

Title:

Invoice Factoring Basics

Word Count:

364

Summary:

Are you looking to get business financing? Read this article to learn about factoring financing. Factoring is easy to obtain and can help many businesses.

Keywords:

factoring, invoice factoring, factoring company

Article Body:

Can't afford to wait 30 to 60 days to get paid by your clients? If you are like most business owners, waiting to be paid can be very challenging. In some cases it can mean lost opportunities. It can mean that you don't bid for big sales because you know you won't be able to play the waiting game. At its worst, it can spell disaster. It can mean that you need to delay payroll. It may mean that you don't pay rent or taxes. It may force you to shut down your business.

If you are like most business owners, your first reaction will be to call your banker. Unfortunately, banks will not lend money to businesses that are new, have no hard assets or don't have three years worth of profitable financial statements. At this point, most business owners give up, thinking that they don't have any other options. However, they do.

If your company sells products or services to large credit worthy companies, you could qualify for invoice factoring financing. Invoice factoring reduces the time it takes for you to get your money to one day. How quickly could you grow your business if your invoices were paid in 24 hours?

As opposed to bank loans, factoring companies do not require hard collateral. The only requirement is that you have invoices from credit worthy clients. Factoring companies work differently than banks. A factoring company will provide you with financing based specifically on your invoices. This means that if your invoicing grows, your financing also grows.

Factoring is very simple:

1. You generate invoices for your products or services

2. You submit the invoices to your clients and to the factoring company
3. The factoring company advances you up to 85% of the gross value of your invoices (the remaining is kept as a reserve to offset disputes)
4. Once the invoice is paid by your client, the factoring company releases the 15% reserve and charges their fee

Factoring financing is easy to qualify for and can virtually eliminate the 30 to 60 days it takes for your customers to pay. It provides you with the necessary working capital to grow your company and take new opportunities.