



10 Step Guide to Starting a Staffing Agency

Ready to start your staffing agency? This guide gives you a clear, step-by-step roadmap to turn your idea into a thriving business.

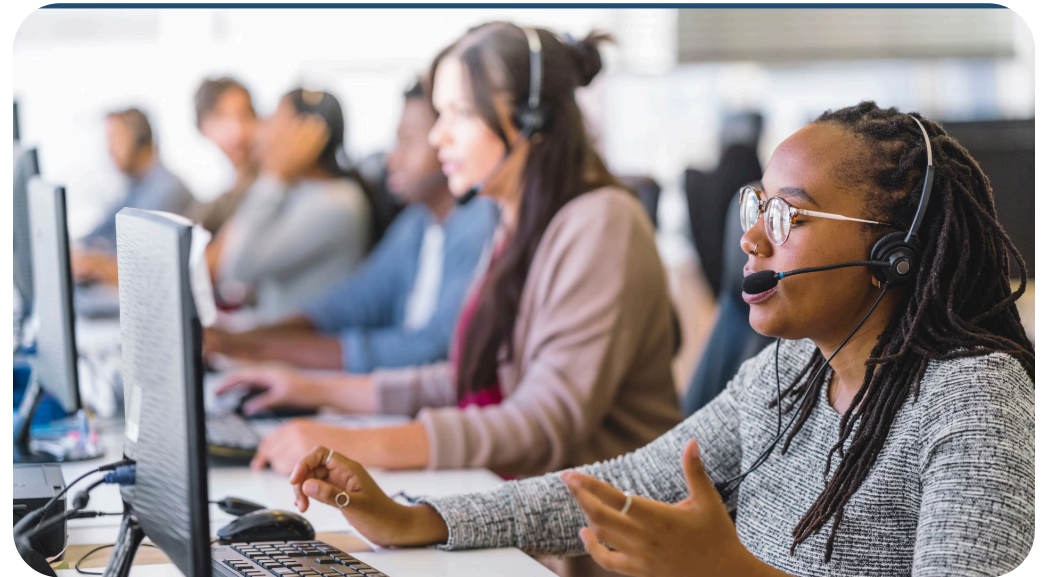


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The Staffing Industry: A Powerful Opportunity

The staffing industry is evolving faster than ever. Remote work, the gig economy, and rapid advances in technology have created unprecedented demand for flexible staffing solutions. For entrepreneurs, this is a powerful opportunity to step in, make an impact, and build a thriving staffing agency.

At Madison Resources, we've been partnering with staffing firms for over three decades—helping agencies launch, scale, and grow with confidence.



Your Roadmap to Success

01

Define Your Business Model & Niche

02

Build Your Business Plan

03

Form Your Legal Entity

04

Secure Funding & Manage Cash Flow

05

Develop Your Brand & Marketing Strategy

06

Build Your Tech Stack

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Establish Operations & Recruit Talent

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Set Up Your Back Office

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Create Contracts & Compliance Framework

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Execute & Scale



Understanding the Staffing Industry

If you're thinking about launching your own staffing firm, chances are you already know a thing or two about the staffing industry. But whether you're brand new to staffing or simply need a quick refresher, this section will help you build a solid foundation.

The staffing industry operates on its own set of rules and relationships—ones that can significantly influence your agency's growth and success. A deep understanding of the industry is key to developing a strong business plan, winning clients, and serving talent effectively.

What Is a Staffing Agency?



A staffing agency—often called a temp agency or staffing firm—acts as the connector between employers seeking talent and individuals looking for work. These agencies support a wide range of industries such as IT, healthcare, and light industrial, each with its own unique hiring demands and challenges.

Successful staffing firm owners go beyond recruiting—they become specialists in the industries they serve. Understanding trends, skill requirements, and best practices within those sectors builds credibility and earns trust from both clients and candidates.

How Does a Staffing Agency Make Money?



Markup Model

Agencies charge clients a markup on the employee's hourly wage. The markup varies based on industry, skill level, and market demand.



Example Calculation

If an employee earns \$20/hour and you apply a 50% markup, you bill the client \$30/hour. The \$10 difference covers payroll, taxes, insurance, and overhead.



Pricing Strategy

Setting competitive prices is critical. You need to attract top talent with fair wages while maintaining sufficient margins to cover costs and generate profit.

 **Markup Formula:** $\text{Hourly Wage} \times (1 + \text{Markup Percentage}) = \text{Bill Rate}$

Example: $\$20 \times (1 + 0.50) = \30

Challenges Staffing Agencies Face

Running a staffing agency comes with its fair share of challenges. The industry is constantly evolving, shaped by economic trends, technology, and shifting workforce expectations. High turnover, seasonal demand, and market fluctuations require agency owners to stay agile and proactive in managing risk and ensuring stability through changing conditions.

By understanding these trends and anticipating change, you can position your agency to adapt, innovate, and stay competitive for the long term.





Step 1: Build Your Business Plan

A business plan serves as the blueprint for your staffing agency's growth. It outlines your objectives, strategies, operational framework, and financial outlook, providing clarity for decision-making, attracting clients, and securing funding. Think of it as a dynamic guide that evolves as your agency grows.

Key Elements of Your Business Plan

1

Executive Summary

Brief snapshot of your agency's mission, vision, objectives, and services.

2

Company Overview

Details about your agency's history, founders, location, and unique value proposition.

3

Market Analysis

Examine your target market, industry trends, growth potential, and competitors.

4

Marketing & Sales

Outline how you'll attract clients and candidates through branding and strategic channels.

5

Management Structure

Introduce key team members, their roles, and how they contribute to success.

6

Operations Plan

Detail day-to-day functions including sourcing, screening, compliance, and client management.

Additional Business Plan Components

Competitive Analysis

- Evaluate competitor strengths and weaknesses
- Explain your differentiation strategy

Risk Management

- Identify potential challenges
- Outline mitigation strategies

Legal & Compliance

- Legal structure and entity type
- Required licenses and permits
- Employment law adherence

Milestones & Timeline

- Define key growth objectives
- Set realistic achievement timelines

Funding & Exit Strategy

- Specify investment needs if applicable
- Outline future transition plans



Step 2: Form Your Legal Entity

When launching your staffing agency, it's essential to take the proper steps to ensure your business is legally compliant, protected, and officially recognized.





Step 3: Identify Your Costs

Launching a staffing agency requires thoughtful financial planning. Like any new business, you'll need an initial investment to cover the essentials, along with a plan to manage ongoing operational expenses that impact long-term profitability.

Establishment Costs

One-time expenses required to set up your business:

- Legal formation expenses
- Equipment and hardware
- Office space setup
- Business insurance

Operational Costs

Recurring expenses needed to sustain daily activities:

- Payroll and funding services
- Software systems
- Marketing and advertising
- Employee salaries

Step 4: Secure Funding & Manage Cash Flow

The Cash Flow Challenge

Your employees expect weekly or biweekly pay, but clients often operate on 30-60 day payment terms.

This timing gap can quickly create financial strain.

Working Capital Needs

Your agency needs enough working capital to cover payroll and expenses while waiting for invoices to be paid. Limited funds can make it difficult to take on new clients.

Funding Solutions

Many staffing firms turn to payroll funding or invoice factoring from providers like Madison Resources to ensure cash on hand for growth opportunities.



Step 5: Develop Your Brand & Marketing Strategy

Once your staffing business is up and running, the next step is visibility—making sure both clients and candidates know who you are and what you offer.



Define Your Niche

Clarify your agency's focus. Specialize in a particular industry, job type, or geographic region to create messaging that speaks directly to your ideal audience.



Build Brand Identity

Develop a strong brand that reflects your mission and values. From your logo to website design, consistency builds recognition and credibility.



Create Digital Presence

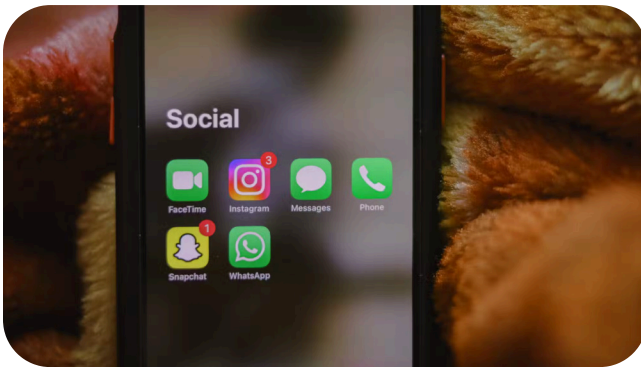
Build a professional website that's easy to navigate, clearly explains your services, and includes SEO best practices to rank higher in search results.

Marketing Tactics That Drive Results

Social Media Strategy

Leverage platforms to connect with talent and clients:

- LinkedIn for professional outreach
- Facebook and Instagram for culture
- TikTok for broader engagement



Email Marketing

Nurture relationships effectively:

- Send newsletters with job openings
- Share market updates and insights
- Personalize messages to show appreciation



Paid Advertising

Amplify your reach strategically:

- Google Ads for search visibility
- LinkedIn campaigns for B2B
- Social media ads for targeted audiences





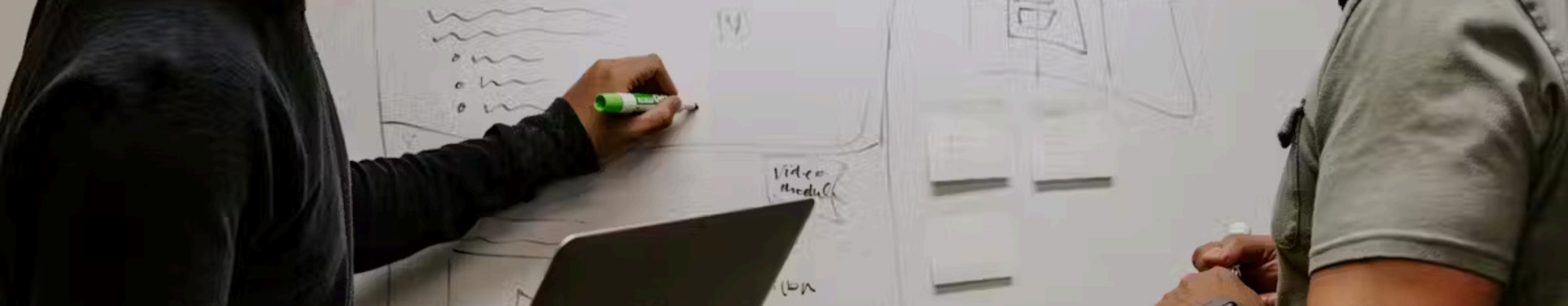
Step 6: Build Your Tech Stack

Applicant Tracking System (ATS)

Manage candidate pipelines, track applications, and streamline the recruitment process with specialized staffing software.

Customer Relationship Management (CRM)

Track client interactions, manage relationships, and monitor sales opportunities to grow your business effectively.



Step 7: Establish Operations & Recruit Talent

Now that you have your software and clients in place, the next step is finding the right talent. A new staffing agency can source talent successfully by blending traditional recruiting methods with modern tools and strategies.

Network & Build Relationships

Join local business groups, chambers of commerce, and professional associations to broaden your network and find opportunities.

Partner with Educational Institutions

Connect with nearby colleges and universities to access recent graduates and established alumni networks.

Leverage Job Boards

Share openings on leading platforms like Indeed, Monster, and LinkedIn to reach a wide pool of active job seekers.

Create Referral Programs

Motivate current employees or candidates to refer others by offering rewards for successful placements.

Step 8: Set Up Your Back Office

In staffing, your back office manages essential daily functions—such as time entry, payroll, and billing—that keep your business running smoothly. As you prepare to launch, decide: will you manage these functions internally or outsource them to a specialized provider?

Time Collection

Gather time through web portals, time clocks, employee apps, or physical timecards.

1

2

Payroll Processing

Calculate all payroll and distribute via checks, direct deposit, or paycards.

Invoicing & AR

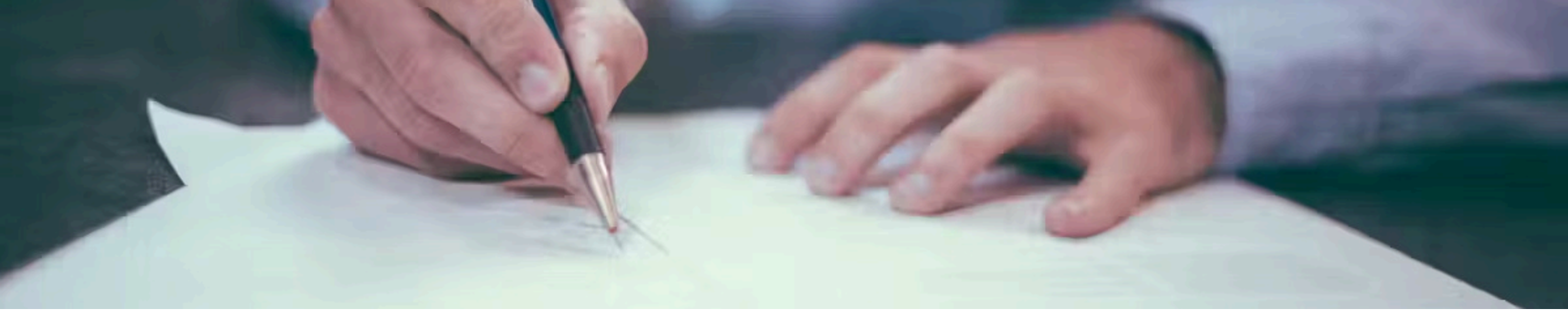
Automatically create invoices and manage collections with dedicated support teams.

3

4

Compliance & Taxes

Manage garnishments, tax filings, and regulatory requirements.



Step 9: Create Contracts & Compliance Framework

Strong, well-structured contracts are essential for setting expectations and protecting the interests of your agency, your clients, and your contract employees.

Client Agreements

Clearly outline the scope of services, including:

- Type of staffing provided
- Duration of engagement
- Payment terms and conditions
- Confidentiality requirements
- Termination procedures

Employee Contracts

Include important details such as:

- Job responsibilities and expectations
- Pay structure and benefits
- Assignment length and location
- Non-compete or NDA clauses
- Contract termination procedures

 **Important:** Always review your contracts with a qualified legal professional to ensure compliance with applicable labor and employment laws.

Step 10: Execute & Scale

Launch Your Success

Launching your staffing agency is just the beginning—successful execution requires focus, organization, and consistency. You've laid the groundwork by following the steps outlined above. Now, it's time to put your plan into action.

Stay true to your business strategy, maintain a steady operating rhythm, and continuously refine your processes as you grow.

Ready to Accelerate Your Growth?

Let's connect to see how outsourcing can help your agency thrive.

[Contact Sales](#)

[Call 833.623.4766](tel:833.623.4766)



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