Invoice Discounting Maximises Cash Flow by Claire Bowen

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An invoice discounting facility is ideal for large companies as well as medium-sized businesses who are looking to grow. They are able to access cash quickly that would otherwise be tied-up. This is why many companies view it as an option worthy of serious consideration.

Instead of having to wait 30 days, or even 60 or 90 for a payment from a client, invoice discounting allows companies the opportunity to make important decisions that they can move ahead with without being restricted by cash flow.

With the necessary breathing room to focus on growth plans and respond to opportunities within the marketplace, businesses can make rapid progress. Whether they wish to increase buying power, finance a merger or acquisition or launch a new product, there are some very definite advantages to having access to an invoice discounting facility.

By utilising the expert knowledge available in the market, businesses are able to have only those invoice discounting opportunities presented that are a perfect fit with their current finance systems. They retain control of both invoicing and sales ledger, which allows any business agreements in place to remain confidential as well as customer or client relationships to continue as normal.

When customers are invoiced by their clients, the invoice discounting company receive a copy for payment. When received, the invoice discounting company will then typically release 80 per cent of the total of the invoice. The business usually receives this within a 24-hour period. Once the invoice has been fully paid, the business then receives the outstanding amount, minus any fees.

In order to feel confident that invoice discounting is the right fit for a business, it is imperative that the business power has a perfect understanding of their individual financial needs. As a rule, any business that offers a product or service on credit that restricts buying power is more suited to this kind of financing, as are those who need to retain high levels of stock.

With existing controls and a positive financial history, as well as a medium to high turnover, an IC facilitator may be the best invoice finance option. With the increased amount of financial freedom, businesses who select this option are in a position to better negotiate discounts on purchases, accept opportunities with more aggression and receive other benefits that early payments offer.

Working with an invoice discounting firm that is able to provide a demonstrable and consistent financial solution is critical. A team of experts can provide a commitment to interact with businesses and help them become stronger. A key to the success of this is the relationship, as the broker should endeavour to gain an understanding of the business to be better placed to help them.

However, finding the best finance solution is just the start, as it is also important to ensure that work continues to deliver at each step and at each level. From the very first communication and throughout the remainder of the relationship, communication should be made with knowledge, experience and with just one contact point.

Invoice discounting can offer the key that unlocks growth to businesses in all areas for buying power and expansion. It also enables working capital to grow in line with sales. It is essentially the ideal solution for many businesses seeking to maximise cash flow.

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