

Objections and Rebuttals

Objection: I am skeptical because I do not know of any other businesses that use factoring.

Rebuttal: Factoring satisfies a real market need. Every time you use your credit card, you are applying the basic principle of factoring. When you use your Visa to make a purchase at Staples, Visa effectively acts as the factor by paying Staples instantly, while you, the customer, pay later.

Many tax preparation companies, like H&R Block, now offer loans based on tax refunds. The same factoring principle applies in this case as well. Instead of waiting for your tax refund, you get the amount of your refund immediately, while the IRS pays later.

The practicality of factoring has made it a customary business practice. If you look at any Fortune 500 firm, odds are they're using factoring to increase cash flow and speed up their operations cycle. Applied Materials, Bethlehem Steel, Xerox, and Lucent Technologies to name a few use factoring as an essential financial tool and factor millions of dollars every year.

Objection: Factoring is too expensive.

Rebuttal: That's a common misconception. The fee associated with factoring is competitive among other financing options. In fact, it could be considered cheaper than bank or credit financing because there are no extraneous fees. There are no application fees, no service charges, no escrows to maintain, and no requirement to pledge all your assets.

Do you offer your customers a discount if they pay in cash, or pay early? If you think about it, the factoring fee is comparable to offering you customers a discount. It's a standard cost of doing business.

Objection: I only want to factor invoices from particular customers.

Rebuttal: That's the beauty of factoring, you can factor the invoices you want, when you want. Do you have a certain customer who habitually pays ninety or more days late? Factor only their invoices and stop waiting. Or, if you have a customer who's account tends to be large, factor their invoices and unleash the cash that would have otherwise been tied up until they paid. The reason why businesses choose factoring is this flexibility. You choose when and what you want to factor.

Objection: I do not want to lose control of my accounts.

Rebuttal: You won't. Factors are experts at managing accounts receivable and have the resources available to keep a close watch on all your factored accounts. You will be kept up to date on the status of your factored accounts with daily reconciliation statements and monthly statements of open accounts. You will always know who is paying and who is not. In fact, you may find that your accounts are better controlled and managed with factoring than without.

Objection: I do not want to jeopardize my customer relationships.

Rebuttal: Factoring is quite common in the business world, so you might find that your customers are already familiar with factoring and the factoring process. They could use factoring themselves, or they could be familiar with the process through other vendors.

Factoring would not be as successful as it is if it were in the business of upsetting customer relationships. It's in the factor's best interest to leave the primary interface for customer accounts where it belongs...with you. This ensures smoother transactions and it preserves your customer relationships.

Objection: I do not want my customers bothered.

Rebuttal: Factors do not act as collection agencies, and thus will not demonstrate collection-like tactics. Your customers will not be unnecessarily hassled for payment. Remember, you are the primary contact for your customer, and the factor does not seek to upset this relationship by taking over your collection efforts. If a customer's invoice becomes delinquent, the factor will alert you, so you can handle it directly.

*Rebuttals are based on Hamilton's program and features. Be aware that competing programs will not have the same flexible terms or services stated here.

