

HR Outsourcing for SMEs

Background

So, you have decided you either need to invest in HR, invest more in HR, or change something about what you are doing around HR.

There are various options at this point.

Where to Start?

You can recruit someone to manage your HR function, whether on a full-time or part-time basis. This always seems like the obvious option and for many businesses this is a good route, however finding someone with the right mix of skills at the right price can prove challenging. This is especially true if you are looking for a blend of HR knowledge and experience but also need someone that can also deal with all of the HR administration.

As a small, and hopefully growing business, what can you do about this?

There are lots of great HR professionals out there, but by the very nature of your requirements you are likely to need someone with a broad level of general HR knowledge.

If you manage to find this person, are you then going to want to burden them with all the administration associated with HR in terms of paperwork and day to day queries from Line Managers? Instead then, you could recruit an HR administrator, but then you will not have access to the HR expertise to support the Line Managers and deal with the more complex issues that will arise.

If you need to employ both, the costs of course will be higher and are likely to be way above the scale of your initial HR investment plans.

And even if you decide to employ one or two people to cover the HR requirements, you are still left with the issue of covering their annual leave or any time when they're off sick or on maternity or parental leave etc.

Implications of HR Systems

So let's assume that having committed to making an investment in HR, you then go onto to recruit a generalist HR Manager. At this point, it's also worth thinking about HR systems which could support them in their role and therefore the wider business. Of course, it's also worth considering how these can interface with other systems already in operation across the business.

HR systems are often a good low-cost option these days, but it can be a struggle to integrate with existing payroll technology, and because of these difficulties your HR technology may just become somewhere to store files. If this happens, it can become a wasted resource as the opportunity to utilise the self-service portal functionality for most HR transactions and the ability to free up time for your HR team to focus on getting the most out of your people, supporting career progression and driving performance is lost.

Something else worth considering - will you expect your generalist HR Manager to be responsible for running the HR system as well? Again - this could be another area of responsibility added to their growing list and would require some technology expertise and confidence in utilising systems on their part.

The Wider Picture – HR is Changing

If you find an HR generalist who can help you with your immediate HR needs, how can they continue to support you as you grow? Can they lead your Talent attraction strategies and succession planning?

As you grow, you're also more likely due to the law of averages to see an increase of complex employee relation cases. Can they deal with these on top of everything else that will inevitably land at their door?

HR has undergone lots of change and this is certainly set to continue...

It is no longer just about compliance, admin, training, job descriptions, staff wellbeing and being there when Line Managers need their help. It is increasingly about being there to challenge the business on ways to think differently to achieve the wider business goals; designing and evolving operating models; using data to create insights and educating and empowering Line Managers and Senior Leadership teams.

Fit for Purpose Solutions

Dealing with the combination of all these elements is quite a mean feat for any business, let alone one which is growing and also needs to maintain a key eye on generating revenue to support its growth. Your HR investment decisions should though be very much informed by knowing what is fit for purpose right now, but also by building in the flexibility to be able to evolve so that it can continue to support your business in the future. Given the legal implications, any investments you make also need to be able to stay up to date and compliant with the latest changes in legislation and case law.

It's Normal to Have Concerns

The thought of Outsourcing your HR can be a scary, unsettling option at first. It can mean relinquishing some control over what you yourself or those closest to you may have managed until now,

and that can always be tricky to work through.

You also may not know quite where to start in the process, and how to unpick BAU as you're so entrenched in it – you may even be worried about what may be discovered once you open the books. Taking the decision to Outsource anything is a big step and often, key to future plans and can therefore be loaded with pressure.

Outsourcing should only be done in a way which complements and supports your business and not to deal with a problem that you are trying to avoid. Outsourcing something because it is solving a problem you don't know how to fix yourself does not make good business sense nor is it sustainable.

So Why Outsource HR?

There are several key benefits to outsourcing your HR – these include:

Greater Efficiencies

You can free your existing team up to focus on value added activities – that means your HR team (if you have one) and also your wider business team

Access to a Broad Range of Skills and Experience

You can tap into a much broader range of capabilities from your outsourcer, as opposed to expecting a small team to be expert in all HR areas

Flexibility

You can access additional expertise and capacity to support any peaks in demand and or special / urgent projects which need expert professional support

Compliance

You can rest safe in the knowledge that you are remaining safe and compliant with all legislation

Money Savings

You can save money by only paying for the support and expertise you need as and when it's required, rather than employing a full time, permanent HR team

Making the Right Choice

There are a few key things to consider when Outsourcing – our advice is drawn from a long history of working with clients whom have a really broad range of HR needs.

1. Firstly, outsourcing comes in many different flavours – do not settle for a 'one size fits all' solution, make sure your solution is 100% bespoke to your unique blend of requirements
2. Consider what HR means to your business, and work with a partner that can help you to deliver that through understanding what role HR plays for you and how they can best support that
3. Find an Outsource partner that is aligned with your own company values and cares about your business growth
4. Recognise that Outsourcing is not a dirty word and a significant percentage of service businesses are in fact some form of Outsource
5. Ensure that you treat your Outsource as a partner so as to maintain clear lines of communication and embed the most effective relationship possible
6. Insist on the correct governance and commit to investing time to getting the governance routine set-up right at the beginning – as this will save a lot of time further down the line
7. Outsourcing is not a binary thing and it doesn't mean you have to Outsource everything. It can and should be a flexible extension to your business, so you can choose which parts of your HR function you outsource. For example, you may just wish to Outsource the HR administration to free up your HR

Manager to focus on career planning and anticipate and minimize people risk. You may wish to Outsource your Employee Relations support or just your Learning and Development requirements, or any combination – it should be totally up to you what elements your Outsource

8. If cost savings or problem fixing are what you are looking for, then be honest about this, as Outsourcing can definitely do both of these, but remember, it will be important for you to invest and support the work undertaken by the Outsource to embed any changes needed in order to resolve the problems and ensure they do not continue
9. If you already use HR technology or any related systems across the business, ensure that your HR Outsource partner will be willing and able to work with your systems. Chances are, they will be able to support you to get more out of these systems and don't worry – if you don't have any in place, they should also be able to guide and advise on which ones would best meet your needs, helping you to implement these within your business

You need to recognise that your partner also has a business to run and will want a solution that work for both of you, not just for you otherwise the solution will become untenable.

Ultimately, HR and Outsourcing are both functions which should add value to your business, even if you are just Outsourcing something transactional such as your HR administration, ensuring that you remain legally compliant, or buying on some specialist support as and when needed for your existing HR team to help with workforce redesign for the future strategic needs of the business.

Established in 2004, we are the UK's largest privately-owned Recruitment and HR provider. We deliver agile, ethical and configurable people solutions across the entire Recruitment and HR spectrum. Our mission statement, or quest as we would say, is to create extraordinary people solutions that transform working lives.



www.TheCurveGroup.co.uk



sayhello@TheCurveGroup.co.uk



+44 (0)1295 811486

