



Profiting from Financial Discipline from Day One: Recruitment Start-Up

Case Study

At a glance

- London-based Futureheads Recruitment faced the issue many start-ups do: it had no Finance systems, processes, or team in place
- The lack of Financial expertise made it impossible to accurately measure performance, opportunity, and risk, and was a barrier to the company's growth potential
- Futureheads chose EFM Associate Mark Brown to act as their consultant Finance Director
- Mark put in place systems, processes, and training to bring financial discipline and reporting rigour to the business, and prime it for future growth
- Futureheads founder Gill Arnold: "Having financial discipline instilled in the company from day one enabled us to grow and adapt quickly, with financial systems, processes and procedures that were scalable by design."

Background

With a wide-ranging Finance background across multiple sectors, but also specific experience of resolving the Finance challenges facing start-ups, EFM Associate Mark Brown was brought in as consultant Finance Director (FD) by London-based digital recruitment agency Futureheads Recruitment (www.wearefutureheads.co.uk).

His role: to put in place, on a part-time basis, the systems, processes, and financial discipline to underpin the business's embryonic but innovative offering - and lay solid foundations for growth.

Mark's skill both in taking responsibility for the entire Finance function (the business had no accounting staff in its initial phase), and in training individuals, paved the way for the company's progression from newly formed venture to established SME.

At the same time, Mark's determination to put in place solutions that were right for - and had proven their worth in - the recruitment sector was a significant factor in enabling the business to easily engage with new processes and get them right first time.

Challenges

For Mark, the challenges were those he recognised as entirely normal in new, entrepreneurial businesses, from his many years' experience in senior Finance roles: no cohesive systems or procedures in place for the accounting function, no formal cash flow management, and no specialist accounting staff.

Futureheads were keen to ensure a proactive approach was taken with regards to the financial systems adopted by the company.

Using Mark as consultant FD from day one ensured systems and processes were designed and in place in a timely fashion, preventing any issues around recording, analysing and communicating the details of multiple revenue streams (from permanent placements, temporary placements, and finders' fees).

Cash flow management is an essential area to focus on for new businesses. A system was needed to allow cash management at a day-to-day level, and also forecast on a longer-term basis.

These challenges were, for the most part, interrelated, so addressing the root cause would solve many issues in one go - and this is precisely what Mark resolved to do.

Solutions

Mark is, by his own admission, highly receptive to new Finance technologies and innovations, but he is also deeply focused on financial discipline – the right processes and procedures, executed in the right way, at the right time. The job – the only job - of systems is to facilitate and streamline this.

To this end, Mark worked closely with the business's founders to identify and set up systems that were specifically well matched to the requirements of a recruitment company, so the business could engage with them frictionlessly.

Mark put in place systems to record and analyse multiple revenue streams, set up management accounting reporting to straightforwardly articulate Financial data and business performance to the Board, and researched cash flow management solutions with sector-specific features and benefits.

He also prepared ongoing cash flow forecasting reports to manage the business's long-term position, devised and updated accounting processes and procedures to fit with recruitment sector working methods and priorities, and trained staff internally to form the basis of a Finance team that could grow in the future.

Benefits

As is often the case, once financial discipline was firmly in place at Futureheads, and there was clarity on the business's performance, many other financial and operational benefits flowed from it.

The business was able to take its long-term cash flow management to the next level, for example, by appointing (under Mark's guidance) a confidential invoice discounting provider. Mark managed the initial period of operating the invoice discounting facility, also overseeing credit control management to prevent any reduction in the overall facility available.

The combined outcome of the systems, processes, discipline, and training Mark put in place at Futureheads speaks for itself. The business improved its long-term financial visibility, spent 35% less time and effort managing invoices, and, by unifying systems and processes, removed an estimated 7% reconciliation time per month.

Mark also made it possible to hand over all accounting tasks, procedures and management reporting to a new Financial Controller, with the business safe in the knowledge that sufficient training had been put in place internally to enable the new incumbent to take on and grow the Finance team.

Founder of Futureheads Recruitment Gill Arnold comments: "Mark acting as consultant Finance Director was an essential part of setting up the accounting function for Futureheads in the early days, as we moved from being a newly formed start-up to an established business."

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For more information on how EFM's experienced Finance professionals can take the pain and cost out of managing your business's finances, and smooth its passage to growth, get in touch today.



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