
4 REASONS

TO PARTNER
WITH A PEO



Human Resources is a multi-layered aspect of your company's success. You'll find that it is very difficult to grow and achieve success in your industry if you are constantly putting out fires in the HR department.

While finding great administrative talent is difficult, you're often better off finding a great **professional employer organization** that offers HR as a service. Outsourcing companies in the HR sector have made it their business to understand all the ins and outs of HR and to create economies of scale that benefit you while freeing up your time. The Human Resources Outsourcing (HRO) industry has grown in substantial ways, and with more companies than ever considering an increase in HR outsourcing (32%, according to **Deloitte's recent survey**), now is a better time than ever to see whether this solution could solve problems in your company.

Here are just four of the major reasons why partnering with a PEO can be a key to your success.

1. REDUCE YOUR OPERATING RISK

Partnering with an HR outsourcing company allows you to outsource risk for everything from legal compliance to tax concerns through a shared-employment agreement. This holds the outsourcing company accountable for the expertise they bring to the table, by helping you navigate the following situations.

SHARED EMPLOYMENT LIABILITY

There are very important pieces of information to cover during the first moments of new hire orientation, and equally important announcements to share when an employee resigns or is terminated. You want to have full employment law compliance, and an outsourcing company knows exactly which boxes have to be checked. While this is great for reducing the potential for lawsuits, it also just makes your employees' experience better. If onboarding and new hire paperwork go well, your new employees start their time with the company on the best possible footing.

FULL TAXATION LIABILITY

Outsourcing partners for HR who become co-employers of your team become fully liable for your state and federal taxation, so they have a very present interest in accurate tax filing, W2 forms, and 5500 reporting. Rather than needing someone with payroll tax expertise on staff onsite at your office, you can outsource your IRS communication and focus instead on the specific value your company brings to the industry.

If your in-house payroll administrator makes a costly error and generates a variety of IRS filing fines and fees, you'll be liable for the entirety of the expense. When your outsourcing company is doing your payroll as a co-employer, however, they are jointly liable. They are therefore highly motivated to keep their team's output error-free, both to avoid fines and to retain your company as a client.

HR EXPERTISE AND ADVICE

One challenge of on-site HR teams is that you may not need an HR representative for support at all times, but when you need them, you want them to be immediately available. With an outsourcing company, you get unlimited access and your team has a high degree of professional qualifications. They stay up-to-date on the latest in labor laws and employee rights, while also helping you navigate worksite safety and employee wellness initiatives. An outsourcing company offers you a scalable model that grows with your company, rather than having to hire HR representatives yourself.

2. BUILD YOUR BUSINESS

Business and management consultants often point to how you are going to be strongest at hiring talent in fields that you understand well yourself. Specialized businesses often struggle when hiring operations and HR individuals, at least when compared to hiring within their fields. Hiring an outsourcing company lets you focus your recruitment efforts on your areas of strength. Imagine the time and effort you save when someone else does the HR hiring process for you and lets you reap the rewards through their outsourcing solution.

As your company grows, you'll be building out a management structure that works for your particular needs. Assist your management team and devote the most

attention possible to your core business, developing and expanding your strategy. You don't want managers diverting their time to day-to-day administration work; let the outsourcing company handle the complex world of benefits, personnel records, workers' compensation, and troubleshooting of tax and payroll forms.

The more items that fall onto your management team's plate, the smaller their vision must become for what to do next. Free up your team to dream big and build the scaffolding to achieve ambitious business growth by having someone else handle the details. The co-employer agreement quells worries about liability and helps your company focus on the mission.





3. CONTROL YOUR COSTS

The world of benefits is often one where economies of scale matter. Rather than gaining only the benefit offerings and pricing that your individual company can command, you get access to the bargaining and buying power of all of the HR company's clients. They can put together top-level packages and programs that save you money while delighting your employees, reducing turnover.

Often, getting an HR department off the ground involves hiring separate specialists in HR, payroll, and benefits, often three more salaries even if you don't need 40 hours a week from each person. Your enrollment in an outsourcing company for HR makes for a one-stop department that is perfectly tailored to your needs, and PEOs employ a variety of experts so you save on talent acquisition costs as well as training. **Deloitte's recent survey** said that 47% of those who choose to outsource do so in response to needs that solve capacity issues.

One of the biggest savings is in your automatic enrollment in an HRM, a Human Resources Management system. These systems cost a lot to set up, launch, and manage for an individual company, possibly even thousands of dollars, while your outsourcing company includes access to these programs with your contract. You get full access to a robust system that might not be achievable as an individual company, especially if you are a small or medium-sized business.

Employees save time and money when they have an easy-to-use Self-Service portal that lets them view and update their personal information, and access pay stubs and benefits elections. Managers also save time with their personalized Self-Service online program, where they can handle any payroll reporting needs, PTO request authorizations, and a variety of other tools.



4. A PERSONAL TOUCH

The idea of outsourcing may seem distant, but the best HR outsourcing companies stay connected to your mission and create a tailored HR services package that fits your needs. They see you as the client and want to wow you with how much they can meet your needs.

This includes elements like customizing your employee manuals and policies. They can save time by offering you core features for your payroll processes, employee guidelines, and legal compliance, but they will listen and adjust based on your company's unique culture and operation style.

You'll have your own dedicated team that understands your company inside and out, starting with your HR manager, HR associate,

payroll manager, and benefits specialist. These teams know all of your account details. They have ceilings on how many client employees they're servicing since they want to be easily accessible and available to you for support. Excellent outsourcing companies will have a ceiling for each dedicated team of a good ratio of staff to client employees, so you don't have to worry about becoming just a number to your HR team.

Outsourcing to gain HR specialists is growing in popularity because it offers many advantages in cost savings and risk reduction while simultaneously delivering the support you expect from a payroll and benefits specialist. You gain access to more professional staff and resources for less money.

The Most Flexible HR Solution is an Outsourcing Company

Finding, hiring, and retaining your own HR talent is difficult and can sometimes be outside the scope of your management team's expertise. By working with an HR outsourcing solutions company, you benefit from their decades of HR knowledge. Your contract for HR services grows organically and incrementally with your company, rather than stretching a small onsite HR team too thin or leaving too-large an HR team with not enough work to do.

Outsourcing solutions save you money while giving you access to the kinds of high-tier benefits and services that otherwise would only be possible for very large companies. Working with an HR outsourcing company also puts you in the position to receive personalized support, since the company is always working to impress its clients. There have been a variety of case studies done that show how solid HR practices can have an indirect effect on the bottom line, such as this case study about [Sears](#). Clearly, an HR outsourcing company solves many operational challenges while leaving you free to do your best work each day.

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As a small nonprofit founder, I need partners I can trust. Equity HR has provided us with flexible and affordable HR and payroll services. More importantly, Equity HR is a trusted partner when we need help or have questions.

I would recommend Equity HR to anyone that is looking for HR and/or payroll services.

- Luis R

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