



5 Secrets to Healthier Cash Flow

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CEO of Sitrine



Career

- Project Manager at AECOM Tishman
 - JP Morgan headquarters
 - Hudson Yards
- Co-founded Sitrine in 2019

Industry Experience

- 1000+ interviews with subcontractors in 34+ states

Other credentials

- Former board member of Bay Area Subcontractor Association
- Member of Bay Area Construction Financial Management Association
- National Board Director of the American Subcontractor Association

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Show of Hands

Who do we have in the room?



Show of Hands

**How long does it usually take
you to get paid after
invoicing?**

Today's Reality

The average DSO for subcontractors is **96 days**.

Only 5% of subcontractors report always getting paid on time.

Source: [The State of Subcontractor Billing in 2025](#)

Cash flow is the
lifeblood of your
business.



The Not-So-Hidden Toll

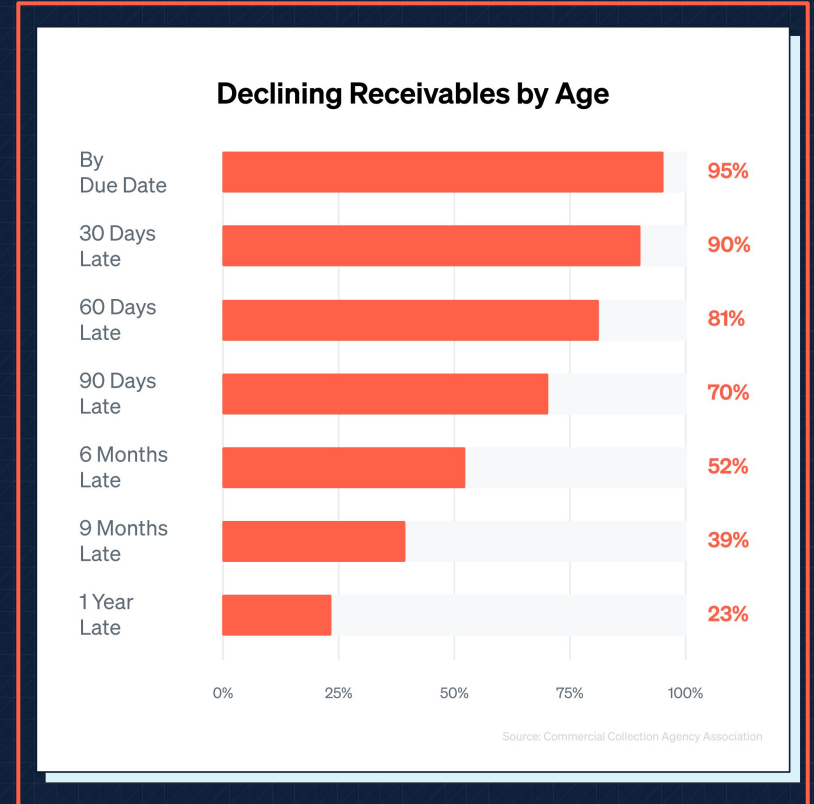
- ▶ Subs front project costs, acting as the de facto bank while waiting for payment.
- ▶ This creates perpetually negative working cash cycles, straining finances.
- ▶ Unsurprisingly, subcontracting is the second-riskiest industry (after restaurants) for business failure.



The Cost of Aging Receivables

- ▶ Past-due receivables lose value rapidly.
 - ▶ **Invoices 90 days past due are worth only 70% of their original value.**
- ▶ 20% of construction businesses are cash flow negative after 40 days.

Source: [Levelset](#)



Source: [Commercial Collection Agency Association](#)

Root Causes



**"Pay-When-Paid"
Cash Cycles**

**Differing GC
Requirements**

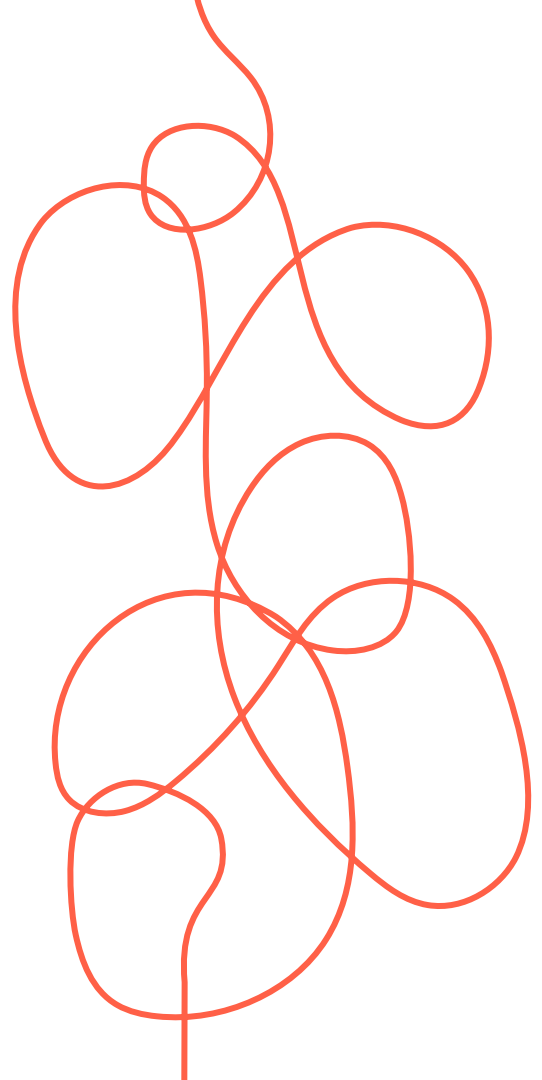
**Spreadsheet-Based
Workflows**

**Communication
Breakdowns**

**Unclear Escalation
Procedures**

What's Typical

- ▶ Every project has different requirements from the GCs.
- ▶ No accounting system/ERP can handle these variations, nor do they integrate with payment portals.
- ▶ Accountants create manual workflows that consist of spreadsheets, emails, Word and PDF documents, phone calls, etc.
- ▶ These workflows only exist in those peoples' heads and fail if they're out.
- ▶ There's no central place for executives to get visibility into the most vital aspect of their business: **cash**.



Group Discussion

What are your biggest challenges with the monthly billing process?

Learning Objectives

AKA The Secrets!

1. Understand your contractual obligations to get paid
2. Identify the main causes of payment delays and know how to address them.
3. Proactively manage waivers, including collecting them from downstream contractors and suppliers
4. Improve collaboration between project managers and the back office.
5. Create an A/R escalation plan.

Secret No. 1

Read the contract!



Contract Documents



SUBCONTRACTOR REQUEST FOR PAYMENT

SUBCONTRACTOR/SUPPLIER: Jumbo Contracting
 ADDRESS: 1001 Potrero Avenue
San Francisco, CA 94110
 BCCI JOB NUMBER: 1290481 INVOICE NUMBER: 18
 JOB NAME: Chase Center/GSW Arena SUBCONTRACTOR JOB NUMBER: 87414
 INVOICE DATE: 07/06/2023 BILLING PERIOD: FROM 06/01/2023
 TO 06/30/2023
 % AMOUNT

BASE CONTRACT AMOUNT:

AIA Document G702™ – 1992

APPROVED CHANGE ORDERS TO

Application and Certificate for Payment

BCCI CHANGE ORDER NO.

TO OWNER:
 GSW Sports LLC
 1 Warriors Way
 San Francisco, CA 94158
 FROM CONTRACTOR:
 Jumbo Contracting
 1001 Potrero Avenue
 San Francisco, CA 94110

PROJECT:
 Chase Center/GSW Arena
 1 Warriors Way
 San Francisco, CA 94158
 VIA ARCHITECT:

APPLICATION NO: 18
 PERIOD TO: 06/30/2023
 CONTRACT FOR: 884112
 CONTRACT DATE: 01/01/2022
 PROJECT NOS: 1290481

DISTRIBUTION TO:
 OWNER
 ARCHITECT
 CONTRACTOR
 FIELD

TOTAL APPROVED CONTRACT TO

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for payment, as shown below, in connection with the Contract. Continuation Sheet, AIA Document G703, is attached.

1. ORIGINAL CONTRACT SUM	\$	3,190,885.00
2. NET CHANGE BY CHANGE ORDERS	\$	288,195.00
3. CONTRACT SUM TO DATE (LINE 1+2)	\$	3,479,080.00
4. TOTAL COMPLETED AND STORED TO DATE (COLUMN G ON G703)	\$	1,425,034.20
5. RETAINAGE:		
a. 10.00% of Completed Work (Column D + E on G703)	\$	142,503.43
b. 10.00% of Stored Material (Column F on G703)	\$	0.00
Total Retainage (Lines 5a + 5b or Total in Column I of G703)	\$	142,503.43
6. TOTAL EARNED LESS RETAINAGE (Line 4 Less Line 5 Total)	\$	1,282,530.77
7. LESS PREVIOUS CERTIFICATES FOR PAYMENT (Line 6 from prior Certificate)	\$	1,282,530.77
8. CURRENT PAYMENT DUE	\$	0.00
9. BALANCE TO FINISH, INCLUDING RETAINAGE (Line 3 less Line 6)	\$	2,196,549.23

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Total changes approved in previous months by Owner	\$288,195.00	\$0.00
Total approved this Month	\$0.00	\$0.00
TOTALS	\$288,195.00	\$0.00
NET CHANGES by Change Order	\$288,195.00	

The undersigned Contractor certifies that to the best belief the Work covered by this Application for Payment Contract Documents, that all amounts have been paid Certificates for Payment were issued and payments are shown herein is now due.

CONTRACTOR:

By: [Signature]
 State of: _____ County of: _____
 Subscribed and sworn to before me this: _____
 Notary Public:
 My Commission expires: _____

ARCHITECT'S CERTIFICATE OF

In accordance with the Contract Documents, based on application, the Architect certifies to the Owner information and belief the Work has progressed as it with the Contract Documents, and the Contractor is c

AMOUNT CERTIFIED

(Attach explanation if amount certified differs from Application and on the Continuation Sheet that are c

ARCHITECT:

By: [Signature]
 This Certificate is not negotiable. The AMOUNT CE herein. Issuance, payment and acceptance of payment or Contractor under this Contract.

CONDITIONAL WAIVER AND RELEASE ON PROGRESS PAYMENT

NOTICE: THIS DOCUMENT WAIVES THE CLAIMANT'S LIEN, STOP PAYMENT NOTICE, AND PAYMENT BOND RIGHTS EFFECTIVE ON RECEIPT OF PAYMENT. A PERSON SHOULD NOT RELY ON THIS DOCUMENT UNLESS SATISFIED THAT THE CLAIMANT HAS RECEIVED PAYMENT.

Identifying information

Name of Claimant: Jumbo Contracting
 Name of Customer: Clark/Mortenson
 Job Location: 1 Warriors Way, San Francisco, CA 94158
 Owner: GSW Sports LLC
 Through Date: 06/30/2023

Conditional Waiver and Release

This document waives and releases lien, stop payment notice, and payment bond rights the claimant has for labor and service provided, and equipment and material delivered, to the customer on this job through the Through Date of this document. Rights based upon labor or service provided, or equipment or material delivered, pursuant to a written change order that has been fully executed by the parties prior to the date that this document is signed by the claimant, are waived and released by this document, unless listed as an Exception below. This document is effective only on the claimant's receipt of payment from the financial institution on which the following check is drawn:

Secret No. 2

**Identify and address
payment delays**



Group Discussion

What are the most common causes of payment delays in your organization?

A decorative graphic in the bottom right corner consisting of a light blue square with a diagonal line from the bottom-left to the top-right, and another diagonal line from the top-left to the bottom-right, creating a grid-like pattern within the square.

Top Three Things That Delay Payment

1. Missing or incomplete lien waivers
2. Errors on pay application
3. Expired compliance documents

Payment Delays

Missing Vendor Lien Waivers

- ▶ Playing whack-a-mole

Errors on Pay Apps

- ▶ Spreadsheet-reliant processes
- ▶ Differing requirements from project to project

Expired Compliance Documents

- ▶ E.g., certificates of insurance

Forgetting to Bill

- ▶ Differing GC submission portals and due dates without an easy way to track them
- ▶ Overstretched PMs leaning on the accounting team to keep track of bills

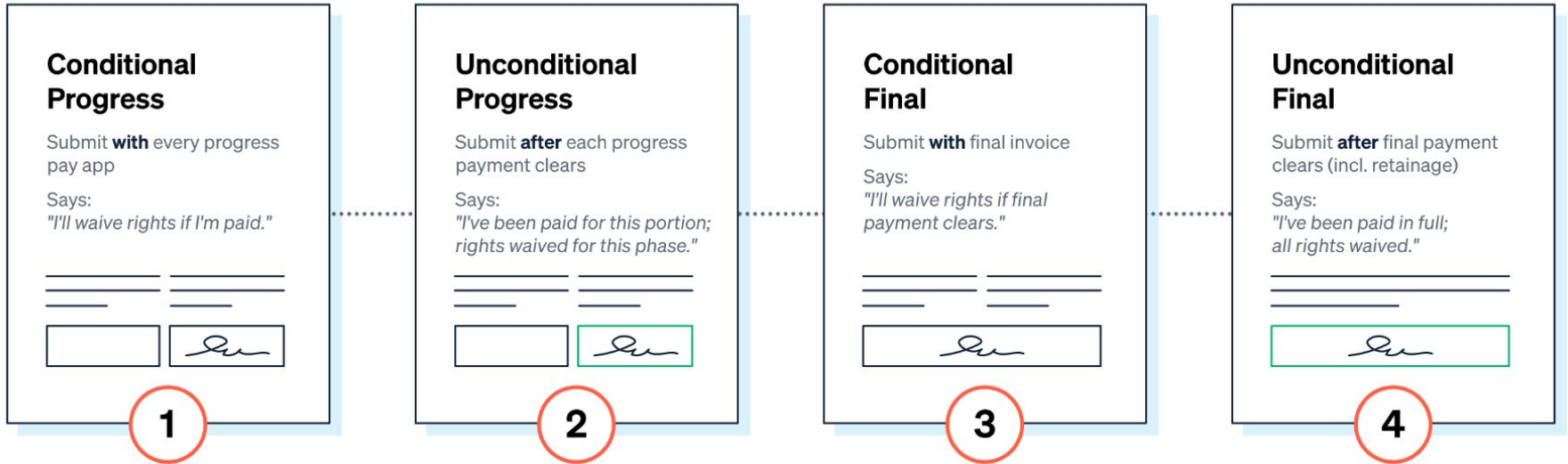


Secret No. 3

Proactively manage waivers



The Four Main Types of Waivers—and When to Use Each



Primary vs. Lower-Tier Waivers

Primary Waivers

- Exchanged directly between two parties in a contract (owner ↔ GC, GC ↔ sub)
- Required for payment release

Lower-Tier Waivers

- Collected from anyone further down the chain (suppliers, vendors, sub-subs)
- Needed before upstream payments are released

Tips for Managing Primary Lien Waivers

- ▶ **Integrate:** Make lien waivers a part of your billing process.
- ▶ **Centralize:** Track waivers in the same place you track payments.
- ▶ **Standardize:** Set up easy-to-use lien waiver forms.

Tips for Managing Lower-Tier Lien Waivers

- ▶ **Be Aware:** Know GC requirements for lower-tier waivers at the start.
- ▶ **Mandate:** Require waivers from lower-tiers with each invoice/pay app.
- ▶ **Consolidate:** Bundle lower-tier waivers for streamlined submission.

Secret No. 4

Improving Collaboration Between Field and Back Office



Training PMs to Manage Cash Flow

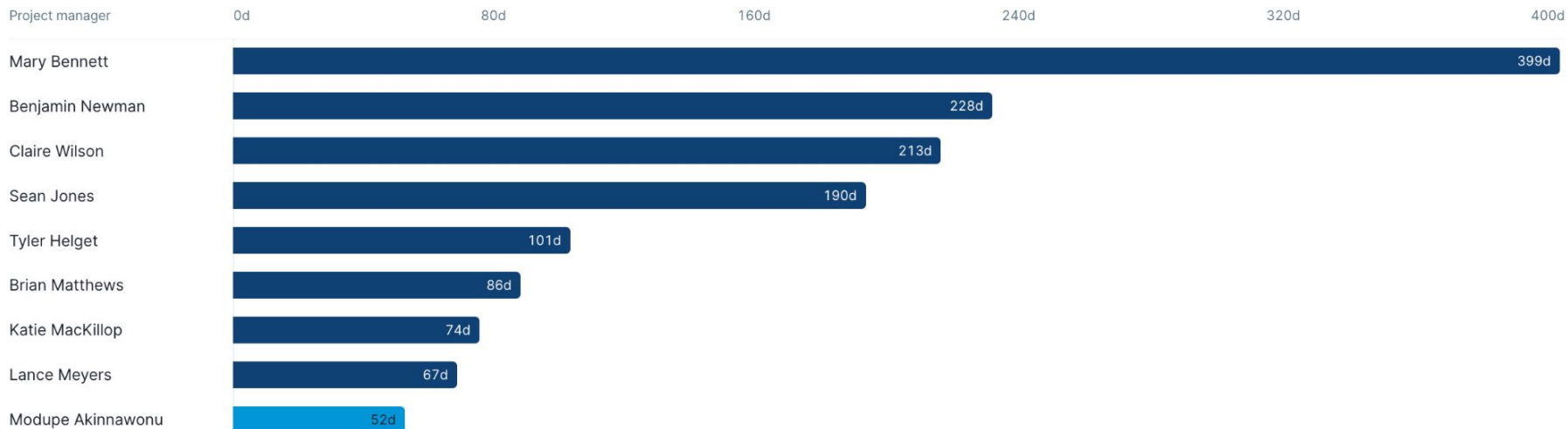
- ▶ Billing projections and schedule
- ▶ Change order management
- ▶ Cost management
- ▶ Front-loading your SOV
- ▶ Communicating red flags

Payment time

■ < 45 days ■ 45 - 60 days ■ > 60 days

🔍 Search PM

Sort by: Time to payment (descending) ▾



**This includes
collaboratively monitoring
A/R aging, too.**



Secret No. 5

Create an A/R Escalation Plan



Cost of Passive Collections

- ▶ 26% of invoices over three months old are uncollectible
 - ▶ Increases to 70% at 6 months and 90% at 12 months
- ▶ 20% of construction businesses are cash flow negative after 40 days
- ▶ \$30M contractor can increase cash on hand by \$300,000 with a 3-day cut in A/R aging

Questions to Ask

- ▶ How often do you check A/R aging?
- ▶ Where does that information live?
- ▶ Is everyone able to access it?
- ▶ Do you discuss A/R aging with your clients?
- ▶ Are some quicker to pay than others?
- ▶ Does that impact if you will work with them?

Best Practices for Managing A/R

- ▶ Take a step back, at least quarterly, to look at the macro data to uncover opportunities to improve
- ▶ Identify which GCs pay the fastest, and which pay the slowest.
 - ▶ Be more aggressive in collecting payment from GCs that are lax about deadlines.
- ▶ Store your A/R aging in a centralized place. The easier it is for people to access info, the easier it is to establish and maintain an escalation process.

Establish Your Outreach Milestones

Your protocol should define:

- ▶ Immediate action once invoice is past due
- ▶ Follow-up cadence and communication mode (email → phone → next steps)
- ▶ When to loop in ops or leadership
- ▶ When legal becomes the last resort

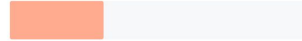


Example: Metal & Glass Contractor

Time Past Due

Outreach Owner

<30 Days



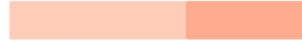
Project
Manager

31-60 Days



Operations
Manager

61+ Days



President
or CEO

Make Your Plan Sticky

To do this, your team needs:

- ▶ Agreement on roles, timing, and expectations
- ▶ A documented SOP everyone can reference
- ▶ Shared visibility into aging
- ▶ A single place to track follow ups



5 Secrets to Healthier Cash Flow

1. Identify and address the main causes of payment delays.
2. Effectively manage lien waivers.
3. Improve collaboration between project managers and the back office.
4. Implement an A/R escalation plan.
5. Leverage billing projections to understand future backlog.


Q & A



Fancy a chat?

Contact Claire

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