



Spa Owner Finds Peace of Mind with Straightforward Business Funding from AdvanceMe

Situation

Staying beautiful is a booming business, as evidenced by the approximately 13,757 spas in the United States which generated \$9.7 billion in 2005 according to the International Spa Association. For these spas to stay in business they often need more than just a long list of loyal clients; they need a source of capital they can count on.

For more than 10 years, Body Beautiful Day Spa, a full-service day spa and laser center in the heart of New York City, has kept clients well groomed and relaxed with a variety of spa and salon treatments. Like many small business owners, Richard Cacace, owner of Body Beautiful Day Spa, was in need of working capital to keep his business on top of the trends and in a healthy working state. He wanted to expand the business' services and keep his business current with the most progressive, organic treatments and amenities in the hair and skin care industry. Richard values the spa's customers and knows that they rely on him to be knowledgeable about what is in style, providing them with the latest innovations in services including laser hair removal, electrolysis, body waxing, aromatherapy, massages and facials...

When Bank Loans Are Not An Option

According to the results of the 2006 Q4 Small Business Barometer, a survey of small business owners commissioned by New York-based Capital Access Network, Inc. (CAN), American entrepreneurs are facing a near crisis when it comes to securing financing needed to maintain and/or expand their businesses. Survey data shows 79 percent of small businesses are undercapitalized and as many as 90 percent run the risk of filing bankruptcy or shutting down during the first five years of being in business.

These financial challenges mean small business owners like Richard are being forced to search for alternative forms of working capital such as credit cards, second home mortgages and loans from friends and family – all of which can be unappealing and risky options.

For Richard, this alternative was found in the form of a Merchant Cash Advance, a product that small businesses can trust in times of financial need.

Success Using Funding That Supports Businesses

When searching for a respected partner, Richard found AdvanceMe, Inc. He learned of the company after receiving a direct mail piece explaining how its funding option has helped small businesses receive working capital. AdvanceMe helped Richard realize how much a Merchant Cash Advance could assist his business in expanding and acquiring the supplies necessary to stay competitive in the spa industry.

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Loans require a fixed payment amount every month and have penalties in the case of late payments. Richard values AdvanceMe's more flexible, business-friendly approach. His business Merchant Cash Advance was integrated directly into its credit card processing. Collections were made through automatic deductions of a percentage of the business' daily credit card sales. This means collection amounts would always align perfectly with the varying daily credit card revenues of the business.

Also, the benefit of knowing and understanding the true cost of the Merchant Cash Advance was priceless. According to the 2007 Q1 Small Business Barometer, one half of the small business operators surveyed responded that they did not understand the actual long-term implications of a \$5,000 credit card charge if only minimum payments are made over a five-year period.

Richard states, "I appreciated the fact that AdvanceMe acted like a true business partner, providing the most revenue- friendly funding model available today. Knowing exactly what the business' funding costs are is one of the most attractive benefits. When I use other options such as credit cards, I never know the true cost of a purchase due to fluctuating interest rates and payoff periods."

The Outcome

Richard started his relationship with AdvanceMe in 2003 and since then his business has returned four times for fast access to working capital. Today, with what Richard credits in part to AdvanceMe, Body Beautiful Day Spa is now enjoying a new location in the hip East Village and continues to enliven its clients by providing a relaxing, pleasant and clean environment for his hair removal, skin and body care treatments.

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