



PAYROLL FUNDING

Your ultimate guide to **payroll funding**





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About eCapital



In the fast-paced staffing industry, cash flow is the lifeblood of any successful business. Yet, navigating the demands of meeting regular payroll and managing day-to-day operations can be challenging, especially when clients take longer to pay for delivered services.

Staffing agencies face unique challenges: extended payment terms, seasonal fluctuations, and unexpected events.

This guide explores how **payroll funding** – a tailored financial solution – can help staffing agencies overcome these obstacles, maintain operations, and fuel growth.



What is payroll funding

Also known as accounts receivable financing, payroll funding provides immediate access to capital by leveraging your agency's unpaid invoices. It bridges the gap between delivering services and receiving payments, enabling agencies to:

- Meet payroll on time
- Cover day-to-day expenses
- Invest in technology and growth initiatives

Payroll can be delivered through [Accounts Receivable \(A/R\) financing](#) or [Asset-based Lending \(ABL\)](#), offering flexible financing options to match your agency's size and needs.

The importance of payroll funding for staffing and recruiting firms

For staffing agencies, consistent and stable cash flow is paramount.
Payroll funding ensures:



**Timely payroll for
employees and
contractors**



**Stronger talent
retention through
reliable payments**



**Flexibility to grow
or scale base don
demand**



**Operational
stability in a
fluctuating industry**



With the right financing partner, staffing agencies gain the agility to pursue opportunities while safeguarding their workforce and reputation.

Industry challenges

Here are five challenges staffing firms face and how payroll funding can help overcome them:



Extended payment terms

Clients may take 30,60, or even 90+ days to pay. This delays access to the revenue needed for payroll and daily operations.



Seasonal demand

Staffing spikes often happen when cash flow is tight. Without flexible funding, preparing for peak seasons can strain resources.



Economic uncertainty

Interest rate hikes and tighter bank lending are shifting focus from growth to capital preservation – challenging agencies to find new, reliable funding sources.



Rising operation costs:

Recruiting top talent, investing in automation, and upskilling staff all require significant capital.



Competition for top talent

With the staffing industry is expected to grow , firms must offer competitive pay and incentives to secure talent.

Benefits of payroll funding

Payroll funding provides staffing agencies with six key advantages:

> Reliable cash flow

Ensure timely payroll – even with outstanding invoices. Predictable cash flow enables better planning and financial control.

> Attract and retain top talent

Competitive compensation packages and benefits, and consistent paychecks make your agency a top choice for skilled workers.

> Flexible and scalable financing

Whether you're experiencing seasonal fluctuations, changing business circumstances, or rapid growth, payroll funding can be adapted to accommodate varying demands, ensuring financial support when needed most.

> Improve client satisfaction

The financial stability provided by payroll funding allows staffing agencies to maintain professionalism and timely service to their clients. By ensuring contingent employees are paid on time, payroll funding helps foster positive client experiences leading to increased client retention and referrals.



Talk about flexible – even when I'm late submitting invoices, funding comes through like clockwork."

— eCapital staffing client



How **payroll** funding works

Payroll funding turns unpaid invoices into immediate working capital.

There are two primary funding options:

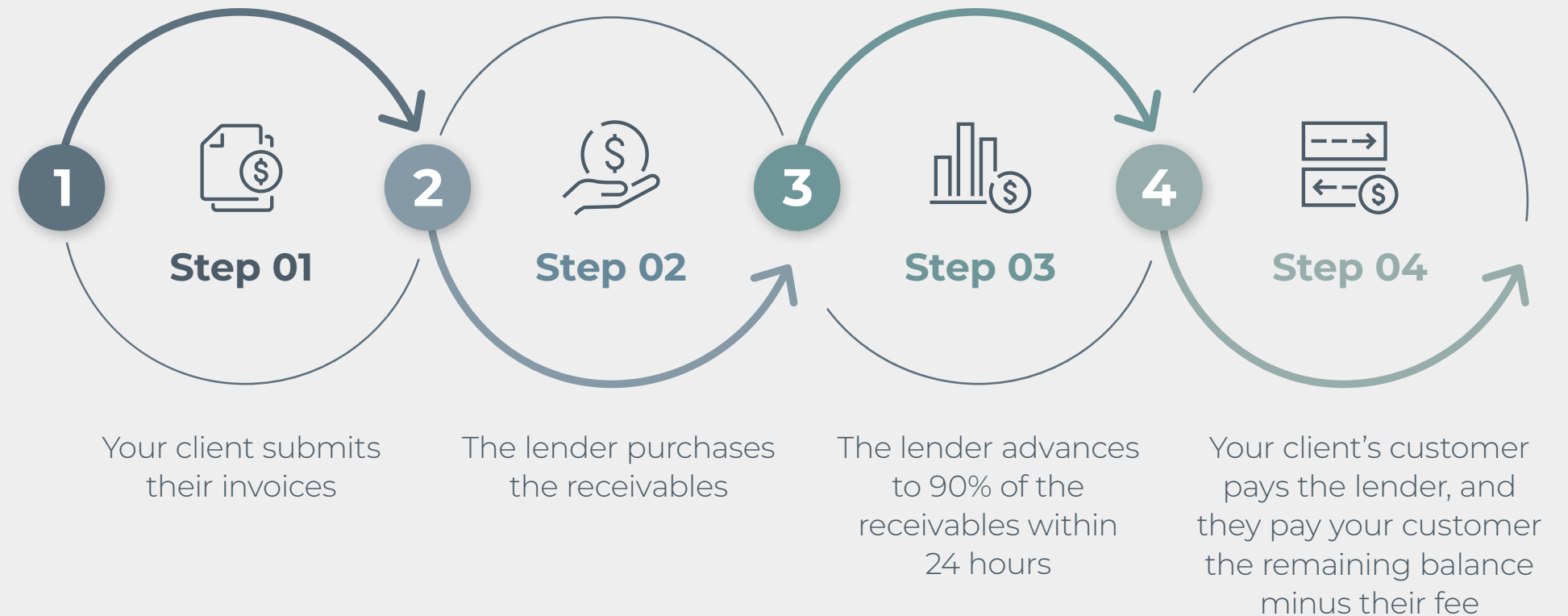
- Accounts Receivable (A/R) Financing
- Asset-based Lending



A/R Financing

Ideal for staffing agencies, at any stage of company development, quick access to funds. Unlike traditional loans, A/R Financing does not require restrictive covenants typically required in loans, making it an ideal solution for new staffing firms without an established credit history.

How it works

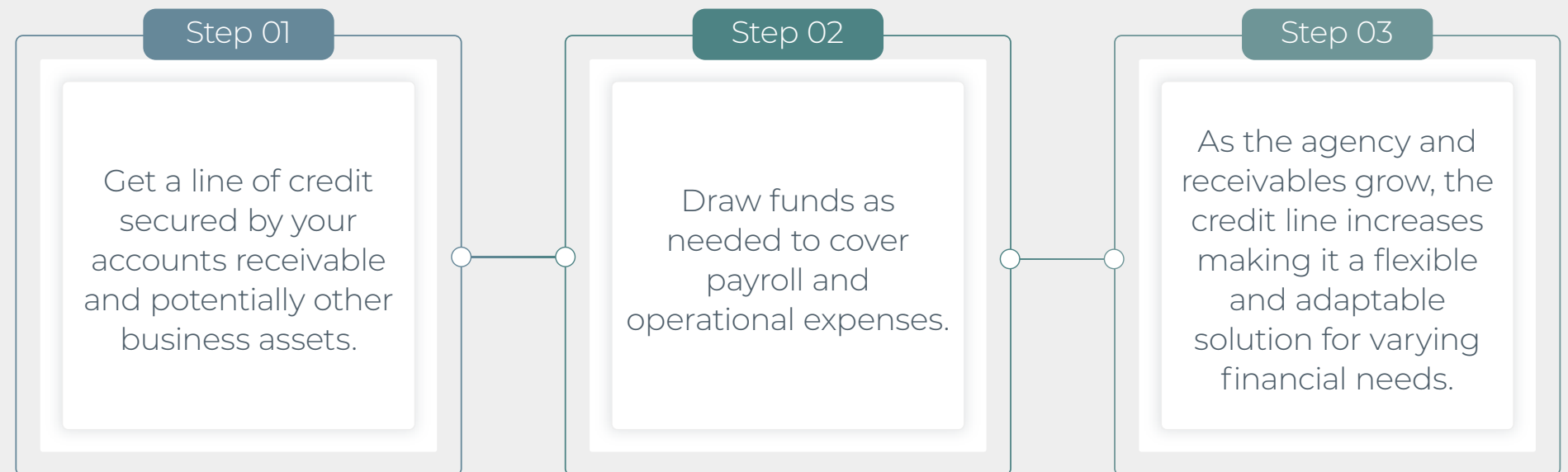




Asset-based Lending

Best for more established staffing agencies, that are seeking a more traditional revolving line of credit, and are accustomed to regularly presenting a borrowing base certificate. Both financing options empower agencies to overcome cash flow gaps and maintain business momentum

How it works



Ways to accelerate funding

Specialty finance companies offer a faster, more flexible path to working capital than traditional loans. **Here's how:**

Quick approval and funding

Receive approval within weeks – not months. Once approved, funding can arrive in as little as 24 hours after submitting invoices.

Scalable options

Need more funding during a busy season? Payroll funding solutions adjust with your needs, whether through A/R Financing or ABL.

Collateral-based, not credit-based

Funding is based on your receivables, not your credit score. Ideal for start ups or agencies navigating economic headwinds.

Staffing expertise

The best lenders specialize in staffing. Their deep understanding of industry cycles, payroll needs, and growth strategies leads to better funding solutions and support.

“

With the support of eCapital, we've been able to double the size of the company in the last five years.”

— eCapital client

Customer showcase: **DPI Group**

From financial distress to
success.

How eCapital helped The DPI Group overcome challenges through innovative financing.

Headquartered in Portland, Oregon. The DPI Group is a non-profit organization dedicated in identifying and creating job opportunities for individuals with disabilities and other employment barriers.

We had the pleasure of speaking with Tom Horey, the CFO of The DPI Group, to learn about the company's transformative journey.

The Challenge

The DPI Group faced significant financial, accounting, and operational challenges. With limited access to traditional financing options, the company sought an alternative financing solution to alleviate cash flow constraints and ensure sustainable operations.

The Solution

The transition to eCapital from a traditional bank was fast. Through a tailored factoring solution, they unlocked the value of their receivables, providing the necessary liquidity to navigate challenges and empowering them to continue their mission of creating employment opportunities while fostering sustainable growth.



Read more about our interview with Tom Horey, CFO of The DPI Group →

“

The advantage of A/R financing lies in the ability to borrow more, based on the value of your receivables.

We chose eCapital because of the team and the fact that their deal was, by far, the best.”

— Tim Horey, CFO, The DPI Group

A woman with long, wavy brown hair, wearing a dark blazer over a patterned top, is seated at a desk. She is holding a black smartphone to her ear with her left hand and writing in a notebook with a white pen in her right hand. A laptop is open in front of her. On the desk, there is also a white mug and a small potted plant. The background is a dark, out-of-focus office setting.

Choosing the right payroll funding partner

Understanding the benefits of payroll funding is only half the equation – choosing the right financing pattern is what truly drives success.

There are seven characteristics of a payroll funding company to assess before inking a deal:

- Industry expertise
- Transparent pricing
- Reliable, personalized support
- Funding scalability
- Accessibility and technology
- Reputation
- Financial strength

01

Industry expertise

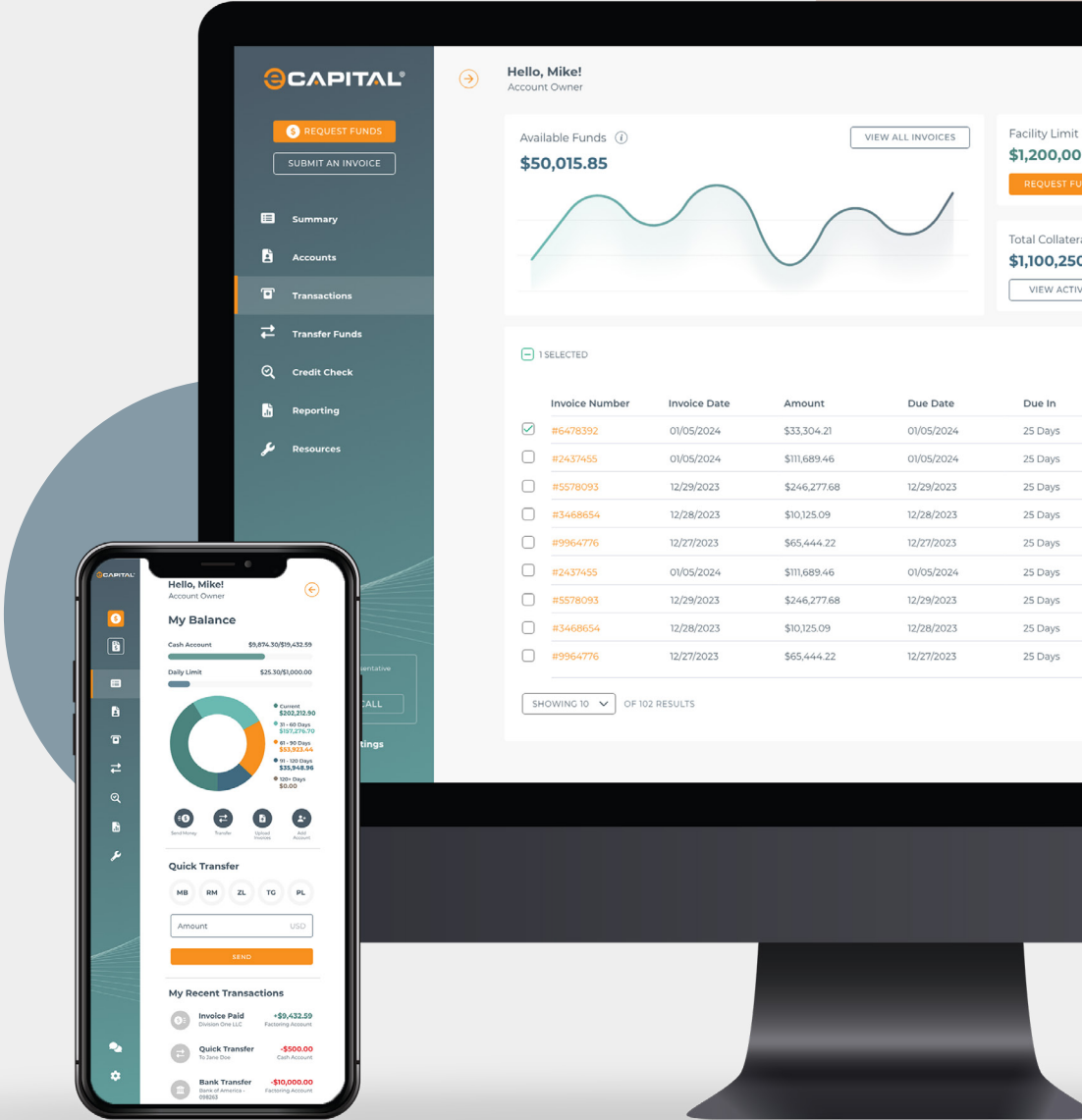
Look for a partner with proven staffing experience, understands your cash flow cycles, invoicing practices, and challenges.

02

Transparent pricing

The cost of service is a critical factor, but the cost shouldn't be the ultimate consideration. Nonetheless, it is one of the top-of-mind thoughts for business owners, especially in low-growth, high-cost business environments such as the one we're currently experiencing.

Most payroll funding companies in the same market and industry face similar operating costs and overhead. If a payroll funding company offers a lower than competitive rate for their service, it typically indicates the lender is competing on price, not value. Be wary of funding relationships based on the lowest cost, as it often results in service failures that can negatively impact your business credibility. The cheapest solution is usually the least reliable.



03

Personalized support

Dedicated customer support from the lender is crucial for the smooth operation of your payroll funding solution. Ensure the provider offers multiple support channels, including phone, email, and online support. Also, consider the hours of support and response times provided. If funding issues arise, they must be dealt with quickly and efficiently to appear seamless to your staffing company's clients.

04

Funding scalability

Your business may grow and change, so choose a partner who can support your increasing financial demands. A partner that can accommodate your expansion plans will be valuable in the long run.

05

Accessibility and technology

Whether through A/R financing or an asset-based lending, ensure the lender can connect you with cash on your terms. With evolving financial technologies, the best speciality financing companies provide instant access to your funds through simple online portals.

06

Reputation

Since the specialty finance industry is growing as more businesses seek flexibility and personalized loan products, ensuring that any potential lending partner has deep roots in the industry and a positive reputation is essential. Check for reviews and testimonials from other staffing agencies that have worked with them. Positive references indicate a reliable and trustworthy partner.

07

Financial strength

Your provider should be financially secure and capable of supporting your long-term needs.



“

eCapital stands out with their industry experience and flexibility.

— eCapital client

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Summary

The staffing industry is poised for growth across manufacturing, healthcare, IT and more. But with opportunity comes complexity: unpredictable payments, increased costs, and fierce competition.

Payroll funding is a reliable solution for navigating this environment – delivering the cash flow stability needed to succeed. With the right partner, agencies can unlock the capital to grow, pay talent on time, and operate with confidence.

About eCapital

Whether you're managing a team of 10 or 10,000+, making payroll on time is essential to your business's reputation and success.

At eCapital, we offer fast, flexible payroll funding solutions tailored for staffing firms. Our expert team has provided over \$72 billion in working capital to more than 32,000 clients. Serving more than 80 industries from offices across North America, our team of staffing experts know the industry inside and out.



We specialize in temporary and contract payroll funding for various staffing industry verticals including:

- Healthcare
- Administrative
- Engineering
- Professional/managerial
- Government contracting
- Information Technology
- Clerical / office
- Telecommunications
- Life sciences





We're not just a funding partner – **we're part of your growth story.**



Ready to improve your cash flow?

Talk to a staffing finance expert today

eCapital.com | 855.972.2291