



HR in a Pinch

Why Fractional HR May Be Right
for Your Organization

ERCTM

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Great.

For small and mid-sized businesses the HR function is a critical part of business operations, but there's often not a perfect approach to staffing or resource support. Organizations often grapple with the timing of that first full-time HR hire. For those with one or multiple HR team members, employee transitions, employee leave, and even periods of growth can stress the organization.

That's where the idea of "fractional HR" comes in. Fractional HR (sometimes called "Interim HR") provides a flexible solution to filling any of the aforementioned gaps in HR staffing and resources by providing HR expertise on a short-term, part-time, or project basis. The right fractional HR support can help organizations navigate everything from compliance and employee relations to onboarding and compensation research.



The Concept of Fractional HR

Fractional HR is a modern, adaptable solution to HR that provides organizations with human resources expertise on a part-time, project-based, or interim basis.

Rather than hiring a full-time HR professional, fractional HR can offer specialized support tailored to the organization's needs. This model allows organizations to access high-quality HR experts and professionals without the overhead and long-term commitment tied to a permanent position.

There are a number of scenarios where fractional HR may provide an ideal solution to an organization's HR needs:

1 The Absence of a Full-time HR Professional

Many smaller organizations may not have the budget or needs for a full-time HR professional but still need to ensure that day-to-day HR operations are handled properly. There may be a list of HR "to-do's" that have been piling up on a business owner's desk, including developing an [employee handbook](#), benchmarking employee [compensation](#), developing an employee onboarding program, and more. A fractional HR

2 During an Employee Transition

Let's face it: during the lifecycle of an organization, employees leave for other opportunities or employees may be let go for any variety of reasons. In fact, according to [Haillo](#), US employers spend \$2.9m looking for replacement workers per day. These transitions are never easy for business owners, but they're especially compounded when that individual is an HR professional with critical tasks and knowledge. During the recruiting and hiring phase of bringing on a new HR professional, fractional HR can help bridge the gap and ensure organizations remain compliant and operational.

3 During a Short-term Leave

Very similar to the above example, organizations may have HR employees that go on short-term leave, such as maternity leave, health-related leave, or even sabbatical. Using maternity leave as an example, the [average amount of maternity leave](#) companies give in the U.S. is 29 days, though top-performing workplaces, according to ERC, average 12 weeks of maternity leave. Particularly if that employee is planning on returning, fractional HR can seamlessly fill that short-term gap.

4 In Periods of Growth

For organizations that are growing quickly, it can sometimes feel impossible to hire fast enough. This produces a need for quick access to expertise, particularly in the HR function. Skills like compensation research for hiring, compliance with a growing organization, and onboarding to ensure the retention of new employees are essential skills that a fractional HR professional can assist with.


5 Preparing for an Investment or Sale


Organizations that are preparing for a round of investment or even a company sale will typically go through a rigorous review process of their operations and practices. That means it is critical to ensure the HR function is compliant and the right processes are in place. Fractional HR support can help ensure that any outside review reveals a compliant and process-oriented HR function.


The Benefits of Using Fractional HR


When comparing the options of hiring a full-time HR professional, considering contract or outsourced HR support, or using fractional HR resources, there are certain areas where fractional HR shines.




 **Flexibility** — Investing in a full-time HR professional is a commitment in and of itself. For many small and even mid-sized organizations, that first HR hire can feel like a leap of faith. Fractional HR can help these organizations understand the dynamics of an HR function without the long-term commitment.

 **Cost-Efficiency** — Since HR is typically not directly a revenue-generating function, it comes under more financial scrutiny than other departments. The overhead of full-time HR professionals is clear: salary, benefits, technology, professional development, etc. Fractional HR removes much of the associated overhead. ERC's fractional HR services even bring with them access to valuable resources, data from other employers, and access to HR technology, all without the additional expense.

 **Expertise on Demand** — Typically an HR manager, HR director, or even HR generalist needs to have a broad skill set, inclusive of recruiting, hiring, compliance, compensation, and employee engagement. At times, though, HR professionals may not have experience in the practice areas you need most. The right fractional HR professional can support specific projects with greater expertise that would otherwise require hiring one or more HR specialists.

 **Risk Mitigation** — One of the most critical tasks that the HR function is responsible for is compliance. That includes ensuring policies and practices are compliant, employment laws are being followed, and the workplace is equitable and fair for all employees. Through auditing, policy review, and strategic recommendations, a fractional HR professional can help ensure compliance on a short-term or project basis.

 **Quick Implementation** — No matter the HR position, the recruiting and hiring process takes weeks to months before a new hire starts the job. According to SHRM, it takes employers an average of 44 days to make a hire. That's over 6 weeks! Then the first couple of weeks are typically spent onboarding that new employee. Sometimes organizations just don't have the time to address critical projects or gaps in their HR function, which is where fractional HR shines.

Comparing Fractional HR to Other Alternatives

When approaching staffing or support for the HR function, there's no doubt that there are multiple options. Let's compare fractional HR to the other alternatives that may be considered:

Fractional HR vs. Temporary Staffing Agencies

Both fractional HR and temporary staffing agencies can provide rapid support to fill gaps in an organization's HR function, though there are trade-offs in terms of the depth and breadth of HR expertise.

Placements from temporary staffing agencies typically possess general HR knowledge, but may not be equipped to address specialized needs such as compensation research or more complex compliance support.

Fractional HR, on the other hand, can provide the right person for the right application, offering an HR professional (or professionals) with specialized skills and deeper industry knowledge. ERC's fractional HR professionals are also equipped with access to industry data and technology that staffing agencies may not be able to provide to their temporary HR professionals.

Fractional HR vs. HR Outsourcing

Outsourcing the entire HR function can be an enticing option for organizations looking for an entirely "hands-off" approach. This type of outsourcing is provided by HR outsourcing agencies or even employee benefits providers.

With HR outsourcing, there's typically a one-size-fits-all approach to HR, meaning providers might not understand the nuances, culture, or specific challenges of any given organization. Some business owners may also feel a lack of control or personalization due to this more standardized approach.

At ERC, fractional HR can start with an [audit](#) to understand an organization's needs, challenges, and goals. This helps create a custom project plan catered to that organization, rather than a standard approach for every organization.

Fractional HR vs. Hiring Full-Time

Once an organization reaches a certain size or develops specific needs, a full-time HR professional (or multiple) is likely going to be essential. But those decisions also come with added overhead, oversight, and long-term commitment.

For organizations without a full-time HR professional or needing additional or specialized HR support, fractional HR can be a neatly-fit puzzle piece. It lets organizations experience the support of an HR professional without long-term commitment. It also lets organizations with an existing HR employee or team fill specialized needs or gain support during transitions.





How to Implement Fractional HR in Your Organization

Implementing any kind of HR support typically starts with a need. We've addressed several above, including the absence of a dedicated HR professional, an HR employee transition, rapid organizational growth, or even the need for a specialized HR skillset on a project basis.

Understanding these needs is a great start to filling these gaps. Fractional providers like ERC help organizations by conducting an HR audit to thoroughly examine an organization's policies and practices, identify potential issues, and assess the effectiveness of existing processes.

From there, a fractional HR professional (or team) can be established based on specific needs and skills. If you're in need of short-term fractional HR support, read more about [ERC's fractional HR services](#), or [contact us today!](#)

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