



A short guide to securing the  
right financing for your business.



**WHITE OAK**  
COMMERCIAL FINANCE



# The business landscape is quickly evolving – your financing needs to keep pace.

Having access to the capital you need, when you need it, can be game-changing. With the right financing in place, companies can free themselves from liquidity constraints and seize opportunities with confidence. However, sometimes the biggest challenge can be finding the right partner and funding solution to achieve your goals.

## **Helping you navigate the lending landscape**

What lending resources are available? Which loan type is best for your company? Do you require short-term, long-term, or revolving finance? With your unique needs coupled with the uncertainties that exist in both strong and strained economies, finding answers can be a complex and time-consuming task.

But it doesn't have to be. We've created this guide to help you understand the difference between several financing options and find the right working capital solution your business needs to grow.

# Tackle each phase of your business *with confidence.*

Let's start by reviewing some of the most common reasons companies turn to alternative finance lenders for additional capital, and explore how the right financing solution can help businesses to transition, manage rapid growth and take advantage of new opportunities.

## Expansion



Find new capital to accelerate business growth by launching new products or acquiring new customers.

## Rapid Growth



Maintain rapid growth by unlocking the funds needed to hire more people, furnish expanding offices or rent new facilities.

## Acquisition



Capitalize on new opportunities by acquiring new businesses.

## Turnarounds



Consolidate your debts and other costs to make finances more manageable, creating a more sustainable future.

## Balance Sheet Restructuring



Acquire a tailored financing solution that allows you to remain competitive.

## Recapitalizations



Access funds needed to stabilize capital structures and set your business on a path of growth.

# Choosing the right financial tool for the job.

From increased competition to rapidly changing market demands, businesses are faced with complex challenges and decisions, and securing financing suited to their unique situation can be instrumental in realizing their goals.

Select Financing Options	Growth & Acquisitions	Cash Flow & Operational Efficiency	Bankruptcy/ Exits
<p><b>Asset-Based Revolvers and Term Loans</b> Allows companies to access the value tied up in working capital and fixed assets.</p>	X	X	X
<p><b>Factoring and Invoice Discounting</b> Allows companies to accelerate the payment of trade receivables and obtain credit protection against account debtor default.</p>	X	X	X
<p><b>FIL0, Stretch, and Structured ABL</b> Enables maximum liquidity by enhancing standard advance rates and accessing the capital tied up in IP, trademarks, and other asset classes.</p>	X	X	X
<p><b>Inventory Purchase Facilities</b> Enables companies to source their inventory on better terms than available through traditional supplier credit lines while improving their liquidity.</p>	X	X	
<p><b>Supply Chain Finance</b> Allows businesses to obtain an end-to-end financing solution to fulfill contracts from account debtors.</p>	X	X	
<p><b>Structured Sale of Receivables</b> Facilitates the improvement of liquidity ratios at period-end. Monetize trade receivables with a recurring sale of A/R directly or through an SPV.</p>	X	X	X

# Factoring – A closer look.

## What is Factoring?

Factoring is a financial transaction in which a lender buys a debt or invoice from another company on a recourse or non-recourse basis. In a non-recourse structure, the client transfers the ownership of specific accounts to another client who then attempts to collect on the debt. This relieves a company of receivable debt in exchange for a fee while providing them with the working capital they need to continue their operations.

## The benefits

Applying for business loans can be a complex and time-consuming process and can take months depending on the lender. In comparison, factoring allows a business to swiftly obtain capital based on future income, allowing businesses to continue operating as usual without having to wait for invoices to be paid. A factor can also provide billing and collection services for a smaller company.

## When is the right time for your business to use Factoring?

For businesses that have reliable customers with strong counter-party risk, but don't have the time or capital to wait weeks for invoices to be paid, factoring can be a great solution to their working capital needs.



# Factoring in action.

## **The situation: Reducing financing costs**

Founded in 2010, this New York-based product innovations firm developed branded housewares that it distributed through major retailers including Walmart, QVC and Target. In 2015, the company generated approximately \$13 million in sales, but profitability was elusive due to the high cost of its financing with a competing lender.

## **Our approach: Speed and creativity**

White Oak's experienced Factoring team quickly identified the challenges the company's existing financing posed to its cash flow and profitability. We then determined the the business' unique funding requirements related to its seasonal product development and sales cycle, and constructed a fast and flexible plan that could be quickly delivered to achieve its immediate working capital needs and long-term objectives.

## **The solution: Full recourse factoring with line increase**

White Oak delivered a \$10 million full recourse factoring facility that grew to \$35MM, which reduced the company's financing cost by 40%. The facility included a line of credit, advances and overadvances to cover seasonal cash flow needs and new product development.

The business' annual revenue grew from \$13 million to \$100 million over the next 5 years and resulted in a major investment agreement with a global housewares conglomerate.

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We are thankful for White Oak's lasting partnership and reliable funding that has helped us grow with confidence. ”

**White Oak Client & CEO**

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# Asset Based Lending — A closer look.

## What is Asset Based Lending?

With Asset Based Lending, secured loans are supported by loan advances against inventories, receivables, equipment, property, and even intangible assets such as intellectual property. These loans are often structured as revolving lines of credit and term loans, providing businesses with the capital they need to reach their goals on an ongoing basis. Often, companies facing cash flow challenges stemming from rapid growth turn to asset based lending to meet short-term demands.

## The benefits

Asset based lending can be an important tool for companies to fund growth and maintain daily operations. The focus of lending is on assets and leverage, and is more flexible than traditional commercial loans and has lower interest rates than unsecured loans because of the collateral involved.

## When is the right time to for your business to use Asset Based Lending?

If your company possesses working capital and fixed assets and has time-sensitive cash flow needs for, but not limited to, expansion, refinancing existing debt, M&A, and financing raw materials.



# Asset Based Lending in action.

## **The situation: Capturing opportunity during uncertain times**

In a supply driven business, this leading importer and wholesaler of high quality, sustainable frozen seafood in Washington State was looking to take advantage of purchasing opportunities and strategic inventory buys that required ready liquidity. However, due to the COVID-19 pandemic, the balance of their distribution shifted away from the food service industry and heavily onto retail, amplifying their need for immediate capital to meet increased demand.

## **Our approach: Scalable financing**

As an industry leader, the company had options to work with traditional banks; however, it chose White Oak for its flexibility and capacity to tailor a scalable solution to maximize its earning potential. White Oak identified the company's immediate needs and structured a credit facility that provided more liquidity on its working capital assets and increased its purchasing power.

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“ White Oak’s partnership and ability to see our opportunities in a volatile market has helped us to keep pace with fast-changing demand and continue our company’s growth. ”

**White Oak Client & Owner**

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## **The solution: Asset-based loan with a line increase**

White Oak delivered an initial \$40 million asset-based loan to the company and extended a \$10 million line increase during the early months of the pandemic. Our committed partnership and ability to deliver creative financing during an unprecedented market environment enabled the business to take advantage of strategic purchase and sales opportunities with confidence.

# Stretch ABL — A closer look.

## What is Stretch Asset Based Lending?

Stretch ABL enables a company to receive higher advance rates on its eligible machinery & equipment, real estate, and intellectual property. Stretch ABL credit facilities are typically provided to ABL borrowers with loan requirements greater than \$50 million in working capital to support their businesses. The “stretch” component is the result of higher advance rates and more flexibility on collateral eligibility.

## The benefits

Stretch ABL allows a company to achieve flexible, short-term financing and more liquidity with advances up to 95% of its accounts receivable, and up to 100% on inventory Net Orderly Liquidation Value (NOLV). It also provides broader eligibility terms and funds borrowing bases that do not conform to typical ABL standards, such as foreign assets and locations.

## When is the right time for your business to use Stretch ABL?

If you are an importer, wholesaler or manufacturer possessing working capital and fixed assets and have sizeable, time-sensitive cash flow needs for, but not limited to, expansion, acquisition, recapitalization, and debt refinancing.



# Stretch ABL in action.

## **The situation: Funding growth**

A third generation, family-owned petroleum distribution company approached White Oak Commercial Finance to help leverage its assets for cash flow and growth. The business was looking to expand, but they had a large amount of capital tied up in machinery, accounts receivable and operating expenses, preventing them from making new acquisitions and reaching their growth targets.

## **Our approach: Uncover opportunity**

As a leading alternative asset manager with industry expertise and scalable solutions, White Oak captured the firm's objectives, assessed its capital structure, and performed hands-on due diligence with efficient underwriting. We kept the company apprised with frequent communications and developed a plan that could be reliably delivered.

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“ White Oak has been a pleasure to work with, and we're optimistic that [our relationship will expand in the years ahead.](#) ”

**White Oak Client and CEO & Founder**

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## **The solution: Stretch ABL facility realized**

White Oak provided the firm with a \$75 million stretch asset-based credit facility secured by all assets of the company, as well as, an additional \$6 million in acquisition funding. Our customized solution and continued commitment met the business' growing needs and saved them added time and costs with our flexible and scalable financing.

# We see opportunities where others don't.

At White Oak, we take a hands-on approach to understand your company's short and long-term goals, analyze your global working capital needs, assets, capital structure, and cash flow to provide the right solution to support your growth.

## **Our client-first lending model delivers:**

- Expert consultation to achieve your unique objectives
- Product depth and global reach for any business cycle
- Value-added service and access to our industry network

Building lasting partnerships is the cornerstone of our business, and we treat your success like our own.



# Rethink how your assets can work for you.

With 15 offices globally and over 470 expert advisors, White Oak's\* experienced team and expansive suite of products provide you with creative solutions to complex situations.



For more information, please visit [whiteoakcf.com/commercialfinance](http://whiteoakcf.com/commercialfinance) or email us at [info@whiteoakcf.com](mailto:info@whiteoakcf.com)

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