

Hiring Outside for Help on the Inside

Kathy Watson looked at the 400 resumes on her desk at NewsTech, which operates a paper pulp recycling plant in Northampton, Pennsylvania, wondering how she could find the best candidates for the eight jobs she needed to fill. Spending just three minutes looking over each resume would take 20 hours of her time. And that didn't even count pre-screening, interviews and background checks on the dozens of suitable candidates.

Rather than diving into the resumes, she decided to do what many human resources people are doing. She outsourced the responsibility.

During the past 10 years, human resources outsourcing has grown into a \$60 billion business in the United States. According to a study of major corporations conducted by The Conference Board, 98 percent of the companies surveyed said they would continue to outsource some, most, or all of their HR functions.

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The study noted that the most common outsourced functions are 401(k) programs (80 percent of companies), health benefits management (70 percent) and pension benefits (69 percent). Two-thirds of the companies surveyed fully or partially outsource five or more HR functions.

Why outsource HR? Respondents noted cost savings, higher service quality, access to expertise and technology, and the ability of staff to focus on core activities.

These same benefits (though usually in reverse order) are propelling a move toward outsourcing among medium and small businesses. After all, the smaller a business, the less likely it is to have an HR specialist. HR often represents a part-time responsibility for a person—sometimes the owner. Even for HR professionals, it is difficult—if not impossible—to keep up with new trends, laws and techniques in HR.

Time represents perhaps the biggest challenge for small-to medium-sized business owners. A flood of resumes, a week of interviewing, hours of compiling payroll tax information—all of these sidetrack the part-time HR representative from his or her full-time job.

But when a need exists in the market, someone will meet it. (Ah, the beauty of capitalism.) Here are three outsourced HR services that are among the newest and most popular.

Pre-hire screening

As evidenced by Kathy Watson's story, businesses are being inundated with resumes. With unemployment at a nine-year high, employers are receiving unprecedented numbers of applicants. Plus, with the Internet eliminating the expense of linen paper, layout services and postage, job hunters can simultaneously blast their resumes to thousands of people at very little cost.

Increasingly, businesses are opting to contract with firms that help them manage the influx of applicants. These firms properly word the classified ad to better define the job requirements, collect applications, conduct a pre-screening session (usually over the phone), then perform background and reference checks on the best applicants. Finally, the firm will provide a list of appropriate questions to simplify the interview process.

Overall, pre-hire services assume the most time-consuming aspects of finding new employees, enabling the company to focus on the best candidates rather than hundreds of them.

Training

Many companies have good intentions about training. They promise to teach new software programs to employees. They ask associates to learn sales techniques by observation. They hand new hires a reference book in case they stumble.

However, most businesses—especially small and medium-sized ones—do not have the expertise or the time to train employees properly. Outsourcing represents an ideal option. Today's training consultants will develop custom programs that combine company-specific disciplines with standard skills. Newer training sessions can be conducted over the Internet as well to decrease the time and expense of being out of the office.



Tina Hamilton, president of InterSource Personnel Analytics, Inc.

Internet Payroll

Companies large and small have been outsourcing their payroll for years. Between the bookkeeping headaches and constantly changing tax laws, it makes sense on many levels.

The newest advance is submitting payroll information via the Internet rather than by paper or phone. This allows businesses to submit data 24 hours a day, seven days a week, without worrying about conventional office hours. You simply open a secure web page, click on some boxes to affirm information, add new data when needed and, voilà, you're done. You can do your payroll after the sun sets or before it rises.

Where to find these services in the Lehigh Valley

Increasingly, firms are starting to bundle HR outsourcing services. For example, your accountant might have a partner company that handles payroll and 401(k) programs. Ask business associates whom they use. You can also work with HR consultants who can package various services for your specific needs.

Undoubtedly, people are a company's most important asset. One might think that outsourcing HR services might put an unnecessary layer between the employer and employee. On the contrary, HR outsourcing helps strengthen the relationship. By allowing employers to offer more and better services to their associates, HR outsourcing lets a company focus on its core business with the assurance that its core asset—employees—are taken care of as well. **BIZ**

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