



Review

Up-to-date news and views for recruiters

www.recruitmentfinance.co.uk

Hello to the start of the economic recovery



In his recent speech, at the launch of the annual Recruitment and Employment Confederation (REC) Recruitment Industry Trends report, chief economist at Lloyds TSB Corporate Markets, Trevor Williams, looked back at the recession and the rumblings of an economic recovery.

While the first signs of economic instability began as long ago as four years, it has only been in the last two years that the effects of reduced liquidity and finance have affected companies severely. As soon as the enormity of the recession became clear, the Government stepped in and put in place an aggressive monetary response, which included a drop in VAT and an unprecedented fall in interest rates. Alongside this, a targeted and aggressive fiscal stimulus package was also introduced.

However, despite these measures, it seems that the UK is still lagging behind the rest of the world in terms of the pace of its economic recovery. During quarter three, the UK Industrial sector had no growth although this is expected to change in Q4.

When a recession is linked to a financial crisis, the after effects of the fallout last longer, with the recovery being slower and more protracted. With this in mind, UK growth is expected to remain relatively weak until 2012/13, when the country is expected to regain the quarter one 2008 high in GDP. This will signal that real recovery has occurred as the economy recoups the lost output.

In the meantime, interest rates are set to remain low for some time, while the exchange rate should also remain favourable for sterling exporters.

Even though the recovery has slowly started, the next few months will still prove to be challenging for recruiters with unemployment continuing to rise into 2010,

as the labour market usually lags a recovery by some 6-9 months.

Once the pick up does begin, logistics, financial services and capital goods (including engineering, hi-tech and aerospace) sectors will all experience higher than average growth between 2010 to 2013. It is these sectors that will hold the key for recruiters looking to capitalise on the first signs of growth.

Paul Saunders comments: "While the news is generally bleak, there are some definite positive elements on the horizon. From our own experience, we have seen that turnover has stabilised over the last quarter and that demand is starting to pick up again. While there is still the need for caution, there is also a growing confidence in the sector."

For more information on how our support and guidance can help your business, please contact your client manager or call us on: 0800 587 6033.

And goodbye to a familiar face

As we draw to the close of 2009 we announce that Paul Saunders, head of the Recruitment Finance Division of Lloyds TSB Commercial Finance, is leaving the organisation on December 31st 2009.



As a familiar face in the finance industry, Paul has been working within the industry for over 36 years and has been at the helm of Recruitment Finance since it launched in 2007.

He has been responsible for its growth and its positioning as the leading finance provider to the recruitment industry.

Paul says: "The opportunity to work with recruiters and industry professionals has been one of the most rewarding periods of my career. I am confident that the resilience of the sector will ensure it starts to recover in 2010, and continues to provide brilliant solutions to end users as they look to grow their skills and capabilities out of recession." Turn overleaf to meet Paul's replacement and join us in welcoming him to the team.

In this issue...

- The recovery is underway
- Welcoming Mario to the team
- How equity finance can help recruiters
- REC Academy for Business
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- Client manager profile
- Training remains key

Welcome Mario to the team



It is with great pleasure that we welcome Mario Mazzocchi to the Recruitment Finance Division team.

Italian born, Mario joins on 1st January 2010 to replace Paul Saunders and continue building the business and specialism of the Division.

Originally from a marketing background, Mario spent the last two years working as the head of Structured Trade Finance in which he was responsible for the commodity and structured trade finance globally. He has extensive knowledge of trade finance and has been working in the finance sector for over seven years.

Paul Saunders believes Mario's appointment will help to drive forward the development of the

Division. He said: "The Recruitment Finance Division has come an extremely long way over the last few years and has become an important part of Commercial Finance. With Mario's background and knowledge, the department will be able to build upon and capitalise on its current platform and reputation."

Fluent in Italian and Spanish, outside of work Mario enjoys travelling and spending time with his family.

In early 2010 Mario will also be joined by a new business development manager for the Division, who will have an active role in the recruitment industry. We'll keep you updated on plans in the next issue of Review.



Tristan Ramus

How equity finance can help recruiters

Readers will doubtless be aware of the impact of the current recession on many sectors of the recruitment industry. Permanent markets have been adversely affected across the board, and while temporary markets have been more resilient, many are still challenging.

In this context it is not surprising that so many staffing businesses are struggling in the face of the decrease in demand for their services. Over the last 12 months, Hamilton Bradshaw has seen evidence of an increasing number of staffing businesses, both large and small, which are encountering financial distress, where they have reached the limit of their banking or invoice discounting facilities or where they are struggling to refinance existing facilities. Likewise, many otherwise successful businesses in more resilient sectors looking to expand organically or through acquisition, typically of distressed competitors, cannot secure the necessary funding to facilitate this expansion.

Hamilton Bradshaw is uniquely well placed to help these businesses, both through the provision of finance and, more importantly, our blend of strategic, operational and financial expertise in the staffing sector.

We will typically work with a business by initially providing an equity-based package combining both working and development capital to plug any short term funding gaps, while also supporting the business in its growth strategy through the selective acquisition of new teams or businesses.

With so many staffing businesses unable to execute their growth strategy successfully, our input in this area can be a crucial 'value add' for its investee businesses, often making the difference between success and failure. In addition, we are also highly experienced in crystallising value for owners of staffing businesses through a successful exit.

The team, chaired by James Caan and led by Tristan Ramus, has over thirty five years experience of setting up, operating and exiting staffing businesses, while several other members of the team are steeped in staffing sector experience.

James Caan, one of the 'dragons' from BBC TV's Dragons Den, is one of the UK's most high profile investors in UK staffing businesses, having founded and subsequently exited Alexander Mann and Humana International.

Tristan Ramus has particular expertise in growing recruitment businesses both organically to Initial Public Offering and via buy and build strategies in the sector, as evidenced recently by the highly successful Hamilton Bradshaw Human Capital growth fund, which he founded in 2006 and which now consists of over 11 businesses, including brands like Eden Brown, Caritas and The Resourcing Group.

For further information, please contact Tristan Ramus at tr@hbpe.co.uk.

REC Academy for Business expands its services

The REC has widened its portfolio of support services to recruiters through its Academy for Business.

These services are designed to give recruitment entrepreneurs and newly established companies the opportunity to meet business challenges presented by the current economic downturn.

The Academy of Business is the UK's first integrated business support service designed for recruiters with the portfolio also including training, qualifications and business partner programmes.

Sam Strange, the REC's Director of Business Support said: "Starting a business is one of the most exciting ventures anyone can undertake, but it can also be a daunting task, so it is essential that from the outset, individually tailored help and advice is at hand to take away the initial stress and strain."

Services being offered include:

- **Business Health Check** - an objective, robust review of a company's strategy to help businesses realise their potential and prepare them for the next development phase.
- **Fee-Earner Performance Coaching** - a one to one coaching and performance product delivered by REC industry experts to help improve consultants' productivity.
- **Mentoring Services** - available from the REC for sometime but is now even more geared up to help businesses in very specific development areas such as diversification into new markets, preparing for the sale of a business or reviewing processes, procedures and compliance.

For more details about the Academy for Business, please contact the REC on 020 7009 2131 or visit the website, www.rec.uk.com/academy-for-business

Diary dates

1 January 2010

Standard VAT rate increases

Standard VAT charged on goods and services reverts to 17.5%, from the temporary reduction to 15%

www.hmrc.gov.uk

13 January 2010

The REC Diversity and Inclusion Forum, London

The purpose of the REC Diversity Forum is to obtain an overview of the key principles and issues in equality and diversity and to relate those to the recruitment industry.

www.rec.uk.com/home

28 January 2010

Online Recruitment: The Year Ahead, London

Industry experts discuss how online developments are changing the face of recruitment forever.

www.enhancemedia.co.uk/conference/2010

11 March 2010

IT and Technology conference, London

This conference will cover disintermediation concerns, the rise of social media recruitment and client-owned databases.

www.rec-con.co.uk/conference

22 April 2010

The 2010 Social Media in Recruitment Conference, London

Gain insight into how social media is changing the face of recruitment. Listen to experts from Google and LinkedIn about how to get the best out of the internet.

www.socialmediainrecruitment.com

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Client manager profile

In each issue of Review we like to get under the skin of the members of the Recruitment Finance Division team. This issue we speak to Peter Turner, client manager based in Banbury, about increasing optimism in the industry and his ambitions to rival Tiger Woods.

When did you join Lloyds TSB Commercial Finance and what does your job encompass?

I originally joined Lloyds TSB Commercial Finance in 1978 and have worked in client management since 1986 when we opened our Edinburgh office. I was there until 1990 when I moved back down South to run and expand the organisation's Bristol operation.

I now work out of Banbury in the specialist team that service our recruitment clients. My role is to manage a portfolio of

recruitment businesses based in London and the Midlands and ensure that they are getting value for money and the funding they need.

What is your advice for anyone looking into recruitment financing options?

Consider all the options that suit your needs. I am seeing a rise in clients wanting to grow their business so I would recommend the CashFriday product as it allows recruiters to focus on the business and not worry about admin heavy tasks.

How do you feel about the current market conditions?

I am hearing more optimism from clients and generally, turnover is increasing so I believe we are over the worst.

What do you enjoy most about your job?

As a people person, my highlights involve visiting clients and delivering the right package for them.

What would you do if you didn't do your current job?

If I was not working, I would definitely be playing more golf.

Tell us what you think

If you have any comments about the content of Review or would like to contribute to the next issue, contact us by emailing recruitmentfinance@golleyslater.co.uk

And, don't forget about our commission scheme - for every introduction you give us that leads to us taking on a new client we will pay your business £1,000. Alternatively, we will arrange for this amount to be donated to a charity of your choice.

One month after a business introduced by you becomes a client, the thousand pounds will be yours. Our only stipulation is that commission is unavailable for your own associated businesses. Simply pick up the phone and call us free on 0800 587 6033, quoting reference ABC1.

If you'd like to learn more about the Division, call us on 0800 587 6033, or visit our website at www.recruitmentfinance.co.uk

Training remains key

Late October saw the Recruitment Finance Division managers gather for two days of specific industry training, run by the REC. Stuart Talbot gives us the run down on the course:

Day one saw a former business owner provide a real insight into some of the typical, and sometimes less typical, success factors for recruiters. It also provided managers with some really good guidance on "talking the language", both in terms of understanding our clients and moving away from finance jargon. The real life experiences proved extremely valuable for the team and certainly got them thinking.

Day two had a technical focus – maybe less inspiring than the previous day but even

more valuable. By the end of the day we were all talking about the Rights of Temporary Workers, Working Time Regulations, paid annual leave, staff hire VAT concessions, the Conduct Regulations and discrimination.

At the end of the two days, it was great to learn that over the two years of working with recruitment agencies everyone had a good grasp of the challenges faced by our clients.

Many thanks to the REC for a valuable session.



We have just launched our new website. Check it out at: www.recruitmentfinance.co.uk

And finally, we wish you all a very merry Christmas and a prosperous 2010!

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