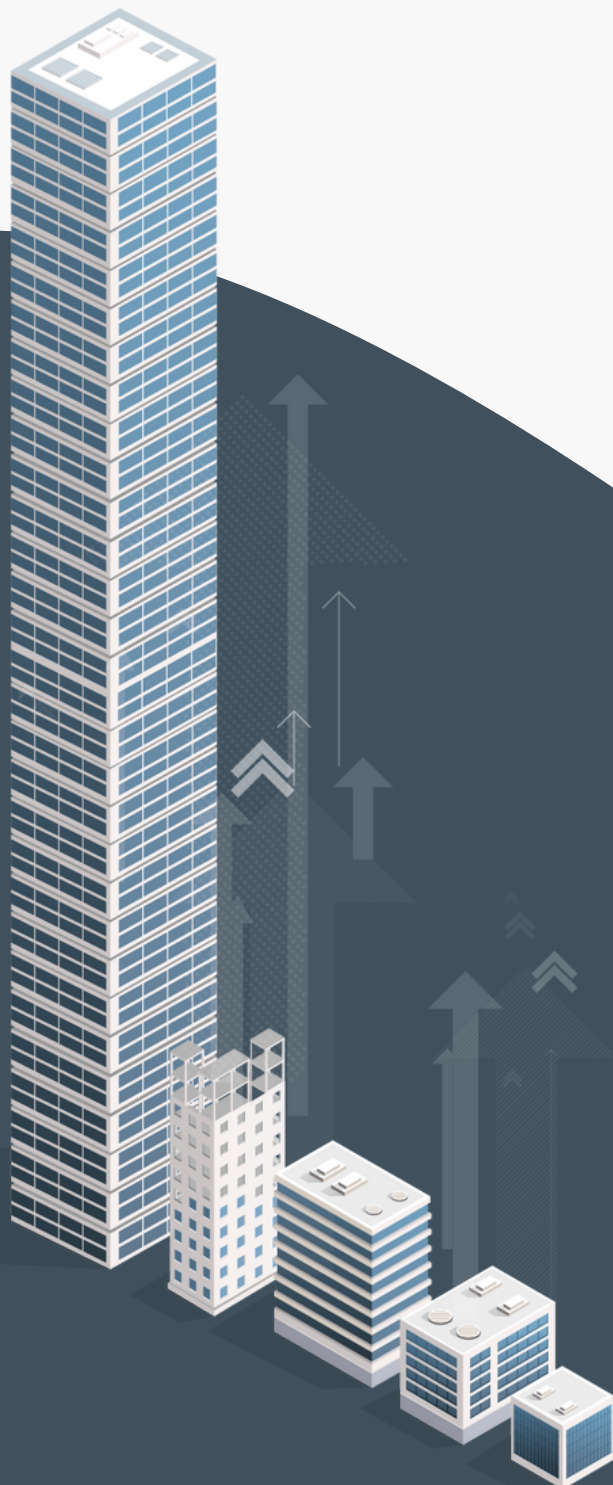




RECRUITMENT BUSINESS GROWTH

FEBRUARY 2022



Taking your agency to the next level

After successfully managing to start your own recruitment business, how do you take it to the next level and grow your agency at a pace that you can maintain?

It's not just about doing the same – but a bit more. It's about reviewing where you are and what resources you need to take your business to the next level.



REVISIT THE BIG PICTURE

Following good practice is the key to sustainable growth. Even if you're a small business, it's time to review what you want to achieve and where you want your business to be.

SWOT ANALYSIS

If you haven't already done so, it's time to do a SWOT analysis of the business. (What are the Strengths, Weaknesses, Opportunities and Threats facing your business, both internally and externally?)

The outcome of your SWOT analysis should help you to clarify your objectives and goals. It might be adding a temporary/contractor solution to the permanent solution you already offer; moving into a new market sector or extending your geographical reach. How do you plan to implement, evaluate and resource this?



BUSINESS PLAN

Once you've looked at where you are now and some of the issues that can arise as your recruitment business grows, you mustn't let it stop there. The business plan that you put together should be constantly evolving and not relegated to the archive section of your laptop. Get into the habit of revisiting the big picture and reviewing your SWOT analysis – don't wait for a crisis to happen.





FACING WEAKNESSES & THREATS


Alongside evaluating your opportunities and strengths, being aware of existing weaknesses within the business or potential threats means you can act now to reduce risk or have a plan should the worst happen.

OVERTRADING

Overtrading is a common problem facing companies that grow too quickly. It's an imbalance of cash coming in and cash going out. It can lead to business failure. Even profitable companies can end up with a negative cash flow. It's important to be aware of the danger signs and keep on top of your finances.

LATE PAYMENTS & AGED DEBT

Aged debt and late payments can be the death of a business. Some factoring companies, for example, will charge you interest every day an invoice is outstanding. As soon as an invoice hits 90 days, they will hold money back from each week's drawdown, negatively impacting your cash flow. A robust credit control process is essential going forward to mitigate this risk as well as debt protection for peace of mind. Chasing debt can be time-consuming. Consider outsourcing this to a recruitment specialist. They can perform due diligence and credit checks on clients as well as invoicing and collecting overdue payments – this can help reduce your debtors' days and improve cash flow. It can also free your time to focus on billable activities, which again keeps the cash coming in.



RELYING ON ONE OR TWO MAJOR CLIENTS

Don't become overdependent on a few large clients to fuel your growth. Large clients are often demanding and drain your time – balance this up with the value they bring in and whether it's worth your time and effort. Let them go if they are profit drainers. You may have a mix of high margin and low margin clients depending on what sector you are in. It's worth reviewing your pricing model to make sure that you are not undercharging. Also, spread your risk – if you just have clients from one specific sector and that sector takes a downturn for whatever reason – then you're vulnerable. The key is to diversify where possible.



PAYING YOUR WORKERS ON TIME EVERY TIME

If you are a temporary or contractor agency, it is crucial that you have guaranteed cash to pay your workers each week. However, the level of cash required weekly can vary according to the duration of the project. For example, you may have accepted business from several clients but find that late payments are causing an issue with working capital. Therefore, you need a financial solution that can guarantee payment of your workers every week, allowing you to take on new business with peace of mind. You cannot 'just hope for the best' with this one.



WORKING IN THE BUSINESS RATHER THAN ON IT

There's only 24 hours in a day. If you find yourself spending more time sorting out business administration than on performing billable tasks, then it's worth considering outsourcing your back-office. Your entrepreneurial skills should be spent on sourcing positive revenue streams for your growing business rather than dealing with issues arising from Payroll, for example. Therefore, it also makes sense to focus your resources on growing your recruitment team who can help you achieve your sales targets. Look for a back-office specialist who is experienced within the recruitment industry and can pay all your clients' workers if you offer a temporary or contractor solution. There are providers who can offer a pay-as-you-go service to preserve cash flow. Make sure they have the flexibility to offer a solution for all your workers, however they need to be paid.



3 ADAPT OR DIE

What didn't seem like a threat a month ago now appears on the radar. Likewise, new opportunities on the horizon beckon. It may be an ongoing success from one client has snowballed into another potentially lucrative revenue stream for you.

Therefore, it's about delivering a business plan for growth in the face of uncertainty. Not easy. You, the business owner, will need to ensure you have the necessary resources in place to achieve this. It may require a different model for business growth. What resources can you call on for support to help you realize your growth ambitions?



PEOPLE

It's important to be strategic about workforce planning. Your business plans should help you focus on what potential talent you need and when. Attracting talent for your recruitment business means starting off as you mean to go on. Many people don't leave a company – they leave a boss. Would you want to work with you? Having an open mindset is important, otherwise it will be difficult to be receptive to ideas from others. How you behave now will in fact set your company culture – so make sure it's an inclusive one.



TECHNOLOGY

Review the technology you currently use. Avoid multiple systems, where possible, as this can be time-consuming. Look for a system that has been designed specifically for recruiters and combines your front and back-office processes. You should be looking at recruitment technology which can make you more efficient, save time and help keep costs down. Do your research and see what recruitment technology solution is closest to your needs and budget.



FINANCE

It's important that your financial partner is a recruitment specialist that can provide a flexible recruitment solution to match your growth expectations.

The capacity to scale up and down is an important consideration. This may impact on the number of contracts that can be taken on at any one time if you run a temporary/contractor agency. Look for a solution that provides 100% recruitment finance, however a worker is paid. Paying your workers on time, every time, is the golden rule.



Similarly, if you are a permanent recruiter, having an advance on invoices within a few days means you don't have to wait 30+ days to get paid on perm invoices. This frees up funds for growth. Also, look for a USP that can help you stand out from the crowd in the permanent market. Rebate schemes can be effective sales tools that can help you stand out from the competition and give you the capacity to charge a higher price.

Be mindful, some factoring companies may only provide 80% factoring solutions. This means that 20% is always held back – funds that could be used to help grow your business. Having access to your profit without concentration limits is something you should be aiming for.



BACK-OFFICE SUPPORT

Are you spending too much time on business administration rather than business development? Consider outsourcing your back-office admin. This will free up your time to focus on revenue-generating activities and do what you do best.

PAYROLL

However your workers are paid, there are payroll providers who can offer a pay-as-you-go service. This should help preserve cash flow and save you precious time. Look for a provider who is a recruitment specialist and has the experience of paying a wide variety of workers – whether PAYE, Limited Company, self-employed, Umbrella or CIS. This should also give you peace of mind that they are helping to keep you compliant with HMRC and employment legislation.



CREDIT CONTROL

Having a robust credit control process in place is essential to help reduce the risk of late payments and aged debt. A healthy cash flow is essential for growth. However, getting the money in can be time-consuming. You can save yourself valuable time by outsourcing this as part of an overall back-office support solution. Make sure it's a company that can take care of invoicing your clients right through to collecting overdue payments.

DUE DILIGENCE & DEBT PROTECTION

As we all know, not all business is good business. Therefore, an effective credit control system should also be reducing risk through completing due diligence and credit checks on your clients. Don't forget debt protection too, credit insurance will reduce your risk and help protect the future of your business, should the worst happen.



ENJOY THE JOURNEY

Taking your recruitment business to the next level can be daunting but you don't need to sail alone. Remember why you started the business in the first place.

Successfully implementing a business plan for growth, whilst staying on top of your finances, is achievable. Just choose your growth partner wisely and enjoy the journey!

Simplicity have helped thousands of recruitment businesses grow over the years. Our 100% recruitment finance and back-office support solutions have enabled recruiters to focus on what they do best – grow their businesses. We'd love to support you on your journey too. Please contact one of our recruitment specialists to find out how we can help you achieve your growth aspirations.

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