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Customer Service



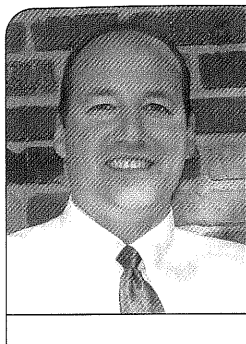
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John Bradley

HR Planning Simplifies Expansion to the US

The globalization of business is occurring at an unprecedented rate. Focusing a business solely in Canada dramatically limits the size of market for a Canadian firm.

Unlike many locations overseas, the US offers the full spectrum of advantages, starting with the most basic – a population that is nearly ten times the size of Canada, the use of Western business models, English as the first language, a stable political climate, and quality labour assets.

The administration of *Human Resources, Workers' Compensation, Employee Benefits and Payroll* often does not receive the attention it deserves because it is not seen as a profit centre within businesses. However, a well-designed and implemented plan is critical to protect the bottom line.

The key to achieving successful outcomes is a strategic, step-by-step plan that focuses on the major aspects of HR.

STEP 1 – UNDERSTAND THE HR SIMILARITIES AND DIFFERENCES BETWEEN CANADA AND THE US

It is important to establish policies, and administrative structures that focus on employees and comply with Federal & State Labour Laws. Labour laws vary between States and are typically different from Canada. The following are just a few of the positive differences that provide flexibility to employers.

'At Will Employment' exists in most US States. This allows an employer to dismiss an employee at any time for good reason without the mandatory minimum notice period, or pay in lieu of notice, of one week for every year worked as imposed in the Ontario Employment Standards Act.

Minimum standards for vacation and holidays generally do not exist in the US. Instead, they are normally at the discretion of the employer. Canadian jurisdictions can vary from five statutory holidays to as high as nine annually.

Drug & Alcohol policies are permissible and common in the US. A well-crafted policy in the US can allow an employer to test existing employees when there is reasonable suspicion. This promotes and maintains a safe

working environment and high standards of employee health.

Family and Medical leave in the US are covered by a 12 week unpaid time frame and only apply to employers with 50 or more employees.

STEP 2 – CONNECT WITH FIELD EXPERTS IN THE US

When Simply Audiobooks, a Toronto based company that offers rentals and downloads of audio books expanded to the US, Buffalo Niagara Enterprise assisted them in the job interview process and connected them with career fair organizers. Today, Simply Audiobooks is the largest company of their kind in North America.

Throughout the US, economic development organizations offer Canadian companies a range of expert advice free of charge. Some groups, like Buffalo Niagara Enterprise (www.buffaloniagara.org) have representatives in Canada who will meet right in your own office. This arrangement provides a single point of contact to a roster of experts in every key area imaginable: site selection, HR, accounting, taxation, insurance, legal issues, patents and trademarks, financial services, real estate, utilities and corporate incentives. As a result, it clearly is beneficial to seek the advice of the economic development organizations to help build a road map to success.

STEP 3 – BUILD A RISK MANAGEMENT PROGRAM

Like Canada, workers' compensation coverage is mandatory for US employers. Also, Workers' Compensation Insurance varies from State to State making, administration and compliance a burden. A well designed Risk Management program can reduce the risks, liabilities and costs associated with worksite safety.

STEP 4 – CONSIDER CO-EMPLOYMENT MODELS

Often, companies choose to outsource HR functions through Professional Employer Organizations (PEO) that provide an integrated suite of HR management services. For example, PEO's provide co-employment models wherein the client company establishes a three-way

relationship with the PEO and employees. The PEO assumes or shares the employer risks and liabilities with the client company. The client company continues to direct employees' day-to-day activities, while the PEO manages employee benefits, payroll, workers compensation and other administrative items.

ACE Bakery is one of North America's leading artisan bakeries. Based in Toronto, ACE expanded into the US. Fiona Mitchell, VP of HR opted for a co-employment model. She says, "We are a small, but rapidly growing, entrepreneurial business. The great advantage of a PEO is that they take on the US HR administrative details so our small HR team can focus on the critical HR tasks. With a co-employment program, we don't have to stay current with constantly changing legislation in every State." The PEO contractually assumes certain rights, responsibilities, and risks. They manage employee benefits, payroll processing and tax administration, workers' compensation and much more.

STEP 5 – TAKE A "POOLED" APPROACH TO EMPLOYEE BENEFITS

Employee benefits in the US are handled differently than Canadian public insurance (e.g. OHIP) and health insurance plans. Premiums vary dramatically across the US.

Since premiums are often based on the number of employees, many US firms have found they can offer a larger suite of employee benefits at lower premiums by

engaging the services of a PEO. PEOs pool employees from various companies together and then negotiate with benefit providers as a large employer. The advantage to this arrangement is that small companies can offer the variety of benefits that large companies offer, at the same discounted price.

STEP 6 - PAYROLL

Employers with employees in different States are required to file taxes and unemployment insurance in each State. Depending on the level of complexity of the payroll activity, it may be prudent to outsource this activity to payroll service companies, HR outsourcing firms that offer payroll administration, or accounting firms that specialize in this activity.

Expanding a business from Canada to the US can provide great growth opportunities for companies. Managing the HR aspects of the expansion in a well-designed and strategic manner will help an organization reach their goals. Economic development organizations like Buffalo Niagara Enterprise can connect companies to local HR experts that provide a full suite of services related to HR.

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