

## Factoring and Your Prospect

### WHERE TO FIND PROSPECTS AND REFERRAL SOURCES

- Government and business vendor lists
- Local Chamber of Commerce member lists
- Internet financial databases (BusinessFinance.com, CFOL.com)
- Advertisers in business and trade publications
- Small business shows and trade shows
- Small Business Development Centers
- Accountants, attorneys, bankers, stock brokers and business consultants

### INDUSTRIES IDEAL FOR FACTORING:

Factoring can be a beneficial form of financing for most any industry, especially ones where accounts receivable realization does not match operational needs. In other words, industries where large proportions of invoices are not paid in time to meet payroll or other debt obligations. Some of these industries

include:

<i>Manufacturers</i>	<i>Temporary Employment Services</i>	<i>Consulting</i>
<i>Import</i>	<i>Janitorial Services</i>	<i>Distribution</i>
<i>Defense Contractors</i>	<i>Transportation</i>	<i>Food</i>
<i>Communications</i>	<i>Computer Hardware/Software</i>	<i>Professional Services (Financial, Legal)</i>

*Due to credit and trade laws, Hamilton does not factor third party medical or construction industries.*

### BUSINESSES IDEAL FOR FACTORING:

Simply, if a business makes or sells a product or delivers a service to a credit-worthy commercial customer on trade terms, that business is a candidate for factoring. Hamilton's clientele share the following traits:

- The need for working capital to support operations required for revenue growth (e.g. marketing, product development, payroll, accounts payable).
- Periodic cash flow pressure due to seasonal demand or unexpected sales is experienced more than 2-3 times per year.
- For any number of reasons, do not possess or choose not to possess traditional bank credit lines to support operational growth.
- The need for accelerated receipt of outstanding invoices.
- The desire to take advantage of trade discounts or other long-term sensible financial investments.

Hamilton looks for certain criteria when evaluating a specific business for factoring. Whether a business satisfies all or one of these criteria, financing is ultimately a judgment of Hamilton.

- Business must be LLC, C Corp or S Corp (not D/B/As, sole proprietorships, or partnerships).
- Generate revenues of at least \$200,000 per year.
- Be profitable, or if not, possess a credible plan to achieve profitability within 1 year.
- Have a clean tax record or the ability to correct current deficiencies.
- Have no liens currently placed on accounts receivable. In other words, accounts receivable are not already pledged as collateral.
- Possess strong customer relationships.

## Hamilton Group

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