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ALSO INSIDE:

Hurricanes Harvey and Irma—A Primer for Recovery

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# TABLE OF CONTENTS

**NOVEMBER 2017 | VOL 19 | No. 5**

## COLUMNS

<table>
<thead>
<tr>
<th>Page</th>
<th>Title</th>
<th>By</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>LEGAL FACTOR: HURRICANES HARVEY AND IRMA—A PRIMER FOR RECOVERY</td>
<td>Steven N. Kurtz, Esq.</td>
</tr>
<tr>
<td>20</td>
<td>SMALL TICKET FACTOR: THE RISE OF THE NICHE FACTORING COMPANY</td>
<td>Juan Estrada</td>
</tr>
<tr>
<td>28</td>
<td>WHAT’S NEW AT IFA</td>
<td></td>
</tr>
</tbody>
</table>

## ADVERTISER INDEX

<table>
<thead>
<tr>
<th>Advertiser</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3i Infotech, Inc.</td>
<td>10</td>
</tr>
<tr>
<td>Aerofund Financial</td>
<td>15</td>
</tr>
<tr>
<td>CapitalPlus Equity, LLC</td>
<td>33</td>
</tr>
<tr>
<td>FactorFox Software, Inc.</td>
<td>23</td>
</tr>
<tr>
<td>First Corporate Solutions</td>
<td>36</td>
</tr>
<tr>
<td>Hitachi Business Finance</td>
<td>19</td>
</tr>
<tr>
<td>Hubtran Inc.</td>
<td>2</td>
</tr>
<tr>
<td>International Factoring Association</td>
<td>22, 27, 28, 35</td>
</tr>
<tr>
<td>Loeb Term Solutions</td>
<td>6</td>
</tr>
<tr>
<td>ProfitStars</td>
<td>7</td>
</tr>
<tr>
<td>Utica Leaseco, LLC</td>
<td>19</td>
</tr>
</tbody>
</table>
The IFA achieved another year of successful classes and webinars along with a conference in Fort Worth that will not be forgotten anytime soon. As we begin to close out the year, we are excited about what the IFA has in store for 2018.

We start out the year with our President’s and Senior Executive’s Meeting, which will be held on the big island of Hawaii. Attendees will have the opportunity to participate in over 40 hours of activities, meetings, and receptions to develop their business relationships and build their networking circle. This intimate gathering facilitates open communication in a fun, relaxing environment. We have gathered industry leaders to facilitate this meeting and help tackle the issues that are currently affecting Factors. We will even have a professional futurist on hand to speak about the emerging technology and trends that will enable you to position your company for the future.

For anyone looking to get out of the cold winter weather, we are holding a Domestic Supply Chain Finance Training Class in Miami in February. This class will focus on small vendors and cover an array of topics including how to market, price and operate this type of business. Attendees will come home with a wide array of learning objectives including value proposition, pricing, implementation, legal infrastructure, and how to fund and target markets.

Preparations are now in full swing for the 24th Annual Factoring Conference, taking place May 9-12 at the Fontainebleau Hotel in Miami. For those of you that have been in the factoring industry a few years, you probably remember the enthusiasm and excitement that the previous Miami conferences brought back in 2004 and 2013. For anyone who wasn’t able to attend those years, you are in for a treat! We promise to bring some of the brightest speakers from around the world to ensure you are current on the changing environment our industry is seeing. Heather is providing a full update on everything this year’s conference has in store for you later in the magazine.

The IFA aims to exceed our member’s expectations by providing affordable content right at your desk. With more webinars taking place in 2018 than ever before, you can get high quality content without ever leaving your office. Check back at the IFA website to find a listing of all of our future webinars.

On a more somber note, with the IFA offices being in California and me being a Florida transplant from Houston, I have to acknowledge all of the people in our industry who have been affected by the hurricanes and wildfires that have ravaged our nation. As I was visiting Houston in September, hurricane Harvey hit Texas and I was helpless while so many friends, family and neighbors lost their homes. A few days after returning to Florida, I was forced to evacuate as hurricane Irma approached and threatened the entire state. Two hurricanes in a span of two weeks was surreal and I am fortunate that the personal impact was minimal.

Witnessing the masses of people who joined together to help those in need was truly remarkable and inspiring. Many Factors’ businesses were affected directly or indirectly and yet so many rallied together for support. These natural disasters are sure to leave a lasting impact on many of our lives and I am proud to be in an industry that takes care of one another in time of need.

The IFA is excited for 2018 and we hope to see you at future events taking full advantage of all the Association provides.
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 Commercial Factor is published bi-monthly by the International Factoring Association. To subscribe, please email info@factoring.org.

The Commercial Factor magazine invites the submission of articles and news of interest to the factoring industry. For more information on submitting articles or advertisements, email news@factoring.org, or call 805-773-0011.

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**

**Crestmark Offers Transflo ELD Technology to Trucking Companies; Partnership Brings Hassle-Free Compliance to Meet December Mandate Deadline**

Beginning December 18, 2017, electronic logging devices (ELDs) are required for an estimated 3.4 million US commercial truck drivers. Transflo is offering preferred partner pricing to Crestmark transportation clients on the Transflo ELD T7. This 3-inch device installs in minutes, includes a powerful mobile app for managing logs, and syncs with a phone or tablet.

**Azadian Group Establishes West Coast Presence**

Azadian Group announced the opening of a full-time office in downtown Los Angeles, to service existing clients in the Western US and to capitalize on opportunities in California, Texas, Arizona, Nevada and the surrounding areas.

The company hired Essa Thiry to head up the company’s business development efforts out of Los Angeles. Essa was most recently managing West Coast business development efforts for Hana Financial, a commercial lender based in New York and L.A.

**King Trade Capital is Featured in a New Book *Tools and Strategies for Export***

King Trade Capital has been featured in a new book titled, *Tools and Strategies for Export*, written by a well-known trade banker Cornelio (Onnie) Sumangil. The book discusses the tools and financial instruments for financing cross border sales. Chapter 7 “The King of Nontraditional Lenders for Export Letters of Credit” discusses King Trade Capital’s nontraditional approach to providing finance solutions to companies in need of capital in order to increase international sales. *Tools and Strategies for Export* is currently available for purchase through Barnes & Noble, Amazon.com, and Lulu Publishing.

**TBS Factoring Service Selected as One of Oklahoma’s Best Places to Work**

For the fourth consecutive year, TBS Factoring Service, of Oklahoma City, has been ranked among Oklahoma’s Best Places to Work. The ranking by The Journal Record newspaper and Best Companies Group is based on confidential employee interviews and an independent review of workplace policies, practice and demographics. The company recently celebrated 50 years in business by consolidating operations in a new sprawling 52,000 square-foot headquarters at 7800 NW 85th Terrace.

**Federal National Commercial Announces New Website Launch**

Federal National Commercial Credit announced the launch of a newly revamped website. This redesigned site offers quick and easy access to essential company information while offering a comprehensive understanding of the FNCC's value proposition and overall client benefits. The website also offers updated information on company and industry news, recent fundings, our referral program and management biographies. The new website is live and is located at the same address: www.federalnational.com.
dollar deal for a turnkey electrical and civil contractor and a $1 million dollar facility for a non-destructive testing company specializing in pressure inspections on equipment that is involved in all areas of pipeline oil flow.

Crossroads Financial Provides $1,800,000 Inventory Revolving Line of Credit
The subscription box children’s clothing company sells direct to consumers through its website, targeting girls ages 3 to 14. The rapidly growing business came to Crossroads looking to free up capital tied up in their inventory. They will be using the funds to support their continued expansion and also to ramp up their inventory levels for the holiday season.

Utica Leaseco, LLC Completes Two Transactions Totaling $800,000 during the week of September 25th, 2017
Utica Leaseco LLC completed the funding of a $500,000 Capital Lease on new equipment for a container manufacturer in Texas. Utica also completed the funding of $300,000 on a Capital Lease to an aggregate processor in Ohio. Utica was able to provide the financing based solely on the collateral value of the equipment.

Hitachi Business Finance Closes Out Successful Summer
Hitachi Business Finance provided $28.75 million to six growing US companies seeking working capital solutions.

Crestmark Closes 10 Transactions Totaling Nearly $18.5 Million in the First Half of September
Crestmark secured a total of $18,455,000 in financial solutions for 10 new clients in the first half of September.

PERSONNEL
Stute to Head New Specialty Finance Business for Hovde Group
Hovde Group, a full service investment bank and broker dealer that provides investment banking, capital
Scott F. Barnes Joins TAB Bank’s Business Development Team as Vice President and Business Development Officer

Scott will be based in Dallas and will be responsible for sourcing new business opportunities by providing asset-based and factoring working capital facilities to commercial entities in the Southwestern United States with annual revenues of $2 million to $150 million.

In a career spanning more than two decades, Scott has served the lower and middle markets in diverse roles from finance to operations and business development. He has worked with a wide range of organizations from start-ups to publicly held Fortune 500 companies.

Gibraltar Business Capital Welcomes Newest Member of the Business Development Team

Scott Shapiro will serve as Senior Vice President, Business Development Officer West Region. With more than 15 years in commercial finance, Scott leverages his vast network and experience to find the best match between client needs and financing solutions.

BAM Names Debra Wilson-Zukonik as New Chief Credit Officer

Debra joins the company’s management team as a senior leader with more than three decades of commercial finance leadership experience.

NORTHEAST CHAPTER EVENTS

November 13
10:00am-10:45am
Coach Diner, Hackensack, NJ

November 29
11:00am-12:00pm
Trattoria Rosa Bianca, Yardley, PA

January 24, 2018
6:00pm-9:00pm
IFA NE/NYC/TMA Super Networking Party

Iberia Tavern Restaurant
Newark, NJ

March 6, 2018
2:00pm-5:30pm
Luncheon Meeting in Conjunction with NYIC and IFA

Arno Ristorante, New York City

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

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To learn more about our new decision automation technology, visit us in Chicago at the 2017 Commercial Finance Association Annual Conference in booth #103/105!
The 24th Annual Factoring Conference will take place at the Fontainebleau in Miami Beach, Florida, on May 9-12, 2018. Join your industry peers for expert-led education, informal discussions and invaluable networking at the largest gathering of commercial finance professionals in the world. This year’s conference will focus on positioning you and your business for the future. Attendees representing every sector of the industry will come together to seize new business opportunities, strengthen partnerships and discover the latest trends and disruptions in the commercial finance industry.

BY HEATHER VILLA
Sun, Sand and So Much More

Miami Beach is also known as the American Riviera, yet there’s more than fine white sand and colorful buildings that add to the fantasyland of exuberant Art Deco architecture. Here you will discover an eclectic mix of world-class boutiques, galleries and hotels. It’s also a culinary hot spot for everything from gourmet to casual beachside cuisine. At night, Miami Beach comes alive with crowds ready to have a world-class evening out.

The Fontainebleau Miami Beach is one of the most historically and architecturally significant hotels on Miami Beach. Its iconic design is a spectacular blend of Miami’s glamorous golden era and stylish modern luxury. A revered Miami Beach landmark for more than half a century, the hotel sets a new standard for business and pleasure. The 22-acre oceanfront Miami Beach hotel features signature restaurants by award-winning chefs, two chic nightlife venues, a two-story spa, a virtually endless poolscape, miles of pristine beach and state-of-the-art conference and event facilities. Even before it opened in 1954, the Fontainebleau had a rich history shaped by the rapid expansion of the Miami area and its popularity with celebrities. That same persona lingers on today.

CONFERENCE AT A GLANCE

Celebrate the start of the conference on Wednesday, May 9th, with the Triumph Welcome Reception, sponsored by Triumph Business Capital and Triumph Commercial Finance. Attendees will learn, grow and socialize with the finest in the industry while taking in one of the most beautiful backdrops in the world. Lounge in luxury on the Ocean Lawn as you connect with peers and industry colleagues at the first of countless networking opportunities that week.

New this year: Young professionals under 40 years of age are invited to mix and mingle freely at the Young Professionals Reception beforehand. This high-energy reception will provide an opportunity for attendees to grow a strong peer and professional network of colleagues. Designed to inspire and connect, attendees will learn even more about our dynamic industry from other participants who are similar in age.

The opportunity to immerse yourself in high-level professional development led by industry experts and academics starts on Thursday morning and continues for the following two days. Brilliant speakers, fresh ideas and continuous inspiration are offered at over 25 keynote and breakout sessions to choose from. Our keynotes this year are:

- Chef Jeff Henderson—(America’s Favorite Celebrity Chef, Author and Motivational Speaker) Chef Jeff Henderson is creator of the Food Network reality show series, “The Chef Jeff Project.” He is also the exciting host of the new innovative television series “Flip My Food.” Jeff is one of the most influential chefs in the country. He is a highly sought after motivational and public speaker, an award-winning chef and author of the New York Times bestseller Cooked. Chef Jeff discovered his passion and gift for cooking in an unlikely place, prison. He uses his journey from drug dealer to celebrity chef, to help others transform their lives and live their dreams. Jeff has a simple message for everyone he meets, “I’m living the American dream and so can you.”

- Robert Stephens—(Geek Squad Founder & Former CTO of Best Buy) The visionary entrepreneur behind Geek Squad helps you adapt to the era of digital disruption with a prospective and revealing examination of trends in business, technology and innovation. Drawing from his entrepreneurial journey and lessons learned along the way, Robert leaves you with thought-provoking insights on developing a culture of innovation, creating memorable customer experiences and tips for identifying and harnessing upcoming disruptive trends.

- Jason Schenker—(Economist, Futurist, Author & Speaker) Jason is the world’s top ranked financial market Futurist. Bloomberg News has ranked him one of the most accurate forecasters in the world in 36 different categories since 2011, including #1 in the world in 21 categories for his forecasts of the Euro, the Pound, the Swiss Franc, the Russian Ruble, the Brazilian Real, crude oil prices, natural gas prices, gold prices, industrial metals prices, agricultural commodity prices, and non-farm payrolls.

- Senator Joe Donnelly—(D-IN) Senator Donnelly is Ranking Member on the National Security and International Trade and Finance subcommittee and on the Financial Institutions and Consumer Protection subcommittee. He will speak about the Senate viewpoint on the regulation and oversight of the finance and small business community.

Absorb the vision and expertise of our industry experts during the breakout sessions throughout the conference. These sessions offer inspiration and advice to industry veterans, those just entering the industry and everyone in-between. The multiple breakout sessions allow you to align your education to your own personal needs, interests, and learning levels. This year’s breakout sessions include the following:

- The Tech Behind Fintech (Panel)
- Using Verbal Statement Analysis to Detect Deception (Michael Bret Hood, 21 Puzzles)
• Report from the Courts (Bob Zadek, Esq., Buchalter)
• Ideas to Rejuvenate and Modernize Your Operations (Panel)
• Boost Innovation and Collaboration Through an Outward Mindset (Mitch Warner, Arbinger Institute)

• Blockchain—Is it the Technology of the Future? (Phil Gomes, Edelman)
• Current Topics in Transportation Factoring (David Jencks, Esq.)
• Factoring 101 (Brian Center, Far West Capital)
• Factoring Niche Industries 101 (Ian Varley, Eagle Business Credit)

• Cross Board Transfers (John Martin, GE Energy & Erik Timmermans, FCI)
• Factoring in Latin America (Panel)
• Canadian Legal Update (Panel)
• Opportunities and Challenges with the Changing of the Guard (Panel)
• Supply Chain Finance (Panel)
• Legal Issues (Panel)
• The Canadian Banking Landscape and How It Affects Alternative Lenders (Panel)

Our highly rated Roundtable sessions give you ample time to network and learn from others with similar roles within the Factoring industry. Each Roundtable will be led by industry professionals familiar with the specific group and will provide an open discussion forum between conference attendees. This year’s Roundtable sessions are:

• Roundtable for Women in Commercial Finance
• Roundtable for Senior Executives
• Roundtable for Young Professionals
• Roundtable for Operational Issues
• Roundtable for Small Factors

EXHIBIT HALL
Finding the right solution provider is essential to your organization’s success. The Factoring Conference Exhibit Hall is your one-stop destination to finding the right products and providers to help your company achieve new heights. Resources are available from categories such as software, credit, consulting, funding, trade finance, backgrounds, credit card processing, marketing, insurance, participations, UCC, publishing, tax assistance and specialty financing. Breakfasts, lunches and breaks are held in the exhibit hall in order to maximize

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your time with the vendors and for greater networking opportunities.

**NETWORKING GALORE**

The Factoring Conference networking events are catalysts for countless business deals and sharing of ideas and initiatives, all leading to invaluable opportunities for everyone. Besides breakfast, lunch and breaks, Thursday networking continues at the evening reception sponsored by Crestmark Bank, Lenders Funding, LLC and Saint John Capital Corporation. Later that evening, Tax Guard will cap off the night with their infamous Dessert Reception.

Unwind at the end of the week at our Friday evening Closing Event at Nikki Beach. This quintessential South Beach landmark is comprised of a large oceanfront complex that features a beach club, award-winning restaurant, cabana bar and second floor nightclub. A cocktail reception and entertainment will be followed by dinner. Network with others as you watch the sunset on one of the most beautiful beaches in the world. The atmosphere is stylish and decadent yet relaxed and effortless. What a way to end the conference!

Additional networking events throughout the week include our annual Golf Tournament, a South Beach Food and Art Deco Tour and our popular Saturday morning Idea Exchange.

**ADD-ON TRAINING**

Before the conference begins, we will be offering our popular Factoring Essentials Training Course. With topics ranging from contract basics, Uniform Commercial Code, how to find clients, credit and underwriting, notifications and verifications, the daily business flow and ending the relationship, this one-day course will provide you with the background you need to become a successful Factor. This course is taught by industry veterans George Thorson (Executive Vice President, Triumph Business Capital) and Gen Merritt-Parikh (President, Allied Affiliated Funding) with legal counsel provided by Jim Cretella, Esq. (Attorney, Otterbourg, P.C.).

**ENDLESS POSSIBILITIES**

Whether you want to connect with peers, develop partnerships, polish your professional skills, spark your imagination at a groundbreaking keynote or tap into new vendors in the exhibit hall, the 24th Annual Factoring Conference has something for everyone. Enter a world of endless possibilities where hundreds of industry leaders will gather together defining the future of factoring and commercial finance. Don’t be left behind! See you in Miami Beach!

For more information and to register, visit www.factoringconference.com.

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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.
Hurricanes Harvey and Irma—A Primer for Recovery

Beginning with the eclipse across the United States followed by Hurricanes Harvey and Irma, the USA has been besieged with extreme nature. As of submission time for this article, Harvey caused extensive damage to much of Houston, its surrounding area, and parts of Louisiana; while Irma wreaked havoc in the Caribbean and Florida.

Steven N. Kurtz, Esq.

Steven N. Kurtz, Esq., has represented factors, banks, and asset based lenders on a continuous basis since 1987, and he is the Co-general Counsel to the IFA. A founding partner of Levinson Arshonsky & Kurtz, with offices in California and Oklahoma, he practices in the areas of commercial law, insolvency, workouts, loan documentation and trade finance, in both transactions and litigation matters. He can be reached by phone at 818-382-3434 or by email at skurtz@laklawyers.com.
These two natural disasters will affect the factoring and lending communities in several ways. Businesses and industry concentrations in the affected areas will, of course, suffer damages ranging from complete destruction, inability to transact business, loss and delay in product/service output, lack of employee productivity, and collection problems from customers. Unfortunately, there will be business failures; and for those that don’t fail, many will still suffer significant losses which will impact your portfolio. Further, there are substantial losses within the real estate sector. Homes and businesses have been destroyed and flooded. While there will be some relief from insurance and disaster recovery programs, such as FEMA and the like, there will be a lot of real estate foreclosures since many borrowers will simply find it easier to walk away from the real estate loans. The uptick in real estate foreclosures will hurt the banking and real estate mortgage industries. For factors and asset based lenders, this may likely impact the access to capital. Some very strong and well regarded factors and asset based lenders are bank owned. Other factors and asset based lenders have their rediscount facilities with banks. When banks are hit with large real estate losses, it’s reasonable to expect that the lending sources to our industry may take a different look at financing factors and asset based lenders.

With respect to operations, one should thoroughly examine the portfolio and sort out the clients affected by the hurricanes. The most obvious thing is geography. Is the client/ABL borrower located in an impacted area? If so, how was the business impacted? Next is the industry. Certain industries, such as oil and gas and the related services, which are located in the Harvey impact zone will naturally be affected. While production in oil and gas can be shifted to non-affected areas, Houston is still the hub of this industry and the factor client/ABL borrower may not be able to shift their business outside the impact zone, resulting in a loss of business to competitors in different areas. In addition to the examination of the factor clients and ABL borrowers, the account debtors also need to be reviewed. Even if a factor client/ABL borrower is okay on its physical end, that does not mean its customer base, i.e., the accounts that are financed/purchased, are okay. Now is time to do the business equivalent of a complete physical with the doctor, as it’s best to find problems and address them early.

The uptick in problems, defaults and struggling account debtors naturally results in an impact in your ability to finance the clients and obtain financing from your capital sources. Deals that were at one time great, now fall into the ineligible category. For factors and asset based lenders who obtain their capital from rediscount lenders or bank lines, that means you need to have a discussion with your lender. Problem accounts on your portfolio side result in ineligible accounts on your lender side.

When banks are hit with large real estate losses, it’s reasonable to expect that the lending sources to our industry may take a different look at financing factors and asset based lenders. Hopefully, the mature and sensible rediscount lenders will understand the problem. But, understanding a problem doesn’t mean that the rediscount lender isn’t going to be handcuffed, especially if the lender is a bank concerned about real estate and other hurricane losses in its lending portfolio. A dialogue needs to be commenced ASAP so one can understand the temperament of the rediscount lender. Your clients need access to capital to get through problems and the same logic applies for you and your rediscount lender. If you sense a problem with the rediscount lender, either because its hands are tied due to its own problems, or it is taking an overly mechanical approach to the problem and not seeing the big picture, planning should begin as to how you can move your lending relationship to a different rediscount lender. As in any business segment, there are all kinds of players. There are some very good rediscount lenders in the market, who are well financed. There are also some inexperienced and short sighted rediscount lenders in the market who enter the market due to its perceived returns and run for the hills at the first sign of trouble. For those who have rediscount lenders, it’s time to take their temperature now and figure out how to work through potential portfolio problems.

For factors who may have their access to capital restricted for whatever reason, you will need to be innovative in order to keep your clients funded. One way is for factors to participate with each other in their deals. There are several groups of factors and ABL players in the industry who are experienced in participations and have developed a friendly participation business model. Many of these players have years of experience in the business and have lived through the ups and downs in the industry. A participation is a fairly

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The Commercial Factor | NOVEMBER 2017 13
For those businesses that will be receiving insurance recoveries, the first analysis on this issue, is do you have the right to have the insurance money come to you? Can’t make it will shortly display the usual symptoms of a default client/borrower and should be dealt with accordingly. However, many of the businesses impacted by these natural disasters are good operations and need a little patience to get through the problem. For those having conversations with their rediscount lenders, about lending when there may be issues with your funding eligibility, your factor client/borrower is basically in your shoes, talking to you about the same problem you may be having with your lender. Arrangements will need to be made to waive or amend certain provisions in your agreements. For those that need overadvances, it’s best to document this in a separate transaction that can easily be tied into your present set of agreements. For factor clients/ABL borrowers that need special accommodations, it’s best to document the deal, which will include the actual provisions of the special accommodation, plus acknowledgement regarding the enforceability of your agreements and a release in your favor. While this kind of accommodation does not have to be documented with the same intensity of a workout, it’s still best to address the problems your factor client/ABL borrower is having and acknowledge that you are helping through the problem. This creates a good habit of documenting changing situations, and is a good paper trail to have. Finally, while you may be providing capital to a client that needs it, keep in mind that there will be clients who seek the help of an MCA lender and, as we know, these kinds of deals typically lead to trouble. So, make sure that your periodic lien searches are in place and address the MCA problem if, and when, it happens with your client/ABL borrower.

With tragedy comes opportunity. Just as there will be business failures, there will also be financing opportunities. There will be significant rebuilding efforts, and with these efforts will come opportunities for businesses that will aid in the recovery efforts. Some of these opportunities may require an understanding on financing federal or state receivables, as well as construction financing. You may also be dealing with insurance companies as account debtors.

There is nothing like a natural disaster, much less two, to test your resolve. One can do everything right, and still get caught up in the aftereffects of the hurricanes, due to no fault of their own. The factoring and ABL industries are resilient and comprised of some very good people, perhaps the cream of the business crop. Resilience, patience, and innovation will be needed to get through problems that may arise. But, the major players in the industry are entrepreneurial and resourceful, and have the ability to work through obstacles. Hopefully, none of you reading this will be impacted by these hurricanes, and for my many friends and professional colleagues who live and work in the affected zones, my thoughts and prayers are with you.
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Steve Troy
408-224-7080

Janet Godard
408-224-7082
The Three C’s of Portfolio Management: Choice, Chance, Change!

You have to make the choice to take a chance or your portfolio will never change.

BY BRANDY MCCURDY-LOZANO

No two clients are the same, and the approach to managing each client within a diverse portfolio should never be the same either. There is no scientific method or foolproof guide with a guarantee of success. The building blocks to form a successful partnership between the factor and client, all while building a stronger portfolio, has proven to offer success by way of the Three C’s.

The coveted result for all entrepreneurs is to build a successful organization with the capacity to yield profits. The phrase “It takes money to make money” is absolute truth for many entrepreneurs with a dream. In the pursuit of financial success, management seeks a partnership which offers experience in back office services including a well-rounded understanding of the industry in which they support. As the economy changes & companies experience peaks & valleys, one must be willing to adapt to changes in order to satisfy the client’s financial needs. The alternative is to stagnate remaining flat; while the competitor that is willing to adapt feasts on your losses.

The dynamics of building a diverse portfolio is rapidly changing. We are not reinventing the wheel here, however, change is a necessity to remain competitive in today’s market. Today’s changes are driven by several factors; including but not limited to, competitive pricing, product packages offered & willingness to accommodate special needs of the prospective client. Your response time to offer a proposal package can make or break a deal. Rest assured, multiple finance companies have also been awarded the same opportunity to propose an offer of financial backing.
Assembling a diverse portfolio presents a unique environment aiding in the ability to offer specialized customer service as needed for each industry. To believe your existing client is not shopping the competition is naive. Your client is more likely to entertain a competitor’s sales pitch in hopes of low cost financing for the company with less contact to their customer base. Winner, Winner, Chicken Dinner is often the Factor who offers the stars with the promise to deliver the moon. The promise is given under the pretense for exceptional customer service, opportunity for growth, and willingness to make industry driven changes as needed. Awarded to the lowest bidder. Retaining clients is hit or miss and weighs heavily on the demands of your client. More often than not, the client prefers the factor to have little to no contact with their customer base, with increasingly frequent requests of non-notification to customers believed to significantly impact the company's success. The driving force behind this wave of non-notification and minimal contact is the assumption that financing in the form of factoring paints a picture of poor financial oversight by company executives. Do we concede, expanding our risk? Or do we maintain control without exposing ourselves to further risk? There is no right or wrong answer. The answer is found in your willingness to take a chance in order to see changes in your portfolio.

The phrase “the grass is not always greener on the other side of the fence” is all too often reality for many companies. Clients often select a financial partner with high expectation of delivery on promised goods with a seamless transition. Sadly, many clients realize all too late the chosen finance company is unwilling to uphold their end of the bargain, creating a negative impact to the client’s operating cash flow. Opportunity to right the wrong of another factoring company, extends a rare opportunity to form a solid partnership with high honors for loyalty. Proving your team’s ability to deliver stellar customer service boosts the average duration period of your client base. Expression of commitment, accompanied by sincere passion for the company’s success not only increases client retention; client referrals will spike as well.

We have all answered the call to a client in distress requesting financial assistance outside the box of the standard services offered in the normal course of business. Do we stay in the “safe zone” or venture outside the box, engaging risk? Hard decisions come with the territory and a thorough review in the decision-making process is paramount. After all, the strength of your portfolio delivers a clear representation of one’s ability to execute the hard decisions with positive results in the best interest of all parties. This does not come easily or without challenges. All successful portfolio managers will eventually ask themselves: did I make the right decision for my client? Should I have explored additional alternatives to meet the client’s need? Questioning a decision after execution is natural. We are human, after all, with the capability to make mistakes. The dreaded wait and see is by far the hardest step in portfolio management and the greatest source of sleepless nights we all eventually surrender to. Welcome to a day in the life of managing the operations of a diverse portfolio.

Creating basic Industry guidelines is proven to be useful and improve the length of time an operations team touches each client. Understanding industry practices enhances the team’s ability to deliver stellar customer service. Time is of the essence. Offering valuable feedback is crucial to a client when facing a critical deadline. “Yes” is not always the answer; do not shy away from saying NO. Voice feedback with clear communication always confirming the client understands the message you have delivered. Knowledgeable customer service extends confidence to your client in the ability to service the company’s financial needs, supporting their growth.

A guarantee of absolute return on collection is every financial organization’s desire. Regrettably, an absolute guarantee does not exist in the real world of finance. Growth of your portfolio is subject to servicing
the special needs of your client. Outside the box decision-making not only forms a solid foundation for loyalty in the partnership between a finance company and the client; it offers solidification in management’s decision in the selection process of support to the financial needs of the organization. Delivery of higher than expected customer service to your client not only leads the way to client retention and portfolio growth; more importantly, it delivers a clear, concise message: you are willing to make a choice and take a chance to allow for industry change. •

Brandy McCurdy-Lozano is Vice President of Portfolio Operations and head of the General Factoring Group at Triumph Business Capital, a leading factor to small and mid-size businesses. Brandy started her career in asset-based lending in 1997 with Fidelity Funding in Dallas, Texas. She spent over 14 years with Vertex Financial Ltd, a commercial accounts receivable finance corporation servicing a diverse portfolio of clients with industry recognition offering finance to construction and oil & gas clients. As VP of Portfolio Operations for Triumph Business Capital, Brandy supports a diverse general-commercial operations team. Brandy displays great passion for the factoring industry, taking pride in her role assisting clients with growth for success. She can be reached by phone at 214-269-8210 or by email at bmccurdy@tbcap.com.
The Rise of the Niche Factoring Company

A lot has been written over the years on the subject of market niches. Where to find the next “factorable” industry? Many sales and marketing professionals dream of finding the next “factorable” industry and “striking it rich”. It is a challenging proposition that requires much study, work, and analysis to succeed. We all know the traditional opportunities very well: Apparel and textiles, Oilfield Services, Furniture, Staffing Agencies, Transportation and Logistics, Distribution, Service Companies, and the list goes on and on and on.

Juan Estrada is President and CEO of Quickpay Funding, LLC, based in San Diego, CA. As co-founder of Quickpay Funding, Juan provides overall leadership and direction to the company and staff. Juan has 30+ years of experience in domestic and international factoring, and trade finance. Juan’s travels through Europe, Asia, and Latin America have helped him obtain a global perspective into the various industries we serve. A Mexican-American citizen, Juan is fully bilingual in English and Spanish and is passionate about the hispanic culture and latino traditions. He has a BSBA from the University of Phoenix and an Executive MBA from Pepperdine University. Juan can be reached by phone at 323-947-5641 or by email at jestrada@quickpayfunding.com.
Some of our more adventurous colleagues have dared to go into other countries. Mexico and Latin America are always appealing with their permanent growth potential; Canada and their fabulous natural resources; Europe appeals to many with their currency and mature economies; Asia and their export driven countries. What about Africa? It is one of the fastest growing economic opportunities in the globe.

Factors Chain International reported global factoring volume of $2,373 Billion for 2015 and it is very appetizing to gain a share of that market but let's come back to earth and focus on the world of the small factoring company. Globalization might be here to stay but for the niche factoring company, the dollars just don't add up to invest thousands of dollars to underwrite and board an international deal and factor a couple of invoices.

Still, there are hundreds of factoring companies registered in this country – and the majority qualifies as “Small” under the IFA’s guidelines. Factoring continues to grow and become a better-known financing product. A simple Google search for factoring companies shows a very competitive landscape. Yet as it becomes more mainstream, Small and Niche Factoring companies have to be creative and figure out ways to compete with community banks, internet lenders, merchant cash advance, and very aggressive FinTech providers. How can a small factoring company compete – and win – in today’s healthy economy?

ACHIEVE LOCAL RECOGNITION:

At this year’s Annual Factoring Conference, I had the opportunity to co-host a roundtable for small factors. I was impressed with the many contacts and business development ideas generated from working with bankers and larger finance companies, to networking with insurance brokers, professional service companies, attorneys, accountants, and many others. The main idea? Develop your local contacts, stay in touch, and be there when called upon to help. Sounds like a basic networking strategy but the focus needs to remain on the local contacts.

DEVELOP REGIONAL EXPERTISE:

Developing a targeted regional strategy can be an excellent approach in my opinion. Becoming a strong regional player can bring you many benefits and opportunities. What industries dominate your market? Quickpay Funding is based in San Diego, California, and
as such, it probably wouldn’t make much sense to market to the apparel industry, for example. San Diego has a vibrant economy with lots of hospitality and entertainment, Transportation and logistics, military and government, high tech, and cross border industries, just to name a few. As such, it makes a lot of sense to take a look at the regional area that you’re based in, and unless you want to spend a small fortune on pay-by-click, develop a more local approach to your business and marketing. What are the dominant industries in your region? Find them and target them!

**REVIEW YOUR ECOMMERCE STRATEGY:**

Run a Google search on factoring companies and see what results come up. Do you really want your company to appear in the list of the “best” factoring companies for every prospect in every industry in every state? That can be expensive, as we all know. Instead, I recommend being smart and selective with your marketing dollars – and stay local – rather than competing across the country with some of the larger players that are paying small fortunes on pay-by-click internet search engine fees. Target an industry and go to lunch with key players and referral sources. Identify a bank to work with and develop a closer relationship. Visit and be seen!

**REPUTATION AS A SOLUTION PROVIDER:**

Except for the larger players that compete with banks for deals based on rates, the cost of funds for small factoring companies makes it a requirement to provide 1) outstanding client service, 2) provide fast turnaround times, and 3) provide solutions to companies looking for growth and opportunities. As you look to diversify and grow onto other fields and industries, focus on building a reputation amongst the local marketplace as a provider of solutions to the companies referred to you.

**COMPETE ON SERVICE, NOT ON RATE:**

There are many theories that have been exposed as a result of the FinTech explosion in this country. One of those theories is that SME’s “will not pay a higher rate” for the use of the funds they need to run their business. How have the FinTech providers achieved that? Through the use of automated underwriting and scoring models that pre-qualify and move a prospect through their boarding process quickly and effortlessly. So, by offering a quick solution to a client’s cash flow problem, FinTech providers can charge a premium for the funds, and by doing so, they have created a rate environment that has more tolerance for higher fees.

**DEVELOP A COMPETITIVE ADVANTAGE:**

Small Factoring Companies enjoy a tremendous advantage over any FinTech provider. What is our best advantage? The personal touch. Small Factors have the ability to reach out and touch the client. Talk to them daily. Have them come see you. Stop by their location. Develop the relationship and grow the business.

As one of my mentors used to say, “Factoring is a full contact sport”, meaning, we are able to contact the clients, debtors, vendors, banks, AP, bookkeepers, and everybody else involved in a funding. Gain a better understanding of your client’s need and be there to provide a solution when the client needs it. And when the client is pushing back on the rate that you are charging them, be sure to remind them that nobody knows their business better than you do!
Collateral-based lenders, like Crestmark, take a very different approach. It is a distinctive philosophy that gives a growing business some wiggle-room to weather the storm. Asset-based lending (ABL) typically builds in a cushion for small- to medium-sized businesses who may hit some bumps in the road. With ABL, lenders have the patience and tolerance to deal with downturns. Rather than exit a credit, they use a funding framework to assist customers in developing a plan for recovery.

ABL is a philosophy of collateral valuation, not cash flow—and there is a big difference. Cash-flow models are driven by proven profitability and projected future earnings. In contrast, ABL models are driven by the value of existing assets, such as accounts receivable, inventory, machinery and equipment, which could be sold or liquidated if necessary to repay the loan. The value is in the assets—and businesses are allowed to borrow against them. This provides companies with some room to prosper. It takes a lot of time-intensive work from the lending institution, but it's a thorough, sustainable way to extend credit.

**SPECIALTY LENDING IS TIME-INTENSIVE BUT REWARDING**

When lending is based on assets, value is calculated by the liquidation value of the collateral—not the fluctuating, day-to-day price. For a traditional bank, the exit strategy on a default would be the sale of the company, replacing the loan with another lender such as Crestmark, or another game-changing initiative. Liquidation of collateral is low on their list of options. ABL assessment, on the other hand, is based on what assets could be monetized if they had to be liquidated immediately. In a worst-case scenario, the exit strategy might be to collect the accounts receivable and sell and/or auction inventory and equipment to repay the loan. It amounts to a very different lending approach with a very different focus.

This specialty lending attracts distinct clients and requires special expertise. For example, when Crestmark is looking to hire account executives, we get many applications from distinguished career bankers. While most have impressive backgrounds, our collateral-lending philosophy is not familiar to them because they didn’t need it in their previous work. It is not in their wheelhouse. As collateral lenders, not only do we deal in collateral, we monitor it continuously; we trend it; we evaluate it. We know it well. We have much bigger and elaborate back-office operations to do this.

Accounts-receivable concepts, such as turnover, dilution and concentration, help ABL lenders evaluate the risk associated with the collection of accounts receivable. It takes a lot of time and analysis. It requires lenders to know their clients and the underlying collateral intimately in order to make good decisions about their credit and stability.
Collateral lenders require an intensive due diligence process. Even though it is based primarily on asset values, it also includes analysis of the historical and projected financial performance. These factors determine a company’s borrowing capacity. Field examiners conduct site visits and make detailed evaluations to manage the assets and needs thoroughly.

As operations managers know, early involvement in a transaction gives ABL lenders the ability to be knowledgeable about the client, their business, and their debtors. It is important to work alongside the business owner and build this rapport. The details of each component are critical.

Since loans are based on the value of a company’s assets, lenders have to make it their business to know the precise value of collateral. If they are knowledgeable and comfortable with the collateral, they are better able to extend credit.

TURN RED FLAGS TO YELLOW: PROCEED WITH CAUTION

A business with established collateral can borrow against its own assets, even if monthly profit margins vary. When the economy is weaker and interest rates are higher, collateral-based lending gets busier as cash-flow loans become more difficult to obtain.

Small businesses may have high expenses and increased losses, which are an automatic red flag for cash-flow lenders. A red flag for a traditional bank is generally a yellow flag for an ABL lender. A red flag means: stop the deal. A yellow flag means: proceed with caution. ABLs are quite comfortable in that yellow zone.

ABL specialists know how to recognize caution and evaluate risk. The credit load is not based on how much cash flow you might have later. It is based on what is already in the arsenal. This allows more patience and tolerance during downward trends or losses. Business owners need funding solutions that keep operational cash flowing when needed.

As an example, Julie Halbert, Crestmark’s Portfolio Manager for the Western Division, points to the success story of a recent funding client who was not a perfect fit for traditional lending models, but was grateful for asset-based options. A 32-year-old company in Texas, that is a wholesale distributor of adapters and fittings for the hydraulic industry, was asked to exit its banking relationship after a decline in its top-line revenue and a reported loss. Through a structured borrowing base with aggressive advances on accounts receivable and inventory, Crestmark was able to provide a working capital facility that supported the company’s business model.

Collateral-based financing gives companies the green light they need, even when business fluctuates.

MANAGING THE RISK

From an operations perspective, ABLs help clients manage risk. Collateral-based lending provides much-needed flexibility to foster growth and sustainability. Matt Barbuscak, who is the Operations Manager and an Executive Vice President at Crestmark, says: When we are comfortable with the client and the past performance of the collateral, we can provide “over-advances” or extensions of credit beyond the approved advance rates, in order to assist a client through a difficult situation.

ABL lenders seek soft landings for businesses. They understand the daily struggles and irregularities for business owners. A trucking company may have erratic earnings due to seasonal freight demands. A solar installation company might be short on cash due to a major equipment purchase. A retail manufacturer might need upfront funds for materials to produce garments, but the profits are on the horizon. ABL solutions are structured to provide a flexible source of working capital, but it requires a measured, managed risk assessment.

Big businesses may turn to ABL as well. Thriving companies who require funding sometimes use collateral lending in order to avoid long-term, restrictive bank commitments. Additionally, ABL helps rapidly growing companies who rely on their own internal assets to secure critical growth investments.

We often hear that small businesses are the engine of the US economy, but that engine often stalls with constant red flags and red lights. Through careful and cautious analysis, ABL provides financing options that can turn the red lights to yellow for sustainability and to green for future growth and development. Collateral lending can be an important driver for small businesses and it can provide the cushion and flexibility that business owners need. •
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The IFA offers CLE credits for upcoming programs. For information on approved programs and states, please contact Heather Villa at info@factoring.org or 805-773-0011 ext. 301.

These training courses have been approved for CAEF credits. For information on approved programs and courses, please contact Terri Baker at 805-773-0011, ext 303.

The International Factoring Association is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website, www.learningmarket.org.
The American Factoring Association (AFA) describes contributing toward lobbying efforts as a safety net to protect the factoring industry from unnecessary regulation. I agree, and I feel it’s very important.

An AFA delegation goes to Washington, D.C. every quarter to help educate Congressional leaders on the importance of factoring and how our industry helps small businesses. A few years ago, I went with them, and it was an eye-opening experience for me.

It’s often said that good intentions lead to bad consequences. We see a lot of that in decisions coming out of Capitol Hill as Congress and the Consumer Finance Protection Bureau try to protect consumers from predatory lending practices. My fear is that factoring will be mischaracterized and swept up in unnecessary legislation.

Most of the Congressional leaders we met with didn’t understand factoring or its impact. While the accounts receivable facilities to the companies we finance are generally small, the companies themselves account for a huge percentage of jobs and contribute significantly to local economies.

When we explained that we buy accounts receivables and assets and how our funding fuels economic growth and employment, they were surprised. Their mindset was to regulate first, modify later. They asked what regulation they needed to look into. My answer was, and still is, an emphatic “none.” The fact that we have no factoring regulation to begin with means everything is working properly, the way it should be.

The factoring industry self-regulates very well. In my niche, transportation, factoring is very competitive. Customers have a lot of choice selection, which results in lower pricing and increased benefits. The total product offering is the best it’s ever been. And problems get satisfactorily resolved without customers looking to outside regulation for help.

Added regulation could strangle our ability to fund these enterprises and there will be less capital to invest and contribute to growing the economy. Regulation means red tape, documentation and headache. It adds exorbitant costs to your process, which drives prices higher for our customers. Our industry understands this, which is why it’s important we fight hard to prevent unnecessary regulation.

Any kind of outreach, or educational efforts that we make are essential.
to our goal of not being swept into regulation with other industries. The AFA has been successful in educating Washington, but it’s going to take an ongoing effort as new people are elected to Congress and new sellers enter our market. How can you help? Donate time or money toward lobbying efforts, stay informed through the AFA, and reach out to your own congressional delegation to form relationships.

Eric Belk serves as Vice President of Match Factors, Inc. in Florence, SC, and a professor of business at Francis Marion University. He is also a TIA certified transportation broker and an IFA certified account executive in factoring. •

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. •

All the above text is the content of the image. The structure and layout of the text are consistent with what is visible in the image.

The 2017 Members section lists the companies and individuals involved in the American Factoring Association as of November 1, 2017. The list includes companies at different membership levels: Diamond, Platinum, Gold, Silver, Bronze, and Other (Under $500). Each level has a varying contribution amount, from $10,000+ for Diamond to $500—$1,000 for Bronze, and under $500 for Other (Under $500). The list includes names such as Apex Capital Corp, Crestmark Bank, Lenders Funding, LLC, William Gallagher, Managing Partner, CapFlow Funding Group, and others.

The text also mentions the work the AFA is doing to educate Washington and the importance of maintaining relationships with new sellers and policymakers. It encourages members to contribute to the membership fund drive and highlights the benefits of membership, such as insurance against unnecessary regulation. The text ends with a call to action for IFA members to contribute.

Overall, the text provides a detailed account of the AFA's activities, the importance of membership, and the steps individuals can take to support the association.
WHAT’S NEW AT IFA

ASSOCIATIONS

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

**Beijing Commercial Factoring Association (BCFA)**

**Colombian Association of Factoring (CAF)**

**Commercial Factoring Expertise Committee of China (CFEC)**

**Ecuadorian Factoring Association (ASOFACTOR)**

**FCI**

**Romanian Factoring Association (RFA)**

**CERTIFIED EMAIL**

**RMail**

Go Paperless. Switch to RMail to Send your Important Notices. RMail services allow factors to end disputes attributed to missing, misplaced or denied receipt of notification emails for notices of assignment, notices of default, borrowing base certificates, and other important notifications. It also helps speed invoice collections with proof of invoice delivery irrefutably starting the accounts receivable aging clock.

- www.rpost.com/ifa
- IFA Members save $300! Subscribe to 1000 units RMail plan for only $390! (Normally $690)

**CONSULTING**

**12five Consulting**

12five Consulting provides technology and social media consulting to the commercial finance industry. Born out of its sister company, 12five Capital, 12five Consulting understands the technological needs of the commercial finance industry, as it was their application of these tools that lead to their expertise. 12five specializes in software optimization, cloud computing implementation and social media representation.

- Phone: 630-270-3072 • www.12five.com
- Email: ryan@12five.com
- IFA Member Benefit: One free hour of initial phone consultation

**FactorHelp**

FactorHelp has come to be regarded as the factoring industry’s premier resource provider. Their manuals, in use on every continent of the world, are setting the industry standard, and their reputation as the one-call solution for factoring problems is growing. By consistently introducing innovative, viable products, vigilantly cultivating an extensive alliance of Strategic Partners and providing the professional expertise demanded of an industry leader, FactorHelp strives to maintain its goal of providing the unparalleled service the factoring industry expects from a solutions partner.

- Phone: 972-722-3700 • www.factorhelp.com
- IFA Members receive a discount of 10% on their consulting fees and 5% discount on all FactorHelp products in the IFA store.

**CREDIT**

**Ansonia Credit Data**

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
- www.ansonianicreditdata.com
- IFA Member Benefits: Free VIGILANTE™ Portfolio Analysis. Try Ansonia’s unique new program for monitoring credit portfolio risk. Call today to receive a comprehensive review of your entire portfolio.

**Credit2B**

Trusted by all of the majors because of the sheer volume of Factor trade and 98% third-party data coverage of active businesses in North America, Credit2B is a cloud-based platform that empowers accurate and timely decisions by connecting the experiences of trade credit grantors around their common business customers. We combine this highly valuable trade network information of approximately $700B in recent receivables with live bureau and public filing information to provide comprehensive financial risk profiles, all in real time. Our dashboard also provides Factor specific scoring, Factor client risk pools, monitoring, peer benchmarks and comprehensive trade data pack solutions for integration into your enterprise software.

- Phone: 212-714-4500
- 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.

**Dun and Bradstreet (D&B)**

D&B is your source for the best business insight in the world. D&B’s global database contains the deepest, broadest, most rigorously quality-assured business insight available, covering more than 210 million businesses worldwide. With this insight, D&B has been enabling companies to Decide with Confidence™ for more than 170 years.

- Phone: 973-605-6344 • Website: www.dnb.com
- IFA Member Benefits: New & Returning customers: receive DISCOUNTS off D&B solutions. Discount is for IFA members that are not current D&B customers or have been gone for a period of one year. Existing customers: receive discounts on other D&B solutions not under contract. (ie: Hoovers, Supply, D&B Modules)

**FactorsNetwork**

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.

**CREDIT CARD PROCESSING**

**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 Members 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.
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.

**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
- ABL referrals from existing Factors who would normally fund this type of transaction
- 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:** Trailers 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 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.

Glen Dalzell
Phone: 416-342-8295 • www.liquidcapitalcorp.com
Email: gdalzell@liquidcapitalcorp.com

**MARKETING**

50 Words LLC

50 Words is a marketing outsourcing firm 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 a 20% discount on the same-day due diligence order.

**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.

ProfitStars®

ProfitStars® is an industry-leading provider of complete portfolio management systems for commercial finance, including FactorSoft®. Its innovative Commercial Lending Management System™ offers a common framework for factoring, asset-based lending, inventory finance, and lines of credit. ProfitStars’ dynamic Commercial Lending Center Suite™ includes Commercial Lending FinancialCenter™, BusinessCenter™, BusinessManager™, and LendingNetwork™.

Phone: 205-972-8900, option 3
www.profitstars.com/commerciallending
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.ficoso.com
Email: info@ficoso.com
IFA members will receive a 10% discount off of the retail rates of their signature state and county account monitoring product.

**IFA CALENDAR OF EVENTS, 2017-2018**

**November 2**

True Sale of Accounts Webinar
Webinar 1pm-2pm PDT

**November 15**

UCC Debtor Name Essentials
Webinar 1pm-2pm PST

**January 24-26**

2018 Presidents & Senior Executives Meeting
Mauna Kea Beach Hotel
Hawaii Island, HI

**February 22-23**

Domestic Supply Chain Finance Training Class

**March 6**

Luncheon Meeting with NYIC & IFA Northeast Chapter
Arno Ristorante
New York, NY

**May 9**

Factoring Essentials Training
Fontainebleau
Miami Beach, FL

**May 9-12**

Annual Factoring Conference
Fontainebleau
Miami Beach, FL
Who You Hire Can Take You Higher

We are all part of a unique industry, where we each have a unique beginning or entrance into the Factoring world. I have not heard of any higher education that offers a Factoring degree, much less even a course centered around accounts receivable funding. So, how did we all end up here? We were in the right place at the right time? We were in a similar industry, then one thing led to another and we ended up here? We have family connections that drew us to the alternative finance market? We have a mentor that took us under their wing? We answered a job posting and had hopes the gig would help pay the bills? And the list of possibilities of how our road led to Factoring could go on, but what we all do have in common is that we choose to stay here. Given that there is not one prominent source to recruit talent for the Factoring industry, what are the key questions to be asking when we start looking to grow our Operations team?

BY AMY BACLIUNAS

Just as it takes time and is costly to bring a new client onboard, hiring a new employee can be a lengthy and expensive process. The rate of attrition is something we all have to plan for on the client side, but if we can find the right people for the right positions, we should hope to build a solid Operations team so turnover isn’t something we have to worry about. Employee turnover can be taxing on the overall company morale, so it is important to take the time throughout the hiring process to find the best person.

Depending on what position you are looking to fill, you need to decide if you want to hire and train someone new, outside of Factoring, or if you want to hire from within the Factoring industry. There are different schools of thought and certainly different priorities—there are challenges and advantages to both methods. Looking outside of the Factoring industry means finding someone with transferable skills; they can bring a fresh perspective and there can be a longer ramp-up period of output as you have to start at the beginning of Factoring 101. Looking within the market can mean quickly finding the right experience but there may be some baggage associated with how the last employer did a process and it may be hard to figure out what the person does not know. In both situations, the learning curve will be a hurdle to address but that’s where a thorough training process comes into play.

I like to think of the hiring process as a three-part puzzle; everything connects and you need all the pieces to have a successful hire.
The first piece of the puzzle: can the candidate do the job? During the interview process, it’s important to match the candidate’s skill set and competencies with the job responsibilities. One of the best ways to do that is by asking behavioral interview questions, as that will provide details on the candidate’s performance in the past and will provide a sense of how they may do in the future. Some example questions may be: Tell me about a time when you faced a difficult situation?; tell me about a time when you were asked to do something you had never done before?; tell me about a time when coworkers didn’t see things your way? Then, it is important to have a plan laid out for how to bring a new employee onboard. You have interviewed the candidate and have reasons why you want to bring this person into the company. They show up on Day 1; where do you start? Depending on the size of your company, your resources are going to be different—do you have an established HR department that walks through the training process or is it a matter of all on-the-job-training? Whatever your situation is, it is important to have a plan to be fair to the employee—no one wants to be set up to fail.

With on-the-job-training, you can develop the skills and abilities that will best serve the company, so during the interview process, you may want to hire for potential. For example, you can always teach someone factoring, but you can’t necessarily teach someone how to be open-minded, respectful or friendly to clients. All methods work in the right environment, meaning the right teacher and the right student.

The second piece of the puzzle: will the candidate do the job? It’s hard to size up someone’s passion—what gets them out of bed in the morning, what keeps them going when life gets tough, what is the pot of gold they are trying to reach? This is where your training platform will really highlight if you’ve found the right person for the right job. When trying to hire for a Cash Application processor, your goal should be to find the person who is going to take the extra time to research a duplicate payment or take steps to make sure a Notice of Assignment is re-sent to a debtor when a check is received and not made payable to the factoring company. With the volume of checks received or invoices processed, over time it’s easy for an Account Manager or Cash Application processor to take details for granted or to become complacent. A curious person in Operations is a good thing—someone who is always questioning things is helpful when you are working through a new client take-on and trying to understand their business, their billing cycle, their customers or on the back end when a current client has gone sideways and has gone into collect out.

The Commercial Factor | NOVEMBER 2017

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As our business is changing, everything is becoming more automated and small business owners want faster responses, quicker access to cash. Are your team members open to ways of improving these current internal processes to stay competitive? Do they feel comfortable to bring up concerns if something or someone is not contributing in the best way possible? Everyone in Operations should feel empowered to make decisions or exceptions for clients when necessary and to really feel like they have ownership of their client accounts.

And maybe parts of the first two puzzle pieces really all depend on the third piece: will the candidate fit into the company culture? You, as the factoring company, have to know who you are— you have to know your vision statement, what’s important to you for attracting and servicing clients and what you expect from your employees. The attitude of management will be quickly picked up by your Operations team— how does client retention, purchases, factoring & sundry fees, DSO, dilution, verification percentages rank in order of importance in your business? You have to communicate these key performance indicators effectively to your Operations Team. Another important aspect of developing company loyalty and team building is cross training of employees. For the obvious reason, it helps in a small shop when someone is unexpectedly out or on a vacation, there is someone else able to step in and make sure that all responsibilities are covered. For the less obvious reasons, it builds trust, reliance and understanding for each person on the team— everyone gets to see how the whole process works together and why each part of reviewing the funding decisions, making collections calls and posting payments is significant. No one wants to be the weak link in that process. Creating an atmosphere of open communication within the team will allow employees to ‘raise their hand’ when something doesn’t add up with one of their clients or if they have made a mistake rather than the employee trying to ‘fix’ the issue themselves. From a management perspective, when you invest in training your employees how you want them to do something, it allows you to grow the team from the inside out. Just as we get excited from organic growth of our clients, having employees begin working as a Data Entry clerk and then seeing there is real opportunity to grow into a Cash Application processor or to become a Collections specialist or get inspired to be an Account Manager is perhaps the most rewarding way to develop a loyal, hardworking team. With that said, it is important to take the time to understand how each person wants to grow, no one wants to stay static and yet not everyone has big aspirations. Taking time as an employer to understand who your team is can be one of the best ways to spend your time and cultivate the culture you desire. There are a variety of third-party personality profile programs available, and having a scorecard of what each of your employee’s strengths and weaknesses are, how they best learn, how they best communicate, etc. at the start of their employment is a lot more useful than waiting weeks or months to figure it out on your own. Not everyone excels in the same way, I believe everyone is good at different things for a reason, by using a third-party personality profile, you can structure your team so that everyone is using the skills they are best at. When employees know their contributions are appreciated, they are happier and more productive. Employee retention should be the goal of every new hire.

To sum this all up, whether we have been with the same company since we started in the industry or we have changed employers to better our opportunities, we all do have one thing in common—we have chosen to remain in the Factoring industry. Let’s continue to invest in hiring the right people, let’s continue to strengthen this growing Factoring industry with people who want to help other small businesses, our clients, grow. I’ve read numerous times that the skills gap continues to be an issue when trying to hire qualified employees. If we can refine our hiring process and make clear what is important to our companies, we will find those key people who make our businesses better.

Amy Balciunas brings with her almost 15 years experience in the factoring industry. Amy is the EVP of Credit & Underwriting for Commonwealth Capital, LLC and has a broad range of Operational experience. She believes that listening to what clients need & offering flexibility is important for both servicing the client and managing risks while maximizing returns for the factoring company. Amy began as an account executive, then moved into underwriting & structuring transactions and has transitioned to overseeing the credit department & portfolio management. Prior to joining Commonwealth Capital, Amy held senior management positions at Sky Business Credit, LLC and Bibby Financial Services (Midwest), Inc. Amy was one of the first to achieve the IFA’s Certified Factoring Account Executive designation. She has a Bachelor's of Science in Finance from the University of Illinois Urbana-Champaign. Amy can be reached at by phone at 312-519-1402 or by email at Amy@CommonwealthMN.com.
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