

# HEALTH SUPPLEMENTS COMPANY REINVIGORATES ITS WAY BACK TO BANK FINANCING RELATIONSHIP.

## CASE STUDY » \$4 Million Credit Facility

### THE CHALLENGE

As the COVID-19 health crisis spread across the country in early 2020, a Pittsburgh-based manufacturer and distributor of health supplements recorded heavy loss to its core business on a national level. Company leadership sprung into action with 78 full-time employees ready to put their minds and backs into saving the company.

Leadership saw an opportunity to help offset the losses by evolving the company's digital offering. Unfortunately, due to the revenue hit their large NY-based lender was unable to renew the traditional LOC critical to funding the new strategy. In a stroke of luck for the client, their banker had worked with the Alterna Team before and made the introduction.

### OUR SOLUTION

The company was new to alternative lending, so we proceeded without presumption and shared our approach to financing. The client was relieved to hear we were not restricted by covenants, and was pleasantly surprised by the direct access to our management team.

We quickly structured the deal with an LOC on accounts receivable and inventory, supported by a \$250,000 unsecured bridge term loan for extra working capital to fund production on a backlog of orders. We remained in constant communication to advise the client in support of his successful vision and strategy.

While the pandemic's impact expanded, demand for the company's product grew. Now they were prepared. Financial performance improved and they were approved for a new LOC with a local bank at a lower and more cost-effective interest rate.

### MEASURED RESULTS

- **90% advance rate** on accounts receivable and 50% on inventory
- **Access to capital enabled client's return to profitability**, allowing them to return to a bank LOC

📞 407.564.2270  
✉ [Info@AlternaCS.com](mailto:Info@AlternaCS.com)



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Corporate Office: 2420 Lakemont Avenue, Suite 350, Orlando, FL 32814 | [AlternaCS.com](http://AlternaCS.com)

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