



Case Study

Construction Firm: Single Invoice Factoring



Publication

BACKGROUND

- Family run construction subcontractor located in Houston, Texas
- In October 2014, Capstone met with a successful yet undercapitalized MWBE firm
- Clients: Large construction firms that renovate residential and apartment complexes

COMPANY CHALLENGES

One of the challenges this company faced was that growth was significantly outpacing cash flow. Because of this, they were forced to turn down work from their largest client. Insufficient capital also prevented the company from purchasing materials. The company strived to maintain a reputation for making timely payments to vendors however it was struggling to do so without the proper working capital. They tried to work with the monies from private investors and other lending institutions only to find the turnaround time on the transaction was simply not quick enough to secure the capital needed in order to fulfill work tasks on time.





CAPSTONE'S SOLUTION

- Provided a Single Invoice Factoring Facility to inject the working capital required for supporting a larger volume of contracts
- Increased customer credit line 50% to \$500k within 2 months of the relationship

PROGRESS & FUTURE OUTLOOK

- Constraints drastically eased on cash flow; client now has the ability to compete with much larger firms
- Doubled business volume within 2 months and became the subcontractor of choice for their largest client
- Fostered expansion and the takeover of another contractor's territory and is currently poised to take over business in another city within the next few months
- Timely payments are being made to vendors
- Firm can now focus on the rapid growth of their company



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