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Databender



FREE GUIDE

# Stop Leaving Money on the Table

How to Capture Every Change Order Before It Slips Through

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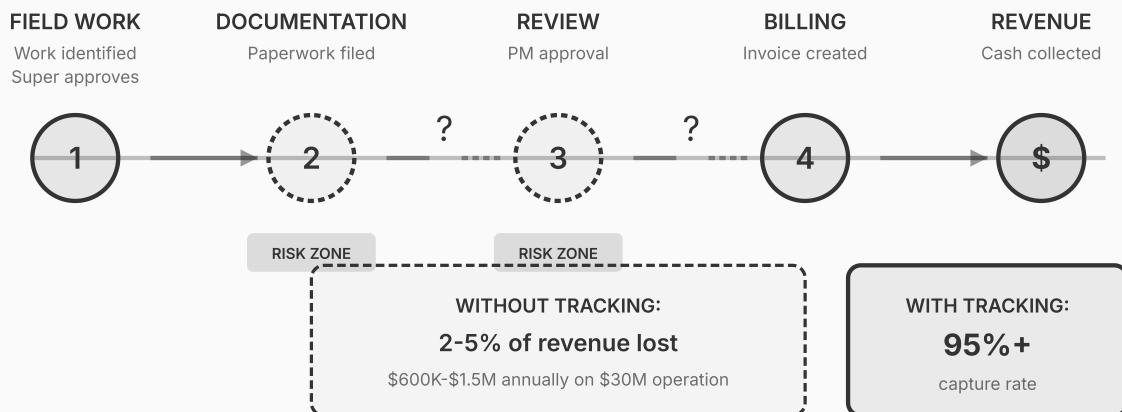
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# 2-5%

## Revenue Recovered

Contractors leave 2-5% of revenue on the table from unbilled change orders.

### Change Order Lifecycle



Every contractor knows the pattern. Work gets approved in the field. The superintendent signs off. The crew does the work. And then... nothing happens. The paperwork sits. The billing never goes out. Money that was earned disappears into the gap between the field and the office.

Industry data suggests contractors leave 2-5% of revenue on the table through unbilled change orders. On a \$30M operation, that's \$600K to \$1.5M annually. Not disputed. Not lost to scope creep. Just forgotten.

That's margin you already earned. You did the work. The owner agreed to pay. The only thing standing between you and the money is internal process failures.

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## Where Change Orders Die

A change order has to survive multiple handoffs to get billed. Each handoff is an opportunity to lose track.

The field identifies extra work. First handoff. The superintendent documents it. Second handoff. Someone prices it. Third handoff. The PM submits it to the owner. Fourth handoff. The owner approves. Fifth handoff. Someone adds it to the billing schedule. Sixth handoff. Accounting invoices it.

Six handoffs. Six opportunities for something to fall through.

What actually happens? The superintendent mentions extra work at a progress meeting. Nobody writes it down. Two weeks later, someone remembers there was a change on that job. The details are fuzzy. Nobody wants to go back to the owner with incomplete documentation. The change never gets submitted.

Or the change gets approved but sits in someone's inbox. The PM is busy. Other projects need attention. When they finally get back to it, the work is 60 days old. Billing something that late feels awkward. It never happens.

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*Change orders don't get denied. They get forgotten.*

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## The Age Problem

Time kills change order recovery. The older a change gets, the less likely it is to be billed.

A change documented within 48 hours gets billed 90%+ of the time. The details are fresh. The paperwork is complete. The submission happens naturally.

A change documented at day 30? Maybe 60% gets billed. Details are fuzzier. Documentation is incomplete. The effort to reconstruct what happened feels like more trouble than it's worth.

A change discovered at day 60? Less than 40% recovery. At that point, everyone would rather move on than fight about what happened two months ago.

The math is brutal. The same \$10,000 of extra work is worth \$10,000 if documented immediately and maybe \$4,000 if discovered at day 60. Same work. Same agreement. Two-thirds of the value evaporated because of timing.

Contractors who understand this treat change order aging like accounts receivable aging. Anything over 14 days gets escalated. Anything over 30 days gets leadership attention. Anything over 60 days is probably already lost.

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## Automatic Tracking from Field to Billing

The solution isn't better people. The solution is systems that don't let changes fall through.

When a superintendent logs extra work in a field app, that triggers a record in a central system. Not a request that might be ignored. An automatic entry that now exists and has to be addressed.

The record gets assigned an owner. Someone responsible for pricing it, submitting it, tracking approval, and pushing it to billing. Status updates automatically based on what's happened. If it stalls, the system notices.

We built this for a commercial GC who was losing track of changes between Procore and their accounting system. Before: changes approved in Procore but never making it to Sage for billing. After: automatic sync. When a change hits approved status in Procore, it appears in the billing queue. No handoff required.

Their change order capture rate jumped from around 75% to 94% in the first quarter. On \$40M of work, that's roughly \$380,000 in additional billings. From work they were already doing.

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## Alerts Before Unbilled Work Ages Out

The system should be smarter than your memory. When a change order sits too long, someone needs to know.

Day 7: Gentle reminder. This change is a week old. Is documentation complete?

Day 14: Escalation. This change is two weeks old and not submitted. What's blocking it?

Day 30: Red alert. This is about to fall off the cliff. Act now or write it off.

Alerts feel annoying until they save you money. That \$8,000 change order you forgot about? The day-14 alert catches it. You scramble, pull together the documentation, submit it, and get paid. Without the alert, it would have joined the pile of things you meant to get around to.

The trick is calibrating alerts to your business rhythm. Too many alerts and people ignore them. Too few and changes still slip through. Most contractors find that weekly aging reports with daily alerts on items hitting critical thresholds strike the right balance.

One specialty contractor built a dashboard showing change order aging by project manager. Public leaderboards create accountability. When everyone can see whose changes are sitting unbilled, people find time to address them.

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## Integrating with Your Existing Billing Workflow

Change order tracking has to fit how you already work. New systems that require new workflows fail. Systems that plug into existing processes succeed.

If your PMs live in Procore, change order tracking should live in Procore. If your billing runs through Sage, approved changes should flow into Sage automatically. If your superintendents use a field app, that's where extra work gets documented.

The goal isn't adding steps. The goal is removing steps. Every manual handoff you eliminate is one less opportunity for something to fall through.

A drywall contractor we worked with had a 14-step process from field-identified change to owner invoice. That's not unusual. Each step involved manual work, waiting, and potential failure.

We mapped it out, identified the gaps, and built automation around the existing tools. Fourteen steps became six. Manual data entry disappeared. The changes that used to take three weeks from field to invoice now take five days. Same people. Same systems. Different connections.

## The ROI Math on Change Order Recovery

Let's run real numbers on what improved change order capture is worth.

A \$25M contractor running 10% in change orders has \$2.5M in potential change order revenue annually. If they're capturing 75% of that, they're billing \$1.875M. The missing 25% is \$625,000 in work performed but not billed.

Move capture rate from 75% to 90%. That's \$375,000 in additional annual revenue. At 15% margin, that's \$56,250 in profit. Every year.

A change order tracking system costs \$20,000 to \$35,000 depending on complexity. Payback in three to six months. Every month after that is pure margin.

And the numbers scale. A \$50M contractor capturing an extra 10% of change orders finds \$500,000+ in annual revenue. A \$100M contractor? North of a million dollars.

This is found money. Revenue you're already entitled to. Work you've already done. The only question is whether you have the systems to capture it.

## Documentation That Holds Up

Fast capture only works if documentation is complete. A change order without backup is a change order that gets disputed.

Good documentation captures four things at the point of occurrence:

**What changed:** Clear description of the work that differs from contract scope. Specific enough that someone who wasn't there can understand it.

**Why it changed:** Owner direction. Field condition. Design revision. The reason matters for pricing and for avoiding disputes.

**Who authorized it:** Name, title, date. Verbal approvals need to be documented in writing immediately. "Per conversation with John Smith, Project Manager, on 3/15."

**Evidence:** Photos, measurements, emails, RFI references. The backup that proves the change happened and was authorized.

Field apps make this easier than it's ever been. Superintendent takes photos, adds notes, tags the project and the authorizer, and the documentation package exists. Takes three minutes instead of 30. Completeness rates jump when capture is easy.

One GC we worked with implemented a rule: no change order gets submitted without a photo. Simple requirement. Massive improvement in documentation quality. Disputes dropped 40% because the evidence was clear.

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## Building the Discipline

Technology enables change order recovery. Culture determines whether it happens.

The companies that capture every change have superintendents who document extra work automatically. It's habit. They see work outside scope, they open the app, they log it. Takes less time than complaining about it later.

Building that culture requires three things:

**Training:** Superintendents need to recognize change order situations. Not every field variation is billable. The ones who understand contract scope catch the billable ones.

**Easy tools:** If documentation takes 20 minutes, people skip it. If documentation takes 3 minutes, people do it. Mobile apps win. Paper loses.

**Visible accountability:** When everyone sees change order metrics by crew, by superintendent, by PM, behavior changes. Not through punishment. Through awareness. Nobody wants to be the one leaving money on the table.

A specialty contractor started sharing change order capture rates at weekly meetings. No commentary. Just the numbers. Within two months, their lowest-capturing crew improved by 30%. They didn't want to be at the bottom of the list.

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## Getting Started

You don't need a perfect system to start recovering more change orders. Start with visibility into what you're missing.

Pull your change order data for the last year. Compare approved changes to billed changes. Look at the timing. How long does the average change take from approval to invoice? What percentage are getting lost along the way?

Those numbers tell you where to focus. If changes are getting approved but not billed, the problem is the handoff from PM to accounting. If changes are happening in the field but never getting documented, the problem is field capture. If documentation exists but pricing is delayed, the problem is your estimating queue.

Fix the biggest leak first. One improvement at a time. Each step recovers revenue that was slipping away.

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Ready to stop leaving money on the table? [Talk to our team](#) about building change order tracking for your operation, or learn more about our [construction solutions](#).