

Engineering group



Engineering group frees up cash with invoice finance

The challenge

A group of engineering companies in the South of England was keen to kick-start a period of growth. Waiting for the settlement of bills by customers, however, was hampering efforts. The business was facing a classic dilemma: it needed income to pay for more equipment and labour, but it also needed more equipment and labour to fulfil contracts to generate the income. Bank lending didn't meet the group's requirements. They were looking for a service that would fit their needs and grow with them.

Our solution

A revolving working capital facility provided by Siemens Financial Services (SFS) helped the group improve cash-flow and working capital. When the company sends an invoice to a customer, up to 85 percent of the amount is advanced by Siemens' invoice finance facility, with the remaining 15 percent paid once customers settle the balance. With the money released, the materials, equipment and labour can be purchased by the group to complete jobs more quickly. The revenue from these orders in turn promotes growth.

Making it easier

The group already had a long established relationship with Siemens and knew they were working with a trusted and familiar name. The Invoice Finance team at SFS took the time and effort to understand the company's requirements exactly. The team provided an invoice finance facility that helped the client meet their aspirations by financing a growing order book and managing peak trading periods. The group's relationships with their clients remained unchanged as debtors still pay the invoice to their standard terms.

"With invoice finance, the funder advances a percentage of the invoice – normally the following working day, thus bridging the financing gap. This is a vital cash flow tool for any SME especially given that poor cash flow is often cited as the most common cause of company failure."

Ian Cole, Head of Invoice Finance at Siemens Financial Services

