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Human Resource Outsourcing

By Gregory Crawford
TJ Adams Group

Did you know that today more than 80 percent of all employers outsource one or more business functions? Outsourcing is not a new concept in American business. In fact, outsourcing is one of the fastest growth industries. Companies large and small have outsourced functions ranging from their mailroom to areas in accounting and information technology. Outsourcing human resources (HR) functions – once thought to be impossible or impractical – has now become vogue, and is a new way for a business to become more efficient and employee-focused.

Historically, the HR departments of small to mid-sized businesses have focused on essential administrative functions such as payroll, benefits administration, and keeping pace with a myriad of federal, state and local reporting requirements. However, the demands of being an employer began shifting some time ago, with a concerted effort on attracting, retaining and motivating top quality talent to help grow the business. This has been, and continues to create, a dilemma for the HR executive who is already inundated. A potential solution: Outsource HR.

The fundamental concept of outsourcing is to take functions that are not a company's core competency and have them performed by a third party that is an expert in the function. The same concept can hold true for HR.

HR outsourcing entails taking mission critical functions such as payroll, benefits administrations,

HR recordkeeping and reporting, and having some or all of those functions performed by a third party expert. Frequently, HR outsourcing companies also provide state-of-the-art technology to help speed HR transactions while improving their accuracy. While your redundant processes become streamlined, your day-to-day operations become more efficient and your staff's productivity will increase. HR outsourcing will integrate your critical HR responsibilities, which is more cost effective and allows management and business owners to concentrate on the operational and revenue-producing side of its business.

When a firm chooses to outsource its HR functions, it is often provided with an integrated payroll, benefits administration, and recordkeeping solution that it delivered via the Internet. This Internet-based approach provides the client with an HR department that never closes. Managers and employees can access the HR system for payroll and benefits transactions 24 hours a day, 7 days a week, 365 days a year. This approach creates efficiencies by eliminating the need for the HR Department to maintain manual records or enter data into separate systems for payroll and benefits, thus eliminating errors and delays.

Companies that use HR outsourcing continue to maintain employee relations, training and development, and compensation administration functions. What they give up is the mountains of employee administration paperwork and time consuming government reports and filings that often

get in the way of the true mission of HR: To help the business become more competitive and grow by finding, growing, and keeping the right people and developing additional strategic solutions that can impact bottom line. HR outsourcing is designed to enhance, not replace, an existing HR department. In other words, it helps to transform the role of the HR department.

HR outsourcing took off in the early 1990's when Fortune 2000 companies sought ways to control their HR expenses and create more powerful HR and business information systems. Through the early 2000's, most HR outsourcing, other than payroll, was limited to major corporations. Today, that is changing with the advent of HR outsourcing solutions for small to mid-sized businesses.

For example, Advantec:HR is the first PeopleSoft powered integrated payroll, benefits administration and HR information system specifically designed for small to mid-sized businesses. The proven technology from Peoplesoft has been the gold standard for HR departments of major corporations worldwide – delivering a single source solution.

The combination of a proven technology platform, professional HR support and efficient/effective HR practices can help organizations streamline their HR processes and create opportunities to focus on more strategic issues that impact the bottom line results. Whether

it's finding the right people, coaching managers, retaining top talent or developing incentive programs, HR will be in a better position to move an organization forward.

More and more companies today realize there is a direct connection between effective HR and business success. Businesses large and small that have implemented effective HR practices enjoy greater business value. Several studies have demonstrated that 20 to 40 percent of a company's total value can be attributed to effective human resource practices. An efficiently run HR department that can devote time to strategic planning and solutions can have a positive impact on employee productivity and morale, increased revenues and higher profits.

HR outsourcing can be a strategic solution to help businesses focus on their core competencies and capitalize on their most valuable resource – their people. It will help you succeed by making your business more productive and improving overall business results.

Gregory Crawford, Vice President of T. J. Adams Group, leads the operations of the Human Capital Management Practice. He has an extensive 15-year background in human resources, employee benefits and management consulting, with the majority of years dedicated to the insurance industry.