

Fabrication Company's Cash Flow Problems Solved: A Factoring Success Scenario

This success scenario is Part Five of a six part series designed to illustrate how invoice factoring can sustain and grow businesses in various industries.



Factoring for a Fabrication Company

In Part Five we will explore the positive impact of factoring, also referred to as accounts receivable financing, on a business in the Manufacturing / Fabrication Industry. In the final post we will explore factoring scenarios in the Advertising / Communications Industry.

*We hope you enjoy this series of factoring scenarios and learn how Universal Funding can improve your cash flow and ensure the growth of your business. For the purposes of this successful factoring scenario we will call our fabrication company, Smart Tool & Die.**

A personal bankruptcy resulting from a divorce a few years back made Robert Grieben*, owner of Smart Tool & Die*, not a good candidate for traditional bank financing. He had exhausted his options with credit cards and loans from friends, but the nature of his industry meant a lot of cash tied up in A/R for at least 45 days.

When his customers paid their invoices, Robert spent much of this cash repaying his debts. He just couldn't get ahead and he couldn't afford to shorten the credit terms with his valued customers. Good business was still coming in, but the cash was delayed to the point that at one time he had to ask his engineers to wait an extra week for their paychecks.

Robert didn't want to turn down business or lay anyone off, and he had already cut costs as far as he could, but he had to do something to solve the [cash flow problem](#). He searched on the internet for lenders who work with clients that have poor credit and found that their interest rates would ruin him completely.

He searched for angel investors and partners, but none of them wanted to invest in a company with such a cash short balance sheet and a principal with a bankruptcy. Finally, he searched the internet for business cash alternatives and found a solution he'd never even heard of before. Factoring accounts receivable would provide the immediate [working capital](#) he needed.

Universal Funding was able to approve Robert in two days, based upon his customer's credit worthiness, and advanced him 80% of his A/R the very next day. Robert did not acquire any new debt and was able to meet his obligations with a smart decision to [factor invoices](#).

After three and a half years of [factoring](#), Smart Tool & Die has paid off all debt, expanded operations and moved into a larger facility. Even after the bankruptcy fell off his credit report, Robert vows never to borrow money again. He enjoys being debt free while growing his business.

** Not actual name. Representation based upon a combination of general examples.*

***All dollar amounts are approximate value.*