



SKODA MINOTTI

CPAs, BUSINESS & FINANCIAL ADVISORS



Taking a Stance on Outsourcing HR

by Jennifer Wintrow

In 2013, The Society of Human Resource Management (SHRM) completed a study on the reasons companies decide to outsource HR. They asked what functions are outsourced and why? The top results returned for “why” were: to save money, to focus on strategy and to improve compliance. More recently, publishers like Business 2 Community and Inc. have researched the reason companies partner with Professional Employer Organizations (PEOs) to deliver HR services. Among the top answers are that PEOs have a wider depth of knowledge on legal matters; they save money on processes, such as payroll and workers’ compensation; and they save companies time that is better spent on their primary expertise.

There are multiple options to consider when making the decision to outsource HR. The most important thing to remember is that every company is different. The decision to outsource should be based on size of the company, the mission of the business and the needs of its staff.

Several necessary HR services may not initially be considered HR in a smaller company, including talent development; talent management; benefits and compensation; onboarding; payroll; and talent acquisition. Consider a company that has fewer than 50 employees. This company has less need for a large HR department and can employ one dedicated HR professional to service the needs of each employee on a personal level. This is cost-effective and brings a value-add to the company. As a company expands, communication becomes more widespread, and the need for different services becomes necessary. Decisions now need to be made about what services should be outsourced and what services should stay within the organization.

Consider a manufacturing company versus a professional services firm. These two companies strive to provide excellent service, but in different capacities. The manufacturing company has expertise in producing a tangible product, whereas the professional services firm has expertise in providing a specific type of service. The two companies differ in mission and should make different decisions on which HR services to keep in house and which to outsource.

Again, depending on company size, the manufacturing company can outsource payroll, benefits, compensation and possibly even talent development and talent acquisition without losing the personal connection HR services provides employees. The professional services firm may consider keeping talent development and talent acquisition in house. Culture may help determine the new hires who will be the best fit. In that case, a recruiter's best place may be inside the organization. The professional services firm may also provide their own HR services as a billable part of their organization. For this reason, most HR services would be kept inside the organization.

Specific ongoing education needed at the professional services firm can be done more cost-effectively by hiring a learning and development professional inside the organization rather than by sending staff to external education providers. Payroll, benefit and compensation costs should be evaluated to determine where the more effective placement stands.

I recommend that all companies keep their talent management service inside the organization because this service provides a connection between employers and employees. All employees should have feel as if they have a voice and the opportunity to receive consistent feedback. However, the as the field of human resources continues to evolve, I recommend that companies take advantage of a third-party business advisory company that can evaluate the strategy and effectiveness of the internal talent management service. Keeping up with best practices is key when growing and sustaining a business and is often best done through objective third-party recommendations for improvement. The needs of the staff within the firm can be the best source when deciding which, if any, HR services to outsource. The needs of staff differ from industry to industry and balancing cost with providing value-add resources to your staff should be a priority as your organization grows.

Skoda Minotti is a business advisory firm that provides an array of services to clients in many industries. They employ roughly 250 people in multiple states. In its early stages Skoda Minotti had a small HR team that provided basic services to employees such as payroll and benefits. As Skoda Minotti grew to provide more services in different industries, the addition of staff required a larger HR team. Most recently, Skoda Minotti has decided to offer talent development, strategic talent management, onboarding and talent acquisition as HR services to clients. Skoda Minotti does not currently use an outside organization for any HR services, but does use the legal advice of a local firm that specializes in HR law.

It's important to remember that every company differs in size, location, mission and staff. Balancing the cost of HR services against those factors will help ensure staff

retention, fulfillment of your mission as an organization, and the best use of monetary resources.

Do you have questions about your company's HR needs? Please contact Jennifer Wintrow, HR Consultant, of Skoda Minotti's Human Resources Group, at 440-605-7208 or jwintrow@skodaminotti.com.



This entry was posted in [CPA & Business Advisory](#), [Mailchimp RSS](#) and tagged [benefits](#), [development](#), [education](#), [human resources](#), [organizations](#), [payroll](#), [services](#), [SHRM](#), [staff](#), [talent](#). Bookmark the [permalink](#). Follow any comments here with the [RSS feed](#) for this post. Comments are closed, but you can leave a [trackback](#): [Trackback URL](#).

© Copyright 2017 Skoda Minotti | [Privacy Policy](#) | [Disclaimer](#) | [Remote Support](#)
Cleveland 440-449-6800 | Akron 330-668-1100 | Tampa 813-288-8826
Website designed and developed by [Skoda Minotti Strategic Marketing](#)