



The HR Buyer's Guide

Everything you need to know to choose the right type of HR support for your business.

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How HR affects your business' success

If all of your people left tomorrow, how long would it take for your business to grind to a halt? Not long at all.

People are your company's biggest asset

It might be tough to see that sometimes. You're probably thinking that they're your biggest headache too - and you're not alone in thinking this.

Because of this, you can easily overlook their contribution to your business, when compared to other physical assets. Employees don't show up as an asset on the balance sheet, after all.

But despite your potential grumbles about your team, you know deep down that your team is the beating heart of your business. You know you wouldn't be able to do it without them. And you know how difficult they can make things when they're not happy.



What looks after your people?

It's HR.

These days, HR is so much more than just contracts, policies and legal compliance.

It's how to get the best performance out of your team, for the benefit of the business, by getting the tricky things right. Like culture, engagement, motivation and your team's happiness, mental health and wellbeing.

The next time you overlook these things, you'll be directly damaging your business' ability to succeed. Bad HR, bad people management and an unhappy team **WILL** have a knock-on effect on your bottom line.

People, culture and business success go hand-in-hand. And HR is there to make sure all of this works together.

As a result, HR is a fundamental aspect of not just your operations, but also your strategy for growth too.

The cost of HR when it goes bad



Everyone loves to feel thrifty and save money where they can. If there's a cost you can get away with not paying for, then why 'waste' your money? And running your business is no different.

When you understand the cost of HR when it goes bad, you might think a little differently though.

Take car insurance. You wouldn't decide to cut costs and not pay for your car insurance, would you? That's because you know how expensive car repairs and personal injury claims can be. As much as you probably begrudge paying the small monthly amount for it, it's excellent value and protects you from having to pay thousands of pounds should you be in an accident.

HR is no different. Especially when the cost of HR gone bad is potentially ruinous to some companies.

In the 2019-2020 financial year, a staggering total of 9,100 claims were escalated to an employment tribunal. And there are currently 44,000 cases still unresolved. 44,000! How crazy is that?

The table below lists the value of awards paid out to employees at employment tribunals. This is just the award itself, and doesn't take into consideration the hours of an HR consultant's time you'll need to pay for to support you through this process.

Consider the average grievance; before it even gets to a tribunal stage, it takes around 10-15 hours of HR time. You can see the cost of HR gone bad soon adds up.

The Ministry of Justice's employment tribunal quarterly statistics for 2019/2020:

	Maximum Award	Average Award
Unfair Dismissal	£118,842	£10,812
Race Discrimination	£30,330	£9,801
Sex Discrimination	£73,619	£17,420
Disability Discrimination	£265,719	£27,043
Age Discrimination	£243,636	£38,794
Sexual Orientation Discrimination	£96,645	£27,936

You may think that this will never happen to you or your business. But in today's world, it can be very easy to say and do the wrong thing. And it's very easy for small cases to be quickly escalated to the employment tribunal stage, if not handled correctly.

This is why good HR is so vital to your business. And is a much cheaper and smarter option.

The price of good HR support

There are several ways an independent HR consultant or consultancy can charge for services:

1

Hourly

Depending on what type of support you need, your HR consultant may suggest that an hourly rate is best and will give you an estimated time. They will then invoice you for the time actually spent completing the work.

2

Daily or half-rate fee

Again, this is dependent on the type of support you need. If your HR consultant needs to visit your office, they may suggest that a daily, or half rate fee will be a better option for you.

3

A project rate

This is typically for longer-term assignments, such as writing contracts, handbooks and policies, or working on a set project or case. How you pay for a project could differ, depending on your HR consultant. You may decide to pay when certain milestones are completed, or pay once the project has ended.

4

A monthly retainer

If you would like full-service HR support on an ongoing basis, your HR consultant may suggest coming on board with a monthly retainer. Typically, this is the most affordable option and is more cost effective than hiring an internal HR manager, or training a member of the team to cope with these additional responsibilities.

Here are the typical prices you might see:

Hourly rate:

Between £70 - £150 depending on the HR consultant

Daily:

Between £500 - £1000 depending on the HR consultant

Monthly rate:

On average, £200, depending on the size of your business and the number of employees you have.

This is what we charge:

Hourly rate: £70-85

Daily: £550

Monthly rate: On average, £200

Looking at these prices, they seem very reasonable compared to the potential cost of HR gone bad.

Why outsource your HR to an independent consultancy

If your business needs HR support, there are four ways to get it:

1. **Train an existing team member to look after HR alongside their usual duties**
2. **Hire an internal HR manager**
3. **Outsource to a big HR company**
4. **Outsource to an independent HR consultancy**

There are pros and cons to each level of support and you'll need to make a decision that's best for you and your business.

Train an existing team member to look after HR alongside their usual duties

For smaller businesses, this might seem like the obvious option. You don't have to hire someone new and you don't have any outsourcing costs.

If you're thinking about this route, you'll need to ensure this person is properly trained to provide your business with the protection it requires from 'HR gone bad'. As you're aware, if HR is handled incorrectly, it can be escalated incredibly quickly with potentially ruinous results.

The training of this team member will of course have its own costs and it may take some time before the individual is at the level required to look after your business's HR.

Typically, the biggest risk to a company that opt for this option, is that the individual is new to the role and doesn't have the knowledge and experience that a dedicated HR consultant may have. And this could cause problems down the line.

Hire an internal HR manager

The biggest advantage to this is that your business has a dedicated person to look after your HR, on a part-time or full-time basis.

If your business feels like this is the best route to take, you'll need to consider hiring costs, continued training costs to ensure this person is fully up-to-date with the latest HR laws and developments, and the cost of their wage.

Typically, most companies do not need a dedicated in-house resource like this. So, the costs associated with this hire aren't worth it.



Outsource to a big HR company, that typically provides “call-centre” style support

There are lots of big HR companies out there that provide very affordable HR packages. And the way they can keep costs low is by having a centralised call centre to provide you with advice when you need it.

Instead of working with just one consultant, or a team of small consultants, you dial in to the call centre to get the advice that you need.

For some companies, this works. For companies that want a more personal service and a more strategic partner, this doesn't.

We've also seen a lot of businesses move from bigger HR companies to independent HR consultants during the pandemic, as they didn't receive the 'on the ground' support they needed to get to grips with the lightning-fast changes.

The type of HR support you need, determines whether you think a big HR company like this will provide you with the service you deserve.

Outsource to an independent HR consultancy

If your business wants the benefits of dedicated in-house resource, but without the associated costs and responsibilities, then outsourcing your HR to an independent HR consultancy is probably the best option for you.



Here are the advantages of working with an independent HR consultancy:

Trustworthy relationship – by working with an individual consultant, or a small team, you'll build a better working relationship. You won't have to explain the nuances of your management, your team or your business because they'll already know, and will deliver a more personal level of support as a result. They'll also be able to work with your business as a strategic partner, helping you turn HR into a tool to grow income and profits.

Skills and knowledge – independent consultants eat, sleep and breathe HR. They're experts and you'll benefit from their years of skills, knowledge and experience.

Increased legislative compliance – because HR is what they eat, sleep and breathe, independent consultants are at the forefront of employment law and legislation. They know it inside out and will be able to ensure your business is, and stays, compliant, even during a time like COVID where the rules changed daily in some cases.

Efficiency and saving management time– if you do something every day, you're going to be the most efficient person for the job. Independent HR consultants know how to get the job done quickly, effectively and most importantly, accurately. This not only saves you costs if being charged by the hour, but also hours of your own management time having to deal with HR stuff you don't need to.

Reduced costs – compared to hiring an internal resource and the cost of 'HR gone bad', the price of working with an outsourced HR company provides fantastic value for money.

What makes a great HR consultant?

Believe it or not, you don't need any specific qualifications to call yourself a HR consultant. The HR industry in the UK has no regulatory body either

So how do you know if they're up to the job?

Many HR consultants are CIPD-qualified and this is a qualification that you should look out for. The CIPD is the Chartered Institute for Personnel Development and is the governing body for HR professionals. By using a HR consultant who is a Chartered Member of the CIPD, you can be reassured that they have the required skills and experience.

Here are the different levels of CIPD qualifications:

- Level 5 Diploma in Human Resource Management
- Level 5 Certificate in Human Resource Management
- Level 5 Diploma in Applied Human Resources
- Level 5 Award in Human Resources
- Level 7 Diploma in Human Resource Management
- Level 7 Certificate in Human Resources
- Level 7 Award in Human Resources

Only the CIPD Level 7 Diploma will allow you to gain the prestigious CIPD Chartered Member (MCIPD) or Chartered Fellow (FCIPD) status.

On top of these qualifications, you're also looking for a consultant that understands your business, industry and your business goals.

Good HR consultants aren't just there to make sure you're legally compliant; they're there to work as a strategic partner in your business, helping you overcome people challenges and get the very best out of your team, in any project or situation.

How can a HR consultant help your business?

Here's a list of services an independent HR consultant can typically help you with:

- ✓ Legislation
- ✓ Employment law compliance
- ✓ Contracts
- ✓ Recruitment
- ✓ Driving down the cost of recruitment
- ✓ Onboarding
- ✓ Employer branding
- ✓ Mental health and wellbeing
- ✓ Managing payroll
- ✓ Employee benefits
- ✓ Holiday management
- ✓ Training and development
- ✓ Safety compliance



If you'd like a more formal 'job description', here's what the CIPD says a HR consultant can do:

- Advising management on the administration of human resources policies and procedures
- Leading, managing and influencing other members of the team and employees across the business
- Serving as internal consultants by analysing a company's current HR programmes and recommending solutions
- Improvising and adapting to organisational changes as and when they arise
- Developing, revising, and implementing HR policies and procedures
- Ensuring HR programmes and services are in compliance with established policies and procedures and UK laws and regulations
- Preparing and maintaining reports and business plans related to specific HR projects
- Assisting with the development and coordination of recommended changes regarding workflow
- Developing methods for compiling and analysing data for reports and special projects
- Conducting audits of HR activities to ensure compliance
- Presenting training sessions related to specific HR programs
- Building relationships both with employees and clients
- Working with HR systems and IT programmes i.e., payroll, Excel etc.

Source: <https://pmjobs.cipd.co.uk/>



Don't take our word for it: Here's what our clients say

"I love our clients. They always have such wonderful things to say about us."

I placed Helen with a client of mine to sort their HR practices and department out. She did so with style and created huge stability in the team as well as custodial support before an MD was hired to support the founder. She implemented systems and processes and ways of working, to bring structure, but with a light touch that worked for a small business. She also helped me with some HR Legal advice for another client, she was generous and sensitive and she is extremely very well informed – and she so knows her stuff. She also happens to be brave and kind.

Aisling Westerdijk July 2023

About us

Let me now properly introduce my business.

Our name derives from the Starfish Story, a tale of a man who walked by the seashore and saw a girl throwing starfish back into the ocean. He asked why she was doing it and she replied that, with the sun up and the tide going out, the starfish would soon die if she did not act. Perplexed, the man pointed out that there was a long stretch of beach likely with many starfish and she didn't stand a chance of helping them all. Smiling, she threw another into the sea and said: "I made a difference to that one". This story provides tremendous insight and is an astute reminder that we each hold in our hands the power to change a mind, situation or life at any time we please. Starfish People HR nurtures this innate ability to have a positive impact on the outcome of challenges in the workplace because it's a precious commodity. We embrace this ethos and for us, the reward is in witnessing the change that we make to individuals, teams and large organisations. By making a difference one team member, manager or director at a time, Starfish People HR ultimately makes a difference to companies as a whole and to as many people as possible.

What to do next

I hope you've found this guide useful, and it's covered many of the questions you've had about choosing a new HR support partner.

Perhaps it's made you look at your HR support in a different way?

Good news – we're currently taking on new clients again. That's why I wrote this guide.

I'd really love to talk to you about your business.

If you're serious about working with a new HR consultancy to improve your business and contribute to long-term growth, this is your next step:

Book a 30-minute, no-obligation video call with me at

www.starfishpeople.com/contact

You'll see my live calendar on that page.

You and I can check that our businesses are a good fit, and arrange a longer video call, or physical meeting (whichever is most appropriate at the time).

Of course, there's no obligation to buy anything, ever.

I'm looking forward to speaking to you, and learning about your business.



Helen Price-Evans



Helen Price-Evans

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