

# A Hat Too Many: How Financial Executives Are Carrying the Weight of Human Resources

Financial Executives of companies with fewer than 100 employees often find themselves with the responsibility of managing Human Resources. In fact, a recent Robert Half Management Resources study found that 19% of responding CFOs not only said they have been more involved in human resources in the past three years, but that it is typically outside their scope of expertise.

As a business owner, would you rather have your CFO spending valuable time dealing with day-to-day HR issues like updating policies, dealing with sticky terminations, managing performance, tracking leave, and the multitude of other HR issues and administration vs. focusing on the financial health of your organization? Probably not.

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source: Robert Half Management Resources study

But with Financial Executives gradually becoming more involved in the HR decision-making process, there is a greater need to look at solutions beyond hiring a full-time HR professional. The cost of adding headcount may



CFOs are spending more of their time on human resources issues, according to a study by Robert Half Management Resources

be an unnecessary burden when there are other alternatives that can bring a breadth and depth of HR technical and strategic experience to the financial executive's finger tips.

Human resources is much more than compliance, payroll and benefits, yet these are often the drivers behind why financial executives end up with HR oversight on their desks. However, this design can lead to the neglect of strategic areas of HR due to lack of time and/or expertise. Recognizing that people are the most important asset of an organization, it is critical to have an emphasis on performance management, career development, culture, and teamwork. Each of these have a tremendous impact on the bottom line, and if done effectively, eliminate or mitigate employee relations issues and

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*- Jon Spencer, CFO, COO & Principal, Solutions YES*

potential risk.

## One CFO's Story

Jon Spencer, CFO at Solutions YES, a small business in Portland, Oregon, found himself managing Human resources on his own. However, after

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having worked closely with HR professionals in previous positions as Chief Operating Officer, he understood the importance and basics of human resources, but acknowledged, “It wasn’t my area of expertise, and anytime I could get help from professionals it was very much in my best interest.”

With his primary role as CFO, Jon was able to take care of basic HR paperwork related to hiring, payroll and terminations, but his major struggle was finding time to keep up with frequent changes in employment law. Spencer recognized, “It’s not my strength and I believe if you mess up in one or two key areas of HR it can be real troublesome for the organization.”

**Jon’s Solution to His HR Needs:**

A lack of human resource expertise is a challenge for many organizations, but what is the solution? Typically, it boils down to hiring internally or using a third-party resource. To determine which direction is best, it’s important to consider company growth projections, number of employees, amount of control desired, and company culture.

For small businesses like Solutions YES, with 15 employees, it may not be realistic to hire a human resource person internally, considering the additional payroll costs, supervisory issues, and potential lack of a consistent work load. An outsourced solution often provides the HR technical and strategic expertise as needed, at a much lower cost than hiring internally. Spencer stated, “It made the most sense to focus on what I do best and outsource. I will still hold on to certain critical elements, but for the things I’m not best at, I will leave those to my HR provider.”

There are several options for human resource support. For Spencer, the best solution was to outsource as much as he could to a single vendor for efficiencies in expertise, time and cost. He ultimately decided to partner with a local Professional Employer Organization (PEO), Xenium. In this model, Spencer was able to get not only the ongoing day to day HR Management support and expertise he needed for himself and his employees, but also the administration of payroll, group health benefits, workers’ compensation and 401(k) programs.

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Spencer explained, “In finding Xenium, a professional, helpful and affordable organization, I recognized I could tap into professional HR resources to take that critical responsibility off my plate.”

By outsourcing so many human resource functions, Spencer has been able to spend his time more efficiently in ways which provide significant value to his company. Since implementing this program, Solutions YES has been faced with HR-related issues that Jon acknowledges would have been a struggle but, “Fortunately, I’ve put myself in a position where as those things come up I simply

revert to my resources, and it’s been a great help.”

Even for general human resource routines such as hiring, termination, employee handbooks and benefits, in which Spencer has knowledge, he feels more comfortable allowing Xenium to handle it as they have a greater level of expertise and best practice knowledge. With an outsourced relationship, there is often the fear of losing control, but Jon believes, “There’s enough control where I can hand things off with confidence and feel that it’s going to get done properly. I don’t have to worry about it.”

When choosing to outsource human resource functions, a very strong partnership still exists between the HR service provider and CFO, just as there would be with an internal HR hire. A PEO or HR service provider, like Xenium, works closely with clients to gain a holistic understanding of the business needs to ensure that the scope of service brings immediate value. Cookie-cutter programs won’t work - some companies may need systems developed from the ground up, like new hire processes and performance management programs, yet others may be further developed and simply need the technical expertise when a critical event occurs. In both cases, the Xenium outsourced model provides flexibility to move from one project to the next with greater efficiency, expertise and bandwidth.

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*Xenium is an HR services company located in Tualatin, Oregon servicing companies with 10 to 1,500 employees. Xenium’s Professional Employer Organization (PEO) gives small and medium-sized companies access to integrated services such as HR, payroll, group health benefits, 401(k) and workers’ compensation.*