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Reaching Out. Why outsourcing complex people management issues and focusing on your core business makes really good sense writes Shelley Dempsey

The moment of realisation came when the Melbourne company manager was forced to dismiss his second executive for non-performance and disciplinary issues. "I thought to myself, there must be something I'm not doing right," says Wilm Leibenstein, managing director of Fibrisol Service Australia - a niche food products manufacturer with 40 staff.

"I really felt I probably wasn't asking the right questions [when interviewing] and didn't have the organisational processes to find out whether these people would be suitable long-term."

Outsourcing the HR recruitment function to The Mindset Group (formerly Odin Consulting), which has offices in Sydney and Melbourne, proved to be the answer. The entry of psychometric testing and other high-level professional services into the equation means that the strike rate for recruits is now 100 per cent. "Mindset have recruited about six people for us over the years and they are still all with us," says Leibenstein. "They have also just found a new person for us in South Africa."

He adds: "Sometimes you may not like the results they come up with, but I think it has pretty much proven that these tests and processes are definitely worthwhile."

One day a fortnight, Mindset has a physical presence in the Fibrisol office, which has led to the firm outsourcing other HR functions to Mindset such as performance management, executive coaching and training courses. "It has all worked really well," says Liebenstein, who adds that the process has been far cheaper than hiring a full-time HR Manager. "We know what the money would be for a really super-class HR guy," says Liebenstein. "It would be more than \$100,000 per year and we've spent far less than that."

Demand has risen amongst SMEs for outsourcing HR functions such as recruitment, payroll services, occupational health and safety, salary benchmarking, executive coaching and employee satisfaction surveys, according to Don Holley, Managing Director at the m\Mindset Group.

Motivated by a skills shortage that is forcing SMEs to compete harder for good staff, HR outsourcing is now becoming more accepted in the marketplace, he says. Companies also tend to hire on skills and fire on personality, so they are realising it is

important to carry out personality testing when hiring.

"Companies have accepted that they can outsource IT - they've been doing that for some years now - and I think HR is now following," he says.

Those who have outsourced recruitment for a while are also tending to now demand other HR services. "I think some firms have found it a little frustrating and at times a little unsuccessful when dealing with pure recruitment firms. The feedback we're getting now is that they're looking for somebody who really understands their business and can help get the right people, but also make sure they keep them."

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