

* A FIELD GUIDE FOR CONTRACTORS

The Cash Flow Guide

Revenue creates opportunities. Cash flow creates stability. The strongest construction companies know the difference — here's how they run it.

Grow the business. Bank the profit.

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Profit \neq Cash.

One of the biggest misconceptions in construction is that profit and cash flow are the same thing. They're not. A contractor can carry a healthy backlog, strong revenue, and profitable jobs on paper — and still feel the squeeze every single month.

Why? Because you pay for labor, equipment, subcontractors, materials, insurance, and overhead long before you collect the full value of your work. Add retainage, billing cycles, change-order delays and project timing — and managing cash becomes just as important as managing the build.

REVENUE & PROFIT

Look great on the P&L.

Won in the bid, earned in the field. They tell you the job *should* make money.

CASH

Pays the bills today.

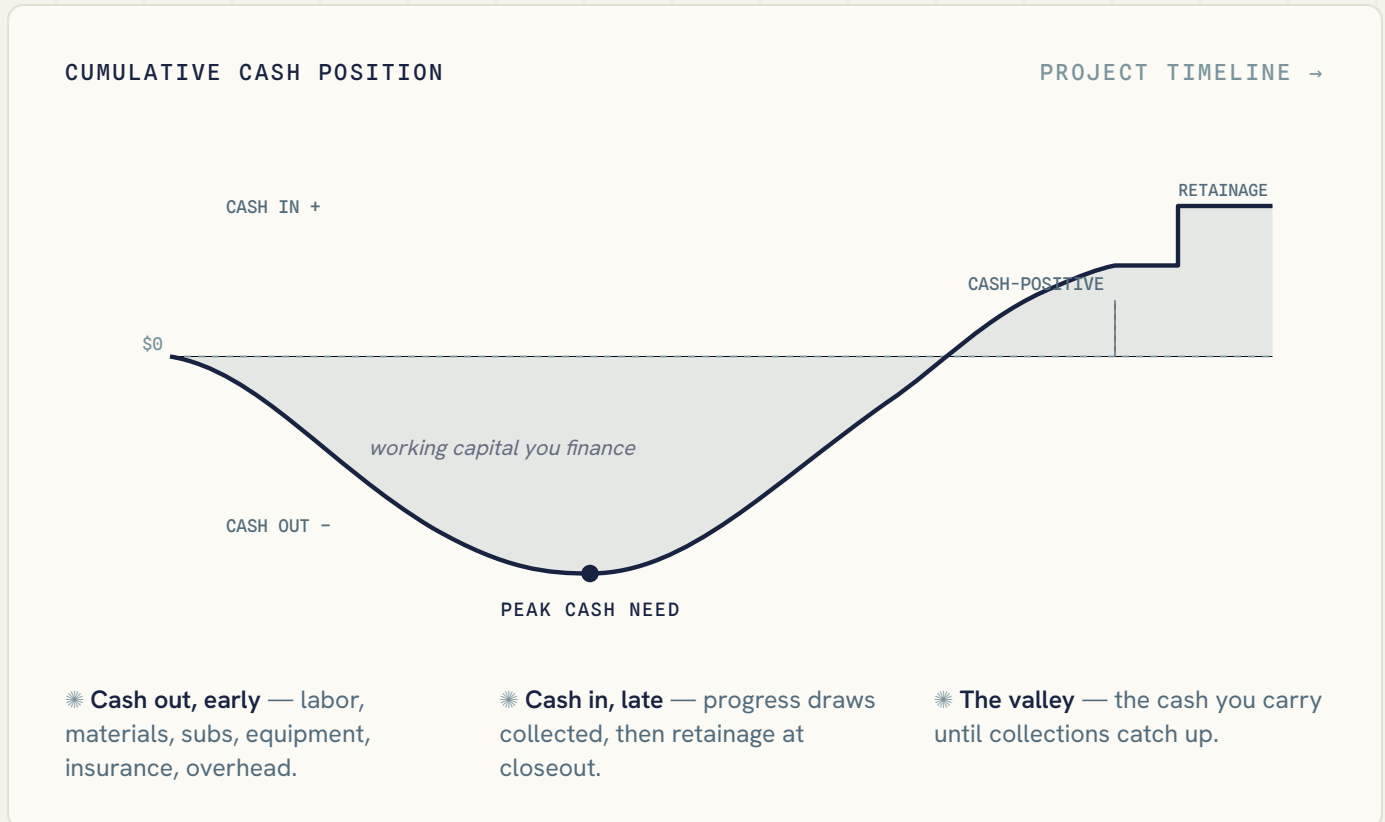
What's actually in the bank to make payroll, buy materials, and fund the next job.



*Profitable companies rarely fail from losing money.
They fail from running out of cash.*

You pay out for weeks before a dollar comes in.

On a typical job, cash leaves the business long before it returns. Map that gap and you can fund it on purpose — instead of discovering it the hard way, mid-project.



Illustrative cash curve for a single job. Run several at once and the valleys stack — that combined depth is your true working-capital need, and the number a lender wants to see you managing.

Six places cash is made or lost.



Run them deliberately and growth funds itself. Ignore them and a profitable backlog can still leave you scrambling for payroll.

01 Working capital — know what your backlog requires

Active jobs tie up cash before they release it. Size that need and keep it funded.

- * Size the working-capital need for every active job.
- * Keep a cash buffer sized to the deepest part of the valley.
- * Match your line of credit to your real cash cycle, not a guess.

02 Collections — turn finished work into deposited cash

Work you've done but haven't collected is a loan you're making to your customer.

- * Invoice the day a milestone or phase is complete — not month-end.
- * Chase receivables before they age past 30 days.
- * Build payment terms and lien rights into every contract.

03 Billing accuracy — bill all the work you've actually done

Underbilling is unpaid work you've already financed. It quietly starves cash flow.

- * Bill to percent complete — never fall behind real progress.
- * Price and process change orders before the work starts.
- * Review WIP monthly to catch over- and under-billing early.

04 Project forecasting — see the cash position weeks ahead

A tight month should never be a surprise. Look forward, not just back.

- * Run a rolling 13-week cash forecast — money in and out, updated weekly.
- * Forecast final job cost from real data, not the original bid.
- * Track committed costs — signed subcontracts and open POs.

05 Risk management — protect the balance sheet from one bad job

A single unpaid project or failed GC can take the whole company with it.

- * Vet customer and GC credit before you mobilize.
- * Cap your exposure to any single project or general contractor.
- * Manage retainage and lien deadlines deliberately.

06 Cash conversion — shorten the distance between spend and collect

Every day you shave off the cycle is cash back in your account.

- * Negotiate deposits and mobilization payments up front.
- * Align supplier terms to your billing cycle.
- * Release your own cash only as fast as you must.

* THE REAL SHIFT

Run these six levers and you stop reacting to the bank balance — and start managing cash months ahead, so growth funds itself instead of starving you.

How tight is your cash, really?



Tick every statement that's true in your business today. Be honest — the blank boxes are exactly where cash leaks out, and they're what the six levers fix.

- I keep a rolling 13-week cash forecast — and update it weekly.
- I invoice the day a milestone or phase is complete.
- I review WIP monthly to catch underbilling early.
- Change orders are priced and approved before the work starts.
- I keep a cash buffer sized to my longest pay gap.
- I know my retainage balance and when it releases.
- I know how much working capital my current backlog needs.
- My billing tracks to percent complete on every job.
- Receivables over 30 days get chased every week.
- I track committed costs — signed subs and open POs.
- I vet customer and GC credit before I mobilize.
- Big decisions start from the cash forecast, not the bank balance.

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YOUR CASH FLOW SCORE

Under 8? Cash is leaking somewhere — and it's the most fixable money in the business. The gaps are exactly what we close.

• WHAT THIS TAKES

Cash flow is a rhythm, not a rescue.

Managing cash isn't a one-time clean-up — it's a cadence. Here's the rhythm the six levers actually run on.

EVERY WEEK

- ✦ Update the rolling 13-week cash forecast.
- ✦ Review cash in vs. cash out.
- ✦ Chase receivables before they age.
- ✦ Approve big outflows against the forecast.

EVERY MONTH

- ✦ Close & reconcile the books.
- ✦ Review WIP & billing vs. percent complete.
- ✦ Reforecast final job costs.
- ✦ Right-size the cash buffer & credit line.

• THE COST OF A SLOW CYCLE

30 days

faster cash conversion

≈ **\$822K**

working capital freed

\$10M

in annual revenue

Illustrative: $\$10M \text{ revenue} \div 365 \times 30 \text{ days} \approx \$822K$. Real numbers depend on your billing, collections and retainage — exactly what the six levers fix.

* READY TO PUT THIS INTO ACTION?

A financial quarterback, built for the field.

Running cash this way — the six levers, the weekly and monthly rhythm — is the heart of financial visibility — seeing the money clearly enough to act on it. We watch the money side of your business so you're not guessing, see the gaps before they bite, and keep cash ahead of the work. And *fractional* just means part-time, a few days a month instead of a full-time salary.

* **Keeps an eye on your cash**

So you plan ahead instead of reacting to the balance.

* **Heads-up before a tight month**

Weeks ahead, not after it hits.

* **Bills and collects on time**

So finished work becomes deposited cash, faster.

* **Funds your growth**

Without it strangling the bank account.

We work alongside your CPA, banker, bonding agent and bookkeeper — the financial quarterback who keeps everyone aligned around one game plan. Reach out and we'll show you where the gaps are, and what closing them is worth.

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[Book a strategy call →](#)



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