THEBOSSGUIDE

Payroll Funding for Staffing Firms

Everything staffing firms need to know about payroll funding: how it works, what it costs, when it makes sense, and how to choose the right funding partner.

A 12-MINUTE GUIDE FOR STAFFING FIRM OWNERS AND OPERATORS

BACK OFFICE STAFFING SOLUTIONS

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SECTION 1

What Is Payroll Funding?

The hardest part of running a staffing firm isn't making placements. It's paying your employees before your clients pay you.

Every contract placement creates the same math problem. Your employees are paid weekly. Payroll is due every Friday whether or not a single invoice has been collected. Your clients, meanwhile, pay on 30, 45, or 60-day terms. That gap between money going out and money coming in is the single biggest constraint on staffing firm growth, and it gets wider with every new placement you make.

Payroll funding closes that gap. A funding partner covers your weekly payroll, then is repaid when your clients pay their invoices. Your employees are paid on time, every time, and your growth is no longer capped by the cash in your bank account.

It's important to understand what payroll funding is not: it isn't a loan you have to pay back out of pocket, and, done right, it isn't simply an advance against invoices. Purpose-built payroll funding is structured around your actual payroll obligation, so the money is there when your people need to be paid, not just after the billing paperwork clears.

> BOTTOMLINE
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> Payroll funding bridges the gap between payroll and client payment, so your growth is never limited by cash flow.

SECTION 2

How Payroll Funding Works

From client order to profit in your pocket: the weekly cycle looks like this.

1. Client places an order	A client needs contract workers and agrees to your bill rate and payment terms.
2. You recruit the worker	You do what you do best: find, vet, and place the right person.
3. The employee starts	Onboarding, paperwork, and compliance are completed and the assignment begins.
4. Payroll comes due Friday	Hours are approved and gross payroll (wages, taxes, and burdens) is calculated.

5. BOSS funds payroll	Your employees are paid in full, on time. No cash leaves your account.
6. Client pays the invoice	The invoice, issued under your brand, is collected on your client's normal terms.
7. Profit is distributed to you	Funding and fees are settled and your margin lands in your account.

KEY TAKEAWAY

The cycle repeats every week and scales automatically. Ten workers or five hundred, you never front payroll, and your funding capacity typically grows with your headcount instead of being renegotiated like a credit line.

SECTION 3

The Benefits of Payroll Funding

When payroll is no longer your problem to fund, the way you run your firm changes.

Grow faster. Say yes to every qualified order. Headcount is limited by demand, not by your bank balance.

Accept larger accounts. Take the 50-person order from the enterprise client with 60-day terms, the one you used to turn down.

Preserve your cash. Keep working capital for sales, recruiting, and marketing instead of parking it in payroll float.

No personal cash at risk. Stop bridging payroll with savings, home equity, or maxed-out credit cards.

Payroll always on time. Your employees are paid on time, every cycle. That reliability is the foundation of retention and reputation.

Focus on sales. Spend Monday selling, not sweating whether Thursday's collections will cover Friday's payroll.

Scale with confidence. Seasonal spikes, big ramps, and new markets stop being cash flow emergencies.

Stronger working capital. Predictable cash flow makes your firm easier to run, and more valuable if you ever sell.

> DIDYOUKNOW
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> A single 10-person placement at $20/hour requires roughly $8,000 of gross payroll every single week. On 45-day terms, you could fund six or more payrolls before the first client dollar arrives. That's $50,000+ of cash tied up by one order.

SECTION 4

Is Payroll Funding Right for You?

Payroll funding isn't for every firm. Here's an honest look at both sides.

Funding is probably right if…

- You're growing faster than your cash can keep up with
- Your clients pay on 30-day terms or longer
- You've turned down large orders because of payroll exposure
- Personal savings or credit are propping up payroll
- Your business is seasonal, with sharp headcount spikes
- You're a newer firm without the history a bank line requires

Funding may not be necessary if…

- You hold substantial cash reserves relative to weekly payroll
- Your clients reliably pay weekly or on very short terms
- You're deliberately keeping the firm small and steady
- Your book is primarily direct-hire with little contract payroll

SECTION 5

Common Payroll Funding Myths

Payroll funding carries some outdated baggage. Let's clear it up.

MYTH "Payroll funding is only for struggling agencies."

REALITY The opposite is true. Funding is a growth tool used most heavily by firms that are winning: the faster you add billable headcount, the more cash growth consumes. Struggling firms don't have a payroll problem; growing firms do.

MYTH "It costs too much."

REALITY Funding costs should be measured against the gross margin of the placements it makes possible, not against zero. Turning down one large order to avoid a funding fee usually costs far more than the fee ever would. It's a cost of goods, not overhead.

MYTH "I'll lose my clients."

REALITY Your clients are yours. With BOSS, invoices go out under your brand, your relationships stay with you, and your clients experience a professional, consistent billing process, often more polished than before.

MYTH "The funding company owns my business."

REALITY Payroll funding is a service, not equity. You own your company, your client contracts, and your candidate relationships. A good funding partner works for you, and you can change your structure as your firm evolves.

> STAFFINGTIP
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> When evaluating any funding offer, don't just compare rates. Ask what happens around the funding: Who runs payroll? Who handles taxes and workers' comp? Who invoices and collects? A low rate paired with none of the operational work is often the more expensive option.

SECTION6

Payroll Funding vs Other Options

Staffing firms typically weigh four ways to cover payroll. Here's how they stack up.

	Payroll Funding	Bank Line of Credit	Invoice Factoring	Self-Funding
Approval speed	Typically days, not months	Weeks to months of underwriting	Days to weeks	Limited by savings
What it's based on	Your clients' credit and receivables	Your financials, history, and hard assets	Individual invoices	Your own cash
Personal guarantees	Varies by partner and structure	Almost always required	Common	You carry 100% of the risk
Payroll timing	Built around payroll: funded every cycle, on time	You still manage draws and timing	Advance arrives after invoicing, not when payroll is due	Only as reliable as your bank balance
Invoicing & collections	Handled for you, under your brand	Entirely on you	Factor collects; clients often deal with the factor directly	Entirely on you
Flexibility	Scales up and down with your placements	Fixed limit until renegotiated	Per-invoice advance rates and reserves	Fixed by what you've saved
Scalability	Typically grows with your headcount	Requires new underwriting to grow	Tied to invoice volume and quality	Hard ceiling
Best for	Staffing firms growing contract headcount	Established firms with strong balance sheets	General B2B receivables outside staffing	Small, steady books with fast-paying clients

PAYROLLFUNDINGISNOTFACTORING

Factoring advances a percentage of an invoice after the work has been billed. It is a financing product built around paper. Payroll funding is built around your actual weekly payroll obligation, and with BOSS it comes wrapped in the payroll processing, tax administration, compliance, and invoicing that staffing firms actually need. One is money; the other is an operating model.

SECTION 7

Why Staffing Firms Choose BOSS

Most funding companies provide money. BOSS provides an entire staffing operating platform.

Writing the check is the easy part. What actually determines whether your firm scales is everything wrapped around that check: who runs payroll, who files the taxes, who carries the workers' comp, who onboards the employee, who invoices the client, and what technology holds it all together. That's the platform BOSS built, and funding is just one component of it.

Traditional payroll funding: funds payroll, advances receivables, provides capital.

BOSS: Payroll Funding · Employer of Record · Compliance · Workers' Comp · Onboarding · Invoicing · Technology · Reporting · Four Operating Models

"Most payroll funding companies stop after funding payroll. BOSS helps staffing firms build scalable businesses."

Every BOSS plan runs on the same automation platform. The only variables are who employs the worker and who funds payroll, which means you can start where you are today and change models as your firm grows, without switching providers.

Core Plan	Funded Plan	Self-Funded EOR	Complete Plan
Software and back-office automation while you remain the employer.	Keep employing your workforce while BOSS funds every payroll.	BOSS becomes the Employer of Record while you fund payroll.	BOSS employs the workers and funds payroll.

ANSWERS

Payroll Funding FAQs

How much does payroll funding cost?

Pricing depends on your volume, your clients' payment terms, and which BOSS operating model you choose. The right way to evaluate it is against the gross margin of the placements funding makes possible, not against zero. We'll walk you through exact numbers for your book of business in one conversation.

Do you fund startups and new staffing firms?

Yes. Payroll funding is one of the most common ways new staffing firms launch, because approval is based primarily on your clients' credit, not your firm's operating history.

How quickly can funding begin?

Typically days, not months. Once onboarding is complete and your client is set up, funding is generally in place for your next payroll cycle.

Will my clients know I use payroll funding?

Your clients see a professional, consistent invoicing and payment process under your brand. Unlike traditional factoring, your relationships stay exactly where they belong: with you.

Do I lose my clients?

No. You own your company, your client contracts, and your candidate relationships. Payroll funding is a service you use, not a stake in your business.

Can I still invoice under my own name?

Yes. Invoices go out under your brand. BOSS handles the mechanics of billing and collections behind the scenes, but the client-facing identity is yours.

Do you fund nationwide?

Yes. BOSS supports staffing firms in all 50 states, with the payroll tax, compliance, and workers' comp infrastructure to match.

How is payroll funding different from invoice factoring?

Factoring advances a percentage of an invoice after the work has been billed; it is purely a financing transaction. Payroll funding is built around your weekly payroll obligation, so money is there when your employees need to be paid. With BOSS, it also comes integrated with payroll, tax administration, compliance, and invoicing: an operating platform, not just an advance.

What happens if a client pays late?

Late payments are a normal part of staffing, and your payroll keeps running on time regardless. BOSS manages invoicing and follow-up as part of the platform, and we'll walk you through exactly how aging receivables are handled under your specific plan before you sign anything.

Is there a minimum size or volume?

BOSS works with staffing firms at every stage, from first placement to hundreds of workers on assignment. The four operating models exist precisely so the structure fits your size today and scales with you.

Does funding cover payroll taxes, workers' comp, and burdens?

Funding at BOSS lives inside a platform that also handles payroll processing, tax administration, workers' compensation, and compliance. How each burden is structured depends on your plan; we'll map it out for your situation.

Can I move into another BOSS plan later?

Yes, and firms do it all the time. Because every plan runs on the same BOSS platform, moving between Core, Funded, Self-Funded EOR, and Complete is a structural change, not a re-implementation.

See Which BOSS Plan Fits Your Firm

Every staffing firm grows differently. We'll help you determine whether payroll funding, Employer of Record, or another BOSS operating model best fits your goals.

Talk to Sales: backofficenow.com/contact · Compare plans: backofficenow.com/pricing
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