

## Bridge Financing for a DIY Building Supplies Manufacturer

By: Adrian Isaacs, CPA, CA, Founder and Managing Partner at Isaacs Advisory

### The Need:

Our client, a manufacturer and distributor of DIY building solutions had spent the last few years doing R&D to add innovative products to their merchandise line up. While they have a North American blue-chip customer, just a few customers represented a high percentage of revenues resulting in some concerns around concentration risk for their bank.

In addition, and not uncommonly, the product development also took longer to bring the product to market than planned and they were concurrently tweaking their production facility to manufacture hand sanitizer to fulfill market demand due to COVID-19. This together with perceived customer concentration risk meant that their bank could no longer accommodate their current financing needs.

Our client, therefore, needed a flexible and scalable working capital solution from a non-traditional lender that they could use as a bridge loan while they focused on diversifying their customer base, rolling out their new DIY products and launching their hand sanitizer operations.

### The Solution:

We were able to source an \$800,000 working capital bridge facility which was used to payout their bank and provide some additional working capital for the business.

We were also able to facilitate an Inter-Creditor Agreement between the incoming lender and the existing subordinate debt lender who stayed to support the business.

Given its short-term nature, the incremental cost of this financing solution was considered "equity rental".

### The End Result:

With the support of their subordinate debt lender, we were able to source a non-traditional lender to provide the business with a bridge loan to enable it to bring its new products to market and make the necessary plant investments to commence hand sanitizer production.

And while it is a more expensive debt solution than a traditional bank, this solution is short-term in nature and it also meant the shareholders did not have to increase their loans into the business to support it through this transitional period.

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At Isaacs Advisory, we have extensive experience in advising, structuring, and sourcing a wide range of traditional and non-traditional financing solutions for SME's (Small & Medium Sized Businesses).

For more information on raising financing solutions for a start-up, early stage, growth, in-transition or business in distress, please contact Adrian Isaacs at (416) 835-4511 or [aisaacs@isaacsadvisory.ca](mailto:aisaacs@isaacsadvisory.ca).