

Certainty of funding delivering high end growth for A J K Woodflooring



What the company does

A long-established business with its roots in Bishop Stortford, A J K Woodflooring (“A J K”) are a specialist high quality wood flooring supplier. With in-house design and project management teams that work closely with clients, architects and specifiers to achieve their clients exacting requirements. By carefully choosing wood imported from all over the world and hand finished by their inhouse team of craftsmen, they create floors of natural beauty delivered, installed and finished to the highest standards.

From private residences through to sizeable contractors they are comfortable in dealing with a range of projects that include large scale residential and commercial assignments. With a blue-chip client base that boasts such well-known names such as Candy & Candy, McLaren Group and Sir Robert McAlpine they have earned themselves a reputation for delivering efficient projects from start to flawless finishes.

What was funding needed for?

As a growing business with turnover scaling upwards of £4.5m they were confident of their future prospects but became frustrated with the impact that a lack of cashflow was having on the company. Due to the nature of their customers and the choice of woods available, A J K did not hold any stock, instead placing an order for wood from their overseas suppliers once an order was confirmed. Payment was generally required upfront which caused a cashflow gap as the company could only invoice their client once the job was complete and payment terms ranged from 30 to 90 days.

Situation

Having initially approached the banks, only to find the appetite wasn't there, the directors of A J K knew they needed to cast their net wider if they were to find the right funding solution for their company.

Three principles of the firm planned a staged exit and succession plan to ensure continued growth and longevity. This included a business loan into the company to enable one of the principles to sell his stake and take a step back from the business in preparation for retirement.

How Number Eight helped

Working with their specialist business finance advisor, David Grosse of Number Eight Business Finance, they were introduced to Advantedge following unsuccessful and frustrating discussions with two other invoice finance providers. The first, a large independent player in the market, declined to offer a facility because of the contractual nature of their contracts and the second a smaller funder withdrew a complicated trade with invoice finance deal at the eleventh hour.

As Justin Campbell, director of A J K said “We have a strong business but the lacklustre response from the bank was disheartening as well as frustrating. We believed it was a simple case of cashflow funding but every funder we spoke to seemed to make it more and more complicated. So much time was wasted, which caused an increased strain on our cashflow. We needed a funder who clearly understood what we needed and would respond with the urgency that we required.”

Having been introduced, Advantedge had a clear brief – a prompt and considered decision as to whether they could finalise a funding package in as quick a timeframe as possible. By bringing together the client, advisor and their internal underwriting team, all affected parties were able to contribute to the discussions concerning such issues as applications for payment not being certified with this potentially being resolved by a small change to A J K’s operating processes. These tripartite discussions resulted in a timely and attractive offer which would henceforth provide A J K with a £300k finance facility.

As Emma Roberts, Regional Manager at Advantedge commented “It was clear that the business needed to improve their cashflow so that they had available funds to pay their overseas suppliers.

A J K is a well-run business with all the fundamentals in place as well as a credible and loyal client base who recognise the calibre of service they receive. It needed a funder who would work to understand how the business operated and to keep it simple and straightforward when proposing a funding solution. We were happy to put in place a £300k invoice finance facility which would more than accommodate their cash requirement to pay their overseas suppliers.”

As David Grosse, Managing Director at Number Eight concluded: *“Teamwork got this deal over the line. I have over 30 years of experience of the invoice finance product and have worked with Emma on various occasions over the years. I was confident that with Emma’s support, we could work with the underwriters at Advantedge to agree a workable way forward. By speaking directly to the directors of A J K, the right funding solution was agreed and now is working well for both parties. I am confident that A J K will continue to prosper thanks to Emma and her team at Advantedge.”*

Number Eight Business Finance is focused on providing businesses with quick access to best-fit finance

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