



More Non-profits Are Taking A Look At HR Outsourcing. Should Your Organization Be One Of Them?

By Barbara Sheridan, president, HR XCEL

HANDLING THE NEEDS OF AN EXPANDED STAFF

When Easter Seals North Carolina merged with United Cerebral Palsy of North Carolina in January 2004, HR was among many challenges facing the new organization of 2,000 employees. "We had a couple of people in the HR department who were leaving," recalls CEO Connie Cochran. "So the question became, 'Do we re-build the department, or even become a resource for other non-profits?'"

Cochran felt pressure to expand HR to meet the needs of a newly statewide organization. But when he considered full-time salary costs for the level of expertise Easter Seals UCP would need, he balked. He also thought recruitment might be a problem. "As a small organization, it's hard to recruit five folks who have the broad depth they need in legal issues and benefits management, and all the complexities that come with that."

Cochran looked for an outsourcer who understood Easter Seals UCP's services, and ultimately selected HR XCEL to provide benefits administration, employee relations, policies and procedures development, employment and retention strategies, and management development. HR XCEL bills on a monthly cost per employee – a strategy Cochran likes, as he's able to budget accurately when new employees join.

HR XCEL's staff became Easter Seals/UCP's HR department. "I'm considered part of their senior management team and participate in management meetings," says HR XCEL account manager Betsey Walker. When Walker gets a question outside of her expertise, such as a recent inquiry about IRS codes and benefits, she turns to her HR XCEL colleagues that have special knowledge in those fields. HR XCEL's staff is made up of HR professionals with extensive experience. Each account manager leverages the knowledge of the entire team to provide clients with comprehensive information, a resource most non-profits can't afford in-house.

Proponents of outsourcing maintain that almost any non-profit organization can benefit from HR outsourcing, because the organization will gain experienced HR personnel who would be too expensive to hire full-time. But for a non-profit that's never jobbed out such a vital function, HR outsourcing can be an intimidating prospect. It's hard to judge whether it will meet your employees' needs and be cost-effective for your budget.

As president of an HR outsourcing firm with clients throughout the United States, I've found outsourcing can be a sound alternative for non-profits, with careful planning. Here are a few examples of how HR outsourcing works for two non-profit agencies, along with questions to help you see if HR outsourcing would be powerful for your group.

Easter Seals UCP switched health carriers in July. HR XCEL handled all the details, keeping a huge workload off Easter Seals UCP staff. HR XCEL also keeps management apprised of changes in the law and how to handle them appropriately. "When each new employment law comes out, it's one more thing for non-profits to worry about," Walker says. "They often aren't able to stay up-to-speed because they don't have the internal resources to devote to monitoring changes in the law. But we do."

Cochran was pleasantly surprised at how quickly his employees acclimated to an outsourced HR department. To others considering outsourcing, he says, "It's important for your leaders to agree on the issues that you're facing. Do you have the expertise you need? The smaller you are, the more difficult it is to get that expertise. Look at the cost, the level of service, and the support you need."

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WORKING WITH A NON-PROFIT'S HR DEPARTMENT

Douglas Fleegle is a pioneer in HR outsourcing for non-profits. Fleegle, president and CEO of United Church Homes and Services (UCHS), made the decision with his board to outsource human resources back in 1999. The church-sponsored non-profit corporation, which develops and manages retirement communities and affordable housing for seniors, expanded from two locations to 10 within five years. "We knew we needed to centralize our HR department and put an infrastructure in place," Fleegle says.

Initially, HR XCEL reviewed and updated the Newton, N.C. organization's policies and procedures, and helped the group develop a strong benefits package to attract the best employees.

Today, HR XCEL operates as an extension of UCHS's corporate HR department, working closely with the vice president of HR to meet the needs of 750 employees in North Carolina and Virginia. Each UCHS location also has a personnel manager. When questions arise concerning policies or employee relations, they go to HR XCEL. "If a complaint or personnel matter needs review by an external source, we typically run those past HR XCEL for their opinions," Fleegle says.

The organization now serves more than 1,250 residents in two states. As it has grown, Fleegle feels the HR outsourcing has paid off and strongly encourages other non-profits to consider it. "We have top experts available to us on an as-needed basis," he says. "Their expertise far outweighs the expense."

IS HR OUTSOURCING A VIABLE SOLUTION FOR YOUR NON-PROFIT?

USE THESE QUESTIONS AS A GUIDE:

- Q.** Is your organization fulfilling its mission to the best of its ability, or do you and your colleagues need more time to focus on your core business?
- A.** By handing HR responsibilities to a trustworthy partner, you can focus on doing your real work.
- Q.** Is your HR situation complex?
- A.** If you offer multiple benefit plans or operate multiple offices, outsourcing can help you manage and tame all your HR responsibilities.
- Q.** Are your benefit plans designed with non-profits in mind?
- A.** Benefit plans are not equal. HR outsourcing can help you take advantage of highly effective, lower-cost plans. It can also identify retirement vehicles specially suited to non-profit employees.
- Q.** Are your managers being trained regularly?
- A.** Non-profits are often short-staffed and have a huge volume of work. With all the demands, it's easy to postpone training, even necessary training. HR outsourcing enables agencies to keep up regular management training. HR XCEL does quarterly training sessions for its clients in hiring and firing, coaching and counseling, sexual harassment, the Family Medical Leave Act, and other management topics.
- Q.** Are your policies and procedures being applied consistently throughout your organization?
- A.** HR outsourcing can bring consistency to this critical aspect of your operations.
- Q.** Are you in compliance with all regulatory requirements?
- A.** Do you know if you are in compliance? An outsourcer can alert you to potential issues before they become full-blown problems.
- Q.** Can you do your EEO1 in 10 minutes?
- A.** The EEO1 is an Equal Employment Opportunity report that the U.S. Department of Labor requires each year. For some organizations, it takes weeks to complete. An experienced HR outsourcer can help you finish this and other reports much more quickly.
- Q.** Have you spent an inordinate amount of money on attorneys?
- A.** An agency can rely far less on attorneys and greatly reduce its legal costs with a strong HR outsourcing firm as a consultant.
- Q.** Is your technology capable of supporting all of your HR needs?
- A.** Outsourcers may offer technology typically unavailable to non-profits. Often, non-profits can't afford this caliber of system independently. An outsourcer such as HR XCEL can, by purchasing in bulk.
- Q.** Has your agency adequately invested in infrastructure?
- A.** Non-profits are passionate about their mission, but they don't always invest adequately in corporate infrastructure to support their goals. By investing in HR outsourcing, you may transform your entire agency. Many clients turn to outsourcing when they are posed for growth and change.

Barbara Sheridan is the president and co-founder of HR XCEL. She has more than 18 years of experience in the Human Resource field.

For more information on HR XCEL call 888.477.4310 or visit www.hrxcel.com.