



# Alternative Financing

by Howard Chernin  
Senior Vice President  
Quantum Corporate Funding, Ltd.

## Factoring: The One Construction Tool You'll Need

**A**s we look ahead to the rest of 1996 and beyond, it is clear that money for construction projects will be tighter than ever.

As a result, the need for alternative financing methods will become even greater. More and more subcontractors and general contractors are going to look upon factoring, and the services a factor, such as Quantum Corporate Funding, Ltd. of New York can provide, as the one construction tool they can not do without.

Factoring can help increase your cash flow, provide money to expand, and even tie you over until the check from that public agency comes in the mail.

Factoring will become as essential a tool as the hammer, trowel or hard hat.

Comparing factoring to a hard hat or fall protection equipment is very appropriate. Factoring does provide a form of safety which protects the subcontractor and contractor from falling to the wayside from one job to the next.

Factoring is your business partner. It provides money when you need it, helps in collections and stability in scheduling projects.

It should not, however, be compared with the cost of a bank loan.

The true cost of factoring varies according to individual circumstances. The true cost of factoring can only be computed by analyzing the impact of each and every one of the benefits of factoring on a particular prospect. Many of the benefits will have a tangible, direct impact on your company's bottom line, while others, although appearing less tangible, are equally as important.

One of the primary benefits of factoring is the elimination of bad debt. A non-recourse factor will assume the risk of bad debt, thus eliminating this expense from the client's income statement.

In addition, a good factor will handle collections more professionally and more productively than the client. This can eliminate the overhead cost associated with having someone else handle collections.

Factors can also handle much of the work associated with processing invoices, including mailing them to customers, posting invoices to a computer system, depositing checks, entire payments on computer, and producing regular reports. Once again, the overhead costs associated with invoice processing are reduced or eliminated.

In addition, a contractor or subcontractor or even a material supplier can offer credit terms or extended credit terms to their customers without negatively impacting on your cash flow. This allows your company to grow your business by making it easier for your customers to do business with you.

By using factoring as your "business partner," you will be able to take advantage of early payment terms offered by suppliers. If you can save two percent of your raw materials cost by paying the bills within 10 days, the true cost of factoring is, in part, paid for by your company savings.

Similarly, with the extra cash factoring pro-

vides, you can take advantage of volume discounts because of your improved cash flow.

A key element to using a factor as your business partner is that you don't have to give up any equity in your business (as is usually required with venture capital) or take on any other partners.

Factoring, it must be pointed out, is not a loan. To the contrary, it keeps your balance sheet in good shape by turning paper receivables into cash. This strength added to your balance sheet makes it easier to obtain other

types of financing.

Once you begin factoring and establish an adequate cash flow, you will begin to pay your bills on time and start establishing and improving your own lines of credit. This will improve your chances of getting credit terms from suppliers as well as conventional financing in the future.

Factoring lets you concentrate on your marketing efforts to grow your business. It offers a financial and business advantage that provides you with an edge over your competition.

If you are looking for a business partner that will provide you with more than the benefits of traditional business partners, you will come to realize that factoring is a business tool you can not do without. It is here. It is now. It is the future for those wanting to grow their business in the construction industry.

For more information, contact Quantum Corporate Funding, Ltd., 1140 Avenue of the Americas, 16th Floor, New York, N.Y. 10036, (212) 768-1200; 1-800-352-2535; FAX: (212) 944-8216.

# CASH FOR CONTRACTORS

**WE PROVIDE FUNDING FOR YOUR PROGRESS BILLINGS**

**CASH FOR ALL NEEDS, INCLUDING:**

• PAYROLL • TAXES • INSURANCE • SUPPLIERS

**FULL RANGE OF SERVICES, INCLUDING:**

- BANK TO BANK WIRE TRANSFERS • NO LONG-TERM CONTRACTS
- FACTOR 1 INVOICE OR AS MANY AS YOU NEED • NO FINANCIAL STATEMENTS NECESSARY
- FUNDING PROVIDED IN 24 HOURS

**For More Information Contact:**

**Howard Chernin**

Member Firm: Subcontractors Trade Association, New York Building Congress, Professional Women In Construction, Commercial Financial Association

**Quantum Corporate Funding LTD.**

1140 Ave of the Americas New York NY 10036

212 768-1200 \$ 800 352-2535