ORACLE



3 Payment Challenges that can Erode Construction Profitability

How modern payment management can help contractors protect margins, improve cash flow, and scale more efficiently.

Construction margins leave little room for inefficiency.

Yet many contractors still rely on fragmented, manual processes to manage one of the most consequential parts of the project lifecycle: getting invoices approved, managing required documentation and approvals, and paying in a timely manner.

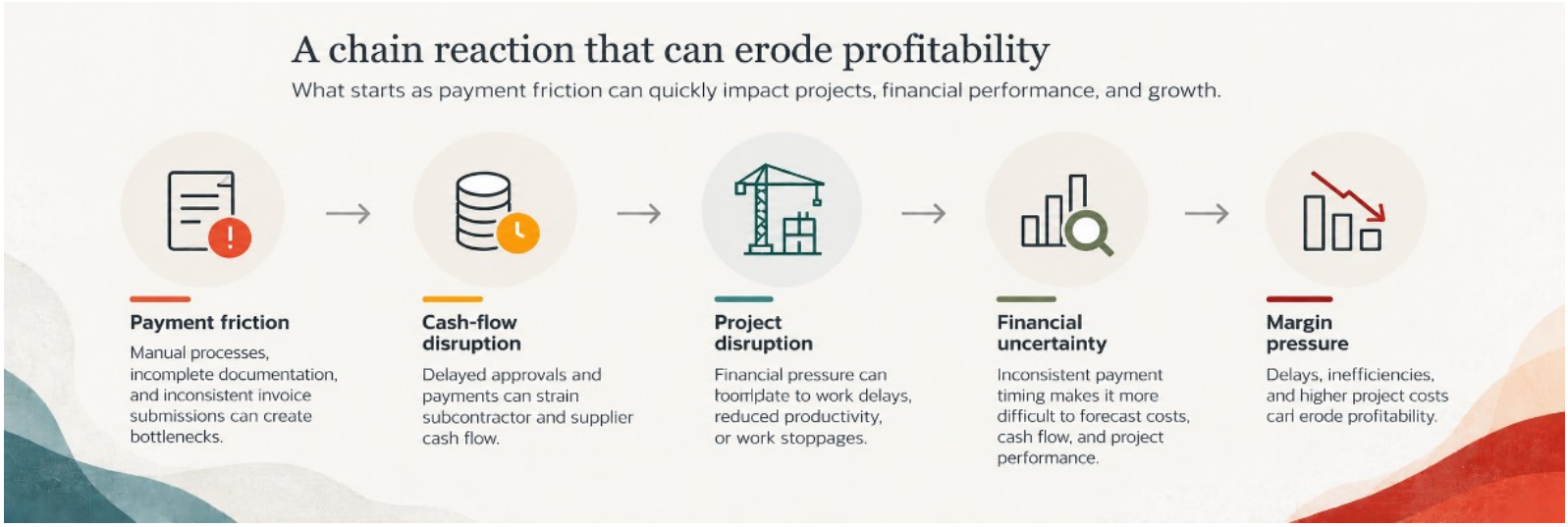
What may appear to be administrative friction can have broader consequences. Payment bottlenecks can require valuable staff time, contribute to strain on subcontractor cash flow, disrupt project execution, and make financial forecasting more difficult. For contractors focused on protecting margins and scaling efficiently, modern payment management applications can help streamline these processes.

1. Payment administration bottlenecks

Construction payment teams routinely coordinate invoices, lien waivers, signatures, approvals, and payment status across multiple projects and hundreds of project participants. When these activities rely on disconnected systems, emails, spreadsheets, and manual follow-up, administrative work can quickly become a bottleneck.

The problem becomes more pronounced as a contractor grows. Adding projects can mean adding administrative workload, and potentially additional headcount, unless processes are standardized and automated.

Standardized document formats, automated workflows and controls, electronic payments, and intelligent assistance can reduce repetitive tasks and help identify missing or inaccurate information earlier in the process. The result can be a more consistent payment cycle and more time for finance and project teams to focus on higher-value activities.



2. Capital strain and delayed payments

Slow payments not only affect subcontractors' cash flow but can also affect project performance and timelines.

Construction depends on a healthy flow of capital throughout the supply chain. When payments slow, subcontractors and suppliers may have difficulty funding labor, materials, and subsequent work. That financial pressure may eventually result in a project execution problem for the general contractor.

According to Rabbet's 2025 Construction Payments Report, 57% of general contractors and 78% of subcontractors reported work being delayed or stopped because of delayed payments during the prior 12 months. Respondents identified disorganized processes, cash-flow issues, and banking delays among the leading causes of slow payment. You can read the full report here.

Improving payment speed isn't simply about paying faster. It starts with removing the obstacles that prevent an accurate, properly documented payment from being approved in the first place. Standardized processes, clear controls, accurate documentation, and electronic payment workflows can help maintain project momentum while supporting relationships with subcontractors and suppliers.

3. Visibility and Predictability

You can't confidently forecast what you can't clearly see.

Fragmented payment processes can make it difficult for finance leaders to understand outstanding commitments, approved payments, payment holds related to documentation or approvals, payment timing, and downstream obligations across a portfolio of projects.

When payment information is spread across spreadsheets, email, project systems, and accounting applications, financial teams may spend valuable time reconciling information before they can determine where the business actually stands.

Connecting payment workflows with enterprise financial systems and providing portfolio-level visibility can give finance leaders a more timely and consistent view of payment activity. Better information can support more confident cash flow planning, forecasting, and business decisions.

Scalability without proportional overhead

If every additional project requires proportionally more payment administration, growth itself creates margin pressure. Modern payment management can help contractors scale their business w helping reduce the need for payment administration to increase a same rate as project volume.

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About Oracle Textura

Oracle Textura Payment Management combines payment automation with tools designed to help support compliance processes, financial controls, analytics, supplier management, and ERP integration in one connected platform. Oracle Textura Payment Management is designed to support projects of varying size and complexity while helping contractors manage risk, improve visibility, help automate compliance processes, streamline payment workflows, support subcontractor and supplier relationships, and scale payment administration more efficiently.

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