

Source of the Wage in Changing Times

Do What You Do Best, Outsource the Rest

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COMPANY BIO

INFINITI HR is The Professional Employer Organization for Franchises® — the first customizable aggregator created for franchises to reduce labor cost and mitigate employer liability — empowering franchisors of all sizes to grow faster. Ranked “Best PEO” by Digital.com, “Top Franchise Supplier” by Entrepreneur® and one of “America’s Fastest Growing & Most Admired Companies” by [Inc. 5000®](#) for 9 consecutive years, INFINITI HR is the Preferred PEO Supplier and source of the wage for many of the innovative franchises throughout the world.

The one true constant in franchising

is change. The need to cut labor cost and mitigate employer liability can be a diaphanous subject, yet mission-critical for franchisors to adapt

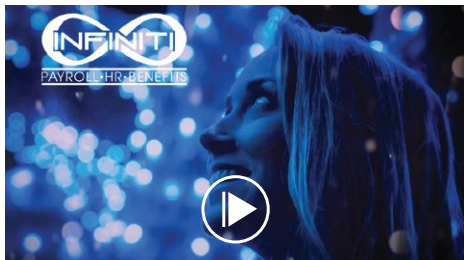
to changing times. For example, we can value the hypothesis that employees are your greatest assets. In such hypothesis, franchisors should not lead by example; franchisors should lead by design — empowering employees to innovate by creating the system for them to discover what’s next. This dedication to the things that haven’t happened yet and the people who are about to dream them up continues to ignite innovation across our franchising world. Your HR outsource would concur we honor such talent incessantly. Notwithstanding, we can also value the hypothesis that employees can be your greatest liabilities. In such hypothesis, franchisors ask strategic questions spanning leadership, cost to provide wages, liability innate to source of the wage and supplier fees.

Wages tend to move one way — upward. Let’s examine three FAQ’s to enrich the level of discourse in changing times.

1. Joint-Employer Liability

Q: Do franchisors prevent joint-employer liability by assuming liability as source of the wage?

A: No. Source of the wage is employer of the record — the entity responsible to provide wages to employees, liable to comply with employment regulations. When franchisors lead by example, one unintended consequence is joint-employer liability. Franchisors must adapt to changing times and think different. Franchisors cannot directly (or indirectly) guide the



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employer-employee relationship of franchisees. Franchisors must cease from mandating “payroll” suppliers. Franchisors must desist from providing in-house HR “leadership” to franchisees. The franchisor is not the employer of franchisees nor is the franchisor source of the wage for franchisees.

2. Expansion

Q: Do franchisors gain a strategic advantage to increase revenue, decrease labor cost or mitigate any employer liability by assuming liability as source of the wage?

A: No. If a franchisor is 100% efficient in managing source of the wage in-house or through a payroll supplier, the result is you earned 0% increase in revenue and if a franchisor is non-compliant, the result is you are 100% liable. Franchisors may have a supplier processing payroll and providing valued HR services but such supplier is not liable source of the wage. Franchisors can gain a strategic advantage and create more revenue-generating jobs by not exposing their asset as source of the wage.

3. Strategy

Q: What strategic advantage do franchisors gain when they utilize a payroll supplier instead of a PEO and hire an employee to manage employer obligations in-house?

A: Quantifiably speaking, nothing. Franchisors do not gain any strategic advantage by assuming liability as source of the wage nor would I argue it is innovative or most affordable to absorb such excess cost (and risk). Pay wages, taxes, insurance and HR software for non-revenue generating work in-house, and be liable source of the wage? What does that cost your business each year compared to outsourcing to INFINITI HR? How does assuming liability as source of the wage grow your brand, empower your culture or enforce brand standard? Franchisors may argue, payroll suppliers formed before the advent of the personal computer may create as much strategic advantage to increase your profitability in changing times as paying wages for in-house HR to lead by example at Blockbuster Video. We don't win tomorrow's war with yesterday's army. Franchisors may not outperform their competition by utilizing payroll suppliers who don't have any skin in the infinite game. Change can promise not just something different but, something better. Start with why you are a franchisor. ■

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Learn more: INFINITIHR.COM

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