



FINANCING YOUR SECURITY GUARD COMPANY

In other words, it's a great time to be the owner of a security guard agency. Provided, of course, your company has the necessary financing resources to meet your payroll and business expenses.

But meeting payroll can be very tough. Especially since commercial and government clients usually pay their invoices in 30 to 60 days. How can you pay employees every week if your clients take that long to pay? The math just doesn't work.

The solution to the problem is to get financing. But I am not talking about getting a business loan. Business loans are hard to get. There is a better solution that is easy to qualify for and quick to set up. This financing tool is called invoice factoring and your bank does not offer it. Rather, you get it through a factoring company.

The premise behind factoring is very simple. Your invoices from good (but slow) paying customers are an asset – a valuable one. The factoring company is willing to provide you with financing using them as collateral. Factoring is easy to use and works as follows:

1. You do your work, as usual. You bill your customer but then submit a copy of the invoice to the factoring company for financing
2. The factoring company provides you an immediate advance on 90% of the invoice. You can use that money to meet payroll and pay expenses
3. The factoring company waits to get paid by your customer
4. Once they are paid, they rebate the remaining 10%, less their fees

As you can see, factoring eliminates waiting for payment and gives you funds to run and grow your business. Factoring provides peace of mind, enabling you to meet payroll easily. It also allows you to take on new big clients with confidence, knowing that you'll have the resources to pay your employees.

If you own a security guard company or security agency, be sure to consider factoring as a tool to grow your business.

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