



Life Style Company – Case Study

“We had a unique problem which needed considerable innovation. We had grown rapidly, opening 2 or 3 new branches a year for the past 3 years and, although each branch was in profit within 6 to 9 months, we were in danger of having to cut back on expansion.

Our Bank, although very supportive, could not increase our overdraft enough to meet our needs. There appeared to be no other way of funding our development until I was introduced to A2Z HR”

Chairman

The major issues facing this company were:

We looked at the business and investigated any funding opportunity and, as our client had discovered, there was no way of funding their expansion other than to give away a large chunk of the business.

This was not an option our client was prepared to take.

This was not the only major issue that the client had to deal with. Part of the cashflow problem was dealing with a large quarterly VAT payment.

Results:

- Client was paying staff on 3rd of following month. We advised them to agree with staff to put payday back to 6th which had the effect of delaying PAYE and NI payments, legitimately, by one month which instantly improved cashflow by £100K.
- We suggested that all contractors, as opposed to employees, should be migrated to our recruitment division and we now hire them back to the client. We credit insured the arrangement to ensure there was no risk to either party or the contractors.
- We agreed with the client that they could pay our invoices at and time between 1 and 8 weeks after the contractors had been paid and that the fee would relate to the contractor costs and the time it took to repay. We agreed that invoices could be part paid if required.
- The client no longer has cashflow issues with our support. They have open 2 more branches this year with further expansion in the pipeline.
- They have recommended us to 2 other businesses which, we believe, is the greatest endorsement of all.