

# Financial Constraints Behind Half of All Startup Failures

*Access to financing and cash flow management challenges common are for startups; solutions like factoring fill gaps left by traditional startup funding methods.*

EL PASO, TX, UNITED STATES, October 24, 2024 /EINPresswire.com/ -- Leading invoice funding company Viva Capital says traditional startup funding methods are leaving founders at risk and failing to address the leading causes of startup failure. Additional coverage is available in ["How Invoice Factoring for Startups Fuels Success,"](#) now live on VivaCF.net.

The new report draws on research that shows two in five startup failures are tied to the business running out of cash, while half can be traced back to a lack of financing. These interconnected challenges, while pervasive, aren't readily addressed by traditional startup funding methods, such as loans, lines of credit, and venture capital.

"Startups face high rejection rates, and application processes are lengthy," explains Armando Armendariz, Director of Business Development and Partner of Viva Capital. "Plus, venture capital is illusive and comes with strings attached like equity loss, which isn't ideal for many founders."

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*Armando Armendariz*

Armendariz notes that cash flow challenges typically become more evident as the business grows due to increasing overheads, hiring, and upfront costs of accepting new projects or orders. These challenges are



intensified by typical invoicing practices that result in slow or unpredictable client payments. Factoring, he says, addresses these issues in ways traditional startup financing doesn't.

"Factoring goes straight to the root of the problem by stabilizing startup cash flow and making it more predictable," Armendariz says. "It also provides instant cash flow, allowing startups to cover growth-related expenses without taking on debt or giving up equity."

He adds that factoring is more accessible than traditional startup funding options because approval is based on the creditworthiness of the startup's clients rather than the startup itself. Because of this, most startups that invoice B2B clients and have established relationships with their customers are likely to qualify, even if they haven't been in business long and don't have a strong credit score yet.

Those interested in exploring invoice factoring are encouraged to contact Viva Capital at VivaCF.net.

#### ABOUT VIVA

Founded in 1999, Viva helps B2B businesses of all types accelerate cash flow through specialized funding solutions like factoring, accounts receivable financing, and asset-based lending. Their simple qualification process makes it easy for small and mid-sized companies to get vital funding despite lack of credit or time in business. [Additional information is available at VivaCF.net.](#)

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