

\$3.5M AP Financing Facility Supports Multi-Project Expansion for General Contractor

The Scenario

A commercial general contractor secured three concurrent mid-sized projects totaling \$22 million in contract value.

While revenue visibility was strong, the contractor faced working capital strain due to construction billing cycles:

- Subcontractors and material suppliers required payment within **30–45 days**
- Project owners paid on **60–90 day progress billing cycles**
- Retainage withheld 10% until project milestones were completed
- \$3,500,000 in upfront material and labor costs required financing

The contractor was profitable — but cash flow timing created operational pressure.

The Working Capital Constraint

As project volume increased:

- Accounts payable balances expanded
- Payroll obligations rose
- Retainage delayed receivable realization
- Credit lines approached covenant limits

Without structured liquidity, project pacing risked slowing.

The Solution: \$3.5M Accounts Payable Financing Facility

The contractor implemented a **\$3,500,000 revolving accounts payable financing structure**. Facility design:

Stabilize Cash Flow.

Strengthen Operations.

Scale with Confidence.



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- Direct payment to approved subcontractors and suppliers
- 90–120 day repayment window
- Flexible usage tied to project draw schedules
- Integrated with progress billing receivable timing

The structure effectively bridged the gap between payables and receivables during peak construction activity.

Results

- \$3.5M in Liquidity Preserved
 - Stabilized subcontractor relationships
 - Improved payment predictability
 - Maintained bonding capacity
 - Supported simultaneous project execution
 - Avoided equity dilution or ownership restructuring
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Strategic Impact

With stabilized working capital, the contractor:

- Maintained project momentum
- Protected supplier trust
- Preserved debt-to-equity ratios
- Avoided overextension of traditional bank credit
- Strengthened financial positioning for future bids

Accounts payable financing provided structured liquidity aligned with real construction billing cycles.

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