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**Achieving Cash Flow Management Through Accounts Receivable Factoring**

**By Henry Byers**

Accounts receivable factoring is another mode of receivables management and working capital funding to eventually increase the cash flow. Accounts receivable factoring involves buying and selling of accounts receivables in order to obtain immediate cash or working capital.

Accounts receivable factoring helps in acquiring cash for the product or the services rendered. It results in immediate cash inflow without creating any debt or transferring the business ownership. Accounts receivables are the most values assets for any company. It is one of the mode for increasing sales and expanding business. The payment is done of the 80% of the invoice value. The 20% of the value is kept as reserved and is paid after deducting the fee once the amount on the invoice is due.

This practice if accounts receivable factoring is most suitable for small and medium business owners. Due to accounts receivable factoring small and medium business owners are able to generate cash and avoid the debt trap. It also helps in representing string financial status and avoids interest on any loans if otherwise taken.

Accounts receivable factoring also results in increased working capital as receivables are conditional on customer's creditworthiness and not the business owners. It helps to avoid loan repayment, transferring business equity, engaging the assets, and also avoid yearly loan review process. For a small business owner accounts receivable factoring represents gaining working capital without overtaking any debt or loan. It is also a mode to increase sales without any repayment tensions for any loans etc. Thus business is able to meet demands and the circle keeps on auto-rotating as accounts receivable factoring increases sales and increased sales asks for more money to complete more orders.

Accounts receivable factoring also provides relief from non-paying clients or slow paying clients. It generates more sales due to increased orders. It also offers flexible funding program to help heighten the sales graph and take vendor discounts due to availability of cash.

This practice of accounts receivable factoring generates cash to fund the payrolls and taxes due. The funds thus generated also help to increase the inventory or buy new equipments, tools, etc to flourish

the business.

The availability of cash helps small business owners to negotiate for discounts from their vendors and suppliers. It also helps to reduce book keeping, depositing checks, monitoring collection process, and preparing reports for collections. Brokers or agencies also provide their services for accounts receivable factoring. They help the business owners to manage their collections, payments, generating more cash and managing their cash inflow process.

Henry Byers, Retired Accountant and Business Factoring advisor at eCPA Group LLC (

<http://www.cash-flow-factoring.info>

) publishes other articles related to Business Factoring at

<http://www.invoice-factoring-services.info>

and

<http://www.factoring-and-invoice-discounting.info>

### **Growing Faster Than Your Cash Flow? Let Factoring Fund Your Next Expansion!**

**By Marty Milan**

Why wait weeks or months to get paid by your clients when you can access your money in a matter of days by factoring your invoices. When a business factors their invoices, they are allowing a third party to purchase their invoices at a discount price. This discount is considered the third party's fee.

If your business receives orders from customers on a regular basis, but has to wait 30, 60, or even 90 days for payment, you maybe experiencing a crunch in your cash flow. Factoring gives you the opportunity to access your cash within days not weeks or months. The growth of your company depends on whether or not you have the working capital necessary to finance your expansion.

When a factor purchases a company's invoice or invoices, no interest is ever charged. This is because factoring is considered an outright purchase. When a company sells their invoices to a factor, they can expect to receive an advance up to 90% or more of their accounts receivable. The business gets this money immediately and the factor makes a fee for this service, turning the transaction into a win-win situation for both parties.

Factoring is no longer a business tool used by the large Fortune 500 Companies. Small to midsize businesses are receiving tremendous benefits by implementing factoring as part of their financial strategies. If your business is growing at a faster rate than your cash flow, maybe it's time to explore an alternative solution such as accounts receivable funding.

Marty Milan works with businesses to help them generate a continuous stream of cash flow without

## Achieving Cash Flow Management Through Accounts Receivable Factoring

the occurrence of debt. In addition to accounts receivable funding, you can read on various topics such as lawsuit funding, structured settlements, selling your private mortgage notes and more at:

[www.cashflowaccess.com](http://www.cashflowaccess.com)

. Email at

[cashflowaccess@aol.com](mailto:cashflowaccess@aol.com)

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Other articles include: To Factor or Not to Factor?

Growing Faster Than Your Cash Flow? Let Factoring Fund Your Next Expansion!

To Factor or Not to Factor?

Can Factoring Make You Money?

Working Capital Is Paramount To A Businesses Livelihood

Factoring Your Way To Liquidity

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