



Small Business Problems and Four Point HR Solutions Source: NFIB

Small Business Challenge: COST OF HEALTH INSURANCE

The cost of health insurance continues its reign as the number one small business problem, a position it has held for over 20 years. The number one ranking is nearly unanimous across all 53 sub-categories of businesses analyzed in the recent NFIB survey. Health insurance costs have risen 129% since 1999, 84% since 2001. These huge cost increases have forced some small business owners to terminate their employee health plans while preventing others, including new entrants, from instituting one in the first place.

On March 23, 2010, the president signed the Patient Protection and Affordable Care Act, also known as Health Care Reform into law. This Reform mandates significant changes for health and welfare plans.

Four Point HR Solution:

Four Point HR takes a proactive approach to managing the impact of increasing health insurance costs. We offer unique major medical coverage, consult with clients to structure waiting periods that reduce short-term employee participation, and offer staffing services to reduce the number of on site workers eligible for benefits.

Four Point HR offers a unique, fully insured, medical plan through Assurant that incorporates a wellness plan into the normal major medical coverage. The wellness plan helps to improve the overall health of plan participants, reduce visits to the doctor and stabilize long-term premiums. Plan participants take quarterly surveys to monitor their overall health and well-being and receive detailed suggestions on improving their conditions.

Four Point HR works closely with its clients to incorporate employment practices designed to maximize the effectiveness of benefit waiting periods. By mirroring benefit waiting periods with probationary employment periods, we are able to reduce the premium costs from short-term employees that are terminated early in their employment. Our HR staff works with clients to closely monitor this probationary period, document employment issues that exist, and terminate prior to benefit eligibility if an employee does not demonstrate a clear ability to perform.

Four Point Staffing allows businesses to implement unique outsourcing solutions that minimize the number of employees eligible for benefits. This division has the ability to recruit and employ entire departments that work within a business, reducing the number of employees on the corporate payroll. In addition, Four Point Staffing can recruit and employ all new employees for the probationary period of employment, reducing the hassles associated with turnover.

Small Business Challenge: TAX REGULATION

Four of the top 10 ranked problems in the NFIB survey are tax related. In total, the survey lists nine tax-related questions including federal and state taxes on business income, property taxes, tax complexity and frequent changes in federal tax laws and rules. If combined into one problem, the ranking would likely be different. NFIB's Small Business Economic Trends ranked the overall burden of a generic "taxes" above the cost of insurance as the number one problem for a large portion of the last decade.

Tax complexity, a new problem in the 2008 Problems and Priorities, ranks 5th among the survey's 75 business issues, between federal and state taxes on business income as a business problem. It is a critical problem for 23% of business owners. Tax complexity has reached a point where 88% of small business owners opt to pay a tax preparer or accountant to do their federal tax returns on business income (NFIB's Tax Complexity and the IRS poll).

Four Point HR Solution:

With unemployment continuing to remain at extremely high levels across most of the country, state unemployment trust funds continue to borrow from the federal government to make up for the shortfalls that exist. Unemployment tax rates have increased across the board and will continue to do so for extended periods until the funds pay back loans and reach fiscal health. Small businesses are particularly hard hit, as they do not have a large pool of workers to spread the impact of unemployment claims. In addition, they do not understand how to terminate and fight unemployment claims to their benefit.

Four Point HR helps small businesses to minimize the impact of rising unemployment taxes by spreading their unemployment risk across our client base of thousands of employees. In addition, we work closely with clients to teach the proper way to handle employment related reviews, documentations, and terminations so that they clearly demonstrate sufficient grounds for termination.

Small Business Challenge: UNREASONABLE GOVERNMENT REGULATIONS

Much like taxes, this generic problem category costs small businesses in several ways: understanding and keeping up-to-date with compliance requirements, cost of consultants, employee time, management time, direct outlays, lost productivity and/or sales, foregone opportunities, etc. *The federal government alone proposes approximately 150 new rules every year that cost business owners over \$100 million per rule in compliance costs.* Adding state and county laws that sometimes duplicate federal laws, merely raise the cost and frustration level.

The regulatory problem has often been called "death by a thousand pinpricks." It is not simply one agency or one regulation, but the cumulative effect of thousands of regulations from multiple sources that impact small business owners. The regulatory problem ranked 22nd in 1986 when it was first introduced. It moved to 20th in 1991, 11th in 1996, 4th in 2000, 8th in 2004 and back to 6th in 2008. While the rank of "Unreasonable Government Regulations" climbed precipitously from 1986 to 2000, it has leveled off over the past two surveys but remains near the top of the list.

Four Point HR Solution:

Small business regulations continue to grow in number and complexity. Whether it is health related regulations such as HIPAA or COBRA, workplace safety requirements under OSHA or the often-misunderstood guidelines from EEOC, it is virtually impossible for a small business to navigate these regulations without competent, professional assistance. Four Point HR takes a three-prong approach to keeping its clients in compliance and out of trouble. First, we update employment policies for our clients on an annual basis or on an as-needed basis upon significant change in regulation that has an effect on small business. Second, we work closely with our clients to handle unique employment situations such as discrimination and harassment claims, workers' compensation claims, and OSHA investigations. Finally, we provide training to clients and their management teams on navigating the regulations.

Challenge: **WORKERS' COMPENSATION COSTS**

About one-quarter of business owners regard workers' compensation costs as critical, one-third lower than four years ago. Safer workplaces due to improved working environments and a shift in the employment base from more hazardous manufacturing jobs to relatively safe service positions contribute to lower rates. However, it would be a mistake to assume that workers' comp issues have faded as a major concern for small business owners. The rising cost of healthcare directly affects the cost of workers' comp insurance and will therefore continue to be a burden for small firms.

Four Point HR Solution:

Small businesses have enjoyed a relative easing of workers' compensation insurance rates and coverage terms over the last several years. We are beginning to see rate increases in many states that will likely continue over the next three to five years. In addition, small businesses have produced less premium and experienced more claims over the last 24 months. Both conditions are a product of the economic downturn and will lead to increases in Experience Modification Factors that will further exacerbate the rate increases.

Four Point HR provides valuable benefits to small businesses that seek to reduce or stabilize their workers' compensation premiums. Four Point HR has the ability to immediately reduce your workers' compensation rates by including your business on our master workers' compensation policy where your rates decrease due to our ability to negotiate lower rates based upon our volume and our ability to control claims. This takes us to the next step where we can help your business reduce the number and severity of claims by implementing proactive loss prevention services designed to minimize the risks that produced your previous claims and closely manage your ongoing claims to detect fraud and return the employee to work as quickly as possible. Finally, we improve your cash flow and remove the end of the year audit surprise by allowing you to pay premiums on an as earned basis through the payroll process.

Small Business Challenge: CASH FLOW

Small businesses have been hit the hardest from the economic recession. Small business owners who have weathered the storm often have opportunities but do not have the cash flow or liquidity to take advantage of those opportunities. Unlike larger businesses, small companies do not have access to debt financing such as corporate paper or bond offerings.

Four Point HR Solution:

Through our affiliate Four Point Capital, Four Point HR offers small businesses the opportunity to turn their payroll process into a source of liquidity. Our product, PAYgrow Payroll Funding, allows businesses to pay for each payroll on pre-arranged terms of 30 to 60 days over a 12-month contract period. PAYgrow allows you to unlock the money tied up in your payroll to be used for definable business growth opportunities. Clients secure the credit with their business receivables.

Small Business Challenge: FINDING AND KEEPING SKILLED EMPLOYEES

The percent of small business owners who rank labor quality as their most important business problem in NFIB's Small Business Economic Trends survey has shifted upward since 2004. Retaining skilled employees varies significantly by firm size. It worsens for small business owners as the number of employees increases. Businesses with 1 - 4 employees rank this problem 27th whereas those with 50 - 99 employees rank it 8th out of 75 problems. Small business owners have additional incentives to retain workers that are difficult, as well as expensive, to replace.

Four Point HR Solution:

Finding and retaining top talent is a problem that often results from small businesses being forced to deal with the other challenges they face. There are only so many hours in a day and businesses know that they must run leaner and smarter to compete. This makes every staff member – new or existing – critical to the business.

Four Point HR works closely with its clients through its Four Point Staffing division to become a single source recruiter for your business. We get to know the unique values that your top performers possess, the culture that exists in your business and the skills that each position requires. We charge you with a simple and reasonable per hour charge that is added to the PEO fees to cover the first 90 days of employment. We assume the charges for all job adds, assume the unemployment and workers' compensation claims risk and pay for all back ground checks. No more dealing with job adds, looking through applications and conducting multiple rounds of interviews. Our professionals get to know the ins and outs of your business, make finding the perfect fit for your company a priority, and represent you professionally to all applicants. We can make the hire for you or deliver two to three finalists for a position to the door for you to make the final decision.