CASE STUDY

ACCOUNTS RECEIVABLE FINANCING

COMPANY PROFILE

Importer and distributor of precision industrial products
Annual sales $700,000
Facility amount $500,000

BUSINESS SITUATION

This company was a small, recently established importer and distributor of precision industrial automotive products, selling to large, reputable U.S. companies.

CHALLENGE

The company was mainly funded by the shareholders along with a small loan from the BDC. However, after two years of operation and having established some good relationships with large customers, the company was looking to move to the next level with the goal of increasing sales to over $3,000,000. Traditional bank funding was not yet available to the company due to its short history and limited profits.

SOLUTION

Camsa set up an Accounts Receivable Financing Facility for the receivables from the company's larger buyers and exclusively financed those receivables. We placed an assignment on the receivables we financed and on the company's credit insurance policy. With this program we financed 85% of the net invoice amount. Payment of the invoices on due date was directed to Camsa by the company's customers.

BENEFIT

The company was able to access cash to fund their growth through the financing of selective receivables, without encumbering all their assets. The solution allowed the company to pay suppliers quickly and enabled increased activity.

RESULT

This program provided the company the funds needed to increase sales without being impeded by carrying receivables for extended periods. In addition, the company is now able to attract additional business from customers that may require longer terms.

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