

WAYS INVENTORY FINANCING CAN HELP RETAILERS

With the rapid rise of online and omni-channel retailers, running a retail business has never been more competitive. Cutting through the clutter and connecting with customers—at a minimum—requires keeping store shelves stocked and meeting rapid delivery times for in-demand products. Yet for far too many retailers, maintaining the cash flow required to invest in stocking products can feel like an insurmountable challenge.

While many owners have turned to traditional bank loans or credit cards to alleviate their cash conundrums, an increasing number of small- and medium-sized retailers are exploring the option of inventory financing.

Inventory financing is simply a short-term loan made to independent retailers when they need to purchase inventory for sale. Inventory lenders, like Wells Fargo Commercial Distribution Finance (CDF), offer retailers flexible repayment plans with extended interest terms subsidized by manufacturers.

Could inventory financing be right for your business? We've outlined a few of its key benefits below to help you make the right choice for your business.

1. INVENTORY FINANCING LENDERS ALLOW YOU TO PAY FOR YOUR INVENTORY AS YOU SELL IT

Most manufacturers offer open account credit for their product sales, however the repayment terms are often short and the amount of credit offered isn't always sufficient to the needs of the business. But with inventory financing, your repayment terms align with your product sales. This benefit alleviates you from the burden of being forced to pay for goods that are still sitting in your warehouse or being displayed on your showroom floor.

Remember, once a manufacturer is paid in full for inventory, your money is 'trapped in boxes'. That investment may haunt you if you experience a cash flow crisis. If emergency cash is needed, can your product easily be liquidated... at a profit? Inventory financing can help give you flexibility by matching inventory terms to product turns.

2. INVENTORY FINANCING HELPS TO MAXIMIZE YOUR WORKING CAPITAL

If you have \$1 million dollars of working capital tied up in inventory, that is \$1 million dollars that is not being invested in your businesses' growth. Working capital can be used, for example, to buy new inventory systems or redesign your website. With inventory financing, you'll lower your borrowing costs so you can acquire the inventory you need to operate

and invest in your business simultaneously.

For example, knowing that there are often high costs associated with showroom product displays, CDF offers extended repayment programs for display merchandise with leading appliance, bedding, and furniture manufacturers. With some of these programs extending as long as a year, you are free to amortize your investments in displaying your products over time and then selling them at a discount when it is time for them to be replaced.

3. INVENTORY FINANCING HELPS YOU WEATHER SLOW SEASONS

From seasonal changes to rolling out new product lines, there are dozens of factors that could affect your cash flow. And while many of these elements are beyond your control, your capital commitments during these collection cycles traditionally remain the same.

Inventory financing eases that cash flow demand by allowing you to maintain a constant stream of inventory even in the event of cycles. Want to stock-up on inventory for the big holiday buying season? Test a new brand or product line? Interested in taking advantage of a manufacturer buying special or keeping more popular items in stock? Inventory financing can help give you the freedom and flexibility to use your inventory as you see fit, when you see fit.

4. INVENTORY LENDERS ADD BENEFITS BEYOND FINANCING

Your business doesn't start or stop with financing, and neither do lenders like CDF. For more than 30 years, CDF has worked to offer funding options and programs with leading manufacturers for retailers in the electronics, appliances, furniture and bedding industries. CDF also provides tools, resources and insights to help businesses like yours flourish and grow.

Whether you are a single store, medium-sized or super regional retailer, your success is CDF's business.

To explore your options with inventory financing or learn more today, contact the Wells Fargo Commercial Distribution Finance at 844-202-8237 or www.wellsfargo.com/cdf.



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