



# Case Study

Wrist Watch Company: Trade Financing & Factoring



Publication

## BACKGROUND

- Local family owned and operated wrist watch company headquartered in Upstate New York with its roots dating back over 100 years
- Majority of accounts receivable were long standing relationships going back 40 years

## COMPANY CHALLENGES

In addition to struggling with collections, bad debt and a lack of working capital, this company also operated below breakeven. Their debt exceeded the value of A/R and they were placed on cash-in-advance terms with vendors. The company was in work out with their primary bank on a \$6 million credit facility.





## CAPSTONE'S SOLUTION

- Provided Trade Financing and a Factoring Facility
- Conducted a credit review of all customers
- Reestablished credit terms with the company's vendors
- Had company sell off old unusable inventory & non-sales generating assets and release excess employees to reduce monthly operating overhead

## PROGRESS & FUTURE OUTLOOK

- Sales doubled first 12 months – **expected to increase by another 30%** for 2014
- Customer base shifted from small boutique retail stores to major big box retailers and home shopping shows
- Bank line significantly reduced



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