

First Hours of Liquidity Crisis Key to Business Survival

What a business does in the first 48 hours of experiencing a financial emergency may determine long-term business outcomes, industry insiders say.

HOUSTON, TX, UNITED STATES, July 28, 2026 /EINPresswire.com/ -- Leading [invoice funding company](#) Charter Capital reports that small businesses across the country are days or weeks away from facing a liquidity crisis. Prevention and initial responses may determine long-term business outcomes. Additional insights are shared in "[Liquidity Crash Kit: 5-Step Cash Crisis Management Strategy](#)," now available at CharCap.com.



Charter Capital - Factoring Made Simple

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*Joel Rosenthal, Co-founder
and Executive Manager at
Charter Capital*

MANY SMALL BUSINESSES ARE IN A PRECARIOUS LIQUIDITY POSITION

While the majority of small businesses struggle with cash flow issues, a large subset are in an especially precarious position due to limited reserves and debt, which increase the risk of insolvency.

- > Limited Reserves: 39 percent of small businesses cannot cover one month of expenses in an emergency.
- > Liquidity Shrinking: 23 percent expect their reserves to shrink in the next year.
- > Debt Often Leveraged: 86 percent leverage financing

regularly.

- > Trapped by Debt: 33 percent report having difficulties making debt or interest payments.

“It’s well documented that cash flow management issues are present in the majority of small business failures,” explains Joel Rosenthal, Co-founder and Executive Manager at Charter Capital. “However, businesses can often overcome financial emergencies by responding swiftly and prioritizing long-term outcomes.”

FOLLOWING THE RIGHT PROTOCOL IN A LIQUIDITY CRISIS MAY BUY TIME AND LONGEVITY

Rosenthal notes that businesses can address many underlying issues in advance to prevent liquidity issues or minimize the harm caused by them, but adds that, when an emergency occurs, the steps taken in the first few hours can dramatically impact long-term outcomes.



Liquidity Crash Kit

> Limit the Snowball Effect: What starts as a momentary liquidity crisis can quickly turn into checks bouncing, fees, and a loss of trust, all of which have long-term implications for a business. It's important to confirm the business's cash position and pause all nonessential spending the moment a shortfall is identified.

> Secure Short-Term Capital: Leaders should close the liquidity gap as soon as possible. Rapid solutions include requesting immediate payment from customers, invoice factoring, and liquidating nonessential assets if necessary.

> Stabilize Operations: Customer-facing operations should take priority. If vendor payments must be delayed, communication and potentially negotiations should occur before the payment is late.

> Identify the Root Cause: Once the immediate crisis has passed, the triggers should be identified and addressed.

> Prevent Recurrence: Applying best practices, such as maintaining a rolling 13-week cash flow forecast, vetting customers, monitoring receivables, diversifying revenue streams, and being prepared with flexible funding, can help businesses prevent recurrence.

"Invoice factoring, a source of working capital funds for B2B businesses with open invoices, can be invaluable during a liquidity crisis and is more accessible than traditional financing options," Rosenthal adds. "Because it's versatile, businesses can secure funding quickly in an emergency or set up their funding relationships in advance to have them ready if needed."

Those who would like to learn more about factoring or request a complimentary quote may do so by calling 1-877-960-1818 or [visiting CharCap.com](https://www.charcap.com).

ABOUT CHARTER CAPITAL

Headquartered in Houston, Texas, Charter Capital has been a leading provider of flexible funding solutions for the B2B sector for more than 25 years. Competitive rates, a fast approval process, and same-day funding help businesses across various industries secure the working capital

necessary to manage daily needs and grow. To learn more, visit charcap.com or call 1-877-960-1818.

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