CASE STUDY STAFFING COMPANY STARTUP

In February of 2011 a call brought me to a small diner in Massachusetts to meet Joe, a successful IT Staffing Recruiter who had just gone through a divorce and had been laid off when the company he worked for was closed down. With this credit shot, minimal money, a lot of contacts, and in addition being very much a single Dad he wanted a shot on his own.

When we met he had a position he could fill IF HE COULD GET $4,000 lined up to pay for the first two weeks his engineer worked. His agreement with the client was that he'd get paid in 14 days so he thought he only needed to cover the first two weeks. To be seen …

For factoring? This is a very small deal, one where most factors say: "Come back when you grow up"

Can you imagine the loan officer at the bank? "I have no job, no savings, no house … and my credit is shot and I'm a single Dad but if you'll promise to loan me $4,000 (he actually asked for $25,000) I can fulfill a contract and get my company started." How many loan officers hear this story or close to it? They want to help too … but they can't!

For us? I believed in Joe so we set up a factoring line and once his engineer finished the work week we funded Joe and he made payroll. Meanwhile he had another opportunity but when his first client didn't pay in 14 days – panic! Not a problem: "Your customer's credit is fine. Keep going and keep growing!"

So he added a second and a third engineer to his payroll. How? His clients had great credit, his engineers were qualified, and we could fund work that had been completed. A perfect factoring scenario.

Joe's biggest question? "Can I keep writing contracts?" Our answer: "Go for it!"

Today? Joe is well up over $300,000 monthly and what started out as an ambitious young man with worried look on his face and a vision is now a smiling business operator that chooses to continue to factor with us because he doesn't have to hire a back office or sign his life away with personal guarantees.

Are you the next Joe?

Ernie Brown