



CASE STUDY: Furniture Manufacturer



Supplier Cash Flow Service

Cllr Altany Craik, Economy Convener said:

“Business groups and individual suppliers tell us the biggest challenge to fulfilling contracts with the council is finance. Suppliers need access to affordable working capital to support their cash flow challenges. So we’re working with Elcom, a long-standing procurement technology supplier to Scottish councils, to offer cost-effective finance to businesses, based on the purchase orders we issue.”

1 THE SITUATION

Dovetail Enterprises Ltd is a social enterprise providing employment and training for the disabled manufacturing doors, furniture and beds within its modern 100,000 square foot manufacturing plant in Dundee.

With a turnover in excess of £3.3m per annum, they were looking for a solution to secure easy and steady access to funds at an early stage of the procurement cycle.



“The support provided through the scheme with Elcom has been extremely helpful in assisting us navigate through a particularly busy spell with competing demands on our cashflow. The increasing workload has required the purchase of increased volumes of raw materials. The funding provided through the scheme has enabled us to continue to meet our contractual obligations and helped ensure the continued support and training required for our disabled workforce.”



Ken Laing, Dovetail Chairman

2 THE CHALLENGE

A positive cashflow is key for SMEs. Manufacturing within the construction industry can mean that there are longer lead periods from placement of order to delivery.

With payment terms often at 30 days or more, it can take several months after an order is placed before payment is received.

Delays in final payments are challenging as there are many costs to be met in advance including raw materials, staff wages, overheads and utilities.

How does late payment impact businesses negatively?

- ☑ Cash outflows bigger than inflows. No cash on hand.
- ☑ Struggle to keep and expand operations efficiently.
- ☑ Inability to pay employees’ salaries on time.
- ☑ Difficulty to fulfill all the orders or deliver on time.
- ☑ Harder to prepare an accurate cash flow forecast.
- ☑ Slows down business decision making process.
- ☑ Reduced capability of competitiveness.

3 THE SOLUTION

Driven by Elcom’s supply chain technology, the Fife Council Supplier Cash Flow Service advances funding at Purchase Order stage.

Currently, Dovetail Enterprises Ltd. benefits from:

- ☑ **FASTER FUNDS:** eFunding offers suppliers up to 80% of Purchase Order value and 100% of invoice value within 48 hours.
- ☑ **BETTER RATES:** Finance charges significantly lower than those available from other lenders.

The process to join is simple!

- APPLY. Complete an online application.
- QUALIFY. Accept the offer of financing.
- RECEIVE. Advanced funding in 48 hours.



Impressive 100,000 sq feet of manufacturing space. Currently the business delivers a range of furniture, beds, mattresses, and fire doors to commercial, private public and third sector companies within education and care sectors, the hotel and hospitality industry, oil and gas, as well as office, cafes and restaurants.



Get in touch at efunding@elcom.com