

Business factoring & cashflow management



An NBR Special Review

New firm offers help to high-risk small businesses

Small businesses that are often at their wits' end have been promised financial help without a fuss by a new firm set up in Auckland this week.

New Zealand will be the first port of call in Australasia for the Interface Financial Group, which operates more than 150 franchises across Canada and the US.

Real estate agents, advertising agencies and publishers – normally regarded as high risk by factoring companies – will

find favour with the new firm, which claims to offer a host of facilities with its "no hidden cost, annual contract or obligation" policy.

Invoice discounting is among its primary products in New Zealand but the group provides other facilities including lease finance and purchase order finance.

The group's master franchisee is Kiwi businessman Chris Reid, who practised law in

London and New Zealand. He owned and developed the Pack 'n' Pedal retail group and is director of a small freight company.

Mr Reid claimed he understood the pain and the challenge that most small business owners encountered, having being in their shoes.

"I am very excited about the opportunity to bring this much needed niche business practice to Down Under. Invoice discounting is well established

throughout Canada and the US and we are confident it will be equally successful in New Zealand," he said.

Small and medium enterprises (SMEs) can expect to get simplified forms of working capital financing, similar to factoring, he said. But the group had no plans to compete with factoring companies.

"In most cases our clients, because of their circumstances, size, amount and frequency of capital required, generally prefer the more simplified 'use-it-when-you-need-it' type of finance that invoice discounting and specifically the Interface

approach, offers them," Mr Reid said.

The firm's "no contract" approach could attract many small entrepreneurs.

Mr Reid said it was not the size but the quality of the debtors that would be the prime consideration for Interface to provide finance. The firm would fill the void left by traditional financial institutions.

Mr Reid was also keen to dispel the myth that companies using factoring were those in dire financial straits.

"Most of our customers are quite successful but they may be growing too quickly or are



Chris Reid

too new to fall in line with traditional banking financing criteria," he said.

A typical Interface client profile would be a two-year-old company, employing seven staff with an annual turnover of \$US950,000 (\$1.49 million), with the initial transaction request for \$US28,000 (about \$44,000) for 18 months.

"The client base is varied and includes food manufacturers, advertising agencies, real estate agents, printers, publishers and computer companies and we anticipate the profile of our local customers to be quite similar," Mr Reid said.

— Venkat Raman

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