

Why Every Small Business Needs an HCM Solution: A Comprehensive Guide





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Small businesses are the **cornerstone to the American economy**, but many small business owners are so focused on other tasks, they overlook the importance of having a HCM solution. Human capital management (HCM) ties together all of the practices and applications in your organization that manage and develop your workforce, but why is it important to have an HCM solution? And what does a HCM solution do for you?

Here's your chance to learn more about why an HCM solution is essential to the success of your small business and the benefits of choosing **IRIS Payroll and HCM**.

What Is HCM?

HCM stands for human capital management. An HCM solution is software that helps an organization in managing and maintaining its employees. It brings together key HR and payroll functions into a single system including talent acquisition, payroll and benefits, training, and time and attendance.

The right HCM solution will help you tackle some of your largest HCM pain points while empowering employees to achieve more.

How Can an HCM Solution Help Me?

The right HCM solution can help tackle some of the largest pain points your small business may be experiencing. Here are eleven of the most common pain points from small business owners and how having a robust HCM solution, like [IRIS Payroll & HCM](#), can help you resolve them.

1. Compliance

Keeping up with the ever-changing labor laws, tax regulations, and industry compliance requirements is overwhelming and if you aren't compliant you can be subject to big fines and legal issues. It can feel like once you finally understand and meet the standards, everything you knew gets updated and you have to start all over again. This only gets more complex as your company grows and you have employees that live in different cities or states. In those situations, not only do you have to become compliant with your local regulations, but you're responsible for staying compliant with multiple locations, which seem to always have drastically different regulations.

An HCM solution, like [IRIS Payroll and HCM](#), can help simplify even the most complex payrolls and ensure you are compliant with all applicable federal, state, and local regulations. The right HCM solution will take care of compliance for you, so you can have your time back to focus on more meaningful projects like growing your business.



2. Time-Consuming Manual Processes

As your business grows, it's not uncommon for it to be a full-time job to manually manage payroll processing, track employee hours, and/or manage benefits. They are exhaustingly repetitive tasks with hours of manual data entry every day, but they are essential for the success of your business.

How much time could you save if you could automate those processes?

HCM solutions can automate your most time-consuming manual processes. This isn't just streamlining the processes to make them easier to do, this is completely revolutionizing the process by eliminating the need for manual data management. Companies aren't saving a few minutes or hours every month by utilizing an HCM solution, they're saving hundreds of work hours a week and headcount costs that can then be redirected back to core business activities.

3. Inaccurate Payroll

Over **three-quarters of Americans** are living paycheck to paycheck. Because of that, payroll is expected to be on time and accurate every time, because even a small error or delay in service can lead to employees being unable to pay for basic necessities. After two payroll errors, **49% of employees** start looking for a new job. Payroll errors lead to unsatisfied employees and employee churn, but they also cost time and resources to solve, which puts an even larger burden on your payroll team.

Because HCM solutions track employee hours and payroll through one platform, it's easy to ensure payroll is accurate every time. This directly impacts employee satisfaction and also gives you time back to your schedule because you are no longer spending time trying to resolve payroll concerns.

4. Data Security and Privacy Concerns

HCM deals with the most protected and sensitive personal information. If HCM data is breached, thieves quickly have access to employees' names, address, banking information, social security number, and tax information. This information is a prime target for identity theft and has to be protected because even a small data breach could lead to significant losses.

Most small and medium sized businesses don't have the necessary resources and manpower to properly protect their data, putting their business and their client's information at risk. An HCM solution provides a professional solution to protect and secure personal information so that even the smallest company can know that their information is protected from cyber attacks.



5. Scalability Issues

When you're first starting a business, HCM tasks don't seem too complex. One person can handle all of them, and it's easy to manage. However, as your company grows the HCM tasks grow with them. HR and payroll processes that were manageable when the company was smaller become inefficient and can act as a bottleneck for your future growth.

You could continually expand your HR and payroll teams as your company grows, but that has significant overhead costs without providing any real impact to your bottom line. Or, you could use a HCM solution like [IRIS Payroll & HCM](#).

An HCM solution helps streamline and automate key payroll and HR processes, making it easy to manage large teams. The HCM solution grows with your company and is prepared to provide you the support you need without forcing you to feel overwhelmed.

6. Employee Self-Services

A growing majority of employees expect to be able to access their HR and payroll information. They want to have options for updating their personal information themselves, accessing their pay stubs, or modifying their banking information. They want ownership of their information, and it can be challenging to provide them with that access without the right tools.

The right HCM solutions will provide a secure employee self-service portal. This empowers employees to access and update their information when and where they want, without requiring input from the HCM team. Because employees are able to view, edit, and update their information on their own, the amount of data entry errors is significantly reduced, which directly impacts and lowers the amount of payroll errors. Additionally, because employees have ownership

of their records, that removes the burden from your HR and payroll teams from updating and maintaining that information, giving them time back to focus on more meaningful HCM tasks.

7. Integration

In a perfect world, all of your software solutions integrate with each other and data freely flows between accounting, time tracking, and payroll. Unfortunately, the reality for many businesses is that their software solutions can't be integrated with each other, which leads to data silos and inefficiencies.

Integration is essential when you're looking to improve transparency and communication within your business. Integration allows information to flow freely, ensuring that there are no secrets or hidden data points. A HCM solution creates a centralized and integrated source of truth, giving you a complete picture based on integrated data.

8. Cost Concerns

[99.9% of all U.S. businesses are small businesses](#) and typically small businesses live on a very tight budget. There's a good chance that you don't have an extravagant budget to spend on custom comprehensive HR and payroll solutions like large corporations do, but you're looking for something that provides you with the support you need without breaking the bank.

An HCM solution helps you save money by streamlining key payroll and HR processes, allowing you to do more without feeling burnt out or overwhelmed. By integrating your HCM solutions, you'll also have a more complete view of your business and where there is room for optimizations.

By automating payroll processes, [IRIS Payroll & HCM](#) can reduce the need for extensive manual data entry, calculations, and paperwork. This can decrease the time spent by HR and finance teams

on payroll tasks, allowing them to focus on more strategic activities, ultimately reducing labor costs.

In addition, payroll errors can be costly, especially if they lead to compliance issues or incorrect tax filings. **IRIS Payroll & HCM** ensures accuracy through automation and integrated compliance tools, helping to avoid fines and penalties from tax authorities or simply human error.

9. Limited HR Experience

Most small and medium sized businesses do not have dedicated payroll and HR departments. More often than not, the responsibility for HR and payroll fall on the owner, a member of the executive team, or maybe one specialist that has experience with payroll but not HR, or HR but not payroll. This is dangerous for your business because inexperienced HCM managers may not know essential information about compliance or security, putting your company at risk for fines and legal action.

IRIS Payroll and HCM automatically identifies and alerts you to ensure that your information is protected and that you are compliant with all relevant federal, state, and local regulations. Even if your HCM manager is new or inexperienced, IRIS Payroll and HCM will fill in the gaps ensuring you always have the coverage and support you need.

10. Employee Turnover and Recruitment

Your employees will not stay with your company forever. Depending on the size of your business, you can expect a turnover rate of around **17 to 20%**. While this is expected in the lifespan of your business, it can still put an unwanted burden on your organization. Replacing a staff member can cost as much as **two times the employee's annual salary** in recruiting, interviewing, onboarding, and training. A HCM solution can significantly cut down on the time and cost of filling a job opening by streamlining the recruitment and onboarding processes.

The faster a new employee is able to enter their position and is trained to fill their task, the less impact it has on your business. By leveraging automation and AI tools, **IRIS Payroll & HCM** makes it possible to digitize the onboarding process. This significantly reduces the amount of time spent with managing tax forms and onboarding documents, and allows the new employee to quickly be trained and ready for their position.



11. Employee Satisfaction and Retention

Employee turnover is a constant and can never be reduced to zero, but you should still be mindful of employee satisfaction. A toxic, unsafe, or unenjoyable work environment can directly impact your talent retention rates.

Stereotypical plans to improve employee satisfaction include surface level improvements like an occasional pizza day or casual Fridays, but those don't fix an unreliable payroll or a dead end

job. It may not be as eye-catching as a foosball table in the breakroom, but a HCM solution can create a direct and meaningful impact to your employee's satisfaction in the workplace. It helps ensure the accuracy and consistency of payroll, empowers employees to take ownership of their personal data, and offers an education and training platform to better track growth and development.

An occasional free lunch won't keep employees, but a reliable paycheck paired with a training program to help them be upwardly mobile will.



Achieve More with IRIS Payroll & HCM

IRIS Payroll & HCM provides your company with the platform and service it needs now and is ready to scale with you over the years to come. With over 40 years of industry experience, IRIS is known for providing you with the relevant technology and tools you need to consistently reach your goals.

Discover the difference **IRIS** can make for your company today by streamlining your payroll and HR processes.

IRIS Americas is part of IRIS Software Group. It exists to take the pain out of processes and let professionals working in CPA firms and businesses comply with regulations, drive productivity, and better engage with key stakeholders. Its brands include IRIS Star Practice Management, IRIS FMP, IRIS Innervision, IRIS Practice Engine, Doc.It, PSI Payroll, AccountantsWorld, Senta and Conarc.

IRIS partners with thousands of CPA firms and small to midsize businesses across North America, including 52 of the top 100 US CPA firms. We offer innovative Payroll and HR solutions, making us the preferred partner in the region. Globally, IRIS serves over 100,000 customers, with 80% having tenure of five or more years.

