

OVERCOMING CASH FLOW CHALLENGES IN CONSTRUCTION

The Challenge

51% view upfront costs top challenge
38% concerned over slow payment processing
56% have opted out of projects due to cash flow



The Cause

Banks reluctant to extend credit to subcontractors ->

Tight cash controls ->

Limited workforce ->

Disrupted timelines

The Solution

Lower Upfront Costs

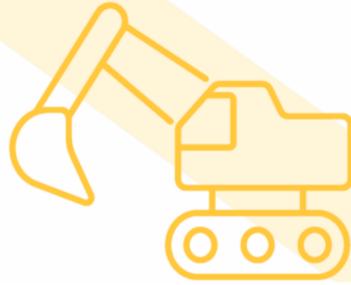
Spread payments over time

Improved Cash Flow

Predictable monthly payments

Enhanced Competitiveness

Access the latest equipment without long-term debt



Overcoming Cash Flow Challenges in Construction

Many professionals in the construction industry face a common dilemma: securing a significant project only to be halted by financial constraints. Rising equipment costs, extended payment terms stretching between 60-75 days, and the burden of covering two months' expenses before receiving payment can create a daunting scenario.

Research from recent industry reports shows that:

- A significant 51% of construction professionals view upfront costs as their top challenge.
- 38% express frustration over slow payment processing, which disrupts cash flow and creates uncertainty.
- A concerning 56% have chosen to forgo projects entirely due to concerns over cash flow, demonstrating the significant impact on business opportunities.
- Additionally, it's worth noting that 76% of projects experience at least a week's delay due to payment issues, resulting not only in time loss but also in revenue loss, which can affect a company's bottom line.

One of the main factors contributing to these cash flow challenges is the reluctance of traditional banks to extend credit to subcontractors unless they are large, established firms. This can put smaller companies at a disadvantage, often forcing them to start projects with a limited workforce due to tight cash controls, which can disrupt timelines and potentially jeopardize job security.

The Solution: Equipment Leasing

Leasing equipment can be a strategic approach to managing cash flow effectively. Here's how it can be beneficial:

1. Lower Upfront Costs:

Leasing significantly reduces the immediate financial burden by spreading payments over time. This flexibility allows you to allocate funds more effectively toward labor and materials, enabling projects to kick off smoothly.

2. Improved Cash Flow:

With predictable monthly leasing payments, budgeting becomes easier, reducing the pressure of waiting for payments from clients. Businesses no longer have to cover two months of expenses out of pocket.

3. Reduced Risk:

Leasing helps maintain operational continuity even when clients extend their payment terms. This reduces reliance on credit and emergency funds, allowing you to manage your finances with greater ease.

4. Enhanced Competitiveness:

Accessing the latest equipment without the weight of long-term debt empowers your business to confidently bid on more projects.

Case Study: Turning Cash Flow Challenges into Growth

A mid-sized contractor in the Midwest faced a frustrating reality: despite winning bids for lucrative commercial projects, they couldn't move forward. Why? Upfront equipment costs were draining their working capital, leaving them unable to fully staff jobs or purchase necessary materials.

The result was stalled timelines, missed opportunities, and mounting stress. Traditional financing wasn't an option—banks were hesitant to extend credit without significant collateral.

That's when they turned to equipment leasing. By spreading costs over manageable monthly payments, they unlocked \$250,000 in working capital almost immediately. This financial breathing room allowed them to:

- ✓ Fully staff projects from day one
- ✓ Maintain cash flow without relying on emergency credit
- ✓ Take on three additional projects within the same year

The outcome? An 18% increase in annual revenue, stronger client relationships, and a competitive edge in bidding for future work—all without sacrificing financial stability.

Don't allow financial challenges to prevent you from pursuing new project opportunities. By adopting a strategic leasing approach, you can turn what once seemed impossible into real achievements, paving the way for significant growth.

If you're ready to utilize equipment leasing to advance your business, let's connect. Together, we can explore opportunities that will drive your success.

For more information, contact our construction industry expert, Jeff Whitcomb, at 630-853-1991, jwhitcomb@ffequipmentleasing.com. Hello, world