Small to Mid-Size Companies:
Powerful can be affordable

As a company with 250 employees, you'd think Chris, the HR Manager, is already using an HR information system (HRIS). Actually, she is still using Excel spreadsheets. Why? Chris says, "Because we just don't have the big budget needed for an HRIS implementation." *An HRIS does not have to be expensive.*

There are many HRIS products on the market that are reasonably priced and will include the basic features needed to increase the efficiency of your HR department. Three primary reasons that an HR Manager may be looking for an HRIS are easy access to employee data, regulatory compliance and strategic planning.

Easy Access to Employee Data

While not all databases are alike, most offer a basic set of features that will allow you to organize, store and retrieve employee data efficiently. These basic features are likely to include:

- Database for storing employee information (job and salary history, demographic data, etc.)
- Tracking Leave and Attendance
- Training and Licensing Management
- Benefits Administration
- Report Generation
- Some Customizable fields

Government Compliance

Most programs will include many of the reports you need to be compliant with government regulations, such as FMLA, OSHA, EEO, and Affirmative Action.

Strategic Planning

In addition to these basic features, many HRIS systems contain the tools to help you analyze the employee data for strategic planning:

- Employee Turnover
- Succession Planning (skills lists by job, skills held by employees)
- Salary Review & Budgeting (breakdown of salary & total employee costs)
- Benefits (cost trends)
- Performance and Talent Management

An HRIS can be affordable

For a company like Chris' with 250 employees, a comprehensive HRIS database program can cost under $1000 --- an affordable HRIS that will give you easy access to all your data, increase the efficiency of the HR department and free up time for more pro-active and strategic planning.

You may be saying to yourself, I really want a hosted solution, in which the HRIS is housed remotely on the vendor's server.   If your budget is small, consider the cost difference between a purchased and hosted solution. A "purchased" on-site system will generally cost you less over time than a "hosted" system. In the example of Chris' company, there is a significant cost difference between a hosted and purchased system.

Purchased: *one time cost* of $995 (HRSource)
Hosted solutions costs range between $2 - $5 per employee/per month.
Using a $3 per employee cost, your *yearly* cost will be: 250 x $3 x 12 = $9000. Over 5 years that would add up to $45,000!

Obviously there are tradeoffs with purchased software: you have to maintain the software and back up your own data. Check with the vendor to see if the support agreement includes basic maintenance. Also, data can be backed up automatically by utilizing your company's existing backup system.   A purchased HRIS can often be customized to meet your unique needs, which is difficult for a hosted solution that is providing the same database to many clients.

What about payroll?

You may want an integrated package that also includes payroll. If you have an existing payroll provider or in-house system, an HRIS may be able to interface to it using an import and export function. (You may also want to look into whether your existing payroll system already includes an HRIS. Make sure you examine the functionality of the HRIS system, as some payroll companies offer a very feature-thin HR module.)

Scale up your HRIS over time

Another possibility is to *scale up your HRIS system over time*. Purchase the core HRIS *today and then add-on features later as your budget allows. This way you are not sacrificing the system you ultimately want for the reality of what you can afford today.*

An affordable yet powerful HR system will improve your HR department's efficiency and productivity.   While these systems may not offer every feature, they provide a strong basic feature set at a price that most companies can afford. As you consider whether you

can afford a thousand dollars for an HRIS, consider the tradeoff of doing nothing. Do you want your HR Manager tracking down data in Excel spreadsheets and file cabinets? Or would you rather free up that time to help with strategic activities such as training, performance management and workforce planning?

For additional articles and information to help you make your HRIS decision, please visit our News and Articles page of our website.

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