Flourish

THE SUBCONTRACTOR CASH PLAYBOOK

Get paid for every line. *Grow your bonding.*

The weekly numbers, pay app checklist, Texas lien and retainage calendar, WIP layout and scripts that get commercial subcontractors paid on time, and make the company bondable now and sellable later.

INSIDE

- Six numbers to check every Friday
- Pay app calendar and checklist
- Retainage release steps
- Change orders and T&M tickets
- Stored materials billing
- One-page WIP schedule
- GC payment scorecard
- Texas lien and retainage calendar
- 13-week cash forecast
- What sureties, banks and buyers want

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01 · WHERE THE MONEY LEAKS

You built it. *Now get paid for all of it.*

Commercial subs carry the job for the GC: payroll every week, material up front, retainage held to the end. The money is usually owed. It's stuck in paperwork, cutoffs and change orders that never got signed. This playbook is the system that gets it out.

92%

of subcontractors floated payroll last year while waiting to be paid [1]

56 days

Average wait for payment, while most suppliers want to be paid within **45** [2]

66%

of subs wrote off change order money last year, with an average **22%** cut in negotiation [3]

The leaks this playbook closes

01 **Retainage on finished jobs.** 43% of subs wait more than 90 days for final payment and retainage, and about 1 in 5 wait six months. [1]

02 **Change orders done on a handshake.** Work done before it's signed gets cut down, or never paid. [3]

03 **Pay apps kicked back.** One missing waiver or COI can push your payment back a full month.

04 **Material paid before it's billed.** Tile, LVP and gear paid in 45 days, billed when installed.

05 **Margin fade nobody sees until year-end.** Sureties and buyers both treat a pattern of fade as a red flag. [15]

06 **Slow GCs you keep bidding for.** Without a scorecard, a 90-day GC looks the same as a 30-day one.

How to use it: print the Friday numbers (page 3) and the follow-up schedule (page 10), 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.*

Set aside 15 minutes every Friday to check these six numbers. They tell you how much runway you have, where the money is stuck and what to fix before the next cutoff.

NUMBER	HOW TO GET IT	HEALTHY RANGE	THIS WEEK
Weeks of payroll in the bank	Bank balance ÷ average weekly payroll	**4 weeks or more**	
A/R past 45 days, by GC	A/R aging report, sorted by GC	**Under 15% of A/R. Nothing over 90 days.**	
Retainage on finished jobs	Retainage list: job, amount, date your work finished	**Release request out on every one. None past 30 days without the § 53.057 notice.** [8]	
Unsigned tickets and unapproved COs	Change order log, oldest first	**Tickets signed same day. Nothing unapproved past 14 days.** [22]	
Approved COs not yet billed	Change order log against your last pay app	**$0 at each cutoff**	
Labor hours vs. budget, top 3 jobs	Timecards against the estimate	**Hours used within 5 points of % complete**	

How to run it

- [ ] Owner, PM and whoever does billing, standing up if you have to.
- [ ] Write each number in the last column. Circle anything off target.
- [ ] Every circle gets one name and one date.
- [ ] Once a month, add the WIP: fade by job, over and under billing, GC concentration.
- [ ] Targets here are working targets from industry practice, not guarantees.

Send every pay app *complete, before cutoff.*

A pay app that misses cutoff or gets kicked back for a missing waiver gets paid a month late. In Texas, once the GC is paid for your work on a private job, you're owed within 7 days.[4]

NUMBER TO WATCH	TARGET
Pay apps kicked back, last 12 months	Zero

Before you hit submit

- [ ] **Cutoff −7:** walk each job with the super and agree % complete by SOV line
- [ ] **Cutoff −5:** send the pencil copy and collect lower-tier waivers
- [ ] SOV updated; approved change orders on their **own lines**
- [ ] Stored materials in the stored materials column, with backup
- [ ] Retainage at the current rate (check for a step-down at 50%)
- [ ] **Conditional** progress waiver for this pay app, Texas statutory form
- [ ] **Unconditional** waiver for last month, only for money that has cleared
- [ ] Certified payroll if the job requires it; current COI with the right endorsements
- [ ] **Cutoff:** submit in the portal and save the confirmation. **Cutoff +3:** confirm approved.

PAST-DUE PAY APP FOLLOW-UP

Subject: Pay App #[number], [project]: checking on payment

Hi [name],

Our Pay App #[number] for [project], for $[amount], was submitted on [date] and approved on [date]. We haven't received payment yet.

Can you confirm:
1. Whether the owner has paid this draw.
2. The date our payment will go out.

Under the Texas prompt payment statute (Prop. Code ch. 28), payment to a subcontractor is due within 7 days after the contractor receives payment for our work.

We value working with [GC] and want to keep this job moving. Our payroll and supplier payments for this job are due [date], so please reply by [date].

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

TEXAS WAIVER RULES

Use the statutory forms (§ 53.284).[5] Sign conditional before you're paid. Sign unconditional only after the money clears. Since 2022 they don't need a notary.

Buyer's view. Our view: clean, on-time billing shows up everywhere a surety or bank looks, from your A/R aging to your cash position.

Your retainage *is your money. Go get it.*

Retainage is often 10% of every pay app, held until the end. Forty-three percent of subs wait more than 90 days for final payment and retainage. In Texas, the day your work is done starts a 30-day clock on your retainage notice rights.[1,8]

NUMBER TO WATCH	TARGET
Retainage on jobs finished more than 30 days ago	Zero without a release request and notice

Release steps[12]

- [ ] **Day your work is done:** write the date down. It starts the 30-day § 53.057 clock.
- [ ] **Within 5 days:** request a punch walk. Get the punch list in writing.
- [ ] Finish punch fast and get **sign-off in writing**
- [ ] Send the closeout package in one shot: warranties, O&M manuals, as-builts, consent of surety if bonded
- [ ] Submit the retainage pay app with a **conditional final** waiver
- [ ] Send the release request letter the same week
- [ ] **By day 30:** if unpaid, send the statutory retainage notice by certified mail
- [ ] Sign the **unconditional final** waiver only after the check clears

RETAINAGE RELEASE REQUEST

Subject: Retainage, [project]: requesting release

Hi [name],

Our work on [project] was completed on [date]. The punch list was signed off on [date], and our closeout package (warranties, O&M manuals, as-builts) went to you on [date].

We're requesting release of our retainage of $[amount].

Attached:
Retainage pay app
Conditional final lien waiver

Can you confirm:
1. When this will go on the owner's next pay app.
2. The date we can expect payment.
3. Whether anything is still missing on our side. If it is, we'll turn it around within two business days.

Our final supplier payments on this job are due [date].

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

Buyer's view. Your bank won't lend against retainage, and sureties discount old receivables. Every dollar stuck at a GC lowers both your credit line and your bonding capacity.[16,18]

No signed ticket, *no extra work.*

Two out of three subs wrote off change order money last year, and the ones that got paid gave up an average of 22% in negotiation. Getting paid starts in the field, the same day the extra work happens.[3]

NUMBER TO WATCH	TARGET
Approved change orders not yet billed	$0 at each cutoff

The rules

- [ ] The super signs a T&M ticket **the same day**: date, location, crew, hours, material, equipment, why it's extra
- [ ] Price it within **7 days**, with backup at contract rates and allowed markup
- [ ] Follow your subcontract's notice clause. Miss the day count and you can lose the claim.
- [ ] Log every one: unsigned, submitted, approved, billed, paid, disputed
- [ ] Bill approved change orders on the next pay app as **their own SOV line**
- [ ] Chase anything unapproved past **14 days**, and raise it at the GC's weekly meeting
- [ ] Never count pending change orders as revenue

CHANGE ORDER REQUEST

Subject: Change Order Request #[number]: [project], [short description]

Hi [name],

On [date], at the direction of [name, title], our crew performed work outside our contract scope at [location]: [description].

Requested change order amount: $[amount]
Labor: [hours] at $[rate]
Material: $[amount]
Equipment: $[amount]
Markup per subcontract section [X]
Schedule impact: [none / X days]

Attached:
Signed T&M ticket #[number]
Material invoices

This notice is sent under section [X] of our subcontract. Please sign and return by [date] so we can bill it on our next pay app, due [cutoff].

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

Buyer's view. A buyer's accountant checks that revenue ties to approved scope, with every change order tracked as approved, unapproved or disputed. Your log is that record.[21]

06 · STORED MATERIALS

Bill the material *you've already paid for.*

Your supplier wants to be paid in 45 days. If you wait to bill tile, flooring, gear or fixtures until they're installed, you're financing the GC's job. Many contracts let you bill stored material, as long as you bring the backup.[13]

NUMBER TO WATCH	TARGET
Material paid for, not yet billed	$0 at each cutoff

How to bill it

- [ ] **Check the subcontract first.** Off-site storage often needs approval in advance.
- [ ] Bill it in the **stored materials column** of the G703, not as % complete on the install line
- [ ] **On site:** supplier invoice, delivery ticket or bill of lading, dated photos, secured location
- [ ] **Off site,** a large GC may ask for: bill of sale, insurance naming the GC, consent of surety, a map of the storage location, material tagged for the job, GC inspection photos
- [ ] At every cutoff, compare material bought for each job against what's on the pay app

THE CUTOFF HABIT

Three days before each cutoff, run one report:

Material purchased, by job, this month
Material on this month's pay app, by job
The difference

Anything paid for and allowed by the contract goes on this pay app, not next quarter's.

One page that tells *the truth about every job.*

Your surety, your bank and any future buyer will all ask for a work-in-progress schedule that ties to your books. Auditors say the jobs that stay underbilled are the ones most likely to hide errors. Build it monthly and you'll catch fade while you can still fix it.[14,15]

NUMBER TO WATCH	TARGET
Over and under billing, by job	No job underbilled two months running

The columns, one row per job

- [ ] Original contract + approved COs = **revised contract**
- [ ] **Estimated total cost**, updated monthly
- [ ] Estimated GP % vs. **bid GP %** = fade or gain
- [ ] Cost to date ÷ estimated total cost = **% complete**
- [ ] Revised contract × % complete = **earned revenue**
- [ ] Billed to date − earned revenue = **over (under) billed**
- [ ] Retainage held · cost to complete · backlog left
- [ ] Totals for over and under billing **match the balance sheet**

RED FLAGS TO HIGHLIGHT

Fade worse than 2 points on any job
A job underbilled two months in a row
Retainage on a job finished more than 30 days ago
Cost to complete that hasn't moved in 60 days

Keep a second tab for jobs closed in the last 12 months, final margin against bid. Sureties ask for it as a completed contracts schedule.

Buyer's view. Sureties typically want CPA-reviewed statements for bonds over $2 million, on percentage of completion, with three years of history. Moving from compiled to reviewed takes 12 to 18 months, so start before you need it.[15]

08 · GC PAYMENT SCORECARD

Know who pays *before you bid.*

Every GC has a pattern: how fast they pay, how often pay apps bounce, how hard they cut change orders. Track it once a month and the pattern becomes part of your price. Buyers look at it too. One law firm advising electrical contractors says buyers want the top customer under about 20% of revenue and the top five under about 50%. [20]

NUMBER TO WATCH	TARGET
Share of revenue from your top GC	Under 20%

One row per GC

- [ ] Pay app cutoff day and portal
- [ ] Pay terms: pay-when-paid or pay-if-paid, retainage rate, step-down
- [ ] Change order notice clause, in days
- [ ] Average days from pay app to paid, last six
- [ ] Pay apps kicked back in the last 12 months, and why
- [ ] Retainage held now, and the oldest
- [ ] Average days to approve a change order, and % cut in negotiation
- [ ] Share of your trailing 12-month revenue

GRADE THEM

A Paid under 45 days. Retainage within 60 days of your completion.
B 45 to 60 days.
C 60 to 90 days.
D Over 90 days, or retainage held over six months.

A C or D GC gets a higher price, a smaller retainage ask, or a pass. (Our grading.)

09 · THE FOLLOW-UP SCHEDULE

The monthly rhythm, *and the follow-up.*

Use each GC's actual cutoff from your subcontract. Print this page for whoever does billing.

WHEN	WHO	WHAT TO DO
Cutoff −7	Super, PM	Walk each job and agree % complete by SOV line.
Cutoff −5	GC PM	Send the pencil copy. Collect lower-tier and supplier waivers.
Cutoff −2	Billing	Fix pencil comments. Final G702/G703 with all backup.
Cutoff	GC portal	Submit in Textura, GCPay or Procore. Save the confirmation.
Cutoff +3	GC portal	Confirm approved. If kicked back, fix it the same day.
GC paid +7 days	GC	Payment due to you on private Texas jobs (Prop. Code ch. 28). Follow up on day 8 with the past-due email.
Follow-up +7	GC	Second email: same request, and note you're reviewing your notice deadlines under ch. 53.
1st of each month	Owner	List every job with unpaid work from three months ago. Those notices are due on the 15th (one month sooner on residential jobs).

Good to know. Late payment on a private Texas job can carry interest of 1.5% a month under the prompt pay statute. You rarely need to use that. Knowing it changes how the conversation goes. [4]

Texas lien and retainage dates *for commercial jobs.*

For private, non-residential projects where the owner signed the original contract on or after January 1, 2022. Example: March work still unpaid means a notice by **June 15** and a lien affidavit by **July 15**. Residential jobs run one month shorter.

DEADLINE	WHAT IT MEANS FOR YOU	WHERE IT COMES FROM
15th day of the 3rd month	Notice of claim for unpaid work, to the owner and GC, counted from the month the work was done	Tex. Prop. Code § 53.056(a-1) [7]
30 days after your contract is completed	Notice of claim for unpaid retainage, on the statutory form (or 30 days after the original contract is terminated or abandoned, if earlier)	§ 53.057(a-1), (a-2) [8]
15th day of the 4th month	Lien affidavit for unpaid work, counted from the month you last worked	§ 53.052(b) [9]
15th day of the 3rd month after the original contract ends	Lien affidavit for retainage only	§ 53.052(d) [9]
30 days after the original contract ends	Shorter deadline to share in the owner's 10% reserve. Confirm with counsel.	Porter Hedges lien chart; § 53.103 [10]
5 days after filing	Send notice of the filed lien to the owner and GC	§ 53.055 [10]
1 year after the last day to file	Lawsuit to enforce the lien (2 years by recorded agreement)	Porter Hedges; Allensworth [6,11]

Send every notice by certified mail or tracked carrier; registered mail no longer counts, and weekend deadlines move to the next business day (§ 53.003). General information, not legal advice. Deadlines depend on your contract dates and facts, and public jobs follow different bond-claim rules. Check with a Texas construction attorney before relying on any deadline.

11 · THE 13-WEEK CASH FORECAST

See the tight week *before it hits payroll.*

Update it every Friday. Put each pay app in the week you really expect the money (cutoff date plus that GC's real average days to pay), and move it when it slips. Put retainage in its own row so you can see how much of your cash is sitting at GCs.

WEEK STARTING	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11	W12	W13
Starting cash													
CASH COMING IN													
Progress payments, by GC													
Retainage releases													
Change orders billed													
Stored materials billed													
Other													
Total in													
CASH GOING OUT													
Payroll and payroll taxes													
Suppliers and material													
Lower-tier subs													
Equipment, vehicles, fuel													
Rent, insurance, bonds, software													
Loan and credit line payments													
Owner draws and estimated taxes													
Total out													
Ending cash													
Below your floor? Mark it.													

Build a company that's bondable now *and sellable later.*

For most subs between $3 million and $15 million, the people judging your company this year are your surety and your bank. The habits that raise bonding capacity are the same ones that raise a sale price later. Advisors put construction companies with under $1 million of EBITDA at 2.5 to 4 times, and $1 million to $5 million at 4 to 6.5 times.[19]

Close the books monthly, on accrual

Cash-basis books, undocumented add-backs and lumpy earnings can together cost 0.5 to 1.5 times EBITDA in value.[19]

Update cost to complete monthly

And write down why it moved. Fade patterns are the first thing a buyer flags.[21]

Age retainage on its own list

Every finished job has a release request and, by day 30, the notice.

Watch GC concentration

Top GC under 20% of revenue, top five under 50%.[20]

Step up your CPA statements early

Reviewed statements within 90 to 120 days of year-end if you bond jobs over $2 million.[15]

Tie the WIP to the books every month

Over and under billing on the WIP equals the balance sheet, to the dollar.[15]

Fix underbilling fast

No job underbilled two months in a row.[14]

Keep A/R over 90 days near zero

It drops out of both working capital and your borrowing base.[17,18]

Track every change order's status

Nothing unapproved past 14 days, and nothing pending booked as revenue.[22]

Protect working capital

Current ratio 1.5 or better, line not maxed, shareholder loans subordinated, and a PM who can run your biggest job without you.[17,19]

The math that matters. Sureties typically support a bonding program of **10 to 20 times** your adjusted working capital.[15] Every $100,000 of working capital you protect can mean $1 million to $2 million more work you're allowed to take on (our math).

13 · 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.

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21. CBIZ, Quality of earnings for construction companies https://www.cbiz.com/?p=23240
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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 commercial subcontractors. We connect your accounting and job software, keep your WIP and retainage list current, track every pay app, change order and GC, and follow up for you, so the money you've earned gets to your bank.

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

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