

# GET THE CARE YOUR FRANCHISE DESERVES WITH HR SERVICES

Savvy franchisees and franchisors alike are leveraging partnerships with professional employer organizations in an effort to manage their compliance.

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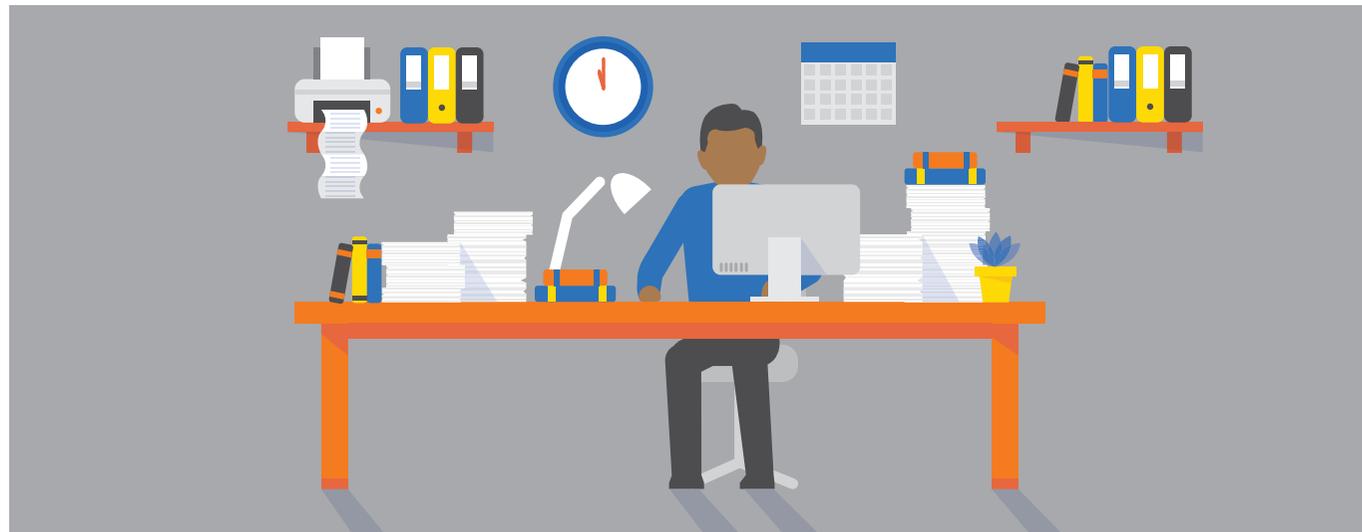
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## FRANCHISES AND HUMAN RESOURCES

Running a franchise is tough work—from inventory management to marketing, talent recruitment to shift assignments—and franchisees are typically left on their own, with little information when it comes to managing administrative tasks. It's more than likely that human resource activities sometimes take a back seat to the seemingly more pressing issues involved with keeping a franchise afloat.

Just because that's a common scenario, doesn't make it an ideal one. In fact, this mindset is a mistake—and could result in significant cost for franchise owners. Legal compliance, rigorous risk management, and payroll and tax deadlines are just some core functions that are as vital to your success as any other aspect of running the business.

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## COMPLEX, TIME-CONSUMING AND COSTLY

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The amount of human resource-related paperwork that franchises must manage is ever increasing, thanks to a raft of recent regulations. Employment paperwork already takes up 25 percent of franchise owners' work time, according to the Small Business Administration. And because smaller entrepreneurs are typically unable to hire a dedicated human resources staff, they bear the brunt of that significant workload. Before you think about powering through that pile of paperwork on your own though, ask yourself this: Do I truly understand all of the nuances of these documents? Am I confident that I can complete these accurately and thoroughly, in order to keep my business compliant and better protected from future lawsuits, fees or penalties? Do I understand

which documents need to be stored and for what period of time? Am I comfortable answering these human resources-related questions—and positive that I'm answering in a way that saves my business the most time?



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## 5 HR ISSUES FRANCHISES MUST FACE

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The Affordable Care Act has been top of mind for most small business owners in the past few years. But it's not the only franchise-relevant legal issue and mandated regulation that professionals need to know about.

Here are five others that are topping the list:

### 1. Joint Employer Liability

Recent assertions of franchisors being joint employers have put the very nature of the franchisor-franchisee relationship under the legal microscope.

### 2. Protected Activities under the National Labor Relations Act

With or without a union, your employees are legally protected to perform certain activities without fear of penalty or suspension. Do you know what's on that list?

### 3. Onboarding and Training

A comprehensive plan can help ensure you're getting the most from new hires from the start.

### 4. Minimum Wage, Employee Classification and Overtime Requirements

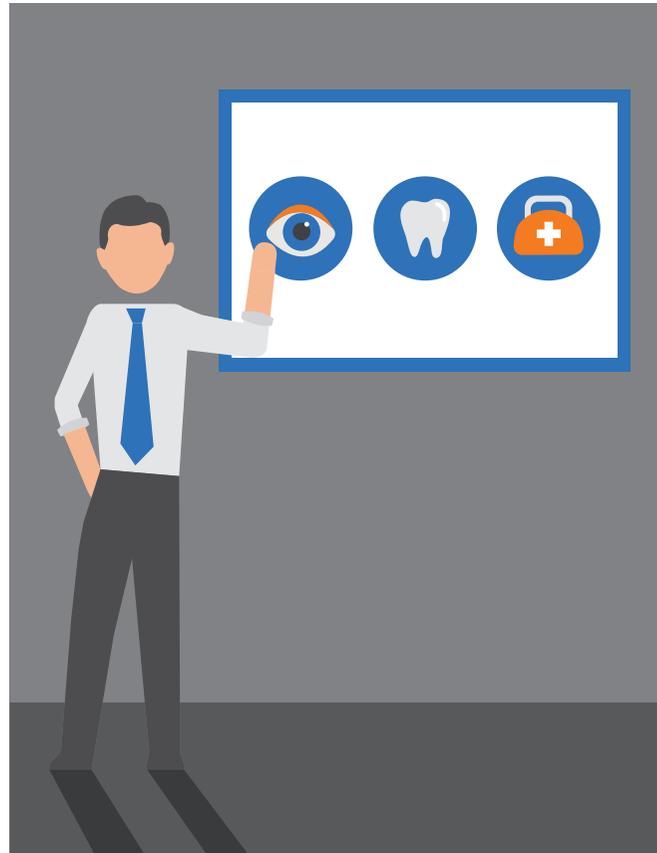
Misclassification of employees can be an extremely costly error, particularly given the heightened scrutiny employers are currently under.

### 5. Employee Leaves and Reasonable Accommodation Requests

If the Family Medical Leave Act is the only thing you know about employee leave, you could be leaving the business open to a lawsuit.

## SPOTLIGHT ON: AFFORDABLE CARE ACT REGULATIONS AND COMPLIANCE

A trusted partner can also walk you and your employees through the enrollment process and troubleshoot any questions or problems.



The ACA requires small employers with more than 50 full-time employees (working 30 hours a week or more) to offer a minimum health coverage plan at affordable rates. What number of employees require a franchise to offer coverage? How many hours count as full time? What if a franchisee has more than one location? What if employees' individual hours vary greatly throughout the year? What are the penalties associated with not offering the proper coverage? Hiring a third-party partner can take the anxiety and guesswork out of staying compliant while making the most cost-effective decisions for your franchise.

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## FRANCHISES IN HOT WATER

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When is a franchisee a joint employer?

The legal definition may be shifting. In the past, if a franchisor didn't directly employ or control the franchisee's workers, the franchisor was exempt from joint liability. But in December 2014, the National Labor Relations Board determined that McDonald's is a joint employer of franchisees because it exerts indirect control. In the case, *NLRB v. McDonald's USA LLC*, the labor board pointed to the franchisor's widespread computer system, which franchisees use to track labor usage and costs. In a similar case, *NLRB v. Browning-Ferris Industries*, the labor board found that two separate entities can be joint employees if they share matters governing the terms and conditions of employment. Though *Browning-Ferris Industries* is not currently appealing the decision, McDonald's isn't taking the decision lying down.



The fast food giant gathered thousands of pages of documents in its defense, and in January 2016, the NLRB decided to take the case to administrative court. The court case, which kicked off in March 2016, is still taking place with franchisees and owners all over the nation paying close attention.

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## THE HIGH PRICE OF HR TROUBLE

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A legal case or fine can be financially devastating to an entrepreneur running a franchise.

A legal case or fine can be financially devastating to an entrepreneur running a franchise. For instance, an Equal Employment Opportunity Commission claim can cost tens of thousands of dollars. A Chick-Fil-A franchise paid \$10,000 to settle a pregnancy discrimination claim when a manager told a candidate that she wouldn't be hired because

of her pregnancy, while a Checker's franchisee paid \$100,000 to settle a pay discrimination lawsuit, when it was found that shift managers and cashiers were paid differently based on their gender. In some cases, a poorly managed relationship could spell disaster for a franchisor who may or may not be obligated to shoulder some of that significant financial burden.

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## HOW BUSINESS OUTSOURCING CAN BE A VALUABLE PARTNER

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It's natural to feel overwhelmed and underprepared for the massive amount of paperwork and administrative tasks facing the franchise. The good news is: You don't have to go it alone. For many franchises, an HR outsourcing firm can be a valuable, cost-effective and long-term partner.

### What is HR outsourcing?

A third-party, independent organization that partners with the franchise to handle everything from HR needs to safety issues and loss control. A trusted HR outsourcing organization can expertly manage payroll, employee health and retirement benefits, workers' compensation insurance, onboarding and worker training, and state and federal compliance issues.

### What's the Advantage of HR Outsourcing?

Franchise owners get peace of mind that their human resource needs are being handled by trained experts who are up on the latest legislations and regulation. And because working with an outsourcing firm creates an all-in-one solution, employees don't have to juggle multiple sites or log-ins with different vendors. HR outsourcing also save the franchise owner time that can be better spent managing and growing the business.



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## DOES THIS MEAN THE COMPANY IS IN CONTROL OF EMPLOYEES?

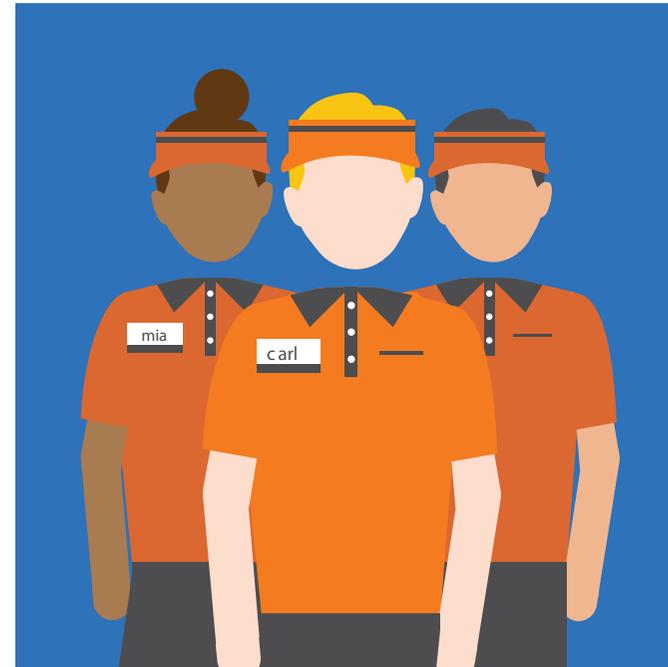
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No. The franchise is still fully in control of hiring, supervising, promoting or firing employees as needed. But the paperwork that supports those employees is no longer a drain on the time or attention of the franchise owner.

### How can HR outsourcing save franchises money?

There are many ways, depending on the nature of the franchise. For one example, an HR outsourcing firm is often able to leverage its own network of partners for savings on group health and benefit plans. That means the cost of employee benefits can be less expensive when pursued through outsourcing than when a franchise owner tries to sign up independently.

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## MYTH BUSTERS! FINDING THE RIGHT HR OUTSOURCING COMPANY

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Make sure one of these common misperceptions about HR outsourcing companies isn't preventing you from making the best choice possible.

**Myth:** My franchise isn't big enough to warrant an HR outsourcing partner

**Truth:** Many large businesses use HR outsourcing, but so do smaller businesses. In fact, because small franchises often don't have a human resources team, the benefit they see from outsourcing HR can be even more profound. HR outsourcers are able to offer solutions based on the size and exact needs of each company—whether the franchise has five employees or 500.

**Myth:** Corporate will help me figure out most human resources issues

**Truth:** Franchisors aren't responsible for employee management—that responsibility falls to the franchisee. Most franchise owners are on their own when it comes to keeping

compliant of labor issues, benefits regulations and payroll and tax deadlines. Relying on corporate to send news of a regulatory change could leave you vulnerable to litigation.

**Myth:** HR outsourcing and payroll companies are the same thing

**Truth:** Payroll is but one piece of what a HR outsourcing firm can handle. Depending on the needs of the franchise, HR outsourcing can also include health benefits, retirement benefits, worker's compensation and safety, employee performance management and labor compliance. HR outsourcing can also be instrumental in helping to manage employee relations, so that communication between managers and team members is robust and friction kept to a minimum.

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## INTRODUCING: ALPHASTAFF

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AlphaStaff provides tailored and scalable HR services to meet your franchise's human capital needs across all stages of growth. We provide HR outsourcing expertise, technology and a superior level of service that leaves you free to focus on managing and growing your business.

AlphaStaff is certified by the Employer Services Assurance Corporation (ESAC) and

by the American Institute of Certified Public Accountants to meet the Statement on Standards for Attestation Engagements 16 (SSAE 16). AlphaStaff is also a member of the National Association of Professional Employer Organizations.

AlphaStaff offers a free, no-risk needs analysis for franchises. We look forward to exceeding your expectations.

# AlphaStaff

Simplifying business. Benefiting people.



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