

## Business owners opt to keep personal assets separate when funding business growth

With many businesses still riding out the effects of the global financial crisis (GFC), more business owners are choosing not to risk their own personal assets in pursuit of expansion. Debtor finance specialist, Oxford Funding observed that business owners are more concerned about risk exposure and are choosing funding strategies such as debtor finance that separates personal wealth and enterprise development. The GFC was a financial wake up call for businesses. In Australia, where debtors rarely settle their debts within the standard 30 days payment period, cash flow pressures can be especially acute as Rob Lamers, CEO of Oxford Funding explains: "The GFC saw many business owners left financially exposed as payment terms blew out and a record number of debtors defaulting on what they owe due to insolvency.

"As a result what we are now seeing are business owners preferring not to put their personal wealth on the line to fund business growth. Instead many are seeking alternative funding arrangements, such as debtor finance, which doesn't require personal assets for security, allowing business owners to separate their personal assets from the business."

Brisbane-based Transport Solutions is one company who opted for debtor finance to help smooth out their cash flow, rather than putting their home on the line to fund business growth.

When the GFC hit in 2009, Transport Solutions soon found that its cash flow was under significant stress. "We had some fast paying clients, but most were dragging out payments and taking longer to settle accounts," said Debbie Larcombe, Transport Solutions' Financial Controller. "When one customer who owed us \$70,000 went broke, our cash flows encountered tremendous strain and put us dangerously close to the edge."

Transport Solutions approached Bendigo and Adelaide Bank, initially to request an overdraft that would allow the company to fund its mandatory outgoings, but was recommended Oxford Funding's debtor financing as an alternative funding solution.

"At the outset, I was sceptical and a little nervous about debtor financing," Larcombe admits. "But it's flexibility and the fact that we didn't have to put-up personal assets as security, made it the most attractive option.

"One of the best features of the Oxford solution is that we can apply it to the invoices we choose," said Larcombe. "Currently, we're using debtor finance with about half our ledger, drawing down only enough each week to meet our wage and truck payment obligations."

Transport Solutions' debtor finance strategy focuses on customers who, while reliable, take the longest to pay. "We don't factor our dependable, 30 day payers, but those who regularly take 50 or 60 days," said Larcombe.

As a small operator in the transport sector still riding out the effects of the financial crisis Larcombe admits that their business would struggle without debtor finance. "It provides us with the security we need to grow with confidence and is now an important part of our long-term financing strategy."

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### About Oxford Funding

Oxford Funding, a wholly owned subsidiary of Bendigo and Adelaide Bank (ASX: BEN), is a specialist provider of debtor finance or cash flow solutions to small and medium enterprises. Since its inception in 1994, the company has continued to remain at the forefront of the Australian debtor finance industry due to its flexibility, innovative product portfolio and commitment to best practice service delivery. Oxford is a member of Factors Chain International (FCI). [www.oxfordfunding.com.au](http://www.oxfordfunding.com.au)