

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

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



## Factoring for the Printing Industry

In Part Four we will explore the positive impact of factoring, also referred to as accounts receivable financing, on a business in the Printing Industry. In successive posts we will explore factoring scenarios in the following industries:

- Manufacturing / Fabrication
- Advertising / Communications

*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 Printing company, InWest Printing, Inc.\**

InWest Printing, Inc.\* opened their doors for business in 1997 and learned quickly the “feast or famine” nature of cash flows in the [printing industry](#). Within the first year they had spent their start-up capital, but had managed to secure contracts to print all of the ER forms for 92 state hospitals. The future looked very bright, but the present problem was a glaring lack of cash.

Printing carbonless quintuplicate ER admission forms was a complex and expensive process, so InWest knew they had to run as big of a batch as possible all at once. Adding another complication, the hospitals had no place to store pallets of forms, so they required monthly dropshipments and 70 day terms for each invoice. Since the customer is always right, InWest agreed to the terms.

The cost to run the first one million ER forms was roughly \$150K\*\*, which was about \$145K more than they had available, and they wouldn't see their first payment until 70 days after the first delivery. InWest needed cash and needed it fast.

When the bank declined their loan application due to no collateral, no credit history, and very little time in business, luckily the banker suggested [factoring receivables](#) as an option. Universal Funding created a program consisting of a combination of [accounts receivable factoring](#) and [purchase order funding](#) that provided the cash necessary to get the paper rolling.

InWest was able to fund their operations; print, store, and deliver the forms; as well as take on other jobs, all without having to wait for the hospitals to pay. They had not borrowed the money,

so they had no debt and no payments. Universal Funding had paid InWest's suppliers and then did the waiting for their customer payments. Within two years this printing company was able to grow their profits to a point in which their cash flow was no longer dependent upon factoring.

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

*\*\*All dollar amounts are approximate value.*