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'Factoring' could be answer for small businesses

There is an alternative out there," D'Ambrosio says



Don D'Ambrosio of Oxygen Funding

Let's say you own a small garment manufacturing business. Your company has a few big clients, but they don't always pay in a timely manner and you need money quickly to manufacture new product. What do you do?

Typically, most business owners would walk into their bank and ask for a loan.

"Try to get an unsecured loan nowadays," says Don D'Ambrosio of Oxygen Funding. "Forget it."

That's because a traditional bank is going to ask for tax returns, financial statements and how long your company has been profitable.

"If you don't meet their requirements, you're basically out of luck."

So, D'Ambrosio says, that leaves the average person asking a very simple question: "How can I provide cash flow to have my company grow?"

And D'Ambrosio, who will talk about alternative financing options at 6 p.m. on Wednesday, Feb. 17 at the Inland Empire Women's Business Center, believes there is another answer. Especially during these financially challenging times, "factoring" can get fast cash for business owners who need it.

"In today's climate it's a much-needed service," he says.

In factoring, a business essentially sells an accounts receivable invoice to a factoring company. The factoring business then collects from the client.

"We can advance 80 percent of the invoice."

As an example, D'Ambrosio says, take a company who is expecting a \$10,000 invoice to come in about 60 days later.

"We give \$8,000."

After the transaction is complete, the factoring company takes 2 to 5 percent as a fee.

“That’s it in a nutshell.”

While there are some factoring companies that specialize in giving loans of \$100,000, even \$1 million or more, D’Ambrosio’s firm concentrates on the needs of smaller businesses. Oxygen Funding generally works with companies whose annual revenues are \$3 million or less, he says.

“I’m trying to be the ambassador of the factoring industry,” D’Ambrosio says. “I’m telling people, ‘Listen, there is an alternative out there.’”

For more information on the free event at the Inland Empire Women’s Business Center event, call 909-890-1242 or visit www.iewbc.org.