

**Title:**

Factoring Invoices - Financing for Small Business Owners

**Word Count:**

331

**Summary:**

Do you own a small business that is growing and needs money? Read this article to learn about an easy way to get money for your business.

**Keywords:**

factoring, invoice factoring, factoring company

**Article Body:**

Peter owns a successful business that is growing quickly. Like many businesses, Peter's company has good commercial and government clients that buy regularly from him. And since Peter is really good at his business, his clients have been purchasing more and more products from him. His business appears solid.

But some cracks are starting to appear in the foundation. He's been close to missing payroll twice. He's delaying supplier payments. Even worse, he chose not to bid for a major government contract because he couldn't afford to. That's true - he couldn't afford to bid for new business. He was afraid of having to add more employees and buy more materials.

How can that be?

Like most business owners, Peter extends terms to his clients. They usually pay him in 30 to 45 days. But, since Peter runs a small business, his suppliers demand that he pay them in 10 days. Plus employees need to be paid every two weeks.

In summary. Peter has clients that want to pay in 45 days and suppliers/employees that want to be paid in 10. Since the company does not have a lot of money in the bank, the math doesn't work.

Is there a solution? Yes, Peter should consider factoring his invoices to fix his cash flow. Factoring will provide him with the necessary cash to pay suppliers and employees, while eliminating the 30 to 45 day wait to get paid.

Invoice factoring works as follows:

1. You deliver the product or service and invoice your client
2. You send a copy of the invoice to the factoring company for financing
3. The factoring company advances you up to 90% of the invoice. You get immediate funds.
4. Once your client pays the invoice, the transaction is settled

With factoring, Peter will be able to meet his current obligations. His company will also have enough cash on hand (or liquidity) to bid on new job proposals, allowing him to grow the business and take it to the next level.