



A Key Factor in Your Company's Success

By Nerissa McNaughton

Many people talk about starting their own business. Fewer take the tentative steps they need to make their dream a reality. Even fewer plunge ahead the way Natalie and Gerry Wawzonek did, but their bravery and commitment to filling an industry need is what has made their company, CapitalNOW, a success; and why they have been able to help so many other entrepreneurs achieve their dreams too.

"We started in a classic leap of faith," Gerry explains. "At the time Natalie and I had a toddler and a newborn, but believed there was a demand for an alternative type of business financing. So we sold our home and moved into a rental. We used the equity to start the company."

The motivation was, in part, personal. "As serial entrepreneurs we never had easy access to financing. We saw this as an opportunity. I was making a decent living as a mortgage broker and a good part of my business was finding mortgages for the self-employed. The banks charged them higher interest rates and they had to have more down payment. It was easier to find mortgages for the employees of small businesses than for the owners themselves. We knew that solving this problem would be profitable."

The Wawzoneks were right. Fourteen years on, CapitalNOW is thriving, and so are many of the entrepreneurs they aspired to help.

As the situation of financing for entrepreneurs was unique, so was the solution. "We offer a single service, by choice, and we prefer to be experts at this one thing. While our service is simple, it is difficult to do well," Gerry explains. That service is Factoring.

Simply put, Factoring is the selling and purchasing of invoices. Companies sell invoices to CapitalNOW and receive a cash advance of 75 per cent of that invoice's value. Once the customer pays the invoice, CapitalNOW returns the remaining 25 per cent minus the administration fee. This method solves cash flow and temporary cash crunch problems brought on by common issues such as rapid growth and unexpected expenses. Invoices are often a company's largest asset; Factoring is leveraging of that asset.

"Along with providing cash by purchasing invoices, we look after all aspects of accounts receivable management," says Natalie. "We verify that the invoice and paperwork is correct and deposit payments directly to our client's bank account. On the front end we evaluate the credit of the

company paying the invoice, and accept the credit risk. We also prepare accounting reports for our clients.

"We are Alberta owned, operated and funded. We support Alberta businesses by financing the quality of their work, not their credit history. We call our service Merit Based Finance®. If you are good at what you do, and your customers have a history of paying their bills, you can get paid for your invoices today."

CapitalNOW is a member of the International Factoring Association (IFA). Gerry says, "There is one core value that keeps coming up with the IFA and its members: business is a relationship, and you should only be working with good, clean, decent, honourable people. We do not do business with people that we would not want to be associated with." During CapitalNOW's due diligence process, they occasionally discover dishonest or fraudulent applicants. CapitalNOW does not work with anyone that does not adhere to good, honest, respectful business practices; and the company fully cooperates with its client's current lenders and banking relationships.

"We are fast, approachable and 100 per cent online", says Natalie proudly of what sets them apart in the industry. "We are business owners, just like our clients, and do not have bank financing. We are 100 per cent backed by Alberta investors."

As entrepreneurs working with other entrepreneurs, the Wawzonek have identified key areas of advice for their existing and prospective clients.

- **Find a downside advantage.** Many products and services thrive in downturns and being able to provide them will act as a hedge against soft economic times.

- **Know your customer.** You have access to inexpensive reports on what companies and individuals are borrowing in Alberta.

- **It is not how much business you do, it is how much business you get paid for and when.** Giving your customer 30 days to pay without interest is the custom, but it is uncommon to receive payment in exactly 30 days. Sixty to 90 days is the reality. You need to price the carrying cost into the deal.

- **You are more important to your customer than you realize.** Customers need good, reliable suppliers and they are willing to pay for them.

- **Pay someone to do what you are not good at.** Whatever you hate (whatever has been on your to-do list the longest)



Natalie Wawzonek



Gerry Wawzonek

"As serial entrepreneurs we never had easy access to financing. We saw this as an opportunity. I was making a decent living as a mortgage broker and a good part of my business was finding mortgages for the self-employed. The banks charged them higher interest rates and they had to have more down payment. It was easier to find mortgages for the employees of small businesses than for the owners themselves. We knew that solving this problem would be profitable." ~ Gerry Wawzonek

is a dream job for someone. There are people that would much rather make cold calls, do bookkeeping, or general administration, than do what you do.

- **Unless you are already an accounts receivable specialist, have a third party do your accounts receivables.** Separating sales and delivery from the finances gets you paid faster, and lets you focus on what you are good at.

It's been many years since Gerry and Natalie sold their home and put everything they believed and had into their dream, but their reasons for doing so have never wavered. Each and every day, they live out their commitment to helping business owners with financing.

"Our first client was small and learning the ropes just like us." Gerry reminisces about those early days. "We grew to-

gether, and after 18 months they had grown 1,000 per cent. We could not raise enough capital to keep up with their needs, so they went off to a larger company for financing. We did not want to lose the business, of course, but we were so proud of them! Now they are second in the province in their industry. We tell our clients that we are proud of them all the time. When is the last time your bank told you that you were doing a good job? We know how hard running a business is because we are business owners too. We are happy for our client's success, especially when they graduate to another source of financing, such as a bank, because we feel that we have been a part of their success. We are a tool for growth."

To learn more about CapitalNOW and how Factoring can help your business grow, visit www.capitalnow.ca.