CASE STUDY

CONTRACT FINANCING

COMPANY PROFILE

Design and manufacturing of wall structures

Annual sales $3,600,000

Facility amount $1,950,000

BUSINESS SITUATION

This company designs and manufactures architectural glass wall structures, selling to markets across North America. Its relatively fast growth put increasing pressure on the company's cash flow capacity, which was limited by a traditional line of credit issued by a chartered bank. The company had just signed a nine-month contract representing 40% of its reported annual sales when it contacted Camsa.

CHALLENGE

The bank financing in place was insufficient to accommodate sales growth because equity ratios disqualified it from increased financing. Large quantities of raw material needed to be purchased in order to fulfill the current contract.

SOLUTION

Camsa's Contract Financing was chosen to support the purchase of raw materials by paying the suppliers directly. As finished product was delivered, receivables from progress billing were also financed.

BENEFIT

By having its purchases financed as well as its receivables, the company benefited from increased availability of cash during the execution of the contract, enabling it to support the business growth.

RESULT

The company is able to undertake large contracts that would not be feasible if they depended only on traditional banks for financing.

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