

ACCELERATE YOUR "COMPANY'S CASH FLOW" THROUGH FACTORING*Continued from Page 1*

simply, the cash you need to pay your bills and grow your business is being held by your customers - - in accounts receivable.

As frustrating as it is to always be short of cash, there is a bigger problem. If you can't grow to serve your market then it is likely that someone else will move in and exploit your opportunity. Or, the market opportunity itself may have a short life. The old saying "make hay while the sun shines" is never truer than in this case. Missing, or not fully exploiting, a market opportunity could cost you millions of dollars.

So what is the solution? Before we get into the solution, let's understand what is truly happening to your cash flow. In today's competitive business environment, business customers expect certain benefits for their dollars. If your company cannot provide such benefits, you can be rest assured that there are other companies able and willing to provide them. One of the benefits that most business customers expect is the extension of net terms. Extending net terms to your business customer gives your customer financial flexibility. Rather than having to pay you when product or services have been rendered, your customers has 30, 45, 60, or more days to use your money for other immediate profitable opportunities.

The negative for you is simple. In essence, you are acting as a bank. However, unlike a bank you are not earning interest on money that you are lending. By lending this money to your customer you are losing out on the opportunity to use these funds for growing your own business. In most cases, offering net terms severely hampers a company's cash flow. In order to prevent this from happening companies look to several key options. They are as follows:

- **Traditional Bank Financing** - The most common way companies protect themselves from a lack of cash is to borrow money from the bank. Banks are an excellent solution for all businesses that are bankable and have small to moderate growth. Most companies take advantage of lines of credit and use it to finance growth projects. The key negative here is that lines of credit are in theory short-term debt, but many companies become highly leveraged quickly which hurt the overall position of the businesses. Moreover, for companies that are experiencing steep growth, the line of credit may not be sufficient to fund their growth and banks normally do not increase lines of credit often without a period of sustained growth and financial success. Traditional bank financing is not available to the majority of small businesses because of a

lack of established business history and/or financial track record.

- **Demanding C.O.D payments** - Companies that are growing and have a heavy need for cash may simply decide not to offer terms to their customer base. However, with other competitors available, C.O.D payment requirements may reduce the number of businesses that are willing to use your company as a vendor or supplier. There are simply too many businesses in the market that are willing to offer your potential customer this standard benefit.

- **Discounts for early payment** - Companies give as much as 5% to 10% discounts to clients who can pay within 1 to 10 days of invoice date. However, the problems with discounts are the fact that they are difficult to enforce and if you do deprive a customer who has received such discounting in the past, you can create some ill-will if you deny such a discount. In fact, many companies who offer discounts will tell you that they have a few "big-time" customers that will take the discount and pay within regular terms. This does not help out your situation.

So, finally, what is the solution? Today more and more companies are deciding to finance their receivables. Through a process called factoring you can convert your accounts receivable to cash and unlock your cash flow. By financing your accounts receivable through a factor, you provide your business with a steady, reliable stream of cash. No more anxiety over missing payroll, no more calls from vendors and suppliers looking for payment, and no more missed market opportunities. By factoring your accounts receivable you will always have the working capital you need to grow your business.

The mechanics of factoring are actually quite easy. The day after an invoice is created a factor can advance anywhere from 70% to 90% of the value of that invoice. The percentage that is not advanced is held in reserve and paid to your account once the invoice has been paid. Some companies choose to factor all of their invoices all of the time while others factor receivables from a certain customer or type of customer. Still others who have seasonal or fluctuating business patterns will factor very heavily during the buildup to the busy season and then taper off when things slow down. Regardless of how a factoring facility is used, the factor will continue to monitor, manage and report on all accounts receivable activity. The factoring fee generally runs between 2% and 5% of the amount of the invoice depending on a number of variables.

NCSA DRAMA DEAN GERALD FREEDMAN ELECTED TO BOARD OF THE SOCIETY OF STAGE DIRECTORS AND CHOREOGRAPHERS

WINSTON-SALEM - Gerald Freedman, dean of the School of Drama at the North Carolina School of the Arts, has been elected to the executive board of the Society of Stage Directors and Choreographers for 2003.

He joins other prominent industry professionals such as Susan H. Schulman, Graciela Daniele, Mark Brokaw, Richard Hamburger, David Petrarca, John Dillon and others on the board.

The society is a national independent labor union representing members throughout the United States and abroad. SSDC has jurisdiction over the employment of directors and choreographers working on and off-Broadway, in national tours, in resident theatres, and in summer stock, among others.

Freedman, whose appointment makes him a Tony Awards voter, made theatre history with his off-Broadway premiere of the landmark rock musical "Hair," which opened Joseph Papp's Public Theatre in New York. This is the 35th anniversary year of that event.

Freedman has directed Broadway productions including "The Robber Bridegroom"; "The Grand Tour"; the revival of "West Side Story," co-directed with Jerome Robbins; and the premiere of Arthur Miller's "The Creation of the World and Other Business." He has staged more than two dozen of Shakespeare's plays, along with dozens of other world classics, and was the first American director invited to direct at the Globe Theatre in London.

During his career, Freedman has directed such celebrated actors such as Olympia Dukakis, Julie Harris, Sam Waterston, Patti Lupone, Mandy Patinkin, William Hurt, Carroll O'Connor and Kevin Kline. He also directed and helped train not one but two of the recent Kennedy Center honorees, James Earl Jones and Chita Rivera.

Freedman, who has been dean of the NCSA School of Drama since 1991, also serves on the Kennedy Center New Play Committee and is a member of the College of Fellows of the American Theatre.

The School of Drama at the North Carolina School of the Arts offers a four-year professional actor training program culminating in a Bachelor of Fine Arts or a College Arts Diploma. In addition, a directing option prepares third- and fourth-year college students for graduate studies in directing. A high school drama program (12th grade only) awards the high school diploma. Prominent alumni of the School of Drama include Mary-Louise Parker, Tony Award-winner for "Proof"; Joe Mantello, Broadway director ("Frankie & Johnny in the Clair de Lune,"); Klea Scott, CBS's "Robbery Homicide Division"; Diedrich Bader, ABC's "The Drew Carey Show"; and Peter Hedges, Oscar nominee for Best Adapted Screenplay (ABOUT A BOY).