

HR10.us vs. Full-Time HR vs. PEOs

The SMB HR Operating Model Decision

A side-by-side analysis of total cost of ownership, capability fit, and the right transition path for growth-stage SMBs evaluating fractional HR against full-time hires and PEOs.

Prepared using public data from BLS, USCIS, DoD/CMMC, NAPEO, and HR10.us

HR10.us · "Efficiency to the tenth power. HR, redefined."

The fractional HR partner for growth-stage SMBs

HR10.us fits between DIY and the fixed-cost, full-stack alternatives — turning HR from reactive admin into **flexible, expert-led execution** without permanent headcount or co-employment complexity.

Cost discipline

Variable, project-based spend instead of a \$200K+ fully-loaded HR manager FTE or per-employee PEO fees.

Senior expertise

Strategic HR judgment for handbooks, onboarding, I-9, and CMMC HR readiness — without 40-hour-a-week salary commitment.

No co-employment

Retain operational control and culture. Layer in a PEO later only if benefits/payroll risk pooling becomes the priority.

DIY HR works – until it doesn't

For most SMBs, founders and operators handle HR with templates, payroll software, and best effort. That model breaks when **compliance, hiring velocity, and government-contract readiness** become bottlenecks — and the cost of a mistake outweighs the cost of expert help.

3 yrs

I-9 retention requirement after hire
(or 1 yr post-termination —
whichever is later)

Nov 10, 2025

CMMC 2.0 final-rule effective date;
Phase 1 begins in DoD solicitations

Signals it is time for fractional HR

- Founder/operator time drain on HR admin
- Hiring velocity requires repeatable onboarding
- Remote/hybrid hiring creates I-9 execution risk
- Government contracting introduces CMMC/NIST evidence needs
- Handbook and policies are outdated or missing
- Need senior HR judgment — but not 40 hrs/week
- Compliance work is lumpy and deadline-driven

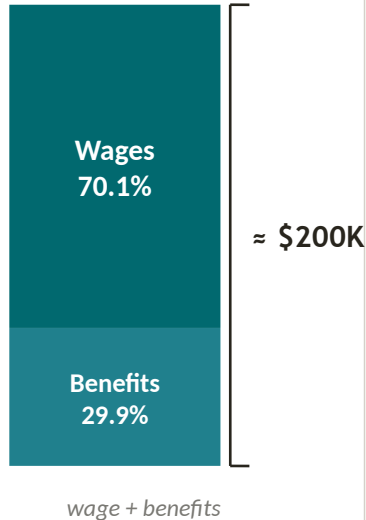
How SMBs typically deliver HR

DIY Founder + software	HR10.us Fractional partner	Full-time HR Permanent FTE	PEO Co-employer
COST Low cash; high founder hours	COST Variable / project-based*	COST ≈ \$200K loaded for a manager	COST \$500–\$1,500 / EE / yr
EXPERTISE Generalist, templated	EXPERTISE Senior, on demand	EXPERTISE Single profile, deep ownership	EXPERTISE Benefits, payroll, risk pooling
RISK Compliance gaps grow with HC	RISK Owned by client; HR10 advises	RISK Owned by company	RISK Shared via co-employment
BEST FOR Pre-revenue teams under 10 FTE	BEST FOR Growth-stage, project-heavy teams	BEST FOR Continuous, broad HR demand	BEST FOR Benefits + payroll at scale

*HR10.us pricing is quote-based; no public rate card was found.

A loaded HR manager is ≈ \$200K – before tools and overhead

Composition breakdown



Calculation

BLS median HR manager wage (May 2024)	\$140,030
BLS private wages share of total comp	70.1%
Implied total comp ($\$140,030 \div 0.701$)	\$199,757
Effective load multiplier	≈ 1.43x

Add-on cost categories (not included above):

- Recruiting & search fees
- HRIS / payroll tooling
- Compliance training & legal review
- Ramp time and manager overhead

Fits when

HR workload is continuous, broad, and large enough to justify a permanent full-time role with deep ownership.

Breaks when

Demand is lumpy or project-based — SMB overpays for idle capacity while waiting on senior expertise.

\$500-\$1,500 per employee per year — plus shared control

PEO pricing band



per employee per year (or 2–12% of wages)

\$1,395

Avg PEO cost per EE
(NAPEO)

\$1,775

Avg savings per EE
(NAPEO)

27.2%

NAPEO-estimated annual
ROI

Caveat: NAPEO is a PEO industry association; sample n=176, including 132 PEO clients.

Where the \$1,775 per-EE savings comes from

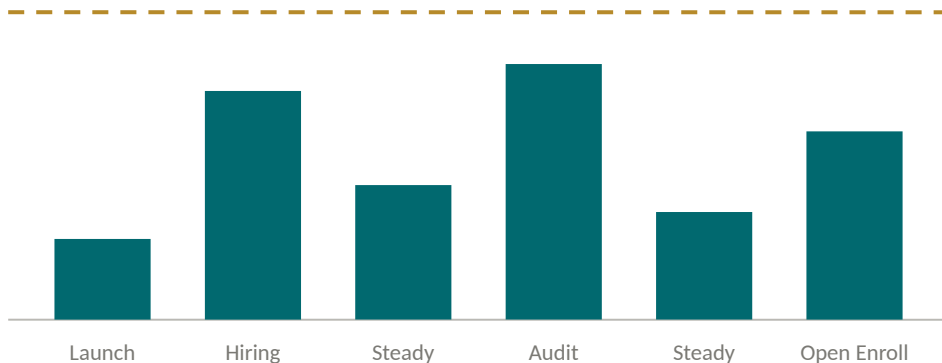
CATEGORY	SAVINGS	SHARE
Internal HR salaries/benefits	\$965	54%
Health benefits costs	\$654	37%
Other external HR spend	\$90	5%
Workers' compensation	\$66	4%
UI savings (data-limited)	\$0	—

Strong fit for benefits, payroll, and risk pooling at scale — weaker for bespoke HR strategy or fast project work.

Variable spend matched to demand – no public rate card

Spend follows demand, not headcount

— — Full-time HR (flat ≈ \$200K/yr loaded)



HR10.us project / fractional spend (illustrative)

Illustrative pattern only — not a quote.

How the HR10.us model works

Project-based

Scoped deliverables: handbook, onboarding, I-9, CMMC HR readiness.

Fractional retainer

Defined monthly hours of senior HR judgment.

Hybrid

Retainer + project sprints for spikes (audits, hiring waves, open enrollment).

Pricing is quote-based; no public rate card was found on HR10.us.

Where each model is strong, partial, or weak

Capability	DIY	HR10.us	Full-time HR	PEO
Flexibility / variable cost	Strong	Strong	Limited	Partial
Senior HR expert access	Limited	Strong	Strong	Partial
Speed to project completion	Limited	Strong	Partial	Partial
CMMC HR-side readiness	Limited	Strong	Partial	Limited
I-9 verification (incl. remote)	Partial	Strong	Strong	Strong
Onboarding strategy & rollout	Limited	Strong	Strong	Partial
Handbooks & policy infrastructure	Limited	Strong	Strong	Partial
Employee/training/compliance records	Partial	Strong	Strong	Strong
Benefits & payroll depth at scale	Limited	Partial	Partial	Strong
Operational control (no co-employment)	Strong	Strong	Strong	Limited

Legend: ■ Strong ■ Partial ■ Limited

Five HR work-streams where HR10.us delivers

CMMC HR Readiness

Role-based training records, onboarding controls, acceptable-use and privacy policies, personnel-file evidence supporting NIST SP 800-171 and SPRS scoring.

HR-side readiness only — not a substitute for cybersecurity assessors or legal counsel.

I-9 Verification

Form I-9 for citizens and noncitizens, document inspection workflows, remote DHS-authorized procedure where eligible, retention 3 yrs from hire / 1 yr post-term.

Onboarding Strategy

Repeatable digital onboarding: offer letters, background-check authorizations, day-one checklists, and self-service flows that scale with hiring velocity.

Handbooks & Policies

Employee handbook, code of conduct, anti-harassment/discrimination, leave & attendance, remote work, expense reimbursement, and employee data privacy.

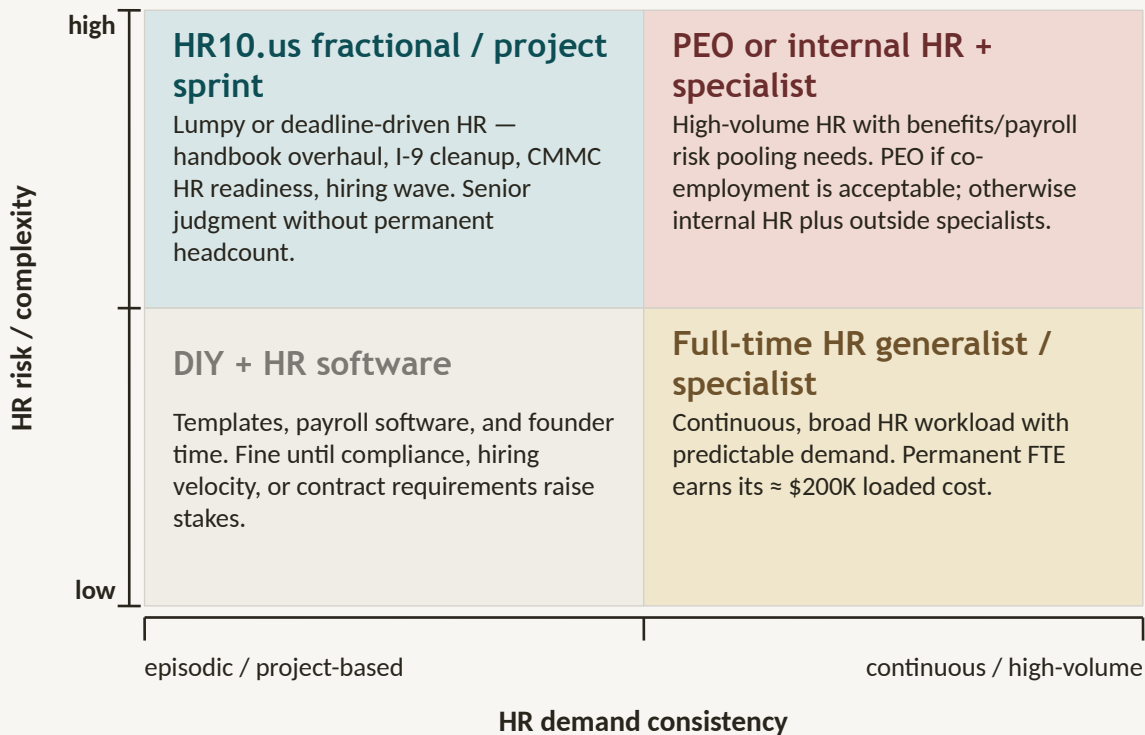
Records & Compliance Docs

Personnel files, performance review templates, training records, W-4, EEO-1 reporting, and labor-law posters organized for audit and inspection.

Why these five together

These are the HR documents and processes most often missing — and most often demanded by auditors, contracting officers, and acquirers when an SMB scales or pursues regulated work.

When to use which HR operating model



Move from DIY to HR10 when...

- Founder hours drained on HR admin
- Hiring velocity outpaces templates
- Remote I-9 execution risk
- CMMC/NIST evidence needed
- Handbook outdated or missing
- Lumpy, deadline-driven work

Fractional HR converts fixed overhead into flexible execution

≈ \$199.8K

Estimated fully loaded full-time HR manager comp (BLS median wage ÷ 70.1%).

\$500-\$1,500

Typical PEO cost per employee per year (or 2-12% of wages).

Quote-based

HR10.us pricing — variable, project- or retainer-shaped to actual demand.

How fractional HR accelerates SMB ROI

No idle capacity

Pay for the handbook, hiring wave, or audit — not 40 hrs/week of headcount.

Senior judgment immediately

Skip ramp time and recruiting cost; start with experienced HR leadership.

Control preserved

No co-employment relationship; founders retain full operational and cultural control.

When each model is the right answer

When HR10.us is best

- Growth-stage SMB with lumpy, project-heavy HR demand
- Need senior judgment — not 40 hrs/wk of headcount
- Government-contracting HR readiness (CMMC, NIST evidence)
- Remote/hybrid hiring with I-9 execution risk
- Want to keep operational control and culture
- Need handbook, onboarding, or policy work in weeks not months

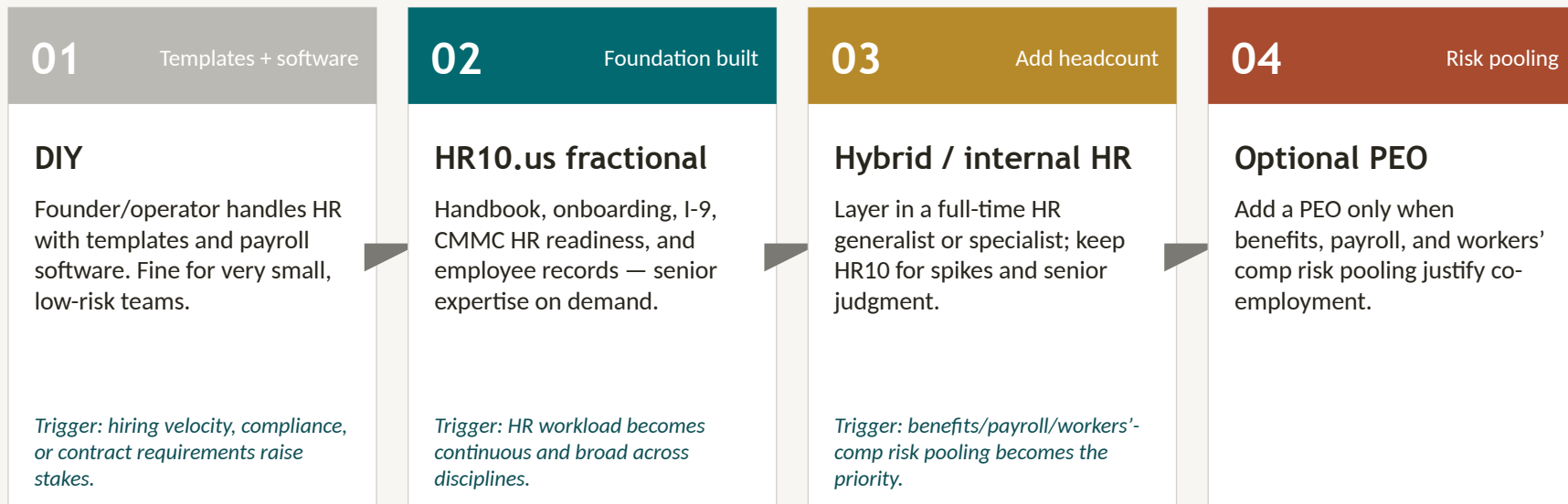
When full-time HR is best

- Continuous, broad HR workload across multiple disciplines
- Headcount large enough to justify ≈ \$200K loaded role
- Need a single deeply-embedded owner of HR strategy
- Long-term ramp and institutional knowledge matter most
- Predictable demand without big seasonal spikes
- Culture demands a permanent internal HR voice

When a PEO is best

- Benefits, payroll, and workers' comp at scale are top priority
- Want risk pooling for lower health-benefits costs
- Acceptable to share HR responsibilities via co-employment
- NAPEO-style cost-savings math fits your headcount mix
- Less need for bespoke HR strategy or project sprints
- Compliance + payroll administration is the operational pain

Build the HR operating model in the right order



Most SMBs spend longer in Stage 02 than they expect — that is the point. Build foundations once, scale headcount only when demand is truly continuous.

THE TAKEAWAY

Start with the next HR bottleneck — not the next permanent hire.

HR10.us is built for the SMB stage between DIY and permanent HR/PEO — senior HR expertise on demand, no co-employment, and project-based execution for the work that actually matters this quarter.

[Explore HR10.us →](#)