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Nasa Consulting April Newsletter

Growing your Business

In this month's newsletter, we provide advice to our contractor clients on growing their businesses. Whilst our principle role for our clients is the accounting works and excellent tax advice we aim to provide, we feel this month's strategic advice may be as useful in increasing your profitability and take home earnings.

In our years of advising contractors and SME's we have seen more than a handful of clients grow from single contractor company to multi-person consultancy's. We have cherry picked and set out below the successful characteristics which we feel all contractors can adopt to grow and establish their businesses.

The model works well where freelancers have a relationship of trust with their clients and are also able to work with recruitment agencies to find other contractors. The overall picture is that by working with the key recruiters in your client company, you may be able to fill vacancies on an ongoing basis and retain a profit margin for yourself.

The key points to making this work appear to be:

1. **Having a strong relationship with your client.** Through this, you are able to identify what works are scheduled and what temporary workers they plan to recruit to carry out the services.
2. **Filling the vacancy.** If your client will advise you what rate they are prepared to pay for a contractor, either using an agency or even industry contemporaries you are well placed to source a worker for the role. Knowing that agencies keep upwards of £50 per day in margin for themselves, it should be reasonably straightforward to find contractors where there is a margin in it for your company. In many cases the margin may even be over £100 per day. If you had three sub-contractors on this basis, that would be an extra £6,000 of income a month for your company.
3. **Handling the contract chain.** If you fill the vacancy through an agency, the contract will simply be between your company and the agency as well as a contract between your company and your client. If you find a

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worker who does not need to use the agency, Nasa Consulting can payroll them or even set them up as a Limited Company if they require

better tax savings. By all accounts you should be reluctant in allowing the agency to contract directly with the client, as in our experience that may be the last you hear of the vacancy!

4. **Avoid employment law issues.** By the worker not being an employee of your company, you avoid Holiday Pay, National Insurance and other employee issues and upon completion of the project there are no ongoing obligations on you.
5. **Administration.** There is of course going to be some extra admin in growing your business, but hopefully Nasa Consulting can provide assistance for some of that. We offer contracts between your company and any contractors you recruit and will carry out the accounting for your growing business. In our experience, apart from being required to be well organised, the admin burden does not rise rapidly for you.

In these slower economic times, even the addition of one contractor to your billing can add significant revenue to your business. We understand that with the short term nature of some of our client's work it is not always possible to bring in other workers to the client site. For those who do feel they can roll out the model above, we wish you the best of luck in expanding your business. Please feel free to call your client manager at Nasa Consulting to chat through any ideas you may have.

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