



Choosing a Financial Partner: How the Options Compare

We've broken down three main options — Bank Line of Credit, Factoring, and Asset Based Lending — so you can more easily compare what each service provides.

	Bank Line of Credit	Factoring	Asset Based Lending
Credit Line Increases	30-45 Days	2-3 Days	2-3 Days
Reporting	None	Yes, but limited	Yes
Personal Guaranty	Required	No	Required
Borrowing Base Certificate	Yes	No	No
Miscellaneous Fees	Yes	Yes	Yes
Credit & AR Management Support	No	Yes	Yes
Staffing Specific	No	No	Yes
Clearance Delays/Funds Available	Yes	Yes	Yes
Financial Reporting Requirements	Yes	No	Yes, but limited

When reviewing your options, you also need to consider the impact your financial provider — and how they structure the funding relationship — will have on your business. It's not just about money. Your financial provider may also impact your business's growth goals, customer relationships, total / true costs (when figuring in additional fees) and whether or not you'll have a resource vs. vendor relationship. That last point may make a bigger difference than you realize.







Choosing a Financial Partner: Questions to Ask

When choosing a financial partner, ask these questions to ensure you're getting a full picture of the relationship before you take the plunge:

Questions to Ask		
What are the funder's lending limits?		
How does the funding process work?		
How will the funding source interact with my customers?		
What is the process to increase my line of credit?		
When are the payments posted?		
What period of time does my rate cover?		
How long has the financial provider been in business?		
What are their hours of operation?		
Will someone be there when I have a question?		
What is the size of the organization (number of employees and clients)		
What is their client retention rate?		
What are the terms of the agreement?		
What additional fees might I incur?		
Line usage fee?		
Initial application cost?		
Due diligence / underwriting fee?		
Loan fee?		
Line of credit increase fee?		
Lock box fee?		
Annual audit fee?		
Clearance delays and corresponding additional days of interest?		
Wire or ACH fees?		
Financial reporting requirements?		
Search and filing fees?		
Misdirect fee?		
Missing notation fee?		
Late reporting fee?		
Over formula fee?		
Credit reports?		
Most importantly, ask yourself these final questions: Does their business philosophy	/	

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match yours? Will they help you reach your business goals?