

The 7 Simple Steps of **Payroll Funding**



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INTRODUCTION

This white paper will guide you through the entire payroll funding process, from what it is to how it works, ensuring you have all the information you need to determine if payroll funding may be the link you're missing to help build and expand your business and bottom line.

With payroll funding, also referred to as invoice factoring, your accounts receivable is purchased. When you receive an order from a client and generate an invoice for it, your funding company advances your staffing agency a percentage of that invoice, so you don't have to worry about making your payroll while you wait for your client to pay their invoice. Payroll funding helps streamline staffing companies' payroll, billing and collection needs for added flexibility and growth.

Payroll funding accelerates your revenue stream, so you can address pressing expenses such as a lease, suppliers, payroll and other operational costs.

Your payroll funder purchases your accounts receivables – the invoices you're sending to your customers. They set an advance rate, which is a percentage rate, of advance payment they'll provide you, giving you the flexibility of a little more cash flow while you wait for your customers to pay their invoices.

Lone Oak Payroll® is a payroll funding provider that offers quick financing, competitive pricing and flexible contracts to offer startups the tools they need to finance growth, reduce costs, improve efficiency and maximize profitability, and, as your partner, Lone Oak Payroll also provides you with a TempWorks Software® database at a considerable discount for you to maintain all your records. Think: employees, customers, orders, assignments, etc. Additionally, they provide you with a dedicated payroll account manager to process your invoices and receive payment from your customers.



THE 7 SIMPLE STEPS OF PAYROLL FUNDING

STEP 1

You receive an order from your customer. Congrats! It's time for you to get to work.

STEP 2

You generate an invoice within your TempWorks Software database. Timecard backup is linked to the associated invoice, and your payroll account manager processes the invoice.

STEP 3

Lone Oak Payroll advances a percentage of the funds to pay for expenses like payroll, taxes and the factoring fee. Advance rates vary by client and are flexible based on your company's needs.

Example: Your company has a 90-percent advance rate, based on your contract with Lone Oak Payroll. You send an invoice for \$1,000 to a customer, and Lone Oak Payroll advances \$900 to you to cover immediate expenses. This is called your initial reserve. Lone Oak Payroll then processes your company's payroll, invoicing and taxes. The \$900 is utilized for the payroll and taxes associated with the order placed.

STEP 4

The remaining amount (after payroll, taxes and factoring fee) is deposited in your account. Funding is done on a cyclical basis, typically weekly or bi-weekly. This is based on your payroll and invoicing schedule.

STEP 5

Your customer pays their invoice. Your Lone Oak Payroll team of accounts receivable representatives work hard to collect payments from your customers. All payments are remitted directly to Lone Oak Payroll. Lone Oak Payroll will then process a final funding, which is the difference of the initial reserve and the remaining balance.

Lone Oak Payroll has four strategically placed lock boxes for your customers to remit to, based on their location, and also offers ACH deposit and wire transfers, along with credit card payments to provide convenient and efficient options that make it as easy as possible for both you and your customers.

STEP 6

Your customer pays their invoice, Lone Oak Payroll applies the amount of the initial reserve to pay back advancement, and Lone Oak Payroll has now been paid back on the advancement given.

STEP 7

Your final reserves (the remaining balance) is deposited into your account.

BENEFITS OF PAYROLL FUNDING

- *When you have a consistent and reliable cash flow, you can focus on what you do best. Plus, with the services Lone Oak Payroll provides, payroll and invoice processing can take the back office workload off of your plate, allowing you even more time to focus on building and growing your business.*
- *Payroll funding provides access to the tools you need to:*
 - *Finance growth*
 - *Improve efficiency*
 - *Maximize your profitability*
- *You have the ability to expand your pool of clients. Instead of being limited to those who pay quickly, you can now pursue opportunities with those you may have otherwise had to pass up.*



WHY PARTNER WITH LONE OAK PAYROLL?

Lone Oak Payroll is more than just a payroll funding company. It's an experienced team with years of industry knowledge from working for and with staffing agencies. Focus areas include:

- Payroll processing services with flexible schedules and the ability to cut late checks without charging for a whole new run
- Tax processing services with experts who will ensure compliance, accuracy and efficiency
- Back office operations support, including diligent work on collections
- New hire reporting services
- Staffing software package that was created specifically for the industry through TempWorks Software is provided at a considerable discount, granting access to a top-of-the-line system to help grow your business and reach your company's goals