



UPS Capital®

Turn in-transit inventory
into working capital.
Without a magic wand.



UPS Capital | INSURANCE, FINANCIAL & PAYMENT SERVICES FOR YOUR SUPPLY CHAIN



Florida CFO discovers the best-kept secret in alternative financing.

Tom Walker understands first-hand the serious cash-flow challenges a growing import company can face.

“Your offshore suppliers expect payment as soon as your order is on the water,” says Walker, a partner in The Florida CFO Group, chief financial officers (CFOs) and consultants to small and medium-sized companies.

“But it can take 45–60 days to receive and distribute the goods and another 30–60 to get paid by your customer.”

“That’s a long time to have your working capital tied up, especially if you have new orders stacking up behind it.”

That 120-day cash conversion cycle can put a significant financial strain on businesses, and how you navigate it can make or break your company.

There are plenty of alternative financing options.

"A couple years ago, banks took a step back and stopped lending to smaller businesses, which created a serious funding gap," Tom says. "That's what spawned a lot of alternative financing products. But most of them are expensive, and the lenders really want to work with big businesses."

Products like accounts receivable financing (factoring), purchase order financing and inventory financing are readily available when traditional bank loans aren't, but they can come at a steep price: significant collateral requirements; high interest rates, and restrictive — even onerous — contractual terms.

"If I signed some of those contracts, I'd walk right in and tell my boss to fire me," Tom says.

So, what's a growing business to do?

Savvy CFOs are looking in every nook and cranny of their supply chain to free up working capital that can be used to grow. One of the most-often-overlooked opportunities is a company's in-transit inventory. Whether moving goods by truck, plane, train or cargo ship, the need to have cash readily on hand is critical to businesses.

"Bank financing is not going to help with this," says Tom. "They might lend on inventory, but not on goods on the water."

The best-kept secret in alternative financing.

UPS Capital®, the financial, insurance and payment services arm of UPS®, has introduced an innovative way to bridge the funding gap created by working with global suppliers.

UPS Capital Cargo Finance®

This simple, efficient alternative-financing solution helps growing companies shorten their cash-conversion cycles by freeing up cash earlier in their supply chains. It enables them to buy more inventory to fill more customer orders, while creating a much healthier capital structure for their company.

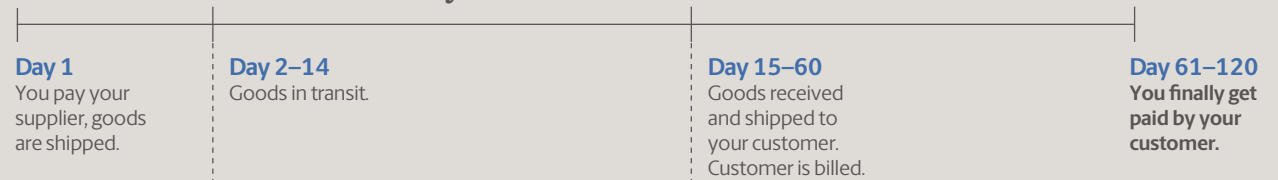
Here's how it works.

UPS Capital lends funds against the commercial invoice amount of your in-transit inventory whether it is moving over land, in the air or across the ocean.

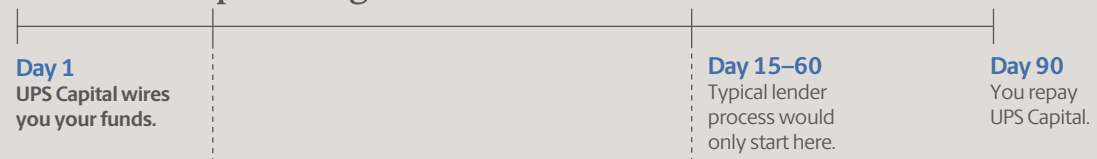
- Advance rates up to 100% of your supplier's commercial invoice
- Unsecured lines of credit up to \$1.5 million
- Pricing is simple, contract terms are reasonable
- Payment terms up to 90 days
- Funds can be secured in as little as one day, once goods have shipped



Standard cash-conversion cycle



With UPS Capital Cargo Finance





“UPS Capital Cargo Finance is the perfect product that everybody should know about.”

Tom Walker
The Florida CFO Group

“UPS Capital Cargo Finance is the perfect product that everybody should know about,” according to Tom. “It doesn’t encumber my assets, it works nicely with my current bank financing and the payment terms match up ideally to maximize my cash-conversion cycle.”

He also appreciates the simplicity. “Funding is upon shipment,” Tom says. “Requesting funds is really simple. I usually get my funding the same day.”

Having access to his working capital has also enabled Tom to negotiate better terms with his offshore suppliers. “I can now negotiate 30-day payment terms with my overseas vendors,” he says. “Coupled with UPS Capital’s 90-day terms, I can pretty much cover the whole 120-day gap.”

Tom has found UPS Capital to be a good business ally.

“UPS has been very flexible as our business has grown,” he says. “We get answers quickly, and there are no complications to this product at all.”

“When I first started using this for one of my companies,” Tom remembers, “I told my business partners. They said, ‘Sounds too good to be true. I can finance my stuff while it’s on the water?! Nobody does that.’”

So, Tom asked UPS Capital to come talk to his group. “They’re believers now,” he says.

To talk to a representative call 877.263.8772 or visit upscapital.com/cargofinance.

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