

Asset-Based Lending: The Key to Unhindered Growth

Case Study | January 6, 2021

The Challenge

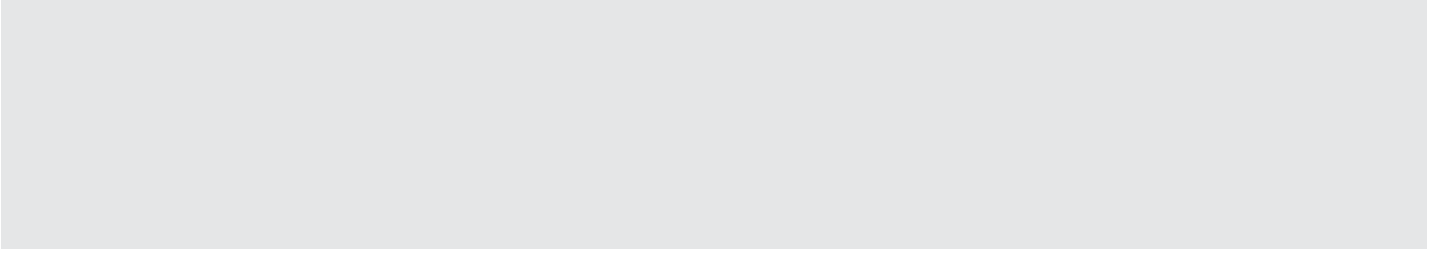
For 30 years, a manufacturer and distributor to the retail sector (“the Company”) enjoyed impressive profits—and then COVID-19 hit. The Company had been struggling with a rapid revenue growth trajectory in 2019 but could not supply the product properly, which caused a severe negative impact on profitability due to unexpected supply costs. With COVID-19 now also causing many of its customers to close either temporarily or permanently, the Company’s business fell by nearly 50 percent, and losses continued to accrue.

To stay afloat, the Company turned to its bank for additional financing, but was swiftly denied. The manufacturer’s major product line was substantially impacted by the pandemic and the bank didn’t believe a recovery was possible. Without additional funding to ride out the storm, the Company knew it would have to get innovative if it had any chance of surviving. So, in February, after seeing the rapid spread of COVID-19 in Asia and Europe, it quickly pivoted and introduced a new product line focused on personal protective equipment (PPE).

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sure the solution was based on receivables and inventory, so there would be fewer restrictions in the Company's ability to access financing. This made continual growth a real possibility.

By leveraging our existing relationships in the alternative financing solution space, we helped the Company find the right financing solution to meet its unique needs. Today, the Company is not only afloat, but its new financing arrangement offers an avenue for growth that would otherwise have been unavailable.

If COVID-19 has substantially disrupted your business, please know there are options available to help. At Farber, we understand how challenging this time can be from a financing perspective, which is why we're committed to developing creative re-financing alternatives.

If you'd like to learn more about how we can help you identify alternatives to see you through this difficult time, please don't hesitate to give us a call.

Asset-Based Bridge Loan: Managing Difficulty Amid Distress

How one company used their assets to avoid insolvency. [Learn more](#)