



Southern Building Material Association's



Human Resources Newsletter

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"Membership Pays."

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These services provide employees for either short- or long-term assignments at your workplace.

Outsource staffing to save labor costs, offer better benefits

Although we have not many lumber yards discuss this topic, it is worth a review. During these difficult economic times, lumber yards are looking for ways to reduce their employment costs—while maintaining employee benefits and gaining a competitive advantage in the marketplace. Many employers are looking at alternative staffing models to meet those objectives.

There are several kinds of alternative staffing models to consider.

Payroll services

These providers generally just pay employee wages and taxes under your tax identification number. They do not provide any benefits or HR services. Their primary advantage is that they may allow you to reduce or eliminate your internal payroll and tax staff.

Temporary workforce services

These services provide employees for either short- or long-term assignments at your workplace. The workers are employees of the temporary-service provider, which pays their wages, taxes and benefits. Many of these firms will allow you to hire temporary workers without paying a fee, as long as they complete a specified period of service with your company.

Admin services organizations

Under an administrative services organization (ASO) arrangement, the service provider administers your HR functions, such as paying wages and taxes, providing HR advice and ensuring government compliance. The ASO does not assume an employment relationship with your employees, but acts as an agent to pay wages and taxes under your tax identification number. Your company remains the sponsor for workers' compensation, health care and retirement plans, but the ASO may actively help you secure coverage.

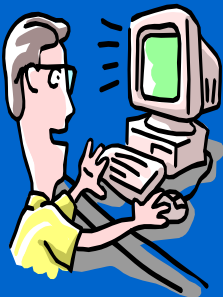
An ASO agreement generally is structured so the ASO is not considered the employer for the purpose of federal and state employment laws such as wage-and-hour claims, civil rights violations and similar laws.

Professional employer organizations

Traditionally referred to as "employee leasing," professional employer organizations (PEOs) offer the largest selection of services and benefits to employers. The PEO actually becomes a co-employer of your existing workforce, often including management



In choosing any type of staffing provider, exercise the same caution and due diligence you would use when selecting any other trusted advisor, such as your insurance broker or attorney.



PEOs also have trained HR and safety personnel, provide employee handbooks and may even maintain employment practices liability insurance coverage to protect your company from certain types of employment-related

and the owners.

Employees enter into employment agreements and fill out tax forms with the PEO.

All wages and taxes are paid under the PEO's tax identification number. Since your workers now are considered employees of the PEO, the PEO can provide workers' compensation and medical and retirement benefits under master plans sponsored by the PEO. Because a PEO aggregates thousands of employees under those master plans, benefits may be better and less costly than small businesses would be able to obtain on their own.

PEOs also have trained HR and safety personnel, provide employee handbooks and may even maintain employment practices liability insurance coverage to protect your company from certain types of employment-related lawsuits.

While the PEO becomes the employer for the administrative aspects of the employment relationship, the company retains the authority to direct the day-to-day aspects of the employees' job assignments. The company also has supervisory authority and the discretion to make decisions on wages, hiring and firing—in consultation with the PEO's HR staff.

How to choose the right outsourcing partner

In choosing any type of staffing provider, exercise the same caution and due diligence you would use when selecting any other trusted advisor, such as your insurance broker or attorney.

- **Get the names of businesses using the provider** and call them to see if they are satisfied with the services and benefits being provided.
- **Make sure that any PEO** you are considering is licensed to provide services in all the states where you have employees, and determine if it is a member of the national trade association for its industry.

Some national associations have independent certification organizations that will audit the service provider for its financial strength and determine if it is following the industry's best practices in critical areas such as workers' compensation, safety and risk management.

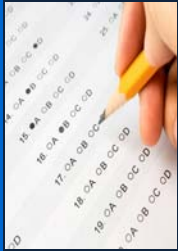
- **Verify workers' compensation policies** and get certificates of insurance for all benefits programs in which your employees will be enrolled. Make sure you know whether the benefits plans are fully insured, self-funded or subject to large deductibles.
- **Find out whether your cost** is subject to change based on your company's loss experience.
- **Finally, most service providers will want** the owners of a small business to sign personal guarantees. Before undertaking this step, discuss the ramifications with your attorney and financial advisors to make sure your organization's assets are protected in the event of a default.

These are just a few of the issues to consider if you are looking into any type of HR outsourcing arrangement. Make sure you completely understand all the implications for your business and your employees. Have your attorney review all documents and agreements before committing to any provider.

PROSALES ANNOUNCES SPECIAL AWARD WINNERS

PROSALES Excellence Awards honor outstanding achievements in construction supply in showroom design, facility design, technology, marketing and customer service,

lawsuits.



Are you confidently up to date on the recent changes to recordkeeping management?



The top three occupations with the highest fatality rates are.

advertising, and websites. The awards program celebrates business leaders whose creativity and ingenuity have not only improved and reinvigorated their own companies, but also set new benchmarks for service in the entire industry.

The 2011 Excellence Awards winners, locations and categories are:

- Raymond Building Supply, North Fort Myers, FL / Technology
- **TW Perry, Gaithersburg, MD / Marketing – SBMA Member**
TW Perry took on the daunting task of organizing a home show that brought to one place contractors, potential homeowners, product manufacturers, banks, and community groups.
- Sanford & Hawley, Unionville, CT / Technology

Receiving Merit Awards are:

- Stine Lumber, Sulphur, LA / Marketing
- **Parksite, Batavia, IL / Technology – SBMA Member**
Parksite was the only distributor to win a prize this year. Its Merit Award came in honor of a new inventory management system it incorporated that increased productivity by 34% with 75% higher accuracy.
- **Mountain Lumber, Boone, NC / Advertising – SBMA Member**
Mountain Lumber built on its reputation as a leader in the green construction movement by creating print ads showing its many products produced in its home state of North Carolina or within a few hundred miles of its store.

Dealers and distributors competed in six different categories: Best Advertisement, Best Marketing Campaign, Best Website, Best Showroom, Best Facility Design, and Best Use of Technology. A panel of four independent judges then decided which entries, regardless of the category, achieved excellence and which other entries had shown enough to be worthy of merit.

The HR I.Q. Test: December '11

1. According to a new LinkedIn survey, what's the No. 1 pet peeve among U.S. office workers?

- Meetings that start or run late
- Irritating or loud cellphone ringtones
- People who steal food from the office fridge

2. During the Bush administration, the average employer fine for hiring undocumented workers was \$16,666. How have average fines changed in the Obama years?

- Up by 30% to \$21,851
- Down 20% to \$13,332
- Stayed the same



Almost 70% of the employers surveyed revealed the use of drug testing for pre-employment had testing programs in place for seven years or longer.



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3. The top three occupations with the highest fatality rates are, in order:

- Police officers, miners, roofers
- Fishing workers, loggers, aircraft pilots
- Truck drivers, farmers, garbage collectors

4. While a majority of U.S. employees receive pay by direct deposit, what percentage continues to receive paper checks?

- 8%
- 25%
- 37%

5. The U.S. Department of Homeland Security recently expanded into 16 more states a pilot program that would allow people to:

- Apply for a "universal" I-9 form they could carry to any new job
- Print and complete their own I-9 forms at home
- Check their own work eligibility using the E-Verify system

Bureau of Labor Statistics; 4. NACHA; 5. USCIS.gov **Answers: 1. c 2. a 3. b 4. b 5. C**

Recent Poll Reveals Overwhelming ROI From Employment Drug Testing *by Robert Capwell*

According to a survey released by the Society for Human Resource Management (SHRM) and the Drug and Alcohol Testing Industry Association (DATIA) in September of 2011, over 57% of employers polled conduct pre-employment drug testing on all job candidates. Almost 70% of the employers surveyed revealed the use of drug testing for pre-employment had testing programs in place for seven years or longer. The study was composed of 1,058 randomly selected HR professionals, and the results continue to show that employers realize a significant return on investment (ROI) by incorporating a drug testing program with their organization. Here are some of the employer benefits of drug testing as revealed by the study:

- Organizations with high absenteeism rates (more than 15%) experienced a decrease in absenteeism of approximately 50% after implementing a drug testing program
- Organizations with high workers' compensation incidence rates experienced a decrease of approximately 50% after implementing a drug testing program
- Approximately 19% of the survey respondents revealed an increase in employee productivity after implementing a drug testing program
- Approximately 16% of survey respondents revealed a decrease in employee turnover after implementing a drug testing program
- Approximately 72% of employers with multinational operations indicated that they use the same protocols and policies used in the United States when conducting drug testing outside of the U.S.