



PAYCHEX®

It's time to talk HR with your business clients: A win-win conversation

Your guide to advising clients on much-needed
HR services

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Small businesses and the HR landscape

The complexity and rapid rate of change that define today's HR landscape have many small business owners feeling overwhelmed and uncertain. Issues including health care reform, changes in overtime and minimum wage provisions, and employee benefits only intensify these feelings. In fact, a recent survey indicated that 21% of small business owners were not confident about managing the HR function as a whole (Paychex small business survey, 2017).

Statistics from the survey indicate a significant (and alarming) gap. With more than 20% of small businesses reporting that they are either not confident or not enforcing regulations at all, the need for trusted, reliable HR support is apparent.

So what does this mean for firms?

The simple answer: opportunity. That is, the opportunity to expand the advisor role into the area of HR – helping clients close the compliance/HR gap, so they can focus on growing their business.

What else does this mean for firms?

The time is now for firms to initiate an HR discussion with their clients. By conducting a discovery session – zeroing in on a few key areas where businesses often have HR issues – firms can help shed light on a client's specific HR needs and priorities.



Paychex Small Business Survey, 2017



Why aren't firms taking the lead on talking HR?

Despite great need, many firms simply wait for clients to initiate discussion on HR issues and potential solutions – whether it's employee benefits, retirement or general HR topics. On average, six out of 10 firms rely on clients to bring up HR concerns.

In a 2016 survey, most accounting firms said they are waiting to initiate discussions on specific services, leaving many firms unaware of the potential value-add of proactively recommended HR solutions.



Left to their own devices, most business owners will continue to handle HR obligations on their own, despite lacking confidence to do so. Or worse, do nothing.

Neither scenario bodes well for small businesses, considering the higher risk of non-compliance. Working with an expert to ensure HR compliance across the board is, of course, a far better solution.

So, while understanding the value to business clients, why are firms reluctant to explore potential HR issues and recommend solutions?

A survey among firm leaders indicates that most feel they don't know enough to speak with authority on the subject of HR. (CPA.com and Paychex Study, SourceMedia Research, 2016).

In actuality, accounting professionals have great insight into their clients' businesses that can empower them to make informed recommendations about HR matters. And with direct access to client financials and a deep knowledge of business trends, accounting professionals are well positioned to expand the relationship beyond the numbers. Helping clients navigate the complex terrain of HR further elevates the advisor role and strengthens the client-accountant relationship.



Starting the HR conversation: Benefits for your clients

The benefits for your clients cannot be overstated. Minimizing the risk of non-compliance alone is exceptionally valuable when considering costly penalties. Additionally, because the HR function in many small businesses is still handled manually, the transition to a streamlined, online solution can result in significant time and cost savings. For these reasons and more, diagnosing potential HR-related issues and gaps with your clients brings them great value.

Consider the following:



The value of outsourcing HR: Example of potential cost savings for business clients

Survey results

The leading HR function still performed manually: onboarding and new-hire reporting (Paychex small business survey, 2017).

The value of outsourcing

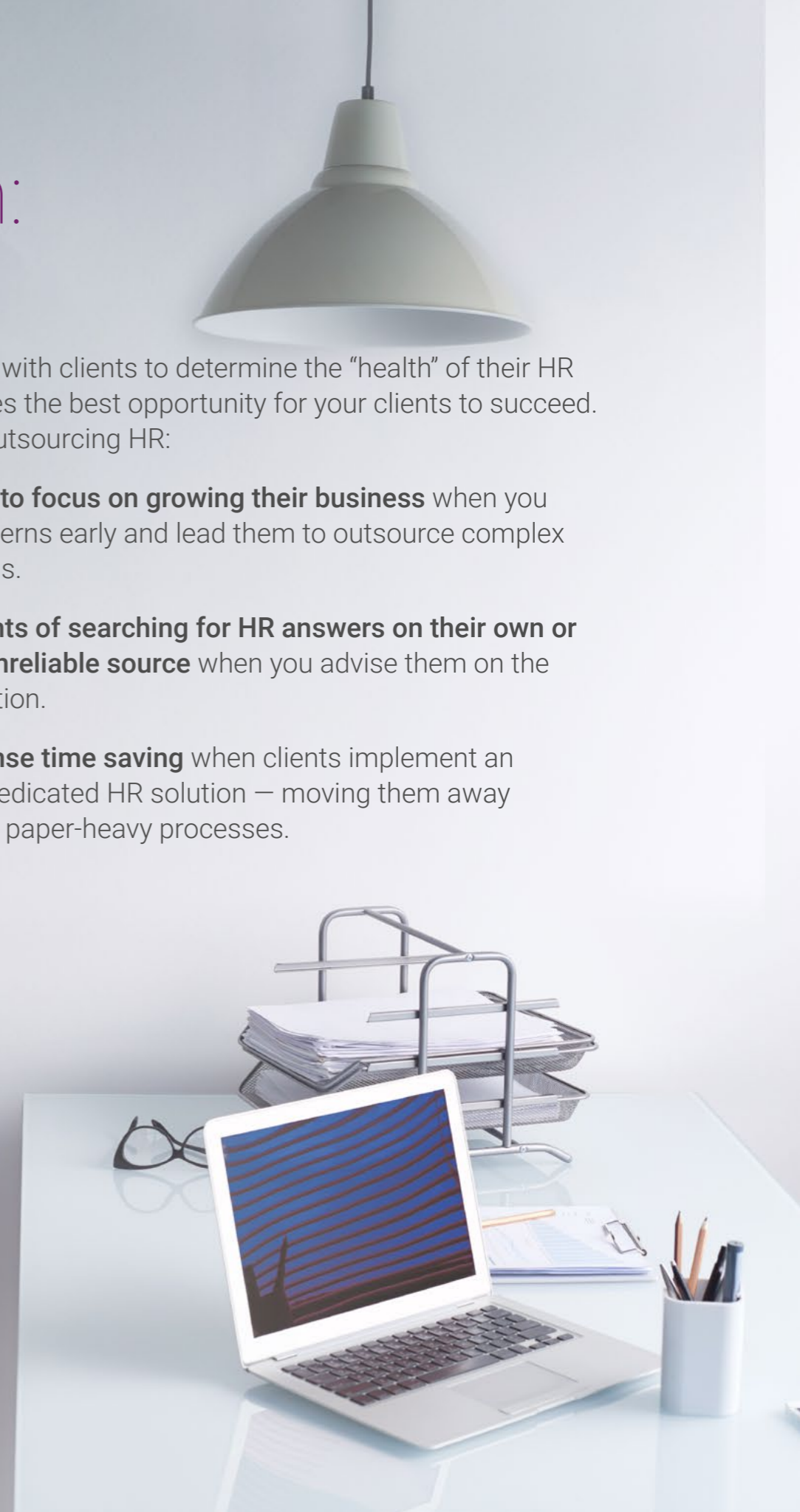
Onboarding and new-hire reporting are two areas where outsourcing can give small business owners an advantage.

For example, a paperless process for Forms I-9, W-4, state withholding and direct deposit could potentially save time, improve efficiency and give small business owners a clear audit trail to help reduce their risk of non-compliance with employment regulations.



Being proactive with clients to determine the “health” of their HR function provides the best opportunity for your clients to succeed. Consider that outsourcing HR:

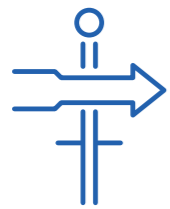
- **Frees clients to focus on growing their business** when you address concerns early and lead them to outsource complex HR obligations.
- **Relieves clients of searching for HR answers on their own or through an unreliable source** when you advise them on the right HR solution.
- **Offers immense time saving** when clients implement an automated, dedicated HR solution – moving them away from manual, paper-heavy processes.



Starting the HR conversation: Benefits for firms

There is no greater benefit to firms than earning the title of the clients' go-to business advisor. The exhausting pace of running a small business leaves most owners turning to their accounting professionals for more support than ever before – including HR. The time has come for firms to be the trusted advisor and navigator for their clients' HR needs.

Initiating an HR discussion with clients can lead to:



- **An expanded advisory role** that opens the door to deeper business consulting conversations.



- **Expanded service offerings into HR** – without having to be an expert.



- **Extended client loyalty and retention** by demonstrating added value and building a reputation for being consultative and proactive.



- **Increased client satisfaction**, leading to increased referrals and up-sell opportunities among clients – translating into more billable hours and revenue.

With all the benefits of expanding services into the realm of HR, adding HR advisory to your client service offering makes good business sense.



Tips for talking HR with your clients

Most firm leaders don't need advice on closing business. It's what you do, and why you've been successful at growing your practice. Confidence in talking HR with clients will build over time as you have more conversations – and also by using the tips that follow in this section.

With all the outsourced HR options available these days, the good news is that you don't have to be an expert. You have to be educated only on the best outsourcing options and understand the key issues affecting your small business clients. Knowledge in these areas makes initiating a conversation about HR much easier.

Understanding the key HR-related pain points for small businesses positions firm leaders to talk about HR with confidence. It also prepares you to ask the right questions and lead your clients in the right direction in terms of HR support.

The following sections offer a road map for discussing HR issues with clients. The key topics included are based on HR industry research and surveys; they are considered the most pressing pain points among business owners today – and often leave a business struggling to keep up.





Attracting and retaining quality employees

This has ranked as a primary challenge for business owners nationwide. In fact, more than \$11 billion is lost annually in the U.S. due to employee turnover (Bureau of National Affairs). To win the battle for top talent, businesses must be able to compete on benefits — including health insurance, paid time off and wellness initiatives, training, development and mobility opportunities.

Suggested discovery questions:

- How do you manage employee turnover (e.g., wage increases, adding employee benefits, exit interviews to understand reasons for leaving)?
- Can you describe your process for attracting talent (e.g, online job postings, job fairs, networking events, etc.)?



Managing employees

The rising issue of “job hopping” among millennials and other generations requires employers to adopt new engagement strategies that instill staff with a sense of purpose and connection to the company’s goals and values. Recent statistics show that only 32% of all U.S. employees are engaged at work, and only 29% of millennials are engaged (Gallup, *How Millennials Want to Work and Live*, November 2016).

Communication is key in managing employees effectively. Employers must clearly articulate policies and expectations and make it clear that staff feedback is valued. Other ways to build engagement and a positive workplace culture include training, professional development, recognition/awards and team building activities.

Suggested discovery questions:

- How do you communicate policies with your employees (e.g., staff meetings, 1:1 meetings, employee handbook, etc.)?
- Are you confident that your employees are 100% engaged? If so, why?
- Do you offer training to your employees? If so, what types? And from where?





Health care offering

It's no secret that health care costs continue to rise. In fact, employers are experiencing double-digit increases in health care costs annually. And uncertainty around changes to the Affordable Care Act only adds to the complexity and stress. Most importantly, nearly 80% of workers report that they prefer new or additional benefits to a pay increase (Glassdoor, *Employment Confidence Survey*, October 2015), making health care a hot button issue that requires discussion.

Suggested discovery questions:

- Are your employees inquiring about medical coverage?
- Are perceived costs preventing you from offering health care coverage as an employee benefit?
- Do you feel that not offering health care is impacting your ability to attract or retain quality employees?



Tax and regulatory complexity

More than 19% of business owners cite tax and federal regulations as the single most important problem facing their business today (CEB, *Small Business Pain Points*, 2015). The complex and sometimes chaotic regulatory landscape is a prime area for discussion with clients – one that can help quell the fear and lead clients to the appropriate solution.

Suggested discovery questions:

- Who in your company is responsible for staying current on regulations?
- Where do you go for answers to regulatory-related concerns and questions?
- How do you keep up with the federal, state and local regulations applicable to your business?



Advise your clients with confidence.

Now that you have a clearer picture of your client's HR function and their need for outsourced solutions or services, you're ready to connect them with a trusted partner who can help them address and manage all things HR. You've just strengthened your relationship with your client, helping them get back to growing their business — all without having to be an HR expert.

Small business owners started their enterprises because they have a passion for what they do — certainly not because they enjoy dealing with complex HR tasks. Your clients will continue to look to you, their advisor, for guidance on all aspects of operations. And that means going beyond reports and statements to be everything your clients need you to be — an advisor across all areas of business.

Take the time to understand the best outsourced HR solutions, and then bring this information to your clients — before another firm does.

Take the lead in talking HR with your clients today! We can help you.

Learn more about Paychex:

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Call:

877.264.2615

