



**Commercial Edge**

# **COMMERCIAL EDGE**

## **Week 4**

### **Working Capital**

**AFG**  
BUSINESS

# Week 4 Agenda

1. Week 3 Recap
2. Working Capital

Presented by Scottish Pacific

4. Quiz & Wrap Up

To successfully complete this Commercial Edge training course, and receive your **9 CPD points**, you will need to attend your allocated sessions and complete a short quiz at the end of the 6 weeks.

## Week 3 - Recap

- Purpose of funds is key
- 50% of the asset finance market is car finance
- Lenders will start with the view to lend 100% of the value initially
- Use the Asset Finance Fact Find to help guide the questions you need to ask
- No comparison rates in commercial; against dealerships compare load repayments over the exact same terms
- Turnaround time on AF deals is a lot quicker compared to Commercial

Asset Finance accreditations.....  
*have you started the process?*



scottish pacific  
BUSINESS FINANCE

# MAXIMISING BUSINESS CASHFLOW

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# ABOUT SCOTTISH PACIFIC



Adviser Magazine, Best Cashflow Lender,  
Non-Bank Lending Awards



## Working Capital Specialist

Broad range of solutions  
(facilities from \$10k - \$100m)

## Best Non-Bank Cash flow Financier

Award winning lender 5 years  
in a row

## Lending \$1 Billion +

Over 1,500 clients across  
Australia and NZ

## A Finance Partner you can rely on

Over 30 years in business

## International

300+ staff across offices in  
Brisbane, Sydney, Melbourne,  
Perth, Adelaide, Auckland  
and Guangzhou

## Community Partner



# BUSINESS EXPECTING GROWTH BUT OPPORTUNITY LOST



**Half of the Businesses surveyed forecast positive growth** revenue for 2019, estimating on average a 5.1% revenue increase.



**1 in 5 Businesses** said they were **unable to take on new work because of cash flow restrictions**



**9 out of 10 Businesses indicated that problems with cash flow** prevented them from generating more revenue in the past 12 months

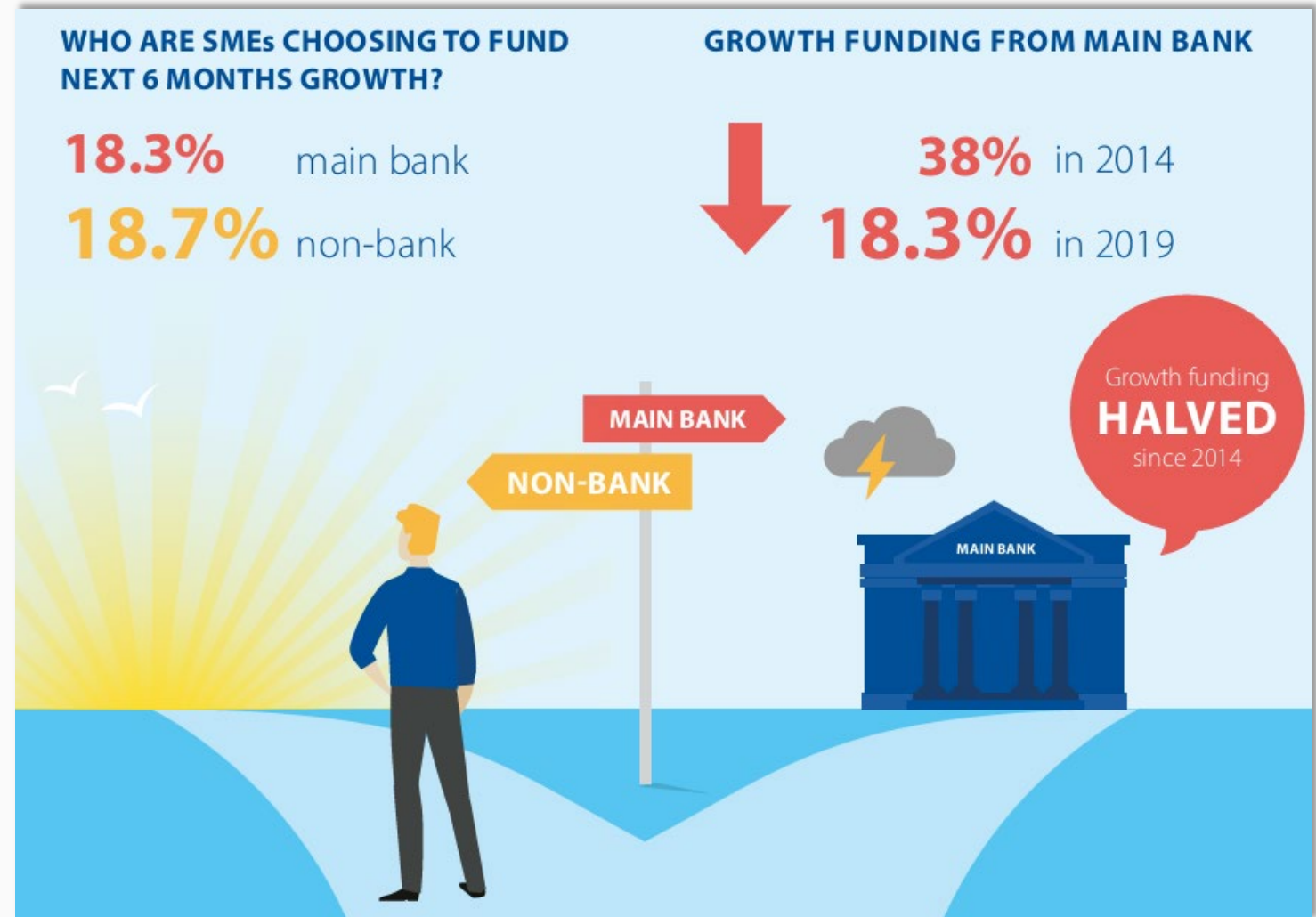


Almost a quarter of businesses surveyed said they could have **grown revenue up to 25% with better cash flow**



# NON-BANK LENDING OVERTAKES THE BANKS

- For the first time, more businesses plan to fund their growth using non-banks, ahead of their main bank.
- The first Growth Index survey conducted in 2014 found **38%** of SMEs were funding growth via their main bank– this has kept trending lower and is now just **18.3%**



# PAIN POINTS BY THE NUMBERS



**40%** of businesses report their customers are paying late



**39%** of businesses report their suppliers are reducing payment terms



**28%** of businesses are paying their ATO obligations late



**21%** of businesses have been declined a lending product



**9.1%** of businesses are reducing overall sales



**8%** of businesses wrote off bad debts or lost a key debtor through Insolvency



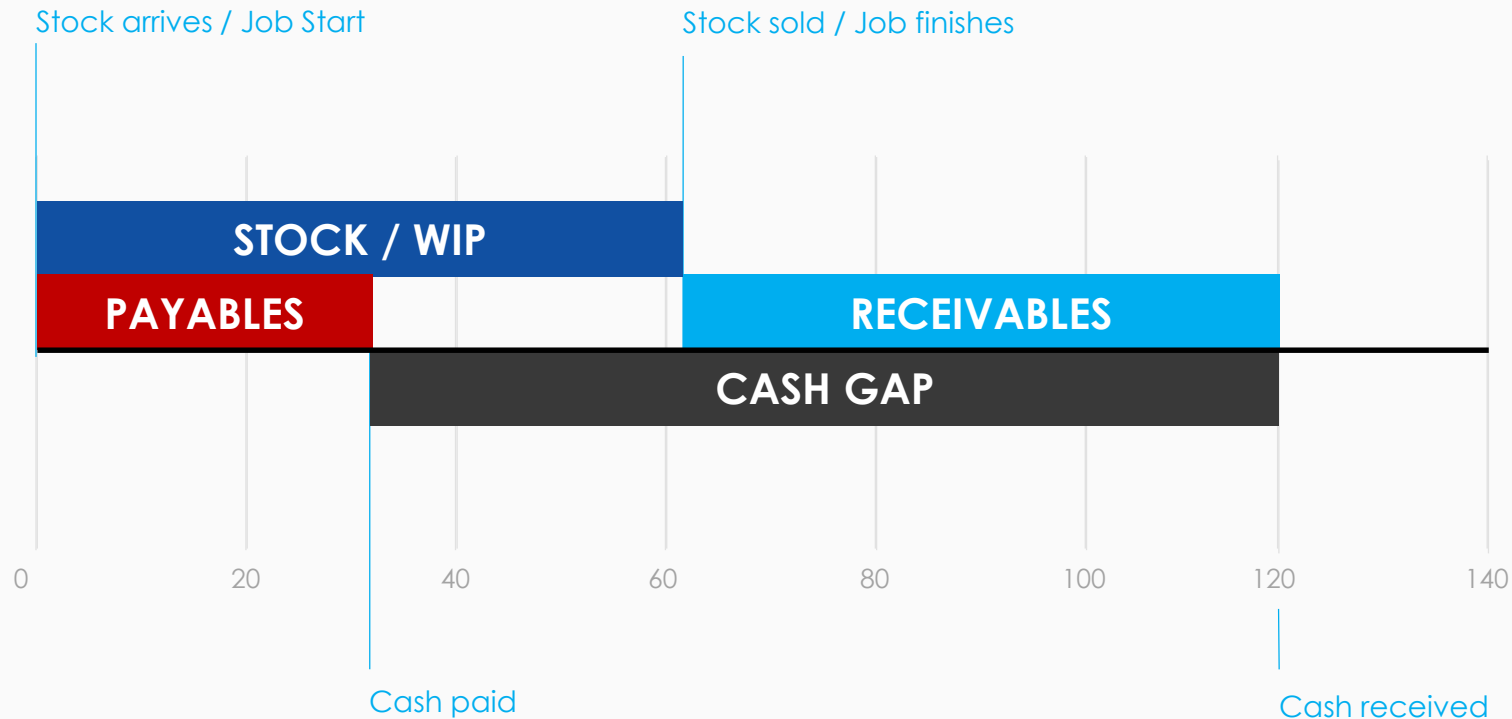
**56%** of businesses offer early payment discounts



**22%** of business are unable to take on new work due to cash flow restrictions



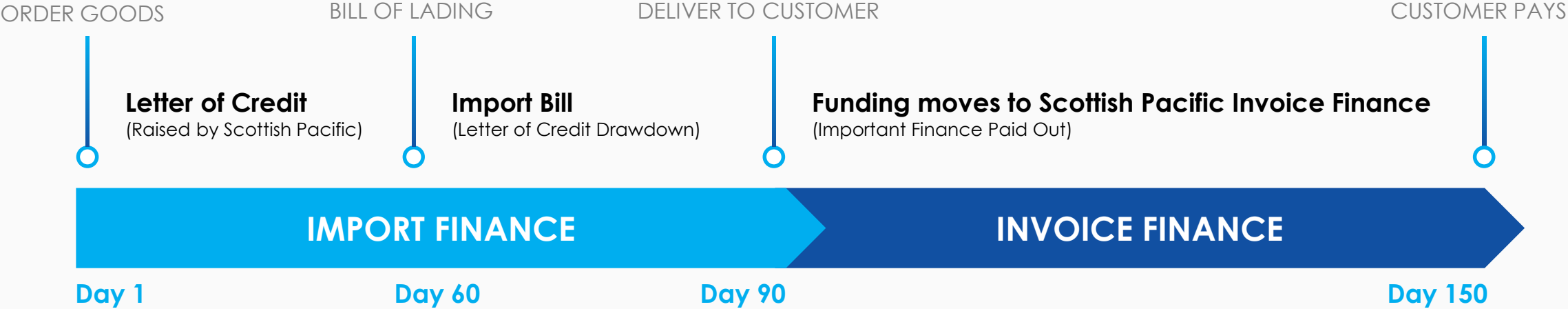
# CASH CONVERSION CYCLE



## Close the Cash Gap

The gap between when a stock is paid for and when the funds are received from the sale of the finished product can be up to 180 days.

# END TO END FUNDING



# WHAT IS INVOICE FINANCE?

A business lending facility which uses the Debtors ledger as collateral. The facility allows a business to unlock cash tied up in outstanding invoices i.e. accounts receivable ledger by advancing up to 80% of the face value of invoices before payment is due.

Provides a flexible finding line that grows with the business to dynamically match cash flow needs without the need for property security

A standalone facility that can sit alongside other business borrowings (term loans, asset finance, overdrafts etc.)

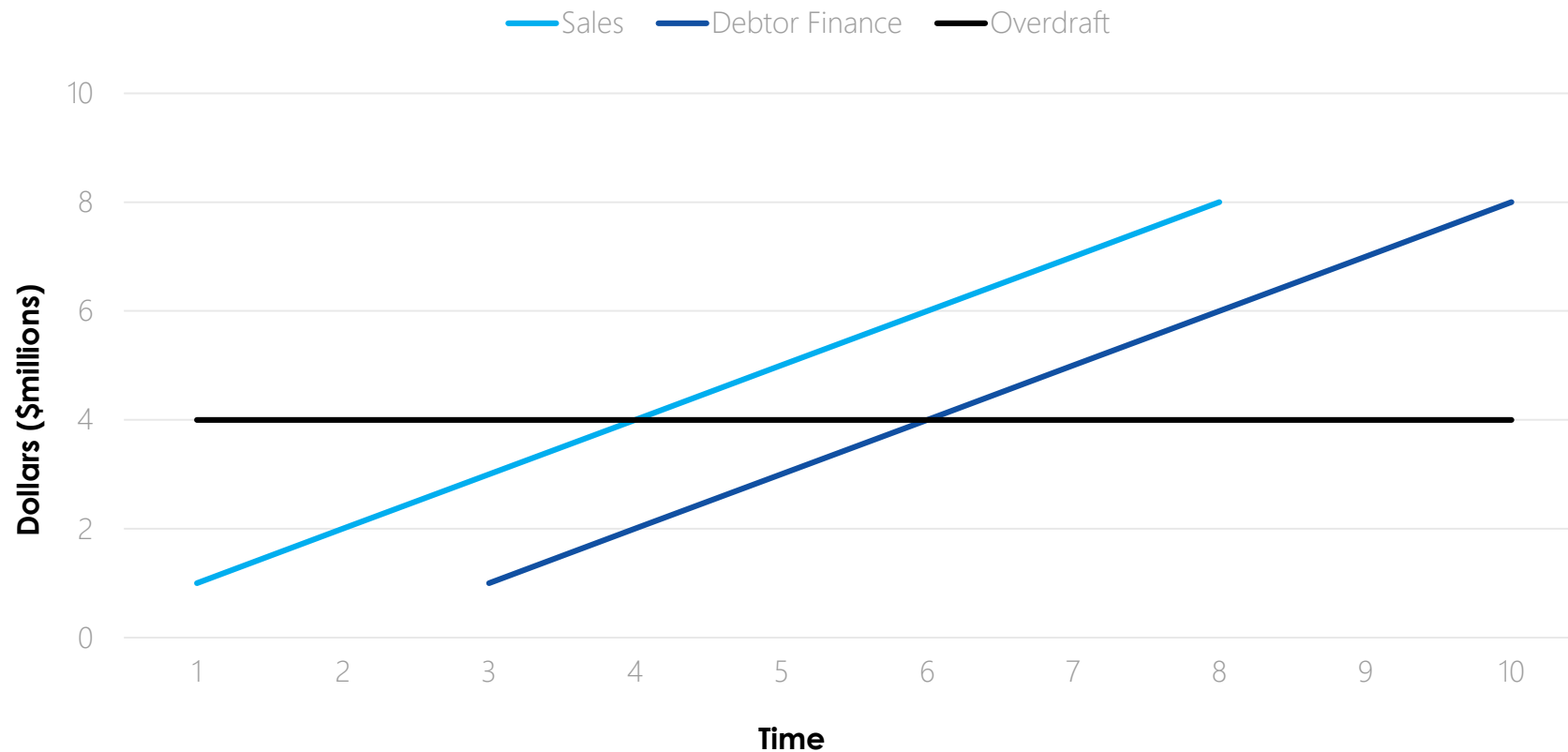
As your clients business grows, the facility grows with it.

Otherwise known as "Invoice Finance" "Receivables Finance" "Cashflow Finance" or "Factoring".



# SCALABLE FUNDING SOLUTIONS

## Invoice Finance compared to Overdraft



- Invoice Finance funding limits grow in line with sales (scalable)
- Avoids issues relating to static (or declining) growth in underlying asset
- Reduces director(s) risk associated with personal assets being used as funding security
- Avoids situations where director(s) take inequitable levels of personal risk

# BENEFITS OF INVOICE FINANCE



**Funding is geared**  
toward business growth



**Never say “no”**  
to new business opportunities



**Free up property to be used**  
for personal investments & keep banking facilities separate



**Fund in and out**  
of restructures / turnaround business



**Bring**  
trade suppliers, ATO arrears and Super into line



**Payout**  
a business partner or directors loans



**Take advantage**  
of early payment discounts from suppliers



**Invest with confidence**  
that cash flow will be maintained

# ADDITIONAL SOLUTIONS

The breadth of the Scottish Pacific offering enables us to say “yes” more often, materially enhancing the proposition for the business market compared to a provider of invoice finance only.

## CORE FUNDING SOLUTIONS

Invoice Finance

Asset Finance

Trade Finance

## ADDITIONAL FUNDING SOLUTIONS



### Tailored Service Options

Full service or a confidential arrangement where your customers remain unaware of our involvement



### Bad Debt Protection

A flexible solution to protect profits against the risk of bad debts



### Integral Collections

Specialised commercial debt recovery services



### Import/Export Funding

Increase your international buying power with up to 100% funding for your imports



### Progress Claim Finance

The cash flow funding solution for contractors and subcontractors



### Bridging Solutions

A number of flexible ‘come and go’ funding options



# WHO CAN WE HELP?

## Sectors

Print

Wholesale

Manufacturing

Labour Hire & Recruitment

Suppliers to Construction

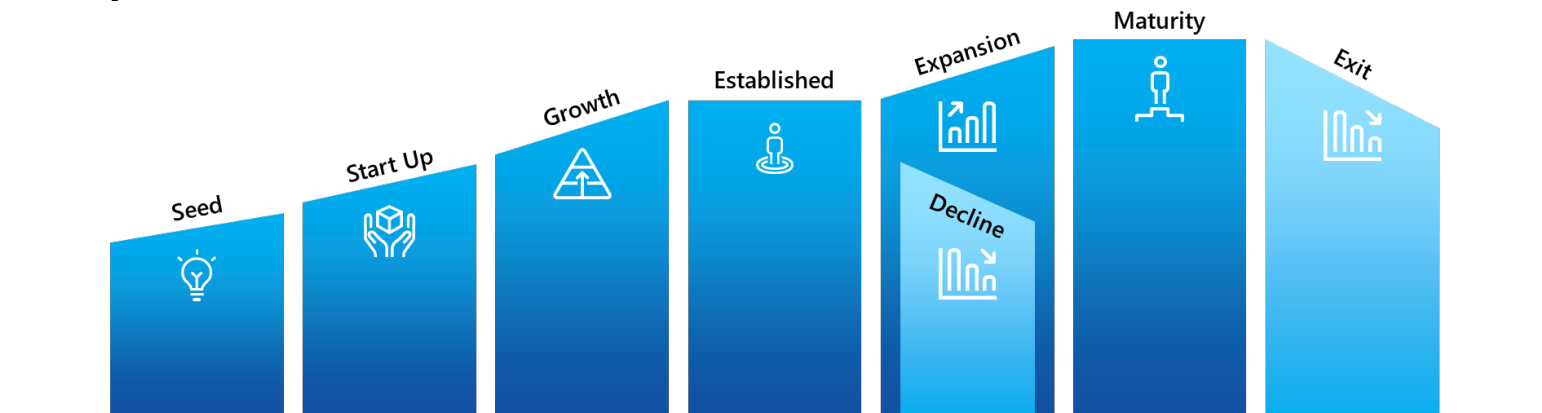
Transport & Logistics

## Scenarios



- Struggle with cash flow?
- Have slow paying debtors?
- Require funding for growth?
- Want to raise capital to merge/acquire/buyout?
- Want an alternative to property security?
- Can't afford to take on extra work
- Divorce/director dispute scenarios
- Owner or Shareholder wanting to exit / retire

## Lifecycle



# KEEP IN TOUCH



## Website

[scottishpacific.com](http://scottishpacific.com)



## Scottish Pacific

@ScottishPacific



## Scottish Pacific Business Finance



## Scottish Pacific

[youtube.com/channel/Scottish pacific business finance](https://youtube.com/channel/Scottish%20pacific%20business%20finance)



Or contact your local Business Development Manager

## Your homework...test it out!

❖ **Review Week 4 material**



❖ **Continue the accreditation process with Lenders**

❖ **Try a test working capital application in the AFG Business Platform**

A person with short brown hair and glasses is seen from the side, wearing a black headset with a microphone. They are sitting at a desk with multiple computer monitors. The background is slightly blurred, showing a typical office environment. The text "We are here to help!" is overlaid in white on the left side of the image.

# We are here to help!

Signup for Business SMART



Attend our webinars



Workshop a deal with us