

GC EARLY PAY PROGRAMS

The Complete Guide to Implementing a GC Early Pay Program

How forward-thinking general contractors are generating margin, strengthening subcontractor relationships, and reducing project risk — without overhauling operations.

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A complete reference for general contractors evaluating, designing, and optimizing an early pay program — from program fundamentals through implementation and troubleshooting.

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CHAPTER 1

What Is a GC Early Pay Program?

As a general contractor, few operational challenges are as persistent—or as costly—as the slow payment cycle in construction. GCs are constantly caught between the payments they owe to subcontractors and the payments they're waiting on from owners. For decades, this has been accepted as the expected way money moves through construction. But that assumption is being challenged—and because of that, some general contractors are finding ways to overcome the challenges associated with slow pay.

Early pay programs are giving forward-thinking general contractors a way to restructure the economics of that payment cycle entirely. GCs can use early pay programs to generate incremental margin, strengthen their relationships with subcontractors, and reduce the financial risk that project delays and payment disputes create. What's better is that these programs do not require overhauling operations. Early pay programs can plug into existing workflows and create financial value for both GCs and subcontractors—voluntarily, and at scale.

This guide was created for general contractors who are either considering implementing an early pay program or looking to optimize one that's already in place. It covers what these programs are, the history behind their rise in construction, and—most importantly—the keys to successful program implementation that can help your program achieve its goals.

An early pay program allows subcontractors to receive payment faster than standard timelines in exchange for a modest, transparent fee. The program does not change the contractual value of the work or the invoice amount; only the timing and potentially the source of the payment change.

The Benefits

FOR GCS

The program creates a new revenue stream as a portion (or all) of the fee flows back to the GC. GCs also benefit from working with financially stable subcontractors who are less likely to slow projects down due to cash flow constraints, and can gain the reputation of being known as the contractor of choice in a competitive market.

FOR SUBCONTRACTORS

It provides payment predictability. Rather than waiting on payments, subcontractors can elect early payment on approved invoices to better align their receivables with their payments—on their terms, when it makes sense for them.

How Early Pay Programs Work

GC early pay programs do not significantly change the initial workflow for subcontractors or general contractors. The process remains the same until an invoice is fully approved. Once approved, the early pay workflow begins.

1. **Invoice Submission:** Subcontractors submit invoices through existing systems.
2. **GC Review:** The GC follows its invoice standard approval process.
3. **Platform Upload:** Approved invoices are sent to an early pay platform via API or reporting tools.
4. **Subcontractor Election:** Subcontractors decide whether to request early payment for specific invoices or set automated rules.
5. **Invoice Funding:** How early payment is executed depends on the program's funding structure.
 - In a GC-funded program, the GC pays the subcontractor directly and retains the full fee.
 - In a third-party funded model, a financial partner pays the subcontractor early. The GC pays the funder back on the original maturity date.

GC Operational Controls

GCs retain full authority over the early pay program, including subcontractor and project eligibility, capital allocation, maturity dates, and fee rates. This allows the GC to scale the program based on current objectives and cash availability.

Early pay programs can be GC-funded, third-party funded, or a hybrid model of both.

Funding Models

GC-Funded

The GC uses internal cash to pay subcontractors early. The GC assumes the timing risk between paying the subcontractor and receiving payment from the project owner, but retains the full early pay fee, typically delivering the highest possible return on deployed capital. Because no outside funding is involved, the structure and underlying agreements are relatively straightforward.

Third-Party Funded

A separate financial partner pays subcontractors early using its own capital. The GC provides approved invoices and remains responsible for paying the funder at the agreed maturity date. In return, the GC receives a rebate from the subcontractor's early pay fee. While the return is slightly lower than the self-funded model, the program generates revenue without cash implications.

Hybrid Model

Many mature programs combine both approaches, using internal cash when it is available and advantageous and supplementing with third-party capital to support scale or manage periods of cash constraint.

CHAPTER 2

The Rise of Early Pay Programs in Construction

To understand why early pay programs are gaining significant momentum today, it is essential to trace their journey from simple manual discounts to the sophisticated, technology-driven financial structures now available to the construction industry.

The Origins of Supply Chain Finance

For decades, early pay arrangements were simple, buyer-funded, and largely manual. A buyer would offer to pay a supplier earlier than the contracted date in exchange for a fixed discount—for example, 2% off an invoice in exchange for payment within 10 days instead of 30. These arrangements were manual, one-off negotiations typically managed by accounts payable departments, making them nearly impossible to scale and limited by however much cash the buyer had available at the time.

In the 1990s, the introduction of specialized technology platforms began to automate invoice approvals and introduced dynamic discounting. This allowed for tiered pricing based on exactly when a payment was made: a buyer paying within 10 days might receive a 2% discount, while payment at 15 days received a 1.5% discount. While this added flexibility, the fundamental constraint remained: the buyer was still the sole source of funding.

The Structural Shift: Supply Chain Finance (SCF)

The true turning point occurred in the early 2000s with the emergence of third-party funded programs known as Supply Chain Finance (SCF). Under this model, a financial partner paid the supplier early using their own capital, while the buyer committed to a "confirmed payable"—a guarantee of a specific amount due on a specific date.

This evolution solved three critical problems simultaneously:

- Technology allowed programs to scale
- Third-party funding removed the buyer's cash constraint
- The confirmed payable gave funders a clear and manageable risk profile

Buyers soon realized they could use SCF to extend their own payment terms—moving from 30 to 60 days or 60 to 120 days—to free up working capital while still offering suppliers the option to be paid early at attractive rates. By the mid-2010s, this became a standard commercial pillar in manufacturing and retail. Today, roughly 70% of the Global 2000—including industry giants like Ford, Boeing, and Caterpillar—offer these programs to their supplier networks.

Early Pay Enters Construction — and What Changed

In the early 2010s, boutique financing firms began entering the supply chain finance market to compete with banks. One of these firms, Greensill Capital, identified construction as an industry with a pronounced working capital imbalance: subcontractors carried long payment cycles while general contractors managed cash-intensive project execution. In 2015, Greensill partnered with invoice-workflow platform Textura to launch one of the first large-scale, third-party-funded early pay programs for the construction industry.

Initially, the construction model tried to mirror traditional retail SCF, but the industry's unique structure required adaptation. Specifically, the "paid-when-paid" framework and strict regulatory requirements limited the ability to extend subcontractor terms the way buyers in other industries could. Consequently, the model evolved away from extended terms and toward rebate structures and hybrid funding programs.

The momentum faced a temporary setback in 2021 when Greensill Capital collapsed, leaving the industry without its primary funding partner and program servicer. Some programs shut down, while others continued in limited form, relying on internal cash or bank lines of credit. The momentum slowed, but the underlying need remained unchanged.

Why Early Pay Programs Are Regaining Popularity

Interest has climbed sharply over the past two years, driven by a combination of economic pressures and operational challenges that have elevated cash flow management to a top strategic priority.

Higher Interest Rates

The cost of carrying balances between project funding cycles has risen significantly.

Inflationary Pressures

Material costs and labor expenses have increased in parallel with workforce shortages, putting a strain on every dollar in the project budget.

Complexity of Scale

Growing commercial construction volumes have made traditional, manual payment methods inefficient and risky.

Technological Maturity

The industry has finally established the necessary digital infrastructure—standardized pay applications, API connections, and electronic payment capabilities—required to support early pay at scale.

Construction sits at the same inflection point that other industries reached years ago. The digital payment infrastructure, standardized pay applications, and electronic payment capabilities that now exist have created the foundation needed for early pay programs to work at scale.

If you're a general contractor considering implementing an early pay program, the question is less about whether these programs work and more about how to build one in a way that actually delivers on its objectives.

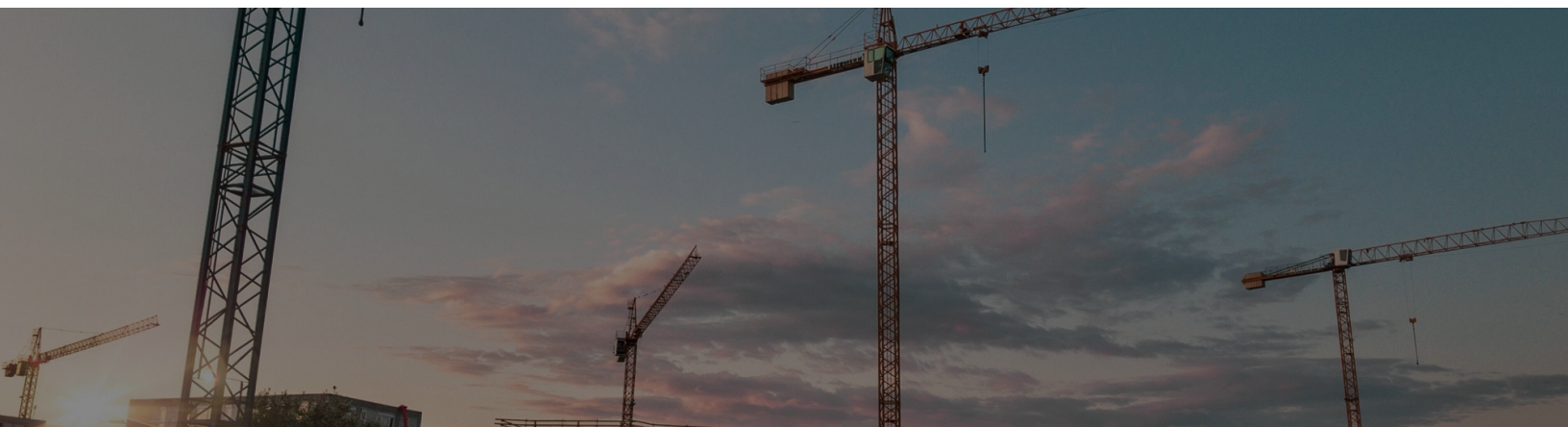
CHAPTER 3

The Five Keys to Successful Early Pay Program Implementation

The concept of early pay programs is sound. Decades of deployment across the Global 2000—and a growing body of experience in construction specifically—demonstrate that well-run programs generate real margin for GCs, liquidity options for subcontractors, and meaningful reductions in project risk for everyone. But the gap between a program that works and one that falls short is almost always found not in the concept, but in the execution.

Many early pay programs have been launched with good intentions and produced underwhelming results. Leadership questions the concept, adoption stalls, and the program quietly fades. In nearly every case, the failure traces back to one or more of four implementation decisions that weren't made clearly enough, early enough, or collaboratively enough.

The five keys that follow represent the most consequential decisions a GC will make when designing and deploying an early pay program. Getting them right dramatically increases the likelihood of a program that performs—not just at launch, but over the months and years it will run.

KEY 1**Define Clear Objectives and Timing****KEY 2****Choose the Right Funding Strategy****KEY 3****Develop a Plan for Subcontractor Adoption****KEY 4****Build a Foundation for Invoice Processing****KEY 5****Select the Right Partner**

KEY 1

Define Clear Objectives and Timing

For many general contractors, a primary objective of an early pay program is generating incremental margin or financial return. When margin is the goal, subcontractor adoption—defined as the percentage of subcontractor spend paid early through the program—becomes the leading indicator of program success.

Adoption is not the objective itself; it is the mechanism through which the margin objective is reached.

Here's why this distinction matters in practice: If your financial goal is modest, a lower level of adoption may be sufficient to achieve it. If your financial goal is more aggressive—generating several million dollars in incremental margin annually, for example—significantly higher adoption will be required. Understanding this cause-and-effect relationship before launch is what allows leadership to set realistic expectations, calibrate outreach strategy, and recognize early whether the program is on track.

Margin and financial return are not the only reasons GCs deploy early pay programs. Other objectives include:

- **Subcontractor financial stability:** Providing access to working capital for subcontractors, particularly in trades where turnover or financial fragility creates project risk
- **Competitive differentiation:** Becoming the preferred GC partner for subcontractors by offering a financial benefit competitors don't
- **Risk reduction:** Reducing the likelihood of payment-related project disruptions, particularly on complex or critical-path projects
- **Payment modernization:** Using the early pay implementation as a catalyst for transitioning from check to electronic payment infrastructure
- **Operational learning:** Building internal capability and program maturity before scaling

Many well-run programs pursue several of these at once. The condition is that each objective must be clearly articulated, and where possible, prioritized. Without clarity on which objective takes precedence when trade-offs arise, teams struggle to make consistent decisions about program design, funding, subcontractor messaging, and resource allocation.

KEY 2

Choose the Right Funding Strategy

Selecting a funding model for an early pay program is a strategic CFO-level decision that dictates the program's long-term scale and sustainability. How a program's capital is sourced determines how large it can grow, how durable it is through changing business conditions, and what economic return the GC captures. The right answer is not universal; it depends on the GC's financial position, its program objectives, and its long-term capital priorities.

Using Internal Cash (Self-Funding)

This can double or triple the yield on invested capital compared to traditional cash management. However, GCs must evaluate long-term capital consistency—whether excess cash will be available for a decade or more. Competing demands like payroll, acquisitions, or risk reserves can limit a self-funded program's scale.

Some organizations address this by capping the program at a fixed dollar amount to test utilization before expanding. That approach manages financial exposure, but it may also cap adoption—and therefore cap the margin the program can generate. If exposure is deliberately limited, program goals should be recalibrated to reflect that constraint.

Working With a Financial Partner (Third-Party Funding)

In a third-party model, a financial partner pays subcontractors using their own capital and the GC receives a rebate from the fee. This model generates revenue without balance sheet implications, as the GC's obligation to pay approved invoices remains unchanged. Funders underwrite the GC's credit risk, not the subcontractor's.

Third-party funding changes how the program is financed, not how it is governed. GCs continue to control which subcontractors, projects, and invoices participate in the program, how much total exposure the program carries, and all maturity dates. The program's operational governance stays entirely with the GC.

The Hybrid Approach

With a hybrid payment strategy, the early pay program relies on internal cash to a threshold the GC is comfortable with and then supplements with third-party funding to support scale and growth.

The key criterion when selecting a funding approach is alignment. The funding strategy should support the objectives established for the early pay program, provide flexibility as business conditions evolve, and ensure the program can sustain itself over the long term. It's also important to note early funding decisions have a lasting impact: they shape adoption rates, risk exposure, and overall program outcomes for years to come.

KEY 3

Develop a Plan for Subcontractor Adoption

The level of subcontractor adoption required depends entirely on the objectives and timing the GC has established, and on the funding strategy the program uses. If the objective is limited and the capital allocation is capped, the adoption strategy may be relatively narrow and targeted—engaging a select group of subcontractors with the highest likely participation rates. If the objective is broad adoption to maximize margin, improve subcontractor stability, or build a strategic advantage, the go-to-market effort must be proportionately robust. Scale does not happen organically.

When creating a plan for subcontractor adoption:

Establish Role Clarity

Determine who will introduce the program to subcontractors. In the most successful programs across industries, the answer follows a consistent pattern: The GC announces the program, and the early pay partner leads the detailed education and engagement. This separation allows subcontractors to be candid about their cash flow needs without the friction of talking directly to their customer.

Prioritize Early Participants Strategically

Launch with a group of subcontractors with established relationships who are most likely to benefit from faster cash flow. Securing a meaningful cluster of early participants generates momentum that extends well beyond the initial group. Internal teams gain confidence in the program. Leadership sees visible evidence of progress early. Subcontractors can hear from other subcontractors, building more credibility than a GC announcement alone. Early adopters become informal advocates who make future outreach substantially easier.

Solidify Your Messaging Before Beginning Outreach

The initial announcement must come from the GC and must clearly communicate why the program is being offered, how the program benefits subcontractors, that participation is entirely optional, and that using the program carries no negative connotation. Tone matters materially here. Any ambiguity about whether participation might be viewed negatively can suppress adoption dramatically—even among subcontractors who would genuinely benefit from the program.

Develop Outreach Campaigns

Effective campaigns use sequenced emails, direct calls, ROI calculators, and explainer videos to encourage subcontractor adoption. Content answers questions, but human interaction builds the trust necessary for a subcontractor to commit to their first election.

KEY 4

Build a Foundation for Invoice Processing

Early pay programs rarely fail because of strategic miscalculation at the executive level. They far more often fall short because foundational invoice processing mechanics are inconsistent, ambiguous, or under-resourced. The operational discipline required to run an early pay program well is not complex. But it is non-negotiable.

There are four structural design elements that significantly influence whether a program meets its objectives or underperforms.

Define Maturity Dates

Programs require a fixed date by which the GC will settle the invoice, independent of owner payment variability. This represents a shift from "paid-when-paid." GCs can manage this risk by using historical owner payment data and adding buffer days (typically 10–15 days) to absorb potential delays.

Establish Clear Definitions of What "Approved" Means

The definition of "approved" must be consistent across the organization. An invoice should only enter the workflow if it would be paid without hesitation today—meaning all documentation, lien waivers, and compliance items are complete.

Create a Predictable Processing Calendar

Subcontractors will integrate early pay into their working capital planning only if they can forecast when invoices will be approved and eligible for early payment. Without a structured timeline, participation becomes inconsistent. High-performing programs operate on a defined processing cadence that subcontractors can count on. A structured processing calendar should include:

- Invoice submission deadlines
- The issue resolution window
- Owner pencil review timing
- Internal approval confirmation
- Platform upload date

Commit to Electronic Payments

The precision required for an early pay program to function as designed simply cannot happen with paper checks. Mailing delays, deposit variability, reconciliation friction, and unpredictable clearing times undermine the entire premise of accelerated payment.

KEY 5

Select the Right Partner

Early pay programs can either be managed internally by the GC or general contractors can work with a partner to manage their program. If evaluating a partner for an early pay program, it's important to keep in mind that this is a long-term strategic relationship.

Early pay programs routinely run for a decade or more and become integrated into a GC's core payment workflows. The partner you select will interact directly with your subcontractors on your behalf, represent your program in the market, and be responsible for execution at the moments when it matters most. Choosing that partner carefully is as consequential as any other implementation decision.

When evaluating an early pay program partner, here's some factors to consider:

Long-Term Stability and Construction Expertise

The partner must understand pay applications, lien waivers, and the nuances of GC-subcontractor relationships. They should have experienced leadership and a track record of stability.

Technology Scalability and Pricing Flexibility

The partner's technology should integrate smoothly with existing workflows and evolve as the program matures. They should support multiple funding strategies (self-funded, third-party, hybrid) and flexible pricing models to attract a diverse subcontractor base.

Implementation Discipline

Look for a partner with a structured "crawl-walk-run" plan that starts with a pilot to refine workflows before a full-scale rollout.

The real test of a partner is not how they perform when everything goes according to plan. It is how they respond when something doesn't—when an invoice approval is delayed, when a subcontractor raises an objection the team hasn't encountered before, when adoption is behind pace and the reasons aren't immediately obvious. A partner with deep experience across many implementations will have faced those challenges before. Their ability to diagnose and resolve them quickly is the best measure of what the relationship will look like over the long term.

CHAPTER 4

Analyzing and Troubleshooting Self-Run Programs

While approximately 15–20% of GCs have some form of early pay program, many internally managed initiatives struggle to move beyond single-digit adoption. Across the construction industry, the issue with poor adoption is rarely the early pay concept itself. More often, the challenge lies in how internally managed programs are structured, communicated, and operated.

Common Reasons Why In-House Programs Struggle

Lack of Dedicated Ownership

Driving adoption requires continuous education and outreach. In many GC-led programs, this is a part-time task for project or finance teams whose primary focus lies elsewhere, resulting in insufficient engagement.

Communication Friction

Subcontractors are often hesitant to disclose cash flow needs directly to GCs, fearing it will negatively impact future bid evaluations. Without a third party to mediate, this lack of transparency stifles participation.

The "Core Competency" Gap

Most GCs are experts at construction, not financial messaging. Effectively handling objections—like "Why should I pay to get paid money I am already owed?"—requires specialized financial education and ongoing dialogue that internal teams are rarely equipped to provide.

Ways to Course Correct

- 1. Reassign Responsibility:** Ensure the program is managed by individuals who have the time, right messaging, and incentives to drive its success.
- 2. Identify Financial Decision-Makers:** Outreach should move beyond project managers to engage the owners, CFOs, or controllers who actually manage the subcontractor's working capital.
- 3. Maintain Consistent Outreach:** Adoption requires more than a single email blast. Integrate the program into existing touchpoints like bidding, project kickoffs, and invoice approvals.
- 4. Evaluate Partnership Benefits:** While GCs may want to retain 100% of the fees, a specialist partner often unlocks far higher adoption rates, resulting in greater total margin than a low-adoption in-house program can ever generate.

CHAPTER 5

Building a Program That Performs

General contractors who approach early pay program implementation with the rigor these five keys require are building something that works—not just at launch, but for the years and decades the program will run. Remove or underinvest in any one element, and the others are limited. Align all of them, and you have a program designed to generate real, sustained results.

Early pay programs are not a future development for the construction industry—they are underway now, and they will become standard practice in the coming years. The GCs who invest in building programs correctly from the outset will earn stronger margins, develop more resilient subcontractor relationships, reduce project risk meaningfully, and position themselves as preferred partners in an increasingly competitive market. The decision is not whether to implement an early pay program. It is when—and how well.

Explore Billd's GC Early Pay Resources

For general contractors looking to go deeper on any aspect of early pay program design and implementation, Billd has built a comprehensive resource hub at billd.com/general-contractors. It includes guides on program structure, implementation considerations, operational controls, and subcontractor adoption—covering the questions GCs encounter at every stage of the process, from initial evaluation through ongoing program management. The resources are designed to give your team the context and clarity needed to make sound decisions about whether and how to deploy a GC early pay program.

Billd Predictable Pay is a fixed-rate, turnkey early payment program for general contractors. Subcontractors see a transparent rate, request early payment in one step, and receive funds without bidding or competing with each other. Billd handles all onboarding, education, and outreach. Your existing invoice approval process stays exactly the same.

Questions? Email bpp@billd.com or visit billd.com/predictable-pay

