



7 Common HR Outsourcing Myths: DEBUNKED



HR is more time-consuming and expensive for employers than ever, and many owners have increasingly turned to outsourcing - with good reason. Outsourcing your HR department can help drive efficiency, protect you from unseen liabilities, and ensure your company provides the right benefits to attract and retain talent.

One solution for outsourcing HR is a PEO, like Staff Leasing. PEOs are firms that allow companies to outsource HR management responsibilities such as payroll, employee benefits, HR administration, risk management, compliance, recruiting services, and more.

If you're reading this, it's likely that you have some interest in outsourcing, but are skeptical. That's perfectly understandable. It's hard to let go of parts of your business you're used to managing yourself. So read on if you want some clarity on common HR outsourcing myths...

7 Common HR Outsourcing Myths

Here's the misconceptions about HR outsourcing and PEOs that we'll be debunking:

Myth #1: Outsourcing my HR will negatively impact my employee experience.

Myth #2: My business is too big/small to benefit from a PEO.

Myth #3: I'll be paying for things I don't need.

Myth #4: I can't afford it.

Myth #5: I'll lose control of my business.

Myth #6: I have to choose between an in-house HR team or a PEO.

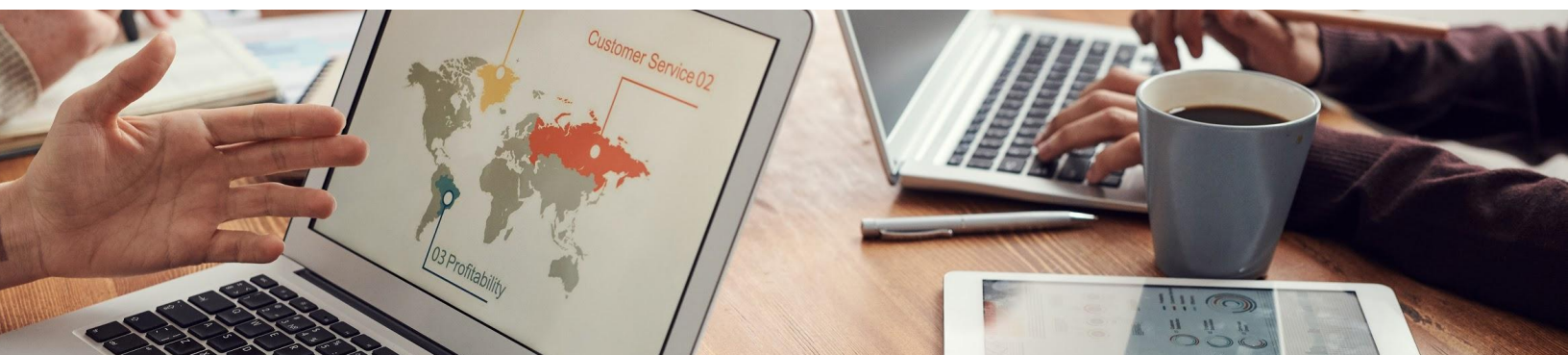
Myth #7: Switching to a PEO is too complicated.

MYTH #1

Outsourcing my HR will negatively impact my employee experience.

Our first myth surrounding HRO firms revolves around how they impact a client's employees. And while this myth says that co-employment would hurt the employee experience, the opposite is usually true.

By being co-employed by their company and a PEO, employees will be able to choose from enhanced employee benefits like tailored health insurance and voluntary benefits. And since outsourcing HR can help improve HR practices and strategies, employees stand to gain even more security. They will get peace of mind knowing that all employment taxes and payroll will be delivered on time, employee benefits are guaranteed to be administered correctly, the best candidates will be hired for them to work with, and HR administration will be run smoothly and fairly. PEOs help the individual employee by helping the business and help the business by helping the individual employee.



MYTH #2

My business is too big/small to benefit from a PEO.

According to the National Association of Professional Employer Organizations (NAPEO), the average PEO client has around 22 employees. A common misconception is that a PEO is only an option for companies around this size and that much larger or much smaller employers can't benefit from this HR solution.

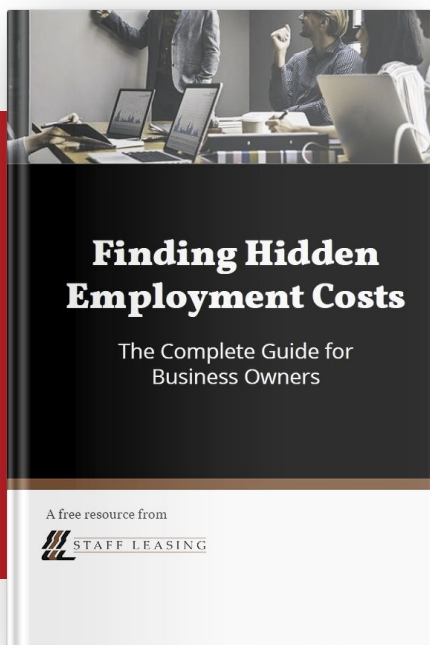
The exact minimum or maximum employees accepted differs for each specific PEO. There are some who will work with companies that staff only a few full-time employees, and some that will work with 1,000+ employees. Finding the right HR outsourcing firm is crucial, but companies of just about any size stand to gain from a PEO partnership.



MYTH #3

I'll be paying for things I don't need.

Another barrier for some business owners to explore PEOs is the thought of a one-size-fits-all plan that costs a bundle and includes unneeded features. However, the right PEO for you will tailor a plan to save you money and increase what you can offer to your employees. This is why researching PEOs is important as it helps ensure that business owners find the perfect partner that is up-front with their solutions and fees. Hire a firm that will be transparent about the costs, and work with you to find exactly the right mix of services for your company. Often, small and medium-sized employers stand to save money and become more efficient through a PEO partnership.



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MYTH #4

I can't afford it.

Some business owners have heard that PEOs are too expensive and won't save a business money or reduce HR-related costs. However, this is another myth about PEOs that isn't true. A report from NAEPO found that PEOs help their clients save up to 35% on HR administration costs. Additionally, PEOs can help employers save considerable amounts on health insurance and other benefits, all while improving the quantity and quality of current offerings. Your outsourced HR program can help you spend less than you would be able to if you managed your HR program yourself.

NAEPO also released a report that shows the annual median revenue growth for PEO users was twice that of comparable non-PEO firms. Increased revenue, and lower HR admin costs? Sounds like this myth is totally busted.

The Facts

Companies who use a PEO...

Had revenue growth that was **TWICE** of those who don't use a PEO

Had expected revenue growth that was **40% greater** than those who don't use a PEO

Were **16% more likely** to report an increase in profitability

MYTH #5

I'll lose control of my business.

Another concern that business owners have about working with a PEO is the fear of losing control of their business. However, this myth isn't true. In fact, owners don't lose any control when they partner with a professional employer organization. Instead, businesses gain a strategic partner who shares various HR responsibilities to ensure improved practices, strategies, and efficiency.

Business owners don't lose control of talent management either. PEOs don't take over hiring, promoting, and firing employees. Business owners retain these responsibilities, and just need to notify their PEO so that all HR and employment documentation is updated accordingly. Some PEOs do offer recruiting services to their clients and can help small business owners find potential new hires. However, the decision to interview or hire a candidate rests solely with the owner, and not the PEO.

Many companies decide to outsource HR because they feel out of control to begin with and recognise that handing off the HR hassle to a PEO will help them focus on the actual business.

MYTH #6

I have to choose between an in-house HR team or a PEO.

You don't necessarily have to replace your in-house HR team with a PEO. Just because a business brings on a PEO to handle certain HR responsibilities doesn't mean they have to replace current HR personnel. As a matter of fact, a PEO can assist HR employees with numerous tasks, especially around compliance issues. In many cases, HR personnel end up benefiting from a PEO partnership as they gain additional resources that can make their jobs easier!



MYTH #7

Switching to a PEO is too complicated.

Sometimes, a business owner may not choose a PEO because they believe switching to one will be too difficult, even though the business stands to gain from this potential partnership. But this isn't the case at all. Most PEOs have teams in place to help their new clients transition into the PEO relationship. These professionals help business leaders prepare for their implementation date and ensure that the process goes smoothly. These PEO professionals include individuals who specialize in HR management, compliance, payroll, benefits, and onboarding. These PEO team members aren't just there during the onboarding process; they stay connected once a business officially becomes a client and are always available to answer questions and concerns around a wide-variety of HR topics.



These myths can prevent business owners from choosing to partner with a PEO, even if this solution might be what's best for the company. That's why it's important for business leaders to research PEOs to find the one that is best-suited for the needs of their business.

The bottom line is that for most businesses, outsourcing is a smart move, especially if your business is expanding. The assistance an outsourced HR team can give you is invaluable. You can breathe a sigh of relief knowing a Professional Employer Organization (PEO) is keeping things under control. HR is becoming more complex and demanding, so it's wise to leave it to the experts.

Hopefully this has helped give you the reassurance you need to take the next step in finding a human resources outsourcing firm to hire. If you're ready to connect with an HR firm that will help you grow your business, contact our team at Staff Leasing.



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