

ALTERNATIVE FINANCING



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PURCHASE ORDER FINANCING

What if you're a small to medium-sized company and you're awarded a large purchase order but have no access to working capital to complete the transaction?

The solution you could be looking for is called Purchase Order (PO) Financing. PO financing enables good companies to complete their viable trade transactions. It's most suitable for fast growing and relatively small, undercapitalized companies with large, seasonal or opportunistic orders.

Like many other alternative financing programs, this solution serves as an alternative to equity.

WHAT SECTORS MIGHT BE A GOOD FIT:

- Import
- Seasonal
- Low-Tech
- Light Assembly
- Cosmetics & Food produced at a co-packer

TYPICAL BUYERS:

- Big Box retailers
- Subscription box companies
- Government entities
- Credit approved smaller companies

FUNDING WILL COVER UP TO 100% OF THE TRANSACTION COSTS, INCLUDING:

- Cost of Goods (inclusive of factory deposits)
- Freight
- Duty
- Insurance
- Trucking

KEY FEATURES

- Understandable Product
- Management Expertise
- Transaction cycle on average between 30-90 days
- Presold Product
- Quality & Qualified Buyers
- Funding available for deals as small as \$10,000 and as large as \$1,000,000+

SAMPLE TRANSACTION

The client received multiple orders from Walmart for an auto accessory. The factory in China required a 30% cash deposit to begin production. Total cost of goods, packaging, duty, and ocean freight for three containers exceeded \$120,000.

Within a week the client and transaction were approved without the need for an upfront application fee. Deposits were paid by the Purchase Order Financing company and the factory acquired materials. Forty-five days after receipt of the deposit, the balance was paid to the factory and the finished product was placed in a container and shipped to Los Angeles. The product landed in the US, was delivered to multiple Walmart distribution centers, invoiced and paid within three weeks.

This client received multiple reorders but only required the PO Financing on the initial order. The PO financing company didn't require any long-term commitments, upfront fees or any further obligation, unless requested, since they work on a transaction-by-transaction basis.

BASIC REQUIRED INFORMATION TO EVALUATE TRANSACTION

Corporate:

- Current Financial Statements
- Most recent Federal Tax Return
- A/R and A/P agings

Transaction:

- Copy of Buyer PO
- Copy of Supplier PO
- Description of Transaction

PROSPECTIVE CLIENT EVALUATION CRITERIA

While a prospective client's current financial condition will be evaluated, other criteria are also considered:

- Management expertise: Management must have a proven track record.
- Product Sourcing and Quality: Vendors must have a demonstrable ability to fulfill client's purchase orders with a quality product.
- Logistical Control of Product: Must be able to monitor the movement of raw material and finished good from vendors to end buyer.
- Creditworthiness of Client's Customers: Verifiable purchase orders from reputable companies
- Verifiable Repayment: By a financially stable factoring company or direct payment from the client's customer.

We have established relationships with the most trusted and active PO finance companies available. If you are considering this type of funding for your business, let us connect you to a potential funding source and work to get you an offer.