


Optimize HR for Business Growth

A blueprint for securing and retaining top talent

Presented by:
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TALENT



Your greatest
DIFFERENTIATOR

Your greatest
LIABILITY

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The Problem

HR in Small Business:

- Fragmented
- Reactive
- Complex

The Result:

- Increased cost
- Increased employee-risk
- Diminished employee experience



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NFIB Small Business Jobs Report

Despite higher wages, small businesses face major challenges in attracting qualified candidates.

53%

of small business owners are hiring; 87% of those report few or no qualified applicants.

40%

have unfilled job openings.

38%

reported raising compensation in effort to retain and attract key employees.

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Source: National Federation Independent Business – March 2025

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The war for GREAT talent is STILL REAL!

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Employee Engagement Data - Gallup

31%

Lowest in a decade!

52%

...but most employees are not engaged

17%

...are actively disengaged!

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*Source: Gallup

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Reasons for Disengagement



Lack clarity about expectations from managers



Don't feel connected to company's mission or purpose



Receive little to no recognition for hard work



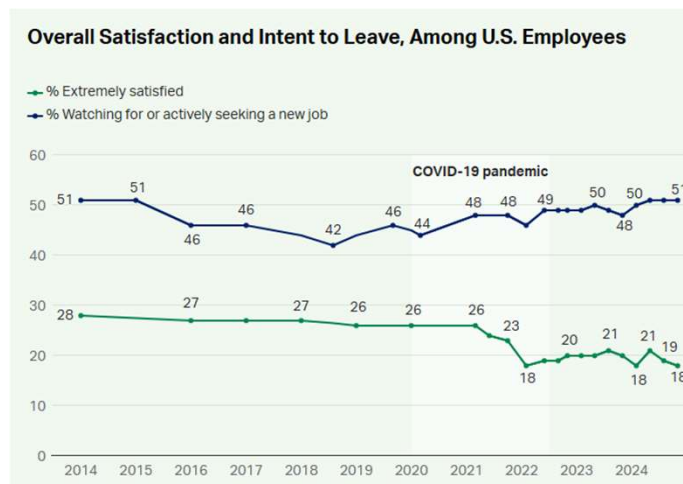
Receive little career development



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The Great Detachment



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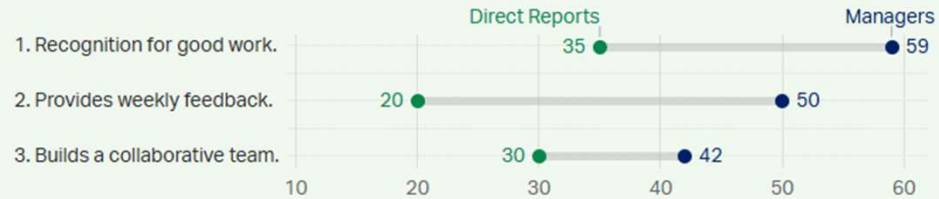
*Source: Gallup

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Blind Spot! Manager Feedback & Recognition

Are managers delivering on these key behaviors?

% strongly agree



WF Q3 2023, U.S. Employees; Manager MOE: ±3 points, Individual Contributor MOE: ±1 point



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*Source: Gallup

Absenteeism

A habitual pattern of absence from work

50%

of the 550 million lost working days in the U.S. are STRESS-related

\$30 Billion

Approximate cost of lost work days related to stress yearly

Presenteeism

The occurrence when a worker is physically present in the workplace, but lacks productivity

60%

of workers attribute reoccurring instances of presenteeism to STRESS

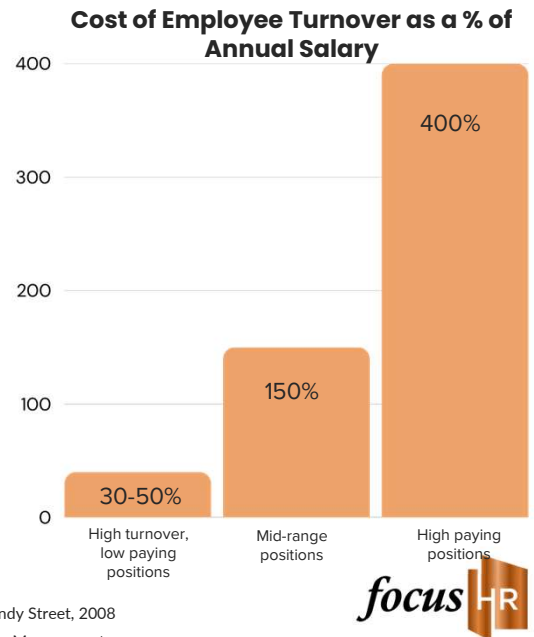
\$200 Billion

Approximate cost of lost productivity resulting from presenteeism in the U.S. yearly

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Employee Turnover

- In US companies, employee turnover already costs **\$160 billion a year***
- Average mis-hire **costs 15x** annual salary**
- SHRM estimates replacement costs at **50%-60% salary**, with overall costs ranging anywhere from 90%-200%.***
- Consider...
 - Separation Costs
 - "Distraction" Costs
 - Replacement Costs
 - Impact on team & customers



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**Source: "Who", by Geoff Smart & Randy Street, 2008
 *Source: Forbes.com ***Source: Society of Human Resources Management

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Employee Engagement – It's all Bottom Line!

- Disengaged employees = **15% lower profitability** for a company! Forbes
- This equates to 34% of a disengaged employee's salary. Considering the average salary of \$47,000, this means your company could be losing nearly **\$16,000 per disengaged employee per year.** Forbes
- Companies with highly engaged employees are **21% more profitable** and **17% more productive.** Harilo
- Gallup - highly engaged workplaces witness **41% lower absenteeism.**

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Is there a better way?

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HR Blueprint for Small Business

Recruiting &
Selection –
“Get Them”

Leadership &
Culture –
“Inspire Them”

HR Operations –
“Keep Them”

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Buyer's Remorse?

- Nearly **38% of employees quit** within the first year.
 - Of these, 30-40% leave within first 90 days*

43%

Role doesn't meet their expectations

34%

Due to specific incident

32%

Company culture isn't a good fit.



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*Source: WorkInstitute

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Traditional hiring is fundamentally flawed

- Lack clarity about what is needed in a job
- Have a weak flow of candidates
- Don't trust their ability to pick out the right candidate from a group of similar-looking candidates
- Lose candidates they really want to join their team



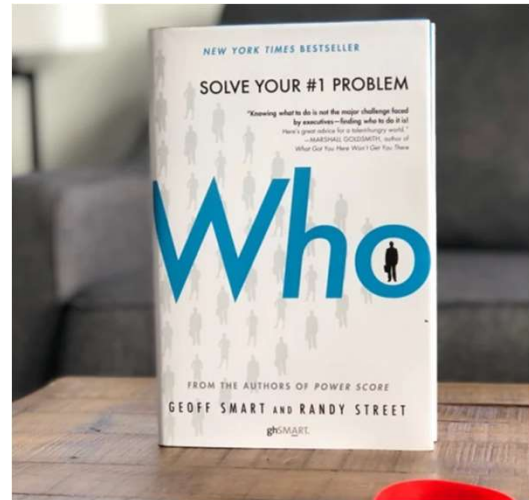
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*Source: WHO, by Geoff Smart & Randy Street

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The “A” Method for Hiring

1. Scorecard
2. Source
3. Select
4. Sell



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Recruiting & Selection Process – Summary

Time – worst enemy

There's no "one" way

Leverage technology/
automation

Create the playbook,
then consistently follow

Test & Measure –
continuously refine the
process

Define and convey
Employee Value
Proposition



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Culture Defined

- Shared goals, values, principles, and ways of working among employees.
- Strong cultures include:
 - Positive work environment
 - Employee recognition
 - Opportunities for growth & learning
 - Respect for each other
 - Communication & escalation methods



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Values Drive Culture Culture Drives Value

“It is harder for competitors to imitate a deliberately crafted business culture than it is for them to copy a product. And when your business culture underpins your offering...you build unrivaled differentiation for your business and your product.”

-David Lapin, Author – Lead by Greatness

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Quick Culture Assessment

- **Observe & Analyze Behavior**
 - Indicators – Absenteeism, Productivity, Turnover, etc.
 - Qualitative – Observe team dynamics, leadership behavior, work practices, conversations with trusted employees, etc.
- **Collect Employee Feedback**
 - Anonymous surveys, 1-on-1 interviews, focus groups, etc.
 - 3rd party facilitation is helpful
- **Review Company Policies & Leadership Practices**
 - From onboarding to L&D to conflict resolution – look for “friction” points.
- **Act on Feedback & Findings!**
 - Going “through the motions” without enacting change will fracture trust.

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Culture and the Bottom Line

- Major study (11 yrs, 200 companies), found those with best cultures increased revenues by **682%** and NI growth by **756%!***
- During the same period — companies WITHOUT a thriving company culture grew only 166% percent in revenue.
- **47% of people** actively looking for a new job pinpoint company culture as the main reason.

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*Source: Forbes.com — John Kotter/HBS study



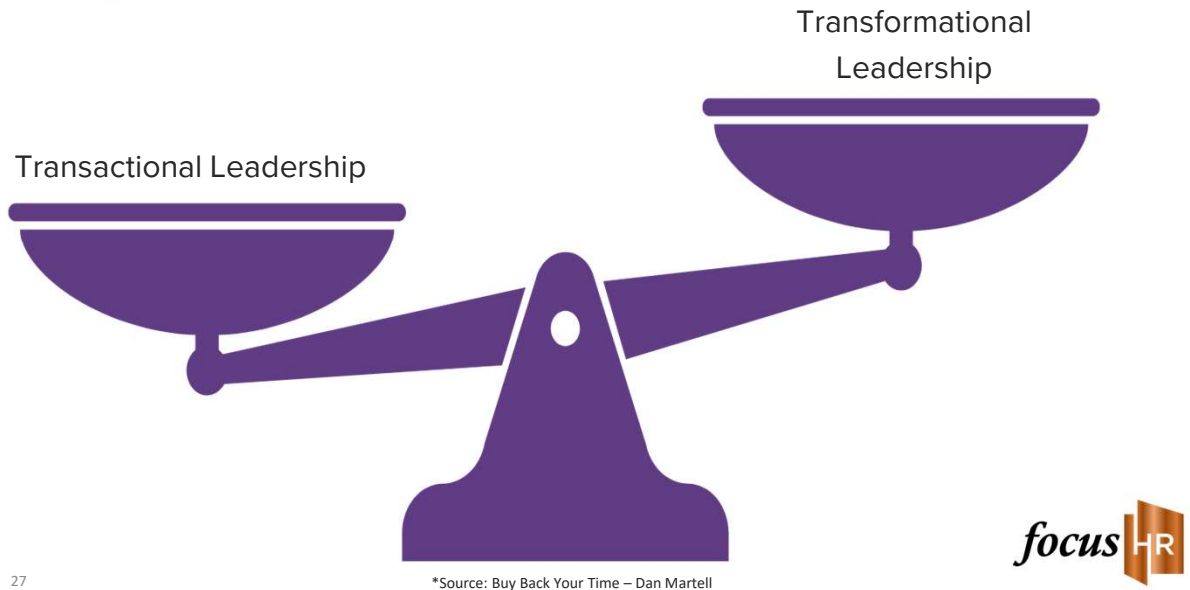
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Develop Inspiring Leaders

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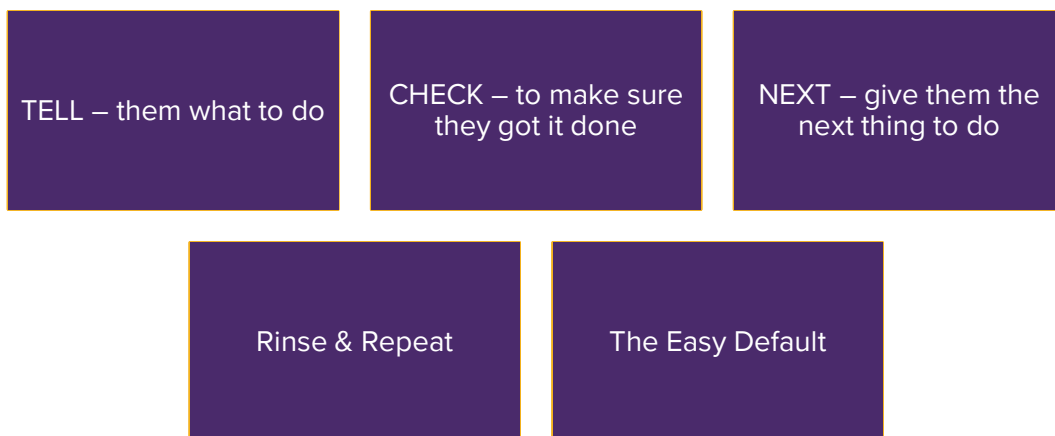
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Contrasting Leadership Styles



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Transactional Leaders



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Character Traits of Transformational Leaders...

- **Purpose-Driven** – Start with WHY, driven by clear sense of purpose
- **Authentic** - Understand their own value-drivers and make decisions that are authentic and aligned to their purpose
- **Self-Mastery** – Master their self-control and lead according to their value-drivers.
- **Humble** – Display a strong sense of confidence and self-esteem with no trace of ego or arrogance.
- **Vulnerable** – Accept their dependence on others for their own successes
- **Generous** – Create an environment in which others feel emotionally safe enough to be generous in their work
- **Aware** - Have a heightened awareness of the lenses of others
- **Wise** - Access the wisdom within themselves to manage almost any situation with competence



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*Source: Lead by Greatness – David Lapin

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HR Operations

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The Burden of Administrative HR

Human Resources

- Employee Handbooks
- P&P, Hiring/Firing
- Pre-Employment Screening,
- Training & Development
- Unemployment Claims
- Labor Law Compliance
- Workplace Conflict

Employee Benefits

- Open Enrollment
- Benefit Eligibility
- Change Elections
- COBRA/Mini-COBRA
- HIPAA
- 401(k) Admin
- ERISA Compliance
- 5500 Filing
- Census & Prep Testing
- Annual Audit

Workers' Comp

- Policy
- Procurement
- Deposit
- Audit
- Claims
- Hearings
- OSHA Log
- Safety Training
- Claims Admin
- NCCI Code Classification

Payroll

- Processing
- Payroll Taxes
- 940/941s
- W-2/W-3s
- PTO & Sick Leave
- Reporting, Garnishments
- Time & Attendance

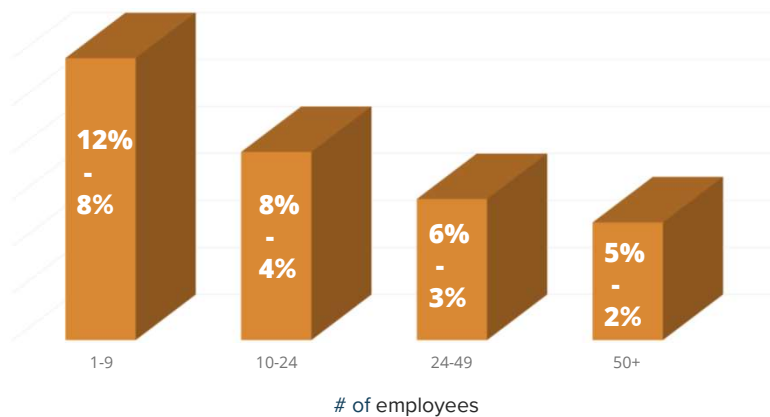


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The Real Costs of Administrative HR

Administrative HR costs
as % of gross payroll

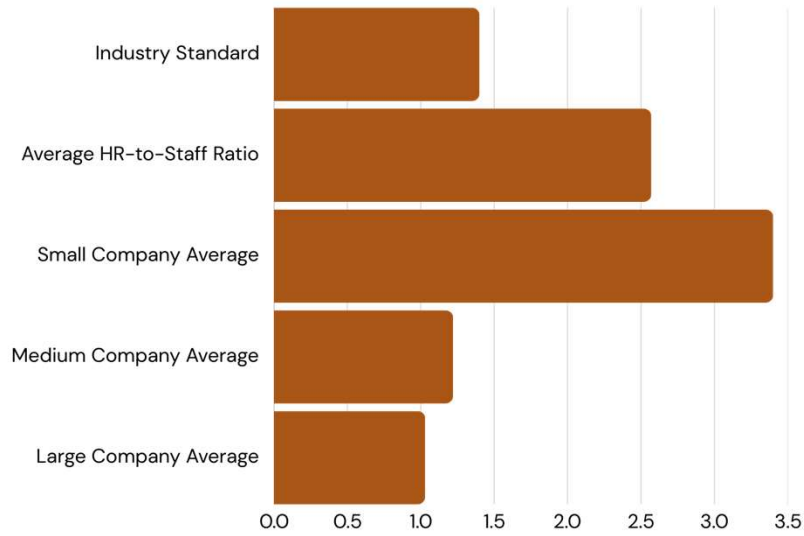


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Source: U.S. Dept of Labor, SBA, U.S. Chamber of Commerce

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HR Overhead (Staff) Per 100 Employees



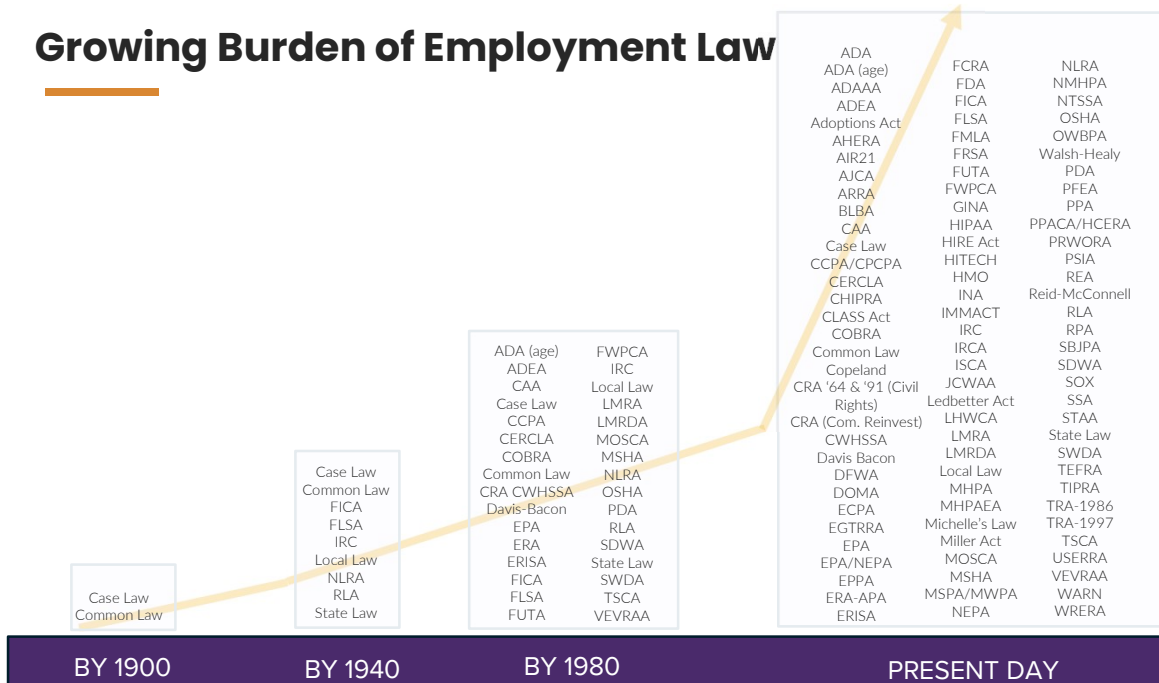
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*Source: SHRM, Indeed



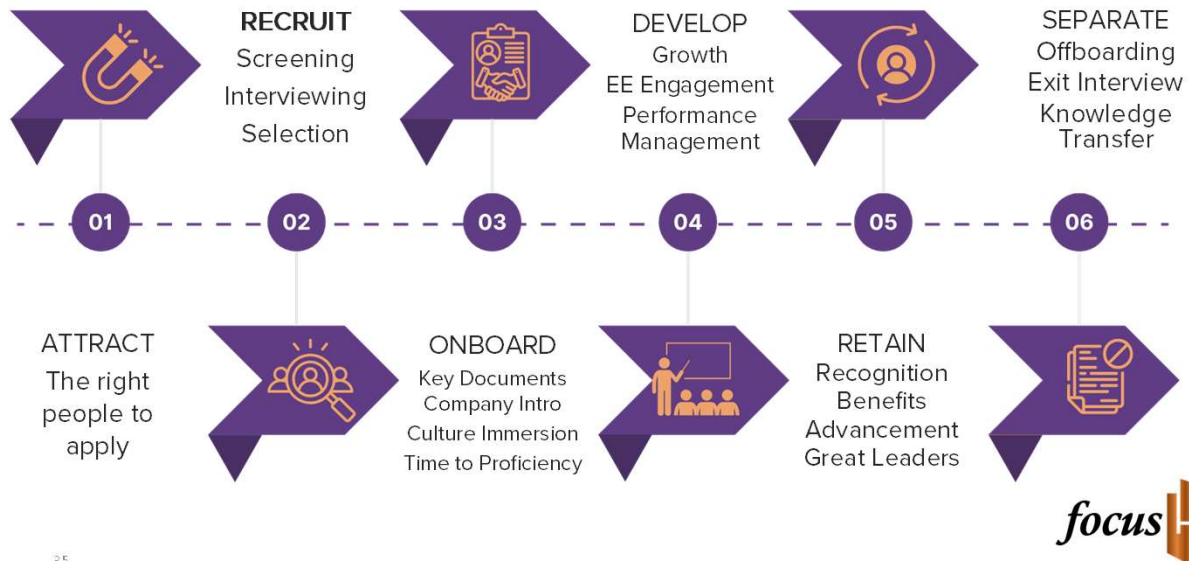
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Growing Burden of Employment Law



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Employee Lifecycle

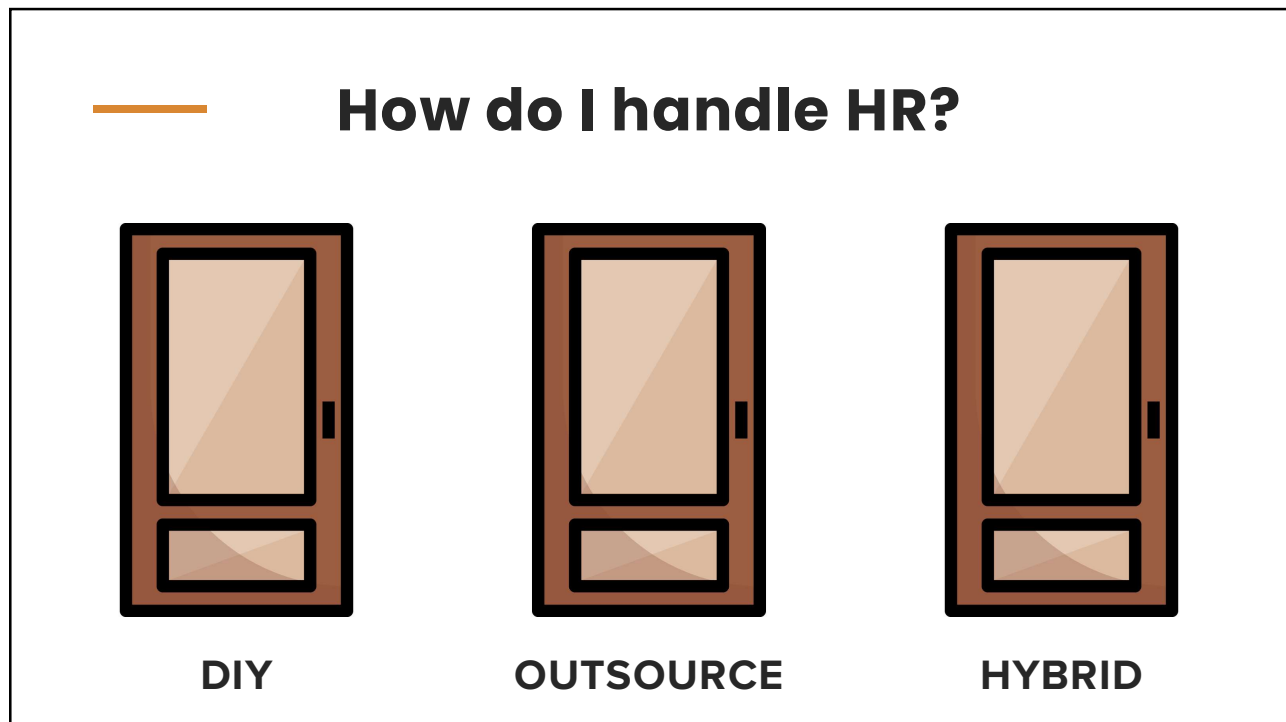


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Leverage HR Technology



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Outsource vs Insource (DIY)

Outsource

- Economies of Scale
- Access to Expertise & Technology
- Scalability and Flexibility
- Free up internal resources to focus on core business
- Avoid challenges of staff turnover

Insource

- Control & Customization
- In-Depth company knowledge and relationships
- Confidentiality
- Direct communication
- Combine job duties with other roles



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Trends in Outsourcing

60%

of businesses worldwide outsource HR,
up from 50% in 2021

61%

of companies outsource payroll, up from
45% in 2018

27.3%

Average ROI experienced from
outsourcing HR

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Source:
Professional Employer Organizations: Keeping Turnover Low
and Survival High | McBassi & Company | 2014



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3 Actionable Takeways:

1. To what degree does our current HR structure attract and retain the caliber of talent we need to win in the market?
2. Do our HR policies and compliance efforts actively mitigate our employee-risk in a way that creates confidence and peace of mind?
3. Is our current approach to HR optimized for efficiency and managed in a strategic, proactive manner? If not, what steps are necessary to ensure this changes?

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HR Health Check

- Only 5-7 minutes to complete
- Also find at focushr.net/hrhealth
- Feel free to contact me:
 - 520-721-6777
 - clint@focushr.net



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