

# Accounts Receivable Financing- Secrets

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Thursday, 10 January 2008

Accounts Receivable Financing-Secrets explores the little known world of factoring and purchase order financing. Many businesses and their bankers are unaware of the potential for exponential growth when these financing techniques are revealed to supply the missing capital needed for businesses that sell goods or services to other businesses.

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The Merriam-Webster Online Dictionary defines "secret" as:

"1 a: kept from knowledge or view : hidden b: marked by the habit of discretion : closemouthed c: working with hidden aims or methods : undercover <a secret agent> d: not acknowledged : unavowed <a secret bride> e: conducted in secret <a secret trial>2: remote from human frequentation or notice : 3: revealed only to the initiated : esoteric 4: designed to elude observation or detection <a secret panel>5: containing information whose unauthorized disclosure could endanger national security".

{bot\_wrgoogle}As used in this article, secret means: revealed only to the initiated; kept from knowledge or view; and designed to elude observation or detection.

The first secret- "revealed only to the initiated" relates to the fact that most schools, even business schools, do not teach the subject of factoring or purchase order financing; most banks do not offer these financing facilities as products. Therefore, it is not surprising that many businesses are unaware of the cash potential that lays dormant in their business invoices.

Let's suppose you own a small to medium business and you depend on customers paying invoices within a 45-60 day period for your working capital. In essence, you are extending credit like a bank to your customers. For that period of time your cash is tied up in your invoices- your accounts receivable. This limits growth and may create problems regarding meeting payroll and paying your suppliers. Accounts receivable financing is the process of selling your invoices for cash as soon as they are issued which allows you to make more effective use of your assets. Purchase order financing is the process of obtaining a third party commitment to pay your suppliers as soon as products are received by your clients (in advance of payment by you or your client), based on the surety of an accounts receivable financing arrangement.

All businesses are limited in their growth and profits by the amount of capital and cash flow available to take advantage of business opportunities. The availability of virtually unlimited cash creates a powerful paradigm for potential growth. It also can expand your thinking about what business is possible and how you might go out and develop new business.

The second secret- "kept from knowledge or view" relates to the practice of non-notification factoring. Some business people are concerned that working with a factor, an accounts receivable financing company, may not be viewed favorably by their customers. In many cases it is possible to structure a transaction legally so that the accounts receivable financing is transparent to the ultimate

customer.

The third secret- "designed to elude observation or detection" has to do with your business plan and how the way you think about the world can affect your success. In 2006 Prime Time Productions produced a film and a book called "The Secret". The film dramatically describes the "Law of Attraction" which asserts that people's feelings and thoughts attract real events in the world into their lives. Can your feelings and thoughts attract more business and success? Is the visualization of what you want an aid for manifesting your business goals? Is The Secret "just a new spin on the very old (and decidedly not secret)" The Power of Positive Thinking (a book by Norman Vincent Peal written in 1952) wedded to 'ask and you shall receive' -as opined by Karin Klein, editorial writer for the Los Angeles Times? Did The Secret fail to discover the real roots of powerful thinking?

In the book, "The Diamond Cutter", Geshe Michael Roach examines The Buddha on Managing your Business and your Life. Roach graduated from Princeton University with honors, studied the ancient wisdom of Tibet and traveled to the Tibetan Lamas at the seat of His Holiness, the Dalai Lama. In 1983 he took the vows of a Buddhist monk.

His teacher encouraged him to enter the world of business. Mr. Roach choose the diamond business. He hid the fact that he was a monk and maintained a façade of a normal American businessman on the outside. The business developed from nothing to a one hundred million dollar per year business.

The original book, "The Diamond Cutter" is the "oldest dated book in the world that was printed rather than being written out by hand. The British Museum holds a copy that is dated A.D 868." It is a written record of Buddha teachings from over 2,500 years ago. In brief, the central principles are: 1) business should be successful and make money in a clean and honest way; 2) you should enjoy the money and stay in good health; and 3) you should be able to look back at your business and say your years of doing business had some meaning leaving some good marks in the world. I highly recommend "The Diamond Cutter" vs. "The Secret".

The bottom line: accounts receivable financing and purchase order financing may be the secrets to your business' financial success. If you read and follow the principles of "The Diamond Cutter" you can expand your opportunities for exponential growth based on the 2500 year old teachings of Buddha, as explained by Mr. Roach.

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