

The 2005 ACFA Convention in the Eyes of a Small Factor/Consultant

by Joy Ann Venverloh, CFS 07/01/2005

After spending Tuesday touring San Francisco, riding the cable cars to Fisherman's Wharf, eating a lobster dinner, and buying souvenirs, I started my 2005 ACFA convention on Wednesday. My mantra for the year is education, diversity, and persistence. So I spent all day Wednesday learning about pre-settlement legal financing.

I had heard and read in the Journal that this was the newest and hottest cash flow, and I wanted to learn more. With all the lawsuits out there, a need for pre-settlement legal financing exists. Structured settlement funding will take care of cases already settled, but many plaintiffs that have been injured through the negligence of others do not have the money required to present and maintain their cases effectively through all the necessary stages of litigation. Pre-settlement legal financing helps plaintiffs and their legal counsel to realize the full potential of their claims. This is virtually an untapped market and is worthwhile for consultants to consider as their niche.

The 2005 convention to me was an extremely motivational one. Fred Rewey, ACFA president, started us off with 12 myths and realities of success. All are important, but some of the realities that hit home to me are: You can't fake professional competency, marketing must be targeted and measured, and deals for the year depend on the hours per week that you work the business. True wealth is not achieved by doing more deals; it is achieved by owning cash flows. Fred also told us that success comes from making mistakes. Without mistakes, we cannot learn and grow. We must accept personal responsibility for our actions. We must write down our goals on a daily, weekly, and monthly basis. In his words, "You will go where you look!"

Fred Rewey was followed by Les Brown, who also gave us great motivational tips and stories. He told us that most people have \$250 in assets at age 65. We need better. We need "just in case" money. He said, "We don't get in life what we want; we get what we are. Invest in your mind because we all have greatness within us. In order to be successful, we must be willing to do the things today others won't do, in order to have the things tomorrow others won't have." As consultants, we must listen to our clients and show them we care. We must write down goals and expect to reach them. As Les said, "What we have done is only the tip of the iceberg of what we can do."

Fortified with all of that motivation, I attended the session about "Mining the Gold in Government Receivables" by Jeff Sheikowitz. I learned that everyone can be perceived as a government receivable specialist by allowing one page in your Web site to have a special domain name for government receivable funding. Have special business cards, mailings, letterheads, and e-mails relating to this specialized government Web page. Search engines that notice government vendor funding will bring more business directly to your government vendor funding Web page. It sounds like a great idea for factoring consultants whose niche is government receivables.

My next session was "Understanding the Technical Side of U.S. Government Receivables" by Fred Steinberg. Factors and consultants are always concerned about the creditability of the client's customers, as they are the ones who will pay the factor. The government always pays. Therefore, as factoring consultants, we should seek clients with government contracts. However, we must become familiar with government "Alphabet Soup" (initials and abbreviations the government uses) to understand the funding of contracts. Some divisions of the government will say that their invoices cannot be assigned to the factor, but

that is not true. In 1986, Congress passed a law for factors to come in on government contracts. So only use factors that deal with government invoices and know what they are doing. Fred Steinberg also gave us some marketing advice. He said to make up a short initial mailer indicating a specialty in government funding with bullet points showing "what's in it for them." Always insert a call to action and contact information with your specialty Web page on it. Instead of the usual client profile sheet, use a special government vendor application. Along with the usual factoring criteria, ask for a copy of the government contract.

As factoring consultants, you will invariably come across requests for commercial loans that are not bankable and nonconforming. Most commercial lenders tend to look at the same banking criteria then do their own due diligence. It is possible to make big money and get your commercial loan client funded. The important thing is to ask, "Why can't you go to a bank?" As consultants, we must listen and write down the problems so that the commercial hard money lender knows what he is dealing with right away. Kevin Clark's session provided this information.

In another session on placing business loans, I learned how to qualify a deal in five minutes by asking three questions. How much cash is sought? What's the collateral? How will the funds be used? Jeff Long told us that we should market ourselves as problem solvers. He uses private mortgage lending and simultaneous closings to help clients get the funding that they need.

Next I attended the Chapter Presidents' meeting. (My chapter is the St. Louis, MO chapter.) We talked about the problems Chapters have and how we can deal with them. Our main job is to be there for our Chapter members and help them all we can. The best news is that every Chapter will be given the **new CashFlowPro**® to use as we see fit (more about that later in this article). This will help the Chapter presidents keep in touch with ACFA and our members by allowing us to post meeting agendas and other information pertinent to our Chapter. This, I believe, will be a wonderful tool. Thanks to ACFA.

The next General Session with Marshall Sylver was another motivational highlight. He gave us the three skills for being a good cash flow consultant. The first is self-mastery. Sylver said, "To yourself, you are what you think; to the outside world, you are what you do." If you do not take risks, you cannot be successful. Your success depends on your ability to communicate with your clients. If you have the ability to make money, then you have the responsibility to make as much money as you can so that you can give it to people who can't. The more you give, the more you get back. Second, you need the proper tools, such as having the influence to get somebody to ask you what you are offering and then thank you after they buy it. Third, you need to have the ability to take action at the present minute. Ninety percent of what stands in your way is all in your head. The fastest way of changing any phase in life is to act as if it has already happened, as if it is true already.

In one session, I learned that I have to think outside the box. The old way of marketing doesn't work anymore. New marketing techniques are all about relationships based on trust. When we market, our ads must offer something free that pertains to the factoring business. We have to figure out a way to differentiate ourselves from our competitors. We must increase our visibility and creditability. One way to do this is by writing articles about the need for our cash flow for newspapers, magazines, etc. Better yet, we can write a book. By writing a book, we reach groups instead of individual clients. We become an authority. People never throw away a book, so our advertising results will quadruple.

I attended the session with Kerry Lucas on the **new CashFlowPro®**, which is replacing the old ACFA Web Partner. This new program provides all that the old one had plus many new designs and colors with support from the technology staff. The new CashFlowPro ® has a Business Manager that helps you track your contacts, transactions, and tasks. The Marketing Manager has letter templates, business documents, and lead resources among other great features. It also comes with a Tool Kit containing a calculator, worksheet, documents, Desktop Lawyer, and a list of funding sources for most types of cash flows. I have an ACFA Web site, so I will be grandfathered into the new system. I'm excited to see how it will help me in my business.

The Women in the Industry panel featured great ladies in the field. Today's women in the cash flow industry bring to the table confidence, professionalism, great listening skills, great negotiating skills, creativity, and knowledge. The panelists advised getting a mentor to keep us on track and help us set goals. To be successful as consultants, we must understand the deal so well that we can present the deal to the funder in a way that allows him to understand the transaction clearly. In other words, we must step into the shoes of the factor and ask ourselves if we would invest in the deal. Women are starting more businesses than men and will definitely play a much greater role in the future of the cash flow industry.

Saturday, I started the day with the Q and A with Jeff Callender and Ralf Bieler. Jeff is the author of the *Small Factor Series*, which has helped launch many small factors. Ralf Bieler's book, *Marketing Magic*, contains great marketing techniques to put into action immediately. These two gentlemen are truly experts in small invoice factoring.

"Valuation of Medical Receivables" by Larry Leder served as an eye-opener to the hard due diligence that the medical receivable factor does for us behind the scenes so that we can collect our commission checks. Medical receivable funding gives the doctor and the hospital an X-ray vision of the collectibles and allows them to get the best dollar for every claim. This field is also a good niche for the factoring consultant to consider.

The Jeff Callender Factoring Panel was next. Four small factors shared their discount schedules, advances, and procedures in running their businesses. If you have aspirations of becoming a factor, you should have at least \$50,000 to start. Your money will dictate how many clients you can have. As a rule, try to have at least your monthly factored amount times two. I try to have two and a half times the factored amount on hand. All panelists agreed that it is hard to maintain the amount of money needed. Sometimes a lot of money is in the bank doing nothing, and sometimes factors are anxiously waiting for the client's checks to come in so that the money can be put out on the street again.

I visited the Exhibit Hall all three days and talked with funders. I had brought one deal in process and two deals to be considered. While most funding companies were busy, all were willing to talk with me about what they offered. Most will keep in touch with consultants, as they need us to help them grow their business as we grow ours.

The 2005 Cash Flow convention was also a place for fun, laughter, and great parties. It was a time for renewing friendships. The Bookstore had many goodies. One of the books we brought home was *Winning the Cash Flow War* by Fred Rewey. This book teaches strategies for making money and keeping most of it. It is a book for people that want to gain financial control and have their money working for them. I am eagerly awaiting my convention tapes so that I can listen to all of the sessions that I missed. The 2005 ACFA Convention in San Francisco was the best!

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