

RECRUITMENT  
AGENCY EXPO  
8-9 FEBRUARY 2022  
OLYMPIA LONDON  
CELEBRATING 10 YEARS



Thank you for attending

# How to start and run a successful recruitment agency in 5 steps

twentySIX  
recruitment  
Catering & Hospitality Specialist

In partnership

Voyager   
by Ikiru People

# Introduction

Thank you for attending our presentation in partnership with Voyager Software at this year's Recruitment Expo.

I could talk for hours on the journey we've had since Twentysix's inception, but we only had 20 minutes. So, further to the presentation, we've compiled some takeaway notes to reference at your leisure.

The FSB headline statistics (pre-pandemic) show the stark reality of challenges facing new business owners in their chosen field, with only a slim few making it through the first twelve months, five years and then beyond the magic ten!

At the start of 2021, there were 5.5m businesses, which decreased by 390,000 (6.5%) from the prior year.

The challenges are apparent in the new, post-pandemic business world, highlighting the need for thorough planning before making any investment.

## Statistics:

**1 in 5 fail in the first year**

**60% in the first five years**

**1 in 3 make it beyond ten years**



# Planning

The plan's purpose is to force you to look at ALL aspects of the business idea or growth plan. Find a solid business planning template, I found this one helpful, but you can choose whatever feels suitable.

Some basic credentials are required, and then the [download is free](#).

I asked some initial questions; these will vary depending on your long-term business objective, and obviously, the planning process 'deep-dives' more around these topics:

- How will I fund the business/ growth?
- What's the growth plan, and over what timescale?
- How much money will I make, and is it financially viable?
- What is the potential market share?
- What happens if it all goes wrong after 6/12/18 months? What's the exit strategy?
- How will you fit in the marketplace?
- What are your competitors doing?

# Takeaway No 1.

Give yourself time to plan,  
be meticulous, honest and realistic.

# Accounting

Now you're up and running, and it's time to start thinking about strategic partnerships to help you navigate the tricky first twelve months.

Alan Miltz, leading business guru and creator of Cash Flow Story, states that very few companies go out of business for lack of sales, but they do for lack of cash. Search for Alan on YouTube for more content and resource to help understand your financials. <https://www.youtube.com/watch?v=uTdvXr91yW0>

If accountancy is not a strong suit of yours, then now is the time not just to understand it but embrace it. Once you master the art of reading and interpreting your accounts, you will truly be in control of your business.

Seek an accountant that is consultative – willing to help and coach you on the aspects that require clarity and to explain, in real terms, what the numbers mean for you and your business.

Most of the credible accountants will have Itemised, bolt-on or removable services such as VAT submission, PAYE, Directors Self-Assessment, Year-end Accounts, Bookkeeping, which gives you the flexibility to add or remove services as your business changes.



# Accounting

In today's work sphere, technology drives performance and is the baseline for most activity day-to-day. Ensure the accountant you choose is in partnership with the current software providers and they complete your accounts on your desired software package. It's quite common for an accountant to export your accounts to their software package to generate your reports; this can be confusing and removes the ability to drill through entries to see where the figures have originated.

Accounts should be more than a lag indicator of your company's performance; there should also be a healthy aspect of lead indicators, such as trends and spend patterns for future planning, tracking, and reporting for accruals and cashflow blackspots. A forward-thinking accountant will understand your business objective and help you work towards achieving these financially.

Get the right software suited to you and your business!

- Only get what you need.
- Take advantage of the free trials to research the product thoroughly.
- Think about the future. If you decide to grow financially and as an employer of people, will it serve you well?



# Takeaway No 2.

Make time to understand and interpret your accounts. An accountant isn't there to run your business, that's your job!

# Funding

## *Invoice Factoring vs Invoice Finance*

If part of your business model is to supply temporary or contract workers, you will probably need funding to help with cash flow. Seldom will a start-up business have the liquidity to bankroll their temp payroll and all the additional business costs.

In the early days of creating a business, you are busy in the 'build' phase, generating clients and contacts, winning vacancies, bookings and ultimately making cash!

Time is the most important commodity you have, and so you look to maximise your productivity by outsourcing certain functions that can reduce that impact. In some instances, outsourcing may not be the most cost-effective route, but sometimes the net saving outweighs the cost. Using a factoring and invoice financing facility does precisely this.





## Invoice Factoring

In short, a Factoring facility will purchase your sales invoices and make available a percentage (pre-agreed) of the value in cash for you to draw and cashflow your operation. While your sales invoices include your company branding, the Factor will display its bank details on the invoice. This means that the Factoring company owns the debt and are responsible for credit controlling your clients' accounts.

This is a favourable option for those who wish to effectively outsource the finance function. Below are some points to consider.

- **One-stop-shop:** Factoring is an Incredibly convenient product, allowing you to focus on growing the business and saving you precious time on chasing payments and getting bogged down in the admin of it all.
- **Pricing and Fee:** Usually in the form of a fixed percentage, levied against the value of the invoice. The fees can vary considerably and relate to the number of qualifying points on the application and what kind of service you seek.
- **Credit Control:** The Factor will credit control the debt, so be aware that they speak directly to your clients. Ensuring you set the tone for these types of interaction is paramount. Keep lines of communication open with your clients and ask for feedback on the service they receive from the Factor. Client relationships are easily damaged as a result of poorly handled debt collection.

- **Aged debt:** Most Factors/ Invoice Financers will provide loans to invoice value for a maximum of 90 days. If the invoice remains unpaid after this time, The lender will remove this value from your available funds, effectively reassigning the debt back to you until the invoice is paid. This is where the effectiveness of credit control and the relationship between you and the Factor needs to be open and honest. Aged debt should be addressed long before it becomes a problem.
- **Insurance and Debt cover:** Ask your prospective Factor about bad debt insurance. This provides peace of mind for high-value clients that could take your company down if they become insolvent. The fee structure is usually based upon a percentage of the debt value on the ledger. Bad debt insurance cannot be applied to an already defaulted client.
- **Hi Involvement (HI) Threshold:** This is inserted into the contract as a protective measure for both parties involved and essentially prevents your entire ledger from consisting of one client and, therefore, a greater risk of insolvency should the unthinkable happen.  
Some lenders will limit the concentration of funds to 20%, while others will allow a higher threshold, depending on the client. The lender will not fund any client sales that exceed the HI threshold. This is something to bear in mind if you have a client who makes up most of your sales.  
In the eyes of the lender, the more clients you have to spread the debt, the safer the prospect.
- **Load Factoring:** Something else to bear in mind when seeking a Factor. Load Factoring requires your business to run all its sales invoices through the loan facility, Regardless. It's less common these days but can still catch you out if unaware of its existence. Flexibility is critical with the lender. Choosing which clients to fund is essential to facilitate your eventual break-away from factoring to a cheaper, self-fund model, when the time comes.



# Funding

We used Factoring for a few years, and it served us well. The roadmap for our funding was always a step-down approach from Factoring to Invoice Financing to eventually self-funding. Making that transition relies on the supportive infrastructure within your business.

## *Invoice Financing*

In contrast to Factoring, Invoice Financing is a more flexible solution. Still, more onus is placed on you to have the relevant, supportive processes in place to facilitate this type of product.

Whereby Factoring takes all the admin, credit control, bank reconciliation etc. and deals with it on your behalf, Invoice Financing does the opposite. It provides you with a quick access loan against your sales invoices, but you are solely responsible for ensuring the debt is chased and repaid to the lender. Instead of a fixed fee structure based upon sales invoice value, the fees are calculated based on percentages for having the facility and a daily interest rate based on how much you draw down your available funds.

Invoice financing is a considerably cheaper option, but the savings made are usually reinvested in supporting a more stand-alone facility, such as this.



## Invoice Financing

Some points to consider when selecting this type of facility:

- **Sales invoices and Credit Control:** Do you have the functionality not only to raise your own sales invoices but track and credit control your ledger as well? Most accountancy software providers offer this as part of their Sales and Invoicing functionality. All this takes time and consistency. Carefully consider how and when this function is carried out and by who? Poor credit control processes create problems with cash flow.
- **Flexibility:** Online platforms for Invoice financing allow you to select what companies you wish to finance against those companies' sales invoices, providing you with more control over what you borrow. This also creates an environment where you choose to self-fund specific, low-risk clients, saving money on unnecessary fees.
- **Hi Involvement:** As mentioned above, HI is still part of the agreement when selecting Invoice Financing. Any client exceeding the threshold percentage of the overall ledger has the funding disapproved and assigned back to you.

**Business Overdraft:** Something to be aware of when choosing to Invoice finance. A current business overdraft is offset against the overall facility amount. As an example, if you have a business overdraft of £50,000 and an invoice finance facility of £150,000, you will only have access to 100k of the facility. The lender considers the other 'loan' and removes it from the facility.



# Takeaway No 3.

Take time to understand the financial impact of funding your business through these options and have a timescale to self-fund.

# Investment

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**Where or how will you invest your money?**

**An investment could be for the physical growth of the business, investment in systems or processes or maybe specialists' consultants for marketing or anything you spend to improve your offering or operation.**

**Where do you start?**

**Remember the Plan? It's our destination's roadmap and should trigger investment opportunities based on milestones or business objectives.**

**Our investment approach started with some simple questions:**

- **What will give us more time? – To be more productive, helping us to develop the business further.**
- **What will improve the efficiency of the business? – Faster fill rates, quicker candidate engagement, tracking workflow and measuring success.**
- **How can we reduce mistakes, not just operationally but financially and commercially? – Reducing human intervention where possible and replication of work.**
- **What will make us more professional in our approach? Tighter with deadlines, consistent in our application and proactive in our response.**
- **How can we provide a better experience for our clients, workers and suppliers? – Provide a consistent service based on professionalism and integrity.**



# All the answers had one thing binding them together.

## Technology: an automated, digital way of working.

Our brief became very simple: **To automate or streamline as much of our work processes as possible, reducing human intervention and, therefore, error scope.**

The search began for the **Recruitment CRM – the conductor of the orchestra and the epicentre of your operation.**

You learn that **you don't know what you need until you don't have it.** It's a costly, time-consuming lesson to learn. However, we now know we need a system connecting the front, mid, and back-office systems and reconciling the finances with our funding arm.

Does such a system exist that, not only is accessible for the SME market but at a cost that doesn't financially cripple the business?

Add further complexity of finding a CRM that effectively deals with Temp recruitment, allows configuration to fit your business processes, will accommodate the automation of timesheet submission, compliance, AWR and IR35, was more than a challenge!

Most road-tested products would do some, but not all that we needed. We didn't want to settle for anything short of our vision, given our previous mistakes.



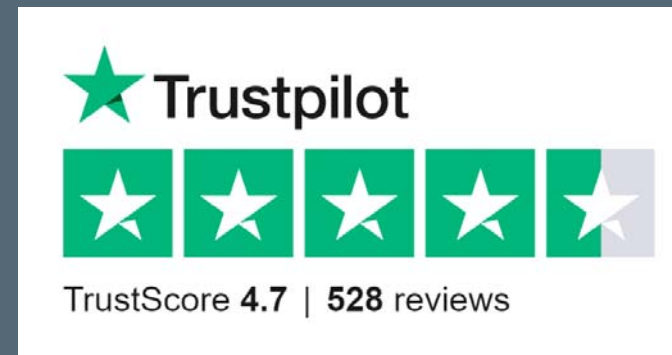


# CRM Investment

So, we approached Ikiru People and their Voyager Infinity product with the usual scepticism and cynicism, on guard and ready for the hard sell. The reality was that we found ourselves a strategic partner helping us deliver our vision for the future.

We now have a software structure supporting the end-to-end life cycle of both our candidates and clients with the scope to facilitate our growth.

Voyager   
by Ikiru People





# Takeaway No 4.

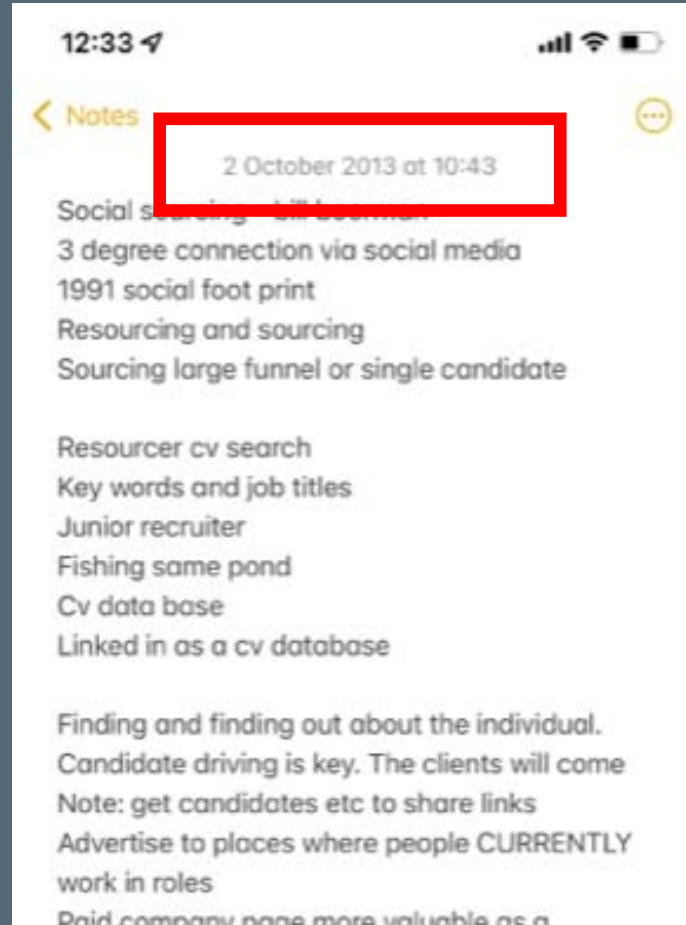
Be clear on your needs, unwavering on your objective and above all else, follow the plan!

# Mindset

My final takeaway point is really about a mindset. Starting a business in any profession takes determination, hard work and, dare I say it, a little bit of good fortune. I often ask myself, if I'd have known how hard it would be, would I have taken on the challenge of starting Twentysix Recruitment? The answer is simple. Absolutely!

What a crazy ride it's been, and it continues to push my capabilities and capacity to learn new things.

Whatever you attempt, give it your best, and if it fails, at least you've tried. Great things come from failure.



*Mark: These are the notes I made whilst sat at this Expo on the 2<sup>nd</sup> of October 2013. We were only a three months old business. My determination and focus to bring Twentysix to life was firmly set in my mind on that day.*

*So, if this is you today or, if you're business is ready for the next stage of growth, then my final takeaway point is specifically for you.*

# Takeaway No 5.

Whatever the mind conceives, the body can create.

Be bold and be brave!

# Feeling Inspired?

Book a demo of Voyager Infinity today!

[www.voyagersoftware.com](http://www.voyagersoftware.com)

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Our dedicated sales team is ready to answer all your questions.

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 Trustpilot



TrustScore 4.7 | 528 reviews

# Recommended reading that have helped Mark along the way:

The E Myth – Michael E Gerber

Anything from Brad Sugars!

They Ask, You Answer – Marcus Sheridan

Cashflow Story – Alan Miltz

Anything from Jeffrey Gitomer

Anything from Seth Godin