

## How can HR contain costs or generate profits to contribute financially to the organization?

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The HR department is in a particularly advantageous position to help companies save money, especially by containing costs in health care, compensation and legal exposure, as well as administrative, overhead and relocation costs.

Part of the conventional HR department's obligation is to study the costs of health care and other benefits, compensation, relocation expenses, overhead costs and even general and administrative costs. After studying these costs and weighing them against the organization's needs, HR can make recommendations as to how costs can be controlled—or reduced. And through workplace training, investigations and the fair and uniform implementation of workforce policies, HR can help reduce an organization's potential legal exposure.

In addition, overstepping traditional boundaries, HR can actually generate sales, create products and produce billable hours. For example, a consulting company used a staff HR generalist who normally makes \$12 per hour to perform a compensation analysis for one of its clients. The client was billed \$34 per hour for the generalist's analyst services. The consulting company hired a temp from an agency to replace the generalist at \$16 per hour while the generalist was "contracted out." The generalist got a change of pace and some excellent specialist experience, and the consulting company made a profit of \$6 per hour ( $\$34 - [\$16 + \$12]$ )! Imagine if the company could have done without the agency temp for the length of the temporary project! The \$6 per hour profit would be \$18 per hour for every hour the generalist is serving the client in the capacity of compensation analyst. [Note: This example assumes the generalist has the competencies to actually do the compensation analysis.]

Also, HR does not have to be restricted from contributing to the creation of new processes, products or ideas or from making a sale. Sales may not be their expertise, but HR can use their contacts and interested potential clientele to introduce a sales deal and defer the mechanics of the sale to the sales department. These are but a few ideas for actually generating a profit for an organization. It is important to note that not all of these suggestions can work for all companies. Employers and HR professionals must ascertain for themselves what alternatives work best for the employer's specific capabilities, culture, and goals and objectives.

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