the office for billing, or that get forgotten until the final bill and discounted to avoid a fight. If you billed $50,000 in change orders and that was only 85% of the change work you did, $8,824 went unbilled (our math).[3]

NUMBER TO WATCH	TARGET
Signed change orders not yet billed	$0 older than one draw

The policy

- [ ] Written, priced and signed **before** the crew or a sub starts
- [ ] Every change order gets a number and goes on the log the day it's signed
- [ ] Every signed change goes on the next draw or invoice
- [ ] Price includes overhead, profit and any schedule days added
- [ ] Field staff don't approve changes. Only the PM or owner signs.
- [ ] On lender-financed jobs, the signed change goes to the lender with the next draw
- [ ] The log doubles as sale-ready records

CHANGE ORDER FORM: THE FIELDS

CO number and date · job, address, contract number
Client names (all owners who signed the contract)
Requested by · reason (client, hidden condition, code, design)
What's added, removed or changed
Cost: labor, materials, subs, overhead and profit
Credit for work removed
CO total · original contract · prior COs · new contract total
Days added · new completion date
Payment: due with the next draw, or deposit on signing
Lender approval needed? (yes / no, date sent)
"No work on this change will start until this form is signed."
Signatures and dates: client and builder

Sample only. Have a Texas construction attorney review your forms.

Buyer's view. Diligence checks every change order's status, collectability and timing. A numbered, signed log is exactly what they want to see.[15]

Bill the overage *before you order.*

When allowance math is unclear, clients hold back payments near the end, and designers find out weeks later that a job is over budget. Price and sign every overage the day the selection is made.[6]

NUMBER TO WATCH	TARGET
Allowance overages not yet billed	$0 at the time of ordering

The process

- [ ] Contract lists each allowance, its amount and what it includes (material only or installed, tax, delivery)
- [ ] Selection deadlines go on the schedule, tied to lead times
- [ ] At selection, price the overage the same day, installed, with markup
- [ ] Client signs the overage notice before the order is placed
- [ ] Bill the overage at selection, not on the final
- [ ] Write up credits under allowance too, so the client sees both directions
- [ ] Send a running allowance summary with every draw

ALLOWANCE OVERAGE NOTICE

Subject: [Job] selection update: [item] over allowance

Hi [client],

Thanks for choosing the [item] for the [room]. Here's how it compares with your allowance:

Allowance in contract: $[amount]
Your selection, installed: $[amount]
Overage, including our standard markup: $[amount]

To keep your schedule we need to order by [date]. Please sign below and we'll add $[amount] to your next draw. We'll place the order once we have your signature.

Running allowance total on your job: $[amount] [over / under].

Thank you,
[Name], [Company], [phone]

Approved: _____ Date: _____

Who to follow up with, *and when.*

Print this page. Every dollar owed should have a name and a date next to it. The ones that don’t are the ones that sit.

WHEN	WHO	WHAT TO DO
Day 0	Lender	Send the draw with the full checklist package. Put the sent date and follow-up date on your Friday numbers sheet.
Day 5	Lender	Send the follow-up email (page 4). Confirm the inspection date.
Day 10	Lender, loan officer	Call. Ask exactly what’s missing and the funding date. Escalate if there’s no answer.
Day signed	Client	Log the change order with a number. It goes on the next draw.
At selection	Client	Price the overage the same day and send the overage notice for signature before ordering.
Final walk	Subs, suppliers	Collect final lien waivers so the bills-paid affidavit is ready.
Within 5 days of the final walk	Client	Send the final invoice, with every change and overage already billed earlier.
Day 30 after completion	Client	Request release of the 10% reserved funds (Tex. Prop. Code § 53.101).
Day 45	Client	Call about anything still unpaid and confirm a payment date in writing.

Good to know. Nobody likes chasing clients. With a schedule, the call on day 45 is just the next step, and clients learn to expect it.

Texas dates *worth putting on the calendar.*

These are the dates that decide whether you get paid in full on a residential job. Put them on the calendar for every job, even the ones you're sure will go smoothly.

DEADLINE	WHAT IT MEANS FOR YOU	WHERE IT COMES FROM
Before the contract is signed	Give the owner the residential disclosure statement	Tex. Prop. Code § 53.255 [10]
During the job and 30 days after completion	The owner holds back 10% as reserved funds. Plan your cash around it.	§ 53.101 (renamed by HB 2237 for contracts from Jan 1, 2022) [9,13]
15th day of the 2nd month after each month of work	Subs and suppliers send notice to keep their lien rights. Ask yours for copies.	§ 53.056(a-1) [17]
15th day of the 3rd month after completion	Last day for you to file a lien on a residential job if you're still unpaid	§ 53.052 [11]
Within 5 days of filing	Send a copy of the lien affidavit to the owner	§ 53.055 [17]
1 year after the last day to file	Deadline to sue to enforce the lien (2 years if extended by a recorded agreement)	§ 53.158 [13,17]
Contracts over $5,000 on a homestead	Deposit payments into a separate account labeled "construction account"	§ 162.006 [12]
Every job	Construction payments are trust funds. Using them for anything but the job carries personal risk.	Texas Construction Trust Fund Act, Chapter 162 [12]

General information, not legal advice. Texas lien and residential construction rules are technical and change. Check the current statute and talk with a Texas construction attorney before relying on any deadline. The Texas Residential Construction Commission closed in 2010; there is no TRCC process to follow.

10 · THE 13-WEEK CASH FORECAST

See the tight week *before it hits payroll.*

Update it every Friday. Put each draw in the week you really expect it funded (date sent plus your actual average days to fund), and move it when it slips. Before you sign a new job, look at the lowest week.

WEEK STARTING	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11	W12	W13
Starting cash													
CASH COMING IN													
Draws, by job													
Deposits (signed contracts only)													
Change orders and overages billed													
Reserved funds, the final 10%													
Other													
Total in													
CASH GOING OUT													
Subs and suppliers													
Payroll and payroll taxes													
Overhead: rent, insurance, vehicles, software													
Loan and credit line payments													
Owner draws and estimated taxes													
Total out													
Ending cash													
Below your floor? Mark it.													

Run it like *you'll sell it.*

In our view, most custom and design-build firms between $3 million and $10 million sell to a search-fund buyer, an SBA-backed owner-operator, a regional builder or a key employee. Residential builders over $5 million in revenue have sold for a median of about 3.1 times EBITDA. When everything still runs through the owner, the price tends to cap out near 2.8 times owner earnings, meaning profit plus what the owner takes home.[14]

Close the books by the 15th

Accrual books, closed every month. Number to watch: days to close.

Review sold vs. final every month

Average fade in points, with the goal under 2.[1]

Keep deposits in the business

Book deposits as a liability, and make sure cash on hand covers them.

Bill every change on the next draw

Signed but unbilled changes and overages: $0 older than one draw.

Separate personal spending

Owner perks and related-party costs out of operating accounts. Buyers pull every one of them out anyway.[15]

Run a WIP that ties to the books

Over and under billed by job, and the WIP total matches the general ledger.[15]

Job cost by phase, including crew hours

Aim for nearly every cost coded to a job and a phase.

Track signed backlog and its margin

Backlog in months of revenue, and the margin it was sold at.

Track warranty callbacks by job

Warranty cost as a share of revenue over the last 12 months.

Build a second set of hands

Someone other than you who sells, estimates and runs jobs. Buyers pay for a company that runs without its owner.[14,16]

What profit does to the price. Going from 5% to 10% net profit doubles the earnings a buyer multiplies. At 2.8 times, every extra $100,000 of owner earnings a buyer believes in adds about **$280,000** to the price (our math).

12 · SOURCES

Where the numbers *come from.*

Every benchmark in this playbook is tied to a source. Where we use our own math or a working estimate, we say so in the text.

1. JLC, Solving Cost Slippage Problems https://www.jlconline.com/business/solving-cost-slippage-problems/
2. Custom Builder, Show Me the Money https://custombuilderonline.com/show-me-money
3. JLC, Track Change Order Revenue https://www.jlconline.com/remodeling/track-change-order-revenue/
4. NAHB Eye on Housing, Remodelers saw profit margin gains in 2024 (Apr 2026) https://eyeonhousing.org/2026/04/remodelers-saw-profit-margin-gains-in-2024/
5. JLC, Gross Profit Benchmark https://www.jlconline.com/business/money/gross-profit-benchmark
6. Pro Remodeler, Handling Allowances https://www.proremodeler.com/construction/construction-practices/article/55187799/handling-allowances
7. Rabbet, construction draw package standard (software vendor) https://rabbet.com/blog/construction-draw-package-standard
8. PBN, Underbillings vs. overbillings https://pbn.com/underbillings-vs-overbillings-what-they-reveal-about-job-health-and-cash-flow/
9. Tex. Prop. Code § 53.101, reserved funds https://legalfix.com/statutes/state-codes/texas/property-code/title-5/subtitle-b/chapter-53/subchapter-e/section-53-101
10. Tex. Prop. Code § 53.255, residential disclosure statement https://texas.public.law/statutes/tex._prop._code_section_53.255
11. Tex. Prop. Code § 53.052, lien filing deadlines https://texas.public.law/statutes/tex._prop._code_section_53.052
12. Tex. Prop. Code § 162.006, residential construction account https://texas.public.law/statutes/tex._prop._code_section_162.006
13. Allensworth, HB 2237 changes to Texas mechanic's lien laws https://www.allensworthlaw.com/legal-updates/hb-2237-changes-to-texas-mechanics-lien-laws
14. Association of Professional Builders, What is a residential building company actually worth (BMI Mergers data) https://blog.associationofprofessionalbuilders.com/what-is-a-residential-building-company-actually-worth
15. CBIZ, Turn financial clarity into deal premiums for construction contractors https://www.cbiz.com/insights/article/turn-financial-clarity-into-deal-premiums-how-cbiz-helps-maximize-transaction-value-for-construction-contractors
16. JLC, Preparing a Remodeling Company for Sale https://www.jlconline.com/remodeling/preparing-a-remodeling-company-for-sale
17. Ezel, Texas mechanic's lien deadlines survey (§§ 53.055, 53.056, 53.158) https://ezel.ai/surveys/mechanics-lien-deadlines/texas
18. CBIZ, Case study: turning construction financial noise into transaction value https://www.cbiz.com/insights/case-study/turning-construction-financial-noise-into-transaction-value

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Flourish

WANT US TO RUN THIS FOR YOU?

We run these numbers for you *and follow up on what you're owed.*

Flourish builds this system for builders and remodelers. We connect your accounting and job software, run every number in this playbook for you, and follow up on draws, change orders and overages so nothing waits for the final bill.

01 Money Map, a live dashboard built from your accounting and job software.

02 A Monthly Numbers Call that ends with a short to-do list.

03 A 13-Week Cash Forecast we keep current every week.

04 Automated Follow-up on what's stuck, approved by your office before it goes out.

Book a free 30-minute walkthrough with Joe and Karen at buildwithflourish.com

Bring your A/R aging and last month's P&L if you have them.

hello@buildwithflourish.com

buildwithflourish.com/builders