Payroll Solutions

Finding the Best Fit

A Survey of the Six Most Common Payroll Solutions for Business Owners

Employers Resource

Payroll—it's one thing every business with employees has to get right. If you're researching which payroll solution is right for your business this is where you want to start.

From payroll software, payroll services, in-house staff, or professional employer organizations, when it comes to payroll solutions, you're not short on options. Here you'll find a round-up of the six most common and why they may or may not be the best fit for your company.

Introduction

As a small business owner, you just want to run your company without the small stuff getting in the way. Unfortunately, there always seems to be countless business processes that keep this from happening. These processes are vital to keeping things running smoothly, and making your business successful, but they wind up consuming so much of your attention that you quickly find yourself without time to focus on actually leading your company and its employees.

One such area that affects many small business owners, especially as they try to grow their business, is payroll. As your company finds further success and hires additional employees, crosses state boundaries, conducting payroll becomes increasingly complicated.

To solve this issue, you have a variety of potential payroll solutions to look at. However, how do you know which one is right for you and your small business? To help you find the best payroll solution for your specific situation, we've created this guide to six different payroll solutions for you to consider.

#1 Payroll Software

Who It's Great For

- *A company with a tight budget.*
- *A small business owner with the previous experience, know-how, and time to do payroll on their own.*
- *A small business with fewer than 50 employees and uncomplicated payroll.*

Who It's Not Great For

- *A small business owner that does not have the previous experience, know-how, and/or time to do payroll on their own.*
- *A small business with more than 50 employees.*
- *A small business that must worry about complicated payroll and compliance issues.*
- *Someone with the budget for a more robust payroll solution.*

There are numerous **payroll software options** available if you wish to keep payroll in-house, such as Intuit's QuickBooks, Patriot Payroll Software, and Square Payroll. Some of these are standalone options focused specifically on payroll, while others are also bundled as a part of a larger accounting and payroll bundle.

These software solutions can be a huge help and drastically cut down on the time, effort, and attention required when compared to manually processing payroll. Many of them are also relatively inexpensive, and the amount of time you will save by using one will more than make up for the up-front cost or software license fee.

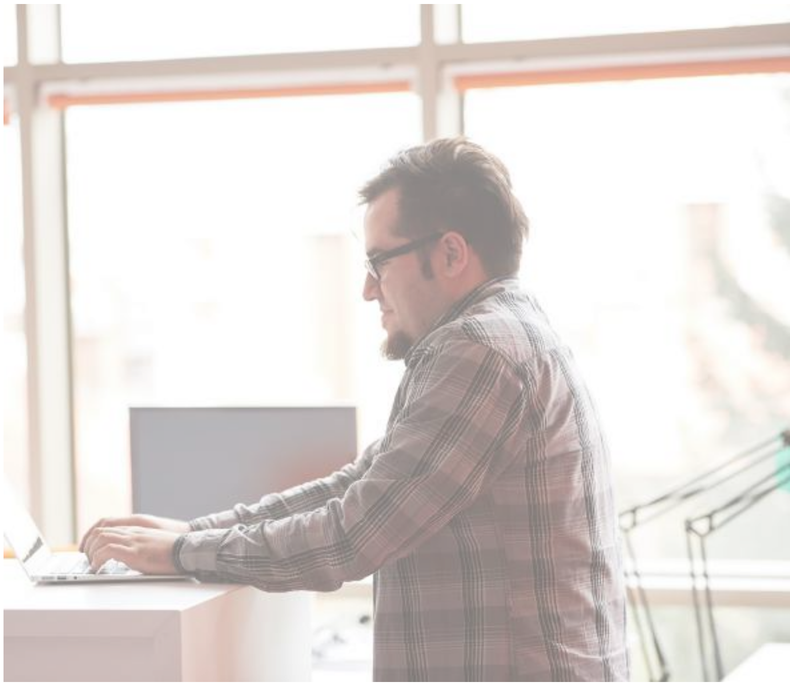
However, there are some potential drawbacks to these software solutions. By keeping this process in-house, you will still need to devote a (potentially sizable) portion of your time to make sure payroll is completed correctly on a regular basis. In the end, the work still lies on your shoulders as the business owner, which you may simply not have the time or energy to add to your plate with everything else you must focus on to make sure your business is successful.

Also, while many of the companies that create payroll software offer support, they are unlikely to be familiar with your business, its needs, or which specific regulations it is impacted by. Not having a second set of eyes on your payroll can become a huge problem if any mistakes are made, which makes these payroll software solutions a potentially risky option.

The biggest advantage to these payroll software solutions, however, is their price. Compared to other options, the pricing of these software solutions is difficult to beat, which makes them a great choice if you have the time and know-how to take your payroll on yourself.

Also, many of these software solutions allow your employees access to information like pay stubs, PTO, and benefits through **easy-to-access online portals**.

While these software solutions may be affordable, it is important to remember these savings can quickly disappear when you consider the tremendous amount of time required to administer and/or if you find yourself in trouble with the government because of compliance violations.



#2 All-in-one HR Software

Who It's Great For

- *Someone with a tight budget.*
- *Small business owners with a variety of HR needs and with enough personal experience with HR issues to fully utilize the software's versatility.*
- *Someone looking to give their employees easy access to their information, such as pay, leave, and benefits.*
- *A small business with 5-200 employees that have internal HR specialists to support the software.*

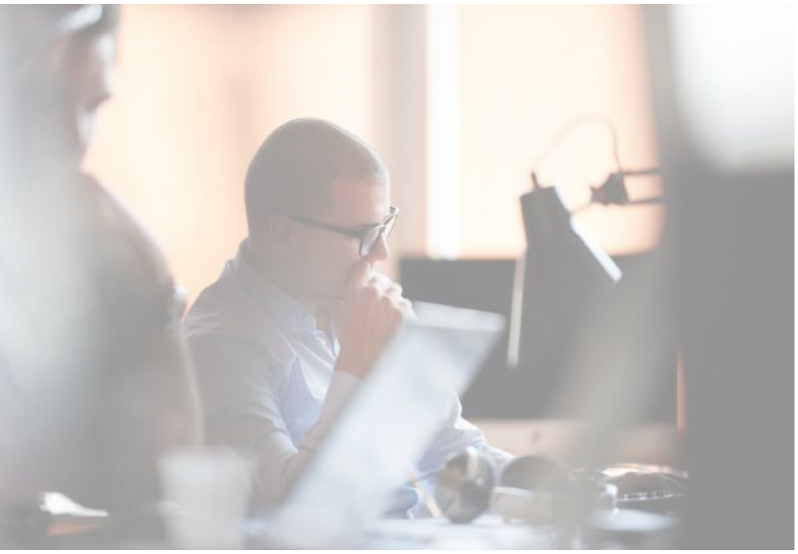
Who It's Not Great For

- *Someone with the budget for a more robust payroll solution.*
- *Someone lacking in personal experience, looking for expert advice and support for HR issues from an actual human.*
- *A small business owner looking specifically for a payroll solution and does not need the other HR solutions offered by this software.*
- *A small business with less than 5 employees and/or larger companies without in-house HR personnel to manage the software.*

There are **[many great all-in-one HR software solutions]** (also commonly called Core HR software) out there right now. These offer a wide variety of HR solutions to tackle various core HR needs you may have, including payroll. This kind of flexibility and versatility can be incredibly attractive if you are looking for an inexpensive and versatile option for a variety of situations.

Having all your employee data in one place is very convenient and can help your business glean new insights into how to better operate when it comes to Human Resources. Empowering your employees to be able to access and manage their information related to pay, leave, and benefits is a huge benefit to them. There are many advantages these all-in-one platforms offer a company from a technology and data standpoint.

However, much like payroll-specific software, these all-in-one HR software platforms unfortunately lack one of the most important factors in all areas of human resources, including payroll: the specific knowledge and expertise that can only be provided by an actual human who is an expert in this area. After all, it’s very hard to take the human out of HR all together. Payroll is no different.



What if you went to the dentist and after they took x-rays of your teeth, they show you a few areas of concern. Then, instead of offering treatment or suggested procedures they wish you well and send you on your way, leaving your to fix the problem yourself or find someone else to help you. A similar situation can happen when relying solely on software for your HR needs. It may help you diagnose issues (through automated algorithms and built in rules), but who is going to help you remedy those issues? Who will guide you as you work through the challenges step by step in a way that is right for your unique business?

By choosing to take this software route for your payroll, you are also guaranteeing that either you or someone in your company will end up dedicating a portion of your time toward using the software. If this fits with your vision for your company, then these tools can be a fantastic aid in that. However, you should absolutely consider the time, effort, and energy that you will be spending on this process before spending money on one of these platforms.

#3 Financial Experts and Professionals

Who It's Great For

- *A company with the budget to spend on multiple channels for their payroll and overall financial services.*
- *A small business owner looking for financial services outside of specifically a payroll solution.*
- *Someone already working with a payroll provider that wants to streamline the integration of payroll and things like financial and bank statements, reports, and taxes.*
- *A Small business owner lacking the financial expertise to integrate payroll and other financial needs of their company on their own.*
- *A company with 5-25 employees.*

Who It's Not Great For

- *A company with a tight budget.*
- *A small business owner with the financial expertise and experience to integrate payroll and their other financial needs.*
- *Someone specifically looking for a payroll solution, without the other financial services these professionals specialize in.*
- *A company with more than 50 employees.*

Working with these types of financial experts and professionals can be a **huge benefit to your small business in many ways**. However, if you are looking for a payroll-specific solution, they may not always be your best option. Often, these professionals actually focus on categorizing your monthly bank statements to provide tax-ready financial statements, **not necessarily payroll.** But, many do, so it never hurts to ask.

On the other hand, if you are looking for slightly more in-depth financial services besides payroll, then many of these providers **do integrate easily** with payroll providers. Partnering with them in this way can greatly help you in doing things like properly reconciling and breaking out salary, wage, and taxes on your financial reports. After receiving the necessary data from your payroll provider, they would use your payroll reports to account for your payroll taxes accordingly on your financials.

If you decide to team up with an accountant for your small business' financial needs, you need to make sure to make the best choice for your needs. Finding the right accountant for your small business can be difficult and confusing without knowing what criteria to consider.

Fortunately, Inc.com has put together a **step-by-step guide** to help walk you through the criteria you should look at while making this choice and what your various options are. According to this guide, here are the questions you should ask while making this decision:

- When is it the right time to hire an accountant?
- Should you hire an inside or outside accountant?
- What key qualifications should you look for?
- Can you find a referral from someone whose opinion you trust?
- What questions should you ask during the interview process and what references should you check?

#4 In-house

Who It's Great For

- *Companies who feel comfortable hiring HR professional as employee from a budget standpoint.*
- *Companies who reach an employee count threshold where the cost of your outsourced solution is as expensive, or more expensive, than it would cost you to hire a full-time employee to do the same thing in house. (Companies typically reach this point somewhere between the 75 and 250 mark. It's a case by case scenario.)*

Who It's Not Great For

- *Companies with a tight budget.*
- *Companies without enough employees to justify hiring a full-time employee to do payroll in-house on a full-time basis.*

Payroll is certainly **not the easiest or most simple part** of running a small business to keep entirely in-house. However, there certainly are rewards and advantages to choosing this plan of action that can make it a strong and viable option in the right circumstances. Most chiefly among these is the sense of control and autonomy that doing so gives you over the operations of your company.

Having this important function of your company in-house also allows for more seamless communication and sharing of information between yourself and the person conducting your payroll. If you have a question or concern, the chain of communication required to receive an answer is considerably shorter when you don't have to go outside your own company at all.

However, these advantages are not without their dangers and downsides. When considering the decision to keep payroll in-house, you need to consider what this process would look like in your company.

Are you planning on conducting payroll yourself? If so, you need to consider the cost this will have on the other roles you play in your company—especially in terms of your time spent on conducting these roles. You must also consider your level of experience and knowledge with the ins and outs of conducting payroll. After all, the last thing you want to do is make a costly mistake, either due to literal financial errors or issues stemming from missteps in governmental regulations and compliance.

Even if you are not planning on actually doing payroll yourself, but instead having someone on your team be responsible for it, there are things you need to consider. Will this person's responsibilities be entirely payroll-focused, or are there other roles they will fill in your company? Is there someone currently on your team that will take this responsibility on, or will you make a new hire? What qualifications are important and/or essential for the employee in this role?

These are all vital things you should consider if you are thinking of keeping payroll in-house. In the right situation, doing this can be a great option for those with the correct experience and ability to pull it off.

However, while it can be less expensive to handle payroll internally rather than spend money on an outside solution, these savings can quickly disappear due to **mistakes and compliance issues** if you are not careful. Not to mention the amount of time and work that will be necessary for you to spend in order to do it yourself.

#5 Payroll Processing Companies

Who It's Great For

- *Budget-focused businesses who wants payroll to require as little time as possible from in-house staff.*
- *Companies who do not mind working with multiple vendors for benefits, payroll, and work comp, etc.*
- *Business owners with the experience and expertise with these providers to navigate the potentially extraneous services offered in order to find the best solution for them without being caught with hidden charges.*
- *Companies with 5-500 employees.*

Who It's Not Great For

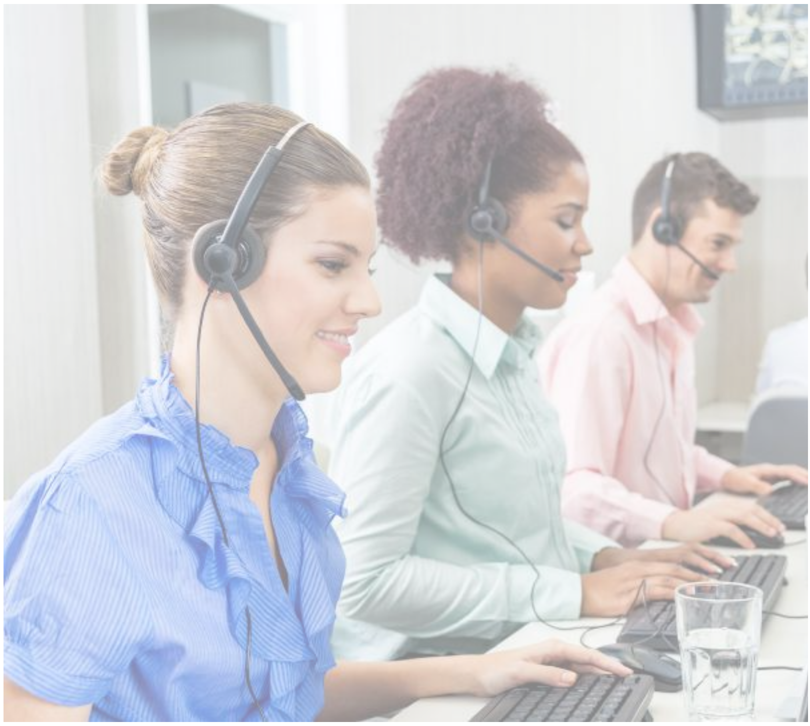
- *Companies that want their payroll provider to be the one-stop solution for everything related to having employees. If you're comfortable with payroll software and processes and spending the time to do it yourself.*
- *Business owners without the experience and knowledge of these providers to navigate potentially extraneous services and charges attached on top of the solution they are really looking for.*
- *Companies with less than a handful of employees.*

The Comp and Check Model: When we say a "comp and check solution" we are talking about when a business owner chooses to work with multiple vendors, like a **basic payroll service from a payroll provider**, a pay-as-you-go work comp policy from an insurance company, and other benefits from yet another separate benefits provider or benefits broker.

The comp and check model has an attractive sticker price. But, we often see business owners attracted to this model because of a low upfront cost, and then get disappointed when they discover that they will be nickel-and-dimed for a bunch of other services they need throughout the year. When doing a price comparison, make sure you factor in all costs and savings for all the additional services you may need during the year, not just the upfront costs.

The comp and check model is great at getting payroll processing and related tasks off your plate to allow you to focus on your business. Payroll processing vendors make payroll quick and simple. And, when it comes to pay as you go work comp carriers, there will not be additional premium pay-out surprises at the end of year based on miscalculated premium from payroll. The cost is regulated on a per-payroll basis. The premium raises and lowers throughout the year according to the current payroll. This helps prevent surprises at end of year and cashflow issues.

The “HR packages” that are offered by these payroll vendors vary greatly, so be careful to understand what exactly **they will and will not be taking care of** and if there are additional fees for certain forms and services. This model leaves quite a few administrative tasks related to employees to be handled by you or covered with additional charges. And, instead of just dealing with one vendor for payroll, work comp, HR, and benefits you will still have to deal with managing multiple. Again, taking more of your time and focus that could be spent on profit producing tasks.



#6 PEO Companies

Who It's Great For

- *Companies with employees in multiple states.*
- *Want to have all administrative tasks related to employees handed-off to one vendor.*
- *Companies with 5-250 employees.*
- *Don't want to worry about racking up bill, have a buffet of HR services available when needed.*
- *A small business owner that wants an HR and payroll solution that includes the experience and assistance they need with the personal touch of actual human experts.*

Who It's Not Great For

- *Companies who only want payroll and do not want other HR services.*
- *Companies with 500+ employees.*
- *Companies with less than 5 employees.*
- *If you have primarily hourly/low wage employees sometimes the % the PEO takes out of each check is just too hard to swallow from a budget standpoint.*
- *Some companies with certain high risk work comp class codes will not be eligible.*

Perhaps, **more so than any other payroll solution** on the list so far, by working with a PEO, you will be able to worry less about payroll and more about running your business. Come payroll time, we will accomplish these things for your business:

1. Consistent and accurate deductions and withholdings.
2. Getting payroll processed and out on time.
3. Compliance with state employment compensation and tax laws.
4. Timely tax deposits and Quarterly Tax filings.

We listen to your concerns and needs and provide you **a payroll solution that is made just for you** and will help your business in other key areas beyond simple payroll duties. It is important to have a partner that can also advise you and help you make key decisions that help with other important compliance and HR risk factors. All included in one simple price and one vendor.

Need multi-state payroll processing?

We are experienced and licensed in all 50 states and our services are ready to scale with your business. We are proud of our simple and transparent client service agreement. When you use Employers Resource as your payroll services provider, you get a partner who truly cares about your business and protecting your dreams and your employees' dreams.

Our PEO Payroll administration will save you time and liability costs by not only taking payroll off your already full plate, but doing so with the expert knowledge and years of experience to avoid costly mistakes and errors. By partnering with us, not only will you have the peace of mind that your payroll will be done correctly, but so will your employees. Being able to give your employees the security and confidence to know their paycheck will arrive on time and without any errors is one of the best ways to improve employee morale and build a strong and healthy company culture.

We want you to be able to relax and forget about all the details related to payroll and get back to running your business. Choose Employers Resource for your PEO service partner and take the stress out of ***payroll and all of your other HR administrative tasks.***

Payroll is complex. We hope you've found one of these solutions will be the right one for your business to make it simple and effective for your company.

Thank you.

About Employers Resource

Founded in 1985, Employers Resource lightens administrative burdens, reduces business costs, and provides regulatory compliance relief to business leaders who believe in the spirit of entrepreneurship.

Details like administrative HR tasks and regulatory compliance can keep business leaders from doing what you love and do best. We exist to remove these details that distract you from your calling. Our mission is to protect and set free the bold spirit of entrepreneurship one dream, one business, and one paycheck at a time.

- We don't use call centers. We take pride in having the most high-touch, flexible, and personal service in the industry.
- We employ a family of friendly and knowledgeable experts with servant hearts working towards your success.
- Transparent billing + Simple Agreements = Long lasting client relationships.
- Operate in all 50 states.
- Pioneers in the industry for over 31 years.
- Each client is assigned a client service coordinator and payroll team from one of our regional service offices spread around the country.
- Strongest 100% satisfaction **guarantee** in the industry.

Employers Resource

Stay bold. Stay free.

Contact us today to receive a free, no obligation quote.

Call **1 (800) 574-4668** or visit us at **employersresource.com**