

Title:

Financing Your Business with Receivable Factoring

Word Count:

392

Summary:

Do you own a growing business? Are your clients taking up to 60 days to pay their invoices? Learn how to finance your growth with receivable factoring.

Keywords:

factoring, invoice factoring, factoring company, receivable factoring

Article Body:

Do you do business with commercial or government customers? If you answered yes to that question, that means that you are also used to waiting up to 60 days to get your invoices paid. One of the most challenging facts of doing business with big companies is that they pay slowly. Sure, they pay all right - they just take their own sweet time to do it.

But you have expenses that you have to pay now. Suppliers need to be paid. Payroll must be met. This creates a big challenge for small and medium sized businesses.

Is the solution a business loan? It seldom is. They are hard to get. And when you get them, your hands are tied until the loan is paid off. With loans, you can only get one at a time. So if your business grows and you need more money, you are out of luck.

If your biggest headache is slow paying customers, a better solution is to factor your receivables. Receivable factoring provides you the necessary financing to pay employees, suppliers and taxes. Above all, it provides you with peace of mind by eliminating (or at least minimizing) your financial worries.

Receivables factoring works on a simple premise. Your invoices are valuable assets that can be financed. Basically, the factoring company advances you money for your slow paying invoices and waits until your customer pays. Of course, they charge a small fee for this service. This is how it works:

1. You do your work, as usual. You bill your customer but then submit a copy of the invoice to the factoring company for financing

2. The factoring company provides you an immediate advance on 70% to 90% of the invoice (there is a 10% to 30% reserve). You can use that money to meet payroll and pay expenses
3. The factoring company waits to get paid by your customer
4. Once they are paid, the transaction is settled and the factoring company rebates any reserves

As you can see, factoring gives you immediate money for your slow paying invoices, enabling you to run and grow your business. Qualifying for factoring is really easy. The biggest requirement is to do business with credit worthy customers. So, if your customers are good (but slow paying), you can finance them.

Receivables factoring is a great tool to finance your business and grow it to the next level.