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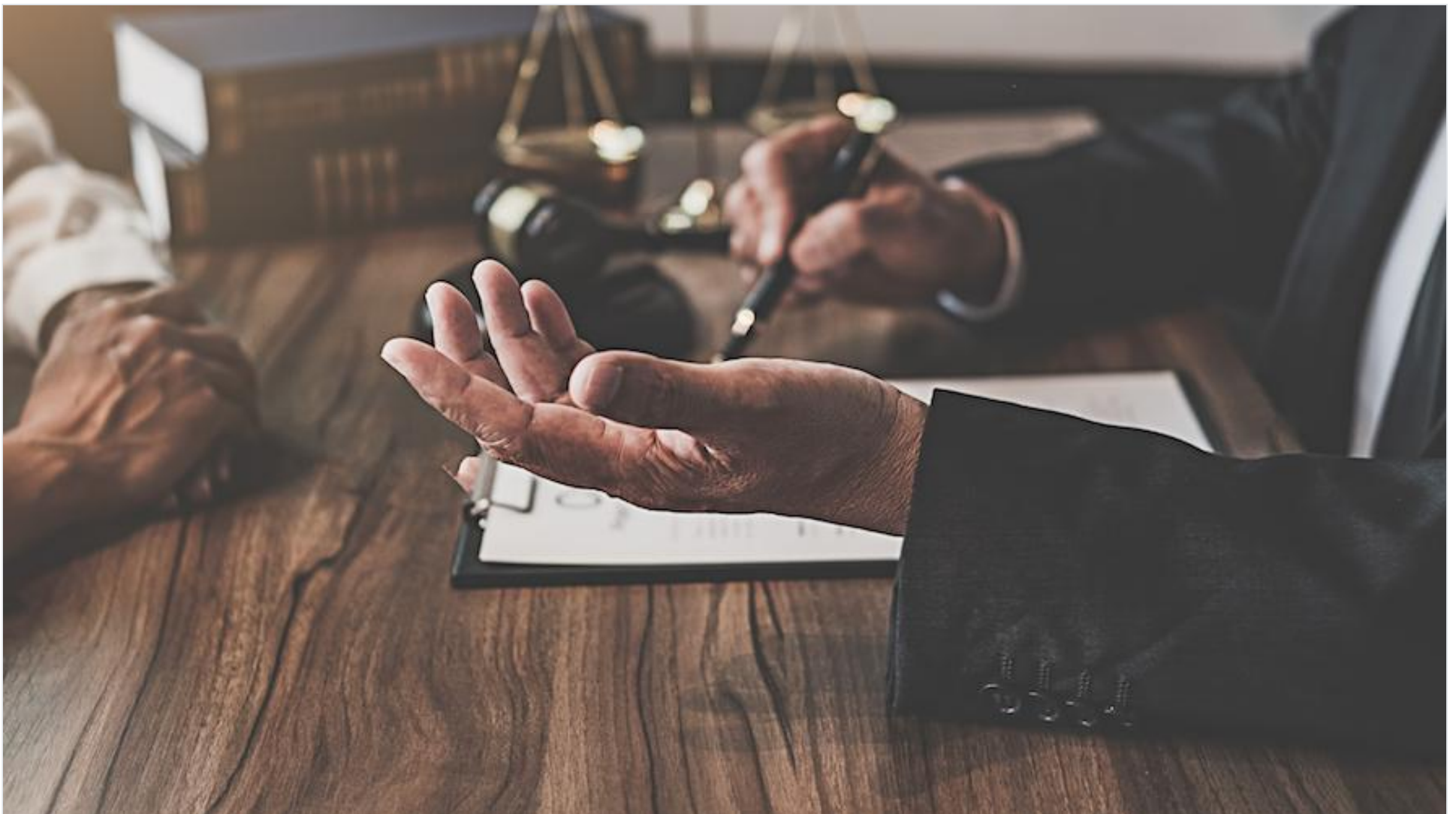
# 'Smoothing the Edges': How Fundafi Bridges the Funding Gap for Small Law Firms

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Judge gavel with Justice lawyers having team meeting at law firm background. Concepts of Law and Legal services. Suwannar Kawila / EyeEm

By Courtney Gabrielson

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Cheryl Kaufman begins the explanation of what her nine-year-old company, Fundafi, does with a story.

It goes like this: Imagine you're a talented lawyer. You've invested time, energy and finances into your education and your career. Then, you work your way up the ladder and now own your own small firm. Business is going well. And then, because of the nature of how court cases play out — settlements take months to go through, insurance companies drag their heels on providing insight, etc. — you either find that the money you need to keep the lights on, or at least make moves that would expand your business, isn't coming in when you need it.

As traditional loan providers don't often understand the fluctuating nature of how small law firms make money (some quarters are a feast; others, famine — all because of the host of aforementioned variables in concluding a case), many small law firms like those owned by our protagonist grow stagnant in terms of long-term growth or find themselves in deep financial trouble. And, if firms did get a loan, the terms were often stifling.

Fundafi was created to fix all that.

In short, the company is "purpose-built" to bridge these gaps in financing for small law firms. It boasts a five-step application process that begins with an online application and ends with a promise to continue to work with the company "provide tools to better grow your business." The automated process provides clients tailored financing in a period of days.

Kaufman, a licensed lawyer and entrepreneur, began the startup when she was advising law firms and was astonished at how great the pain point of fluctuating funding was for her clients.

"These smaller firms were delaying certain choices that would help them grow," she said. "I also saw that they could do so much better if they had a reasonable source of capital."

"It's a really big deal for us, to see how far we've come. But we're still at the tip of the iceberg."

The bootstrapped company, which is "Charlotte born-and-bred," as Kaufman added, is licensed to serve firms across the country. And while its client base continues to grow, she said that those Fundafi has already served love the product — so much so that they have an 86 percent return rate.

"That part is very exciting," Kaufman continued. "The response when these firms find us, and realize we actually care about running their business [is gratitude]. ... We are not in partnership with them in business, but we're interested in partnering in [the clients'] success."

Kaufman doesn't see the positive feedback as an invitation to sit back on Fundafi's laurels.

"What we're really excited about is what we're doing now: investing in our technology," she said. "What we're trying to do now is take our knowledge of those firms and combine technology that we have to both understand their cash flow ... and share back the data that we see; make [clients] smarter."

That's not all. The Fundafi team is scaling its systems in order to increase the amount of loans the company can fund. Ultimately, it's in it to find ways to help other small business — or "smoote the edges about what makes running a law practice hard," as Kaufman explained.

"Investing in this technology — it's a really big deal for us, to see how far we've come. But we're still at the tip of the iceberg," she added.

Growth hasn't just been relegated to technological capabilities; Kaufman's company has ballooned to a team of 15, and has long since expanded out of a small office in Packard Place. And throughout those years of growth, she's gained a lot of wisdom.

Any advice?

"Trusting your instinct about a need in the market is so essential," Kaufman said. "Too many times people sideline themselves. ... There's so many ways to enter the market with little more than an idea to figure out if there's traction. Start and fail early. And quickly. And keep on moving forward; revise the idea or come up with a new one. It's an exciting world."

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