

HR as Profit Center = Smart Hiring + Tax Credits

How Tech Savvy Hiring Can Impact the Bottom Line and Quarterly Financials

A key tool to help position your HR department as a modern profit center rather than as an old-school cost center is to implement an Applicant Tracking System (ATS) – sometimes referred to as Talent Acquisition Software – specifically geared to support those organizations with high volume staffing needs.

According to a study by the Aberdeen Group, “a retail company with a 5% profit can potentially double its bottom line with an investment” in this type of technology.

An investment in
ATS technology can
potentially double your
bottom line

Keep in mind that to get the most benefit, the ATS should offer end-to-end, fully integrated: applicant tracking, I9 compliance, tax credit and business incentives, sourcing, drug screening, assessments and HRIS integration.

The Benefits of a Talent Acquisition Software

1

Driving ROI with tax credits and business incentives

By taking advantage of tax credits organizations are realizing millions of dollars in bottom line savings. If you’ve hesitated to replace workers you’ve lost through voluntary separation or termination for cause, consider taking action now. Time is running out on some lucrative tax breaks that can help you erase the image of HR as cost center and establish its new position as a profit center.

The best way to ensure your new hires meet the qualifications for the most lucrative tax incentive is to utilize a talent acquisition system that doesn’t just combine candidate screening and testing with the more traditional features expected in an ATS, but also automates the process of capturing the details needed to process tax credits quickly and efficiently.

Currently the Work Opportunity Tax Credit (WOTC) is a federal tax credit program designed to provide employers with incentives to hire individuals in any one of 12 categories of job seekers.

The program offers employers as much as:

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| • \$2,400 for each new adult hired | • \$1,200 for each summer youth hired |
| • \$4,800 for each new disabled veteran hired | • \$9,000 for each new long term recipient of Temporary Assistance for Needy Families hired |

These tax credits are a boon to any business' bottom line; but for industry segments with traditionally high turnover, such as retail and hospitality, they provide a real opportunity to increase profit margins.

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In addition, the Hiring Incentives to Restore Employment (HIRE) Act was passed in March of this year. The HIRE Act provides hiring and retention incentives in two key ways:

- A 6.2% payroll tax incentive for employees who are hired after February 2, 2010 but before January 1, 2011.
- A \$1,000 general business tax credit for each newly hired worker retained for at least one year.

Your state and local government may offer additional tax incentives you can take advantage of to boost your company's bottom line.

2

Government compliance – Save time and make fewer

Put an end to the hours lost each week searching for misfiled documents, chasing people down for missing forms, and filing all that paper – and ensure compliance with government regulations (I9s, EEO, OFCCP, etc). Each mistake on a potentially important form such as the I-9 opens the organization and yourself up to potential fines.

To learn more: [Click here](#)

Immigration and Customs Enforcement (ICE) is not forgiving to companies who turn a blind eye to error-ridden I-9 forms. The fines for violations range from \$1,100 to \$16,000 per unauthorized worker. ICE's enforcement division reported fines and financial sanctions of approximately \$50 million for worksite enforcement violations in fiscal year (FY) 2010 against more than 2,200 employers throughout the country, and noted that a record breaking 180 employers have been criminally convicted or cited with worksite violations during the calendar year.

3

Quality matters – make better hiring choices

Today it's not unheard of to get hundreds of applicants for one opening, and the search for the best-qualified candidate is even more overwhelming than ever. Save yourself and your hiring managers time and aggravation by raising the quality of interviewees.

An hourly hiring management solution that screens out least qualified candidates because of skills, work history, or poor attitudes quickly generates a positive return on investment and an impact to your quarterly financials by accelerating "*time to contribute*", thus reducing turnover and overtime. In a high-volume recruiting atmosphere where front line managers spend so much time screening, interviewing, selecting and training new hires, time saved on these tasks by hiring the best-qualified candidates directly impacts the bottom line.

4

Improve operational efficiencies and employee productivity

Better hiring choices means the new hire becomes productive faster. Staff who are a better fit for the position are also more likely to stay longer. Staff stability leads to managers who have more time to focus on strategic issues and customer service. These improvements can be tracked in higher sales, lower shrinkage, and lower turnover – translating into a better experience for the customer, higher customer retention rates and higher morale for coworkers.

Time to Contribute: Research by Aberdeen revealed that [companies with talent acquisition software] had 31% more new hires achieving their first performance milestone in the agreed-to timeframe compared to organizations without such technologies. Increasing a new hires time-to-contribute = reduced overtime cost.

5

Go paperless

HR has talked about a truly paperless function for a long time. While your department may have moved some paper-heavy tasks to the company intranet or other online service delivery mechanism, there is still much of traditional HR that generates lots of paper – particularly in the hiring of employees. By implementing a paperless application and onboarding system you not only help the environment but you save

a tremendous amount of money otherwise spent on printing costs and document storage.

For example, America's #1 retailer of auto parts and accessories has over 55,000 employees and over 4,300 stores in the U.S., Mexico and Puerto Rico. This Fortune 500 company has evolved from a primarily manual process to a 98% paperless process. The hard cost savings alone realized from a paperless hiring process – exceeded hundreds of thousands of dollars annually.

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The softer savings include managers' and recruiters' time (i.e. significant reduction in administrative costs), as well as the direct costs related to turnover — most notably, new employee training and the reduction in productivity experienced until a new employee gets experience on the job.

Conclusion

As the economy limps along in this "jobless recovery" and businesses look for every opportunity to generate more revenue, gain a competitive edge and contain expenses, human resources has a great opportunity to show that it can directly contribute to the company's bottom line by "smart hiring." An integral piece of the "smart hiring" process is a Talent Acquisition Software system that is specifically built to support a company's business needs while simultaneously identifying tax credits and business incentives. An effective strategy as described will drive positive business growth and turn HR into a profit center.

Benefits of an end-to-end, fully integrated ATS / Talent Acquisition System:

- Significant reduction in overtime cost
- Significant increases in (per employee) time-to-contribute
- Increases in tax credits and business incentives
- Decreased turnover
- Reduction in time-to-fill
- Reduction in terminations for integrity/internal theft
- Fewer background and drug screenings
- Increase in customer satisfaction scores
- 100% compliance with government programs and required forms processing (e.g., I-9 compliance).
- Paper, mailing and faxing savings

How nowHIRE can help: nowHIRE's High Volume Edition offers talent acquisition and management tools designed specifically for hiring hourly employees. Our ATS delivers a fully integrated, easy-to-use and automated process for hiring, recruiting, screening and onboarding applicants with true business value creation and positive quarter-by-quarter financial impact to the bottom line that reduces overtime costs and time-to-contribute, in addition to increasing tax credits, business incentives and so much more. nowHIRE is a preferred ADP partner.

About nowHIRE: Since 1999, nowHIRE has provided talent management products for companies of every size within diverse vertical markets. Our industry-defining solutions feature a fully integrated applicant tracking and talent acquisition system, talent sourcing tools, Web-based recruiting products and talent management software modules, including I-9 compliance and E-Verify. Companies can configure the software to their specific recruiting needs – for hourly, salaried, internal or contingent employees, or any combination thereof.

Visit www.nowhire.com/ATS_Hourly.htm or call 800-724-8546.



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