

LORI KLEINMAN ON:

THE HR ISSUES

Small-Business Leaders Need to Think About



Whether it's recruiting, retaining, or training employees, or maintaining compliance with legal guidelines, human resources departments play a critical role in small businesses. But not every company needs a dedicated HR staff member. In fact, many small businesses can do without a formal HR department. However, no matter the size of a business, the HR function cannot be ignored. Fortunately, there are options for handling HR related issues and tasks.

Answer these questions to evaluate the best HR approach for your small business.

Does your company have a touch point for employees?

Employees are more productive when they feel they're cared about and that someone's paying attention. The HR function originally was formed to provide that attention, but has grown to taking on responsibility for the life cycle of an employee — from candidate development to separation of employment. Does your company have someone who can focus on employee issues and career development throughout their relationship with the organization?

Where can the HR function reside?

In many small organizations, HR is a hybrid function within finance or operations departments. Sometimes, an outstanding office manager or administrative person handles HR. Wherever it's housed, HR ideally should have a direct reporting line to the organization's president or chief executive officer so that it focuses on organizational goals rather than those of a particular unit. If an individual is handling HR in a hybrid role, the organization needs to provide continuous training on HR issues for that person. Can your company combine HR with another function, or would it be better served with a dedicated HR team?

Can the HR function be outsourced?

Some organizations have reasons for not wanting the HR function to have executive-level influence. Or they simply don't have time or staff to devote to HR-related tasks. Does your company have the capacity to handle HR internally, or should you consider outsourcing the function altogether? Is the outsourcing decision based on your ability to provide the HR expertise or just an evaluation of expense?

Does your company have workforce issues?

If your company has a particularly high turnover, trouble recruiting workers, confusion with compliance, or other workforce issues that can be time consuming to manage, you may require dedicated HR staff. Are employee issues fairly minimal, or are there more extensive workforce challenges?

What are employee costs?

When management examines budgets, it may be shocked to see how large a percentage of expenses are employee-related. It's common to see 40 to 70% of organizational budgets focused on employees. Talk to the person most responsible for the budget items that impact employees. Seek feedback from employee-facing vendors, such as the payroll provider or benefits consultant. Consider hidden costs like unemployment and workers' compensation that are typically kept in check by HR. What would be the impact on those costs if your company had dedicated HR staff and if it didn't?

Can your company leverage technology?

A vast majority of the HR function is administrative. Many HR tasks can be streamlined or eliminated with technology. Can your company implement technology solutions to take over some of those tasks?

Can your company handle compliance issues on its own?

Compliance needs constant attention in businesses of all sizes. Regulations exist for recruitment advertisements, new hire paperwork, employee files, treatment of employees, social media, and a lot more. And that doesn't even include healthcare reform. Does your company understand compliance issues needed to manage them?

Can HR help meet your company's business goals?

Highly functioning HR departments focus on and are expected to contribute to achieving organizational goals. They understand the business, industry, mission, and strategic initiatives. They add value by creating programs that drive business results and keep the workforce motivated and operating effectively. Can management envision giving the HR function a seat at the management table?

Does your company have an effective leader for the HR function?

Whoever leads the HR function needs to be a trusted member of the management

team. They also need knowledge of, and experience with, technology, finance, sales, operations, and vendor and talent management. HR leaders need to be innovative and focused on business goals. Does your company have someone who is up to the HR challenge?

The answers to these questions can help your company get a better sense of its HR needs. Whatever solutions are implemented, make sure they add value to the business and fit the culture of the organization.

DBR

Reprinted with the permission of Lori Kleiman, a US-based human resources consultant and author of the recently published book, *Getting a SEAT*.
www.hrtopics.com. Contact Lori at lori@hrtopics.com

Drake International has assisted small, medium, and large organizations with their HR and talent challenges since 1951. We have a full suite of talent solutions just for you, and we also offer a selection of unbundled, on-demand HR services to support business owners in addressing the HR side of their business. These include:

- Assessment tools that reliably identify top performers
- Training in how to recruit effectively
- Writing job advertisements
- Creating top performer profiles
- Posting on job boards
- Resumé screening
- Behaviour description interviewing
- Background and criminal checks
- Reference checks
- Skills testing
- Behavioural testing

To learn more, contact your nearest Drake location, or visit our website at www.drakeintl.com to find out how our unbundled recruitment and talent solutions can help your company attract and retain top performers to help your business grow and prosper.

It's common to see 40 to 70% of organizational budgets focused on employees.