

Advertising Company's Cash Flow Problems Solved: A Factoring Success Scenario

This success scenario is Part Six of a six part series designed to illustrate how invoice factoring can sustain and grow businesses in various industries.



Factoring for Advertising/Marketing Company

In Part Six we will explore the positive impact of factoring, also referred to as accounts receivable financing, on a business in the Advertising/Marketing Industry. In previous posts we explored factoring scenarios in the following industries:

- Information Technology
- Printing / Publishing
- Wholesale / Distribution
- Manufacturing / Fabrication
- Staffing / Temporary Personnel

*We hope you enjoy this series of factoring scenarios and learn how Universal Funding can improve your cash flow and ensure the growth of your business. For the purposes of this successful factoring scenario we will call our advertising/marketing company, Heiver & Associates.**

The economic downturn brought about a very slow period for Heiver & Associates*, an advertising and marketing company with 22 employees. As the recession brought hard times upon many of Heiver's clients, rather than the 30 day payment cycles they were used to, the A/R invoices weren't being paid until 45-60 days out. The delay in these payments was really starting to cause [cash flow problems](#).

The company's CEO, Don Heiver, didn't want to lose any of his clients by putting too much pressure on them to pay sooner, but he had to do something. After cutting expenses as much as possible and even reducing his own salary, Mr. Heiver was worried he might have to pay some of his bills with a personal credit card, which he really did not want to do.

Mr. Heiver's brother, who owns a glass manufacturing company, had been [factoring receivables](#) for a few years in order to bridge the gap between invoicing and receiving payment from his

customers. Luckily, Mr. Heiver took some advice from his brother before charging up his credit card and found [Universal Funding Corporation](#) (UFC) on the internet.

After speaking with a factoring specialist, Mr. Heiver filled out UFC's one-page application and faxed it back, along with an A/R aging report and a sample invoice. Within minutes, he had a proposal in his email inbox, detailing the amount that could be advanced on his A/R invoices and the rate that would be charged.

Three days later, UFC approved Heiver & Associates for a factoring line of \$75,000** per month, which consisted of an 85% advance and a 1.5% discount rate (factoring fee). Mr. Heiver faxed over his first set of invoices that same day and had cash in his bank account the next.

[Invoice factoring](#) was able to speed up the payment process, so that Heiver & Associates could stay current on their payables and keep away from credit card debt. Putting their receivables to work for them created a cash flow buffer through a difficult time and soon enough, business was back to usual.

** Not actual name. Representation based upon a combination of general examples.*

***All dollar amounts are approximate value.*