

PAYROLL

First thing you need to do is pay people. But payroll is more than cutting checks; it's also about worker's comp, W-2s, PTO, and adhering to local, state, and federal tax filings, among others.

PRO TIP: "Keep in mind set-up time, transparent pricing, and ease of use when selecting a provider. Many older services have hidden fees and require paper documents." —Josh Reeves, [ZenPayroll](#)

Consider these vendors:

1. [Intuit Payroll](#)
2. [Ovation Payroll](#)
3. [SurePayroll](#)
4. [Wave Payroll](#)
5. [ZenPayroll](#)



HEALTHCARE & BENEFITS

After cutting a paycheck, you'll need to provide employees healthcare. Whether you use an intermediary or a one-stop shop, make sure you're picking a provider that fits the needs of your team and scales appropriately.

Consider these vendors:

1. [Benefitfocus](#)
2. [Maxwell Health](#)
3. [Sherpaa](#)
4. [SimplyInsured](#)
5. [Zenefits](#)



PERFORMANCE MANAGEMENT

With a larger headcount, you want to make sure your employees are happy and effective. Perks like free lunches and Ping-Pong tables are nice, but an employee that is properly challenged and engaged is likely happier, and certainly better utilized.

PRO TIP: "Employee recognition and high-quality rewards improve employee productivity. Invest in your people!" —Fernando Campos, [AnyPerk](#)

Consider these vendors:

1. [15Five](#)
2. [AnyPerk](#)
3. [iDoneThis](#)
4. [Teamly](#)
5. [Work.com](#)



HOW TO GET YOUR BACK OFFICE UP & RUNNING

PART 1: HUMAN RESOURCES

CHOOSE YOUR STRATEGY

There are three main "strategies" to get your startup's [human resources](#) back-office up and running quickly. There are no wrong answers, just different preferences based on your company's needs, bandwidth, and resources.

1. Do it yourself

You can use a selection of some of the latest and greatest cloud-based vendors in this infographic to help you do it yourself. If you need help managing them, try a HR Information System (HRIS) provider.

PRO-TIP: "Automate day-to-day recordkeeping tasks in HR by leveraging technology so you can free up time for value-added and strategic HR functions." —Dave Barnes, [BambooHR](#)

HRIS VENDORS INCLUDE: [BambooHR](#), [Peoplefluent](#), [Silkroad](#), [TribeHR](#), [Workday](#)

2. Intermediaries: Find a broker or MHRSP

There are a myriad of local and national brokers who can help you choose the right vendors and Managed HR Services Provider (MHRSP) who can even manage them for you. As intermediaries, they profit from referral fees and/or management fees.

PRO-TIP: "A MHRSP reduces possible errors, removes the fear of compliance, and the time spent away from building your business." —Mark Goldstein, [BackOps](#)

PRO-TIP: "A MHRSP can allow you to sync data across platforms from a variety of third party cloud technology partners, including non-HR services like accounting and finance." —Ryan MacCarrigan, [Advisor](#)

BROKERS INCLUDE: [Sweet & Baker](#), [FundedBuy](#)

MHRSPs INCLUDE: [BackOps](#), [Advisor](#)

3. One-Stop Shops: Use a PEO or ASO

A [Professional Employer Organization \(PEO\)](#) is a service provider that "hires" your employees so all the HR-related filings, including payroll, benefits, and compliance, fall under the PEO. An [Administrative Services Organization \(ASO\)](#) provides the same integrated one-stop shop solution, except that everything is kept under your company's name. It is worth noting that while the HR software and services market is fragmented, one-stop shops command the largest share because of their ease of use.

PRO-TIP: "An integrated solution provides you with the comfort of complete HR coverage and compliance while also allowing your employees to directly contact a single provider for all their HR questions." —Brian Helmick, [Argentis](#)

PEOs INCLUDE: [ADP TotalSource](#), [Inspertity](#), [Paychex PEO](#), [VentureLoop](#), [TriNet](#)

ASOs INCLUDE: [Argentis](#), [Ceridian](#), [Paychex ASO](#)

HR COMPLIANCE

With more employees, it's important to stay compliant. There's more to HR compliance than employee handbooks. Make sure your office is compliant with local, state, and federal laws to limit your exposure.

PRO TIP: "The risk with compliance is as much about what you don't know as it is about complying with the things you do know. Federal, state and local rules on everything from vacation to health care to maternity leave can cause major headaches for companies who unknowingly violate them." —Jeremy McCarthy, [VentureLoop](#)

Consider these vendors:

1. [Halogen Software](#)
2. [Silkroad](#)
3. [Simpler](#)
4. [Taleo](#)
5. [Workday](#)



HIRING & RECRUITING

As you grow your company, recruiting becomes more than trolling LinkedIn and Craigslist. Try one of the newer vendors infused with social and crowd-sourced functionality.

PRO TIP: "Hiring can be incredibly challenging. Before you pay out big money for job boards and databases, ask your team for recommendations. Employee referrals are proven to get hired faster, stay longer and be a stronger cultural fit." —Kes Thygesen, [RolePoint](#)

PRO TIP: "Applicants lie and SEO their own resumes to fit the job description even though their work, education, and skill set may not fit. Protect your company by pre-screening all applicants and running background checks."

—Adam Spector, [Virtue](#)

Consider these vendors:

1. [Developer Auction](#)
2. [Entelo](#)
3. [GroupTalent](#)
4. [RolePoint](#)
5. [Virtue](#)





HOW TO GET YOUR BACK OFFICE

UP & RUNNING

PART 1: HUMAN RESOURCES

ADDENDUM

As a new startup, [VendorStack](#) is currently going through the process of choosing HR vendors to provide payroll, benefits and many other important HR functions to its growing number of employees. This infographic is a product of our research and numerous conversations with other fast growing companies and the vendors they use.

There are three main “strategies” to get your startup’s back-office up and running quickly. It’s a fair assumption that the more you pay, the less you have to manage (and see), which has its pros and cons. On one hand, you don’t have to deal with the non-core but critical functions associated with HR. On the other, you also pay a premium by not maximizing each function through a variety of vendors. There are no wrong answers, just different preferences based on your company’s needs, bandwidth and resources.

1. Do it yourself

You can use a selection of cloud-based vendors in this infographic to help you do it yourself. We broke out vendors based on different categories of HR services that almost all companies need. For this infographic, we focused mostly on cloud-based vendors that could be integrated with a wide variety of services, including HR Information System (HRIS) software or third-party service providers.

If you decide to do it yourself, here are some things to watch out for:

- **Does the vendor scale with us as we grow?** Some vendors charge a set-up fee and/or per employee fee. For a small company, limiting your up-front costs to per employee charges may make sense. However, as you grow in size, you may consider some of the larger vendors who can provide you bulk discounting.
- **Does the vendor scale geographically?** Some vendors do not have national or international coverage. This is particularly important when dealing with payroll, benefits and compliance.
- **Who do we call when something is broken?** Some cloud-based vendors do not have 24/7 support. This is particularly important if you have employees in different time zones and an emergency occurs.
- **Does the vendor play well with others?** The key to managing multiple vendors is to find ones that have open APIs and integrate with other popular services. You could also consider a HRIS provider as a central hub for your different vendors.

PRO-TIP: “Automate day-to-day recordkeeping tasks in HR by leveraging technology so you can free up time for value-added and strategic HR functions.” —*Dave Barnes, BambooHR*

PROS: It’s likely (but not guaranteed) that the pricing is better, particularly since many of the single-function vendors make their pricing transparent.

CONS: HR has many pitfalls related to opaque rules and compliance. Make sure your vendors scale with your company as you grow domestically and internationally.

HRIS VENDORS INCLUDE: [BambooHR](#), [Peoplefluent](#), [Silkroad](#), [TribeHR](#), [Workday](#)

2. Intermediaries: Find a broker or MHRSP

If you have a hard time selecting a vendor (even with [VendorStack](#)), you can have a broker or Managed HR Services Provider (MHRSP) provide you referrals.

Choosing a broker can be difficult because they have preferred vendors, which limit your options. A good broker will help you select the right vendor specifically tailored to your company's needs and provide you with their broker discount.

If you want your vendors externally managed as well, consider a MHRSP. As with brokers, your vendor selection is likely limited to preferred vendors. Because you are paying an intermediary to manage your HR vendors, you usually pay a premium for that service. Fortunately, when something doesn't work, you also typically have only one person/company to contact.

If you decide to choose an intermediary, here are some things to watch out for:

- **What are you paying for?** Remember that these intermediaries are typically paid a commission by third party vendors for referrals. Not all MHRSPs take a commission so ask for some transparency on how pricing is broken down.
- **Does the intermediary scale geographically?** This is the same problem as choosing third party vendors. Some brokers or MHRSPs do not have coverage outside your state or region so you may have to find another intermediary to support you in a different location.
- **Does the intermediary have the right vendors?** Most intermediaries have their preferred third party HR vendors and will suggest them to your company. Sometimes this is a good thing because the intermediary has a discount rate or has been integrated into the MHRSP's dashboard. Other times, it is with a vendor that is more costly/less effective than competitive offerings. Do your research on your preferred HR vendors before hand to see if your intermediary offers them.
- **For MHRSPs only: How well does the MHRSP integrate their HR vendor partners?** If you're going with a MHRSP, you'll likely want to access many of your HR services through a centralized dashboard. Many cloud-based vendors have APIs that tie into proprietary or mainstream HRIS solutions.

PRO-TIP: "A MHRSP reduces possible errors, removes the fear of compliance and the time spent away from building your business." —Mark Goldstein, *BackOps*

PRO-TIP: "A MHRSP can allow you to sync data across platforms from a variety of third party cloud technology partners, including non-HR services like accounting and finance." —Ryan MacCarrigan, *Advisor*

PROS: You are paying for the convenience of someone else helping you find vendors and/or manage them for you. You also might have access to an intermediary discount.

CONS: Paying someone to do your work is more expensive. For some brokers and MHRSPs, you have to choose a vendor off their preferred list, which may limit your options.

BROKERS INCLUDE: [Sweet & Baker](#), [FundedBuy](#)

MHRSPs INCLUDE: [BackOps](#), [Advisor](#)

3. One-Stop Shops: Use a PEO or ASO

The third strategy is to choose a third-party vendor that manages most of your HR functions with in-house solutions.

The most popular type of vendor is a **Professional Employer Organization (PEO)**. A PEO “hires” your employees so all the HR-related filings, including payroll, benefits, and compliance fall under the PEO. PEOs may provide group discounts typically offered only to larger companies.

The other type of one-stop shop is an **Administrative Services Organization (ASO)**. ASOs have typically the same functions as a PEO but your company does not fall under their tax umbrella. By retaining your tax identity, your company is at risk for employment related liabilities but you retain your company’s identity on your paystubs and W-2s.

It is worth noting while the HR software/services market is fragmented, one-stop shops command the largest share because of their ease of use.

If you decide to choose a one-stop shop, here are some things to watch out for:

- **What are you paying for?** More than any other strategy, one-stop shop fees are hidden in a single price point, which is typically not itemized so you cannot price compare. Most PEOs and ASOs offer different pricing for companies of different sizes so be sure to ask questions on what the costs look like with a headcount of 5 vs. 50.
- **Is the one-stop shop price competitive for single location companies?** Many PEOs and ASOs are national, which is great for companies that have multiple employees around the country. However, for many startups or small businesses with only one location, a national provider may be more expensive, particularly when it comes to customer service or pricing. For example, some PEOs have very diversified clients with different medical benefits requirements. If you are a three-person startup with all employees in their mid-20s, you may not want to buy using a group discount that includes a 500-person company with a more diversified employee base.
- **For PEOs only: Does the PEO protect me against HR liabilities?** One of the compelling reasons to go with a PEO is that they manage all employment related risks, including delicate issues like sexual harassment or employment disputes. Most PEOs will say they cover these risks but ask for some details, including examples of prior coverage.

PRO-TIP: “An integrated solution provides you with the comfort of complete HR coverage and compliance while also allowing your employees to directly contact a single provider for all their HR questions.” —*Brian Helmick, Algentis*

PROS: You may get some discount pricing from being bundled with other small-medium sized companies. PEOs also claim to protect your organization from HR compliance exposure.

CONS: This is typically the most expensive option because you are outsourcing the entire HR department. Pricing tends to be not itemized so it’s hard to price compare.

PEOs INCLUDE: ADP TotalSource, Insperity, Paychex PEO, VentureLoop, TriNet

ASOs INCLUDE: Algentis, Ceridian, Paychex ASO

If you decide to do it yourself, consider the following new cloud-based vendors for each critical HR function.

PAYROLL

Consider these vendors: [Intuit Payroll](#), [Ovation Payroll](#), [SurePayroll](#), [Wave Payroll](#), [ZenPayroll](#).

PRO-TIP: “Keep in mind set-up time, transparent pricing, and ease of use when selecting a provider. Many older services have hidden fees and require paper documents. A modern payroll service is paperless, can be set-up in minutes online, and can be used on any device, whether it's a computer, laptop, tablet or smartphone.” —*Josh Reeves, ZenPayroll*

If you decide to choose a cloud-based [payroll](#) provider, here are some things to watch out for:

- **What is the price per employee?** If a cloud-based payroll provider doesn't provide transparent pricing upfront, it's likely there are some hidden costs. Of course, as you grow in size, payroll per employee doesn't scale and you should find group discount pricing.
- **What are you paying for?** Many small businesses still do payroll by hand or through desktop software like [QuickBooks](#) and are likely filing their tax forms independently. Some vendors like [Wave Payroll](#) or [Intuit Basic Payroll](#) provide a similar limited cloud offering.

HEALTHCARE & BENEFITS

Consider these vendors: [Benefitfocus](#), [Maxwell Health](#), [Sherpaa](#), [SimplyInsured](#), [Zenefits](#).

After cutting a paycheck, you'll need to provide employees healthcare. Whether you use an intermediary or a one-stop shop, make sure you're picking a provider that fits the needs of your team and scales appropriately.

If you are going through a broker intermediary, it's worth noting that brokers (online or offline) take a commission ([2-8% is often quoted](#)) for each provider they recommend.

If you are using a one-stop shop, you may benefit from large company discounts for your company.

Of course, all this may change in 2014 when [Obamacare's health insurance exchange for small businesses or Small Business Health Options Program \(SHOP\)](#) is introduced. [More information about SHOPS are coming in October 2013.](#)

If you decide to choose a cloud-based [healthcare & benefits](#) provider, here are some things to watch out for:

- **Does the broker scale with your company?** Many of these online exchanges act as the “Kayak” of healthcare insurance providers. However, each state and region has different providers. As you grow your company to different locations, make sure your provider has out of state options.

HIRING & RECRUITING

Consider these vendors: [Developer Auction](#), [Entelo](#), [GroupTalent](#), [RolePoint](#), [Virtrue](#)

As you grow your company, recruiting becomes more than trolling LinkedIn and Craigslist. Try one of the newer vendors infused with social and crowd-sourced functionality.

PRO-TIP: “Hiring can be incredibly challenging. Before you pay out big money for job boards and databases, ask your team for recommendations—employee referrals are proven to get hired faster, stay longer and be a stronger cultural fit.” —*Kes Thygesen, RolePoint*

PRO-TIP: “Applicants lie and SEO their own resumes to fit the job description even though their work, education, and skill set may not fit. Protect your company by pre-screening all applicants and running background checks.” —*Adam Spector, Virtrue*

If you decide to choose a cloud-based **hiring and recruiting** provider, here are some things to watch out for:

- **What are you paying for?** Instead of paying for a job board, try working with a vendor that identifies candidates through your social network or an open marketplace. This way, you only end up paying for a successful hire. They are also typically more price-competitive compared to a traditional offline recruiter.

HR COMPLIANCE

Consider these vendors: **Halogen Software, Silkroad, Simpler, Taleo, Workday.**

With more employees, it's important to stay compliant. There's more to HR compliance than employee handbooks. Make sure your office is compliant with local, state, and federal laws to limit your exposure.

PRO-TIP: “The risk with compliance is as much about what you don't know as it is about complying with the things you do know. Federal, state and local rules on everything from vacation to health care to maternity leave can cause major headaches for companies who unknowingly violate them.” —*Jeremy McCarthy, VentureLoop*

If you decide to choose a cloud-based **HR Compliance** provider, here are some things to watch out for:

- **Do I need a vendor for employee onboarding?** The answer is yes and no. If you are already working with a MHRSP or one-stop shop, they will likely handling all this for your company. If you plan on doing everything on your own, you should consider an employee onboarding software provider like the ones listed above.

PERFORMANCE MANAGEMENT

Consider these vendors: **15Five, AnyPerk, iDoneThis, Teamly, Work.com**

With a larger headcount, you want to make sure your employees are happy and effective. Perks like free lunches and Ping-Pong tables are nice, but an employee that is properly challenged and engaged is likely happier, and certainly better utilized.

PRO-TIP: “Employee recognition and high-quality rewards improve employee productivity. Invest in your people!” —*Fernando Campos, AnyPerk*

If you decide to choose a cloud-based **Performance Management** provider, here are some things to watch out for:

- **How can I successfully integrate performance management tools in our company?** You want to make reporting and record tracking part of the daily experience. If your employees are engaging your vendor on a frequent basis, their own weekly and monthly progress will drive performance.

VENDORS MENTIONED

Sorted by taxonomy, then alphabetically

HRIS

BambooHR
Peoplefluent
Silkroad
TribeHR
Workday

Intermediaries

Advisor
BackOps
FundedBuy
Sweet & Baker

One-Stop Shops

ADP TotalSource
Agentis
Ceridian
Insperity
Paychex ASO
Paychex PEO
TriNet
VentureLoop

Payroll

Intuit Payroll
Ovation Payroll
SurePayroll
Wave Payroll
ZenPayroll

Healthcare & Benefits

Benefitfocus
Maxwell Health
Sherpaa
SimplyInsured
Zenefits

Hiring & Recruiting

Developer Auction
Entelo
GroupTalent
RolePoint
Virtue

HR Compliance

Halogen Software
Silkroad
Simpler
Taleo
Workday

Performance Management

15Five
AnyPerk
iDoneThis
Teamly
Work.com

We'd like to thank our graphic designer [Jessica Suen](#) for designing this infographic.

Disclaimers

Geographic Bias. Many of the vendors and pain points mentioned in this infographic are US-centric, particularly California-centric. We follow the old adage of think globally but act locally and we hope we can service our customers far and abroad as well as we do our SF Bay Area colleagues. Remember, just because we didn't cover your local broker or PEO, doesn't mean the pro-tips don't apply!

Vendor impartiality. We asked some vendors to articulate where they provide the biggest value to their customers. Our request was that each quote was given with the end user in mind and to try not to be too commercial. We realize that by highlighting certain vendors over others, we are giving some preferential treatment even when that is not our intent. If you're a vendor who would like to be showcased in future reports, contact us at vendors@vendorstack.com and we'll get back to you shortly. Thanks!