

Engineering Staffing Company

MASTER FACTORING AGREEMENT

CASE STUDY



Staffing agencies often face challenges meeting their cash flow needs; even an agency successful enough to secure a contract with Fortune 500 companies. Staffing agencies need cash flow in order to secure new contracts; this means they often need financing solutions tailor-made to their needs.

Capstone has extensive experience dealing with unique funding needs. By taking a solutions-oriented approach with each client, Capstone finds the solution that best meets their needs. Fortunately, thanks to this approach, Capstone was able to help this staffing firm.

BACKGROUND

In November 2015, Capstone met with a Temporary Staffing Company that places engineers in Fortune 500 service contracts.

- Engineers are placed in telecommunications centers and laboratories
- One of their main clients is Qualcomm
- Engineers complete time sheets and turn them into a third-party monitor who submits the time sheets to Qualcomm
- Qualcomm pays on a monthly basis



COMPANY CHALLENGES

It is not unusual for a staffing agency to face cash flow problems; this agency was no different, but their situation was getting critical. The company lacked sufficient working capital allowing them to meet payroll. For the agency to meet four successive payroll payments, they needed to receive payments from Qualcomm. The company needed working capital, and without this capital, they would have had to exit the contract with Qualcomm.

CAPSTONE'S SOLUTION

- Entered into a Master Factoring Agreement to provide working capital for payroll
- Purchased weekly invoicing from the Company and advanced proceeds to allow the company to fund payroll

PROGRESS & FUTURE OUTLOOK

- Number of engineers employed under the Qualcomm contract is increasing
- Company is bidding on other technical staffing contracts with other Fortune 500 customers
- The company is confident it can bid on larger contracts even ones it does not have proper capital for
- Capstone intends to provide additional capital as additional contracts are won



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