

CFO Forum Minutes Cash Flow Optimization and Borrowing March 2019

This session covered ways to optimize short term cash flow and bank borrowing.

A special note to our guest CFOs, CEOs and partners who attended. Contact me with your comments especially if you want to attend a future session AND/ OR if you want to discuss previous topics and request an introduction to one of our partners.

We had three expert speakers. Their slides are on the website.

How to select and use a collection firm: Ed Diaz Founder and CEO of National Commercial Services shared his years of experience in creating and running a collection firm. Ed may be reached at ediaz@natcomservices.com or 516-770-4170. Mention CFO Forum membership for preferred rates and everything is done on a performance/ contingency basis.

His key points included:

Understand your process and when a receivable might be at risk. Over 60 days may be too late in some situations.

Terms of sale and documentation are key. You may want to have onerous terms for new customers-you can always negotiate more reasonable terms but you only get one chance to set the bar high (and protective).

Use of liens is reasonable and professional AND timing is everything.

Fortune 100 firms use collection firms-why don't you? Build the relationship before you need it!

How to monetize receivables via Factoring: Mike Sokoloff explained the world of factoring. Mike may be reached at msokoloff@liquidcapitalcorp.com or 856-296-9475. His key points were:

Factoring can be a great alternative to credit card financing or accepting credit card payments since timeline can be dialed in and can be very selective-for either timing or risk standpoints.

Build a relationship with a factoring partner-timing can be "immediate" but not for the first need!

Don't believe what you have heard-sit down with Mike to understand and let him run some analyses for you.

Working with your bank-as a new bank or with existing loans and lines of credit: Paul Pyfer of Univest Bank shared his knowledge and provided two excellent handouts. **Paul may be reached at Pyferp@univest.net or 215 682 4152.**

First, a checklist for a meeting with your bank-especially a new bank. Obviously we catalog best practices to make our job easier, improve the first impression and drive efficiency for both parties (and hopefully better rates and terms). Paul addressed a financial summary package, the business overview and the need for funds-whether a line of credit, a term loan, equipment financing or a mortgage. Worth reading before any bank meeting.

Second, a great presentation on commercial banking. Introduced role of Ex Im Bank borrowing, SBA borrowing, use of inventory as collateral for borrowing, the need for covenants and cases on borrowing for an acquisition and the world of subordinated debt financing.

These SME partners welcome an opportunity to discuss your specific questions or situations.

Our thanks for their volunteering their time and sharing their knowledge.

Next sessions:

April 23 Eliminate Risk and manage what is left

May 14 Cyber security

June 11 Strategically managing real estate

Housekeeping:-Minutes, slides and CPE letters are available at www.thecfosolutions.org under the past events tab. CPE letters usually take about a week to get posted. If you are missing one from last year, let me know and I will provide it. The password for our content is MRC. Download your CPE letter.