

Business Owners Turn to Alternative Hiring Methods

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For many small businesses, the administrative burdens of hiring, managing and paying employees are just too much to contemplate. As a result, many business owners are turning to alternative methods of hiring staff, including something called the “professional employer organization” or PEO.

PEOs are companies that help businesses find and hire people, plus manage such things as health benefits, workers’ comp claims, payroll, unemployment insurance and more. As a business owner, you contract with a PEO to assume these and other responsibilities, allowing you to concentrate on the revenue-producing side of your operations. PEOs establish and maintain an employer relationship with the workers assigned to you and assume many employer responsibilities and risks.

Most small businesses are new to the “human relations” or HR field. But one advantage of using a professional employer organization is that they already have experienced HR pros who can handle benefits, payroll, OSHA compliance and just about everything else you will need. By bringing employees into a larger overall group, a PEO can offer your workers benefits such as health insurance and retirement plans that you’d be hard-pressed to deliver on your own.

Pre-employment testing is another area PEOs can help. Without a screening process, you risk placing the wrong person in the job, leading to lost productivity and costly turnover. PEOs tailor pre-employment tests to predict loyalty to you as well as success on a specific job. The tests aren’t foolproof, but they can have a big impact.

Small business owners often dread the prospect of reading mountains of resumes and conducting interviews for prospective hires. PEOs can reduce this burden and deliver candidates quickly, then handle the paperwork for the new hire. Some PEOs have entire divisions devoted to recruiting and helping small business owners gather information to make the right hiring decisions.

Many entrepreneurs who’ve used PEOs credit the choice with helping grow their businesses quickly. The National Association of Professional Employer Organizations (NAPEO) is an excellent source of information and help. The organization’s Web site describes how PEOs work, the benefits of using one and guidelines for selecting one that’s right for your business and industry. Visit the Web site at www.napeo.org.

To learn more about HR issues facing your small business, contact SCORE “Counselors to America’s Small Business.” SCORE is a nonprofit organization of more than 10,500 volunteer business counselors who provide free, confidential business counseling and training workshops to small business owners. Call the Greater Woodinville Chamber of Commerce at (425) 481-8300, or 1-800/634-0245 for the SCORE chapter nearest you, or find a counselor online at www.score.org.