

# How and Why Temporary Nurse Staffing Companies Are Utilizing Factoring To Sustain and Expand

By Brian Strugs

Basically, temporary nurse staffing companies need cash flow when they are brand new, and secondarily, when they encounter or pursue a period of rapid growth. Temporary nurse staffing companies that are just starting up encounter two main obstacles with traditional banks when they are seeking to obtain financing to use as cash flow for their business: One, they don't yet have enough tangible assets to secure a conventional bank loan; Two, they do not have the financial history to be taken seriously. Traditional banks do not make loans based upon the potential success of a business. Banks are far too rigid and inflexible for that. Even companies with established financially prosperous histories can expect to run into difficulties in obtaining financing from banks when they decide to expand.

On the other hand, funding source companies, known as Factors, are not rigid and inflexible and can provide financing to temporary nurse staffing companies by the process of Factoring. Factoring is not a loan and does not cause a business to incur any debt, and the financing provided is not based on the credit history or reliability of the business, but instead, the credit stability and reliability of its customers. Essentially, Factoring is the process of purchasing the medical receivables (accounts receivables) from a company for up to 95 percent of the face value of the invoice, and minus a small fee.

A bank loan increases your expenses by the amount of interest incurred and reduces the bottom line value of your business. Loans from banks or other lending institutions require collateral, limited by your fixed assets. With Factoring, you don't have to suffer from any of those things. Because the cash flow of most temporary nurse staffing companies is comparatively less than its growing need for finances, it is extremely difficult to obtain bank loans to help them to expand. However, with Factoring, funding source companies (Factors) do not have any problem with the fact that a company may not have a history of chronological longevity and high profits. A Factor is more interested in the potential future growth of the business, while conventional banks are strictly interested in present tangible collateral and the past financial history of the business. A Factor justifies and makes its decision to advance a business a lump sum of debt-free cash on the future potential of the company and the present amount of its medical receivables (accounts receivables).

The process of Factoring can greatly help. For example, if a temporary nurse staffing company obtains a huge contract with a large hospital, and therefore acquires the simultaneous need to expeditiously recruit and hire additional nurses in a matter of just a few weeks, the company may not have a problem with producing the money needed for recruiting the nurses but may not have enough capital reserve to pay the wages for the newly hired staff. This commonly occurs, and to compound the problem, medical facilities, such as hospitals, routinely can take as long as three months to pay their invoices, including when paying temporary nurse staffing companies. But by Factoring its medical receivables, the company can overcome this obstacle and obtain the hospital contract.

A highly recommended company that specializes in helping temporary nurse staffing companies to receive debt-free Factoring financing is Profit Increase Funding, Inc. They have over 150 funding source companies with billions of dollars to invest and can help you with your cash flow and expansion needs. Contact Profit Increase Funding, Inc. to obtain a free, no obligation consultation by email, telephone or visit the website as follows:

Profit Increase Funding, Inc.  
Brian Strugs, President/Certified Funding Consultant  
17184 Westmoreland Road  
Detroit, MI 48219-3551  
Office: (586) 945-3605 / Fax: (586) 349-6070  
Email: [Profitincrease@sbcglobal.net](mailto:Profitincrease@sbcglobal.net)  
Website: [www.profitincreasefunding.com](http://www.profitincreasefunding.com)

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