HUMAN RESOURCES AND WORKPLACE CULTURE

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**JUNE 2018 | VOL 20 | No. 3**

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This is an exciting time for the IFA! Last month, more than 855 commercial finance professionals and industry vendors gathered from around the world for the 24th Annual Factoring Conference in Miami, Florida.

This was our biggest to date and the evaluations showed it was also one of the top-rated conferences we have held so far. Attendees enjoyed networking with their peers while exchanging views, discussing best practices and sharing industry experiences.

In addition to our highest turnout of attendees, speakers came from a variety of diverse backgrounds to cover the most current and pertinent information from different points of view. We had multiple levels of sessions that appealed to everyone including beginners, seasoned veterans, international, and both small and large Factors to name a few. The conference provided a perfect assortment of topics leaving every attendee with key takeaways and a broader sense of knowledge.

Next year’s conference takes place April 3-6 at the Manchester Hyatt hotel in San Diego. Coming off such a successful event this year, it is hard to imagine that we can top it in the future. However, we already have exciting plans in store that will be sure to make it a tough competition.

The IFA is also excited to announce that our present membership rate is the highest ever and continues to grow. With over 460 member companies worldwide, it is astonishing to see the growth of the Association over the years. What started with a handful of entrepreneurial Factors has now grown into an international phenomenon with a diverse group of members ranging from small one man shops to global commercial banks.

Another development the IFA has been working on is a factoring guide for Account Executives. We are happy to report that it is now ready and available in the IFA store. The Factoring Guide to Account Management outlines the best practices in the factoring industry and provides a comprehensive framework of suggested guidelines. Some of the topics covered include portfolio management, reserve management, collections, fraud, UCC filings and tax payments.

The Certified Account Executive in Factoring (CAEF) program has been successful, and we are currently finalizing updates to the content of the exam. After reviewing the results of the current exam, we were able to evaluate each question and determine whether it should remain on the test. We assembled a group of subject matter experts in the industry to submit new questions that will replace those that were deemed too difficult or ambiguous. The new edition should be out in the next couple of months. The CAEF certification not only measures an Account Executive’s knowledge and skills, but it also helps advance the factoring profession as a whole and motivates employees to stay ahead of the competition. Anyone interested in taking the exam must have two years of factoring experience to qualify. You can register to take the exam on the IFA’s website.

We hope to continue our success and grow the IFA to be even bigger and better than it is now. We cannot do that without our members and we are thankful for support from all of you in helping us achieve our goals.
The International Factoring Association’s (IFA) goal is to assist the factoring community by providing information, training, purchasing power and a resource for factors. The IFA provides a way for commercial factors to get together and discuss a variety of issues and concerns about the industry. Membership is open to all banks and finance companies that perform financing through the purchase of invoices or other types of accounts receivable.

The views expressed in the Commercial Factor are those of the authors and do not necessarily represent the views of, and should not be attributed to, the International Factoring Association.

### INDUSTRY NEWS

**Far West Capital Announces Merger with Advantage Business Capital, Inc. Expands Secured Lending Opportunities**

Far West Capital announced their merger and platform sale to Advantage Business Capital, Inc.

Far West Capital will be held as a portfolio company of Advantage Business Capital and will continue to operate as a secured asset-based lender and factor to select small and mid-market businesses. Far West Capital will continue to grow its portfolios in asset-based lending, accounts receivable factoring, and transportation factoring. Far West Capital and all its current employees will remain at its headquarters in Austin, Texas and at its branch location in El Paso, Texas, which is focused solely on transportation factoring.

**Azadian Group Launches Change Capital**

Azadian Group announced that it is spinning off its direct lending and financing business into a wholly-owned subsidiary, Change Capital (www.change.capital). With headquarters, underwriting and back-office operations in New York and origination and service locations in Chicago and Los Angeles, Change Capital will continue to provide creative, flexible, and timely capital solutions to small and medium businesses across the country.

**New York Institute of Credit Celebrates 100 Years on June 11 and Honors Harvey Gross**

The New York Institute of Credit (“NYIC”) is celebrating its 100th year. During the NYIC’s Centennial Celebration cocktail party on June 11, Harvey Gross will be presented with the organization’s Centennial Award. Harvey Gross is executive director of NYIC and has been a member for 53 years. In addition, Harvey is a founder of the IFA’s Northeast Chapter.

### INDUSTRY TRANSACTIONS

**Sallyport Commercial Finance Provides a $3.5MM Credit Facility to a Hardwood Flooring Provider**

Sallyport Commercial Finance provided a $3,500,000 Accounts Receivable facility to an importer of hardwood flooring whose product is sourced from a variety of locations around the world.

**Crestmark Closes 23 Transactions Totaling More Than $40.6 Million in the Second Half of May**

Crestmark secured a total of $40,630,988 in financial solutions with 23 transactions for 21 new clients in the second half of May.

**TAB Bank Provides Trucking Equipment Company with $300 Thousand Revolving Credit Facility**

TAB Bank provided a $300 thousand revolving credit facility for a trucking equipment company located in Ohio. The new facility is extended through a multi-year agreement and will provide for the company’s ongoing working capital needs.
Salesforce Consulting

Your Business Isn’t Cookie-Cutter... Why Should Your Salesforce Solution Be?

We Listen. Consultants say they listen, but do they? Your business has unique features, so should your Salesforce solution. We listen to our client users and work closely with them throughout the project. We don’t believe in a cookie cutter solution—neither should you.

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• Workflow • Task Management • Integration

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Kate Majewski | Kate.majewski@cirriussolutions.com | 215-384-4234

Bibby Financial Services Provides $5M CAD AR Facility to an IT Systems Manufacturer
Bibby Financial Services (BFS) completed the funding of a $5M CAD AR facility to an IT systems manufacturer based in Ontario. The company needed a new senior lender and chose BFS due to their global presence and ability to scale with the client. This facility, in conjunction with a PO financing facility, will allow the company to fulfill its outstanding orders and provide ongoing working capital.

Utica Leaseco, LLC Completes Transaction totaling $350,000 during the week of May 14, 2018
Utica Leaseco completed the funding of a $350,000 Lease secured by machinery and equipment for a farm located in Michigan. The customer was particularly grateful for Utica Leaseco’s ability to provide the needed financing within 7 days of the initial request. This brings the total funding for this customer to over $3,500,000. Utica provided the financing needed for this company to purchase new equipment and expand operations.

Construction Finance LLC Provides $400k Facility to Metal Fabricating Company
Construction Finance LLC provided a $400k facility to a metal fabricating company out of Oklahoma. This company had been using a bank line of credit. However, the bank just couldn’t provide the flexibility needed.

Factor LOGROS de Ecuador S.A. Closed a $2,500 Credit Facility with Advanced Global Capital Fund from England
Factor LOGROS de Ecuador S.A. closed a $2,500 Credit Facility with Advanced Global Capital Fund from England. The purpose of this line of credit is working capital for inclusion of Small and Medium Sized Enterprises.

PERSONNEL
Ansonia Credit Data Hires Industry Veteran
Ansonia Credit Data announced the expansion of its sales team coverage in Canada with the hiring of Lina Chindamo. As Regional Sales Manager, Lina will be based in Vaughan, Ontario, Canada, and responsible for helping to build the company’s customer base and develop strategies to reduce risk, improve processes and drive growth. Lina comes to Ansonia with more than two decades of best-in-class accounts receivable and risk management experience.

Rosenthal Hires Seasoned Business Development Executive for Southeast Region
Rosenthal & Rosenthal, Inc. announced the appointment of Mark Collins as Senior Vice President in the firm’s newest office in Atlanta. Collins will be responsible for business development throughout the Southeast and across the firm’s divisions.

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Rosenthal Hires Seasoned Business Development Executive for Southeast Region
Rosenthal & Rosenthal, Inc. announced the appointment of Mark Collins as Senior Vice President in the firm’s newest office in Atlanta. Collins will be responsible for business development throughout the Southeast and across the firm’s divisions.
Mark is a veteran commercial finance executive, with more than 30 years of experience.

**ENGS Commercial Finance Co. Welcome Travis Pocock to its Working Capital Subsidiary**

ENGS Commercial Finance Co. announced that Travis Pocock has joined its subsidiary, ENGS Commercial Capital (ECC), as Vice President, Business Development Manager. In this role, Travis will focus on establishing new business relationships within the Western US in industries such as Manufacturing, Distribution, Staffing, Technology and Transportation. Travis has over 15 years of banking and financial experience.

**SPECTRUM Commercial Services adds Nick Schweim to Sales Team**

Nick Schweim joins SPECTRUM Commercial Services Company as Vice President, bringing 18 years of experience in commercial lending and investment banking to his new role. Nick’s track record of success in commercial banking and strategic advisory roles, working with business owners and senior managers make him an excellent fit as SPECTRUM’s new business development person in the Minneapolis office.

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**NORTHEAST CHAPTER EVENTS**

**TBA**

For more information, call Harvey Gross at (732) 672-8410 or hgross@comcast.net or visit www.ifanortheast.org

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**CANADA CHAPTER EVENTS**

**August 14**

Summer Gathering Golf Tournament

Angus Glenn

**September 11**

8:30am-11:00am

Generating Business in Today’s New World

**October 9**

Lunch

Cybersecurity and Your Company

**November 13**

8:30am-11:00am

Legal Panel—Bankruptcy Matters

**December 11**

End of Year Gathering

TBD

**Meetings Location:**

Mississauga Living Arts Centre

Scotia McLeod Room

4141 Living Arts Drive

Mississauga ON L5B 4B8

For more information, call Oscar Rombola at (905) 603-6284 or email orombola@accutraccapital-itc.com.

Visit IFA Canada’s website at www.FactoringAssociationCanada.com

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*It means you are.*

3i Infotech’s Factoring software is installed in more systems worldwide, helping companies like yours become more successful.

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- ABL/SQL - Asset Based Lending
- Merchant Cash Advance
- Investor Management
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Website: www.diesel.com

Email: factor.info@3i-infotech.com

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The Commercial Factor | June 2018
Are Salespeople Obsolete?

As long as there has been commerce, salespeople have been the engine of every business. From Phoenicians to Bedouins, if you had a product or service, you had salespeople in your organization. When cars first hit the roads, it was a salesperson who talked you into the brand, options and upgrades. When mainframe computers were introduced, it was the black suit, white shirt, blue tie, IBM salesman that talked you into it.

Sales jobs have always been some of the most plentiful and coveted jobs in business. In sales, one can start with no experience and, with a little tenacity and an outgoing personality, go from nothing to the highest paid person in an organization. In tough times, an organization may cut a salesperson but if you are making sales, your job is safe. Many CEO’s probably started out in sales. Lee Iacocca, the famed CEO that saved Chrysler, worked his way up through sales to the top of the Ford Motor Company.

In many industries, the need for salespeople is still the norm, but there are cracks forming. Take, for example, Tesla Motors. To the chagrin and protest of auto dealers, Tesla has instituted a direct to consumer online sales model that bypasses large dealer lots. Ordering a Tesla automobile online is as simple as ordering toppings on a pizza. Auto dealers have taken notice. Many have gone from “hard-sell” confrontational sales and negotiations, to a fixed price model, freeing up salespeople to act more as educators and confidants.

Retail has seen a big shift as well. Amazon has changed how people purchase all sorts of merchandise. From hardware to swimsuits, consumers now read reviews and click to buy online. Small retail boutiques are starting to sell more online than in their stores. The public’s comfort with self-service and limitless product information have freed consumers from high-pressure salespeople. Major department stores such as Macy’s have adopted self-service and shifted away from sales associates to providing personnel behind cash registers to ring up sales and offer customer service.

Nothing has changed more than advertising. Since the time of the Romans, sales executives have traveled to businesses to talk owners into placing advertising on everything from billboards to television. From the 1940’s through the 1990’s, radio and television gave rise to the Madison Avenue sales executive. Today, most advertising is booked through self-service online. Small companies can go online and target where to spend their advertising dollars, while large organizations use computer algorithms to bid for ad space on websites. Business owners are logging onto sites like Facebook, Google, and LinkedIn to purchase key words, banners and display ads. The role of the ad executive now is a young computer programmer who is deciding where to place that Coca Cola ad for the optimum exposure to its target audience.

Consumer finance and banking are not immune. Rarely does someone walk into a bank and talk to a loan officer. From credit cards to mortgages, borrowers are bypassing salespeople and using self-service online. Where a bank officer might take days to get an answer from a loan committee, online applications come back in minutes. Sites like Quicken Mortgage, Chase Visa and upstart FinTech’s like Lending Club, Kabbage, and AeroPay Express can approve tens, hundreds of thousands of dollars, with one self-service click. No salesperson needed.

Self-service is now spreading to even larger business loans. American Express can approve what it calls a P-card for business, with credit limits as high as $500,000 with an easy online application. AeroPay Express, (www.aeropayexpress.com ) a new FinTech company can auto approve a vendor procurement credit line from $100,000 up to $5 million dollars by just entering basic business information on its website. Technology has allowed those credit lines to be used safely for any vendor purchase worldwide.

Even specialty lenders, such as Factors, are making the shift away from salespeople. A more educated borrower can find what they’re looking for on-line and come armed with information they need to negotiate a deal. Heightened competition and lack of experienced salespeople are forcing organizations to put more money into marketing in order to draw customers to their companies, thus turning salespeople into order takers.

So, have salespeople become obsolete? Maybe? The comfort, ease, adoption and embrace by the public for online self-service has definitely put a dent in what was once among the most plentiful and high paying, but perhaps not yet totally obsolete, jobs in the world.
FactorAdvantage™
A unique solution for factors and clients

How Does FactorAdvantage™ Help You?

✓ Address collateral shortfall for bank payoff
✓ Provide overadvances for A/R and non-A/R requirements
✓ Eliminate MCAs and facilitate first priority lien on A/R to you
✓ Prevent MCA notifications to collect funds from your client
✓ Provide mobilization financing for new contract

Learn more at www.breakoutfinance.com or call 888.318.3534
Record Attendance at the IFA Annual Factoring Conference

It wasn’t just the Miami Beach sun that brought the heat to the 24th Annual Factoring Conference in May. Over 855 Factoring industry attendees gathered at the Fontainebleau, making it the largest IFA event to date. Attendees took part in two full days of educational instruction along with twelve full hours of dedicated networking time. The exhibition hall with over 50 industry providers also flourished with attendees as they gained imperative resources to help grow their businesses.

BY HEATHER VILLA

“This was by far our largest conference in the history of the IFA. We are so excited to see the growth in the industry and looking forward to see where it goes from here,” stated Bert Goldberg, Executive Director of the IFA. The speaking sessions were very well attended, showing that attendees value the educational instruction just as much as the networking events. Andrea Wright from D&S Factors commented, “Again, another excellent annual conference. Timely topics, awesome facility & tremendous networking opportunities.”

The conference kicked off with world-renowned Chef Jeff Henderson, who shared his leadership lessons from a hustler. He inspired the audience with his emotional journey of redemption from the streets to the stove, sharing real-life strategies to help achieve your dreams, no matter your stage of life. He finished with a standing ovation from the crowd, which fueled the positive momentum as the conference continued.
With over 25 other sessions, including general session speakers, breakouts and roundtables, attendees walked away with insight into the latest trends within the industry, techniques to run their organizations more effectively and advice from industry peers’ experiences. Amy Balciunas from Commonwealth Capital stated, “Great selection of seminars as always. The hardest part was figuring out which one to attend.”

The Factoring Essentials add-on training class was also a huge success this year. With nearly 90 attendees in this one-day training, George Thorson from Triumph Business Capital, Gen Merritt from Allied Affiliated Funding and Jim Cretella, Esq. from Otterbourg, P.C., guided attendees with 8 hours of educational material on the background needed to become a successful Factor. This was another prime example of the growth within the industry and the demand for education from the IFA.

The networking events were enjoyable times where attendees gathered and shared ideas with others. Not only is one of the best ways to learn about the industry through the experience of others, but expanding your networking circle allows you to gain resources for future business. As Jeffrey Alpert from Torkin Manes said, “The IFA conference is one of the highlights of our year. The many social functions provide networking opportunities to form business and personal relationships that last throughout the years.”

The Triumph Capital Welcome Reception kicked off the conference in a traditional Miami Beach fashion...with mojitos at the beach! The weather was gorgeous and the atmosphere was relaxed, which created the perfect environment for business to flourish. Lenders Funding, Saint John Capital Corporation and Crestmark Bank hosted another outdoor reception on the second night, giving attendees even more time to soak up the sea air and mingle with others. Tax Guard impressed us once again with their annual Dessert Reception that same evening. The other receptions and events were just as spectacular, confirming the support from industry sponsors is much appreciated from everyone.

The conference ended with the Closing Event at Nikki Beach. The sun set on Miami Beach as attendees ate, drank and socialized with the sound of traditional Cuban flare in the background. Smiles were abundant at this remarkable event, ending the conference with just as much momentum as it started. Although leaving beautiful Miami Beach was probably hard for some, attendees gained educational content, unlimited resources and industry peers that will guide them into days to come. Alan Elisaf stated, “Fantastic as always. Great energy, great vibe, terrific people in the industry always willing to exchange information.”

If you missed the 2018 IFA Factoring Conference and would like to listen to all the speaking sessions, you can purchase the MP3 recordings in the IFA online store. You can also view conference photos at www.factoringconference.com.

Save the date for the 25th Annual IFA Conference, which will be April 3-6, at the Manchester Grand Hyatt in San Diego, CA. The speaking lineup and events are already being planned since that is less than a year away. We can’t wait to see you there!

A LOOK AHEAD

The remainder of 2018 has in store some new and exciting educational opportunities for the Factoring industry. Our ever-popular Law and Business of Factoring Training Class and our Account Executive/Loan Officer Training Class will be offered in June. These courses are geared towards those newer to the industry or attendees wanting to refresh their business practices and gain some new tools to help them grow their business. The Law class also includes a full set of Bob Zadek, Esq.’s legal documents to use within your own organization, which is worth more than the price of admission itself.

In July, we will be offering an advanced version of our Credit & Underwriting training class. This course, titled Advanced Underwriting for Specialty Finance Products, is designed to expose the Factor to the elements of specialized types of Factoring and finance such as the following; Government Receivables, Construction Receivables, Transportation Receivables, Equipment Lending, Inventory Lending, Second Lien Advances, Purchase Order Financing, and Milestone vs Progress Receivables. The Factor will be exposed to both the elements of the specialized types of financing as well as the risks associated with each type of financing. Nine industry speakers have been assembled for this course, giving you an overabundance of knowledge on these topics.

The IFA’s Annual Transportation Meeting will be held in Cleveland, Ohio, this year, September 13-14. The purpose of the Transportation Meeting is to provide a round table forum with current industry topics for Transportation Factors. One of the best ways to help with your strategic planning is to spend time discussing current issues with peers in the industry. This is a unique opportunity to share ideas and learn from others. This meeting will also feature an exhibit hall with products and services for Transportation Factors. Guest speakers, discussion time and networking opportunities are what make this meeting so valuable. If you factor transportation receivables, you won’t want to miss this event!

In October, the IFA will be offering three additional training classes. Our
ever-popular Small Factors Meeting will be October 15-16. Factoring companies who fund clients with low sales volumes operate in a unique way. This meeting is designed to give Small Factors a forum to discuss relevant ideas and challenges of operating in today’s economy. Emphasis will be on the round table discussions, networking and education. Don’t be left behind as this group discusses some topics including: What the future holds for Small Factors, Discussion of the Fintech industry, New Tools to Streamline your Operations, Dealing with Junior Creditors, Red Flags - Detecting Frauds and Avoiding Losses, Overcoming Challenges, Effective Marketing Techniques and Managing your Portfolio, New Client Procedures, and Contingency Planning.

We will also be offering a brand-new class titled Think Ahead or be Left Behind on October 18-19. If you are not planning for the future, the odds of survival are greatly reduced. This course is specifically designed to instruct Factors in 2018 how to plan for and prosper during the changes that are occurring now and expected in the future. This course is designed for both the independent and bank-owned Factor and we will cover topics that are of concern to you. Don’t miss this opportunity to learn from experts and plan for the coming disruptions. Some of the topics covered will be: M&A Activity, Valuations, Financing, Leverage, Corporate Structure, Client’s Structure, Tax Implications, Technology, Staffing and Products - ABL, PO, Inventory, Equipment, Overadvances, Fintech, Supply Chain.

Our final class for 2018 will be a course on Factoring Construction Receivables on October 25-26. This training course will give you a complete understanding of the steps necessary to safely become a Construction Factor. From marketing, to the legal issues, due diligence and operational issues, you will learn how to enter this underserved sector of the Factoring industry.

2019 will start off with our annual Presidents & Senior Executives Meeting, January 23-25, in Key West, Florida. This event is designed to facilitate discussion specifically for upper level executives. Roundtable discussions, guest speakers and networking events give attendees ample time to learn, grow and socialize with some of the greatest minds in the industry. This meeting is almost sold out, so don’t hesitate to sign up today!

We suggest registering early for these events, as the total number of attendees is limited. CPE, CLE and CFE credits are available. In between all of these classes and meetings, the IFA will be offering numerous online webinars. Check the IFA website at www.factoring.org for a detailed listing of events.

Heather Villa is the Managing Director of the International Factoring Association. She is responsible for managing and directing the IFA’s external communications as well as managing the business affairs of the Association. She assists with event planning, speaker selection and contract negotiations for all training seminars and conferences, including the annual Factoring Conference. Heather can be reached at 805-773-0011 ext 301 or heather@factoring.org.
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Fraudsters

Each issue of the IFA Newsletter has a common theme. When I first started writing this column, the good editors of this Newsletter always gave me the heads up for the upcoming themes, well in advance of the due date. But, typically I more or less wrote what inspired me at the time, usually right before the deadline. This issue’s theme is Human Resources and Workplace Culture. Since the theme is primarily about people, I was inspired to write about people who are fraudsters. Generally, I think people are inherently good. But, the factoring and asset based lending industries are ripe for fraud. This article will be a discussion on how to spot, recognize, prevent, and address the fraudster, in the unlikely and unfortunate event that you are faced with this problem. But, as I’ve heard from a number of well regarded industry veterans, you aren’t a real Factor unless you have been burned, which I wish on nobody.
Due diligence is probably the most important aspect of this business. It is even more important now. Presently, the economy is operating in an up cycle, and while I’m no economist, we are probably not going to see a downturn for approximately a year. The present business environment reflects this general optimism. There is ready access to capital. There have been some high-priced buyouts of Factors and asset based lenders, more people have entered the business, and the number of lenders lending to Factors and asset based lenders is strong and plentiful. Potential Factor clients, who aren’t really bankable, are still with the banks. This means that there are more people chasing the same deals. This competitive market results in pressure to put on new deals and earn income for the deals on the books. This translates into increased vulnerability for someone to be a fraud victim, either in the inception of the transaction or during the deal. I’m certain that each of you have your due diligence processes. You should not deviate from your practices. If you see someone leaving a Factor to come to you, ask the prospect why she’s leaving the current Factor/lender. Before you sign the deal, call the prior Factor/lender and ask for the “Factor/lender story”, which is code for “Tell me what really happened.” A good ethical Factor/lender will tell you if there was a problem, often cryptically, but if you trust the person on the other end of the phone, listen and assess the deal. The principals of the prospects often have a bankruptcy on their record. Find out why the bankruptcy was filed. It could have been connected with a fraud to a prior Factor or lender. Look into the bankruptcy case. If there were lawsuits objecting to the person’s discharge of a debt to a particular creditor, or objecting to the entire bankruptcy discharge, investigate the circumstances. That is a huge red flag, which is often ignored. There are plenty of commercial search services that will uncover past litigation, business failures, and bankruptcy cases. It’s worth the investment.

Nowadays, a discussion on fraudsters must reference the merchant cash advance industry. A merchant cash advance transaction is a financing deal structured as a sale of future revenues, usually paid back by daily debits against a designated bank account, in a specified amount, for a set period of time, resulting in the merchant cash advance lender being paid a much higher amount than what was originally advanced. Rates often exceed 75%. The traditional/old-school method of defrauding a Factor can be broken down into four categories: i) submitting falsified invoices for funding; ii) diverting the accounts purchased by the Factor, resulting in the Factor client being paid twice for their same invoice; iii) pre-billing, which is submitting an invoice for funding before goods were sold or services rendered; and iv) inflating the actual amount of invoices eligible for funding to a higher number. To engage in this traditional/old school form of fraud, the Factor client must do some work to plan for, and then carry out these bad acts, which is essentially stealing. However, the proliferation of merchant cash advance deals often negates the need for the Factor client to do the work to commit traditional/old-school fraud. Merchant cash advance lenders market themselves as fast and technically efficient, often promising funding in days. Factor clients who engage in traditional/old-school fraud typically do so because they have funding needs in excess of what is available from the Factor. However, when the underwriting criteria for a merchant cash advance deal is literally an email address, a bank account and a pulse, it’s easier for the Factor client to obtain the merchant cash advance loan than to defraud the Factor.

Many merchant cash advance lenders like to fund behind Factors because they suck the proceeds of the Factor’s advance from the client’s bank accounts in order to effectuate repayment. The Factor client often obtains multiple merchant cash advance loans. The merchant cash advance industry has a high rate of defaults and the risk is even greater when a Factor client obtains multiple merchant cash advance loans on top of the Factoring. Often, the Factor never learns about this problem until the merchant cash advance lenders take aggressive collection efforts, such as enforcing confessions of judgment, making demands upon a Factor for money from the reserve, or contacting account debtors whose accounts were purchased by the Factor and for which the Factor holds a senior lien. So, to combat this problem you should put protective language in your financing statement which warns the junior creditor not to interfere with your rights. This type of language in a financing statement should be upheld in litigation between the Factor and the merchant cash advance lender. It’s also suggested that you conduct periodic checks of the Factor client’s bank accounts. Assuming that the Factor client discloses the bank account, you will see regular debits by the same
person, which will be the merchant cash advance lender or its servicer. Of course, you should also employ a lien search company which will give you notice if there are additional liens recorded against your client, assuming the merchant cash advance lenders files a financing statement, which is not always the case.

In addition to a lien monitoring service, protective language in your financing statements and regular reviews of the Factor client’s bank accounts, you need to continually be on the lookout for things that don’t look right and have client monitoring systems in place. Simply, doing verifications before you fund invoices will not do the trick. There has been a lot of investment in technology in order to make financing easier. In fact, the technology has eliminated the need for a lot of the back office paperwork people, and eliminated the need for other people. Everyone is now working smarter. This smart working has made it such that this can be a web-based business and one-on-one contact can be avoided. This is exactly the type of situation which allows for fraud. You need to talk to your client as much as possible. It does not matter what is discussed. A good account executive can find a reason to talk to the Factor client. Business discussions can always be worked into the conversation, and simply by talking to the person and asking questions, problems can be uncovered, or it will become evident from the Factor client’s demeanor that something is up. To the extent that you can make personal visits and have one-on-one conversations, do it. If travel time makes this difficult, then Skype or use your video conference feature. But, it’s a good idea to put your eyeballs on the Factor client, however you can. If you have a good honest client, this builds personal relationships, which are important. If you have a bad client, you put yourself in a position to uncover the problem.

If a fraud is uncovered, hopefully you are using contracts and forms prepared by knowledgeable counsel who know your business and all that it entails. If so, then there will be plenty of features built into your agreements that will protect you. In addition, usual rhetoric of re-noticing the account debtors, redirecting the mail, initiating reverse ACH/wire debits, and things of the like, now is the time to call your counsel and plan for what will be coming next. This could be litigation, a full court press on enforcing your rights, or dealing with the upcoming bankruptcy. But, your counsel will be able to make sure that the “i”s are dotted and “t”s are crossed.

Frequently, the fraudster files bankruptcy. If it’s the business in chapter 11, be prepared for a cash collateral fight and all the things that happen in the beginning stages of a bankruptcy case. But, you will want to take away control from the fraudster and not allow her to be in charge as a debtor-in-possession, because this person acts as a fiduciary, and has shown by a propensity for fraud that she can’t be in charge. You will want a trustee appointed or take other steps to kill the chapter 11 case. If the fraudster files an individual bankruptcy case, be aware that there will be deadlines in which to take actions. There are time frames in which to object to the individual’s discharge of your debt, object to exemptions claimed by the debtor (exceptions are assets the debtor gets to keep in bankruptcy and are not subject to the creditors’ claims), and in which to object to the person’s entire discharge if the bankruptcy is a chapter 7 liquidation. These bankruptcy deadlines are jurisdictional, if you were given notice of the bankruptcy, or should have known about the bankruptcy. If you fail to act within these deadlines, you will likely lose certain rights. Therefore, it’s imperative to immediately step in and act in a fraudster’s bankruptcy case.

Unfortunately, the Factoring industry is a hotbed for fraud and bad acts. The Factor client/borrower is often operating under financial stress and do what they have to do. The industry is highly competitive now, with more Factors and lenders chasing the same prospects for deals. This creates a situation which puts the Factor client/borrower at an advantage, and often puts pressure on the Factor/lender to put on deals that might not work, solely because of competition for business. Therefore, it’s important to keep your guard up. Hopefully, the tips here can, and will, save many of you from a real loss. •
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What drew you to consulting and why did you choose to focus on culture?
As a psychologist, one of the things that I learned was that people’s behaviors are more driven by their environment than their personality. If you take somebody who’s very loud and very boisterous and always talking at the top of their lungs and you walk that person into a museum, a church or a bank, they’re gonna get quiet. You haven’t changed their personality; you changed their environment.

So, working with businesses, that environment, specifically the beliefs, behavioral rules, traditions, and rituals, defines the culture, and what I found was that sometimes people in a business, they’ll think “Oh, this person’s an A player; this person’s a B player; this person’s a C player.” That’s all labeling the person, the type of person, their personality. In psychology, it’s referred to as a fundamental attribution error. We tend to make attributions about individuals rather than looking at context, their environment, their culture.

What I found was, very often, I’ve been able to take what everyone else calls a “C player”, put them on a different team, and they become an A player without any additional training. All you’ve done is change the context, change their team. I’ve also seen someone
who’s an “A player” on a team get moved to a different team and, all of a sudden, they become a C player. Again, that’s a change in context, a change in environment. Through these observations, I began to realize this is not an individual thing; this is a culture thing.

**Are there other common misconceptions people have about culture?**

Some people think it’s not real. Some people think there’s no such thing. Some people think culture does not exist outside of a yogurt or petri dish, and in reality, it does.

Culture has been very well studied by psychology, anthropology, and lots of disciplines. The definition I use is the one from psychology. It’s the context in which we live and work, including beliefs, behavioral rules, traditions and rituals. Beliefs are the way we see the world, what we believe the world is like, and what we hold to be true—near and dear to us. Behavioral rules are the rules that govern our behavior, that’s the context of our culture. Traditions and rituals are things you do repeatedly.

So, the biggest misconceptions are A.) it doesn’t exist, B.) you can’t control it, so why worry about it, and C.) it kind of grows on its own. I use a metaphor of a garden for culture. If you want your culture to grow on its own, without any influence from you as a leader, it’s like having a garden with no one pulling the weeds.

**How can companies design their recruiting practices to create a better culture or maintain the culture they’ve created?**

Let’s say an organization is looking for somebody who “plays well in the sandbox” (they get along with others). A traditional interviewing question might sound something like “How do you manage conflict?” The person is going to make themselves sound like peaches and cream. “Oh, I manage it well. I don’t seek it out but I have no problem with it.”

The only strategy and technique that I know that really is effective in assessing for someone’s ability to adapt is called behavioral interviewing. It’s been around for about twenty years. If you put it into Google, you’ll get thousands of hits on behavioral interviewing. So, you ask behavioral interviewing questions.

For the same content that you’re looking for, somebody who “plays well in the sandbox”, here’s a behavioral interviewing question that would draw for that information: “Tell me about a time when you had conflict with a peer or supervisor. What was the situation? What did you say? What did they say? What was the outcome?” There you have your context.

Here’s how you know you’ve asked a good behavioral interviewing question. The interviewee will say something like “Hmm...that’s a good question. Let me think about that.” You’ve just knocked them off script. You’ve just given them something that they hadn’t considered, so now you’re not only assessing their response, you’re assessing how they think on their feet; are they becoming anxious; how do they manage that anxiety, etc.

Let’s say they do swimmingly. They give you a response that makes themselves smell like roses. You can have a follow up question which says, very simply: “Thank you for your candor. I really appreciate your response. Can you give me another situation where the outcome was less positive?” Now you’re asking them to be a little bit more vulnerable. Now you’re seeing how they manage that anxiety. So, how can companies hire for issues of culture? Behavioral interviewing is the answer.

**What role do you think feedback plays in shaping the culture and how does that affect employee retention?**

Huge. So, let’s define feedback. A lot of people think that feedback is about getting praise. It’s not. Feedback is about receiving information about your performance in the environment, warts and all. That’s the issue with feedback.
Feedback needs to be both positive and developmental, which is what a lot of people don’t want to hear. In my book, I include feedback in the framework of openness. Part of a strong culture is trust. Strong cultures have strong foundations of trust. There’s a formula from psychology that I cover in the book for trust: it’s experience over risk, where risk is vulnerability.

Experience comes down to four everyday behaviors: reliability, openness, competence, and concern. ROCC. I call it the ROCC of trust. Openness is about transparency, authenticity, and openness to feedback, so it is a critical part of a culture because it is a critical part of one of the behaviors that is required to develop trust in your culture.

**What unique qualities and challenges do you feel that Millennials bring to workplace culture?**

First of all, let me just say, I am a huge fan of the generation for a variety of reasons. I think they are changing the work environment in lots of positive ways. I also talk about how we don’t want to build one culture for Millennials and one culture for everybody else. We want to build one culture for every generation in the workforce. That is ultimately the key. One culture for every generation in the workforce. The factors that motivate and drive Millennials also motivate and drive other people.

The difference is with Baby Boomers, in particular. Baby Boomers were the largest generation of any generation before or since. At the end of this year, they will be smaller than Millennials because they’re 54-72 and obviously, at that point, some people start to become deceased. So, at the end of this year, 2018, Millennials will be the largest generation. They were already the largest generation in the workforce as of 2015. They’ll be the largest generation in our population as of 2018. So, Boomers were very motivated by money and cash, basically. Boomers were always motivated by more money, more money, more money. Millennials are not.

Millennials created what’s called the shared economy, gig economy, on-demand economy, experience economy. In other words, Millennials won’t jump for 5-10% more pay into a bad culture. They would rather make less in a good culture than make more no matter what. That’s part of what frustrates Baby Boomers because they can’t manage them; they can’t drive them using money the way that they (Boomers) were driven before.

The other piece is Millennials are the next civic generation. There’s a book I talk about. It’s called The Fourth Turning. It’s written by historians, Strauss and Howe, and in it, they go back more than 500 years to document that in that period of time in western civilization we have had four generational types and four eras which cycle.

The role of the civic generation is to create and construct new social institutions. The last civic generation was the GI generation that fought in WWI and WWII. They saved the world from fascism and nazism. That’s what they did.

I think Millennials are going to do something similar. Now, we don’t know in what specific area, but I believe it’s going to be around the environment; it’s going to be around the planet; it’s going to be around government. There are all sorts of places where I think Millennials can and will be influential, and again, they’re the next civic generation.

Civic generations tend to provide society a tremendous number of leaders. The last civic generation gave this country seven presidents. This is the next generation of leaders.

**What has changed since you started consulting, in terms of attitudes, practices, or beliefs?**

Here’s the big change. When Baby Boomers came into the workforce, there were 84 million of them. Because there were more people than jobs available, Baby Boomers had to flex to the workforce and they did that by creating the 70-80 hour work week. Today, as Baby Boomers leave the workforce, there are only 68 million Gen Xers. That’s a 16 million person gap, so now there are more jobs than people available so the workforce needs to flex to them. That’s the key and that’s the rub.

What’s changed in the last twenty years? The demographics have put Millennials in the driver’s seat. The workforce is going to have to change to recruit and retain them because the key here is that every industry, and every company in every industry, is fighting for the same pool of talent. That’s what Millennials are. That’s what they represent. That’s what’s changed.

**What excites you about the future?**

I’m excited about the future because Millennials are the first generation to not use things like race, ethnicity, skin color, nationality, gender, to separate and segregate the way previous generations did. This is a generation that has grown up on social media. Growing up on social media connects people all over the world at any point in time. So, these socially constructed differences (differences that only exist because of our current societal beliefs) don’t
mean as much to this generation as they did to previous generations. That, to me, is exciting because I talk about how we’re all one human tribe, and I think that Millennials more than any generation before see that.

Are there any questions that you wish people would ask more often or are there areas you think they’re overlooking or focusing on too much?

I think, with regard to focus—and I think it’s led by the current crop of leaders that we have—people focus more on differences than similarities. We are all trying to take care of ourselves, take care of our families, lead a decent lifestyle. I think the crop of today’s leaders tend to leverage people’s fear rather than aspirations. When people respond out of fear, they respond very differently than when they respond out of aspiration or inspiration. When people are fearful, they see the world as a place of scarcity. When people are inspired, they see it as a place of abundance. We make very different decisions if we see the world as a place of abundance rather than scarcity.

Is there anything else leaders should be doing?

Focus on culture first. The biggest mistake that I see companies make—again, it goes into the whole concept of “This person’s an A player, this person’s a B player, this person’s a C player.”—when things start to go south in an organization, companies tend to focus on individual performance first and culture last, and I believe we should all focus on culture first. Our teams, our people, our entire organizations, they will all benefit by focusing on culture first. That is the key shift that leaders need to make.

Companies always ask me about competitive advantage. “We want to leverage our competitive advantage.” Your competitive advantage does not come from the people you have. It doesn’t come from your policies or procedures. It comes from your people’s willingness and desire to go above and beyond the goal. That comes from culture. People thinking about how can they do their job better; people thinking about “How can I move beyond this goal that’s been set for me because it would be good for our team and the organization?”; those are the behaviors you cannot buy, sell or trade. Those are the behaviors that come from culture. Competitive advantage doesn’t come from your people, your policies or procedures. It comes specifically from your culture. I call it quintessence. That’s the competitive advantage, people’s willingness and desire to go above and beyond the goal.

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Patrick, through your work with community banks and credit unions, do you see evidence of a lender shortage?

A lot of my opinions are going to be based on my experiences as a commercial lender in the 80’s and 90’s. For the past 23 years, I’ve trained commercial lenders working with ProfitStars. I see a lot of the market as it relates to lending officers. Over the past two years, I’ve seen more and more articles dealing with the lender shortage, and it was interesting to me because, at the time, we weren’t really seeing spikes in loan demand, although we are starting to see loan demand go up now. I think a lot of that is the result of business optimism with the tax law changes. There was an interesting study that I referenced in a recent blog post, by Bank Director magazine, where they uncovered the fact that for between 40-45% of banking executives, a top of mind concern for them is the issue of recruiting and retaining lending officers for their organizations. I think there’s a lot of things involved in that.

To that point, what are the key issues driving the shortage?

Number one, we are starting to see loan demand go up, and number two, there’s more competition for lending officers because we have alternative lenders, in addition to the private finance companies and factoring companies. Credit unions are getting more involved in commercial lending, with the changes in their member business rules. We’re starting to see others like Amazon come in. Amazon announced last year they’ve done over $3 billion in business lending since 2011. That’s not a huge number when you compare it to some of the bigger banks, but they’ve got a foothold now. Whatever they want to do in the future is up to them, but there could certainly be increased competition there, as well.

In your recent blog post, you had presented some suggestions for how financial institutions could deal with these challenges. Would you mind going into some detail on those for us?

Definitely. The blog post addressed the question of how community-based financial institutions and private finance companies can recruit good lending officers and retain them for a long period of time after they invest the money to train them.

My number one recommendation was focusing on college recruitment efforts. If you look at the trend in
what college students are majoring in these days, business has been the dominant degree that most students are focusing on. It’s not necessarily finance, but it’s business management, business marketing, accounting, and so forth. If I were running a small finance company today, I would want to focus on local colleges by getting into career fairs, starting internships, and getting these folks before they graduate. When they’re sophomores and juniors, offer them internships, and summer programs where they could come in to work for my organization, and get to know my team. From there, I could offer them a job upon graduation. With that process, we’ve already covered a lot of the training. Finance students are typically general business majors. Most of the training for lenders going back 20 or 30 years is on the job training versus collegiate training.

Financial institutions must also consider the positive impact that adopting the latest loan technology can have on the employee experience. Everyone wants to use technology in their workplace that mirrors the technology they enjoy in their personal time. In financial technology over the past seven or eight years, we’ve seen a bit of a renaissance impacting commercial lending processes, and that’s really improving the experience for both borrowers and lenders. It’s creating efficiencies. We have better pipeline management tools, better work cues, better underwriting and spreading tools, and I think all of that helps to enhance the work experience for lending officers. Is your firm investing in technologies to enhance your employees’ experience when they’re on the job?

A third factor is creating a passion for small business lending. You can compete on salary. You can also compete on overall employment atmosphere. Data today continues to support that culture and community play a bigger role in younger generations’ career decisions. By showing employees how the loans that you’re making are impacting the local community, they realize they’re making a significant different in the lives of entrepreneurs and small business owners in their area.

When I was a lender in the 80’s and 90’s, that was probably the number one reason why I enjoyed my job. It wasn’t pay; it was more about “Am I significant? Am I making a difference in the community?” Whether you’re a community bank or a credit union or a private finance company, the more you can show your employees that you’re having an impact on the community or the region that you’re lending in—maybe that’s community involvement, maybe that’s making sure that you have credit analysts going out and calling on customers to see the impact you made on that business—that goes a long way toward employee retention.

Work also has to be fun. We’re seeing companies large and small now really focus on what their office environment is like. Intentionally think about what your work experience and your work atmosphere is. It could be things like ergonomics. (e.g. do people have sit-stand desks?). It could be the sense of community that you instill among your employees. It all started with Google, what we saw in the northwest and some of the Silicon Valley companies to really energize employees. I think small companies can do little things to have the same impact.

The last thing is to show them a career path. This starts with the internship phase that I mentioned earlier. When you’re talking to them while they’re still college students and beginning the process of recruiting them—but certainly when they’re employees as well—make sure that they know where they can go in your organization. What does their career path look like? Community banks have fought this issue for years. In fact, some have resisted training because they feel like they’re going to train these lenders and then they’re just going to go to work for somebody else. You certainly have to train them so they’re proficient at their jobs, but show them that they can stay with your organization and still have a successful career without having to go to work for somebody else.

Those suggestions really involve issues with corporate culture. Do you see that as a key to success?

For a while, I was a commercial lender, then for five years I was managing a commercial lending division for NationsBank. We had a formal training program where they spent time in different functions of our office: credit analysis, credit review, underwriting, spreading, but as important, if not more important, was the time they spent in the field. That’s where we had them with a mentor, the folks who had been around the office longer and were very good at calling on businesses. They went out on joint sales calls with those mentors. More impactful than showing them how to spread financials was showing them the impact they could make on these small businesses.

When I was a lender, hands down, my favorite part of my job was going out and finding all the different ways that people can make money with small businesses. It was fun to get out and talk to people about how they operate their business. When you can assist them by offering financial services and loans, it makes it that much better. Knowing how their business operates also makes you a better lender because you know more about how to meet their needs, how to structure their financing, their loans and so forth. Those are the areas that I always focused on in training. It was a two-pronged approach: 1) Make sure that they’re technically proficient. That’s the spreading and the underwriting. 2) Make sure they know the impact they have on the community, and can use that passion and interest to
be more comfortable going out and talking to people.

When you think about lending officers, we’re really demanding a lot of one person. We’re demanding somebody who’s analytical, especially if they’re doing their own underwriting. At the same time, we’re expecting them to be a calling officer, to go out and meet and greet—serve on the local Chamber of Commerce or Rotary Club, anything that helps drive new business.

**Given that most new lenders are from the millennial generation, how does your strategy address their needs?**

There tends to be a stereotype associated with each new generation. When you look at somebody who came up through the ranks in the 70’s and 80’s, they often had one job for 15-20 years. They may still be in the same job or they may have changed jobs one or two times. Then you look at the younger generation and you see that they’re often hopping jobs every 3-5 years. I don’t know that that’s justified because I see a lot of them who do want to land someplace and have a career. But you do see more than the previous generation who move around from one place to another looking for the experience.

If you address the individual need and you find out what they want to do and what motivates that person; is it money, significance, a sense of community where they work? If you set up your incentives to motivate them in that manner, you’re going to have longer term employees in your organization. At the end of the day, if you just look at the average employee, more people are motivated by significance than they are by financial success. In other words, am I making a difference where I work? The more you can play to that as an employer and show them that they are, I think the better off you’re going to be.

**Do you think competition for lending officers will continue to be tough in the next few years?**

It’s hard to say where the demand for loan officers is going. There are a lot of different forces at play. I do think we’re seeing, in the short term, at least, increased loan demand as a result of current economic conditions. At the same time, I think that over the next three to five years we’re going to see more competition in the marketplace from folks like Amazon. They’re going to take some loans off the street before community-based financial institutions and private finance companies even see them. If you look right now, there are roughly 320,000 lending officers in the United States, a number projected to grow by 10-12% over the next 10 years. However, there are also a lot of bankers from the 70’s and 80’s who are starting to retire, so there’s pressure on that number from both sides.

It’s going to be interesting to see how it all plays out. The last time I studied the Factoring market (of course, we have the FactorSoft product), it was about $100 billion a year in annual funding in the US. If you compare that to Amazon, that’s $3 billion outstanding at any given time, so those small companies that are just getting their toe in the water don’t even compare to that size of the market, but it is something that everybody’s going to have to keep their eye on.

**We talked a lot about young lenders and those new to the industry. What about looking to veteran lenders?**

I think especially for community banks and for credit unions, there probably is going to be an emphasis on trying to get the more seasoned veterans, for two reasons: 1) they don’t have to spend the training money that they would for someone right out of college and 2) very often, those folks will bring portfolios with them. So, that’s probably where the highest competition will be in the short term.

I don’t know that that’s really as much of a factor for private finance companies and Factoring companies. If I were working in that sector, I’d be more focused on the younger talent. Especially with a Factoring company; most that I’ve worked with have their unique business practices and it’s very often easier to train somebody new on that than it is to take somebody who’s been lending for 20 years and teach them a new method of doing something.
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<tr>
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<td>6/18-19</td>
<td>Law &amp; Business of Factoring Training Class</td>
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<td>Advanced Underwriting for Specialty Finance Products</td>
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<td>Transportation Factoring Meeting</td>
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<td>10/15-16</td>
<td>Small Factors Meeting</td>
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<td>Presidents &amp; Senior Executives Meeting</td>
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<td>Annual Factoring Conference</td>
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What led to the creation of Student Maid?
I was not one of those kids that came out of the womb saying that I wanted to be a CEO. I was really lost in college, changed my major nine times. I wanted to be an investment banker even though I didn’t really know what that was. I just knew that you made a lot of money doing that, and to me, at the time—success—you were told that it was all about your salary.

I was a finance major and happened to go to the mall one day even though I had no money and I fell in love with this pair of jeans. They were $99 and I didn’t have enough to pay for them but I had to have them, and so I thought, what is something I can do to make enough money to buy these jeans?

My first thought was to clean someone’s house so I put an ad on Craigslist and a woman hired me. I charged exactly the price of the jeans. It was a nightmare. I did not know what I was doing and miraculously, she hired me to come back and she offered to teach me how to clean. So, that’s how it all really started. She told her friends. They told their friends. Things kind of slowly, organically grew but I never thought it would be my career.

Then, right before my senior year in college, I got this contract to clean hundreds of empty apartments and it was a huge job; it was 800-something apartments, 21 days to do the work. I hired 60 students to help me. I was such a bad leader, 45 of the 60 quit a couple of days into the contract. That is the moment that changed the whole trajectory of my life because it was the moment that made me want to be a better leader and learn how to do that but also, it made me want to build a company where people really wanted to be even though the work we were doing was not really fun work.

I was able to get them back. It sounds harder than it was. I went to the 15 people who hadn’t quit and told them what happened and asked if they would help me figure out how to get the others back and one had this idea of giving everyone early paychecks if they showed up at a meeting at my house that same night. So, everyone showed up, they got an early paycheck and I apologized. I said “I’ve never done this before. I don’t know what I’m doing.” I was vulnerable. I think I became a human to them. They saw me as a real person. They wanted to help me and they came back, and that summer really just changed everything. We became a family, a team, and I ended up turning down a job in finance to stick with the company.
and it’s been 11 years since I posted the ad on Craigslist.

How have you shaped the culture of Student Maid? How has the culture shifted over time? In what ways? How does the culture differ from other companies?

It was an idea that took off and it wasn’t like I started this company to make an impact in the world; I just started it because I wanted a pair of jeans and then it became a way to make a living, and then, somewhere along the way, I realized that my company could do a lot of good if I did it right. The goal, I thought, should be to help people realize their potential and for so long it was more about cleaning, for the first couple of years. We were a cleaning company and the goal I would say to the team and the vision that we had was to be the best cleaning company in our community, to be the most detail oriented, and it was all about cleaning.

And then, I think what happened was, I was learning as a leader because I was young; this was my first ever job really, and I would learn. I would fail. I would go through these things. I would read these books. I was like a sponge. Anything that I could learn that I needed to learn, I would learn. But then I thought, it’s kind of selfish to keep it to myself, so I would hold these little informal meetings. I’d order pizza and I’d tell everyone, come listen to the book I just read. I’m going to tell you what I learned from it, or if you’re interested in learning about networking, I just went to my first networking event. I want to tell you how it was. What I found was people really liked that and they weren’t paid to come to these little meetings but they would always show up.

Over time, the goal of the company totally changed. The vision was not to be the best cleaning company. We always say it’s to help our people realize their potential. It’s to teach them the skills they need to be the best leaders they can be so when they graduate and move on from our company, they can make their mark on the world that they want to make. We hire primarily students, so high school, college, PhD; some are in cosmetology school, massage school. Not everyone is a student, but most are, and they usually come to us without any experience; it’s their first job.

So, what do we do now, it’s more formalized; our culture of learning where they take classes and they learn things like how to find their strengths and articulate them in an interview later when they’re interviewing for their next real job; how to confront someone about a difficult topic and have a productive conversation; how to build relationships that are built on trust and empathy and vulnerability, and all these things that don’t have anything to do with cleaning but that really are the skills you need to be successful in your life.

Now, students come to us and say “Is this the place where you learn how to be a leader?” and it’s almost like we forget we’re a cleaning company, and I think it just shows that it doesn’t matter what you do; you can inject a greater purpose into any kind of business, any kind of organization.

As a company that hires mostly young people, what unique qualities do you think Millennials have to offer? What unique challenges do they present?

I think it’s hard to paint a generation with the same brush and say all Millennials have this quality or all Baby Boomers have this. I think that the challenge, no matter what generation we’re talking about, is technology. For Millennials and Gen Z, I think it’s a little tougher because we grew up with that. When you have a question, instead of challenging yourself to think about it on your own, and building your own critical thinking skills, the first reaction is to Google it. When you need directions, you type it in and it tells you where to go. I think technology has kind of eroded our independent thinking, so we have to really work on giving people autonomy and giving them confidence and teaching them that they are capable and they can think for themselves.

I think the other piece is the relationship piece, especially with Gen Z, talking about people who got a phone probably early, in middle school or elementary school, and that’s how you build your relationships, from behind that. Now, you’re being asked to talk to customers or to present at a meeting and you’ve never done that before. I don’t think that’s just a Millennial and Gen Z problem. If you walk into a conference room before a meeting starts, everyone is on their phone and no one is talking and getting to know one another.

We actually have a crazy thing at Student Maid where we don’t text. Everything we do is face to face or on the phone and we only use email and texting for things that do not matter like “What time is the meeting?” or “What’s the address?” Anything that is of substance cannot ever be communicated over text.

Think about your own organization. Do you have any communication norms? Do you allow people to use their cell phones while someone’s presenting? We have a box in the conference room for you to put your phone in if you can’t pay attention and be present. Do you have guidelines around what kind of stuff is supposed to be emailed and what is more of a phone conversation or a face to face conversation? We have to set those norms. Otherwise, we allow technology to replace the interaction we’re supposed to have and then there’s no connection. People don’t feel connected to the company or to the work.
What are your recruiting practices and how do they help shape the culture?

We rely heavily on word of mouth. Usually, it’s our students telling their siblings or friends about the company. We look for one thing in terms of culture fit. Of course, we want to see somebody embody our values but I think even that is hard because whenever you interview someone or you meet someone, they’re putting on the best version of them and they’re acting the way they think you want them to act. I don’t really believe that you can tell in an interview whether somebody is going to really live and embody your values.

I think that happens once they’re hired and you have really great people who are stewards of the culture and they say “Hey, this person that we just hired, I don’t think that they’re a good fit.” That, I think, comes after. In the beginning, what we look for is one real thing: “Does this person want to grow? Are they invested in their own growth and development?” We’ve found, if somebody is not open to that, they aren’t going to thrive in our culture because our culture is all about giving feedback and asking them for feedback and pushing people to fail so they learn and they become more independent. If someone’s not open to that, they’re not going to enjoy the work we’re doing.

In the last year, we’ve really focused on the way we bring people in. The first thing we do is we have what’s called an info session. It’s not a formal interview at all. It’s just a way for them to come, see our headquarters, meet our team, and learn more about what we’re about. So, that’s when we really talk to them about learning and growing. The main goal there is “Do they want to be here? Is this something that’s exciting to them?” If, at the info session, they feel like “Oh, this is a job I might want to have,” they fill out an application, and then they go through two rounds of interviews, two different people just looking for the same, “does this person really want to learn and grow; are they interested in that?”

Then, once we decide that someone is a good fit, we send them the Student Maid Scoop. It’s written by our students, primarily, and it is all the good things about the job and all the bad things about the job, in their words. It’s not edited, and the point of that is, we say, “We want you to read this. We think you’re a really great fit. We want you to read this and we want you to see all the good, the bad, and the ugly, and we want you to tell us if you still want the job, and if you want the job after knowing all this, we want to have you. But if you don’t, no hard feelings. We’re glad that we know now versus after investing time and it not working out.”

So, there’s a lot of ways that they self-select if they don’t want to be here. We see them three different times between the info session and those two interviews. I think it really cuts down on the number of people who come on board and then realize it’s not a good fit.

What role does feedback play in the culture of your company?

I think there’s two sides to feedback. The first is critical feedback, what people need to hear to grow and become better, and I think it’s absolutely essential for many reasons; one, that’s what leadership is; it’s helping people identify what they’ve got to keep doing and what they’ve got to change. Especially in a culture where you’re giving people freedom and autonomy; feedback is a critical ingredient in that environment.

The other thing is that it builds trust. We see these organizations that do once a year performance reviews or two times or three times a year performance reviews, and that’s the only time that the person really gets feedback, and what happens is they learn about all these things they could be doing better and they’re hurt. They’re like “Wait, how come I’m just now hearing about this? I think we’ve known about all this stuff, I could have done something to change it but I’m just now hearing.” Then what they start to think about that is “What else do they think about me that they’re not telling me?” So, it actually destroys trust.

When you can get really good at giving feedback as you do something, the person trusts you because they know where they stand. There’s never any question of what is that person thinking about. I believe that everyone in the company has to learn how to give feedback, and those classes I was talking about where we teach the skills that have to do with cleaning, we also teach feedback and everyone in the company has an obligation, once they learn that, to speak up if they see something that could be better or someone who could improve.

The second side of it is recognition, which I believe is equally important because that’s the way we help people identify their strengths and their contributions and help them understand what they need to keep doing. But I think we give recognition sometimes that’s too generic like “Thank you!” and “You’re awesome!” and “I’m so happy you’re on the team!” and that stuff is great. I’m sure it makes people smile for a few minutes but it’s not the stuff that really shapes people.

If you really want to be the kind of leader and build the kind of culture where people are growing, you’ve got to really identify what are the kinds of contributions that they’ve made that are awesome and be specific. We can’t recognize people for doing their job. It shouldn’t be like “You were on time. Thank you.” It has to be “Thanks for sharing your opinion today at this meeting. The
impact of that was people started sharing theirs after you opened up about yours and we had such a productive meeting.” That’s telling that person, “Next time I have an opinion, I should share it.”

**How big of an impact does that have on employee retention?**
Huge. I think that people have to know. What’s funny is we’re always hearing all this stuff about people avoiding feedback but if you actually read through statistics, you find that people want it. They really want to know how to be better.

I think it’s a balance of both. I think if you give too much recognition, people feel like it’s not meaningful and if you give too much critical feedback without any recognition, it’s hurtful. So, I think it’s a balance. I don’t think there’s a winning ratio. Make sure that when you’re giving it, it’s meaningful and it’s productive. As long as everything is coming from the place of “I just want to help you learn and grow and be the best you.” it’s really hard for people to get their feelings hurt.

**What advice do you have for leaders?**
I think that in leadership we’re kind of programmed to make people feel safe. We have to make people feel safe, and so we think that means having all the answers and pretending like we always know what we’re doing and if we don’t know what we’re doing, people will lose trust in us. That’s what we’re programmed to think, but really, I think the best leaders have the courage to admit out loud “I don’t know what I’m doing.” or “I don’t know where to go from here.” or “I have no idea what steps we should take.” When you say that, number one, you invite people in and you make it a team. The team now wants to help you, and number two, they trust you and they want to follow you because whenever someone pretends like they’re totally perfect and they have it all together, we don’t trust that person.

Continued on page 34
Upon return from the 24th Annual Convention of the International Factoring Association held in Miami Beach, members will recall Senator Joe Donnelly talking about how valuable Factors are in helping small businesses grow and create new jobs. Senator Donnelly spoke on Friday morning after a presentation by Palmer Hamilton, our lobbyist with Jones Walker, and a panel of IFA members including Kim Deveney of American Funding Solutions, Phil Cohen of PRN Funding and Ivan Baker of United Capital Funding. The group recapped the activities of the American Factoring Association over the last twelve months.

The AFA was formed to be the advocacy and education partner with the International Factoring Association since the latter is not a 501C4 corporation. Hence, the AFA represents IFA members in Washington. One of our primary goals is to protect Factors from unneeded regulation in legislation which will inevitably increase their cost of doing business and limit potential for growth.

In the April 2018 Commercial Factor, Gage Price talked about Section 1071 of the Dodd-Frank bill entitled “Small Business Loan - Data Collection.” He indicated that this could add substantial requirements and costs to the Factoring industry. He also reported on a regulatory threat at the state level. California State Senate Bill 1269, calls for onerous disclosure requirements on lenders engaged in small business financing. The sponsor of this bill, as a result of discussions with the AFA, has indicated a willingness to exclude Factors from the bill’s coverage. There have been rumblings that other states are also considering bills to pass legislation in this area.

While none of the aforementioned efforts aren’t necessarily aimed at Factors, there is nevertheless the threat of unintended consequences for Factors with costly results ensuing from these actions. The banking industry provides us with a clear analogy. Since 2008, only seven new bank charters have been issued. From 1990 to 2008, over two thousand new banks were formed, more than one hundred per year. Why the tremendous decrease? The answer is simple - the added compliance cost of new regulations.

It is estimated by the American Bankers Association that banks spend approximately $270 billion per year on bank compliance. Over the last eight years, the cost of compliance has increased upwards of 60% for banks nationwide. This burden is greater on the smaller community banks. The Federal Reserve Bank of St. Louis conducted a survey showing that banks with $100 million in assets or less spend approximately 8.7% of non-interest expense for compliance. This percentage decreases as banks get larger. Obviously, compliance costs can be spread more efficiently across larger banks than smaller ones.

The majority of Factors have assets well under $100 million. Accordingly, the cost of compliance with new regulations, disclosures, etc. will add tremendously to the operating costs.

Costly Regulations = Unintended Consequences

BY ALLEN E. FREDERIC, JR., Vice Chairman, Republic Business Credit, LLC

Announcing our new website...

The International Factoring Association is excited to announce the official launch of our new updated website at www.factoring.org

FEATURING OUR Vendor Locator Service

The IFA’s Vendor Locator Service lists vendors of interest to the Receivable Finance & Factoring industries, including attorneys, UCC search firms, funding sources, and many more.

In addition to all qualified Vendors, there are also IFA Preferred Vendors listed that offer discounts or superior services to IFA members.

SEARCH FOR VENDORS BY: Category / State / Province / Country / Keyword

• THE IFA’s ANNUAL CONFERENCE is the world’s largest event for Factors, Asset Based Lenders & Supply Chain Finance Companies.
• THE CERTIFIED AE IN FACTORING (CAEF) designation is the first professional certification of its kind.
• EDUCATION, training courses, meetings, webinars & relevant events for the Factoring Industry.
• DISCUSSIONS, MEETINGS & FORUMS Access to the IFA Member Community Discussion Forum.
• STORE - Purchase Factoring books, forms, reports, webinars and more.
• JOB BOARD - Search for or list jobs.
which Factoring companies bear. Accordingly, the AFA must continue to educate members of Congress, tell our story, and combat needless and counter-productive regulation in legislation which will make it more difficult for Factors to serve small businesses.

Currently, we have eighty-three paid members of the American Factoring Association. This adversely compares to four hundred eight paid members of the International Factoring Association. As such, only 20.3% of the members of the IFA are supporting the AFA. During the conference, one gentleman came up and related that he would like to help, but his company was too small to write a check for the AFA. I don’t know the size of the Factor, but even if he were a silver member writing a check of $1,000 to $2,500, how much cheaper is this than hiring a full-time person for compliance or even a part-time person? The AFA is the cheapest insurance policy a Factor can have to protect against needless and costly regulation.

The AFA needs your help! Your monetary support will help us continue to bring our message to Washington and to be an advocate for our industry. Your contribution helps us to deliver your message, and that message is simple, “Let us continue to help small businesses grow without the burden of costly and unproductive regulations in the legislation which make our jobs more difficult.”

The goal of the AFA is to increase membership and financial support from every IFA member. We urge every IFA member to contribute to the AFA as we are in the midst of our annual membership fund drive. Currently, we have Bronze Members who have contributed as little as $500, up to Diamond Members who have contributed in excess of $10,000. This is a very inexpensive insurance policy to help protect our industry from needless regulation which will be both costly and prohibitive. Please consider supporting the American Factoring Association.

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**2018 Members**

**Diamond Member ($10,000+)**
- Apex Capital Corp
- Crestmark Bank
- D & S Factors
- Gulf Coast Business Credit
- International Factoring Association
- J D Factors
- LSQ Funding Group
- MP Star Financial, Inc.
- Sallyport Commercial Finance, LLC
- TBS Factoring Service, LLC
- Triumph Business Capital
- White Oak Business Capital, Inc.

**Platinum ($5,000—$10,000)**
- BAM Worldwide, LLC
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- Great Plains Transportation Services, Inc.
- Interstate Capital Corporation
- Millennium Funding
- Phoenix Capital Group, LLC
- Republic Business Credit, LLC
- TAIFS, Inc.
- United Capital Funding Corp.

**Gold ($2,500—$5,000)**
- Accord Financial, Inc.
- AmeriFactors Financial Group, LLC
- Assist Financial Services, Inc.
- Bay View Funding
- Commission Express National, Inc.
- Durham Commercial Capital
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- CV Credit Inc.
- David Jencks—Jencks & Jencks, PC
- David Pape—Commercial Business Funding Corporation
- Factor King, LLC
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- K.W. Receivables
- Kiran Ramasamy—Vayana Network
- Levinson, Arshonsky & Kurtz, LLP
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- Match Factors, Inc.
- Mazon Associates, Inc.
- Michael Ullman—Ullman & Ullman, P.A.
- Nationwide Capital Funding, Inc.
- Primary Funding Corporation
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- Viva Capital Funding LLC
- Synergy Healthcare Capital LLC

**Bronze ($500—$1,000)**
- Advantage Business Capital
- Business to Business Capital Corp.
- Camel Financial, Inc.
- Cash Flow Resources, LLC
- Concept Financial Group
- Entrepreneur Growth Capital
- Exchange Capital Corporation
- Finance One, Inc.
- Firmco Business Funding
- Grace Capital Resources, LLC
- Greenback Capital
- MarcFunding, LLC
- New Century Financial

**Other (Under $500)**
- FactoringClub
- Hawaii Receivables Management, LLC
- Stonebridge Financial Services, Inc.
- TradeGate Finance, Inc.
WHAT'S NEW AT IFA  JUNE 2018

Our Preferred Vendors have undergone a screening and evaluation process. When you contact the Preferred Vendors, you will need to indicate that you are an IFA member to receive your benefit. If you offer a good or service to the Factoring Industry and are interested in applying for Preferred Vendor Status, please contact the IFA at 805-773-0011.

ASSOCIATIONS
The following trade associations offer member pricing for events attended by IFA members:

Beijing Commercial Factoring Association (BCFA)
Colombian Association of Factoring (CAP)
Commercial Factoring Expertise Committee of China (CFEC)
Ecuadorian Factoring Association (ASOFACOR)
FCI
Romanian Factoring Association (RFA)

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IFA Members receive a discount of 10% on their consulting fees and 5% discount on all FactorHelp products in the IFA store.

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With more than 250 Factors and over $800 billion in data, Ansonia provides Factors and ABL lenders an innovative way of managing debtor and fraud risk. Our business credit reports feature current and historical days-to-pay information collected directly from the accounts receivable departments of small and large factors, and other companies across all segments.
Phone: 855-ANSONIA • 855-267-6642 x.103
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Website: www.credit2b.com
IFA Member Benefits: Join the largest virtual factor community. Receive 10% price discounts for being an IFA member. Complimentary invitations to our hosted events in NYC.

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FactorsNetwork provide an online platform where Factors work together to increase their profitability and competitiveness. Members are able to pull Credit Reports free of charge as well as monitor and analyze their portfolio. Transportation Factors benefit from our CarrierMonitoring and ChameleonCatcher programs and their clients love our LoadBoard. You can even use the Sales Tool to help find new clients.
Phone: 435-659-4612
www.factorsnetwork.com
IFA Member Benefits: 33% cost savings for the annual membership fee. It is normally $3 per day, but IFA members will pay $2 per day.

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Clarus Merchant Services
Clarus Merchant Services offers a custom program developed specifically for how the Factoring Industry processes their credit card transactions. Our program provides detailed reporting that allows tracking of each invoice and fee transaction for easy account reconciliation with their customers and clients. We work with each member to ensure all processing costs are covered and that they are doing so within the guidelines of MasterCard / Visa. In addition we provide IFA members direct access to their account manager for immediate response and support.
David Powers, Member Relationship Manager
Phone: 540-222-3925 • www.clarusdc.com
Email: dave.powers@clarusdc.com
IFA Member Benefits: Any IFA member that purchases the CardX program will receive a one-time $200 rebate once the member has processed a whole month using the program.

ePaymentAmerica
ePaymentAmerica is the nation’s leading provider of processing services for the factoring, A/R financing, and P/O financing industries. They offer IFA members exclusive Visa, MasterCard, American Express and discover pricing, a discount on their virtual gateway, and a discount on PCI Compliance Certifications.
Phone: 901-385-5327
www.epaymentamerica.com
Email: factoring_program@epaymentamerica.com
IFA Member Benefits: Interchange Plus Pricing* Bundled Monthly Service Fee of $30.00 (includes IRS regulatory compliance, account maintenance, PCI compliance, virtual gateway & online management tool.) *Based on volume/transaction count.

DISASTER RECOVERY SERVICES
Agility Recovery
For the past 25 years, Agility Recovery has been a premier provider of onsite recovery solutions across the United States and Canada. When disaster hits, Agility will be on the scene, providing you with any, or all, of the critical elements you need to keep your business in business: power, space, technology, connectivity. Membership also includes access to a dedicated Continuity Planner and secure access to your
myAgility planning portal to assist in building and maintaining your business continuity plan.
Phone: 866-364-9696
www.agilityrecovery.com
Email: andre.selvyn@agilityrecovery.com
IFA Member Benefits: 5% discount to each respective client’s monthly ReadySuite membership fee.

FUNDING

Liquid Capital Corp.
Liquid Capital has been in the Factoring industry since 1999 and entered into a partnership with Next Edge Capital in 2015. This relationship has allowed them to pursue an aggressive growth strategy focused on the following key initiatives:
• The acquisition of A/R portfolios from Factors looking to exit the industry
Member benefit: Trailer fees for the life of the acquired accounts
• Soliciting Factors to join the Liquid Capital network to gain access to additional capital, a robust range of working capital and trade finance products, extensive marketing and back office support
Member benefit: Liquid will pay your IFA membership or Annual Conference registration fee for the following year.
• ABL referrals from existing Factors who would not normally fund this type of transaction
Member Benefit: The referring Factor will earn an origination fee and have the opportunity to participate in the funding.
Robert Thompson So
Phone: 866-272-3704
www.Liquidcapitalcorp.com
Email: rts@liquidcapitalcorp.com

MARKETING

50 Words LLC
50 Words is a marketing outsourcer for companies that either do not have a marketing department or that need to add more manpower to their existing marketing team. They serve as your dedicated marketing department.
Phone: 610-631-5702
www.50wordsmarketing.com
IFA Member Benefits: IFA Members will receive five free hours of marketing services with the purchase of any marketing service. (Offer to new clients only)

RECRUITMENT AGENCY

Commercial Finance Consultants
Established in 2002, CFC is the premier provider of human talent to the factoring industry. CFC’s goal is to provide their clients with the best available human capital and the most current industry information to assist in accomplishing their growth potential.
Phone: 469-402-4000 • www.searchcf.com
Email: dar@searchcf.com
IFA members will receive an additional 60 days added to the guarantee on all placements.

SOFTWARE

FactorFox
FactorFox Cirrus is a cloud application for factors, their clients, brokers, lenders, and others who enter or access data. Entries can be made and reports accessed from any internet-connected computer, tablet, or smart phone. As a web-native program, there is no extra cost for setting up your account or to access your data; further, you receive three hours of free training online. FactorFox’s various versions make it suitable for nearly any size factor.
Phone: 866-432-2409 • www.factorfox.com
In addition to the one-month free trial for everyone, IFA Members receive an additional month to try the complete program.

Finvoice
Finvoice offers traditional factoring companies and asset-based lenders a simple-to-use and comprehensive software solution to help them become a modern and efficient online lender. Finvoice came out of a passion to help small businesses who generate 67% of jobs and 50% of the World’s GDP.
Andrew Bertolina
Phone: 310-951-0596
www.finvoice.com
IFA Member Benefit: Complimentary landing page review/optimization for digital conversion. 15% discount on pricing for the first year.

HubTran
HubTran is the leading provider of back office automation technology for factoring companies. HubTran’s SaaS platform streamlines invoice processing, document management, and exception handling. Customers increase productivity 4X, reduce errors and increase capacity. HubTran’s innovative technology leverages Optical Character Recognition and Artificial Intelligence to simplify back office work without requiring massive investments of time in training and integration.
Tinamarie Sulpizio
Phone: 928-855-0170 • www.hubtran.com
IFA Member Benefit: 1 week trial and waived setup/integration fees

ProfitStars*
ProfitStars® is an industry-leading provider of portfolio management systems for commercial finance, and offers a common framework for factoring, asset-based lending, inventory finance, and lines of credit. Our dynamic Commercial Lending Center Suite™ incorporates all digital loan origination, decisioning and portfolio management workflows that save time, improve accuracy and improve the overall borrowing experience.
Phone: 205-972-8900, option 3 • www.profitstars.com
IFA members will receive 10% off new ProfitStars lending solutions product purchase. For IFA members who are currently ProfitStars customers: Free one day FactorSoft refresher course, per year, at ProfitStars’ training facility in Birmingham, AL.

TAX COMPLIANCE

Tax Guard
Tax Guard fills a critical gap in a commercial lender’s credit risk management toolset with efficient, real-time and actionable insight into the true, non-public IRS tax compliance status of their prospects and clients. Our due diligence reports, tax compliance monitoring and resolution solutions support commercial lenders throughout every stage of the funding life-cycle.
Phone: 646-502-4478 • www.tax-guard.com
Email: Rich Porterfield; rporterfield@tax-guard.com
IFA Members will receive a 20% discount on the same-day due diligence order.

UCC SEARCH

First Corporate Solutions
First Corporate Solutions is a full service public records provider specializing in the research, retrieval and filing of public records nationwide and internationally. Their services include industry standards such as UCC, lien and litigation searching. UCC and corporate filing services, nationwide registered agent coverage and real property title searching, as well as unique solutions such as state and county account monitoring designed specifically for Factors.
Phone: 800-406-1577 • www.fcioso.com
Email: info@fcioso.com
IFA members will receive a 10% discount off the retail rates of their signature state and county account monitoring product.

IFA CALENDAR OF EVENTS 2018

June 18-19
The Law & Business of Factoring Training Course
Planet Hollywood, Las Vegas, NV

June 21-22
Account Executive/Loan Officer Training Course
Planet Hollywood, Las Vegas, NV

July 12-13
Advanced Underwriting for Specialty Finance Products
Planet Hollywood, Las Vegas, NV

September 13-14
Transportation Factoring Meeting
Hilton Cleveland Downtown, Cleveland, OH

October 15-16
Small Factors Meeting
Planet Hollywood Las Vegas, NV
We know that they're not perfect. We know that they don’t have every single answer. The vulnerability piece is not a weakness; it’s a huge strength. When we admit that we need help as leaders, we actually inspire our people to admit when they need help and when people can truly say “I need help," and not worry that it makes them look weak or like they can’t do their jobs, the company becomes better because if people don’t ask for help, you know that they’re sitting there struggling and they could be doing better but they’re not.

**Are there any questions that you wish people would ask you or is there an area you think people are neglecting or misunderstanding?**

Something I hear a lot is “Why do you teach all these skills that don’t have anything to do with cleaning? Why invest, especially when these people are students and they graduate and they move on? That’s the whole thing. It’s like, you come to Student Maid, you learn new skills, and you graduate, and you go somewhere else. So, why invest all this time in this curriculum when you know that they’re leaving?” But I think that’s our job. I think that any company has to look at “What are we asking people to do and what do we expect them to know how to do?”

For me, it’s not just cleaning. I’m expecting that when they walk into a house they can go in and form a relationship with the customer. I’m expecting they can make the customer feel safe and that they can trust them. Well, if I’m asking them to do that, then I have to take some steps back here and say “Well, do they know how to talk to customers? Do they know how to build a relationship?” It’s like asking them to make decisions in line with the values and think on their feet; have I taught them how to be independent thinkers?

I think, everything you’re asking someone to do, you can’t expect that they know how to do it. Even with feedback, we say, “Oh, if you were so upset, why didn’t you speak up?” Well, have you ever taught them how to speak up? No one takes a class on how to speak up at work about something difficult. I think it’s just this idea that people think it’s not my responsibility to teach that. They should have learned that or they should already know that.

But where are they gonna learn that? We just have to teach. Once we do that, everyone is on the same playing field and everyone has the same understanding and the same foundation and it’s way easier to operate that way.

Looking at your personal growth and the growth of your company over time, is there anything that really stands out to you as something major or surprising to you? How do you continue to grow?

I just released my first book in October. It’s called Permission to Screw Up. It was the hardest thing to write because I did not have a plan going in. I was given a contract kind of in a backwards way. The publisher heard me speak and said I should write a book, so I didn’t have a proposal. I didn’t have to think through “What am I writing about?” It took two and a half years to write. At first, I wrote about Millennials. Then I realized that everything I’m writing about applies to everybody. It doesn’t apply to Millennials only, so I threw that away and then I wrote about success and I realized it was empty. I wasn’t talking about how I learned all of these lessons; I was just talking about what I learned, so I threw that away, and that’s where the angle came from.

In the process of writing the book, it forced me to get really clear on “What is Student Maid? What is special about it? Where should it go from here?” At the time I was writing, I was really confused. I felt like I was being stretched in a million different directions. So many people have input on what to do with your business. I had people saying “You should franchise.” and people who were pressuring me to open more locations, and these were people who I admire and trust, and even though I wasn’t sure that was the right direction, I was kind of looking to them. We had opened our second location and it just didn’t feel right.

Long story short, what I realized in writing the book is that no one in my company is excited about franchising and opening locations all over the country. That’s not why we started. We’re all excited about helping people grow and learn and realize their potential. What we really wanted to do as a company, but we weren’t doing, is to go into other organizations and help them create cultures that emulate what we have, so that more people can work in a place that really invests in them.

We ended up selling our second location and realizing that the way we wanted to grow maybe wasn’t the way that other people thought we should grow but it is what was true to us. Now we have two sides of the company. We call it Student Maid and Beyond. The and Beyond side of our company takes our leadership development program and brings it to other companies who want to invest in their employees in a similar way. •
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