



**InsightHR**

**Good people.  
Good business.**

## Outsourced HR Services Vendor Selection Guide

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# Four Simple Steps to Picking the Right HR Consultancy

Whether your business has a dedicated in-house HR team or a stand-alone HR manager, the full breadth of Employment and Industrial Relations issues that exist in workplaces today can present challenges to even the most seasoned professional or team. Today, the HR function is expected to be able to juggle recruitment and onboarding, hybrid/remote working arrangements, grievances and disciplinary procedures, workplace investigations, mediations, training and development, organisational and cultural change, employee wellbeing, rewards and benefits, as well as keeping employment contracts, staff handbooks and policies up to date and making sure fair procedure is documented and followed. Brainstorming with others is hugely valuable when it comes to resolving complex HR matters, but not every organisation has access to the resources and/or specialist skills needed to tackle every issue adequately and reach an effective resolution.

If you have recognised that your business needs HR support, there are a couple of options available. You could hire someone in house either permanently or on a temporary basis, but it can be costly, especially if you're not sure if you're ready to commit to hiring a new employee. Otherwise, you could outsource and invest in an external service provider, which saves on hiring, training and paying employees.

Such external providers could be an independent HR consultant or a HR consultancy who can give you expert advice and support when you need it. This guide is designed to help give you more of an idea of what to look for when it comes to sourcing a HR provider.

*"Insight HR was founded back in 2000, and over that time we've built up a strong client base which spans many different industries and sectors. We are specialists in HR strategy, organisational design and development, employment law compliance and workplace conflict management.*

*However, with Insight HR, it's never just about fixing a problem or developing a strategy. Instead, our partnership approach arms teams with the knowledge they need to make better decisions. We leave HR teams better informed and more confident in their abilities to resolve future HR issues. This quick guide is another way for us to support you and your business."*



## **Mary Cullen - Managing Director of Insight HR**

Once you have made the decision to outsource your HR needs, there are several considerations before you make a choice. To get the very best advice and value for money, here are the stages to consider.

## Step 1 - Identifying objectives and planning

**What do you need?** – You could outsource all of your HR activities, but it may not be the best option in practice. For all company HR issues, you need an internal point of contact who can then discuss the issues with the consultant.

For example, if you're considering how to create a hybrid working model that works for your business, you could use a HR consultancy to help you define which roles can be conducted remotely, how to manage recruitment, selection and onboarding, career development for fully remote roles, training programmes for leadership and management, what the legal implications of remote working are and what changes need to be made to your policies and procedures. You also will need to consider how the changes will be communicated to employees and how any resistance to the change will be managed and addressed. Having an internal project manager who knows the inner workings of your business will help to make the process as smooth as possible and help your HR provider hit the ground running.

Whether you are looking for help with hybrid working or another project, be clear about what aspects of HR you want to outsource before you search for providers.

**Your business size** – It may sound obvious but consider how a consultancy's services align with your business size, growth, industry and culture. Although employee issues and workplace issues occur across all companies, small businesses and large corporates vary significantly in HR needs and issues. For example, if your business is a start-up, you will need a consultancy that understands small businesses. Equally, if your business is a large enterprise, you will need a consultancy with the experience and resources to work with you effectively.

## Step 2 - Research and background

**What do they offer?** – Once you are clear about what you need from a consultancy, you can begin your search. If you have identified specific projects or HR needs, for example, you need specific assistance with TUPE or redundancies, ensure you look for this specialist experience in your search.

**Testimonials and recommendations** – While each business may be looking for something different in a supplier, it's always worth checking out a consultancy's testimonials. If they don't have any obvious testimonials on their website or that they can show you, check who they've worked with and ask for case studies. You can also use your contacts (especially those who are the same size or industry as you) for recommendations.

## Step 3 - Considerations when choosing a HR consultancy

(Use our decision-making template Appendix X)

### Practical points

- **Relevant qualifications** – The CIPD (Chartered Institute of Personnel and Development) is the professional governing body for HR. Ideally, your HR consultant should be CIPD qualified. Remember to ask them about this (you can ask to see their membership details) to ensure they have the experience you need.
- **Who will you speak to?** – When weighing up different HR consultancies, think about the size of the consultancy and whether you will have one dedicated consultant to speak to about your HR issues or whether the consultancy operates more of a call centre type model. If it is a call centre model, be aware that you could be speaking to someone different every time.
- **Cost and value for money** – As with any service you invest in, it's worth comparing providers on cost. Consider whether you want a pay-as-you-go service or whether you're happy to commit to a specific time frame in a contract. Check for hidden fees, for example if you commit to the contract and you want to pull out at any time before it expires. Sometimes HR consultancies can promise the sun, moon and stars, but it's not until you need them to follow through that you find these are all chargeable extras.
- **Check availability** – You may not expect your HR consultant to be on hand 24/7, but you need to understand their availability and working hours. If you hit a crisis and require HR support, you need the comfort of knowing they're going to be able to help you sooner rather than later. If you have one dedicated advisor, what happens when they cannot attend to your issue straight away? Do you have a secondary contact who knows the details of your business?
- **Provisions during periods of absence/leave** – Similarly, if you'll be working with the same consultant or an independent consultant, ask them what support is in place if they're on annual leave or not working. It may be a temporary cover, or there may be no assistance at all. It's important to know this upfront so that you can plan in advance.
- **Confidentiality** – The information you exchange with your HR consultancy should remain confidential. Ask how this is organised and whether they will sign a confidentiality agreement. You should be provided with a GDPR data processing agreement too and have confidence that the provider is GDPR compliant. Remember, you may well be sharing sensitive data with the provider, and you have to be confident that their house is in order. You should also check whether the provider has appropriate insurance in place in the event of any problems.
- **Look at the contracts** – Like most partnerships, you may be subject to a contract when you start your relationship with a HR consultancy. Only you know whether you want to commit to a year or whether you want to look for something short-term. Speak to consultants about their contract options or whether you will be required to sign terms of business. Also, remember to check whether or not it is a

rolling contract. Some providers have long notice requirements written into the small print, so read the contract carefully.

- **Consider upcoming project work** – If you know you have a project coming up, then consider whether your potential HR consultancy can help you or whether you may need additional help. For example, if you know that there is a plan in the pipeline to restructure certain areas of the business, does your consultancy have a specialist in the area who can help you with this?
- **On-site assistance** – Another good thing to find out is whether your prospective HR consultant would be available to attend onsite meetings (if applicable) in the future. Of course, they may be strictly phone and video meeting attendees only, but it's worth finding out.

## Extras

- **A company health check** – Some consultancies will offer a free company health check when you start working with them. This may look at your business structure, sector, handbook, job descriptions, policies and procedures etc., to understand what's working and where improvements are required. Even if you are not offered a specific health check, a consultancy should take the time to understand more about your business when you start working together.
- **Updates** – The law changes, and you need to be confident that your HR consultant is on top of this. In addition, it's worth asking them how they will update you on employment changes, new initiatives, best practice or trends.
- **Free bonus resources** – It's always worth asking what else is included in your contract or membership. For example, this might be access to podcasts, webinars, documents, how-to guides or employment law updates. Compare costs and look at what extras each company offers and which will be most valuable to you.

## Experience and expertise

- **How do they apply employment law to reality?** – A CIPD qualified consultant should keep up with employment law changes. However, you need them to apply the law to your specific situation and come up with suggestions and solutions within the law. You don't want them to quote the law at you without any practical ideas about how it applies to you and your business.
- **Do they have hands-on expertise with your types of issues?** Your consultant must understand the types of issues you have or will have. They don't *have to* know your industry, but if they have experience in your industry even better. In addition, a proven track record of resolving your specific types of issues might sway your decision.
- **A rounded view of your business** – While you want your HR consultant to understand your business and challenges, you also want them to consider your people. Therefore, they need to have both knowledge and practical experience to use in your situation.
- **Experienced consultants** – The consultancy you use must be experienced enough to support your HR needs competently. While you may meet a managing consultant in the initial pitch meetings, you need to know that you will be working with someone experienced, not a recent graduate who may not have sufficient work experience. Similarly, if you need them to attend a meeting with one of your

line managers or employees it's essential to know that they have the experience to do this. By bringing their HR skills to complex, sensitive or emotional meetings they may be able to add significant value.

## Relationship building

- **Rapport and honesty** – Working with a HR consultancy is like many other working relationships. It's a lot easier if you have good rapport with the person you're working with. This also applies to honesty as you want your consultant to challenge you when necessary and let you know when you are at risk of an employment law breach or approaching a situation in a way they would not suggest.
- **Building trust** – Trust is fundamental. If the consultant has built trust successfully, they will be working collaboratively with you to reach the best possible solution or resolution for your business. It's helpful if you have someone who can assertively question your approach to a situation and not be afraid to offer other ideas and tell you when you're at risk of a legal breach. After all, they're the experts in HR.
- **Creative solutions** – Obviously, you don't want your consultancy to make suggestions about your company that break the law, but you want them to offer suggestions. The 'think outside the box' (but within the realms of the law) attitude is useful here to give you options. You also want them to use their work experience to broaden their scope of bespoke ideas and solutions.
- **Enthusiasm and passion** – We all have off days, but when choosing a HR consultancy, look for those truly passionate about what they do. You'll hear it when you speak to them, and it will be apparent in their work and discussions with you.
- **A unique approach** – You know your consultant is working with other companies, but it's not ideal if they churn out the same responses or content to all of you. They should apply employment law and best practice, but the overall approach should represent your company culture, tone and uniqueness.
- **Jargon-free** – As above, you need to get on well with your consultancy and know that they can explain HR policies, law and good practice in layman's terms. If someone baffles you with complicated jargon that requires interpretation, they're probably not for you.

## Step 4 - Measurement of success

Once you're working with a HR consultancy, you need to measure how well the relationship is working, how successful it is and the value for money. How soon or often you measure this will depend on the agreement you have in place. It's worth getting feedback from others in your company about the service and use KPIs to measure performance (see Appendix X for a suggested KPI framework).

## Book A Free Consultation

Insight HR have been around for over twenty years. In that time, our consultants have amassed a vast range of skills, knowledge and experience within many different industries. Today, we are specialists in HR strategy, employment law compliance and workplace conflict management. This gives our clients full confidence that we will enable them to reach an appropriate resolution smoothly and efficiently.

If you have a question about any aspect of HR, then get in touch.

We would love to hear from you.

[Click here to contact Insight HR now.](#)