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### **Running Against the Tide: Asset-Based Lenders Can Help Companies Through the Credit Crisis**

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With the global recession deepening, credit markets have been tightening further. Securing traditional funding through banks and other financial organizations has now become more difficult than ever. Banks are no longer willing to lend to companies that are not generating positive cash flow. Their security demands have also increased. Credit has become more expensive and conditional. This has pushed many companies to distress and, in some instances, bankruptcy, especially smaller businesses.

#### ***Unlocking the value of your assets***

What many businesses do not realize, however, is the extent to which they can leverage their business assets to secure funding. There is a well-developed market for providing working capital for small businesses with assets, such as accounts receivable, inventory, purchase orders, premises, machinery and equipment, and even a brand. This type of financing is called asset-based lending, or ABL.

Last year, the Commercial Finance Association announced that ABL was a market worth over \$500 billion. "These findings prove that companies are still able to obtain financing to meet their needs," said Andrej Suskavcevic, CEO, "and they're doing it by utilizing their assets—ranging from accounts receivable and inventory to intellectual property, equipment and real estate-as collateral." Today, ABL is a fundamental financing solution.

#### ***The benefits of asset-based lending***

When times are difficult, unlocking the inherent value of your assets, especially intangible assets, is attractive. Today, ABL is affordable, offers flexible loan structures, and can provide the borrowing power that cash flows may no longer be able to supply. At US Capital, for instance, businesses can borrow money using the liquid, current assets of the company (such as accounts receivable and/or inventory) or the fixed assets of a business (such as plant, property, and equipment) as collateral. Asset-based loans are priced competitively with cash-flow loans, and come with fewer financial covenants. They can be used to secure working capital, but also to finance growth or acquisitions.

*For more information on asset-based lending, contact Jeffrey Sweeney, Managing Director of US Capital at 415-882-7160. Mr. Sweeney is scheduled to speak at the Solano County Manufacturing Summit on May 5, 2009. [Click here to register](#) for the Solano County Manufacturing Summit.*