



How to outsource your nonprofit's human resources function

Outsourcing human resources can give your not-for-profit's staff more time to spend on core duties and mission-driven programs and it may be cost-effective. Here are some suggestions if you're thinking about outsourcing part or all of your HR tasks.

First steps

First, decide which segments of the HR function to farm out. Take a look at payroll, recruiting, training, benefits planning and administration, compliance monitoring, leave management and performance reviews. These are all labor-intensive responsibilities where expertise counts. Transferring all or some of them to the right outside party can vault your organization to a higher level of professionalism and efficiency.

Next, perform a cost-benefit analysis. Even if the cost is more to outsource, you may decide that the extra dollars are worth freeing up staff hours for other initiatives.

Factor in the drawbacks to outsourcing. Certain tasks may require an understanding of your organization's culture and history to be effective. Also think about the impact of letting go any HR people currently on staff.

Questions to ask

Before you contact outsourcing service providers, make sure you have buy-in from your staff and board of directors. The Nonprofit Coordinating Committee of New York suggests asking several questions of potential HR service providers:

- What is the scope of your service?

- How long have you been in business?
- Where are your services typically provided: on-site, off-site or a combination?
- How many nonprofit clients do you have in our area, sector and size?
- How do you charge for services — hourly or on retainer?
- Whom will we be directly working with?
- What will you expect of our organization, including the board and staff?

Big change

Once you've met with outside service providers and selected one, ask your attorney to review the contract. Before you make the big change, be sure that you have controls in place to monitor the quality of the new arrangement. We can assist you with this.

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