



Small Business Dossier

5 Situations

that Call for Alternative
Funding and Fast,
Convenient Credit

Most companies need financial assistance at some point, if not on a regular basis. This is especially true for small businesses, many of which have limited cash reserves and must wait for extended periods to receive payments from their customers.

With roughly \$825 billion in unpaid invoices owed to small businesses, the money is there. But it doesn't always arrive when it's needed, and a whopping 64 percent of small companies are forced to wait for late payments. In fact, cash flow shortfall is the number one reason why small businesses can't grow.

To make matters worse, banks in their own way have made access to credit more difficult. Bank approval rates for small businesses are only around 24%, and most banks can't profitably lend less than \$100,000-\$250,000. That might be fine for larger companies, but the typical small business only needs \$40,000 or less. Big banks also require lengthy pre-qualification steps that excludes a large part of the initial application pool so the actual percentage of approvals is even lower. Many small businesses don't get the full amount of credit they apply for.

Even though the 2008 financial crisis happened more than a decade ago, many financial institutions still view small businesses as risky bets so, they have made their credit underwriting processes more stringent and challenging.

Fundbox is different.

Leveraging the power of big data analytics and machine learning, we have revolutionized and automated the underwriting process to make it easier for small businesses to access credit. It only takes a few clicks to connect a data source of your choice—like QuickBooks, Freshbooks, Xero, or a business bank account—to Fundbox, we make credit decisions in just a few minutes, and if approved, the funds are accessible as soon as the next business day. Also, Fundbox ensures that there are no surprises with flat and transparent fees.

Here are five situations when small businesses need this fast, convenient credit—highlighted via actual Fundbox customers.

1. Inventory acquisition

MS DISTRIBUTION

With large purchases and ongoing inventory requirements, wholesale distribution requires lots of upfront cash.

Just ask Norm Skorge, who owns and operates MS Distribution, a bodyboard importing company based in Hawaii.

Skorge makes a dozen large purchases every year—upwards of \$50,000 each—of boards, fins, leashes, and accessories. It takes 60 days for the boards to be manufactured after he places an order and another 45 days for the products to be shipped by container to Oahu. From initial cash outlay to everything being sold and paid for can be six to seven months. And within that timeframe, Skorge needs to place another two to three orders to keep retail shelves stocked and maintain a supply of inventory.

“I can have \$200,000 out of pocket at any given time,” he says.

This is especially true during the shoulder seasons just before the holidays and summer. With increased demand for inventory but limited sales, Skorge often experiences a shortage of cash. And he hasn’t had much success with traditional lenders.

“I never got a warm and fuzzy feeling from the bank. They don’t want to help,” Skorge laments. “But I found Fundbox through QuickBooks, called them up, and got approved for a \$10,000 line of credit. I had a good feeling about them from the very beginning. It was clear what the service is and how it works. And it was super easy to get up and running.”

Skorge says the credit line is always there, and he taps it for roughly a third of his orders. He says he can pull as much or as little of the \$10,000 credit as needed, “just to get over the hump.”

“When you start a business, you’re so focused on inventory and sales and shelf space and relationships. You don’t think about time and money delays,” Skorge says. “They can be absolutely debilitating, so having a ‘war chest’ of cash is a huge advantage.”



2. Unexpected growth

ALPHA BALLER TECHNOLOGIES

Alpha Baller Technologies had been running smoothly as a three-person operation, offering a range of IT consulting and implementation services.

But elation—and panic—struck when the firm received a massive new client contract, forcing CEO Askia Howell to hire 17 new employees practically overnight.

“I had to hire whoever was available at the time to start working on those projects,” Howell says.

Sourcing talent was only the first hurdle. Howell also had to figure out how to manage an exponential increase in his payroll. And the new contract would not be paid until the project was complete.

“You can be out \$100,000 to \$200,000 while doing all the work until you get the final sign-off from the customer,” Howell says, adding that his fledgling company didn’t fit the risk profile required to secure a traditional loan.

Howell eventually found Fundbox and learned that he could advance payments on his outstanding invoices.

“With a little research, I saw how useful Fundbox would be because of our growth,” Howell says. “And it was incredibly easy to give it a try.”

He’s never looked back. As his business has grown, Howell’s Fundbox credit has too. What started as a \$2,500 line of credit has increased to \$40,000, enabling Alpha Baller Technologies to take on additional clients and hire more employees to support them.

“You can go from zero to a million-dollar business overnight,” Howell says. “Each Fundbox credit increase lets me grow my business by an additional 20 to 50 percent.”



3. Proactive growth

WIIDEMAN CONSULTING GROUP

Scaling a one-man operation into a full-blown consulting agency is no easy task.

For Steve Wiideman, owner of Wiideman Consulting Group, it meant maxing out his credit cards to pay for an office, furniture, computers, software, and small staff of consultants. Dealing with constant emergencies meant he had little time or funds to invest in proactive growth marketing.

“There are only so many hours in the day, so once you’ve booked yourself up, you can’t take on any more clients,” Wiideman explains. “My goal as the owner is to create a way for us to scale.”

Scaling requires investment, of course, and Wiideman sought three separate business loans, spending 30 to 40 hours on each application. But with little cash reserves and an embattled personal credit score, all three loans were denied.

“It’s like buying a house,” Wiideman says. “You go through all this paperwork, you work with a bank, you write letters, you try to explain why you need the loan, and then you’re rejected or you get approved for a loan with a ridiculous interest rate.”

Wiideman eventually found Fundbox through a Facebook ad and immediately applied for a line of credit.

“By the next day, I was able to make payroll, start paying back my own bills, and get my own credit stabilized again,” Wiideman says. “Fundbox was our hero, because they offered a scalable way to make payments on invoices that were coming in already. So, I didn’t have to beat up one of our favorite clients to expedite an invoice.”

Today, Wiideman Consulting Group continues to grow and thrive. Thanks for Fundbox, Wiideman is able to invest in his business and plan for the future.

“Fundbox has helped us grow not just because they’ve saved us during times where we couldn’t make payroll,” Wiideman says, “but because we were able to make marketing investments that resulted in new clients.”



4. Making payroll

NO TIME FOR SOCIAL

“I’m a good steward of money,” says Bill Combes, Founder and President of No Time for Social, “but there are unavoidable gaps. No matter how detailed you are with invoices and cash flow, there are certain situations you can’t control.”

Like the time a customer accidentally sent a check to the wrong address and Combes wasn’t sure he would be able to make payroll.

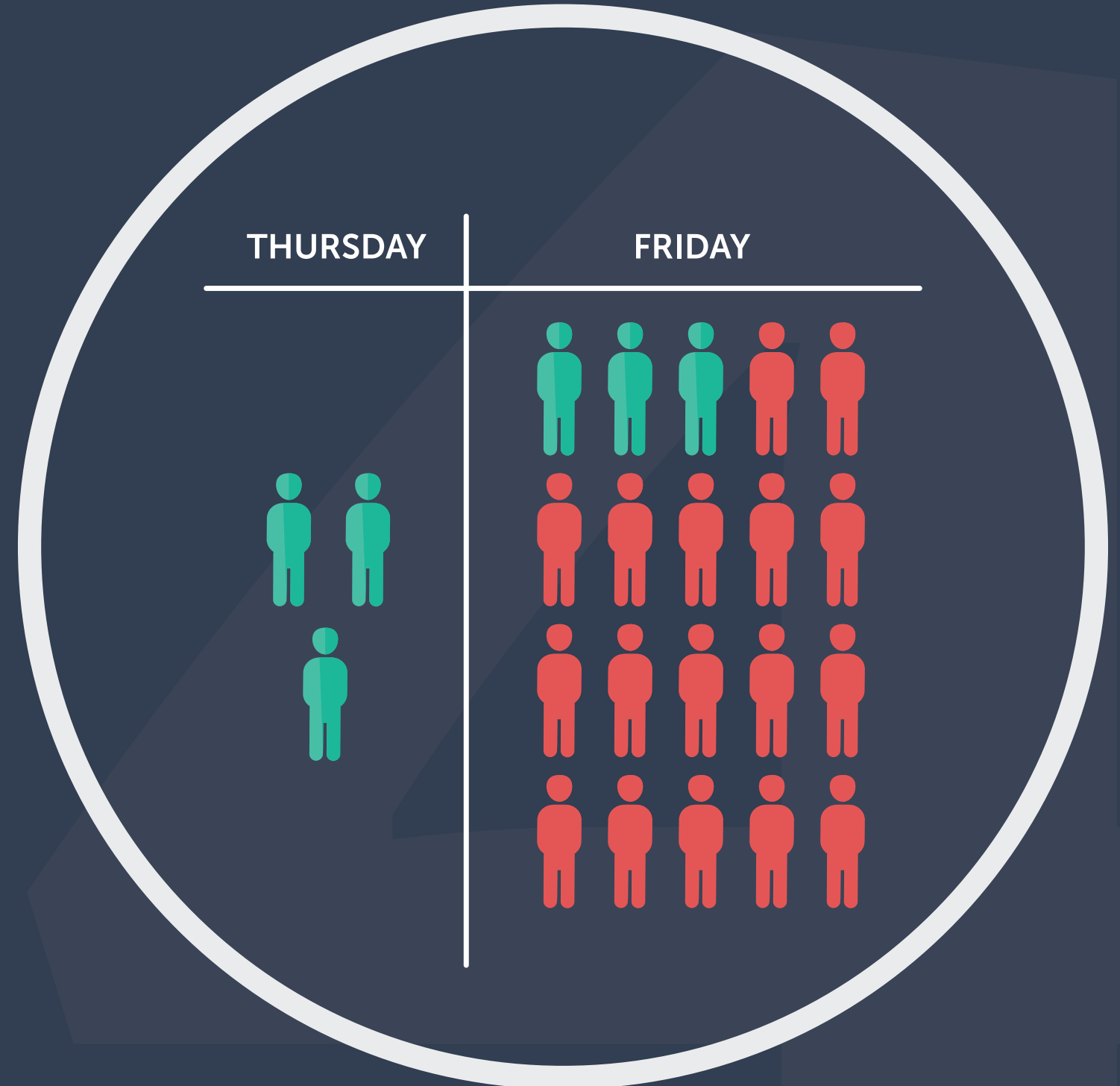
Roughly 70 companies—and counting—rely on No Time for Social to manage their social media presence and advertising. And

most of them pay on time. But Combes spends \$30,000 to \$40,000 each month on advertising for his clients in addition to his own \$10,000 to \$15,000 payroll. Any gaps or delays in client payments can cause him to panic.

“It can be scary on a Monday when the invoices haven’t come in and payroll is hitting on Thursday,” Combes says. “And then there are the months where we have three pay periods. You need some cash in your back pocket for times like that.”

Traditional funding was difficult to access and never fast enough for our needs, he explains. So, he attained a line of credit from Fundbox that he taps whenever needed, typically to fill payroll gaps. And the earlier he repays, the fewer fees he has to cover.

“I can pull a little bit at a moment’s notice to cover us for a few days until the invoices come in,” Combes says. “Fundbox keeps me from going into panic mode.”



5. Seasonal marketing

INTEGRITY PAVINGS & COATINGS

There are ups and downs for every business, but more so for companies that rely on Mother Nature.

“Because we’re an asphalt and concrete provider, if the temperature is too low or if it’s too wet, we don’t get much work,” says Bill Holmes, owner of Integrity Pavings & Coatings. “So, you get these cycles of feast and famine.”

While famine arrives every winter, the table for the feast is set by marketing investments every spring.

“If you’re going to be a growing company, you’ve got to invest in marketing,” Holmes says, citing the need for on-demand funding. “Spend all that money too soon or too late, and the needle isn’t going to move. But spend it just before the season breaks, when people are looking to have work done, and you’re going to see an immediate return on that investment.”

After purchasing new equipment in December 2015, Integrity was short on cash for its spring marketing campaign. To attain funding through a bank, Holmes faced hours of paperwork, had to sign a personal guarantee, and would have to take on more debt for a longer period than he wanted. Even if he were to be approved, he doubted he’d get the money in time.

“There’s a very short window of opportunity we have to hit if we’re going to reach our goal of 30 percent growth year-over-year,” Holmes says.

A \$10,000 line of credit from Fundbox was the perfect solution, offering the right combination of speed, convenience, and capital to invest in marketing at a critical juncture. And the results have been palpable.

“That marketing push impacted our growth close to 10 percent in 2015,” Holmes estimates, noting his Fundbox credit has expanded to \$25,000 and he continues to use it for seasonal marketing purposes. “We recently used Fundbox to support an email marketing campaign, and within four days we had between 30 and 40 phone calls. Prior to that, we were getting one or two calls a day. That’s significant.”



About Fundbox

Our mission at Fundbox is to simplify and improve the way small businesses pay and get paid. We use cutting-edge technology, data science, and common sense to give small businesses access to previously unattainable financial options. With simple registration and fast underwriting, Fundbox offers credit limits up to \$100,000 and can transfer funds as soon as the next business day. Because of us, small businesses across the U.S. have more control over their finances and are better able to succeed and grow.

**To learn more, visit
www.fundbox.com**

SOURCES:

<https://www.biz2credit.com/small-business-lending-index>
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<http://www.oliverwyman.com/content/dam/oliver-wyman/global/en/files/archive/2013/Financing-Small-Businesses-How-New-Form-Lending-Will-Reshape-Banks-Small-Business-Strategies.pdf>

“When money is being spent to grow the business, profits and cash flow can suffer. Fundbox is a great option to have in your back pocket.”

- Bill Combes, Founder and President,
No Time for Social

“Because Fundbox can see all my invoices and numbers, there’s no guesswork, no indecision, and no need to prove anything. And it’s just so easy.”

- Bill Combes, Founder and President,
No Time for Social

“You’re only as good as your supporting cast, and Fundbox is an important part of my cast.”

- Norm Skorge, Owner,
MS Distribution

“We’re a cash business, and if a client doesn’t pay an invoice, I can’t pay salaries. Now we’re finally at a point where we’re growing and we have a little more leverage and capital in the bank for a change. We wouldn’t have survived without Fundbox to lean on.”

- Steve Wiideman, Owner,
Wiideman Consulting Group

“I can directly tie our business growth to being able to work with Fundbox.”

- Askia Howell, CEO,
Alpha Baller Technologies

“The bank wasn’t there when I needed them, so why would I give them my business now? Fundbox gives me the speed and flexibility I need to run my business the way I want.”

- Askia Howell, CEO,
Alpha Baller Technologies

“Fundbox is perfect for our short-term and aggressive marketing infusions, and the results are almost instantaneous.”

- Bill Holmes, Owner,
Integrity Pavings & Coatings

“Fundbox has allowed us to do just-in-time marketing, which has contributed to our growth. I’d be surprised if we weren’t still using Fundbox five years from now.”

- Bill Holmes, Owner,
Integrity Pavings & Coatings

“Fundbox is totally there for the entrepreneur. I love that.”

- Steve Wiideman, Owner,
Wiideman Consulting Group



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