

How brokering factoring to businesses can be your best source of commission income!

Factoring, or accounts receivable financing, has been a funding option for businesses for hundreds of years. But many commercial finance brokers have not been offering this beneficial financing product to their prospects and clients. Instead, they may be offering their clients standard business loans, SBA loans, lines of credit, merchant cash advances, or other financing products. If you have not been offering factoring to your clients, you are most likely missing out on the ***highest commissions-generating product in the commercial finance industry***.

Factoring is a way for businesses to turn their unpaid invoices and accounts receivable into immediate cash and ongoing working capital. It is one of the simplest and fastest ways for a business to generate cash. Factoring is not a loan. But many businesses that cannot qualify for a bank loan or traditional financing will qualify for factoring. Factoring is not a merchant cash advance (MCA) or “fast cash” loan. Its much more flexible, and fraction of the cost of an MCA. Billions of dollars are advanced to businesses every month by factoring companies. Factoring is available for existing business and recent start-ups, for strong businesses, and those who may not be profitable. Factoring can be an option if the owners are credit compromised. Factoring allows business owners to have available cash and working capital to take control and grow their business.

So how, as a finance broker, can you make more money offering factoring over standard business loans, lines of credit, or MCAs?

The answer is simple — because loans are generally a one-time advance of funds to a business. When you broker a loan, you get a commission when the loan funds, and generally, that is the only commission you will get from that transaction. Even if you offer your clients a line of credit, the broker is only commissioned on the initial funding.

Factoring is an ***ongoing funding program***. Generally, factoring clients come back every month (sometimes every week) for funding. And you, as the referring broker, get a referral commission every time the client receives funding. So, if the client factors every month, you get a commission every month. What would you prefer from your referral, one commission check per year, or twelve?

But it gets even better!

Factoring clients normally maintain their factoring relationship for years! The average factoring relationship with clients of The Hamilton Group is seven years! With some clients that have been consistently factoring with Hamilton for ten years! Which means you will continue to receive commissions for years to come. Factoring brokers who have been working with The Hamilton Group have been receiving commissions for years...that is a monthly commission payment on the same clients that were referred to The Hamilton Group year after year! Additionally, the volume that a client factors normally increases over time. Clients that fund with The Hamilton Group average between a 200% and 300% increase in factoring volume over time. As the clients factoring volume increases, the commissions to you also increase. You can easily see the income possibilities when you begin to refer multiple factoring deals. Those clients will become a source of ongoing monthly income — income that will most likely grow in volume and last for years. What other loan product offers this level of future, ongoing commissions to brokers? None, only factoring does that!

You may ask yourself, “*Why should I refer to The Hamilton Group over other factoring companies?*” There are a number of good, established factoring companies you can work with. The Hamilton Group offers something that no other factoring company can offer, our flexible factoring program. The factoring program at The Hamilton Group is the most flexible program in the industry. We offer more flexible features than any other factoring program.

The Hamilton Group

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The Hamilton program includes no personal guarantees (for qualified clients); no long term contracts; no monthly minimum volume requirements; clients get to pick the invoices to submit for funding; zero “additional fees” charged, and many other features that make our program superior.

What does the flexibility of the Hamilton factoring program mean to you as a broker?

It means you get more clients closed and funded! Prospective factoring clients are seeking out the *flexibility* that Hamilton offers in our factoring program — flexibility that other factoring programs don’t offer. So many factoring prospects that say *no* to other factoring program say *yes* to factoring with Hamilton! And when your clients work with The Hamilton Group, they are working with a company with over 30 years’ experience in factoring and commercial finance. Our reputation is unparalleled in our industry.

We offer even more to our referring brokers. In fact, Hamilton pays its brokers one of the highest commission rates in the industry, and that commission rate is paid to you for the life of the account.

Are there additional ways to make income in the factoring industry? Yes! What if your client needs funds to place new orders or facilitate new contracts? In that case, you can offer your clients Purchase Order Funding. Purchase Order funding complements factoring by advancing funds to your client’s suppliers to get their purchase orders and contracts fulfilled. Purchase Order Funding is a separate funding option that works together with factoring. When we initiate Purchase Order Funding for a client, the broker also receives a commission on this funding in combination with the commission on factoring. Purchase Order Funding may not always be needed, but when it is, you are rewarded with additional commission income.

How do you start referring factoring clients?

It’s easy! If you have been referring commercial loans, lines of credit, MCAs, equipment loans or leasing you may already have prospects that can utilize factoring and purchase order funding. Pull out your lists of former clients and prospects and ask them this simple question... “*Do you have Accounts Receivable?*” If the answer is *yes*, then there is a good chance that your prospect is a candidate for factoring. Add this question to your website, advertising, and client application. The best referral sources you should be speaking to for leads are bankers, accountants, bookkeepers, business consultants, small business developments officers, and turn-around consultants.

When you become involved in referring to the factoring industry, it will be a win/win for you and your client! Get your prospects and clients the cash and working capital they need to grow their business, and at the same time you will substantially increase your commission income!

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