

## Obtain Business Capital Using A Variety Of Commercial Finance Options

Commercial finance is one of the many options available to entrepreneurs seeking capital to start or grow an existing business. This sort of financing is also referred to as asset-based lending, meaning that it is a secured business loan. The borrower guarantees the loan by giving up business assets as collateral for the loan. Another popular phrase for commercial finance is asset-based finance.

Account receivable factoring is one form of commercial finance. This consists of selling open invoices for cash that can be used right away in the business. There are many benefits to this financing option including not giving up equity, being able to take advantage of early payment and volume discounts from your suppliers, you can actually purchase in greater volume from suppliers, and you also accrue no additional debt in your business.

Another popular commercial finance option is purchase order financing because it offers quick cash flow reserves. When any business is growing or expanding their business the cash flow simply isn't there because of the money it takes to market and produce products. Suppliers also want to be paid with C.O.D. and your customers are on Net-30 terms; so you run into a cash flow problem. Purchase order financing solves this issue by paying for the costs of your goods directly to the supplier, thus giving you more cash to use on more critical business expenditures. To begin with purchase order financing simply obtain a purchase order from your customer, find an approved supplier, place the order through that supplier.

Asset based loans, an additional commercial finance option, provide a short term approach to maximizing cash flow within a business. This form of financing is used as test for a business to show how they would perform with a long term loan. The business who is receiving the asset based loan has a short window to prove that with the proper financing their business model is effective, and that a long term loan would ensure business growth over a long period of time. This form of financing is perfect for the business that can't afford to wait to establish their business credit. The assets that are accepted as collateral for this type of loan include real property, accounts receivables, and completed inventory.

Other forms of commercial finance include bankruptcy reorganization, expansion financing, import and export financing, inventory loans, secured lines of credit, and merchant account advances. Financing a business is a difficult process, but if you utilize the financing resources available, your business have a much greater chance of success.

It is also good to work on establishing your business credit, ensuring that you separate your personal credit from your business credit. With good business credit scores obtaining large loans and other forms of capital is very simple, and you won't be one of the 97 percent that actually have a loan application denied. One other strategy that is easy to do and beneficial on your quest for business capital is to use a free business capital search engine.

Source: <http://www.articlecircle.com>

### About the Author

Corey Pierce is the CEO of BusinessFinance.com a business capital search engine with the funding criteria of 4,000+ sources for business capital. Visit <http://www.businessfinance.com> to search the funding directory for free.