

A woman with long brown hair and a man with short dark hair and glasses are sitting at a wooden desk, laughing and looking at their laptops. The woman is on the left, and the man is on the right. They are both smiling broadly. The background is a dark, textured wall.

3 KEY BENEFITS OF OUTSOURCING HR

Spend more time strategizing
and less time struggling

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More small to mid-sized businesses are looking for ways to save time and money and redirect their focus from managing day-to-day tasks to driving business growth. Outsourcing certain functions like human resources is an increasingly smart way to go.

“Now more than ever companies are viewing outsourcing as a strategic option that focuses on business value.”¹

Outsourcing HR to a trusted partner means you can hand off many of your most complicated and time-consuming HR tasks to the experts. Instead of worrying about who on your team can or should take on these tasks, you can be assured that an HR partner has the capacity, skills, and tools necessary to take them on for you.

Outsourcing can stand in for an HR team if you don't have one, but it doesn't have to replace your existing team, whether it's a team of one (you) or several employees. Instead, outsourcing supports both: it can fill in as or support your existing HR staff by offering administrative bandwidth and specialized knowledge when it's needed.

Back-office administrative tasks like payroll, workers' compensation, and compliance are well-suited for outsourcing. This allows your in-house team to pay attention to the people-focused and strategic work of HR, such as developing your company culture or managing employee performance, for example. Ultimately, outsourcing HR gives you and your staff more time to spend on the high-value work that benefits your employees and business as a whole.

An HR partner can help you:

- ✓ Make sure your employees are cared for and compensated
- ✓ Address your staffing needs
- ✓ Resolve workplace challenges
- ✓ Focus more time and energy on strategic goals
- ✓ Position your business competitively among the workforces



These are just some of the reasons to outsource HR. But there are other key reasons that can make a significant difference in your business's growth potential and competitive advantage. Let's take a closer look at three key benefits of outsourcing HR.

BENEFIT 1: SAVE COSTS



If you're concerned that outsourcing is just an added expense that will hurt—not help—your bottom line, here's why you can spend less time worrying about that when it comes to HR.

Outsourcing helps your business save on true HR costs—from healthcare and benefits to workers' compensation and employee perks.

The costs associated with having employees isn't just about paying their wages. You may also need to pay for healthcare and benefits, different types of insurance like workers' compensation and Temporary Disability Insurance (TDI), taxes, and the administrative costs of handling payroll. In fact, about 70% of your labor costs are made up of all of these expenses combined. And the size of your business can have a huge impact on what you're stuck actually paying, especially if you're a smaller operation.

Labor costs are significantly reduced with an HR partner. That's because they have buying power that's the equivalent of many businesses and many employees. They can extend their buying power to you so you can "buy in bulk" and save on healthcare, benefits, and other labor expenses, thus getting more value for your dollar. Whether your business only has a few employees or upwards of 100, you can offer benefits that are on par with top companies at a reduced price. And you can get better rates on mandatory insurances, especially if your HR partner handles claims management.

“Benefits probably add 30 to 40 percent to base pay for most employees—and that makes it crucial to get the most from these dollars.”²

Having an HR partner helps you save on:



Top medical, dental, and vision coverage



Flexible Spending Accounts (FSA)



401(k) and student loan repayment assistance plans



Life insurance and personal accident insurance



Workers' compensation and disability insurance



Perks like gym memberships and commuter benefits



ADDED BONUS

An HR partner can help you curate all the many benefit plans and options to pick the best ones aligned to your business goals. When you're able to offer good benefits, your business is better positioned to attract top talent.

BENEFIT 2: STAY COMPLIANT

If you're a business owner, you know what it's like to feel the pressure to maintain compliance, but you can relieve some of that pressure with an experienced HR partner.

Outsourcing helps your business stay 100% compliant with federal, state, and local labor laws and reduce your liability.

Laws and regulations are a reality of having a business. They guide everything from the way you hire and fire people to how you administer payroll and benefits to how you file taxes. There are a multitude of regulations—think FICA, FMLA, ADA, OSHA, HIPAA, and more—that can be extraordinarily challenging to keep track of. And to make things even more

difficult, many of these laws and regulations are constantly changing.

An HR partner means you don't have to be “pretty sure” anymore that you're staying compliant. You can share many of your legal responsibilities with your HR partner, which means instead of having to rely solely on your own judgment or your staff's, you can get help and guidance from your partner's legal and compliance experts. An HR partner has your back so you can navigate the many varied and complicated regulations in today's business landscape and avoid the potentially catastrophic costs of employee-related lawsuits and other liabilities.



There are an estimated 90,000+ state and local governments in the U.S., each with their own authority to declare rules and regulations. ³

³ Hendrix, Michael. "Regulations Impact Small Business and the Heart of America's Economy."
U.S. Chamber of Commerce Foundation. March 14, 2017.

An HR partner can help you:



Stay updated on
changing regulations



Reduce risk for your
business and employees



Avoid financially devastating
mistakes and oversights



Keep up with mandatory
filing and reporting



Protect your business
from fines and lawsuits



ADDED BONUS

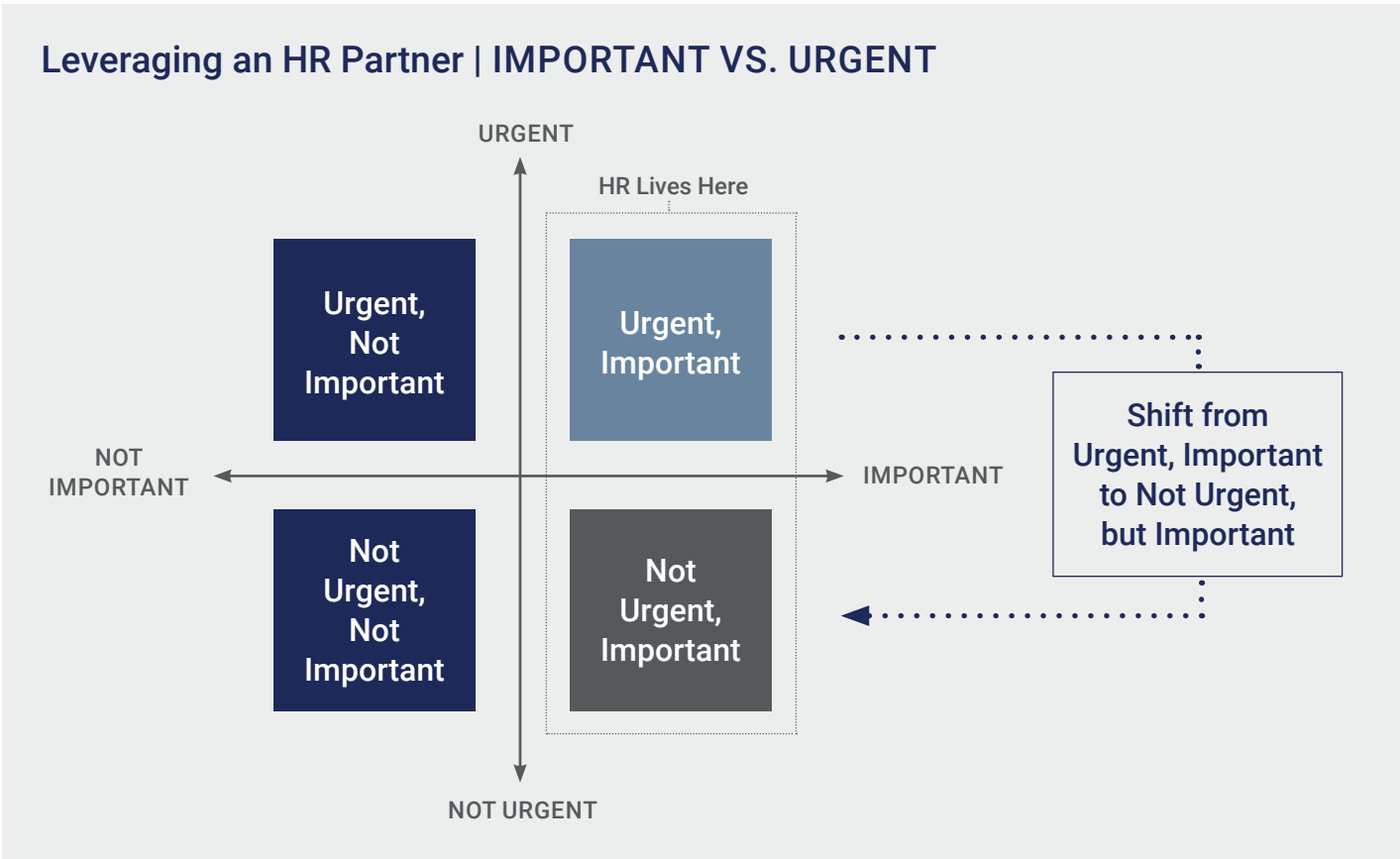
Leveraging the legal and compliance experts of an HR partner means you don't have to spend even more money on an hourly legal consultant or team to get the advice and expertise you need—it's all in one place.

BENEFIT 3: RELIEVE THE ADMINISTRATIVE BURDEN

If you're drowning in HR paperwork, it's likely you don't have enough time for the really critical parts of your job, which is why having an HR partner to lighten the load is a strategic win.

Outsourcing disengages you and your staff from all the administrative tasks, processes, and paperwork so you can focus instead on the most important aspects of your job as well as the aspects only you can do.

HR administration has a cost—and it's not just a financial one. There's a major time burden involved as well, the lion's share of which goes to all the day-to-day back-office tasks like securing employee benefits, paying employees on time, and managing HR operations. While these tasks—also known as transactional HR work—are important for keeping the business running and your employees well cared for, they leave little time for the other side of HR, which is the strategic work.



With an HR partner that can take over much of the administrative burden, you can actually focus on strategic HR, which is the intentional, meaningful work of planning for the future, building strong teams, and developing and investing in your company culture. The result of spending quality time on strategic HR is that you have much more engaged employees and managers and better employee morale—in essence, the kind of qualities that attract and retain the best talent. And an HR partner doesn't just handle your paperwork: they can also offer guidance and advice on the strategic side of HR to reinforce and help you meet your goals.



Small business owners can spend up to 45% of their time on HR-related tasks, and 25% of that time on paperwork.⁴

⁴ Statistics on Small Business Human Resource Trends. Score. 2014.

Shifting administrative work to an HR partner gives you:

- ✓ Access to a team of experts with different areas of knowledge
- ✓ Extended capacity to ensure your administrative tasks are managed and completed
- ✓ Important gains in efficiency, time, and expertise that are hard to get if you're managing HR solely in-house
- ✓ Enhanced support for both sides of HR—transactional or strategic



ADDED BONUS

Some HR partners offer free training and development programs for employees, managers, and even bosses, in addition to networking and leadership events, which gives your business an even greater chance of success.

Reap the Rewards of Outsourcing with Obsidian HR

Growing your business doesn't just happen at the sales level. It matters just as much how you manage, nurture, and build your team and keep your workplace running smoothly. Being intentional and strategic in your business means being able to offload and consolidate many of your most complicated and time-consuming HR tasks to a partner. When you do this, you save costs, keep your business compliant, and free up time for the best you and your staff have to give so you can take your business in the right direction.

Ready to outsource your HR to a trusted, local HR partner? Schedule time with an expert today: <https://www.obsidianhr.com/contact/>.



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