

Be Successful and Profitable with Billings

Percent Complete Billing: (Progress Billings). With a set contract amount an invoice can be created for the total percentage of completed work against that contract. These invoices could be created as often as needed. Creating the invoices will help you communicate better with your client and help keep accurate records. This type of billing by line item percentage will generally yield better cash flow than a draw billing.

American Institute Of Architects Draw: (AIA Draws) This type of billing is similar to percent complete billing, however; an AIA draw generally requires approval of the architect before payment is released.

Time and Material Billing/Cost Plus Billing: With this type of billing you bill labor, material used, subcontractors, equipment and other costs. With these types of billings you can pay employees a certain wage and bill the client at a different wage.

Negotiate labor rate by class, make sure you know the labor burden amount. T&M billing are an excellent way to lesson risk and maintain consistent overhead and profit.



Unitary Billing: This is similar to progress billing. Unitary is based on a set price per unit and a billing for the number of units completed. This type of billing is often used by excavation/earthwork contractors or framing contractors.

Loan Draw Billing: This type of billing benefits the client and the bank; the contractor can create a loan draw and submit it directly to the bank or other lending institution. If the contractor owns the property and is developing it, the loan draw is the most common way to secure funds.

Hybrid Billings: This type of billing has multiple billing methods.

Example 1: The contract can be billed at a percent complete against a fixed price, with change orders billed as cost plus.

Example 2: The contract is a cost plus contract with an upper limit or not-to-exceed amount built into the contract.

Example 3: A contractor might need to create a loan draw for a client to give to the bank then invoice the client a different amount for the percent complete contract that includes additional change orders.

There are many billing options, there is one or more appropriate for you!

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