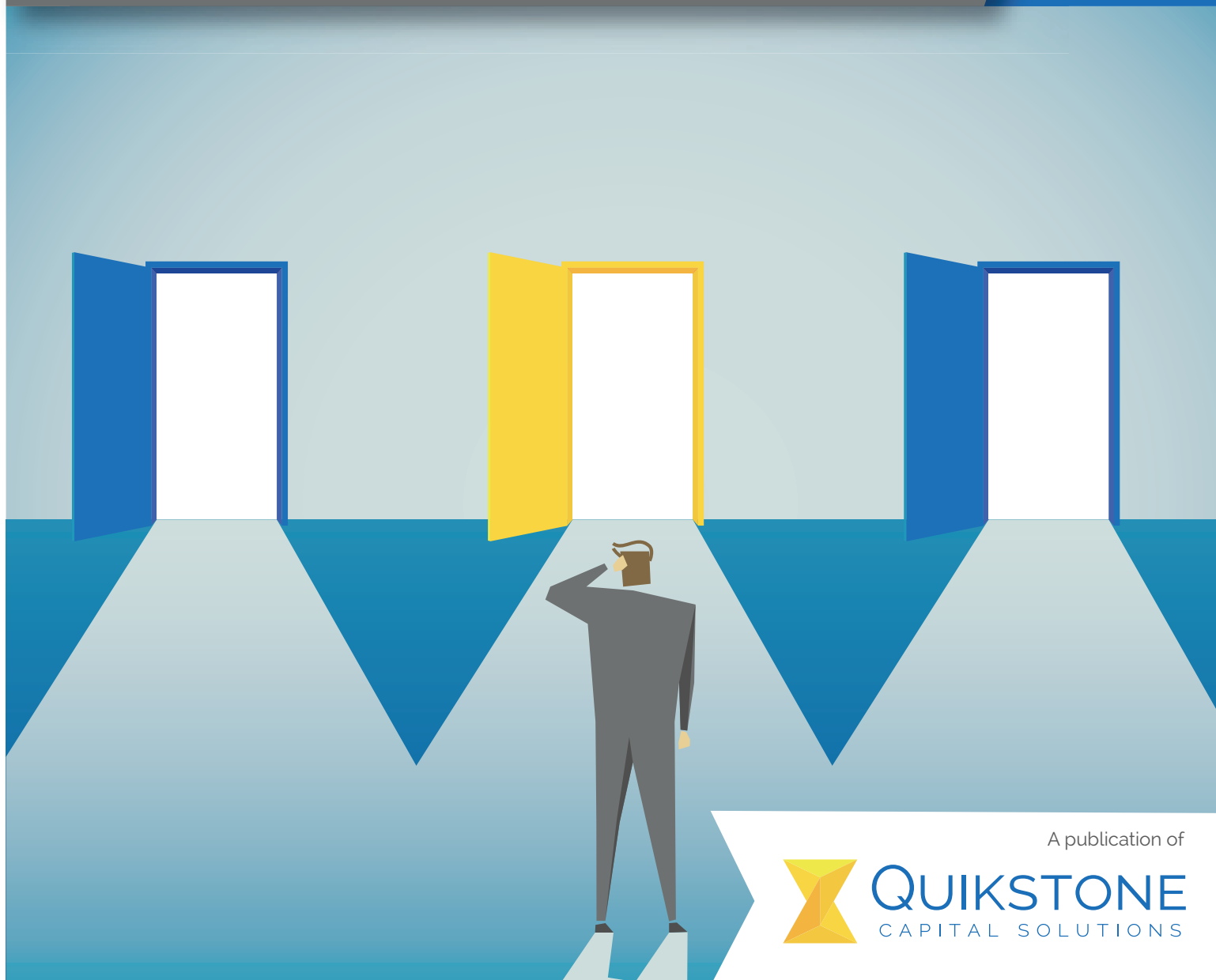


WHITE PAPER

MERCHANT CASH ADVANCES AND LOANS
CHOOSING WHAT IS BEST FOR YOUR BUSINESS



A publication of



THE IMPORTANCE OF CASH FLOW

Cash flow is the life blood of small business and provides the flexibility necessary to compete with larger competitors. A big advantage that small companies have is the ability to make changes rapidly. That advantage disappears without the necessary funds to make those changes and, unfortunately, small business merchants have trouble getting small business loans.

Merchants struggle with obtaining funding for a variety of reasons – they may have been denied, or a traditional loan isn't right for the business – whether it's due to a low credit score, no collateral, or the loan application process is so lengthy that business owners miss the opportunity for which they were seeking the loan in the first place.

Traditional small business loans are not the only way to obtain funding. Other ways include:

- ***Investors:*** Finding an investor has its advantages and disadvantages. Investors bring cash, expertise and connections to the table. But they also bring opinions and want a say in how to run the business.
- ***Merchant cash advances:*** A merchant cash advance is cash provided to a merchant in exchange for a percentage of future sales. It is an easy way for a business to get cash fast. The funding source is a silent business partner, leaving the business owner to run the business as they see fit.

MERCHANT CASH ADVANCES

Not all merchant cash advances are the same, but the good ones have their benefits. Most require no collateral and qualifying is not solely dependent on credit score – as long as a business can demonstrate enough credit card sales to repay the advance, it can get funded.

Some of the major differences between merchant cash advances and traditional business loans are:

- ***Payments:*** Traditional loans typically require fixed payments over a predetermined period of time. A merchant cash advance is repaid with a percentage of credit card sales, which works well because payments are flexible and fluctuate with sales. When sales are down, businesses don't have the burden to make fixed payments. When sales are booming, payments are higher and allow business to repay the cash advance quickly.
- ***Credit:*** Bank loans are decided based on credit score and are reported to credit agencies. Merchant cash advances place emphasis on a business's credit card income. Since it's not a loan, the cash advance is not reported to credit agencies.
- ***Collateral:*** Bank loans typically require a business owner to put up collateral. In the event the loan goes into default, the business owner risks losing the asset. Merchant cash advances require no collateral – instead, the business is trading a portion of its future credit card sales.
- ***Speed:*** The application process for a traditional loan can be long and intrusive. It can take a month or more to finalized and fund. Many small businesses cannot afford to wait and risk losing an opportunity or ability to respond quickly to an emergency. Merchant cash advances offer a quick and easy application process and cash can be available within a week.

MAKING THE RIGHT CHOICE

Businesses in need of cash should choose the funding option that's best for the business. It's important to be aware of the return on investment regardless of payment amount or interest rate. As long as the investment for which the business seeks funding makes more money than it costs, it can be a good investment.

It may sound simple, but the primary factor in determining the type of funding that works should be the merchant's ability to maintain enough cash flow after payments and other operating expenses. This ensures that the business is left with enough of its profits and will not fail under too much debt. That's what makes merchant cash advances so appealing. Traditional loans are risky with fixed payments, while merchant cash advances offer businesses the flexibility to comfortably maneuver the debt.

Businesses don't usually seek loans because they're doing well. They need it for emergencies or opportunities, and funding methods that place more burden on the merchant during these times just don't make sense.

Quikstone Capital Solutions has been in business for more than a decade and is in it for the long haul. We partner with our merchants and truly believe that their success is a direct reflection on us. We want to make it easy and we want to give you the money you need to run your business your way.

WE'RE YOUR FUNDING PARTNER.

Find out if your business qualifies for a
merchant cash advance.

Speak with Quikstone Capital today.

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