

Title:

Business Financing Made Simple

Word Count:

326

Summary:

Are you looking for business financing? Read this article to learn about invoice factoring and purchase order financing.

Keywords:

factoring, invoice factoring, factoring company, receivable factoring, purchase order financing

Article Body:

Do you have a new or growing business? If you do, sooner or later you will need business financing. Of course, if you are like most business owners, your first inclination might be to look for a business loan. Unfortunately, business loans can be very hard to get, take weeks to set up and don't fit too well with most businesses. You might be better off looking for alternative business financing products.

I am going to discuss two alternative business financing products. As opposed to the traditional business loan, they are easy to obtain, can be set up in days, and they grow as your business grows.

Invoice Factoring

If your biggest business financing challenge is that you have clients who take as long as 60 days to pay their invoices, then the solution is to factor your invoices. Factoring, or invoice factoring as it is often called, accelerates your clients' invoice payments and gets you paid in about 2 days. Factoring does not involve changing your customers' payment habits, but rather, financing your slow paying invoices through a factoring company. With factoring, you can capitalize on your invoices and get the funds you need to meet payroll and pay suppliers.

Purchase Order Financing

If you are a reseller or wholesaler and your biggest challenge is that you cannot afford to pay your suppliers, then purchase order financing is the best

tool for you. Purchase order financing provides you with the necessary funds to pay your suppliers (usually by a letter of credit). This enables you to buy the goods to fulfill your orders and make the sale.

Both purchase order financing and invoice factoring can be obtained from a factoring company (rather than a bank). Both solutions are very affordable, but they work best when the business has profit margins of 15% or more.

So, if you own a business that needs financing, be sure to look at these non-traditional business financing tools.