

Salary Hosting, THE FUTURE FOR CONSULTANTS?

This phenomenon, growing in Swiss Romande, is not only a flexible solution particularly suited for our new ways of working and especially for consultants. **Explanations by Edouard Bolleter •**

A practice somewhat disparaged in Switzerland, where it has remained for little known a long time, it could quickly become indispensable in the Business World. Salary hosting is an activity that is growing fast in local businesses and it marries perfectly both with the general desire to be professionally independent of an employer but also with the growing trend to be the general increase of consulting mandates across all business sectors.

So, what exactly is salary hosting? It is a legal structure whereby a person (the consultant) can be employed by a company that allows him to be registered for all social insurances, while at the same time, negotiating his consulting mandates freely himself. (see the insert below).

“This system allows greater flexibility by allowing greater freedom for both sides.

10 MONTHS
This average duration of hosted assignments.

Our experience shows that this system allows people to become more “employable” at all ages and they are able to get temporary mandates faster and more easily” says Gina Empson, founder of The Business Harbour in Geneva. This company was founded in 2009. Previously, Gina (also a member of the Board of the Banque Cantonale de Genève) had her own accounting firm, with a strong and growing salary administration department.

“I listened to my clients, their needs and especially the flexibility that they wanted to have. I decided to bring to companies and to consultants, a solution that brings together the best of both worlds.

A bit like a “ménage à trois”! Moreover, as we are legally the employer, we take on the employer risk for the contracting company”. Still an undiscovered secret for the general public, Gina Empson describes how salary hosting works.

COMMISSION OF 5%
Unlike the temporary work agencies, salary hosting agencies work with consultants who are looking for, or who already have, a mandate with a client company, who wants to optimise the cost of their external resources, in totally transparency. In these instances, The Business Harbour becomes the employer of the consultant and a supplier to the client. The salary hosting company looks after all the social charges and legal requirements, takes the employer risk and invoices the fee to the client at 5% of the amount invoiced for the consultant.

«THIS WAY I CAN CONCENTRATE ON MY JOB AND NOT WORRY ABOUT ALL THE ADMINISTRATION.» David Warne, Biostatistician Consultant

HOW DOES IT WORK?

Salary hosting is a **tripartite relationship**:

- The Consultant becomes a contractor-employee of the salary hosting company, with an employment contract and all the advantages associated with an employee status. His services are billed to the contracting company by the “Host”.
- The Consultant is responsible for the work he commits to perform to the contracting company. Moreover, he finds his clients and negotiates his fees with them.
- The salary hosting company and the contracting company are linked by a service contract. The Host bills services of the Consultant to the contracting company and in turn pays a salary to the Consultant.

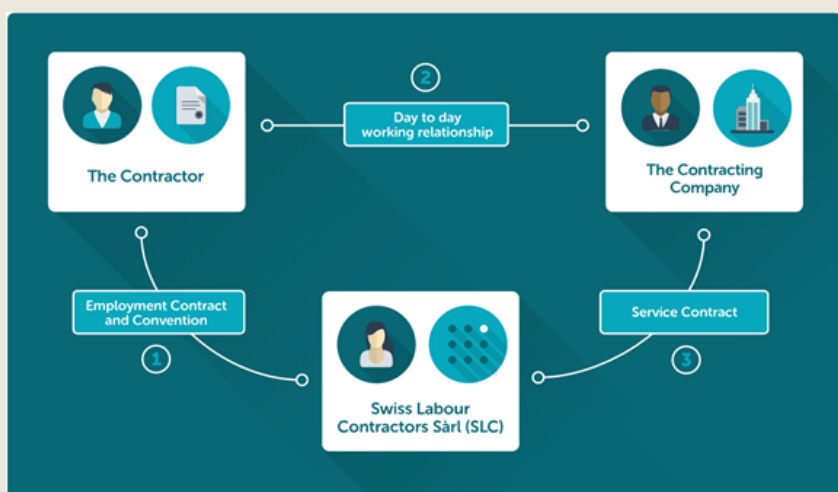


PHOTO: S. LIPHARDT



solution during periods of high demand or special projects when a company needs to build up their manpower.

FEDERAL GOVERNMENT AUTHORISATION

An opinion shared by Alan Cookson, a Geneva entrepreneur et client of The Business Harbour. "I was the CEO of two start-ups that were created out of the University of Geneva in the area of pharmaceuticals and diagnostics, developing products for the whole world. We didn't have the in-house competence to manage salaries. By outsourcing our needs to a team of salary hosting experts, we were able to increase our headcount as and when we needed to and in line with the start-up's growth, while maintaining the flexibility and reactivity that are essential in a start-up". According to several experts, salary hosting tends to grow in periods of economic instability.

The competition in Swiss romand is strong, with the presence of companies like ThalentT, MITC, Helvetic Payroll, Access Etoile and Jam. Swiss law evolves with the practical needs of the market and salary hosting companies are subject to strict laws. They need to have, amongst other authorisations, a licence from the Cantonal Labour office (OCP) and the Federal Department of the Economy (SECO) to be able to practice salary hosting. ●

A deal that appears very much appreciated by the client companies and the consultants. It is to be noted that in most cases the consultants find their mandates themselves, in Switzerland or outside Switzerland.

The Geneva based consultant, David Warne, a biostatistien, uses the salary hosting system to offer his services and this without having to create his own legal structure. He explained how it worked to us. "When a large pharmaceutical group, that had employed me for 18 years, here in Geneva shut down, my qualifications and experience were so specific it was difficult for me to

Gina Empson, founder of The Business Harbour, a salary hosting company created in 2009.

to find a position with a single company. Instead, I built up a portfolio of several clients, based here and in Europe. I hate losing time with the administration and paperwork but I love my work. Using salary hosting, I can concentrate on my work".

A measure of their success, The Business Harbour has hosted some 350 consultants to date with more than 200 different client companies, Mandates run from a few months to several years. "The average mandate time is 10 months and demand is growing because our solution also allows flexibility during hiring freezes and reorganisations. It is a great

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