

How Factoring Can Help the Cash Flow and/or the Expansion and Financial Success of Temporary Employment Agencies

By Brian Strugs

Temporary employment agencies have become so much woven into the fabric of this nation that it has now become an overcoat that corporations have come to depend on when seeking help to protect themselves from the chilling affects of suffering from a shortage of good and available workers. These agencies help corporations to avoid interruptions in business operations and production, dodging breaks in cash flow; they also help businesses to fuel financial freedom. Their responsibility is to find jobs for individuals and fill employee vacancies for companies.

All across the country, companies that utilize the services of temporary employment agencies are seeking and using temporary employees to perform a wide array of jobs for them for many reasons. By utilizing temporary agencies, companies can adapt more quickly to unanticipated fluctuations in the workplace and employee absenteeism. It is also less expensive and therefore far more cost-effective for companies to hire temporary employees because temporary employment agencies help absorb some of the costs to screen, hire and fire employees. Additionally, businesses can avoid spending money on pension packages and health insurance costs. Companies can also use the services of temporary employment agencies to more easily, conveniently, expeditiously, and affordably expand by increasing their workforce using the leverage of hiring less expensive workers.

In these modern and progressively changing times, job flexibility has become more important than job longevity. Temporary employees and the businesses that hire them have developed a keenly increased interest in the mutually beneficial advantages of temporary employment agencies. Virtually all occupations have used temporary employees. In fact, the trend for over two decades has been that many companies convert their temporary employees into salaried, permanent employees as a result of them having been hired previously as temporary employees. The heaviest concentration of temporary employees is in the fields of precision production, professional specialties, farming, general services, and administrative support staff.

Temporary employment assignments can range in periods from one day to seasonal employment contracts. There are basically two kinds of temporary employment contracts: employee leasing and temporary help. Employee leasing involves a contractual relationship established between an employee and an agency that is generally longer than a temporary help agreement. A temporary help employment agreement involves satisfying an employer's need for employees on a project or on a short-term basis.

The reason a company uses the services of a temporary employment agency is because they can save a lot of money because on average they cost less than the salaries (plus benefits) of permanent employees. There are also some advantages for the temporary employee who intentionally seeks the benefits of taking on temporary work. For example, many temporary employees enjoy and maximize the fact that they can obtain job training, work experience and use temporary assignments as a stepping stone to permanent employment.

Temporary employment agencies have many potential and actual ongoing problems to contend with, i.e., meeting payroll is an ongoing problem because their employees need to be paid every week or bi-weekly. The problem is created because the contracted customers of the temporary employment agency generally pay the invoices owed to them every 30 to 45 days. This creates tension and chaos that can stem from not having enough cash flow to continue operations and pay employees. This can easily, unfortunately and tragically, happen, and even repeatedly, if the temporary agency does not have enough capital reserve in the bank. This can greatly and detrimentally curtail the ability to sustain and expand any temporary agency.

There is a business service and strategy that is called Factoring that can not only correct but also prevent all of the previously explained business problems from occurring. Factoring allows a business to sell its accounts receivables to an unconventional funding source company (a Factor) for up to 95 percent of the face value of the accounts receivable(s),

and minus a small fee. The Factor then begins to collect the monthly payments from only the pre-selected Factored accounts receivables. The business (in this case temporary employment agencies) will then be able to have immediate cash flow for their business to expand, advertise, market, pay bills on time, handle larger accounts and more. One of the many benefits of Factoring is that because it's not a loan, it does not create a debt. Factoring keeps companies from having to totally rely upon a line of credit with a bank. Factoring is used by many Fortune 500 companies and has been the fastest and largest growing trend in business for the past seven years. Actually, Factoring is one of the oldest forms of financing available. The garment and apparel industry has been taking advantage of the benefits of Factoring for hundreds of years.

Also, even if a business is new and does not have any credit history, it can qualify for Factoring. In fact, the lack of credit or bad credit is not a problem because Factors base their decisions to Factor based upon the creditworthiness of your client(s), not your business. Factoring gives a business the opportunity to increase its access to cash as sales and receivables increase. There is not a ceiling in which a Factor (the funding source company) must stop providing cash. The more sales a business earns, the more invoices are generated, thus, the more cash it can draw (Factor). The Factor does not concentrate on the business' debt/equity ratio to provide funds, as banks do.

A highly recommended company that specializes in helping temporary employment agencies to receive and benefit from the process of debt-free Factoring financing is Profit Increase Funding Inc. They have over 150 funding source companies with billions of dollars to invest. For more information, contact them by email, telephone or visit the website as follows:

Profit Increase Funding, Inc.
Brian Strugs, President/Certified Funding Consultant
17184 Westmoreland Road
Detroit, MI 48219-3551
Office: (586) 945-3605 / Fax: (586) 349-6070
Email: Profitincrease@sbcglobal.net
Website: www.profitincreasefunding.com

Act Now! Call 24 hours a day or visit the website to get started, to get cash, and to obtain more profits!

015 – How factoring can help the cash flow – temp employment – cc 1,015 Words 2 of 2