

## Sell Now, Collect Now. The Complete Guide to Invoice Funding

Discover the finance strategy  
that transforms cash flow into an  
operational tailwind for your business.

Hi there,

Whether you're a business owner, a finance leader, or you're managing finances as one of many hats you wear, no doubt we can agree on this: cash flow is a headache. As a serial entrepreneur myself, I understand.

It's a simple problem: you need cash in the bank for all your operational expenses every month, but customers control when they will pay, typically 30 to 60 days after the job is done or the inventory is delivered. The solution is equally simple: eliminate net terms, because they are the heart of the issue. This isn't unachievable. I want to **challenge your thinking by showing that you can control your cash flow—more than you might believe.**

That's really what this ebook is about. It shows that **the simple act of getting paid early makes cash flow work for you, not against you**—through stories and quotes from our clients who have experienced growth, additional profitability, time back in their day, and even peace of mind just by managing their A/R differently.

It's my sincere hope that this resource helps your business thrive. That's why I started FundThrough, and why my team and I help people like you every day.

All the best,

*Steven Uster*

CEO and Co-Founder  
FundThrough



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# 5 Questions

to reveal if this guide  
is for you.

**1** Will you take on more projects as your industry grows over the next five years?

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**Secure growth capital**

**2** Are you struggling to grow your business during record-high inflation?

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**Weather inflation long-term**

**3** Are you paying outrageous interest rates for bank financing?

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**Think outside the bank**

**4** Did the bank reject your small or medium sized company?

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**Discover partners who believe in your business**

**5** Hesitant to take on more debt or dilute your ownership?

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**Stay in control of your company**

Read on for clear answers and actionable insights to solve these problems and more.

PART 1

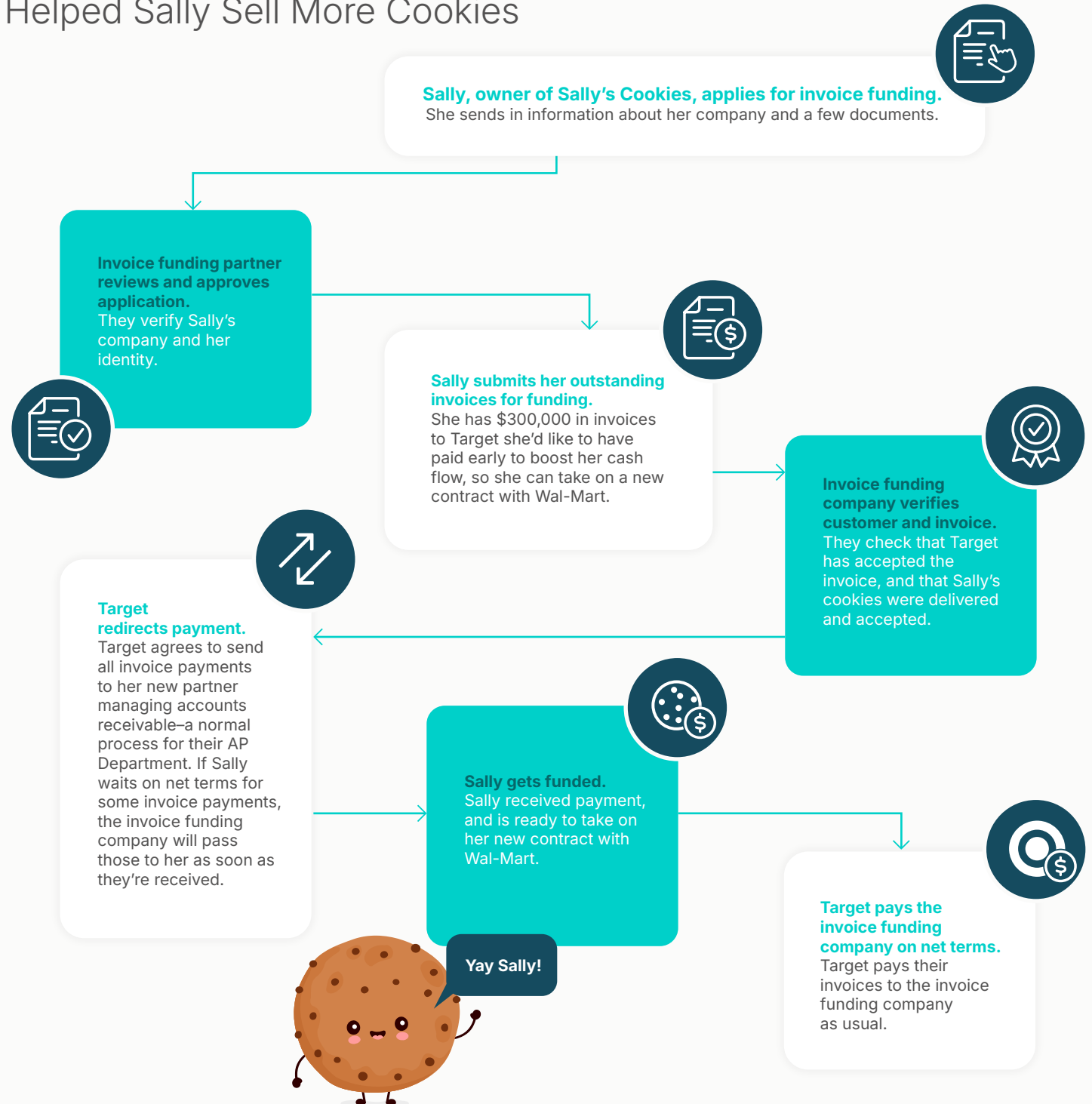
# The Basics of Invoice Funding

Get a complete overview of invoice funding: how it works, shopping for the best pricing, the role of your customer, and perspectives from your peers who get paid early.

# What Is Invoice Funding?

Invoice funding is a kind of accounts receivable financing designed to improve cash flow. A business sells their outstanding invoices to an invoice funding company who pays them ahead of net terms. The business' customer then pays the balance to the invoice funding company when it's due.

## How Invoice Funding Helped Sally Sell More Cookies



# Will Invoice Funding Damage My Customer Relationships?

This is a top concern, and it's understandable: damage to vital relationships could hurt your business. While every invoice funding partner has their own approach, ours is designed to maximize ease and minimize involvement for your customers.

## How We Ensure a Positive Experience Through Onboarding and Ongoing Funding

### Remember: Redirecting Payments is Normal for Large Buyers

While redirecting payments might be new to you, it's business as usual for many large buyers. Our team already has strong relationships with many of the world's largest buyers, and we take the time to get to know your customers who are new to us.

### We Keep You Informed About Communication

The way we work with your customers reflects on you, so our interactions are always positive and polite. We will communicate with you in advance of making any contact so that there are no surprises.

### It's Simple to Introduce Your New A/R Partner

As part of signing up a new customer in the FundThrough app, you have the option to customize pre-written email templates introducing FundThrough and explaining the process. You can send them immediately from the app or at a later date if you choose.

”

“[FundThrough’s team] has been fully in integrity with their promise to pay on time and has been flexible in working with us as we coordinated with our clients to move them over to pay an invoice funding partner, which was a new process for them.”

Wesley Powell,  
CEO Cloud  
Financial Corporation,  
Google Review



”

“I recommend FundThrough to any business looking to control their cash flow. **They take a personable approach to dealing with customers.**”

Jermaine Kelly, Founder,  
Run Veggie, *case study*



tip

### A few clients shared messaging they used to introduce FundThrough:

- “We are using a new service to streamline our accounts receivable.”
- “We’ve partnered with FundThrough to speed up cash flow so we can best serve you.”
- “We’re outsourcing our accounts receivable function.”



## 3 Reasons You Shouldn't Be Afraid To Fund Invoices

Let's Be Blunt: invoice funding has earned a bad reputation. Bad actors have damaged critical customer relationships by hounding them for payment. Business owners and operational leaders worry their customers will think they're financially weak. These are valid concerns, but they can be managed.

1

### The right invoice funding partner will contact your customers thoughtfully and only after contacting you first.

Ask any partner you're considering how they communicate with customers.

*(Here's how we do it.)*

2

### Invoice funding is becoming more popular.

When more small businesses get paid early, more large customers get used to working with invoice funding companies.

”

“The global factoring services market size was estimated at USD 4,185.05 billion in 2023 and is expected to grow at a CAGR of 10.5% from 2024 to 2030. The market has been experiencing steady growth in recent years, owing to the increasing demand for alternative financing options among small and medium enterprises.”

*Grand View Research  
Factoring Services, Market Size  
Share & Growth Report 2030*



3

### The benefits are worth it.

Small businesses are seeking out invoice funding because regardless of public opinion, it delivers the benefits they need in a financing solution:

- Quick, easy process
- Flexible funding anytime
- Easier approval (vs. traditional financing)
- Time and dollar savings from not managing accounts receivable
- Debt free
- Non-dilutive

”

“In my view, [funding] unpaid invoices is a very common and practical tradition in the textile wholesale business. Without [invoice funding], those cash flow pausing days can be crippling or even fatal to wholesale businesses like mine. FundThrough uses a unique technological platform to process the financing of my open invoices, giving me the cash flow to keep my high-volume procurement moving forward.”

*Bob Jameh, Owner and Founder,  
Beach Collections Inc.*

*case study*



## 4 Common Use Cases For Invoice Funding: How To Tell If Invoice Funding Is Right For Your Business.

Typically, small businesses need funding for one or more of the following use cases. If you have any of the goals below, invoice funding can help.

You need to meet expenses for **projects that will grow your business.**

“FundThrough helped me manage cash flow for my deals, which was crucial. I was able to bring in more deals and buy more product from my suppliers,”

*Jermaine Kelly  
Founder, Run Veggie  
case study*



Making payroll is a **constant pain.**

“With FundThrough, we land bigger projects without having the stress about making money for payroll right away. If [the pipeline project] is two miles or 50 miles long, we have money to start that project.”

*Anna Garcia  
Co-Owner,  
Global Pipeline,  
case study*



Buying new equipment for **cash** could be a strategic advantage.

“More than half of the equipment we’ve bought in the last year or year and a half we’ve been able to buy with cash from funding our invoices. That’s given us more flexibility in how we do the work while saving us money compared to the cost of leasing.”

*Ken Miller, Owner  
Liquid Gold Trucking  
case study*



Banks say no or are slow to work with you.

“Banks couldn’t keep pace with the rapid decision-making needed in our industry...Banks were slow to respond to our requests, and it just felt like they weren’t really ready to fund a small, quickly growing business because they support so many large corporations.”

*Lauralee Sheehan  
Founder & Chief Creative  
Officer, Digital 55  
case study*



# Rates: Typical Rates, How They Work, And What To Watch Out For

Invoice funding rates vary between 1% and 6% - a fairly wide range. Multiple factors determine rates, and there are several different types. Those factors, and whether or not you know how to get the best deal for your business, ultimately determines your rate. (We'll help you shop smart for invoice funding, too!)

## What Determines Invoice Funding Rates?

- **The invoice terms:** Shorter terms, like Net 30, usually come with lower rates compared to longer terms such as Net 60.
- **Size of the invoice:** Bigger invoices might attract lower factoring fees, as some companies reduce rates for larger amounts.
- **Your customer's creditworthiness:** The better your customer's credit, the lower the risk for the invoice funding company.
- **Industry:** Rates can vary by industry, especially if your sector is considered high-risk.
- **Recourse vs non-recourse invoice funding:** In recourse invoice funding, you're responsible if your customer fails to pay the invoice. Non-recourse removes this risk from you, but usually at a higher cost due to your partner taking on more risk.



### Advance Rates Can Leave You With Less Cash Flow

Daily rates are often applied when the invoice funding company only advances a certain amount of the invoice upfront, sending you the rest of the invoice amount less fees after your customer pays. Advance rates vary between 80% to 95%. **Advance rates make sense sometimes, but it's important to account for them to ensure you get all the upfront cash flow you need. FundThrough usually advances 100% of the invoice.**



## The Different Types of Invoice Funding Rates

### Flat Rates

It's exactly what it sounds like. The factoring company charges a flat percentage for every invoice by net term length. (i.e., 30 or 60 days). Example: 2.75% per 30 days. On a \$100,000 invoice due in 30 days, you'd pay \$2,750.

### Daily Rates

Daily rates (or daily fee) are usually offered in specific situations. However, you can opt to have the equivalent daily rate of whatever flat rate was agreed upon - the same fee, simply divided by the days the invoice ultimately stays outstanding.

## How Daily Rates Work

When an invoice funding company uses a daily rate, the arrangement comes with an advance rate (see explanation on page 9.) For a simple example, let's say they send you 80 percent of the invoice value immediately and hold back the remaining 20 percent. The daily fee would begin to accrue from the day of the advance and would stop accruing once your customer pays. Your partner then sends the remaining 20 percent less the accrued fee amount. **The upside of a daily rate is that you're only ever charged for the exact number of days that your invoices are unpaid.**

Here's a simple calculation to show you how it works, assuming an invoice with 30 day net terms:

**Invoice face value:** \$100,000

**Advance rate:** 80%, for an immediate payment of \$80,000

**Hold back:** 20%, a.k.a., \$20,000

**Daily rate** =  $2.75\%/30 \text{ days} = 0.09167\%$  per day

**Total fees, assuming on-time payment:** \$2,750

**Remitted amount:** \$17,250, once payment is received

Now that you know how rates work, the next section will tell you everything you need to know to get the best deal on invoice funding—spoiler, it's not just about the rate.

# How To Get The Best Deal On Invoice Funding?

1

## Understand the full cost, not just your rate:

This is the most important point. **The full cost of factoring goes beyond the base transaction fee. Many factoring companies add hidden fees, which can seriously impact the total you'll pay.** Examples include fees for initial set-up, monthly maintenance, and early termination fees. Get full transparency to avoid sticker shock later.

2

## Don't get locked into a long contract with minimum volume requirements:

Many factoring companies require a 12 month contract that obligates you to fund a minimum dollar amount of receivables every month, even up to 100% of your A/R. If you know your funding needs will change over time, you'll pay for funding you don't need. The comparison below shows how fees and minimum volumes can cause invoice funding costs to get expensive, fast. (For simplicity, the example uses a flat rate.)



### Get the Ultimate Flexibility with Spot Funding.


If you'd rather fund invoices as-needed and choose which ones get funded, ask any potential partner about spot funding to give you the most control over your cash flow.



## Industry Investigation: Hidden Fees

We asked around and discovered these hidden fees you could face from traditional invoice funding companies.

- Monthly maintenance fee: \$600/month
- Lockbox fee: \$200/month
- ACH fee: \$10 per ACH
- Initial setup fee: 1% of facility
- Monthly usage monitoring fee: \$100 per payor
- Additional fee for 90+ day net terms: 1% of invoice amount
- Early invoice payment fee: 0.5% of invoice amount
- Overpayment fee: 1% of overpayment amount, if client's customer overpays their invoice
- Return check fee: \$100
- Same day funding fee: \$500



Watch out!  
There could be even more!



# A Cautionary Comparison

Of Two Pricing Strategies

Trick Question

Would you rather pay a rate of 1.5% or 2.75% to fund an invoice with net 30 terms?

The answer seems obvious—until you look at the potential fees!

Full disclosure: FundThrough follows the pricing strategy on the right!

	Typical Invoice Factoring	Simplified Invoice Factoring
Monthly A/R	\$1MM	\$1MM
Flat Rate	1.5%	2.75%
Fees	Initial setup fee: 1% of a 1.5MM facility = \$15,000  Monthly maintenance fee: \$600/month  Lockbox fee: \$200/month  Monthly usage monitoring fee: \$100/customer; client funds invoices across 5 customers = \$500	No additional fees
Flat Rate	1.5%	2.75%
Total Fees	\$16,300	\$0
Minimum Volume Requirement	All A/R; \$1MM funded/month, minimum	None. The client chooses to fund about \$500K/month based on needs
Transaction Fee	\$1MM x 1.5% = \$15,000	\$500K x 2.75% = \$13,750
Total Cost for First Funding	\$15K + \$16,300 in fees = \$31,300	\$13,750 + \$0 in fees = \$13,750
Total Cost per Month (future)	\$15K + \$1,300 in fees = <b>\$16,300</b>	\$13,750 + \$0 in fees = <b>\$13,750*</b>

*\*if clients funds \$500k again*

Now you have practical basics about all things invoice funding. Next, we'll explore the possibilities—and see what businesses like yours have achieved by getting paid early.



PART 2

# The Possibilities Invoice Funding Creates

How Liquid Gold Trucking Grew 30% In 18 Months.

# Case Study

## How Liquid Gold Trucking Grew 30% In 18 Months

### QUICK SNAPSHOT

**Company:**

Liquid Gold Trucking

**Leadership:**

Ken Miller, owner

**Description:**

Water hauler for oil and gas producers

**Challenge:**

Managing long payment terms from a large new client that would grow the business.

**Solution:**

FundThrough invoice funding integrated with Enverus' OpenInvoice sped up invoice payments, enabling them to serve the new client.

### Liquid Gold Trucking's growth had flattened, and they needed new business.

*"For about the last ten years I've had a few trucks on with a hauling company in the Williston Basin that was keeping us really busy," Ken said. "But in early 2023, that slowed down. The insight for growth was simple: we needed to go out and find new business."*

### Ken and his team landed a large new client—but their payment terms made it difficult to make payroll.

*"Because we had been slow, cash was tight. We couldn't afford to wonder if they were going to pay within the 30 or 45 day net terms, so we went with factoring and started working with FundThrough," said Ken.*

### Getting invoices paid in days enabled him to pay his contract drivers faster, differentiating Liquid Gold Trucking as an employer, and buy trucks for cash instead of leasing.

*"Originally, we thought we'd move away from it after getting busy. But our contractors love that they get paid within a couple weeks of turning in invoices. It's such a seamless process, such a great system... we saw no reason to move away from it," said Ken. "More than half of the equipment we've bought in the last year or year and a half we've been able to buy with cash from funding our invoices. That's given us more flexibility in how we do the work while saving us money compared to the cost of leasing," said Ken.*



#### Get paid instantly with Auto-Fund.

Nowadays, Ken uses FundThrough's Auto-Fund feature to get invoices paid as soon as they're synced with his account.



### The Impact of Invoice Funding for Liquid Gold Trucking

- Grew 30% in 18 months
- Doubled drivers in 6 months; added 10 trucks and trailers in one year
- Reduced DSO of funded invoices from 30 days to 0

# FundThrough Helped Liquid Gold Trucking Unlock Cash Flow Immediately

## Introducing FundThrough to his client was stress-free.

*"It was seamless. My manager who handled that said it was a pretty easy process, and it's been a pretty easy process ever since we started." said Ken. "I understand the concerns, but I look at it this way: if an oil company is afraid of using somebody because of an invoice funding company, then you probably shouldn't be working for them anyways, because the oil companies don't have to deal with [the invoice funding company] unless they're not paying their bills."*

## Early invoice payments are helping Ken unlock cash flow and a bright future for Liquid Gold Trucking.

*"The great thing about invoicing funding in particular was being able to invoice and then get the cash," said Ken. "That helped us accelerate growth, and grow quicker than we've ever grown before."*



Hear Ken's story in his own words

[Watch the Webinar](#)

PART 3

# FAQs

# Frequently Asked Questions

## What is Invoice Factoring? What Is Invoice Financing?

What we refer to as invoice funding goes by many other names: invoice factoring, invoice financing, accounts receivable factoring or financing, etc. They all refer to the same thing: a type of financing that improves cash flow by paying your invoices early.

## What Documents And Information Do I Need To Complete My Application?

If you qualify for a FundThrough account, you'll need the following documents and information to complete your application—so have these handy:

- Proof of business (Articles of Incorporation or Operating Agreement)
- Completed identity verification through Plaid identity verification with a clear, color scan of your government-issued photo ID
- Customer contract(s)
- The FundThrough onboarding flow will guide you through connecting your FundThrough account to your bank account using Plaid for seamless transaction processing and account verification. (Or, provide a void check for your business bank account.)

## How Do I Qualify For Invoice Funding?

You can find out if you're a fit for FundThrough in minutes by [getting started here](#). Businesses that qualify for invoice funding typically have:

- Customers who are other businesses
- Up-to-date status on business taxes or a payment plan in place
- A creditworthy customer prepared to redirect payment in a timely manner
- Invoices for completed work to that customer
- No liens on your accounts receivable that you're not willing to get removed

## Is Invoice Funding Risky?

Invoice financing carries minimal risk when you're dealing with creditworthy customers who consistently pay their invoices on time. If you took on customers confident that they would pay you, you can feel confident funding their invoices. Also, invoice funding can be safer than other alternative financing methods, like merchant cash advances, because the balance is always secured by an invoice for work that has already been done - not forecasted sales.

Ready to get paid early?

[Get Started](#)

## Bonus: 7 Considerations For Finding The Right Invoice Funding Partner

To compare invoice funding companies effectively, you need to review the features that will impact your experience the most. **If you only take away one point, remember to find a partner—someone who will learn about your business and help you stay well-capitalized for the long haul.**

1

### Funding Limit

If you either have a large invoice, are in an industry where the invoices are large, or want the flexibility to grow at your own fast pace without worrying about losing access to capital, you'll want to pay attention to funding limits. **FundThrough offers unlimited funding.**

2



### Advance Rate

How much of the invoice does the company give you upfront? Many factoring companies advance 80% to 95% and pay you the remaining balance minus the fees when your client pays their invoice. High advance rates reduce your instant cash flow. **FundThrough offers 100% advance rates.**

3



### SLAs

When reviewing contracts, consider how quickly the factoring company processes invoices and disburses funds. Most invoice funding companies will arrange for your customer to redirect all payments to them to avoid confusion with switching payment destinations for funded and non-funded invoices. The SLA for disbursing payments for invoices that you choose not to get funded (A.k.a., passthrough payments, which are "passed through" your invoice funding partner to you as they're received from your customer) is especially important. Ironically, slow passthrough payments slow down overall cash flow. **FundThrough passes through unfunded invoices fast.**

4

### Factoring Fees

Pricing for any service has to make sense for you and your business. When you're evaluating the cost of funding, it's not only about the rate—it includes the rate plus fees that vary by factoring partner. A low discount rate could mean you'll pay additional fees later. **FundThrough's pricing is one flat fee with no hidden fees.**



5



### Contracts Requiring Minimum Funding

Some invoice funding partners require you to sign a contract that says you have to get all invoices for a certain client funded, or a minimum dollar amount funded every month, or even all of your accounts receivable. To fund the invoices you choose, and only fund those invoices if you need cash flow, ask about your need flexibility, your arrangement will need to include spot funding. **FundThrough doesn't require funding minimums and lets you choose invoices to fund.**

6

### Their Approach To Funding Invoices.

A manual approach slows down the process and wastes your time with piles of paperwork. A technology-powered approach to paying your invoices early makes invoice funding as quick and easy as possible, maximizing the benefit. **Fund invoices in one click (after customer setup) in the FundThrough platform.**

7

### Their Approach To Working With You

Responding to your requests in a timely, professional way is the bare minimum. Your account manager should get to know you and your business—also known as building a real relationship with you—and help you stay well-capitalized proactively.

”

“It was the human element that caught our attention. Being able to call and text our account manager, getting quick and personal responses—it wasn't something we found with other services.”

*Lisa Hawthorne  
Bulletproof Electric  
case study*



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“The platform was super intuitive and easy to use. Obviously, you can't beat getting paid the next day, which is awesome! It's not some big faceless vast organization. I chat with you all the time. But I also really appreciated the relationship that comes with FundThrough. It really feels like you're being taken care of, which you don't get with banks.”

*Sheena Russell, Founder  
Made With Local  
case study*



”



# Get invoices paid early.

FundThrough pays your invoices in days for quick, easy working capital to power growth or cover any operational cash flow gap.

- **Unlimited Funding**
- **No Hidden Fees**
- **QuickBooks Integration**

## Control Your Cash Flow In 3 Easy Steps

### 1. Connect.

Sync with QuickBooks or create a free FundThrough account.

### 2. Select invoices.

You can always choose which invoices to get paid early.

### 3. Get funded.

Receive payment and get back to business.



**Ready to get paid early?**

[Get Started](#)