

## HR outsourcing allows managers to focus back on business

By **KIMBERLY BONVISSUTO**

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Rob Oberst worked for the big guns. He was in charge of administrative systems, handling outsourcing services for Fortune 500 companies.

And he marveled at the inefficiency with which these power companies operated in terms of their human resources administration. It wasn't uncommon for one organization to use upwards of 20 different vendors to handle different pieces and parts of its human resource operations.

Dataquest, a division of Gartner Inc., a Stamford, Conn.-based provider of research and analysis, reports that the market for human resource outsourcing is growing by 22% annually. CFO magazine further reports that administration outsourcing carries financial benefits as well, saving companies up to 80% of their costs in this area.

Mr. Oberst said among the reasons small or medium-size organizations outsource their human resources administration include recent growth, a desire to concentrate on the business, the ability to offer more services to employees or outdated human resources information systems.

With more companies outsourcing their human resource services, Mr. Oberst saw an opportunity to re-engineer personnel management practices for small to medium-size businesses. In May he opened The HR Service Bureau in Solon, a web-based enterprise providing comprehensive human resource administration to businesses with 50 to 500 employees.

Mr. Oberst utilizes new human resources service practices, which he helped develop, including applying technologies such as voice response and the web to employee administration.

'Instead of doing a lot of customized work, you deliver over the web and make it simple,' he said. 'You can have one stream of data and take care of it all.'

The HR Service Bureau assumes all the hardware, software, operations and administrative duties associated with a human resources system on behalf of its clients, radically simplifying processing, and saving the company a huge amount of time and expense, reducing legal exposure, insuring compliance, motivating employees and improving performance.

Mr. Oberst said the complexities of human resource administration, compounded by myriad pieces of legislation during the past 25 years, have led many businesses to fragment their human resource services. Coordinating their efforts and supplying every vendor with accurate data on a regular basis became complicated and inefficient.

'We're similar to a payroll service bureau, but we take care of the complex human resource processes, which in turn allows managers to concentrate on their businesses without being bogged down by these human resource matters,' he said.

Nick Giancola, the Cleveland-area district manager for Administaff Inc., said Cleveland reflects what's happening in the rest of the country. Businesses have gone through tough times, but now they're ready to grow.

'They're really looking for a systematic way to manage their growth as it relates to their people,' he said.

Russell Lamb, one of the principals in Allegro Realty Advisors Ltd, in Independence, joined Administaff in February 2004. The real estate consulting firm grew to 13 employees in its five years in business, leading to bureaucratic paperwork nightmares that were sapping the attention of the owners.

'We did it really to enable the owners to focus on growing the company and spend less time on tax and personnel matters,' Mr. Lamb said. 'We had outsourced payroll, but we still had to do workers' compensation and unemployment insurance. We were cobbling together retirement benefits for employees. We started growing in the number of people.

'It got to a tipping point where we were spending a lot of time responding to benefits issues.'

Mr. Lamb said turning over all the company's human resources administration to Administaff allowed the owners to focus on their core business while reaping added rewards, including training programs the company could not previously offer to its employees.

Administaff, which is based in Houston and has offices nationwide, targets businesses with 10 to 2,000 employees. The company, which calls itself a professional employment organization, combines human resources professionals with online tools.

The employees also gain from the relationship. Mr. Giancola said an employee might want to work for a Fortune 500 company for the big benefits package, but they want the atmosphere a small business affords.

'When we enter a co-employment relationship, the employee gets the best of both worlds. They get the big benefits package as they would with a Fortune 500 company, yet they retain the small intimate atmosphere with the business owner,' Mr. Giancola said.