



## ***Outsourcing Your Payroll Just Makes Sense***

By Teresa Kearney, Sales Director at Express Data Systems, Inc

**“A good system shortens the road to the goal.” Orison Swett Marden, American writer and physician.**

It is always wise to have a good system in place to ensure that your business is proceeding smoothly. One of the obstacles to this well-oiled machine can be found in companies who opt to process their own payroll and payroll taxes. Business owners cite many reasons to process their own payroll. Some have always had their wife, cousin or brother-in-law do it for them. They certainly don't want to deprive their friend or family member of this thrilling task! Some business owners are not comfortable with the idea of giving an outside individual access to their bookkeeping and their money. Or when money is tight, they do not want to pay someone else to complete a task that they can do themselves. Some business owners are simply resistant to change. If this is the way it's always been done, then it's good enough!

The problem with any of these arguments is that the tax laws change on a fairly regular basis. Keeping up with all of the changes can be akin to a full time job. Even if a business has only 1 or 2 employees, the government still wants their quarterly reports and payments on time. Even the phrase 'quarterly report' can be misleading. In the past, all payroll taxes were due at the end of each quarter. Now, some taxes are due at the end of the quarter, some are due once a month and some are due when a pre-set dollar amount has been withheld from a company's payroll. Which taxes are due at which time is determined, in part, by where the business is located and where the employee lives. Quite a bit to keep track of, right?

*A more compelling reason to enlist the expertise of a payroll service is the cost of the business owner's time.* How much is your time worth? If you are the owner of a company and you break your income down to an hourly rate, how much do you end up paying yourself each and every pay day, to process the payroll? Even more so, at the end of each quarter when it's time to prepare the quarterly taxes, how much is **that** costing you? Wouldn't you say, as the owner of the company, that your time is better spent actually working on your business? Whether you spend your time trying to grow your business by finding new customers or running the day to day operations, there are many ways to better utilize your efforts. Or perhaps you would prefer to be at home with your spouse, your kids, your dog, instead of at your desk, trying to make sure the local tax withholding percentage is correct for each of your employees.

When running a small business, you obviously can't outsource everything. But in order to help the business to run smoothly and in an effort to make a profit, sometimes hiring a professional to take over one of the more time-consuming tasks is a great way to optimize company resources. Since it is intertwined with such a variety of government entities, payroll is an excellent place to start.





## ***Outsourcing Your Payroll Just Makes Sense - cont.***

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According to Inc. Magazine, “the only thing more conventional than ‘keeping the books’ is screwing them up. In fact, the two typically go hand-in-hand, as the IRS penalizes about one out of every three business owners for payroll errors.”

So now you’ve decided to hire a payroll service so you don’t have to spend your valuable time on this task any longer. How on earth do you choose which company to trust with this important responsibility? There are major corporations that will be happy to take your money every month and promise you the stars, initially. The most important thing to consider, however, is will they be there when you need them. When you need the answer to a question or need to re-run a payroll on the same day, will that big, sprawling corporation, based in another state, be there to help you? Will they even pick up the phone when you call or will you have to leave a message and wait, sometimes days, for a call back? Beware the “First Month for Free” ploy. A large corporation can afford to give away a month or two or even three for free. It’s inconsequential to them. Also beware the initial super discount. If something seems too good to be true, it usually is. Keep in mind the phrase, you get what you pay for. This is true of many things, including a payroll provider. Rest assured, they’ll recoup that money somewhere else, such as overcharging for W-2s, charging additional fees to file quarterly taxes or charging exorbitant amounts for the end of year documents. Many business owners don’t think to ask about any additional fees and as a result are not aware that those ‘free months’ are actually costing them more in the long run. In addition, it’s important to realize that some large services may try to bundle your payroll package with additional services that you might not need, like human resources capabilities or financial planning. If the pricing is not listed a la carte, you may end up paying for services that you do not need and are not using.

But how do you find a trustworthy, competent payroll service? The best place to start is to ask other people who are in your situation. Ask other small business owners who they use. Ask the members of your local Chamber of Commerce or other business groups you belong to. Ask what they like and dislike about their payroll service. Once you have a few names, Google each payroll company and read what others have to say about them. Keep in mind that there will always be someone who has a complaint. It’s human nature. But determine whether the reviews for each company are predominantly positive or negative. When you have whittled your list of possible candidates down to a few, call them. Ask questions - a lot of them. Listen, *really listen*, to the answers you get. Most importantly, listen to your instinct. Do you get a good feeling from the person you’re talking to or the feeling that they’re just telling you what you want to hear in order to make a sale? You run your own business, you’re growing that business and adding employees, so clearly you know what you what you’re doing. *Trust yourself to do what’s best for yourself and your employees by utilizing a payroll service.*

