



# GETTING STARTED

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OUR SIMPLE GUIDE TO  
STARTING & MAINTAINING  
A SUCCESSFUL RECRUITMENT  
BUSINESS





THINKING OF STARTING A RECRUITMENT BUSINESS?

BUSINESS PLANNING

MAKING IT OFFICIAL

PROTECTING YOUR FUTURE & REDUCING RISK

CASH FLOW IS KING

SUPPORTING FUTURE GROWTH

STAND OUT FROM THE CROWD

READY SET GO

# 1

# THINKING OF STARTING A RECRUITMENT BUSINESS?

Starting your own recruitment business is exciting and daunting, empowering and intimidating, challenging and inspiring all at the same time.

If you're thinking of taking the plunge and starting up on your own, before you do anything else, you need to make sure it's the right decision for you, your family and your lifestyle.

Recruitment is a challenging and rewarding industry. So, if you're ready to be your own boss and make your own decisions; if you have the desire to work in the recruitment industry; to work hard but reap the rewards; if your loved ones are supportive and enthusiastic, then it sounds like the time is right for you.

With the right support, processes and infrastructure in place from day one, you will be in a far better position to make your decision a reality.

But, when you start to consider all the things involved in starting a recruitment agency, it's hard to know where to begin and what to prioritise. So, here's how....

**“Over 4000 new recruitment businesses are set up each year. Make sure you're one of the success stories.”**



# 2 | BUSINESS PLANNING

Proper planning prevents poor performance – isn't that how the saying goes? It's worth spending some time thinking about the market you would like your business to operate in and the area in which you want to specialise. Whether it's a simple plan, or a more substantial document, it will help to get your ideas clear.

## MARKET INFORMATION

Before you set up, you need to know that there is a buoyant market for your business to grow and thrive in. Take some time to conduct your own market research on the employment and dominant sectors of local business, availability of skilled candidates and expert advice plus support networks you can engage with.

## COMPETITION

Don't fixate on the competition but don't underestimate them either. In an ideal world, you would want to know: who they are; where their clients are; what their rates are; how they market themselves and what sets them apart. Forewarned is forearmed!



## WHERE WILL YOU BASE YOUR BUSINESS?

You have many options – from working at home to service offices or office rental. Many successful recruitment businesses start out from home and progress as necessary. You'll need to focus on managing your start-up costs in the first few months until you are generating enough profit to move to the next stage. As your business starts to grow, you'll want to consider what type of office space you'll need in terms of size and location.

## WHAT'S THE RIGHT GROSS MARGIN?

Achieving a good gross margin is imperative to sustained success and makes the difference between making or losing money. However, it can be difficult to know what to benchmark against and how margins typically vary across sectors.

The Simplicity Margin Index is a unique tool that collates data across all recruitment sectors on a monthly basis and is invaluable in ensuring your business gross margins are tracking as they should.

For more information visit  
[www.marginindex.com](http://www.marginindex.com)



# 3 | MAKING IT OFFICIAL

**Once you've decided to take the plunge and set up your own recruitment business, there are a few practical things that need to be done before it's 'official'.**

## COMPANY & DOMAIN NAME

It's tempting to spend a lot of time agonising over a name for your business. But often simple is best. Just ensure it reflects the personality of the brand you want to create; it isn't already taken; the domain name is available and it's memorable! Simple right?

## BUSINESS BANK ACCOUNT

There are many options when it comes to business banking and some banks offer free business banking for a set period. Shop around and see who offers the best services and terms to suit your business.

## AN ACCOUNTANT

It is worth considering whether to engage the services of an accountant, particularly one with experience of small and start-up businesses, preferably in recruitment. Talk to Simplicity to see if one of our panel of accountants can help you.

## PROFIT & LOSS, BUDGETS & FORECASTS

If you are new to recruitment or this is your first start-up business, it is worth putting some sort of plan together. It is important that you don't overestimate your revenue for your first year of trading and ensure that your outgoings are minimised. Our most successful customers typically had a contingency pot of savings to fall back on if things didn't go to plan.

## REGISTERING YOUR BUSINESS

When it comes to registering your recruitment business, there are a few different options to choose from. Most businesses register as one of the following; want to consider what type of office space you'll need in terms of size and location.

Sole traders

Limited companies

Partnerships

Limited companies are often seen as best because of the financial protection they provide – if your limited company starts to struggle financially, the maximum liability you hold is the money you invested in the business.

To start off you'll need at least one director and a registered office in the UK (which could be your home address).

There are a number of benefits to forming a limited company not least gaining limited liability. However, there are a number of admin tasks that you must perform on a regular basis so it is well worth reading up on these before you begin. Your accountant should also be able to help.

The HMRC website is a useful source of information and there are several companies that can help you set up a limited company for a small fee. Speak to Simplicity and we can put you in touch with a reliable contact.

To register your recruitment business visit  
[www.gov.uk/set-up-business](http://www.gov.uk/set-up-business)



## VAT

If your VAT taxable turnover is worth more than a certain amount, or you expect it to reach that threshold within a 12 month period, you must register for VAT. The current threshold amount can be found by accessing the following UK Government website. The amount usually changes on 1 April each year.

For more information visit

[www.gov.uk/vat-registration-thresholds](http://www.gov.uk/vat-registration-thresholds)

Most businesses can register online and you will receive your VAT registration certificate within approximately 14 days. Your VAT registration number should be quoted on your invoices and you will need to complete a VAT return for your business on a quarterly basis.

Many start-ups have been caught out when it comes to VAT. To avoid any mishaps, ensure you keep comprehensive records of your income and outgoings and set aside any VAT you receive each month to ensure you have the cash on hand to pay your VAT bill on time.

For more information visit [www.gov.uk/vat-registration](http://www.gov.uk/vat-registration)



# 4

## PROTECTING YOUR FUTURE & REDUCING RISK

### HMRC REPORTING REQUIREMENTS

Intermediaries (ie employment agencies) must return details of all workers they place with clients where they don't operate Pay As You Earn (PAYE) on the workers' payments e.g. contractors via umbrella companies or their own Ltd Company. This will take the form of a report that must be sent to HMRC at least once every three months.

For more information visit

<https://www.gov.uk/government/publications/employment-intermediariesreporting-requirements>

### WORKPLACE PENSION SCHEME

Under the Pensions Act 2008, every employer in the UK must put certain staff into a pension scheme and contribute towards it. This is called 'automatic enrolment'. Not all workers are eligible for automatic enrolments, such as the self-employed who do not qualify.

There are guidelines from The Department of Work and Pensions to help establish whether you are classed as the employer or not.



Eligible jobholders are workers who: Are aged between 22 and State Pension Age; Earn over the earnings threshold and Work, or ordinarily, work in the UK and have a contract of employment (i.e. so is a worker and not a self-employed contractor), or who have a contract to provide work and/ or services personally (so can't sub-contract to a third party).

For more information Visit

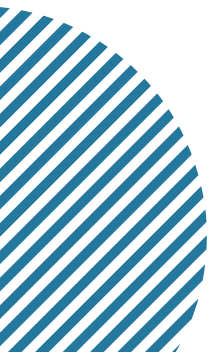
<https://www.pensionsadvisoryservice.org.uk/about-pensions/pensions-basics/automatic-enrolment/joining?moreInfo=1>

## DATA PROTECTION ACT 2018

The Data Protection Act 2018 governs your responsibility in ensuring that client and candidate data is treated fairly, confidentially and professionally. The Data Protection Act 2018 is the UK's implementation of the General Protection Regulation (GDPR). This includes keeping personal data accurate and up to date and only using it for the purpose for which it was intended. The amount usually changes on 1 April each year.

For more information

Visit <https://www.gov.uk/data-protection>



## EQUALITY ACT 2010

The Equality Act combines the Sex Discrimination Act, Race Relations Act, and the Disability Discrimination Act into a single Act and is basically designed to ensure that people are treated fairly.

For more information visit

<https://www.gov.uk/guidance/equality-act-2010-guidance#equalities-act-2010-legislation>

## COMPLIANCE IS KEY

When it comes to paying workers, there are a number of ways to do so and some workers may opt to go down the Umbrella route. Either way, we would always recommend that compliance is key when it comes to reducing your risk and choosing your preferred umbrella suppliers. Make sure you do your homework and carry out checks on the Umbrella company to ensure that they are compliant.

For more information visit

<https://www.gov.uk/guidance/agencies-and-other-businesses-using-umbrella-companies-who-may-be-operating-avoidance-schemes>



# 5 | CASH FLOW IS KING

**The key to your recruitment business's success is spending your time on business development, sourcing the best quality talent and fee generating activities. Those businesses get to market more quickly and stay ahead of the competition, accelerating their growth.**

## CASHFLOW IS KING

Having adequate cashflow to ensure your temps/contractors are always paid can literally make or break you. The right finance partner will make all the difference.

## 100% TEMPS/CONTRACTOR FINANCE

Not all providers will offer you 100% funding. Many will hold a portion in reserve until the invoice is paid, which could cause you cash flow problems from day one and make it very difficult for you to expand. Knowing your workers will get paid every Friday and you will receive all of your profit margin upfront, every week, will give you the confidence and backing to focus on and invest in your future growth.

Having no choice but to turn away business might sound like an unlikely situation, and of course, you don't think that would ever happen to you. Whether your client has just won a major account themselves, has an important project on a tight deadline or is looking to maximise profits in seasonal periods, they depend on you to meet their staffing requirements. Why would you turn them down? Well if you have a financier that refuses to provide more funding to accommodate growth you may find yourself in that situation.

## 100% PERM FINANCE

To run a successful business when you may be waiting 30, 60 or even 90 days for invoices to be paid, will be very difficult. The reality is your cash flow will be affected when your clients don't pay on time, potentially stopping your growth plans and putting you under unnecessary stress and pressure. You may have to survive for up to six months with no money, as seen in the real example below;

Week 1	Receive client brief on new role
Weeks 2-4	Research and provide candidate short list
Weeks 5-7	Client completes first interviews
Weeks 8-9	Client completes second interviews and puts offer forward
Weeks 10-14	Candidate works notice (could be 3 months in some cases)
Weeks 15	Candidate starts and you raise your first invoice with 30 day terms
Weeks 20	You are paid, although this could take another 4 weeks

You will waste time and money and lose new business opportunities if you manage your cash flow in this way. When considering your options, a real partnership approach is key. Many recruitment business owners can feel restricted by a finance provider who doesn't understand recruitment. A flexible and personalised service is the basis of a supportive long-term relationship.



## UNIQUE 12 MONTH REBATE SCHEME

Permanent Recruitment is a competitive marketplace and our customers tell us they're always looking for ways to stand out from the crowd. Our 12 Month Rebate Scheme has enabled customers to get on Preferred Supplier Lists as well as increasing profits by charging higher fees.

## WATCHOUTS

Finance can be a minefield with many hidden clauses and unknown restrictions that only reveal themselves after you've signed on the dotted line.

## INFLEXIBLE FUNDING

Working with large, inflexible nonrecruitment specialist financiers could put your business at risk. Banks, factoring companies and invoice discounters can restrict the growth of recruitment businesses through;

- **Restrictive One Dimensional Funding limits** - Inflexible credit limits for your clients.
- **Low Concentration Limits** - Limit the proportion of business you can have with one client.
- **Funding Caps** - Limit the total amount of credit you can access.

All of these things can have a massive overnight impact on the business, restricting your ability to grow and giving the advantage to your competition.



## HIDDEN CHARGES AND FEES

Other watch-outs when reviewing your finance options include:

- **Extra Interest Charges** - Watch out for interest charges applied to outstanding invoices every day they remain unpaid.
- **Minimum Monthly Fees** - Even if you have a low or £0 billing month, which can happen in the early days of business, you might still be expected to meet a minimum monthly fee.
- **Start-Up Fees** - You'll be charged a fee just for giving someone your business.
- **Same Day Payment Fees** - You may have to pay a fee just to receive your own money.
- **Credit Check Fees** - There is often a charge to set your customer up on a funders system.
- **Refactoring Charges** - Some funders charge an extra fee if your client goes beyond the agreed credit period.

## ALWAYS CHECK THE SMALL PRINT

All lenders do not charge the same fees.

If you choose a traditional financing route, the worst-case scenario for your new business, if you are a temporary/contractor agency could be that you can't afford to meet your weekly payroll responsibility – possibly losing both clients and workers, putting your new business at risk.



# 6

## SUPPORTING FUTURE GROWTH

It is important to consider what you should be focusing on in the early days of your business. If there's a chance that administration tasks will take you away from developing new opportunities, building existing client relationships and sourcing the best candidates, then it's worth considering an outsourced Back-Office service.

### PAYROLL AND CREDIT CONTROL

Payroll can be a significant drain on your time and resources. The requirement for accurate NI and tax calculations, holiday allowances and tax and VAT returns can expose your business to a substantial amount of risk. Even with a small number of temps or contractors alongside a majority of permanent you may still have your own payroll and income tax to organise.

Collecting and checking timesheets, calculating income tax and NI liabilities, processing complex, high frequency payroll for PAYE workers, limited company contractors, umbrella companies and internal staff all create a substantial burden. In addition, matching invoices to timesheets, posting them and chasing payments, add to the pressure even further.

Don't get caught out. If you're spending a large amount of time on these tasks, you can be sure one or all of your competitors are talking to your candidates and clients.



## RECRUITMENT TECH

When starting a recruitment agency, it's important that the technology you use to manage your business doesn't take up all your time and increase your overheads.

There are several recruitment software providers that can provide you with a range of platforms, from your recruitment CRM for managing your database, to payroll software packages for paying your workers.

But running your business from multiple systems can be time-consuming and costly. Plus, let's not forget the risk of errors through having to duplicate data across all your recruitment software packages and databases.

The key to ensuring your start-up runs as efficiently as possible is a system that combines all your recruitment processes into one.

## GEMS

Simplicity's commitment to helping recruiters start and grow their own businesses has driven them to develop a unique recruitment workflow solution called GEMS that combines your front and back-office systems into one seamless process.

- 🔗 Cloud based system
- 🔗 Temp & Perm Configuration
- 🔗 Available with Finance or Back Office
- 🔗 Customise GEMS to your company brand



GEMS is available to Simplicity customers at no extra cost and is packed with recruitment specific tools and features that will enable you to start and maintain a successful recruitment business.

- Client & Candidate Management
- Timesheet & Payroll Management
- Invoicing & Credit Control
- Job Bookings
- HMRC, AWR & Compliance
- Reporting
- And much more

Be More Efficient - With one entry, one system and one process

Reduce Your Costs - Provided at no cost to Simplicity customers

Save Time - Reduce admin and focus on growing your business

The GEMS team have an ongoing development programme, providing GEMS users with additional optional modules that will further enhance business development and keep you ahead of the competition. We believe it's important to have the right systems and financial processes in place when starting your business in order to build the right foundation for growth.

## KEEP IT SIMPLE. GET IN TOUCH.

For more information regarding  
GEMS contact the Simplicity team

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# 7 | STAND OUT FROM THE CROWD

**A smart professional image can be the difference between winning and losing. We understand that when starting up, you'll want to keep costs low and have all the essentials ready for trading.**

Not all elements for marketing are required on day one – you should have a plan in place for the elements you want and when they will be required.

## YOUR BRAND

Who you are and what your company looks like...

- ✦ Your name
- ✦ Your logo
- ✦ Your business cards

## YOUR MESSAGE

What you want your customers to think about you...

- ✦ Are you appealing to a particular sector or location?
- ✦ Are you specialising in certain roles?
- ✦ What do you want to say and how do you want to say it?
- ✦ What makes you unique?

## YOUR COMMUNICATIONS

How you will attract new customers and keep in contact with your existing ones...

- ✦ What role do you want your website to play?
- ✦ Will you send letters, emails or newsletters?
- ✦ How active do you want to be on social media?
- ✦ Do you need brochures, leaflets, flyers?
- ✦ How are you going to build a profile and create awareness about your brand?



## CLIENT AND CANDIDATES

Recruitment businesses are built on clients that need jobs filled and the right candidates to fill them. How you build and manage those relationships is perhaps one of your biggest challenges.

## CANDIDATE ATTRACTION – SOURCING THE BEST TALENT

In a candidate driven market, where skills shortages are widely reported, job seekers can afford to be selective. Offering a positive candidate experience is key and word of mouth is powerful.

Investing time and money into sourcing the right candidate for your clients is imperative. It is one of the key aspects in building your business reputation.

Attracting candidates and building a strong pool of talent is best achieved through a combination of new and traditional methods. Referral, recommendations and traditional advertising all have a role. However, the most innovative and dynamic consultancies are embracing a variety of technology and communication channels from video interviewing, online assessments and psychometric testing to social media channels, job boards, CV databases and mobile applications.

Firstly, you need a well written, compelling, simple, to the point, job listing. Take the time to put some thought into how to bring some personality to it and have it stand out from the crowd. And double, triple check it. Typos and poor grammar will do nothing for your company perception with candidates or clients.



## YOUR CLIENT BASE

When it comes to winning business, you should use a combination of existing client contacts, networking, referral and traditional cold calling. Make a list of everyone you have worked with in the past; look them up (Linkedin is a great tool) and find out where they are now and if they are in a position to influence hiring decisions.

Keep a close eye on the local press and job listing websites. This will give an insight into what vacancies local businesses and competitors are trying to fill.

What networking events or business groups can you engage with to increase your opportunities and exposure? Investigate activities, breakfast meetings, seminars and events through organisations such as The Chamber of Commerce, or any of the local networking events and the Federation of Small Businesses.

Ask contacts, family and friends to make introductions where possible. Prospecting or cold calling can be hard work. However, if you have a strong message and point of difference, and have done your research before making contact then your chances will be significantly improved.

## RECRUITMENT START-UP HUB

Starting your own recruitment business has never been easier, with the Recruitment Start-up Hub!

Join **FREE** today to access the latest hints, tips and guides on getting started and running a successful recruitment business - all in one place.  
[www.recstartuphub.co.uk/](http://www.recstartuphub.co.uk/)



**RECRUITMENT  
START-UP HUB**



## READY, SET, GO

**We hope you've found this document useful; it certainly shouldn't deter you in your ambitions. At simplicity we can offer support and guidance with all the challenges highlighted. It's the reason our customers achieve success more quickly.**

We don't just provide finance to our customers. It is of paramount importance to us that those customers continue to grow and thrive in the long term. We offer 100% Recruitment Finance, Back Office and many more solutions to help you grow profitably. From lending almost £1 billion to help recruitment businesses start and grow to having paid over 1.5 million payslips – we have over 18 years of experience providing recruitment specific solutions to the industry.

- 100% Recruitment Finance
- Full Back-Office Support
  - + Payroll Management
  - + Invoicing & Credit Control
  - + Online Reporting
- Debt Protection as standard
- Recruitment Technology included
- No restrictions or hidden charges
- No joining fee
- Pay as you go solution
- Temp, Contractor & Perm Solutions

 **simplicity**<sup>TM</sup>  
For faster smarter growth

**KEEP IT SIMPLE. GET IN TOUCH.**

For more information regarding  
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# ARE YOU LOOKING TO TRADE *FAST?*

Quick start is a fast-track solution that enables you to become your own boss instantly, without the hassle, time restraints, and expense associated with setting up a business.



**NO COMPANY REGISTRATION**



**NO ACCOUNTING REQUIRED**



**NO HMRC OR VAT HEADACHES**



**NO COSTLY BUSINESS INSURANCE**



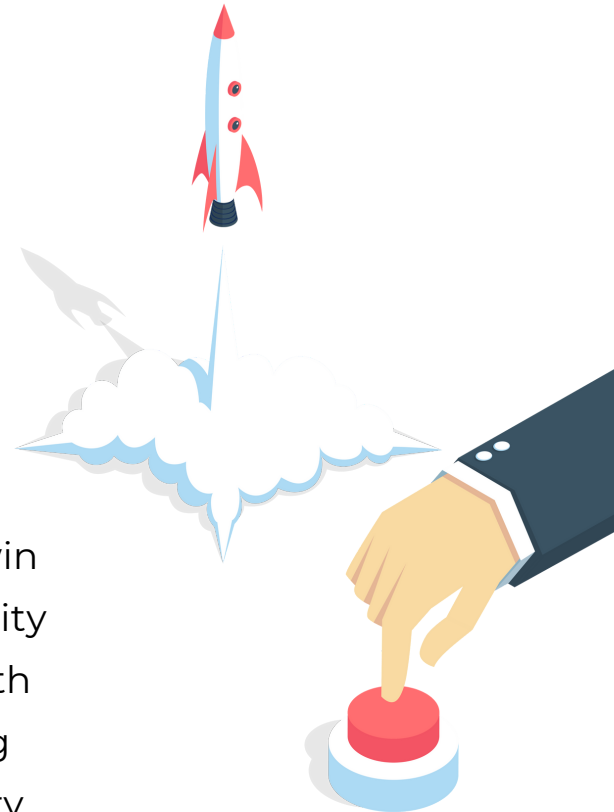
**NO CASHFLOW WORRIES**



**NO TIME-CONSUMING ADMIN**

All you need to do is; source candidates, win new clients and fill vacancies. And Simplicity will take care of the rest; providing you with access to your profits each week, invoicing your clients and paying your workers, every Friday - without fail.

## ***IT'S THAT SIMPLE!***



**KEEP IT SIMPLE. GET IN TOUCH.**

For more information regarding QUICK START  
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This eBook is meant as a guide only and is the opinion of the Simplicity team following many years of working with recruitment businesses. However, this does not constitute professional advice or direction and the final decisions made in relation to any new business are the responsibility of the business owner and/or director. Simplicity does not accept responsibility for any outcome based on the opinions given in this document.