IS YOUR STAFFING FIRM RIPE FOR GROWTH?
11 Ways to Be Ready to Reach Your Growth Goals
For your staffing business to be successful over the long term, you must create value, gain competitive advantage, and achieve sustainable growth.

Are these your top-of-mind drivers when you're establishing and executing on your plan for growth?

If not, then you could be left behind as the industry's projected growth continues to rise. According to research from Staffing Industry Analysts, the percent of U.S. workforce that is contingent was 22% in 2016 and projected growth is 29% in 2026.

To accomplish your growth goals, you must be disciplined and thorough in your analysis of your current market situation, the opportunity and potential, and your company's resources.

Giving keen attention to the following “11 Considerations” will enable you to be better equipped to understand your capacity for growth, adapt to changes and influences, identify investment needs and resource allocation, and more.

KEY TAKEAWAYS:

Define a disciplined approach to achieving your goals

Understand your capacity and limitations, your strengths and opportunities

Identify where to change, allocate resources, and invest energy
1. PROCEED WITH PURPOSE

Determine why you want to grow. Is your goal to increase value to sell the company in the future? Is it to dominate your market space? Something else? Whether by organic growth or by acquisition, you must start with a plan that aligns with that goal and proceed with purpose.

It’s important to objectively consider hurdles to your growth. What deterrents to growth have you experienced in your past? Challenges meeting sales objectives? Losing customers due to poor customer service? Difficulty finding the talent required to fill current opportunities? Identify what’s holding you back. It’s an important consideration when setting a plan to increase investments.

2. GAUGE FINANCIAL RISK

Risk is a factor in any investment, including the investment you make in the growth of your own company. What level of risk are you willing to accept?

It’s worthwhile to consider that while organic growth may be slower to realize, it also carries less risk than is often the case with mergers and acquisitions. Effectively gauging risk also requires that you (1) realign corporate budgets to allow for necessary infrastructure, supplies, resources, etc. to accommodate growth, or (2) restructure existing debt to allow for needed cash flow for financing the infrastructure and resources needed for growth.

3. FINDING FUNDING

When considering how you will fund your growth, consider the three primary sources of capital:

- **Cash flow** - Do you have enough?
- **A bank** - Do you have the means to secure a loan or line of credit?
- **Investors** - Are you willing to see your ownership percentage diluted as you bring on outside investors and/or new partners? Is your business strong enough to attract investors?

As a best practice, staffing firm owners should take proactive measures that ensure access to the level of funding needed. Take into consideration your requirements for both your current and future growth goals – and most importantly, look for flexibility!

Be sure you have confidence that the terms of agreement and funding rates are optimally beneficial to your business. Don't get locked into an agreement that does not provide for an amicable exit, under reasonable terms. Weigh the terms, the restrictions, the requirements, the consequences, etc.

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**4. ORGANIC OUTLOOK**

New business from sales efforts is the single most important driver of organic growth. To choose your organic growth strategy, it’s valuable to have a clear assessment of your situation, your strengths, your readiness, and more. That requires doing your research and being thorough – know your budget, your assets, your best Return on Investment (ROI), and more.

When determining your organic growth goals, you must decide the best strategy for your business. Expand into new territory? Aggressively increase market share in your current territory? Grow in a new vertical?

Developing that plan and executing on it will require you to invest time and money. Be prepared to see profit margins dip during the beginning stages. Keep on top of your reporting and be prepared to tweak the plan during the process. This said, don’t act rashly. Be patient – things take time to develop.

**5. CORE STAFF EVALUATION**

Your growth strategy must take into account the strengths and weaknesses of your existing core staff. Are you confident they are up to the task of executing on your plan? If not, then re-read the step on Gauging Financial Risk and assess your investments.

Be completely objective when reviewing your team’s existing talent. Are skills lacking in any specific area? Or maybe there’s untapped talent you can leverage? For example, if looking into vertical expansion, consider if you have talent currently on staff who could contribute previous experience in that area which could help you effectively expand in that new direction.

**6. ABILITY TO ONBOARD**

After evaluating core staff’s strengths and weakness and identifying where new talent may be required, you must determine if you have the ability to effectively onboard. If your track record is not good, you need to understand why.

Difficult as it may be, some problems -- like geography -- are tougher to fix than others. Whatever the case, you need to understand the obstacles and your ability to enact positive change.
**7. EYE ON ACQUISITION**

In this highly fragmented industry that’s populated by regional and vertical niche players, acquisitions are prevalent. Many staffing firm owners seeking to dramatically grow their business are evaluating acquisitions as a strategic option. As in the organic growth strategy, you must have a clear plan and conduct exhaustive research. You’ll need to know how to source and identify acquisition prospects, how to execute due diligence, and how to effectively negotiate, finance, and close a transaction.

Looking at the acquisition model for growth, you must also consider that:

1. You will require a large, up-front cash outlay,
2. You will likely need to manage and support a significant increase of your business overnight, and
3. You will likely need to develop new, specialized skills or expertise.

**Taking stock of your capacity to handle growth (whether it’s incremental or a drastic jump), is essential to managing your business for sustainable, long-term success. The failure to do so could mean a disruption of your current business and failure of your objectives.**

**8. CAPACITY TO SUPPORT**

What upgrades will be required to support the level of growth you’re looking to drive? What level of investment will be required? How much time will it take? Take into consideration your physical space, operating systems and technology, and insurance.

Is your back office ready to handle greater volume and/or diversity? Will your growth create new complexities? Do your company’s current systems meet the anticipated needs for reliable and efficient data management, time capture, payroll, billing, accounting, risk management, and management information? Will you need additional staff in any of these areas?

Determine where you might need to invest to effectively manage and support the changing enterprise. For example, if you expand into new sectors or geographic areas, you will not only need more people on staff, but you’ll also need to ensure you have the right business licenses, insurances, and capacity to support the new opportunity.
9. KNOW YOUR COMPETITION

Be determined to learn everything you can about your competition – your current competition and those competitors you anticipate by pursuing growth plans (for example, in new geographic territory or new vertical). This requires constant vigilance. Don’t underestimate your competitors. Study their strengths and weaknesses. Know them as well as you know yourself.

Leverage all resources - Google search, social media, local events, mutual professional networks. Know the key management and their experience. Investigate the company’s reputation. Put your ear to the ground. Be a sleuth. Never forget -- no company already in the geography or vertical you’re looking to expand into will be happy to have new competition. They will do everything they can to defeat you. To succeed you need to always be one step ahead.

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10. PREDICTING (ECONOMIC) CLIMATE CHANGE

Before committing to increased investment for growth, you should know the leading economic indicators affecting your business and study them carefully.

For example, are there signs that a downturn could be in store for your region, in the type of clients you serve, etc.? Are economists predicting slower growth overall? Look to data published by the U.S. Bureau of Labor Statistics, reports issued by advisory firms, forecasts shared by financial consultants, etc.

Knowing these indicators will allow you to plan most effectively, can help you identify obstacles, or see how to adjust or even accelerate your efforts. As the adage goes: When you can’t change the direction of the wind, adjust your sails!

Looking ahead and calculating potential impacts is wise, yet of course, it’s impossible to always time things perfectly to suit your needs. Just remember that your capacity to respond to or control these impacts will vary and that ignoring them will likely prove detrimental to your success. Stay informed.
11. LIFESTYLE ADJUSTMENT

Finally, it's important to recognize that pursuing and accomplishing your growth targets will make an impact on your lifestyle. In the long-run, implementing a winning growth strategy will obviously have a positive impact on your business and your life.

However, in the near-term, you will probably experience constricted cash flow and limited free personal time. There will undoubtedly be sacrifices and you need to consider if you’re willing to make them.

CONCLUSION

Take time to find the answers. It’s wise to take the time to contemplate key questions, such as:

- Why do I want to grow?
- What’s my growth strategy?
- Have I done the due diligence and research to know I’m in the best direction? Do I understand my company’s existing and projected financial situation? Do I have the resources required to reach that growth goal?
- What will investments be to achieve and support that anticipated growth? Is my business able to adapt swiftly to change as we move forward?

A PARTNER YOU CAN TRUST

While growth may be desirable, it is not always advisable depending on a variety of financial and operational factors facing your company at this time. If you have questions or concerns about your company’s capacity – whether that’s assessing your back office resources or securing funding and capital or a range of issues in between – it may prove worthwhile to seek the counsel of industry experts and strategic partners like People 2.0.

Explore how People 2.0 helps staffing companies like yours exceed growth goals.

Call 610-429-4111 or visit people20.com