

Tip of the Month: What Payrolling Can Do For You



When the less savvy users of temp staffing hear the word payrolling, their thoughts often turn to Paychex or ADP and their paycheck preparation services. This is not an unreasonable conclusion.

In the staffing world, payrolling is when an employer has identified a qualified candidate to work at its place of business, but does not have the ability to direct hire the individual. Instead, the employer contracts with a third party staffing supplier and the individual is placed on the staffing company's payroll as their employee.

Now, you may be asking yourself what the difference is between this and just having the staffing company send out a person to work at your location. The one and only difference is that you found and selected the candidate and not the staffing company... and this is significant.

In payrolling an individual you have in effect saved the staffing company the cost it incurs in recruiting, selecting, testing, orienting, etc. As a result, the staffing company can offer you a significantly lower hourly bill rate while you still enjoy the benefits of not having the person on your payroll. These benefits include:

When the job ends:

1. The unemployment compensation charges and paperwork flow to the staffing service.
2. If the individual gets hurt on the job, the staffing company's responsible for the claim.
3. The entire payroll process is handled by the staffing company including all those time consuming administrative requests for wage info.
4. You save on all the benefit costs associated with your permanent employees.

So, how much savings might you expect from payrolling?

That depends on the nature of the job duties being performed and the nature of your business.

On a light industrial position it would not be unreasonable for your mark-up percentage to be 5% to 10% lower. On a 12.00/hr bill rate this could amount to between \$.60/hr to \$1.20/hr plus the sales tax savings.

The reasons for using payrolling services instead of conventional staffing are different but include such scenarios as:

1. A former employee that recently retired is needed back to cover for a vacation or an unexpected quit.
2. A current employee has a child, friend or relative that needs a job and you want to accommodate that person.
3. To get the best possible person that matches your needs you want to do your own recruiting, interviewing, and selecting because you best know your own business.
4. You have a simple need to keep your staffing costs as low as possible.
5. Unemployment is high and you get an abundance of job seekers coming to your facility any way.

So, in the end, payrolling provides a flexible option that allows employers to maintain control and lower costs while still utilizing the Staffing suppliers HR administrative services. Payrolling services are ideal for legally retaining independent contractor, retirees and college students by allowing the employer to identify qualified candidates.

With Ryan's service, employers can legally have payroll employee's work on site without the insurance risks or employer liabilities and benefits.