# CASE STUDY

## Environmental Services Company
## Single Invoice Factoring

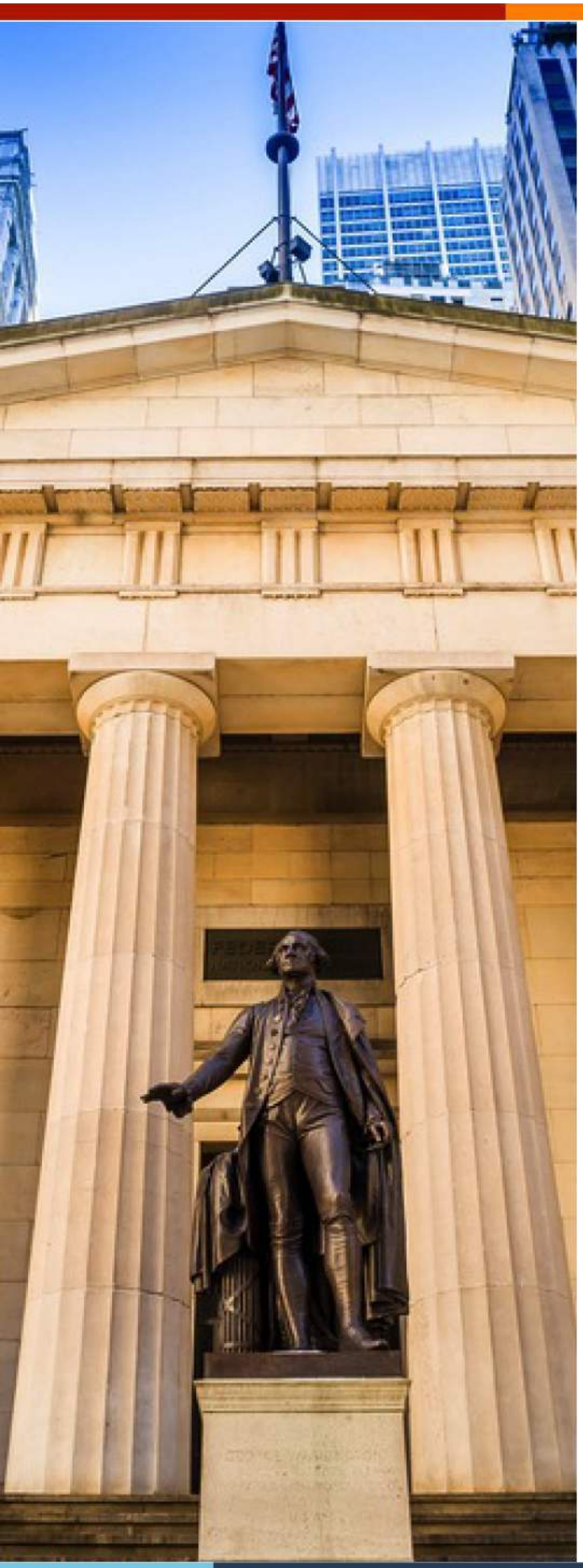
# BACKGROUND

- Local family owned and operated environmental services firm headquartered on Long Island in the state of New York that focuses on construction site remediation while also engaged in resource management and renewable energy initiatives

- Majority of accounts receivable are with real estate development and construction firms involved with commercial and large scale apartment building construction

## COMPANY CHALLENGES

The company was experiencing severe constraints on cash flow due to the monthly requisition format standard in the construction industry and was averaging payment about 60 days from the submission of invoices. The owners had constant anxiety that they would not be able to keep up with the current business volume and chase growth, which led to many missed business opportunities. Payments to subcontractors and vendors fell further and further behind. The customer presented Capstone with lists of potential new opportunities but was unsure how to financially manage any new growth.



## CAPSTONE'S SOLUTION

- A Single Invoice Factoring Facility provided the working capital required to keep up with payments to subcontractors and vendors in order to sustain the current business volume and allow for new growth
- Capstone conducted a credit review of all customers and only credit worthy customers were eligible to do business
- Helped the client negotiate discounts from the subcontractors in return for faster payments
- Total volume of factored invoices was approx. $2.7 million in the span of a six month period

## PROGRESS & FUTURE OUTLOOK

- Increased business volume by 40% in 2015 – expected to increase by another 30% for 2016
- The client has been able to negotiate better rates with subcontractors and vendors as they are now receiving payments much quicker and the client has been able to increase their credit limits giving them more capacity to do business
- The client has requested Capstone prepare a multiyear Factoring Agreement so they could sustain growth and grow even more
- The client now has the confidence to bid on a higher volume of work and can focus on the rapid expansion of their company

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