

10 Reasons to Outsource Payroll

Cost

Big businesses can afford to maintain big payroll departments. For small businesses, however, an in-house payroll service is a money burner. If your business has fewer than 200 employees, there's a very good chance that you can save money by outsourcing your payroll operations. Do the math. Figure out how many hours your employees are devoting to payroll-related activities, calculate how much you're spending and compare the amount to the plans offered by payroll-services providers. Also, be sure to factor in the money your business spends on tasks like printing and distributing checks, creating tax documents, and the like. You'll probably be surprised by the result.

Productivity

Payroll management is a time-consuming activity. With this burden removed, your employees can focus on doing more productive things, and you may even be able to trim your staff's size.

Accuracy

Payroll mistakes can be painful, angering employees and — more ominously — the government. A good payroll-services provider is far less likely to make a serious error than your in-house staff. Furthermore, if a big mistake is made, you can seek financial restitution from the provider — something you can't do with your own employees.

Reliability

In-house payroll activities function as reliably as the people doing the work. With a payroll service, output speed and quality won't vary in accordance with vacations and illnesses. You also won't have to spend time helping new hires understand your business's payroll system.

Speed

Since payroll-services providers are specialists with vast technical resources at their disposal, they can process even the most complex payrolls at lightning-fast speed. Unlike most employers, they can also accommodate a temporary influx of seasonal workers without acquiring new systems that will remain dormant the rest of the year.

Insight

A good payroll-services provider will know all the ins and outs of payroll-related tax laws and regulatory mandates on the federal, state and local levels. Your employees could try to achieve the same level of understanding, but it would take a considerable investment in time and effort.

Accountability

If paychecks are delayed or paperwork is mishandled, it's the payroll-services provider's responsibility to fix things. If the provider can't (or won't) remedy the situation to your satisfaction, you can sue. You can also switch to another service provider in a snap — even if you have to eat a portion of an existing service contract. Try firing, hiring and training an in-house payroll staff in anything less than several weeks.

Flexibility

Boring, repetitive payroll work can act like an anchor on your business. Your staff, when freed of rote payroll responsibilities, will be free to focus on other, more creative work.

Security

Do you have the time and energy to closely supervise your business's payroll for time and rate abuses and other shady activities? Most payroll services firms have technologies that can spot and alert clients to various types of payroll fraud, such as payment manipulation and "phantom workers."

Worry

There's a lot to be said for the peace of mind that outsourcing payroll services can bring to a business owner or manager. No headaches, no hassles: You're left to focus on running a profitable business.