
Grow Your Business *through* Invoice Factoring

< *by Gage Price* >
MP Star Financial, Inc.

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MP Star Financial, Inc.

Providing accounts receivable financing since 1995.

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Gage Price is the president of MP Star Financial, an accounts receivable factoring company. Gage worked his way up through the ranks as an invoice factoring salesperson and underwriter and received his MBA from New York University's Stern School of Business. [Learn more about invoice factoring, plus cash flow management and business funding strategies, at http://www.MPStarFinancial.com.](http://www.MPStarFinancial.com)

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< Introduction >

Factoring financial services have helped thousands of businesses thrive and prosper. What about yours?

To find out how invoice factoring can help YOUR business, follow along with this re-enactment of a typical conversation at MP Star Financial, Inc.

"Hello! My name is Gage Price and I'm the president of MP Star Financial, Inc. Thank you for requesting information on how invoice factoring can provide you with the business funding you need to grow your company."

"Sure thing! I appreciate your seeing me on such short notice. I've been going through a frustrating time with my business. Although I know that my business, on paper, is generating enough income to cover all the expenses – and then some, actually – the bills always seem to come at the wrong time, and then I pay 18% interest on top of the amount owed. As a result, instead of running my business and tracking down new clients, I'm constantly watching the mail to get the checks into the bank as quickly as possible. I've even had to borrow against my credit card to make payroll. On days like that, I wonder if I'm just not a good businessman."

"Thank you for sharing all that information. That was very helpful. And, no – running a business as you just described does not mean that you're not a good businessman, but it does indicate that you're facing cash flow challenges, which is a very common problem for business owners. Fortunately, it's also a problem that can be solved with invoice factoring."

"Really?"

"Really."

"I've read about invoice factoring, but I'm not sure that I completely understand it. If you don't mind, I've written down a list of questions about invoice factoring and I'd appreciate getting answers."

"I'm glad to hear that. That's the best way to gather all the information you need to make an educated decision about how to free up your company's cash flow to meet payroll and other expenses, and to grow your business."

"I appreciate that, Mr. Price."

"Call me Gage."

MP Star Financial, Inc. is an invoice factoring company located in the Midwest. MP Star Financial is committed to offering you competitive pricing, superior customer service and the business funding you need to grow your business. Thank you for taking the time to read "Grow Your Business through Invoice Factoring." I have included a glossary of terms in Appendix I to help you learn the terminology of factoring. Please know that you can [email me](mailto:info@MPStarFinancial.com), any time, with questions about factoring or you can call me at 1-800-833-3765 x150. [You can also apply for invoice factoring, 24/7, online.](#)

< Chapter 1: Invoice Factoring >

“*What is invoice factoring and how is it different from traditional bank financing?*”

Invoice factoring is a form of asset-based lending where companies are able to improve cash flow by selling their invoices or accounts receivable. In simple terms, companies factor to turn their invoices into cash to operate and grow. The main differences between factoring and traditional bank lending are the collateral used and the way payments are made. A bank loan is usually made against real estate, equipment and other hard assets.

If your company is looking for financing, a bank might offer your company a fixed line of credit based upon your ability to make monthly payments. If your needs grow, the bank will require additional collateral to increase your line of credit. This raises several issues of significance for many business owners, including:

- <1> A number of businesses, including but not limited to start-up businesses, do not have the amount of collateral or hard assets needed to obtain a bank loan.
- <2> If you need \$250,000 to expand your business to take advantage of new opportunities, it won't help if your line of credit from the bank maxes out at \$50,000.
- <3> If a business does receive a bank loan, this adds another payment to the company's expense column, which further cramps cash flow, rather than freeing it up for growth and expansion.

Invoice factoring, though, works differently. ***With factoring, a business is not taking on any new debt.*** Instead, with factoring, a company receives funds based upon its outstanding receivables; in other words, your company can obtain funds for work that you have completed but, for which you have not yet received payment. Even better, you'll receive these funds within 24-48 hours of submitting invoices.

Here are more differences between obtaining financing from a bank and invoice factoring:

Bank Financing:	Invoice Factoring:
Prefers to loan to companies with significant tangible or hard assets, such as real estate and machinery	Does not base lending on tangible assets; the factor lends against the value of your receivables
Loans or lines of credit are fixed and require additional collateral and/or substantial documentation to increase the limit	Your ability to grow your access to cash is based upon your accounts receivable; if you take on a large new client with good credit, the accounts receivable generated are available to meet your cash needs
Often wants credit over \$1 million and rarely funds start-ups	Accepts much lower credit amounts, including start-ups
May insist on insurance policy on your assets w/ the bank named as beneficiary	Never requires insurance policy for traditional accounts receivable
Generally aren't risk tolerant	More risk tolerant

In the big picture, those are the differences between invoice factoring and traditional bank lending.

“*That does help. But, isn't factoring a fairly new form of financing? Isn't it risky to choose a newer method of funding?*”

Thanks for giving me the opportunity to dispel a common myth – that bank lending is the time-honored traditional form of financing, while invoice factoring is a “newfangled” idea. In fact, ***the factoring industry can boast of a long and proud history*** – at least 4,000 years – of helping businesses. Early factoring participants include:

- > King Hammurabi from Babylon, who was the earliest known factor (or factoring lender)
- > Explorer Christopher Columbus, who used factoring services to secure his now-famous ships
- > The Italian Medici family, who used factoring to finance art and culture after the Middle Ages ended

So, as you can see, invoice factoring has stood the test of time – and now it's time to get to the crux of the matter: what invoice factoring can do for you and your business!

“*Let's dive right in, then . . . Why should my business factor receivables?*”

One of the biggest challenges in operating a business can be summarized in two short words: cash flow. One of the biggest frustrations for business owners involves knowing that you're earning more than enough income to pay all your expenses – once your customers pay their invoices. Some customers of yours may find ways to extend their payments beyond 30, 45 – and even 60 – days. Some may be outsourcing their accounts payable departments to India or mailing your checks to the other coast to play the float. These practices put companies in an awkward position: on paper they are making money, but they cannot keep up with their bills because all their cash is tied up in their accounts receivable.

With invoice factoring, you can stop robbing Peter to pay Paul, and you can meet payroll, payroll taxes and more without scrambling to collect on overdue accounts. This reduces your stress, which makes your employees happy – and creates an atmosphere conducive to attracting and retaining the best staff and customers possible.

“You know . . . I have a staff member who is just itching to provide a new service and I’ve wanted to give her the opportunity . . . Maybe with invoice factoring, I could – and that would definitely make her happy!”

Perfect! That is exactly the type of situation where invoice factoring is the ideal solution. I’d love to hear about her success.

“I’m guessing there are even more ways to use invoice factoring.”

You’re right. You’re limited only by your own imagination. Through invoice factoring, you’ll gain an immeasurable peace of mind as you eliminate your cash flow worries and begin to operate your business the way that you’ve always wanted.

You’ve already recognized how invoice factoring would allow you to expand your business, adding new products and/or services, and perhaps even enlarging your geographic reach.

With the immediate cash that you’ll receive from factoring, you can:

- > Meet payroll, payroll taxes and other related expenses
- > Take advantage of bulk purchasing offers, saving your company money
- > Take advantage of “two ten, net 30” discounts to enhance your bottom line
- > Offer new clients more favorable payment options, thus expanding your client base and your ability to service it
- > Build outstanding credit, as you pay your bills in a timely fashion
- > Upgrade equipment to more cost efficient models
- > Fund product research and development

“Hmmm . . . lots and lots of options, I see. Could you take me through the invoice factoring process?”

When you’re ready to submit an invoice factoring application to MP Star Financial, here’s an overview of the process and things to consider along the way. (A helpful glossary of terms can be found in [Appendix I](#).)

- > The factor will complete its due diligence on your company and your company’s customers.
- > The factor will enter into a factoring and security agreement with your company; you will also sign other documentation.
- > The factor will notify your customers of the change of address for the remittance of payments.

< Chapter 1: Invoice Factoring >

- > You will submit an advance request for funds, along with the invoices you wish to factor and the supporting documentation for those invoices.
- > The factor will verify the advance to ensure that the invoices are complete and that the accounts receivable are due and payable.
- > The factor will multiply the advance request times the advance rate and then subtract the initial fee. The sum that was just calculated is the funding that would immediately go to your company.
- > The invoices are then mailed to your customers.
- > Your customers send payment to the lockbox within 30 days.
- > The amount advanced is repaid from the remittance.
- > The fee for factoring the invoice for 30 days is paid from the remittance.
- > The factor would then remit to your company the balance of the remitted funds after repaying the advance and factoring fee.

“*Would you share some specific examples of how factoring works?*”

Sure. Let's assume that your company has a corporate customer that normally pays within 30 days after invoice – and you invoice them for \$10,000. By factoring their accounts receivable, your company can receive an advance in a matter of hours. Here is an example of how the math works:

Your company's invoice amount	\$10,000
Multiplied by MP Star's advance rate of 80%	8,000
Less an initial factoring fee* of	<u>(350)</u>
Your company receives an advance of	7,650
Invoice balance held in escrow reserve	<u>2,000</u>
Funds forwarded to your company	7,650

So, rather than waiting 30 days for your customer to pay, you can start using \$7,650 of your customer's invoice to grow your business now and, when your customer pays in 30 days, the \$2000 reserve is refunded.

**Note that this is a sample rate. Actual rates will vary depending upon risk and the amount of factoring.*

“That makes sense, thanks. How about an example of what happens if one of my clients routinely takes more than 30 days to pay?”

Using the figures from the first example, you would still receive \$7,650 immediately and, when the invoice is paid, then the funds remaining in the reserve would also be forwarded to you. Up to this point, the process works in exactly the same way.

If your customer takes more than 30 days to pay its invoice, then a fee of \$175 would be charged for each 15-day period, with these fees deducted from the escrow funds before these funds are released to you. Here are some figures:

Days Outstanding	Initial Fees	Late Fees	Total Fees	Reserve
1 to 30 days	\$350	\$0	\$350	\$2000
31 to 45 days	\$350	\$175	\$525	\$1825
46 to 60 days	\$350	\$350	\$700	\$1650
61 to 75 days	\$350	\$525	\$875	\$1475
76 to 90 days	\$350	\$700	\$1050	\$1300

If an invoice goes beyond 90 days, then the client must repurchase that invoice.

“Got it! Now let’s switch gears. Does invoice factoring work in the same way, regardless of the client’s industry?”

Yes, the process itself is the same. Pick an industry – if the work or service is complete and/or the product delivered, the customer’s credit is acceptable and the accounts receivable can be verified, then it can be factored. That said, businesses in different industries face different challenges – and so they use invoice factoring as a tool to tackle different issues.

Our clients in delivery businesses, for example, might want to expand the geographic scope of their services – and they might choose to add or replace courier vehicles. Clients in the trucking industry face similar expenses – and benefit from the same solutions.

Janitorial clients tend to find payroll expenses the most difficult to meet. Let’s talk, for example, about a janitorial company that subcontracts staff to clean and maintain apartment buildings, motels and hotels. The janitorial company may not get paid by the apartment, motel and hotel owners for 30, 45 or even 60 days – and yet, the janitorial staff need paid every two weeks. So, invoice factoring is an ideal solution for that cash flow challenge.

Temporary staffing agencies and security firms also face the same payroll crunch challenge.

A manufacturing company tends to need cash to purchase raw materials on favorable terms. Invoice factoring is a sound method for meeting that need.

We've also helped many clients who have fallen behind in their payments to the IRS, to state or county taxing agencies – or unemployment authorities – and, once again, the invoice factoring process remains the same.

“ Sounds great . . . so, with invoice factoring, I can improve my cash flow, enhance my credit rating, and save money through better pricing deals, early pay price discounts, bulk purchases and more cost efficient equipment, right? And I can use the funds to catch up tax payments?”

Absolutely! Invoice factoring allows you to meet your own unique needs and challenges and you aren't limited in how you use the funds.

(Readers: feel free to get yourself a cup of coffee or tea . . . that's what Gage and the business owner are doing, right now . . .)

< Chapter 2: Business Fund Strategies: Best Practices >

“Those pastries really hit the spot!”

I'm glad you enjoyed them! Have another.

“I think I will . . . meanwhile, I'm convinced that invoice factoring is the way to go to grow my business. So, let's review the MP Star Financial process in more detail.”

You're referring to this process, right?

- > The factor will complete its due diligence on your company and your company's customers.
- > The factor will enter into a factoring and security agreement with your company; you will also sign other documentation.
- > The factor will notify your customers of the change of address for the remittance of payments.
- > You will submit an advance request for funds, along with the invoices you wish to factor and the supporting documentation for those invoices.
- > The factor will verify the advance to ensure that the invoices are complete and that the accounts receivable are due and payable.
- > The factor will multiply the advance request times the advance rate and then subtract the initial fee. The sum that was just calculated is the funding that would immediately go to your company.
- > The invoices are then mailed to your customers.
- > Your customers send payment to the lockbox within 30 days.
- > The amount advanced is repaid from the remittance.
- > The fee for factoring the invoice for 30 days is paid from the remittance.
- > The factor would then remit to your company the balance of the remitted funds after repaying the advance and factoring fee.

“Yes, I am. I understand most of the bullet points, but I have a question. I want to be sure I understand a very important point. Do my customers need to know that I'm factoring and do they need to remit payments to a lockbox?”

Yes. To streamline the collection process, it is necessary to send your customers a letter informing them of the remittance instructions for future payments. This is necessary to create a smooth flow of advances and repayments. Many clients use this notification to put a positive spin on their business' accounts receivable financing. They can proudly say: "We are continuing to grow and have secured additional financing to continue to give you the best service/product possible."

“*Excellent idea!*”

We can provide helpful ideas to you throughout the entire factoring process.

“*That’s important, as this is brand new to me. Tell me what else I should look for and what makes a factoring company the right factoring company for me.*”

I’ll use our best practices methods as guidelines. First, be sure you are working with experienced business funding professionals who are vested in the success of their factoring clients.

Also, look carefully at all documents and then ask questions to make sure there are no hidden fees. You want to work with clear and affordable fee structures. Some factoring companies, for example, charge their clients for every individual service – but we don’t do that.

Here is a fee summary comparison:

	MP Star Financial	Other factoring firms
Term Obligation	No term obligation	Require you to factor longer than what is profitable
Cancellation Fees	No cancellation fees	Tack on expensive cancellation fees
Minimum Amounts Borrowed	No minimum amounts	Force you to factor more than you want
New Client Fee	No new client fees	Pass the cost of adding a new client on to you
ACH Transfer Fees	No ACH transfer fees	Charge you to put your factoring funds into the bank

Unlike other factoring companies, MP Star Financial does not believe in putting limits on its factoring financial services, nor will we put limitations upon the number of invoices you can factor. Your ability to factor invoices is based upon your clients. If you are providing goods or completed services to customers that pay their bills, you can factor those invoices.

We offer no-term contracts for factoring loans because your need for factoring will inevitably change over time. Your business deserves to choose the length of time you stay with a factoring company.

Our reputation for prompt, fair and accurate accounts receivable factoring is well known in the business funding industry and we work to prove it every day.

“*Good to know. So I don’t need to factor all my invoices?”*”

Absolutely not! There are times when you can save money by not factoring. When you do not factor an invoice, and it is paid to the lockbox, it will be returned to you with your regular reserve settlement without any associated invoice factoring fees.

“*Great! I think I’ve gone through my list of questions, other than this one: what do I need to do to get started?”*”

Getting started with factoring financial services is quick and simple: just complete an [invoice factoring application](#) and fax or email it with an accounts receivable aging report and we can get you a proposal the same day. Then, after you forward us the supporting documents, we can put your new cash flow management structure in place in as little as five business days, assuming there are no unusual issues.

As far as submitting invoices, the work/products must be completed and/or delivered, and accepted by your customer prior to invoice factoring. In addition, your customer(s) must also be creditworthy in order for your invoice(s) and accounts receivable to qualify for factoring.

“*That all makes sense. I’m ready to apply!”*”

Excellent! You can [fill out an application online](#) or download an application:



[Click here to download our application in PDF format](#)



[Click here to download our application in Word format](#)

To return your downloaded application, you can:

- > Email it to info@mpstarfinancial.com
- > Fax it to 440-542-7977
- > Mail it to:
MP Star Financial, Inc.
31313 Aurora Road
Solon, OH 44139

Closing Conversation

“Gage – I want to thank you for all of your help. You’ve made this entire process clear and easy to understand. This factoring system fits in well with my business model and overall business plan and I’m excited to begin factoring. I can’t wait to share with the team that we can now put time in on developing the new services we know our customers need and want.”

“Thank you for choosing MP Star Financial! I will continue to make myself available to answer your questions or to talk about your factoring and collection strategies. We’re here to help you succeed. Email me, any time, at info@mpstarfinancial.com or call 1-800-833-3765, x150, during regular business hours.”

< Appendix I: Glossary >

Understanding the terminology will enable you to ask better questions and make the transition easier when you get started:

- > An **'Account Receivable'** is an unsecured debt that is due and payable from a customer to the client. It usually is made up of an invoice and supporting documentation as proof of service, delivery and/or acceptance on the part of the customer.
- > The **'Accounts Receivable'** are multiple account receivables from many different customers to the client.
- > An **'Advance Request,'** also referred to as an **'Advance,'** is a group of invoice(s) and supporting documentation(s) accompanied by an assignment that the client sends to the factor to be funded.
- > An **'Advance Rate,'** also referred to as the **'Advance Percentage,'** is the percentage of the invoice that is actually advanced to the client on each invoice. For example, if the advance request is for \$10,000 and the advance rate is 80%, then the amount advanced would be \$8000 less the initial fee.
- > An **'Assignment'** is a form stating that the invoices and the supporting documentation making up an advance are for work that has been completed and the invoices are valid and will be paid in full to the factor.
- > The **'Client,'** also referred to as the **'Account Creditor,'** is you - the provider of goods and/or services.
- > The **'Customer,'** also referred to as the **'Account Debtor,'** is the company that purchases the goods and/or services.
- > **'Due Diligence'** is the process in which the factor reviews your application and the supporting documentation in order to approve you as a client.
- > The **'Factor'** is the person or company that provides operating capital by purchasing eligible accounts receivable.
- > The **'Initial Fee,'** also referred to as the **'Discount Fee,'** is the fee charged by the factor on each invoice making up an advance. The initial fee is a fixed percentage of each invoice for the initial fee period (usually 30 days) for which each invoice is outstanding.
- > The **'Initial Fee Period'** is the length of time for which the initial fee is charged. Although it may vary, the length of time corresponds with the terms of the receivable. If the terms, for example, are 'net 30 days,' then the initial fee period is 30 days.
- > The **'Invoice(s)'** is/are the bill(s) documenting the goods and/or services provided to the customer. Combined with the proper supporting documentation, it makes up an account receivable.

< Appendix I: Glossary >

- > The **'Late Fee'** is the fee charged by the factor for each late period during which an account receivable is outstanding beyond the initial fee period.
- > The **'Late Fee Period'** is the length of time or any portion thereof for which a late fee is charged.
- > The **'Lockbox'** is a PO box maintained by the factor at the factor's bank to expedite the collection and processing of payments sent by customers to pay invoices. All payments of invoices are directed to the lockbox.
- > **'Recourse'** is the advanced amount, plus the initial fee and the late fees of each outstanding invoice, that are older than the recourse period and must be repurchased by the client.
- > The **'Recourse Period'** is the length of time in which the factor will fund a purchased account receivable before the factor will return a non-performing or unpaid account receivable to the client for repayment.
- > The **'Reserve'** or the **'Reserve Settlement'** is the amount of the account receivable that is not advanced to the client and is held in escrow until the account receivable is paid in full. The balance on this account is paid to the client on a regular basis and represents collections on account(s) receivable.
COLLECTIONS - ADVANCES - FEES - RECOURSE = RESERVE
- > The **'Supporting Documentation'** is/are the document(s) that make an invoice(s) an account(s) receivable (i.e., proof of delivery, time cards, acceptance signature, etc.) In other words, this is the paperwork that the customer needs to pay the bill.

< Appendix II: Case Study >

Start-up firm uses MP Star Financial; sees 40% growth

PROGRESSIVE JANITORIAL SERVICES

Progressive Janitorial Services (PJS) had secured annual contracts of \$250,000, but cash flow management problems were an early and critical barrier to growth. Cash flow problems included:

- > Lack of capital to fund initial sales of \$5000 a week
- > Customers that were taking up to 60 days to pay invoices
- > Difficulty meeting payroll, and paying expenses and taxes

The owner credits MP Star Financial and invoice factoring as major factors in his successful turn-around and annual growth rate of 40%.

PJS received an initial advance of roughly \$46,000 for outstanding invoices. Because PJS was behind in quarterly payroll taxes, the first \$5000 was paid directly to the IRS. PJS used the balance to cover payroll and other expenses.

Since 1996, PJS has enjoyed an annual growth rate of 40%.

PJS still uses invoice factoring on a regular basis to meet ongoing business funding needs.

During rapid growth, they'll employ a 100% accounts receivable financing strategy, while only factoring receivables on a spot basis during slower times. This allows them to meet temporary cash flow management requirements.

New growth resulting from factoring has helped PJS grow to more than 15 times the size of the start-up that MP Star Financial initially funded.

< Appendix III: Case Study >

MP Star Financial solves medical staffing firm's daily challenges.

NURSE STAFFING, INC.

Nurse Staffing, Inc. approached MP Star Financial with a very common cash flow management problem for temporary staffing firms: a need for daily funds to make payroll every afternoon. Additional challenges included that:

- > The bank was unable to extend business funding at the desired frequency
- > The company was unable to attract and keep staff
- > Their ability to grow was therefore diminished

The solution: flexible factoring financial services save the day, every day.

MP Star Financial worked with Nurse Staffing, Inc. to set up a system to transmit their invoices and supporting documentation electronically. Each day, this invoice factoring system funded payroll, which saved Nurse Staffing time and money, and supported their retention and recruiting efforts.

MP Star Financial's ability to be flexible and work within the constraints faced by Nurse Staffing, Inc. solved these cash flow management problems and delivered the daily business funding that Nurse Staffing, Inc. needed to succeed and thrive.

Long-term invoice factoring supports business goals and growth.

Because of the nature of the business, ongoing invoice factoring arrangements have provided the essential business funding and flexibility Nurse Staffing, Inc. needs to care for their nurses as well as their patients.

Smart, flexible factoring financial services are designed for healthy growth.

< Appendix IV: Case Study >

MP Star Financial makes solving business funding needs of an environmental services company easy.

ENVIRONMENTAL SERVICES COMPANY

MP Star Financial has an excellent reputation for helping clients turn an existing sour relationship with a factoring company into a new and pleasant one. Our reputation for prompt, professional, fair and accurate accounts receivable factoring is well known in the business funding industry, so companies who are unhappy or dissatisfied with their current factor often contact us.

Problems with the current factoring company wasted time and money.

Recently, MP Star Financial entered into a receivables factoring relationship with an environmental services company that was desperate to leave their current factor. According to the owner, everything was a hassle, including:

- > Lack of reports/poor quality reports
- > Poor customer service
- > Insufficient business funding
- > Hidden fees

Other factoring companies may hide their fees.

MP Star Financial performed extensive due diligence on the recent business funding and reserve reports of this environmental company's previous accounts receivable factoring. The results showed a host of hidden fees and confusing accounting gimmicks designed to conceal the charges the client actually paid.

Good factoring companies explain the process.

MP Star Financial assigned one of its most experienced account representatives to work with the client. They explained the receivables factoring process and how a fee schedule works.

The net result was substantial savings to the client and a solid working relationship between the environment company and MP Star Financial.

< Appendix V: Case Study >

Invoice factoring is a unique way for a family member or trusted employee to buy a company.

MEDICAL SUPPLY DISTRIBUTOR

Several years ago, MP Star Financial began a receivables factoring relationship with a medical supplies and equipment distributor. Greg, the office manager, was offered an opportunity to buy the long-established company from the current owners.

MP Star Financial offers business financing help when banks can't – or won't.

Although Greg had a working knowledge of the accounts, the financials and the operations of the business, he needed financing to complete the purchase and to operate the company going forward. He and the owners approached their existing bank with a proposal. Even though the company had a six-figure line of credit with the existing bank (of which 75% was not being used), a large amount of accounts receivable outstanding, and an excellent, profitable history, the bank was not interested in providing financing for the deal.

Turning to MP Star Financial for receivables factoring creates a prime opportunity.

In regrouping, Greg utilized accounts receivable factoring with MP Star Financial as a way to get the business financing help he needed. MP Star Financial was able to convert the existing accounts receivable into the cash he needed. Greg used a portion of the invoice factoring proceeds to pay off the line of credit from the bank and the balance to complete the purchase.

Invoice factoring offered the ideal solution to an entrepreneur who needed business financing help to buy a company.

Combining the balance of the factoring proceeds with his own capital, Greg paid off the bank, made a substantial down payment to the current owners and signed a note for the balance to be paid over a few years. Greg then used the ongoing receivables to fund payroll and operate the company while he continued to make payments on the note.

The deal was sealed because the entrepreneur used invoice factoring to convert the invoices into a business he could call his own.

< Appendix VI: Case Study >

MP Star Financial rescued a security company from closing its doors because of IRS payroll tax obligations.

SECURITY FIRM

After a series of financial setbacks in 2003 and 2004, the security company struggled with cash flow management challenges which, according to the company's president, "resulted in our falling behind in our IRS payroll tax obligations. In 2005, the IRS filed a tax lien and we were in jeopardy of losing our business because of major payments for back payroll tax obligations."

Delinquent payroll tax obligations and cash flow management challenges do not need to shut down your company.

Working capital is often tied up in accounts receivable, which impacts your cash flow management – and causes difficulties in meeting payroll and IRS payroll taxes. Don't let this happen to you!

Testimonials from satisfied clients prove that invoice factoring can allow you to overcome IRS tax difficulties and increase profits.

"MP Star Financial worked with the IRS to get the subordination of the IRS tax lien and we used invoice factoring to pay the obligation completely in 10 months. Since then, we have used accounts receivable financing to remain current and further grow our business."

"MP Star Financial was a tremendous asset to our company as we worked to solve our payroll tax problems. We would like to thank MP Star Financial for its support in the past as well as going forward."

Why are you waiting? Contact MP Star Financial today at 800-833-3765, x150, or email me at info@MPStarFinancial.com now!