



Sample Company

HR Analysis Results and Recommendations

75-200 Employees



Results of Analysis

The following information is not intended to be all inclusive; it represents HRPivot's (HRP's) general assessment of some of the company's human resources and payroll policies and practices based on document review and interviews with SAMPLE COMPANY leaders. The items mentioned below may indicate potential problems or they may simply be observations. Included in this section are recommended solutions to address areas of exposure and ongoing HR support.

Employee Recruitment, Selection, and Interviewing Process

Upon review of the recruitment, selection and, interviewing process, we learned that there is a standard application which can be obtained online. However, it does need to be updated to include all of the non-discriminatory verbiage. Positions do have job descriptions, and the open position postings on the website are based on the job descriptions.

When inquiring about the candidate selection process, currently the Organization uses a number of resources. The main source of recruitment is the Company website. There is flexibility for the hiring manager to formulate interview questions, however no consistency between candidates when it comes to questions. There is consistency in who conducts the interviews. When asked if managers are trained on interviewing, the response was that no training was currently provided. The total cost of recruitment and interviewing per position is \$1,103.37, totaling \$20,964.03 for the 19 hires in the 2021 calendar year.

HRPivot Recommendations:

The recruitment/selection process should be revised to ensure candidate consistency. Hiring managers should be trained on the process as well as interviewing best practices/hiring legally. For example, interviewers need to be trained not to record information or write notes that may indicate non-relevant information.

Currently there is no review of the recruitment process to determine effectiveness. For example, which recruiting sources are most productive in terms of identifying top performers. HRP will conduct analysis over the next year to determine effectiveness.

Additionally, in partnership with HRP, Sample Company will have access to full-cycle recruiting services to including but not limited to job postings and sourcing of passive candidates through HRP's LinkedIn Recruiter tool.

The screenshot displays the LinkedIn Recruiter interface. At the top, there is a navigation bar with 'PROJECTS', 'CLIPBOARD', 'JOBS', 'REPORTS', and 'MORE'. Below this is a search bar with the text 'Start a new search...'. The main content area shows search results for 'Project Manager'. On the left, there are filters for 'Job title', 'Locations', 'Skills', and 'Companies'. The 'Job title' filter is set to 'Project Manager'. The 'Locations' filter is set to 'Singapore', 'Kuala Lumpur, Malaysia', and 'New Delhi Area, India'. The 'Skills' filter is set to 'Business strategy' and 'Analytics'. The 'Companies' filter is set to 'IBM, Microsoft, Oracle'. The search results show 1K total candidates, 71 with company connections, 230 engaged with the talent brand, and 27 past applicants. The first two results are for 'Rahmat Amirul' and 'Ming Xu', both with 2 company connections. The third result is for 'Kapil Kaur' with 3 company connections.



Results of Analysis

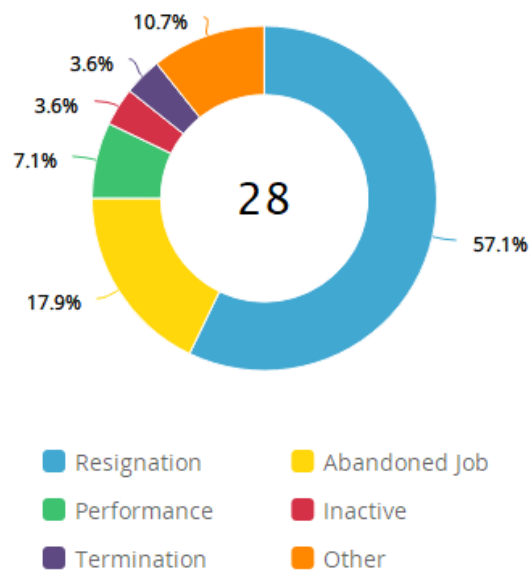
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If desired, HRP can also take on the role of recruiter, leading the effort and eliminating the high cost associated with the current process. HRP will implement and utilize a robust applicant tracking system in order to accomplish the paperless goals in recruiting.

Retention/Turnover

Sample Company has a significant retention issue. Total turnover for 2021 was 38.57% representing 28 separations.

Company contact indicated she did not believe the company has a culture of accountability. There may exist a perception that historically management was overly patient and as a result, there were not consistent consequences for poor performers. This meant these poor performers stayed with the company for too long which negatively impacted employee morale. Company contact indicated that she did feel employees were highly invested and engaged in the company goals; however, morale has suffered and recently resulted in higher than normal turnover.



As described in Appendix B, the cost of SAMPLE COMPANY turnover is conservatively estimated to be about \$6,080.22 per separated employee (\$170,246.16 annually). This comes from lost time of coworkers and supervisors, the time, effort and expense required to find replacements, and the time and effort required to train new employees. This number does not include the additional expenses associated with lost production efficiencies and product waste due to inexperienced employees.

HRPivot Recommendation:

Implementation of HRP's Strategic Plan, especially the Pay for Competence program and implementation and utilization of an HRIS, will have a significant impact on employee turnover. We have set a goal of lowering turn-over 10-12% in year one.



Constructing an employee handbook (as an easy reference tool for employees), updating policies and procedures and communicating the performance/disciplinary process as well as providing support to

decision makers should assist with any ambiguity that there may be in the process for exiting poor performers. HRPivot will also continue to monitor the employee concerns and business needs to determine with the executive team the best method for attempting to bring together the Board members and current employees

SAMPLE COMPANY conducts exit interviews for staff, however, questions are open ended, and do not allow for measurable results to analyze. HRP will begin conducting exit interviews and provide that information leadership, where appropriate, and make any necessary recommendations that may impact the overall employee experience.

Employee Onboarding/Orientation

After a candidate is selected, an offer is made. It is the hiring manager who makes the final decision on the selection of the candidate. Offer letters are generated. HRP was provided with a sample of the offer letter which is a fillable form that can be customized for a specific person and position. There is language regarding the conditional nature of the offer and “at will” language. Currently there does not appear to be consistency with reference checking candidates. Background checks are conducted for all new hires.

When inquiring about any existing on-boarding or new employee orientation process, the company indicated there is not a formal process for new employee orientation. New hires spend a few hours with human resources on their first day to do the necessary new hire HR paperwork and to discuss benefits. Hires do not receive any job specific training and any skills based training is done on a case by case basis - no consistency. Managers do want to be supportive of training needs and provide opportunities however due to limited employees who can provide the guidance, training opportunities have been limited. For the 2021 calendar year, 19 individuals were hired, resulting in \$31,936.15 (\$1,680.85 per hire) training costs.

Currently, they rely on managers to identify improvement areas in employees and provide necessary resources. Company contact remarked that they could do a better job of following up with employees to ensure they feel they have all the necessary knowledge to perform the essential functions of the job.

HRPivot Recommendations:

As mentioned above, the current on-boarding process is manual, without the utilization of a web-based portal. The on-boarding process is inconsistent, as the company conducts the initial on-onboarding into the organization but without a documented process and outlined schedule providing position trainings. Without well-defined, standardized and consistent processes on-boarding employees, the results are on-boarding activities which are inconsistent, administratively heavy and lead to a duplication of efforts (typically, related to using paper and manual processes).

HRP will develop a standardized process for employee on-boarding, including an update to both job descriptions and interview questions. HRP will train all hiring managers on the use of hiring and related forms, note taking and interview skills to ensure all interviews are consistent and managers are comfortable engaging in the process. HRP will review to determine if there is a need for a HRIS that will



include a paperless on-boarding process, and facilitate training to supervisors and management on use of the system. If desired, HRP can also take on the role of recruiter, leading the effort and eliminating the high cost associated with the current process. HRP will implement and utilize a robust applicant tracking system in order to accomplish the paperless goals in recruiting.

In moving towards these goals, Sample Company will improve the quality of their candidates, streamline the interview process and allow for more supervisors to get involved in the hiring process as needed; thereby, creating a more cost-efficient process for identifying talent while also creating stronger teams primed for growth.

Human Resources Information System/Payroll

Sample Company does not utilize a HRIS system to perform many essential HR related functions. Payroll and time tracking is processed and captured through manually. Because there is no electronic storage of employee information, they are located in hard copy files. When conducting the analysis specific employee documents and information were requested and it was discovered some documents were misplaced or missing which highlighted the inefficient process.

Additionally, when conducting the assessment interview, HRP discussions revealed there is no plan in place to implement an electronic HRIS which means the Company is left with a time-consuming manual process, which will continue to result in missing documents and continued errors.

When it comes to payroll, our assessment identified many gaps in the payroll process resulting in several mistakes due to human error, and repetitive or unnecessary work without the necessary checks and balances in place. The process is primarily completed through the submission of paper time keeping forms, which are misplaced by supervisors and/or managers. This prevents pay transactions from being processed timely and new hires are often not placed on the payroll for several days following their start date.

These errors may cause SAMPLE COMPANY to be out of compliance with state pay day laws and cause risk to an employer's reputation with their employees and the community. In extreme cases it may cause new employees to leave because they have concerns over company financial viability.

A modern HR system is capable of leading a company into a paperless environment, eliminating manual processes like on-boarding new employees, completing I-9's, managing benefits, performance management, and many other purposes. SAMPLE COMPANY does not currently utilize an HRIS for these administratively burdensome functions.

HRPivot Recommendations:

HRP recommends implementation (company-wide) and utilization of an HRIS as the single source system, to include integration of the current time keeping system which will create efficiencies in managing the entire HR function. This includes employee records (from both a maintenance and compliance standpoint), payroll processing, time-keeping/time off requests, and all other HR related documentation.



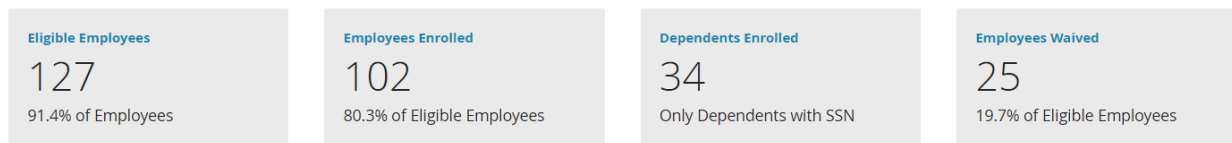
HRP will serve as lead project manager. Specifically, HRP recommends Sample Company implement an HRIS, perhaps in partnership with an administrative payroll company, which would allow a one stop shop as it relates to any and all HR and Payroll related reporting and data. An HRIS will also provide the consistency and automation needed to plug the gaps in the current manual paperwork process.

Making these changes will result in automation of various HR tasks through system utilization, consolidation, and establishment of workflows (i.e. on-boarding, termination reporting/turnover metrics, personnel action forms (PAFs) and administrative tasks through the use of employee and manager self-service portals, and performance management processes).

Employee Benefits

Sample Company benefits appear to be compliant, but difficult to manage without the proper supporting technology. SAMPLE COMPANY relies on its benefits broker to handle all benefits administration. This includes collecting paperwork, activating employees on health care provider websites, and providing the benefit annual enrollment training. It does not however include any set up of benefit deductions for payroll, reconciliation of billing (i.e. comparing those enrolled are correct on the monthly billing detail) or new hire employee elections, employee plan terminations, ACA compliance reporting and/ or filings, or COBRA administration. SAMPLE COMPANY's current annualized cost of benefits and overhead administrative fees is \$446,598.24

Medical Benefits Participation



HRPivot Recommendations:

HRP believes it is in the Company's best interest to utilize an HRIS to manage the missing pieces of the benefits administration. An HRIS will allow the Company to easily prove plans offered meet the affordability requirements, allow employee benefit changes throughout the plan year, easily enter and audit employee benefits deductions through payroll, and provide proof employees waived coverage. While ACA is ever changing, and may be repealed, employers must maintain legal compliance in the meantime and an HRIS will assist with the recordkeeping and reporting requirements.

A robust HRIS system will alleviate many of these issues, as benefit reconciliation and self-service for plan administration are both encompassed in the system. HRP will implement a technology solution to support the Company suite of benefits offered to employees, ensure compliance with ACA and utilize HR technology to streamline benefits administration activities as well as COBRA administration.

Performance Reviews

The Company does utilize a performance reviews for employees, however, the previous reviews have been sporadic. For example, the last time reviews were completed was August 2020. This means in numerous employees not having received an annual review in close to a year, which may be in violation of the policy included in your company handbook.



Results of Analysis

Continued

The Company goal of these reviews is to provide employees constructive feedback and provide a pay increase for high potential employees once per year. This feedback and pay increases are necessary for the success of any intended Pay for Performance/Competence program.

Finally, some supervisors and managers have expressed a lack of confidence when it comes to conducting reviews. One example includes situations where a supervisor or manager feels uncomfortable and unprepared for conversations when an employee pushes back and questions lower scores when receiving the review feedback. Employee reviews and relations are another significant tipping point in organizations with high turnover. Current data shows that 50% of employees leave due to their supervisor, so being prepared to handle these difficult conversations is a necessity when it comes to establishing a positive employee/leader relationship.

HRPivot Recommendations:

HRP will develop a new performance review plan, utilizing the any selected HRIS (if applicable and has capabilities). The employee reviews will be tied directly to a Pay for Performance/Competence program.

HRP will develop a structured process for handling paperless performance management, disciplinary actions, coaching/counseling, conflict resolution and use of technology for documentation and maintenance of secure employee records and ensure confidentiality and legal compliance. HRP will review and develop standardized paperless Company coaching, corrective action and performance improvement related forms and facilitate training of management and supervisory staff on use of paperless forms.

This program includes training managers in performance management procedures (i.e. ensure poor performers are rated correctly and not provided wage increases). Best practices and dos and don'ts of communicating performance concerns with employees.

Supervisor and Manager Training

The Company does not have a formal compliance training program as it relates to HR functions. Currently, the only compliance related training being conducted is safety training, specific to the worksite/job. There is no additional compliance training related to employee relations issues provided to employees or management. Some examples of training typically provided include the following:

- Sexual harassment training for managers.
- Sexual harassment training for non-manager employees.
- Additional training such as:

Discrimination

Workplace bullying

Workplace violence

This puts the Company, especially its supervisors, at a greater risk of liability and eliminates certain defenses to employee claims which companies can make if the above training is regularly provided. In 2021, the average settlement cost for a sexual harassment claim was \$51,000



In addition, the Company does not offer other compliance training including: interviewing, employee discipline and documentation, and terminations. HRP recommends implementing a strong and comprehensive training program (with use of HR technology for tracking), included in the “Sample Company University” initiative, geared towards the Company’s specific compliance goals. This training program will give management and supervisory staff additional tools to better manage their employees and the confidence to handle complicated situations.

Training topics could include but are not limited to:

- Leadership Development
- Performance Management
- HR Systems Training
- Compliance Training
- Intro to Leadership Training (non-leaders)
- OSHA and Workplace Safety
- Conflict Resolution and Difficult Conversations
- Leading Teams
- Hiring and Firing

Additionally, federal and state job safety laws require employers to make reasonable efforts to provide a safe workplace. This duty includes taking steps to reduce the risk of violence, such as preventative training for all employees. The lack of training in these areas puts Sample Company, especially its management and supervisory, at an increased risk of liability. Even one employee complaint regarding discrimination and/or harassment, coupled with a non-existent or outdated policy and/or training program, creates significant liability for Sample Company.

HRPivot Recommendations:

As discussed above, HRP will establish a structured training program to provide in person (where appropriate) and an online training portal for various training needs for all employees. HRP will roll-out

compliance-related training on sexual harassment, discrimination, workplace bullying, workplace violence, and workplace injury/reporting processes. Compliance in these areas is crucial. The administrative agencies regulating employment law continue to increase the number of charges against employers which leads to millions in monetary awards paid to employees. As we have seen year after year, we know this trend continues to increase.



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Human Resources Cost Comparison

Recruiting/Onboarding										
	Vendor	Current Client Cost	Proposed Vendor #1	Proposed Cost #1	Additional info	Proposed Vendor #1	Proposed Cost #2	Additional info		
Onboarding Platforms	N/A	N/A	Paylocity	\$1,800.00		WorkTrend	\$1,880.00			
HRIS/Employee Records	N/A	N/A	Paylocity	bundled w/payroll		WorkTrend	bundled w/payroll			
Job Posting Site	Indeed	\$2,644.44	Paylocity	\$1,050.00		N/A	N/A			
	Total Recruiting Costs	\$2,644.44		\$2,850.00			\$1,880.00			
Benefits/Risk Management/Safety										
	Vendor	Current Client Cost	Proposed Vendor #1	Proposed Cost #1	Additional info	Proposed Vendor #1	Proposed Cost #2	Additional info		
Benefits Admin/Broker	Sample Broker	bundled w/insurance	Lockton	bundled w/insurance		Lockton	bundled w/insurance			
Benefits Healthcare	Medical	\$399,715.32		\$399,715.32			\$399,715.32			
	Dental & Vision	\$27,604.20		\$27,604.20			\$27,604.20			
	Life Insurance	\$17,367.00		\$17,367.00			\$17,367.00			
	AD&D	\$1,911.72		\$1,911.72			\$1,911.72			
	Total Benefits Costs	\$446,598.24		\$446,598.24			\$446,598.24			
ACA Compliance	Sample Broker	bundled w/insurance		bundled w/insurance	HRPivot will continue to monitor market costs and value, to provide Renaissance with optimal coverage and cost savings		bundled w/insurance	HRPivot will continue to monitor market costs and value, to provide Renaissance with optimal coverage and cost savings		
Cobra Administration	COBRA Administrator	\$300.00		\$300.00			\$300.00			
401k	Fidelity	\$19,200.00		\$19,200.00			\$19,200.00			
401k Broker	Sample Broker	bundled w/401k		bundled w/401k			bundled w/401k			
401k TPA	Sample TPA	\$3,988.03		\$3,988.03			\$3,988.03			
Workers Comp	Traveler's	\$7,723.00		\$7,723.00			\$7,723.00			
EPLI/General Liability	Travelers	\$12,656.00		\$12,656.00			\$12,656.00			
	Total Insurance Costs	\$490,465.27		\$490,465.27			\$490,465.27			
Payroll, Timekeeping and Compensation										
	Vendor	Current Client Cost	Proposed Vendor #1	Proposed Cost #1		Additional info	Proposed Vendor #1		Proposed Cost #2	Additional info
Payroll Processing	Paychex	\$19,997.89			**Estimated. Includes one time implementation fee of \$3383.59			**Estimated. Includes one time implementation fee of \$5500		
Time/Attendance	Paychex	\$5,976.00	Paylocity	\$17,337.59		WorkTrend	\$19,085.00			
	Total Payroll Costs	\$25,973.89		\$17,337.59			\$19,085.00			
Performance Management/Employee Relations										
	Vendor	Current Client Cost	Proposed Vendor #1	Proposed Cost #1	Additional info	Proposed Vendor #1	Proposed Cost #2	Additional info		
Learning Management/LMS	N/A	N/A	N/A	N/A		N/A	N/A			
Performance Management	N/A	N/A	Paylocity	\$1,800.00	**Estimated	WorkTrend	\$1,800.00	**Estimated		
Verifications of Employment	N/A	N/A	HRPivot	\$0.00		HRPivot	\$0.00			
Employee Complaints/Issues	N/A	N/A	HRPivot	\$0.00		HRPivot	\$0.00			
Exit Interviews	N/A	N/A	HRPivot	\$0.00		HRPivot	\$0.00			
Stay Interviews	N/A	N/A	HRPivot	\$0.00		HRPivot	\$0.00			
	Total Perf Management/EE Relations Costs	\$0.00		\$1,800.00			\$1,800.00			
Indirect Labor Costs										
	Vendor	Current Client Cost	Proposed Vendor	Proposed Cost #1	Additional info	Proposed Vendor	Proposed Cost #2	Additional info		
HR & Payroll Administration	Internal HR Director	\$66,500.00	HRPivot	\$81,000.00		HRPivot	\$81,000.00			
Labor Attorney	Sample Attorney	\$6,589.00	HRPivot	\$0.00		HRPivot	\$0.00			
Tax Liability for HR & Payroll Admin		\$12,087.25	N/A	\$0.00		N/A	\$0.00			
	Total Labor Costs	\$85,176.25		\$81,000.00			\$81,000.00			
Total Annual HR/Payroll Related Costs		\$604,259.85	\$593,452.86			\$594,230.27				
Estimated Cost Savings	\$10,806.99									



Cost of Turnover

CURRENT EMPLOYEE COSTS		
Average Annual Salary	\$57,500.00	
Average Benefits Cost (benefits, taxes, etc)	\$23,000.00	Estimated at 40% of base salary
Average Hourly Rate	\$38.70	
Daily Cost	\$309.62	

VACANCY COSTS		
Daily Cost of Covering For Position	\$309.62	<i>assumed 200% of the Daily Cost above</i>
Avg # of Days Position Vacant	34	
Total Cost to "Cover" Position	\$10,526.92	
Recruiting Platform	\$12,500.00	<i>JazzHR & ZipRecruiter</i>
Cost of Recruiting Platform Per Job Opening	\$781.25	
# of Resumes Received	1,920	
Total Cost of Vacancy	\$11,308.17	

COST TO REPLACE		
Hiring Manager Salary	\$96,550.00	
Hiring Manager Hourly Rate	\$46.42	
# of Resumes Reviewed	1920	
Average Time (Mins) Per Resume to Review	5	<i>assumed 5 minutes</i>
Total Hours to Review Resumes	160	
# of Candidates Interviewed	107	
Average Time (Mins) Per Interview	60	<i>assumed 60 minutes</i>
Total Hours to Interview	107	
Total Hours To Fill Position	267	
Total Cost of Resume Review Process	\$12,393.68	

COST OF ONBOARDING/TRAINING/LOSS OF PRODUCTIVITY		
Trainer Salary	\$68,175.00	
Trainer Hourly Rate	\$32.78	
Average # of Days to Train New Hire	10	<i>assumed 10 days</i>
Total Cost of Training	\$2,622.12	
Background & Drug Screen Cost	\$55.50	
Daily Employee Cost	\$309.62	
Days to 100% Productivity	30	<i>assumed 30 days</i>
Total Cost of Lost Productivity, Onboarding & Training	\$11,966.08	

Cost of Turnover Per Termination	\$35,667.93	<i>Sum of Vacancy Cost, Cost to Replace, Cost of Onboarding/Training/Loss of Productivity</i>
# of Employees Terminated in the Year	21	
2023 Total Cost of Turnover	\$749,026.49	