

## HR Outsourcing – Trend For Today And Way Of The Future

By Lynn Brown, CHRP

Is the trend towards outsourcing HR functions just a passing fad or is it the wave of the future? In today's business environment of reorganizations, downsizing and resources stretched to the limit, more and more organizations are turning to outsourcing as an effective solution to manage their HR function.

Outsourcing can provide a variety of options to address different HR needs. For smaller companies, the question may be how to best acquire specialized or technical HR expertise without incurring large costs. But even large organizations can take advantage of these same benefits to improve processes and implement HR strategies.

In a recent move, CIBC transitioned almost one-half of its HR support staff to the consulting and outsourcing specialists EDS as a means to improve process transactions and communications with a widely decentralized workforce. "We very much saw this arrangement as a way to accomplish new technology," said Hugh MacDonald, Vice President, Strategic Alliance Management, HR Division. "EDS brought additional systems and technology resources which will free CIBC's remaining HR staff to concentrate on employee issues, rather than repetitive, paper-intensive tasks."

EDS has taken over 20 systems and approximately 300 processes including such functions as the HR Call Centre, company documentation, transaction processing and special projects like the assembly of orientation packages for the new employees that came from the purchase of Merrill Lynch's Canadian brokerage business. EDS has also created a new on-line portal that offers self-service advice to the front-line HR generalists in the field and has standardized the computerized HR systems.

After a major reorganization within their administrative offices, The United Church of Canada turned to HR outsourcing. "During the transition, it would not have been possible to manage the workload," said Anne Shirley Sutherland, General Council Minister, Planning and Processes. "We were able to carve off large pieces of HR responsibilities and outsource them. The advantage was you could get specific expertise for what we needed at the

moment—job evaluation, recruiting and compensation—and not have to incur long-term costs."

For small businesses, outsourcing can be a lifeline. "Often in smaller organizations, one person handles a variety of responsibilities—office management, payroll, HR, accounting," says Mark Canes, President, Blue Link Associates Limited. "For us, outsourcing HR brought a higher level of knowledge, experience and professionalism in human resources than we would not have otherwise had. For example, we wouldn't have known about the new changes in the Employment Standards Act. Our HR outsourcing provider brought those to our attention and we were able to make changes to our policies. It's also very cost effective," said Mr. Canes. "We utilize services as we need them. It is very beneficial for things like hiring, performance issues or terminations."

Mike Calderone, owner, Calderone Books, outsourced the entire HR function for his 16-member staff when an increase in "professionalism" was required as the business refocused from a community-oriented small business to a high-volume, high-margin retail outlet with very demanding customers. "Outsourcing added a level of professionalism to the operation." Mr. Calderone said. "We had major staffing problems and had no other place to turn." Calderone Books has outsourced compliance, staff training and day-to-day contact with employees.

As with anything, there are pros and cons to outsourcing. "You certainly get a fresh perspective," said Ms. Sutherland. "Drawing on an external resource can bring a great wealth of experience—targeting what you need at the moment—while effectively managing costs. The disadvantages have been minimal. It takes a while for the individual to get to know the culture, however, that would be true with any new person to the organization. Also, if the person is not there on a regular basis, employees may be disinclined to go to that person for employee-relations type issues. Having a 'good fit' and establishing a long-term relationship can be key."

Organizations of all sizes can benefit from outsourcing. Outsourcing provides flexible options, whether a company is looking to maximize efficiencies, manage a transition or obtain HR expertise on an as-needed basis. In today's climate, this flexibility is likely to become more and more valued by strategic organizations and will prove to be not just another passing fad.

Excerpts from this article were first published in *HR Professional*, July 2002 and in *TLOMA Today*, April 2004. Lynn Brown is Managing Director of Brown Consulting Group, providing HR consulting, outsourcing and training. You may reach her at 416-694-6101 or [lynn@brownconsulting.ca](mailto:lynn@brownconsulting.ca). Visit our website at [www.brownconsulting.ca](http://www.brownconsulting.ca).