

Benefits of Outsourcing Your Human Resources Function

For more than a decade, many for-profit and not-for-profit organizations have relied on us to manage their human resources needs.

Here are some of the benefits our clients have realized when outsourcing their HR function.



ELIMINATE A SINGLE POINT OF FAILURE

We see it all the time. A business owner contacts us in a frenzy because his or her HR professional has suddenly left the organization and there is no one to manage the business's human resources function.

With ARI, you will work with a team of professionals who will manage your day-to-day HR needs. That means you can always rest easy knowing that more than one individual understands your business's HR requirements and can handle unexpected needs that arise.

SPEND MORE TIME ON YOUR BUSINESS

As your organization's leader, you should be focused on building your business – not completing HR paperwork or onboarding new staff members. Nobody understands your industry better than you so why not spend your time on mission critical activities like increasing revenue, strengthening marketing efforts, or mentoring valuable members of your team?

BENEFIT FROM OUR EXPERIENCE

When you work with ARI, you have a team of experienced HR professionals at every level, to handle not only your HR administration, but also to provide higher-level HR support to your employees, including comprehensive HR programs and processes and career development opportunities.

Services Offered

- Employee relations
- Employee handbooks
- Talent acquisition
- HR compliance
- Performance management
- Benefits administration
- And more

MINIMIZE COMPLIANCE RISK

When an employer is faced with a state or federal audit, violations and fines can add up quickly.

When ARI assumes responsibility for your organization's HR function, our team will review your employee files for compliance with federal, state and local laws, and will also ensure your organization adheres to document retention mandates set by state and federal authorities.

STRENGTHEN EMPLOYEE RELATIONS

Employee relations can be tricky, especially when it comes to disciplinary actions and terminations.

Our staff is experienced in how to handle sensitive situations fairly for all parties while ensuring legal compliance. We will guide you through the process – or we can address issues directly with the employee and supervisor. We will also ensure all recommended and required backup documentation is in order, which is critical in the event a claim is made.

SPEND LESS TIME HIRING TALENT

Hiring new talent is time consuming. ARI can manage all aspects related to your recruitment process, including placing advertisements for open positions, collecting and reviewing resumes, conducting interviews and reference checks, and compiling the results of background checks, and employment test results. We do it all – giving you more time to focus on your organization's goals.

IMPROVE EMPLOYEE PERFORMANCE

For an organization to meet its objectives, it is crucial that employees' goals are aligned with the organization's goals. The performance management process is a powerful way to foster alignment simply by defining the responsibilities and outcomes through which employees can add value to the organization.

As part of our HR offering, we can implement performance management programs to track the performance of employees in a way that is consistent and measurable. We can also identify training opportunities for both managers and staff to improve job satisfaction, engagement and retention.

GET STAFFING FLEXIBILITY

Your organization's HR needs fluctuate. We can handle special projects such as drafting employee handbooks or distributing and analyzing employee surveys.



Your employees are your organization's greatest asset, so it's wise to make sure you're managing them effectively.

If you would like to explore how ARI can help you, contact us today.

How much will it cost to outsource my HR function?

For many companies and nonprofit organizations, outsourcing their human resources (HR) function has become a popular option as they look to streamline operations, reduce overhead costs and receive greater value. This approach also enables them to devote more time to their core activities.

Determining the cost of outsourcing your HR function depends on several factors. **ARI operates on a fixed monthly fee** for all ongoing HR engagements. This fee is based on what the client's needs are, the level of support they expect, and the size of the organization.

Many factors influence cost. Here are a few:

1. Organization Size and Locations

When calculating an HR client's monthly fee, one of the primary factors influencing cost is the number of individuals employed in the organization, because, as you can imagine, as the number of employees grows, so too does their overall HR needs. There tend to be more performance or employee relations-related issues, more benefits and HR administrative tasks, and more interpersonal issues that arise.

When our clients operate in multiple U.S. states, the cost of the engagement can increase. Each state maintains its own HR laws, which means that the more states an organization operates in, the more time that is devoted to staying up to date on changes in legislation, alerting clients of these changes, and ensuring employee files and company policies are compliant with each state's laws.

2. Scope of the Engagement

When it comes to HR, each organization has unique needs and expectations. So, when determining the cost of a client engagement, we look to understand what type of support and level of support the client requires.

- Are they looking only for administrative HR support or only benefits administration?
- Do they need hands-on employee relations expertise?
- Does the organization have frequent turnover of staff?
- Are they looking for payroll administration?

Each HR service is performed and/or managed by professionals with various levels of expertise within our organization and are billed commensurate with their experience. This results in a blended monthly rate based on estimated hours for the respective level of HR support needed.

3. On-site vs. Off Site

Some clients prefer that we have an onsite presence, varying from once per week to once per month. Others don't require us to be onsite at all. Having a dedicated ARI staff person on site at your location typically increases cost.

4. Use of Technology

Technology is designed to accelerate tasks and improve efficiencies and the use of HR information systems (HRIS) does both. For example, if we have access to electronic employee files versus having to wade through paper files, we can build in efficiencies and spend less time doing required monthly work. Similarly, if it's not necessary for us to be on site each week or each month because we can do everything electronically, this may translate into lower costs for the client.

You may wonder if we require our clients to adopt a specific HRIS. The answer is a resounding no. There are a multitude of HRIS on the market and, oftentimes, our clients are already using a specific system when they approach us, so our team is able



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to adapt to using whatever HRIS you currently use. And, if you haven't already implemented an HRIS, we can recommend one.

Will costs change during my engagement?

Sometimes circumstances emerge that require both sides to take another look at the number of hours involved in an outsourced HR engagement.

For example:

- Sometimes a client requests services that are outside of the scope of their engagement agreement. When this occurs, we can provide an estimate of the number of additional hours needed and either bill this on a one-time project basis or add it to the monthly fee if it is work that is ongoing.
- Many clients stay with us for years or even decades. Organizations mature – they may acquire or merge with another company, or expand their offering of services, and their HR requirements evolve. Because we have an experienced team on hand, we can adapt to provide whatever HR services you may need whenever you need them.
- Occasionally costs may go down if the size of the organization decreases.

We pride ourselves on educating our clients. As our relationship with our clients evolve, we often hear, "We didn't know what we needed until you got here. We need to get our HR affairs in order."

If the amount of work each month exceeds our engagement agreement, we are very transparent and will schedule a meeting to review where we are spending more time than anticipated and where we might make adjustments. Following this discussion, clients can agree to an increased monthly fee or may opt to have us bill them out-of-scope on an hourly basis.

Are emails and calls included in my monthly fee?

Yes, emails and phone calls are part of ongoing monthly service. Of course, if the volume of calls and emails exceed normal rates, this goes back to the volume conversation. If we're spending much more time than average on communications, we'll meet with you to discuss options.

What is project-based pricing?

Unlike ongoing monthly work, we view project work as having a beginning and end point. Projects can arise anytime and can be initiated at any point during our engagement. Oftentimes we will estimate and quote the entire cost of the project and bill the client in installments.

For example, you might need to create an employee handbook or update an existing handbook. You may require a [compliance audit](#) during which we review all personnel files to ensure your organization's records and practices align with [state and federal employment laws](#). Or you may want a comprehensive analysis of your organization's job descriptions or salaries to determine if they are competitive. Each of these are considered projects and billed according to the number of items to be analyzed and the number of locations involved.

Examples of Project Work

1. ARI has robust [recruiting capabilities](#) that our clients often take advantage of. Recruiting new hires is always considered project work and is billed on an hourly rate with a modest placement fee.
2. Employee trainings are considered projects and can be billed over the course of the year. For example, your organization may want to host a training for seasoned managers to learn how to communicate with a



Cost to Outsource HR Function

multi-generational workforce or you may want to offer training for newly promoted or recently hired supervisors or managers. Our team can arrange various trainings based on your organization's needs.

3. Open enrollment for employee benefits is an annual event and is considered separate from ongoing general benefits administration. Open enrollment is billed separately on an annual basis.
4. While general employee relations are included in monthly costs, HR investigations are always billed on a project basis according to the number of hours required. An example of this would be investigating an employee's harassment complaint, which requires interviewing employees and witnesses, compiling and analyzing findings and writing a report of findings and recommendations.

Am I bound by a long-term contract?

Once we engage with a client, our contracts are ongoing. But, if you ever want to terminate our engagement, all we require is 30-days' written notice. And the same goes for us. If, for some reason, we determine ARI is not a good fit for your organization, we will provide you with at least 30 days' written notice.

Outsourcing is a Cost-Effective Option

Outsourcing your HR function can be an effective way to ensure your organization complies with state and federal laws and regulations, maintains effective communication with employees, and implements best practices around HR processes and procedures. Outsourcing provides consistency, which can reduce liability, improve company culture and employee morale, and enrich overall communication within your organization.

Many of our clients also find they can outsource their HR function to us and realize a cost savings. And they enjoy the added benefit of having access to multiple HR professionals.

While cost is an essential consideration, it's crucial not to compromise on the quality of service. Choosing a reputable HR outsourcing firm with a proven track record of delivering high-quality HR solutions can help minimize the risk of errors, avoid compliance issues, and maximize employee satisfaction. Investing in an experienced firm upfront may result in long-term cost savings and mitigation of risk for your business.



What is the process to transition your Human Resources function to ARI?

It may sound like a daunting task to transition your human resources function to someone outside of your organization or, even worse, to create an HR infrastructure from the ground up.

Rest assured that our HR team has navigated this process with new clients many times, and we are confident our approach will make your transition smooth and seamless.

Initial Phone Screening

We will begin with a phone call in which key players from your organization describe your organization's needs. This conversation typically lasts about one hour. During this time, our team will listen intently and pose questions, including what ongoing services you require and what special projects (i.e., updating your employee handbook, conducting a compliance audit, recruiting new employees) if any, your team is looking to have completed.

If both sides determine ARI may be a good fit for your organization, we will move to prepare a proposal for your review.

Estimation of Monthly Cost and Proposal Generation

Based on the information your team provides in the initial phone screening, we will estimate the amount of time we will devote to your account on a monthly basis. As a client, you receive access to a team of HR professionals with differing levels of expertise (manager, generalist, administrator, etc.) who are billed at different rates.

We will provide a proposal detailing your monthly fee as well as any project costs. If your team has questions after reviewing the proposal, we may host another call to address these questions in depth.

Once you have reviewed the proposal and signed the engagement letter, we'll get the ball rolling.

Kickoff Meeting

Key members of your team and members of ARI's HR team will meet, either in person or virtually, to hash out the details of your HR engagement.

Together, we'll determine when project work will begin, when and how our team will access your HR information, and when we can introduce ourselves to your staff. If you are currently using a Human Resources Information System (HRIS), we'll discuss the details to access that. If your organization does not have an HRIS, file sharing will likely be done via some type of secure file sharing software, such as Microsoft ShareFile. If you maintain paper files, we'll set a time for a member of our team to begin reviewing them.

If we have agreed that a member of our team is to be on your site periodically, we'll outline who that will be and will set a schedule.

Ongoing Communication

Initially, as we work to understand your systems and processes, our HR team will likely be communicating with someone in your organization daily. Then, we'll determine the optimal cadence and methods of communication going forward.

With smaller organizations, we may schedule a weekly or monthly check-in. For larger organizations, we typically communicate daily or, at least, several times per week.

ARI Is a Part of Your Team

Members of our HR team pride themselves on becoming a trusted HR advisor for you and your organization. We take the time to truly understand your organization, your industry, and your goals and work to understand your HR challenges and how we can best support you. We serve as a part of your team and are fully integrated in your organization – just as if you have a full-time HR professional in house. This may include attending staff meetings and committee gatherings and onboarding new employees, among other things.

Our clients typically don't view us as an outsourced resource. They see us as a trusted and valued partner!



Frequently Asked Questions: Human Resources Services

DOES MY BUSINESS NEED HUMAN RESOURCES SERVICES?

No matter what size your company, you need HR expertise to effectively manage in today's rapidly changing environment.

When you're navigating various responsibilities like employee training, termination, hiring, and employee relations, you may not need a full-time person; rather, a qualified, outsourced HR consultant can make CHRO- (chief human resources officer) level expertise affordable for your business.

WHAT IS THE ADVANTAGE OF OUTSOURCING MY HUMAN RESOURCES FUNCTION?

Many small- to mid-sized organizations typically have someone who is "handling" HR duties in addition to many other responsibilities. In some cases, this responsibility falls to the company owner or executive.

ARI can be a cost-effective resource to ensure your organization complies with state and federal laws and regulations, maintains ongoing communication with employees, and implements best practices around HR processes and procedures.

Outsourcing the HR function also provides consistency, which can reduce liability, improve company culture and employee morale, and enrich overall communication within your organization.

ARI will assume your organization's administrative HR burden, thereby enabling owners and managers to focus on their core responsibilities.

DO I HAVE TO SIGN A LONG-TERM CONTRACT?

No. We charge a flat monthly fee. This enables you to accurately forecast and budget for our services.

And, if you ever want to terminate our engagement, we only require 30-days' written notice. And the same goes for us. If, for some reason, we determine ARI is not a good fit for your organization, we will provide you with at least 30 days' written notice.

HOW WILL YOU ENSURE MY COMPANY IS OPERATING UNDER BEST PRACTICES?

We will do a full review of your handbook, employee files, benefits, policies and procedures, and onboarding/offboarding processes, as well as an evaluation of your recruiting process, compensation structure, and performance management process as needed. We first ensure your compliance, and then suggest best practices.

And, we stay up to date on constantly changing laws to ensure your organization remains in compliance. Having a seasoned HR professional on your side is a great way to reduce legal risk.

Here is a list of important [things you need to know](#) to ensure your organization is HR compliant.



Frequently Asked Questions - HR

HOW DOES ARI COMMUNICATE WITH MY ORGANIZATION'S EMPLOYEES, MANAGERS AND EXECUTIVES IF THEY ARE NOT PERMANENTLY ON SITE?

We are accessible to our clients via phone, email, virtual meetings, or onsite visits whenever needed. We understand that situations arise in the workplace that require immediate attention and we are ready to jump in. Harnessing today's technology, it is easy to be present even if we are not physically in your facility.

HOW CAN ARI HELP ME WITH MY RECRUITING EFFORTS?

Recruiting top talent with the correct skill set and who fits your organization's culture can be challenging and time consuming. In small-to mid-sized organizations, much of the recruiting process falls on the manager's shoulders, preventing them from doing the work they were hired to do. ARI will assist in evaluating your recruitment process every step of the way, from when your position is approved until your new hire begins employment, recommending any improvement throughout the process.

Whether you are a business owner, Executive Director, CEO, or manager, your time is not best utilized by posting job openings, reviewing resumes, scheduling phone screens/interviews, preparing interview questions, checking references, and conducting background checks. ARI will handle all of the details related to the recruitment process, leaving managers free to interview only the most qualified candidates. Check out [Five Best Practices to Acquire Top Talent in 2024](#).

Our team will coordinate the onboarding of new employees to ensure their first days, weeks and months are a positive experience, minimizing turnover expenses, and positioning them to succeed in your organization. Read our [blog](#) to find best practices for onboarding and offboarding employees.

HOW MUCH DO YOUR SERVICES COST?

Determining the cost of outsourcing your HR function depends on several factors. ARI operates on a fixed monthly fee for all ongoing HR engagements. This fee is based on each client's specific HR needs, the level of support they expect, the number of ARI team members working on the account, and the size of the organization. Many of our clients find they can outsource their HR function to us and realize a cost savings.

Our average full-service fee ranges from \$3,000 to \$6,000 per month but can vary based on many factors. [Read this blog to see what factors influence cost.](#)

DO YOU PROVIDE TEMPORARY HUMAN RESOURCES SERVICES OR DO PROJECT WORK?

If you are looking for a short-term solution to manage your human resources function, or you have a special project you need to complete, ARI is likely not the right firm for you. At ARI, we look for longer-term engagements in which we can truly provide value by serving as your outsourced HR partner.

HOW QUICKLY CAN YOU GET STARTED?

Our typical lead time is 30 to 60 days from the time we have a signed engagement letter. This allows us time to coordinate our team and develop a transition plan. For further details on our transition process, read [this article](#).

HOW RESPONSIVE AND ACCESSIBLE IS MY ARI HR TEAM?

We commit to responding to emails or phone calls within 24 hours, but you will find that we typically respond much faster. Since multiple HR team members work on your account, we eliminate the "single point of failure" to ensure your urgent matters are promptly addressed.

Screening Questions: Human Resources Outsourcing

Following are questions our HR team members will typically pose when exploring an engagement with a potential new client.

General

1. What ongoing HR services do you feel you need?
2. What HR projects do you feel you need?
3. What is your timeline to begin outsourcing your HR function?
4. How have you managed your HR function up to this point in time?
5. How many employees do you have?
6. How many locations do you have?
7. How did you hear about ARI?

HR Systems in Use

8. Which HR information system do you currently use?

Operations

9. Would you like to have an ARI HR professional on your site periodically?
10. Do you need ongoing administrative HR support or just benefits administration?
11. Do you have frequent turnover of staff?
12. Will you require employee recruitment services?
13. Do you require payroll administration?
14. Do you have an employee handbook?
15. When is the last time you conducted a compliance audit?
16. When is the last time you conducted an I-9 Employment Eligibility Verification audit?
17. When is your employee benefits open enrollment period?
18. When, if ever, have you conducted a compensation analysis?

Human Resources Services

During the initial meeting with members of our HR team, we will identify which of the following HR services your organization requires.

Infrastructure Assessment
Analyze current HR systems and policies assess compliance with federal and state laws. Provide recommendations to ensure compliance going forward.
Meet with management to understand organization's strategies, direction, risk, and expectations.
Discuss identified HR issues and challenges.
Review and enhance infrastructure for onboarding, offboarding, and benefits administration.
Review harassment training efforts and ensure compliance with state regulations.

HR Projects
Review and update/publish employee handbook. Ensure acknowledgement forms are signed by employees and returned to HR.
Conduct employee file compliance and I-9 employment eligibility verification audit.
Develop or enhance the performance management system.
Analyze compensation structure and provide recommendations.
Review and update job descriptions.
Provide recruitment services, as needed.
Review / update / create an HR training and performance management system.

Ongoing HR Services
Provide onboarding and offboarding support, including background checks, as needed.
Meet with management, as needed, to address HR/employee relations concerns and assist managers in coaching their employees.
Provide guidance and support as necessary to employees.
Perform annual review of internal policies to ensure best practices and legal compliance.
Provide reporting and analysis as needed, i.e., recruiting trends, turnover stats, etc.
Manage all benefits administration responsibilities, in coordination with established brokers.
Provide payroll support.