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**When do you need an HR function?**

**In the beginning**

In the early stages of your business I am sure your focus was on developing a product or service and establishing a market presence. As your market share grew your started to add people to your business to share the workload and to continue to grow revenue. This was probably done through your known networks and with minimal sophistication in recruiting techniques. You know your business and what you need. You know people. Your gut feel tells you the right way to go or you were just so busy that anyone would do as you just needed someone to help you.

**Outsource**

When your business was small many support functions were outsourced to external business. For example your tax work and accounts was done by a local accountant, your IT needs were minimal so you got by with what you knew and occasional paid an IT guru to come and upgrade your systems, business development efforts were undertaken by the leaders of the business and any people management needs were done by you with the occasional advice from your accountant or lawyer.

**Initial Support**

Your first employee that was truly deemed a support person was a personal assistant/office manager soon followed by an internal accounts clerk. As your business grew you were relying on others in the business to start developing new services or products and taking responsibility for further extending your revenue. Your systems started to become more complex and therefore the need for an employee to focus on your technology was seen as a priority.

**HR Support**

Throughout this growth phase what is the right time for you to add a specialist Human Resources function? At what stage do you stop relying on the Office Manager or your own knowledge of people management that has got you by so far, to bring someone into the business to truly focus on people and culture? At what stage do the risks associated with employing people far outweigh the costs of an internal resource? When is it that the time you are spending on managing the daily people issues become overwhelming and impacting your ability to lead your company? When do your organisational growing pains become too much to bear?

**Tipping Point**

The tipping point for many organisations starts when their employee numbers approach 40. It is at this point that you may need to consider appointing an HR Manager or HR Coordinator. Initially this may only be on a part time basis. This will very from organisation to organisation and will depend on the number of work sites you have, to what level outsourcing arrangements have been made, and the level of expertise already within your business.

**Typical HR structures**

What is the typical approach to resourcing an HR function once the tipping point is reached?

**< 40 Employees:**

Have one person as HR designate and get by using advisors such as accountants and lawyers. May consider a Part Time HR person on reaching 40 people.

**> 40 Employees but < 80 Employees**

Employ a full time HR Generalist and supplement this by hiring HR contractors or HR consultants for special projects.

**> 80 Employees**

One HR Manager and supported by part time admin person. Access skills via HR Consultants, agencies and lawyers.

**> 150 Employees**

Have two full time HR employees. HR Manager and HR coordinator and access senior HR Director skills via a retained arrangement or outsource.

**> 250 Employees**

Employ three to four HR staff with consideration being given to employing one of these as an HR Director