The Desert Sun Business Review
A GUIDE TO GROWING YOUR BUSINESS IN THE COACHELLA VALLEY
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Richard Sherwood's Cathedral City-based Innovative HR Solutions helps big and small companies across the country gauge how their employees are feeling and what they're thinking.

Jordan Freeman's American Computer Response helps Coachella Valley companies set up computer networks, tend to maintenance or get out of jams.

And at MCWNetworking.com in Palm Desert, Michael Thomas and a group of colleagues specialize in helping companies with wireless networking and security, backup and storage, or protection from spam and viruses, among other computer-related services.

All three consulting firms handle specialized tasks for companies that may not have the in-house expertise, time, resources or inclination to tackle certain jobs with current staff. These consulting firms often work with businesses that are really good at what they do but opt to pay experts to handle other areas such as human resources and information technology.

For many small-and medium-sized companies in the valley that are trying to establish themselves or navigate various stages of growth, decisions about whether to invest in staff and equipment versus outsourcing can be a tough call.

Sherwood said companies looking to outsource various tasks seem to be looking more and more for firms with a niche, that specialize in an area and can provide services for a competitive price or even cheaper than could be done in-house.

"Many companies today are really looking to ferret out issues and concerns at the lowest cost possible," Sherwood said.

Some growing companies simply decide whether to outsource based on a blanket approach, consultants said. They may outsource all functions that are not specific to their business, for instance, which allows them to pour resources into what they perceive to be top priorities.

Since Freeman started American Computer Response two years ago, he has established relationships with a wide range of clients in the Coachella Valley.

"In the course of a day I'll go to a construction office, an accounting firm, an attorney's office, and I might end the day at a restaurant-bar taking care of their point-of-service terminals," Freeman said.

Freeman sometimes urges small-or medium-sized firms wanting to hire an outsourcing firm to start out slow. That may mean tapping outside expertise just a few hours or few days a month, then adjusting by hiring more outside help as they grow, he said.

Some companies choose to outsource IT services because they can tap a skilled pool of computer specialists - often the same caliber that competing big corporations employ - for far less than it would cost to hire full-time IT workers, Thomas said.

MCWNetworking.com sets up computer infrastructure enabling clients to be serviced from a remote location, Thomas said, an approach that can help assure relatively short response times when problems occur.

"It really gives them a presence in their office that they would have with their own IT person," said Thomas, who estimates most companies need about 100 workstations before warranting full-time IT personnel.

"The way we look at it, we take those small- and medium-sized businesses and group them together as if they were one," Thomas said. "We're sort of pooling their resources and giving them an IT staff that a large company would have."

Instead of hiring accountants, attorneys, benefits specialists and human resources specialists, many small firms are turning to consultants and so-called professional employee organizations, particularly as state and federal regulations become more complex.

Spinning Off HR

Small businesses on average doled out about $7,647 per employee in 2004 to comply with federal regulations, the U.S. Small Business Administration reported.

Payroll, human resources, compensation, planning and special projects such as affirmative action initiatives are among the most outsourced functions, Sherwood said.

Innovative HR Solutions has found a niche providing employee surveys that can help small to big firms avoid costly turnover issues. The firm's questionnaires and exit interviews sometimes help businesses decide which characteristics job candidates should have in order to succeed.

Electronics maker Samsung looks to Innovative HR Solutions to survey employees at offices stretching from Canada through Mexico, for example. San Francisco-based private construction firm Swinerton turned to Innovative HR Solutions when it wanted to do its first online employee survey.

"It's important that executives keep a pulse on employees, whether the economy is improving or it's more challenging," Sherwood said. "If you want to look at benefits, compensation or employee-manager relationships or leadership, surveys are a great way to do that. More importantly, we can provide benchmarking year over year for clients. It's a great way to hold managers accountable, and you can start to see any trends."

A recent study by Toronto based research firm Environics found that outsourcing payroll typically saved small businesses one-third of the time it takes to manage payroll operations, about a $939 annual savings.

The popularity of outsourcing human resources work is evident because it has become a $52 billion industry worldwide and one that will jump to $75 billion by 2009, according to Boston-based research and consulting firm Yankee Group Research Inc. The sector is expected to grow about 10 percent annually over the next decade.

Thomas said successful outsourcing often comes down to working closely with clients, particularly when it comes to IT outsourcing.

"The big thing is keeping people out of trouble and keeping their systems in shape - being able to answer their questions," Thomas said.

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