

# Outsourcing Your Human Resources Needs

**Gail Merz**, Director of Employee Development and HR, Pacific Crest Group

Consider your business' "human resource" needs; compliance requirements, personnel issues, benefits management, recruiting: are you large enough to warrant a full-time human resources manager? If you are like most midsized companies, the answer is probably "no". But the requirements and issues exist regardless of your size, and there are definitely risks associated with handling them the wrong way – doing it correctly requires time and knowledge. That's when you may want to think about looking outside for a human resource agency to manage your staffing and HR needs.

Some of what we consider "HR" simply involves common sense, but most of it requires a certain amount of expertise; especially ensuring you have the right compliance systems in place, and are adhering to the latest employment laws. You also need the right people available to deal with sensitive issues such as employee complaints and disciplinary action. But that doesn't mean you need a full-time staff person. You could hire an HR assistant who doesn't have the expertise to handle a tricky termination, or you could pay a higher salary for an HR manager who won't want to deal with routine administrative duties, but getting assistance from a trained professional you contract from an external agency is probably safer and more cost effective.

Outsourcing HR allows business owners to target their investment and get more value for their HR dollars. They can take care of the most important issues first, and then add additional employee development resources as the budget allows. For example, you will need proper new-hire paperwork with your first employee, but creating a solid review process or salary review can wait until you become bigger.

Often the HR role in a smaller company is assigned to someone on the senior team who also has other responsibilities in the company. This can work well for some of the uncomplicated day-to-day processes, but the federal and state governments are enacting new laws and drafting additional employment regulations all the time. Keeping abreast of the latest regulations is challenging, time-consuming, and potentially risky for the HR neophyte. It's better to find an expert who has to keep up his or her credentials and stay abreast of the latest legislation.

A lot of HR work is project-based, and requires concentrated amounts of time and energy for a relatively short period of time. Many businesses don't have the knowledge and internal resources to handle certain HR projects, even if they have an HR person on staff. Consider a recruiting project, for example, or the creation of a new employee handbook. That's a lot to throw at an HR manager on top of their regular duties. Better to outsource it. Let's look at some of the most common reasons you need HR expertise, and consider what it would take to handle these challenges with full-time staff versus an expert from an external agency:

## Hiring

Finding new employees with specific skills that meet well-thought-out criteria can be challenging. It requires the ability to define the job criteria with sufficient understanding and detail that you can identify the right potential candidate, then interview that candidate to determine if they have the right skills, temperament, and personality to fit with the team. That's a tall order. Outside recruiters are far better qualified to find the right candidates. You might even seek some outside help refining the job description, since those inside the company may be too close to the task at hand to develop the right hiring criteria for a successful long-term hire.

## Onboarding

Orienting new employees to the company is something that might best be done by internal staffers, but what about the details surrounding medical benefits, vacation time, company policies, etc. Explaining benefits options and making sure that new hires complete all the necessary paperwork so the company complies with the law might be tasks best left to someone with the right expertise.

## Benefits management

Overseeing benefits packages is a specialty in itself. It takes a lot of expertise to understand the ins and outs of medical insurance, health savings plans, 401K retirements packages, etc. Your in-house HR staff can probably manage the basics, but consider bringing in an expert who understands the details to manage your benefits program. Your employees will certainly benefit, and you may save some money along the way.

## Employee relations

Managing personnel issues is a joint effort that requires participation by management, human resources, and the employee. However, there are a lot of nuances and legalities involved in employee relations. For example, have your managers all received training in how to identify sexual harassment? Does your employee handbook adequately spell out all the dos and don'ts of worker behavior, and the consequences of failure to comply with company standards? Has anyone checked your employee handbook for potential illegalities or other concerns? Bringing on a consultant with expertise in this area could save you a lot of money and potential lawsuits down the road. And hiring an external consultant to deal with problem employees removes the burden from management and protects the company if that employee needs to be let go.

## Firing

No manager likes to fire an employee, and if you don't terminate a worker in the right way, it not only leads to hurt feelings and a negative impact on morale, it could lead to legal repercussions later. Bringing in a neutral third party to plan and run the separation process can bring tremendous relief to the company as a whole, and help make the whole uncomfortable situation much less painful.

So before you hire more HR staff, consider outsourcing. You'll save money on benefits, vacation pay, and other staffing costs, and you get more flexibility and better expertise for your budget.



**Gail Merz** is Pacific Crest Group's Director of Employee Development and HR departments, and our resident human resources expert. She currently manages and operates many medical practices in the Bay Area. Before joining Pacific Crest Group, Gail spent eight years in medical office management handling recruiting, staff training, managing patient relations, and overseeing finances. Gail holds a B.A. from San Francisco State University.

You can reach Gail at (415) 461-2586 or by email at [gmerz@pcg-services.com](mailto:gmerz@pcg-services.com).