

\$2.8M Accounts Payable Financing Stabilizes Inventory Expansion for National Distributor

The Scenario

A regional wholesale distributor supplying commercial equipment secured multi-state expansion agreements with large retail buyers.

Sales volume increased 40% within two quarters.

However:

- Suppliers required payment within **45 days**
- Retail customers operated on **75–90 day terms**
- Inventory expansion required an additional **\$2,800,000 in upfront capital**

Revenue growth was strong; but liquidity compression began impacting purchasing flexibility and supplier negotiations.

The Working Capital Challenge

As purchase orders increased, accounts payable balances expanded rapidly. Cash reserves tightened due to delayed receivable collections.

Without intervention, the distributor faced:

- Reduced purchasing leverage
 - Lost bulk inventory discounts
 - Supplier relationship strain
 - Slower order fulfillment
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Stabilize Cash Flow.

Strengthen Operations.

Scale with Confidence.



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The Solution: \$2.8M Accounts Payable Financing Facility

The company implemented a **\$2,800,000 revolving accounts payable financing structure.**

Key elements:

- Approved supplier invoices paid within 48 hours
- Extended repayment window aligned with 90-day receivable cycle
- Flexible revolving structure tied to purchasing volume

This aligned outgoing supplier obligations with incoming customer payments – stabilizing the cash conversion cycle.

Results

- \$2.8M in Working Capital Preserved
 - Improved inventory purchasing power
 - Enhanced supplier reliability
 - Maintained strong balance sheet metrics
 - Supported 40% revenue growth without equity financing
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Strategic Impact

With stabilized liquidity, the distributor:

- Negotiated improved supplier pricing
- Expanded SKU offerings
- Reduced stock-out risk
- Improved gross margin performance

Accounts payable financing transformed a growth bottleneck into a scalable operating structure.

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