

Wholesale Cash Flow Problems Solved: A Factoring Success Scenario

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



Factoring for the Wholesale Industry

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

- Printing / Publishing
- 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 Wholesale company, J.J. Jacobsen, LLC.*

J.J. Jacobsen, LLC* is a wholesaler of specialty gifts and souvenirs. Business was good for the first four years with monthly sales growing to the \$80K range**, and then suddenly things got a whole lot better. That is, a major amusement park chain approached J.J. with a contract to stock all of their gift shops.

Even though J.J. knew he didn't have the capital to fund monthly \$165K orders, he needed this opportunity to grow his business to the next level. J.J. accepted the [purchase order](#), and then began to scramble for whatever cash he could put together. His current [cash flow](#) just couldn't support this large of an order.

He was able to come up with about \$25K, but it wasn't enough to order the products from his manufacturer in China, who didn't offer payment terms. A colleague suggested [factoring](#) as a way to acquire the cash needed to fulfill the big order, which would surely result in enough profit to expand according to J.J.'s goals.

With nearly \$90K in [accounts receivable](#), J.J. was able to factor enough invoices to raise another \$55K in cash and supply the order. That new contract increased his profits by 52% within a year, not to mention the fact that he is now equipped to handle larger scale orders from other big clients.

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

**All dollar amounts are approximate value.