Factoring Invoices – Financing for Small Business Owners

Peter owns a successful business that is growing quickly. Like many businesses, Peters company has good commercial and government clients that buy regularly from him. And since Peter is really good at his business, his clients have been purchasing more and more products from him. His business appears solid.But some cracks are starting to appear in the foundation. Hes been close to missing payroll twice. Hes delaying supplier payments. Even worse, he chose not to bid for a major government contract because he couldnt afford to. Thats true he couldnt afford to bid for new business. He was afraid of having to add more employees and buy more materials.How can that be?Like most business owners, Peter extends terms to his clients. They usually pay him in 30 to 45 days. But, since Peter runs a small business, his suppliers demand that he pay them in 10 days. Plus employees need to be paid every two weeks.In summary. Peter has clients that want to pay **local hvac contractor sacramento** in 45 days and suppliers/employees that want to be paid in 10. Since the company does not have a lot of money in the bank, the math doesnt work.Is there a solution? Yes, Peter should consider factoring his invoices to fix his cash flow. Factoring will provide him with the necessary cash to pay suppliers and employees, while eliminating the 30 to 45 day wait to get paid.Invoice factoring works as follows:1. You deliver the product or service and invoice your client2. You send a copy of the invoice to the factoring company for financing3. The factoring company advances you up to 90% of the invoice. You get immediate funds.4. Once your client pays the invoice, the transaction is settledWith factoring, Peter will be able to meet his current obligations. His company will also have enough cash on hand (or liquidity) to bid on new job proposals, allowing him to grow the business and take it to the next level.