

Accounts Receivable Financing- Be Inspired!

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Accounts Receivable Financing-Be Inspired! explores the art of possibility pertaining to financing and growth for many B2B companies. The art of possibility is making the assumption that you can accomplish whatever you choose to try to accomplish. As applied to financing techniques, accounts receivable financing can be combined with many other types of financing to accomplish your financial dreams and goals.

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Benjamin Zander and his wife wrote a book entitled: "The Art of Possibility; Transforming Professional and Personal Life". Their idea is that "you can create a passionate energy permeating The Art of Possibility that will be a true force in your life. You can make your own rules." Their book is inspirational. You will be inspired if you buy and read it. The question is: how does this pertain to accounts receivable financing?

{bot_wrgoogle}It's all about attitude, enthusiasm and point of view regarding how to conduct your business. Can you make your own rules regarding how banks, commercial finance companies and other financial entities operate? Of course not. Can you make your own rules regarding how you utilize the financial recourses that are available to finance your business? Absolutely!

Here are three examples how to harness the power of accounts receivable financing sometimes with other types of financing to grow your B2B business.

Case Study One:

A Solar Energy Company that designed and supervised the installation of renewable energy systems was unable to obtain bank financing. They were one of the area's lowest cost providers of solar panels, system design and supervision. One of their biggest assets was State Solar Tax Credits that are paid to homeowners who install the solar energy systems. An obligation from a State to a consumer is not within the definition of an account receivable. In other words, it could not be financed because it was not an obligation to a business. Using the art of possibility, the homeowners were persuaded to assign their solar tax credits to the Solar Energy Company. This transformed a consumer receivable into a commercial accounts receivable. Voila! The Solar Energy Company received accounts receivable financing it needed to grow.

Case Study Two:

An individual purchased an Importing Company that had been financed with a bank's SBA loan. As collateral for the loan, the bank placed a UCC1 filing on the accounts receivable and inventory of the business. UCC refers to the Uniform Commercial Code in effect throughout the United States of America. In some respects, it simplifies the process of lending, selling and borrowing nationally. In other ways it is very complex. A UCC1 filing by a bank usually prevents any further financing because there is no collateral left to be financed. It is similar to a first mortgage loan on a house. If you have a 95% loan on your house, no other financing is available on the house because there is no equity to lend on. Using the art of possibility, the Importing Company was successful in convincing the bank to subordinate their UCC1 filing to another

commercial lender's UCC1. The Importing Company convinced the bank that it would be mutually beneficial to lower the bank's UCC1 lien to a secondary position to allow a commercial finance company to offer new accounts receivable financing and inventory financing. Voila! The Importing business has a new credit line available for growth. It is now more profitable and the bank is more likely to be repaid. This is a win-win situation.

Case Study Three:

A start-up Clothing Company involved in manufacturing, distributing and designing T-shirts landed a substantial purchase order for their product. The product was to be made in China, and the Clothing Company lacked sufficient funds to pay for the costs of manufacture and distribution. Using the art of possibility, the Clothing Company obtained a letter of credit to guarantee the Chinese factory of payment, purchase order financing to pay for the T- shirts upon delivery, and accounts receivable financing to pay the purchase order company upon delivery of the goods to the customer in the US.

Accounts receivable financing can help your B2B business realize the art of possibility for growth and profits. Voila!

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Mr. Elberg is a licensed attorney and licensed real estate broker. Gregg Financial Services is a full service brokerage for commercial finance companies and banks that fund B2B businesses. Mr. Elberg arranges funding from \$25,000 to \$50 million per month at competitive pricing, and works to reduce your financing costs as your company grows. For more information about GFS, please visit our website:

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