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Results of new research study reveal significant impasses, missed HR opportunities for small to medium sized businesses

HOUSTON (August 7, 2007) – Slow to recognize the correlation between a successful HR department and a successful organization, small to medium sized businesses (SMB) cut off their own progress. These are among the findings in a recently published research report on owner trends in the SMB space. Eighty-two percent of the study respondents were director level or above.

Struggling SMBs consider HR as a “department”—a separate arm of their business body. Failing to infuse HR functions throughout their organization, SMBs limit strategic growth and confine their ROI.

- Tallied as the biggest SMB challenge and the biggest HR challenge: ***Finding and recruiting talent***. Yet less than thirty-three percent of all SMBs have a professional HR director.
 - Only 10% of respondents listed ***retaining talent*** as their largest HR challenge, and only 14% of respondents claimed ***performance management*** as their biggest SMB challenge, although performance management is critical to retaining employees and demonstrating a clear career path. Retaining employees is less expensive than hiring and training new talent. Ironically, less than 10% of respondents listed training, performance management and compensation planning as their largest HR challenges.
- Zero percent of business owners selected HR compliance as an area for improvement—even though SMBs must comply with thousands of HR laws and regulations.

The data show a prevailing disconnect between measuring business performance against employee and HR performance.

Key findings from the study:

Finding and retaining qualified people from a shrinking labor pool rated as a top financial concern. Employee management, coaching, and leadership development ranked as critical points. Tallied as the two largest human resource needs: more HR expertise, and an HR department aligned with business goals.

“Clearly, there’s a disconnect between business goals and HR functions in SMBs,” said JP Magill, president of Achilles Group. “The respondents cited hiring and retaining talent as their largest business and HR issues, yet they are not focusing on the strategic HR activities, such as workforce planning, retention planning, and compensation and incentive plans.” Magill said. “Retention is much less expensive than hiring and training new talent.”

The study, conducted by Achilles Group, includes lessons learned and actionable advice.

About Achilles Group

Achilles Group (www.achillesgroup.com) is an HR firm that becomes the HR Director for small and mid-sized businesses, providing HR expertise that SMBs require at approximately 50% of the cost of internal resources. Typical clients include executives looking for an alternative to building an HR department and companies outgrowing their current HR capabilities. Achilles Group provides HR expertise in support of businesses goals for more than 12,000 client employees in over 30 states. Started in 2002, the Houston-based company serves businesses with 25-2,000 employees.

Data compiled from Achilles Group’s 2007 Q2 research report on owner trends in the SMB space. The report is based on input from over 100 organizations. Eighty-seven percent of the companies retain 20 to 2,000 employees. Seventy-five percent hold more than one location; fifty-four percent more than three locations.

NOTE: For a full copy of the research report, contact Denise Bonniwell, denise@dcbcomm.com, 713-589-9989