



# HR

## UNLOCK GROWTH BY OUTSOURCING YOUR HR:

A GUIDE FOR TUCSON BUSINESSES



## THE HR CHALLENGES OF SMALL BUSINESSES TODAY

To survive in today's economic climate, business owners face two parallel challenges:

- 1. Maintaining a Strong Talent Pool** - One of the greatest challenges facing small business owners is the ability to attract, retain and develop the best talent for their business. The U.S. labor force is experiencing a "perfect storm," the result of a confluence of forces that include:
  - a. Aging: 25% of the workforce will be over the age of 55 by 2024, meaning retirement will increase [1]
  - b. **The gig economy** is luring workers away from traditional jobs
  - c. **Company loyalty is in decline**, with employees eager to seek new opportunities and remote work flexibilities
  - d. **The COVID-19 pandemic** continues to disrupt in-person work functions

Even large corporations are struggling to navigate this storm. Some have responded by evolving their HR processes, strategies and benefit packages to attract and retain the best employees.

- 2. Navigating Risk** - As if finding and keeping good employees wasn't tough enough, business owners must navigate an ever changing regulatory landscape that poses greater employee related risks. Employers must not only comply with hundreds of existing state and federal regulations, but stay current with new regulations that can potentially increase their liability exposure. Additionally, with social media and the Internet, employees have become more knowledgeable and savvy with regards to their understanding around applicable employment laws that can work to their favor.

## THE COSTS OF HR

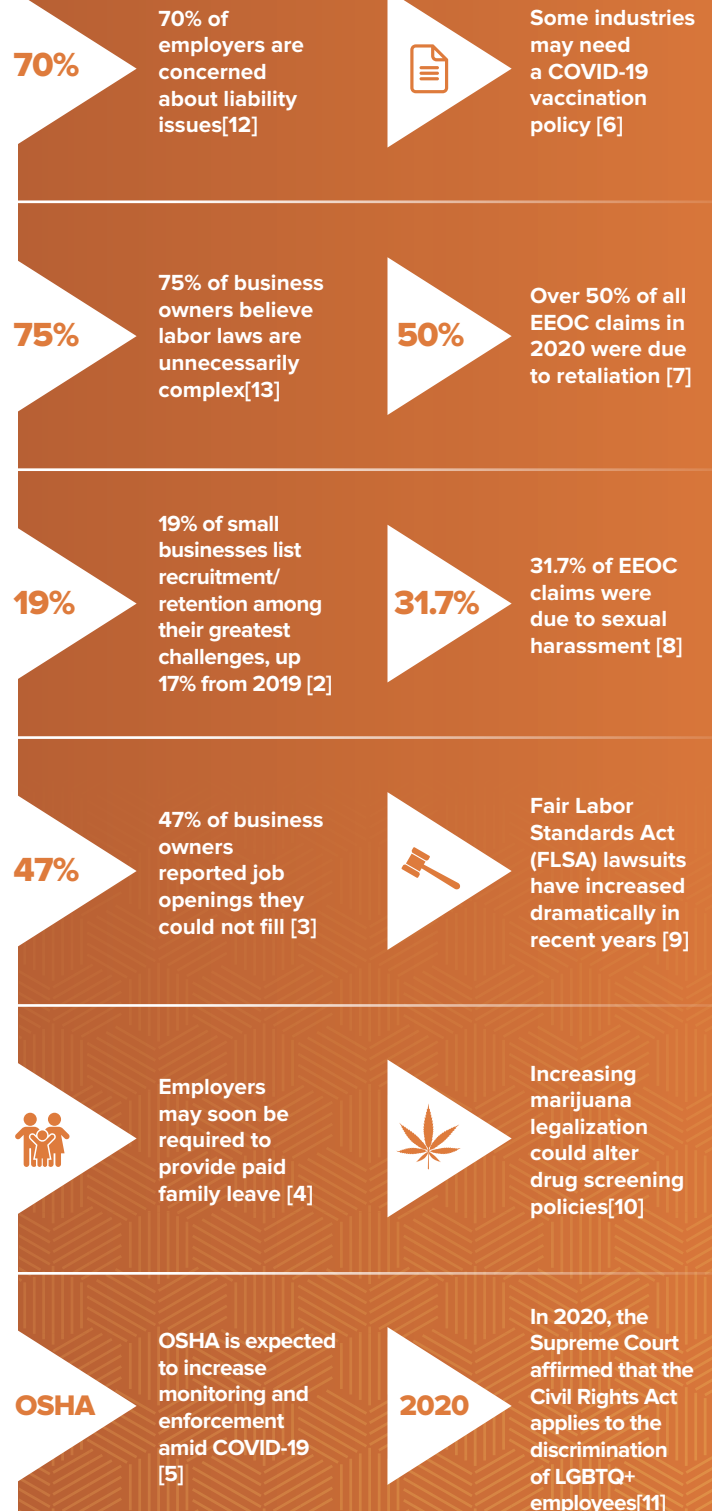
Small business owners often make the mistake of handling their own HR needs. However, this decision can be costly in terms of:

- **Time** - Time is money and HR issues absorb precious time, pulling you away from the vital few things that contribute the most value to revenue and profit growth. Few entrepreneurs have the bandwidth to juggle the myriad of HR-related issues, let alone staying on top of fast-changing regulatory issues.
- **Money** - Employee-related costs are one of your largest expenditures as a small business owner. Mistakes, audits, and legal disputes can increase these costs dramatically and hurt your bottom line. Furthermore, HR doesn't contribute a single dime to revenue growth.
- **Risk** - Failing to comply with existing employment laws can expose you to increased risk and liability. Audits and legal disputes can damage your credibility and cash flow.
- **Employee Turnover** - Workers are increasingly mobile. If you're unable to meet the needs of your staff, they're likely to take their talents elsewhere.

## STATE OF HR IN 2022

HR responsibilities cannot be overlooked. In fact, **70% of businesses give HR responsibilities to employees with limited experience in workplace issues**, which can increase their risk exposure and costs.

Consider the following data:





## THE BENEFITS OF OUTSOURCING HR FOR SMALL BUSINESS

Outsourcing your HR needs can help your business thrive by addressing many of the above challenges. Here are some of the benefits you can expect from outsourcing HR:

- **Mitigate Risk** - Think of an HR Outsourcing firm as a strategic partner that helps you comply with the changing local, state, and federal labor laws that affect your business. Failing to stay current increases your likelihood of a government audit or litigation, which can include heavy legal fees and other penalties.
- **Save Time** - Outsourcing HR can help your company focus on growth by freeing you and your staff from the tedious, back office responsibilities of HR administration. With a team of experts handling your payroll, compliance, and other tasks, you can keep your focus where it belongs: growing your core business!
- **Save Money** - Handling your own HR needs can lead to costly mistakes that result in legal fees, fines or other penalties. Additionally, hiring an in-house HR manager can cost an average of \$69,540, [18] not including benefits. An HR outsourcing firm can handle these duties at a fraction of the cost while providing expertise in each area of HR.
- **Retain Happy, Engaged Employees** - Adapt to current labor trends by implementing better HR systems while enhancing your benefits package. The right tools give you the knowledge and resources to better manage and develop your employees. This enhances employee engagement, helping you retain workers who are committed to your company's mission and values.
- **Unlock Growth** - The time and money saved by outsourcing HR can be redirected to more value-driven areas in your business, which can accelerate business growth. When your HR needs are handled by a trusted team of experts, you'll be able to hone your business strategy for the future.
- **Add Valuation to Your Business** - Outsourcing allows you to reduce your costs and improve efficiency, while streamlining your reporting and administrative processes. For business owners contemplating retirement or exit, these improvements further systemize your business, increasing its future valuation for prospective buyers.
- **Peace of Mind** - While business owners are never free of problems that impact the current and future performance of the business, outsourcing HR offers a common sense approach to reduce your worry and frustration that comes from the unpredictable nature of having employees in the workplace.

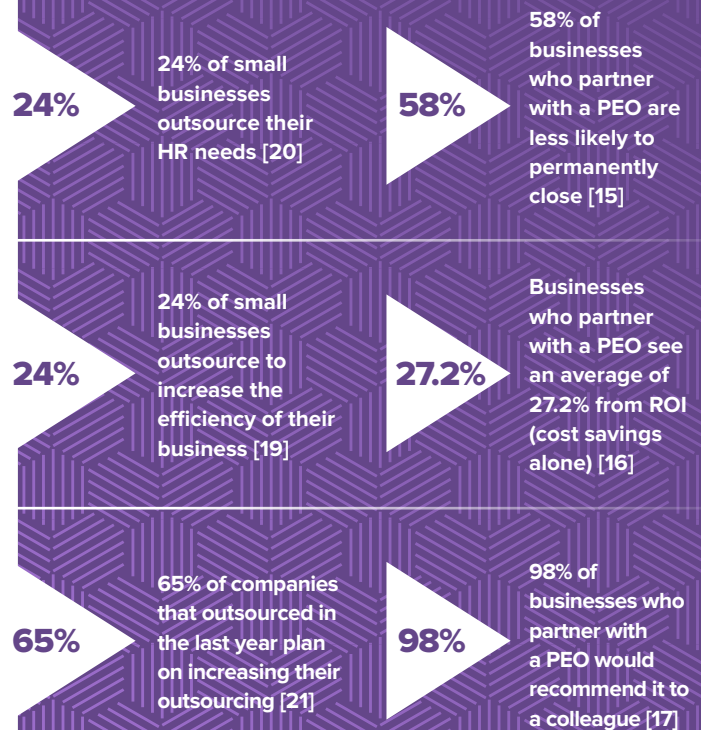
## RECENT OUTSOURCING TRENDS

Outsourcing provides a positive benefit to small business owners to improve the efficiency of your business.

One way companies can cut HR costs and increase efficiency is by contracting with a Professional Employer Organization (PEO). When you partner with a PEO, your business enters into a co-employment relationship with an outside firm that has the resources to administer complex HR functions

Your employees are still your employees, and you maintain 100% direction and control of those employees. However, for payroll, tax, benefits, and sometimes liability purposes, the PEO is their employer of record—their legal employer “on paper.”

Consider the following positive statistics about companies who outsource to a PEO:



## THE RISKS OF HANDLING HR IN-HOUSE

Despite the benefits of HR outsourcing, some business owners feel they need to hire a full-time resource like an HR Manager to handle the issues of a growing workforce. However, small business owners may not realize they can adequately handle HR externally through a strong HR outsourcing partner until their company eclipses a much larger employee-mark (typically 150-200 employees).

Below are just some of the challenges and risks that you may encounter when hiring a full-time HR manager or equivalent:

### Cost

For starters, the average cost of an [HR manager in Southern Arizona](#) is nearly \$70,000 per year. [22] An experienced HR director can expect a salary of over \$80,000, not counting benefits. This doesn't include additional costs such as office space, administrative support, etc.

There is also a large learning curve that comes with each facet of HR. Even the most experienced HR director may need time to learn the ropes of your unique industry or company. It can take months for HR professionals to gain traction and make meaningful contributions to your company.

### Expertise

Ideally, an HR professional should help you make strategic decisions that help the future of your company, however, some may lack that strategic skill set and primarily have competencies based on administrative HR functions like payroll, benefits, and compliance.

Additionally, some companies may promote an inexperienced employee to run HR or, even worse, the business owner decides to handle it themselves. This certainly increases the possibility for costly mistakes.

### Liability

Labor laws are constantly evolving. While it's the role of an HR director to stay abreast of these changes, it's hard to expect any one person to have the vigilance and resources to do so. This can increase your employee-related liability and ultimately impact your bottom line. An experienced HR outsourcing partner with cross-industry depth can give you the peace of mind that your company is in full compliance.

### Employee Turnover

Like many roles impacted by current employment trends across the country, finding good HR professionals is very challenging in this difficult job market. Hiring the wrong person for that role can put you back at square one, having to repeat the hiring process all over again. This, in turn, has a direct negative impact on your bottom line, wasting precious time you were trying to save in the first place.

## OUTSOURCING YOUR HR YIELDS BETTER RESULTS

If you choose to handle HR internally, you'll miss out on the benefits gained from a knowledgeable team of professionals. Outsourcing your administrative HR functions allows your company to:



Gain assistance from a skilled team of experts



Better leverage resources for future business growth



Devote your team members to value-generating business activities



Comply with ever-changing labor laws

Partnering with an HR Outsourcing firm liberates you and your team of the heavy administrative burden of HR, helping you focus your precious resources and time on what you do best. The result: Unlocking new growth and prosperity in your business!

## IS HR OUTSOURCING RIGHT FOR YOUR BUSINESS?

Your HR needs are as unique as your business. Knowing when to outsource HR depends on a number of factors, such as size of your organization and the specific HR tasks you regularly handle.

Smaller companies with fewer than ten employees can more easily handle their HR needs internally, especially given the abundance of cloud-based payroll services.

However, here are a few scenarios where HR outsourcing can make a lot of sense for your business:

### Your Team Is Growing

Even if your workforce is currently small, your needs can change quickly as your business expands. If you anticipate your business growing to ten employees and beyond, the best time to switch to an outsourced HR service is now.

The right HR Outsourcing solution can scale with your business, helping you manage your team's growth while remaining in compliance with all existing federal and industry regulations.

### You Offer Benefits

In an effort to attract and retain the best talent, many businesses are evolving their benefits package beyond mere health insurance. Numerous ancillary policies, retirement benefits, and other less-common employee benefit options can help you better compete, but also are difficult to manage in-house. Outsourcing a richer benefits package to an experienced HR team ensures that you stay on top of changing regulations and keep your employees happy.

### Your Employees are Overburdened

While many business owners choose to delegate HR to their in-house accounting or administrative team, these employees might not be equipped to handle the demands of today's HR needs.

Outsourcing these tasks to a professional team can improve the efficiency of your entire organization, reduce your risk and keep your workers focused on their areas of specialization.

### You Want to Be Strategic

"Do-it-yourself" HR is often fragmented and inefficient. Outsourcing HR can help you consolidate and simplify HR. With greater efficiency, you'll save time and money, mitigate risk and be more strategic.

## MYTHS ABOUT HR OUTSOURCING

Many businesses are reluctant to outsource HR because of misconceptions about the process. Here are three common HR outsourcing myths — and the realities that shatter them.

### Myth 1: "I'll Lose Control"

In most cases, business owners actually gain control by outsourcing their HR needs. Managers will find that an outsourcing firm provides greater transparency into labor costs and provides more relevant, timely data to help you make better, more informed decisions.

Additionally, an HR outsourcing firm is accountable to the commitments outlined in the Client Service Agreement. An in-house HR director can quit anytime, or even an extended vacation can leave you in a bind. An outsourced firm provides greater transparency, reliability, and control.

### Myth 2: "It's Too Expensive"

According to the hiring website Workable.com, the majority of HR directors are paid between \$50,000 and \$100,000. [23] You might try to work around this cost by delegating HR duties to other team members, but this can reduce efficiency and leave you vulnerable to risk and compliance issues.

Compare these risks and costs to that of an outsourced HR firm. When you consider the costs of in-house HR, you may discover that outsourcing is surprisingly affordable and can even reduce your total labor costs.

### Myth 3: "My Employees Will Never Embrace It"

Some managers worry that their employees won't embrace the relationship. However, this reveals a lack of understanding about the advantages each employee can witness from such a partnership.

Your team will gain access to better technology and better benefits. Additionally, a solid HR solution can give your business a greater sense of legitimacy, which will boost your ability to retain your best employees and attract other top talent.





## THE FOCUS HR SOLUTION

Focus HR provides the following comprehensive solutions:

### HR Consulting



Each of our clients are assigned to a dedicated, credentialed HR manager. Your HR manager becomes a strategic advisor, helping you with:

- Crafting policies and procedures
- Creating employee handbooks
- Counseling and conflict resolution
- Training and development programs
- Terminations and unemployment claims
- Compliance assistance
- Performance management

A cloud-based HR portal will enable you to automate your HR processes and gain access to reports and insights that help you evaluate your organization and make strategic decisions for the future.

### Payroll



When you partner with Focus HR, you'll receive a payroll package customized to your company's needs, a dedicated payroll specialist who works directly with you, and a cloud-based payroll management system that can scale with your growing business.

Our services include:

- Direct deposit and live check processing
- Payroll tax filing
- Vacation, commission, and bonus checks
- Electronic paystubs and W-2s
- PTO/Paid sick-time tracking
- Payroll delivery
- Custom payroll reports and job costing
- Cloud-based payroll data access

Each of our payroll specialists understands the needs of small to mid-sized businesses and can help you stay compliant with payroll laws and regulations.

### Employee Benefits



The right benefits can help you attract and retain good employees. But managing these benefits can be complicated, especially with changes in government regulations, carrier contracts, and increasing health insurance costs.

The staff at Focus HR has the experience to offer you the very best options for:

- Medical plans (full, partial or self-funded), including HSA, HRA, PPO & HMO
- Short and Long-Term Disability
- Dental & Vision
- Life Insurance - Employer and/or Voluntary paid
- Employee Assistance Programs
- Cafeteria Plans
- COBRA Administration
- Section 125 plan for pre-tax deductions
- Other ancillary benefits, including worksite benefits, wellness, etc.

Our team can help you implement these plans and stay up-to-date with changes to the plans and industry regulations.

### Workers' Compensation



In most states, businesses are required to carry workers' compensation insurance. At Focus HR, our experts can analyze your current approach, perform risk analysis, and help you implement an affordable solution.

We can craft a workers' compensation program that includes:

- No pre-payments
- Pay-as-you-go billing
- No year-end audits
- Inspections and consultations
- Safety manuals, programs, and training
- Post-incident investigations
- Return-to-work programs
- Drug-free workplace programs

Many of our clients appreciate the "pay-as-you-go" feature, which makes it easier for budgeting and cashflow management.

## Retirement Solutions



Like your other benefits, a strong retirement plan can increase the effectiveness of your recruiting package. Focus HR can help you build a 401(k) plan that reflects your company's needs while staying ERISA-compliant.

Our services include:

- 3(16) fiduciary plan administration
- 3(38) fiduciary investment management
- Annual bond procurement
- Administration of annual census preparation
- 5500 preparation
- Annual audit management (for companies of applicable size)

Focus HR achieves this through a Multiple Employer Plan (MEP) 401(k) plan. This plan offers the benefits of a single-employer plan, but lower administrative costs leveraged by pooling assets across multiple employers. Focus HR remains the trustee to the plan, which absolves your company from the liability of this role.

## Time and Attendance



Tracking your employees' time and attendance ensures that your organization can operate at peak efficiency. This is particularly important for businesses that operate in multiple locations. Keeping track of this data helps you comply with laws regarding overtime pay and other provisions of the Fair Labor Standards Act (FLSA).[24]

Focus HR provides time and attendance options that include:

- Punch collection (Biometric, PIN or badge swipe, proximity badges, online time tracking)
- Login capability from any device for online data management
- Time cards for restaurant employees or those with different roles
- Automated calculation of shift differentials
- Geofencing and location tracking
- Automatic deductions for lunch

These solutions prevent time theft and improve the efficiency of your entire team.



## TESTIMONIALS

Focus HR has helped small and mid-sized businesses across the United States. To date, we have served clients in 47 states and helped business owners achieve goals that include the following:

- 520 hours saved each year for employers
- 24,000 employees onboarded on behalf of our clients
- An 18% increase in Focus HR's client base over the last 5 years
- 1,352 hours each year spent reviewing compliance laws and regulations

It's easy to see why so many business owners trust our expert team to develop a comprehensive HR program, all while staying up-to-date with a shifting sea of regulations.

### What can Focus HR do for your business?

Before you answer, listen to what some of our top clients are saying:



*"Focus handles all of our benefits, payroll, and HR. They have made our HR/payroll more efficient, saving us time and [money]!"*

**Christopher Maloney,  
Jr. MD | Maloney Plastic Surgery**



*"If there is a problem, I know Focus HR will fix it, which is different from the big box payroll companies we've tried in the past. With Focus HR, you have someone to talk to and you know they will sort it out right away."*

**Katie Belk-Arenas | Mesquite Gastroenterology  
and Surgery Center**



*"The Hotel Congress and Maynard's Market & Kitchen have been extremely appreciative of the overall knowledge, experience, and expertise in all facets of our partnership with Focus HR."*

**Todd Hanley | Hotel Congress and Maynard's Market & Kitchen's  
General Manager**



*"My only regret is that I wish I had known about them 10 years ago!"*

**Will Feurstock | OK Feed & Supply Owner/  
General Manager**

As you can see, our clients represent a diverse cross-section of American industries, ranging from medical service providers to human services to suppliers and distributors. Whatever your needs, our expert team can help you manage your personnel and provide scalable solutions to enhance the way you do business.





## REQUEST A CONSULTATION TODAY

Your people are your greatest asset. Your business will thrive when you keep your workforce happy and engaged.

Focus HR offers affordable, industry-leading HR solutions that adapt to the unique needs of your business. We can increase the efficiency of your organization as well as stay current with changing regulations and compliance requirements.

How can we help you?

Learn more by [requesting a consultation](#) today.

You can also contact us anytime with questions or for more information.



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