

PEO INSIDER

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COVER STORY

FAREWELL, PAT!

▼
Pat Cleary: NAPEO's President & CEO, 2011-2023

THIS MONTH'S FOCUS

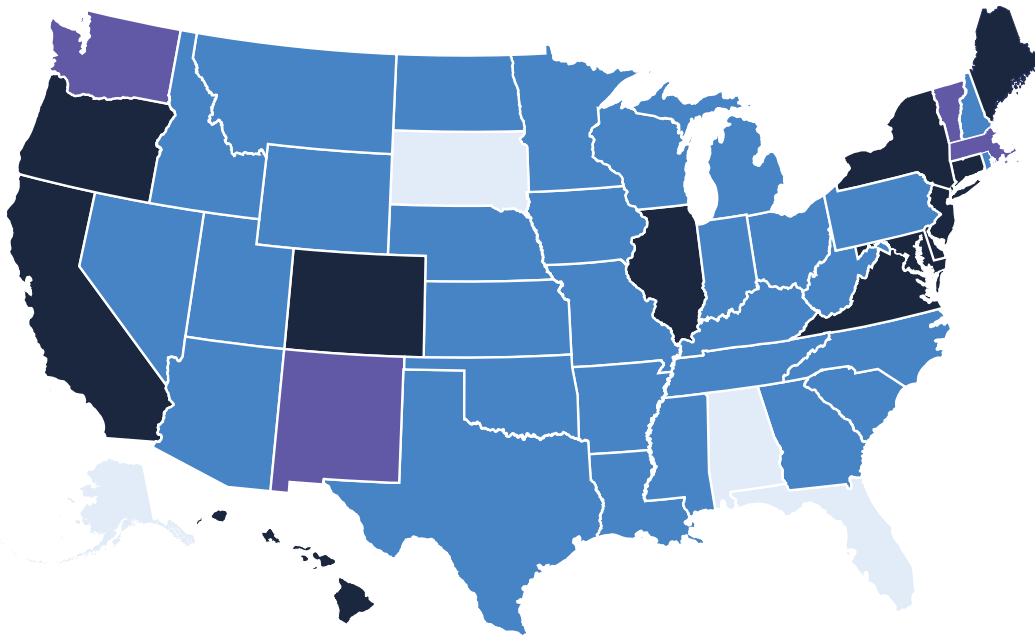
TECHNOLOGY & AUTOMATION

AI APPLICATIONS

DRIVING INNOVATION

IMPACT ON EMPLOYEES

State Mandated Retirement Plans for Small Businesses



- Mandatory
- Voluntary
- Legislation Underway
- No Plans

Source: Georgetown University for Retirement Initiatives

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► Pat Cleary

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PAT CLEARY: A LEADER, A FRIEND, AND THE VOICE OF NAPEO

BY STEVE POLITIS, ESQ.

As we approach the festive holiday season, it is a time of reflection, gratitude, and celebration. While December typically invokes thoughts of warmth, togetherness, and cheer, this year's season holds significance for the PEO industry. It's a season that marks the culmination of an era.

In this issue, the NAPEO community would like to share a tribute to someone who has been a light, friend, and advocate for our industry – Pat Cleary. As we bid farewell to Pat, who is retiring from his role as President and CEO of NAPEO, it is only fitting to acknowledge his journey and impact on NAPEO and the PEO industry as a whole.

We have worked with Pat for the last 12 or so years. Our paths first crossed in an unassuming setting at the infamous “haunted” Argonaut Hotel at the Wharf in San Francisco during a NAPEO board meeting. Pat's tenure as the head of NAPEO has been marked by transformative change. The organization has grown immensely under his leadership, and a

significant part of this growth can be attributed to his decision to increase the marketing budget tenfold from where it was when he took over at NAPEO. This bold move expanded our reach, enabling us to educate and connect with more PEOs, professionals, advocates, prospective clients, regulators and legislators.

It is not just the organizational achievements that define Pat; it is the impact he has had on bridging the gap between PEOs by size and region. When Pat first arrived, it was a challenging time for our industry. He navigated those waters, recognizing the importance of unity and collaboration, regardless of type, size or location of the PEO. His efforts have led to a more inclusive and supportive PEO community, where we work hand in hand to overcome common challenges.

As Pat insists, we call his retirement a “wake;” it is a demonstration of his sense of humor. He's not one to rest on his laurels or bask in the limelight...although Pat has never touched a microphone he hasn't held for at least 60 minutes. Instead, he prefers to celebrate life's



Thank you, Pat, for being a leader, a friend, and the voice of NAPEO.

milestones with a touch of levity and by reminding anyone willing to listen, or not, of his Jersey roots.

As Pat prepares to leave his role, he leaves NAPEO in a very good place. But more importantly, he's leaving us personally, in a good place. He is not just an industry colleague – he is a friend. We have shared triumphs, faced challenges, and laughed together along the way. That is the mark of a true leader – someone who not only achieves remarkable milestones for the organization but also leaves a mark on the hearts of those who worked alongside him.

In closing, I would like to express gratitude to Pat. We are going to miss him. Pat Cleary's legacy at NAPEO is a testament to the power of collaboration, strength of friendship, and the impact that one person can have on an entire industry.

As we bid farewell to Pat, we also welcome the promise of new beginnings and the exciting future that awaits NAPEO. Pat's legacy will continue to move us forward, united and stronger than before.

Thank you, Pat, for being a leader, a friend, and the voice of NAPEO. We all know you will be around the industry in some capacity but want to wish you luck in the next stage of your journey.

All the best to you, Patrick J. Cleary. ■



STEVE POLITIS, ESQ.

2023-2024 NAPEO Chair
CEO
Alcott HR

KUDOS

SALT LAKE TRIBUNE NAMES STRATUS HR A WINNER OF UTAH TOP WORKPLACES

NAPEO member Stratus HR recently announced that the company has been recognized as a Salt Lake Tribune Top Workplace for 2023. The award is based solely on employee feedback and reflects their ongoing commitment to cultivating an exceptional workplace culture. "We are truly honored to be named a Top Workplace for the fourth year in a row," said John Farnsworth, co-owner and CEO of Stratus HR. "This is a testament to our talented and dedicated team who make Stratus a truly special place to work."

MEMBERSHIP

RENEW YOUR NAPEO MEMBERSHIP FOR 2024

It's that time of year to renew your NAPEO membership for 2024! To avoid disruption in your member services, please have the company's billing or main contact complete the membership renewal and submit membership dues to NAPEO before December 21. For any questions, please contact Andrea Desmond, adesmond@napeo.org, (703) 739-8169, or Cass Likouris, clikouris@napeo.org, (703) 519-3897.

WELL DESERVED

DWAYNE SMITH WINS TOP CISO AWARD FROM CYBER DEFENSE MAGAZINE

Dwayne Smith, chief information security officer for PrismHR, recently received a prestigious award for excellence in cybersecurity. Cyber Defense Magazine named Smith one of the top information security officers in the country. These annual awards recognize outstanding leadership, skill, and excellence in the information security fields.



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LEADERSHIP

KEVIN ANDREWS NAMED PRESIDENT OF PRISMHR



PrismHR, a Vensure Employer Solutions company, recently announced that Kevin Andrews has been named the company's president. Andrews joined PrismHR in 2022 as President of Product and Technology before now assuming the new role of President. "By working with PEOs and ASOs, PrismHR helps support small and midsize businesses across the U.S. In doing so, we make it possible for these companies to improve efficiency, expand their businesses and support the customers they serve. That is an important mission, as these SMBs are the backbone of the U.S. economy. Knowing what PrismHR offers its clients and what's in store, I am excited to take the company forward through this next stage," Andrews said in a news release announcing his new role.

ACQUISITION NEWS

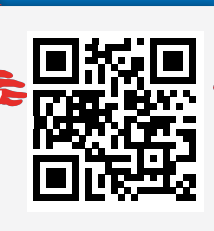
VENSURE EMPLOYER SOLUTIONS ACQUIRES RESOURCE MANAGEMENT INC.

NAPEO member Vensure Employer Solutions recently announced the acquisition of Utah-based Resource Management Inc. (RMI), also a NAPEO member. "This partnership marks a new chapter for RMI's clients. Vensure's stellar reputation for excellence, commitment to innovation, and extensive resources will enable us to enhance our HR solutions and provide even greater value to them," said Mark Soelberg, division president of RMI. "We look forward to this growth journey, collaboration, and delivering top-tier HR services as part of the Vensure family."

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ACQUISITION NEWS

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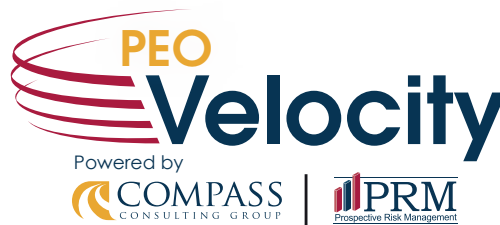
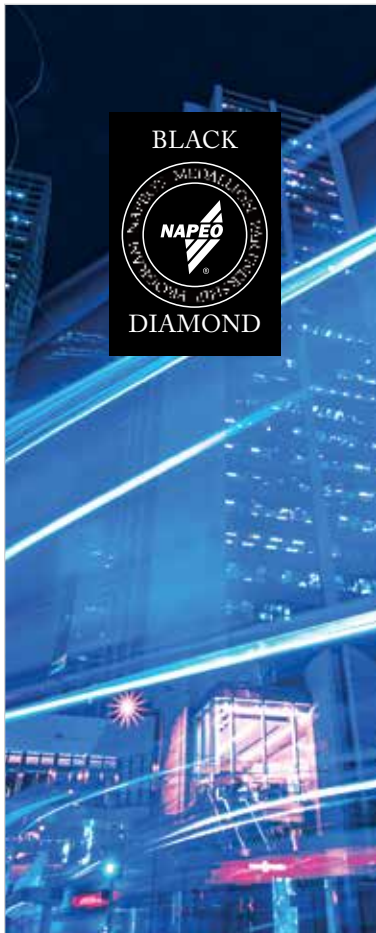
NAPEO member G&A Partners has announced that it has acquired Integrity Outsource, a Phoenix-based PEO. "Integrity Outsource's commitment to serving people and its heart for service fully aligns with our people-first approach at G&A," said John W. Allen, G&A's president and CEO. "Through this acquisition, we can further solidify G&A as a top PEO in Arizona, deepen our bench of talent, and provide additional options to Integrity Outsource's clients." Joe Beers, Integrity Outsource's president and CEO, will remain with G&A Partners, where he will focus on business development and client relationship management. John Komadina, who served as Integrity Outsource's director of revenue, will lead G&A's sales efforts in Arizona.

CONGRATS

THE EMPLOYER GROUP NAMED A 2023 BEST PLACE TO WORK



The Employer Group (TEG) was recently named a 2023 Best Place to Work by *Madison Magazine*. The award recognizes the best businesses to work for in the Madison, WI area and is based on an employee survey measuring six key engagement categories: communication and resources, individual needs, manager effectiveness, personal engagement, team dynamics, and trust in leadership. "With a focus on client satisfaction, TEG works with small to medium-size companies that want the administrative complexities of employment handled by experienced HR and payroll professionals," the publication notes. "From the recruitment process to retirement, TEG's employees know what's expected of them and get the support, mentoring, and recognition they need to succeed." ■



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TECHNOLOGY & AUTOMATION



AI APPLICATIONS

r/r

TODAY'S ROADMAP FOR REDUCING RISK WHEN USING AI IN THE WORKPLACE

BY JOHN POLSON, ESQ.
AND RICHARD MENEGHELLO, ESQ.





recently had the honor of hosting Representative Ted Lieu at our firm's AI Strategies @ Work Conference to discuss what employers should do to responsibly leverage artificial intelligence into their workplaces. He's not only a member of the House AI Caucus but was recently named by Time Magazine as one of the 100 most influential people in AI in the world – so you know his words carry some weight. And he provided a crystal-clear roadmap that every PEO should take into consideration for themselves and their clients.

GUIDANCE COMES FROM EXISTING GOVERNMENT STRATEGY

Rep. Lieu recommended that employers take a look at the National Institute of Standards and Technology (NIST) risk assessment framework as a key guidepost for using AI in the workplace. The NIST is a federal agency that promotes innovation in American business. It recently released this framework for voluntary use by businesses to improve trustworthiness when developing, using, and evaluating AI in the workplace. The centerpiece of the framework is a 210-page AI Playbook that provides a comprehensive look at best practices. Sound too daunting? Don't worry – here are the 10 most important steps you should consider.

PEO'S 10-STEP PLAYBOOK

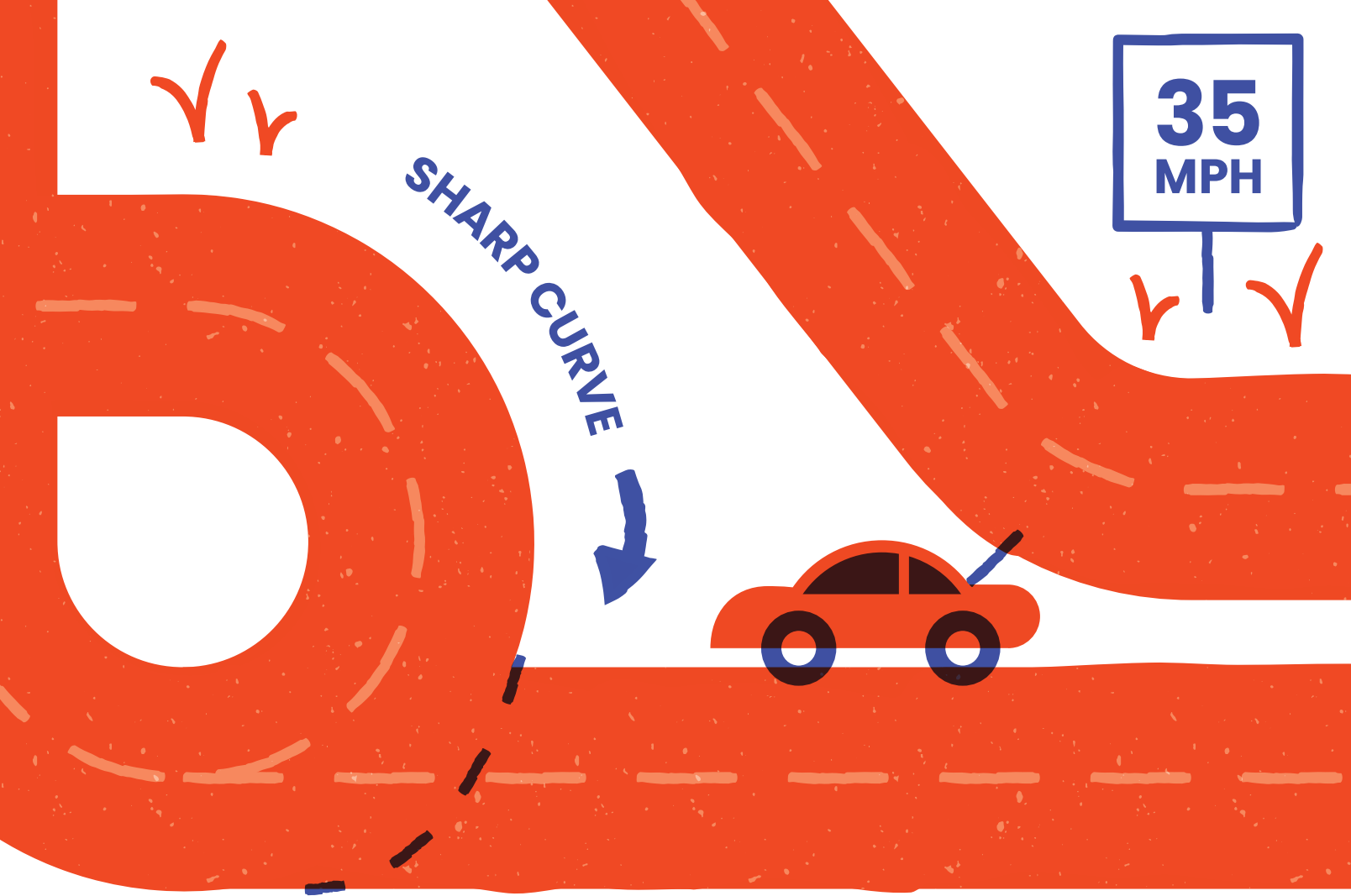
PEOs should seek to cultivate a culture of risk management surrounding AI use – both in your organizations and at your clients' places of business – in order to be best positioned in this new area. The 10 most critical steps to minimize risk are:

1. Develop **policies and practices** related to AI usage among workers. Ensure they are not only transparent but implemented consistently and effectively.
2. Make sure to provide **training** to those using and those responsible for AI systems.
3. Be **transparent** about the use of AI with applicants and employees. This will help eliminate discriminatory risks as those interacting with your technology can raise concerns, request accommodations as necessary, and feel comfortable with your systems.
4. Ensure all AI systems are **trustworthy** – this includes securing data from risk and eliminating discriminatory outputs.
5. Promote **DEI and accessibility** as core tenants of any AI program. At all times and with all AI functions, ensure they comport with the organization's commitment to diversity.
6. Consider creating a **multi-stakeholder**



PEOs should seek to cultivate a culture of risk management surrounding AI use – both in your organizations and at your clients' places of business.





committee that includes representatives from various departments, including HR, IT, Legal, and DEI, to oversee your organization’s AI adoption and usage.

7. Be aware of **data security concerns** when it comes to storing data and working with third-party AI service providers.
8. **Inventory all AI systems** to make sure the scope of usage is known, and ensure a team or individual is responsible for each one.
9. Develop **contingency plans** in the event of an AI-related data breach or other failure, bringing in IT and legal teams to help map out a gameplan ahead of time.
10. Engage in **periodic review** of all AI systems with key organizational stakeholders across a broad spectrum of departments – legal, IT, HR, operations, etc. – and adjust as necessary.

THERE'S MUCH MORE

It may be worth your while to skim the entire AI Playbook¹ so you can read more – especially if you are integrating new AI platforms into your PEO or if a client is intending to do so. NIST provides a helpful overview on best practices for identifying risks when selecting and integrating AI (including assembling a broad cross-disciplinary team with a diversity of experience, expertise, abilities, and backgrounds; ensuring the AI opportunities align with your organizational mission; clearly defining the business value before engaging and adopting; and more). It further provides suggestions for measuring and assessing risks and benefits of AI tools on a day-to-day basis.

WHAT COULD THE FUTURE HOLD?

Rep. Lieu was unsure when and if the federal government would pass comprehensive AI legislation. However, he

indicated that employers that want to get the jump on any sort of regulation would be wise to follow the NIST risk management framework as a starting point. Not only would those employers get a leg up on whatever regulatory scheme is unveiled, but they would put themselves in the best position to demonstrate responsibility in this area. ■

¹ https://airc.nist.gov/docs/ai_rmf_playbook.pdf.



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AI: A MASSIVE CHALLENGE AND OPPORTUNITY FOR PEOS

BY PRAGYA GUPTA

Artificial Intelligence (AI) has long captured the collective imagination—and, fitting with the modern-day discourse, views on its use and potential have widely varied. Through the lens of fiction, some have taken a benevolent, optimistic view of the technology (think WALL-E). Others have applied a decidedly pessimistic view of AI (think HAL from 2001: A Space Odyssey).

At this stage, AI is nothing new, and its applications are prevalent—there is no turning back. While AI functions such as chatbots have become the norm for businesses and consumers, ChatGPT’s capabilities have elevated the AI discussion to an entirely new plane. If nothing else, ChatGPT’s rise has been a paradigm shift in how we think about AI and the ways it can be either the infrastructure for a utopian society or an agent of chaos. Of course, the truth lies somewhere in between.

The smart machines aren’t in charge just yet—at the time of this writing, real people are still calling the shots for their organizations. But we’ve now reached a critical juncture where companies need to make a few important decisions about how to use AI. Many topics will include both HR and HCM, meaning countless companies will be looking to their PEO partners to provide guidance in navigating the increasingly complicated AI waters.

Among the most pressing issues are the ethics surrounding AI, as well as its potential impact.

Let’s look at each topic, and considerations for PEOs.

ETHICS

For as long as the massive potential of productive AI has been considered, the excitement has been dampened by reasonable

ethical concerns. Let’s face it—we are all flawed and fallible, and these foibles will inevitably seep into the technology we create. The designers and producers of AI technology will unavoidably etch their viewpoints and preferences into their creations. At the outset, companies should strive to drive their AI capabilities to create a more unbiased, ethical workplace that serves everyone. With this in mind, HR teams can create unbiased, inclusive hiring policies while cultivating a more equitable work environment across the board.

On a more granular, everyday level, employees aren’t sure how and whether they should be utilizing AI. According to isolved’s survey of employees,¹ 67 percent of employers do not have a formal, communicated AI policy or ethics code that employees should follow. If the AI landscape is already looking like the Wild West to its employees, companies have a responsibility to provide a path toward civilization.

PEO CONSIDERATION

Organizations of all sizes and spanning all industries should have a formal, articulated AI policy, especially HCM providers. By clearly



If the AI landscape is already looking like the Wild West to its employees, companies have a responsibility to provide a path toward civilization.

communicating the company's stance on AI and its usage, PEOs can know where these companies stand on the issue and feel confident that the technology will be wielded with good intentions. Companies with nebulous AI policies should be avoided, as they are more likely to misuse AI—which reflects poorly on any organization that refers their technology or services. By partnering with forward-thinking organizations that are taking steps today to avoid missteps in the future, PEOs can ensure their sterling reputations remain untarnished.

IMPACT

We've established that AI has arrived and in a big way. But what, exactly, are the real-world use cases for businesses today? Are we talking about walking, talking supercomputers or sleeker versions of the Furby? Simple chatbots, for example, have been around for over sixty years. And while they're certainly still worthwhile tools, we've moved far beyond primitive bots that can provide a set of responses to generic prompts. Now we're moving toward conversational virtual assistants that provide personalized replies based on a built-in knowledge base.

For HR teams, implementing AI can transform their day-to-day from laundry lists of administrative tasks to a blank canvas of possibilities. With the right AI capabilities, HR teams can improve a lot of processes.

Eliminate payroll errors: With robust AI technology, HR teams can catch payroll errors before they occur, which bolsters compliance and eliminates the possibility of a disgruntled employee with an incorrect paycheck.

Provide a personalized employee experience (EX): AI is now used efficiently in the eCommerce industry. Through AI, sellers find the right people, on the right channels and at the right time to make a purchase. The same concept and technology can be used by AI teams to automatically create personalized pathways to match employees to the right resources.

Automate recruiting: Previously, sifting through mounds of resumes has been a slog for HR teams. With the use of AI functions like large language models (LLM), which are found in tools like ChatGPT, recruiting becomes a seamless process by identifying and matching candidate profiles against job requirements.

Use actionable analytics: Through AI, HR teams can turn a mountain of data into a goldmine of actionable analytics. Think salary benchmarking and predictive capabilities that can help boost EX and retention.

PEO CONSIDERATION

Clients will want access to the latest and most cutting-edge AI technology. The question for PEOs becomes where AI is headed and how can it be used to best serve their client base. According to

isolved's survey of PEO, ASO and Payroll Service Providers², AI-assisted tools, predictive analytics and benchmark insights are in high demand by employers, but are least likely to be offered by service bureaus. By partnering with companies that are perpetually refining and honing their AI approach, PEOs can rest assured that their clients will always have access to the latest AI innovations.

AI has arrived, and it's here to stay. So, how should PEOs navigate the present and future of AI? First, they should partner with organizations that understand its complicated nature and commit to indisputable ethical considerations now, instead of waiting for future permeations and use cases to emerge. Additionally, PEOs are wise to partner with companies that are planning for these future iterations of AI, so they can continue to innovate and future-proof their businesses.

AI isn't going to take over the world as we know it—but companies that wisely employ it just might. ■

1 *isolved, AI at Work*

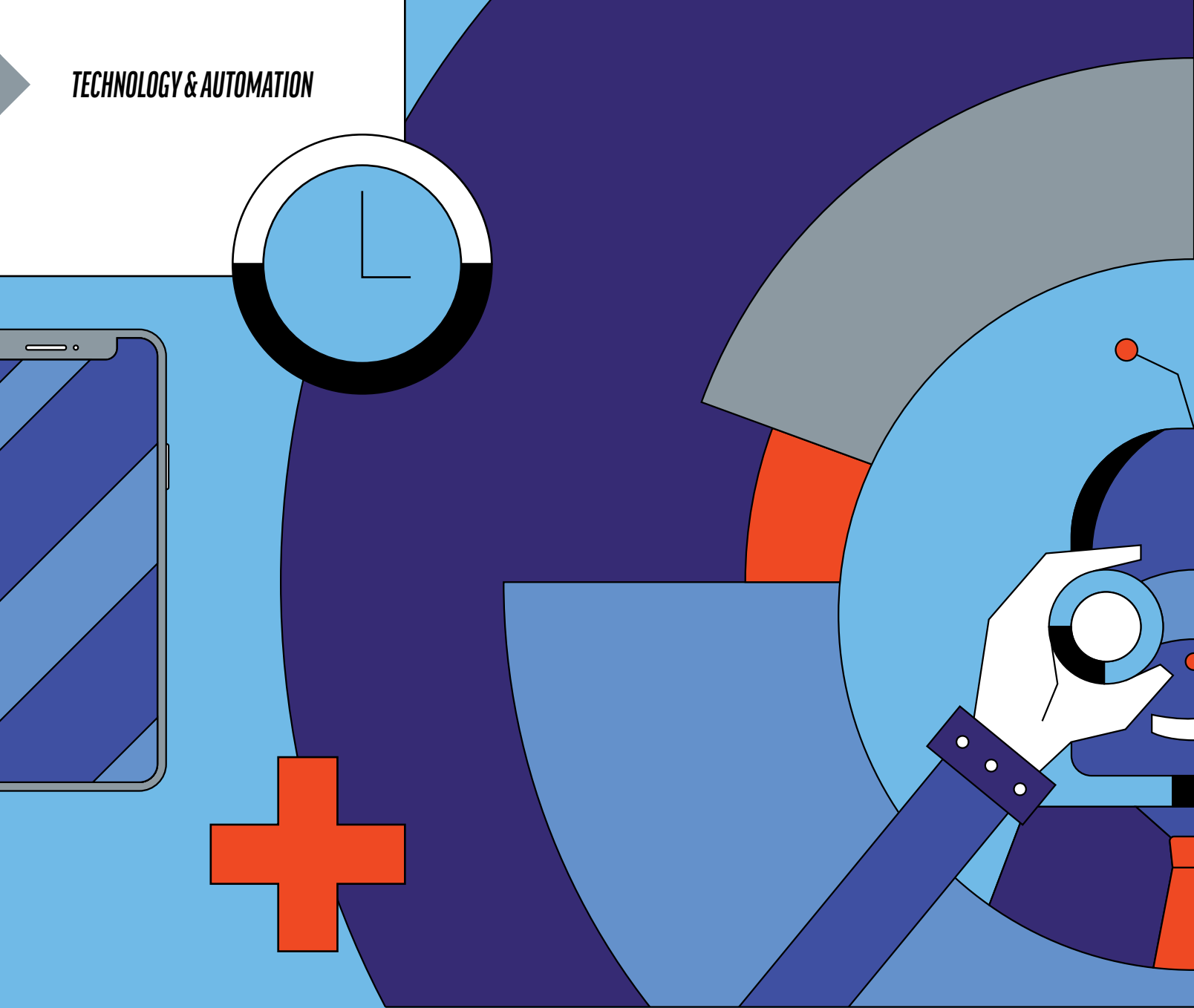
<https://visit.isolvedhcm.com/network-sales-ai-at-work-white-paper-gated-download>.

2 *isolved, survey of PEO, ASO, and Payroll Service Providers*
<https://visit.isolvedhcm.com/network-research-report>.



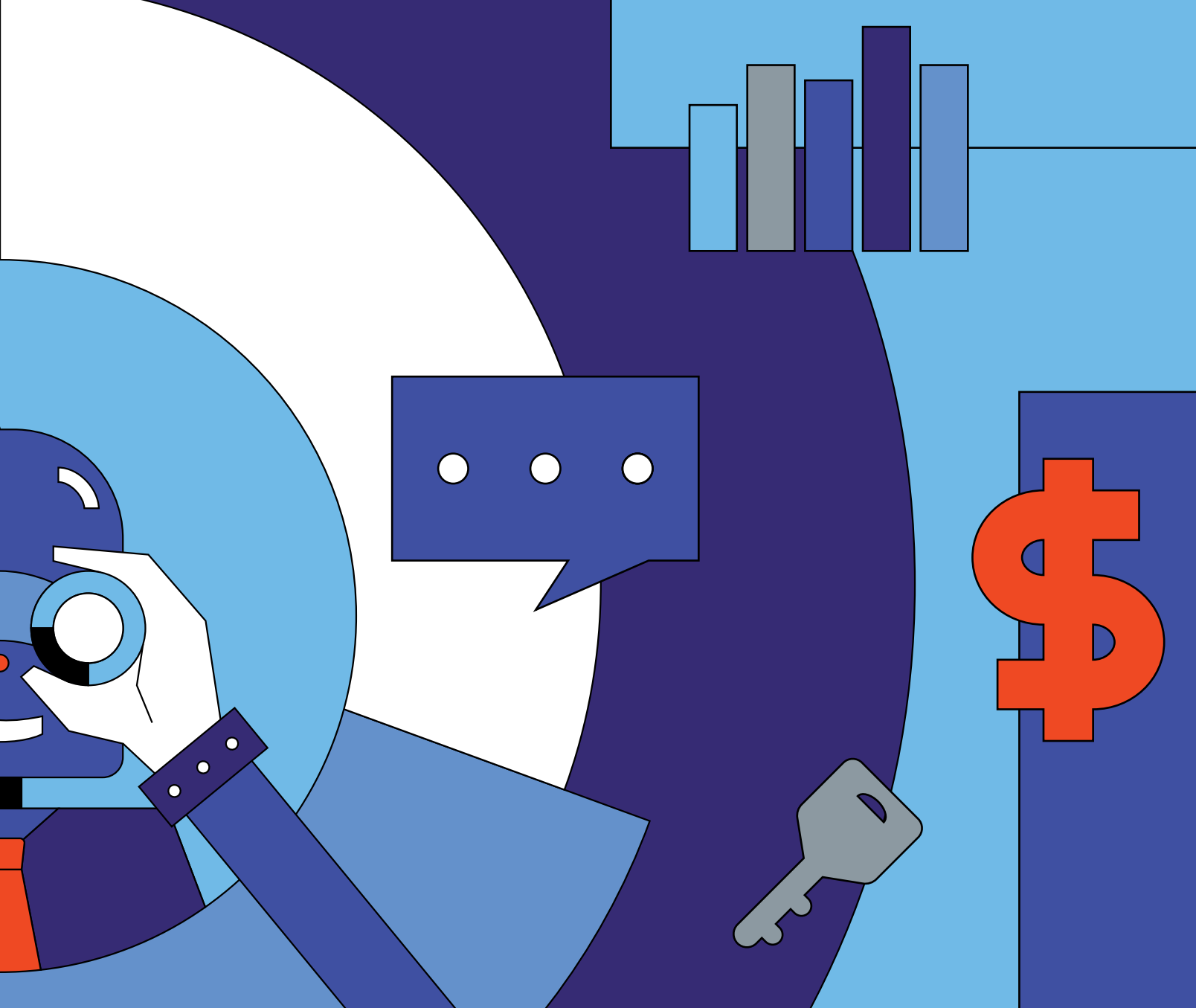
PRAGYA GUPTA

*Chief Product Officer
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Charlotte, NC*



DRIVING INNOVATION

THE FUTURE OF PEO TECH: SWIMMING IN DATA AND DIVING INTO ANALYTICS



BY KEVIN ANDREWS

Big data, digital transformation, analytics, artificial intelligence, machine learning, data warehouses, data lakes, etc. Sometimes it feels like we're swimming in too much terminology and drowning in data.

But data should never be set adrift in the business world; it just hasn't always been used to its full potential. Today, any business that doesn't capitalize on data advancements risks being swept away with the tide. PEOs in particular should think of data as a direct pipeline to the resources you and your clients need to navigate the complex world of HR and

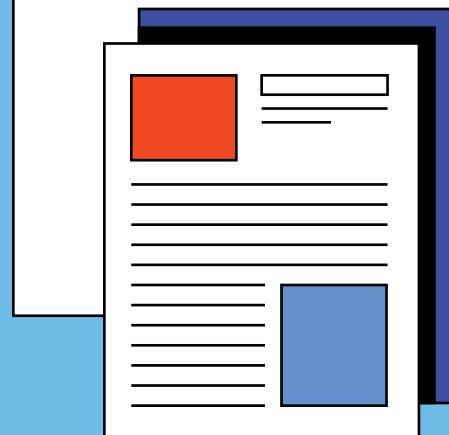
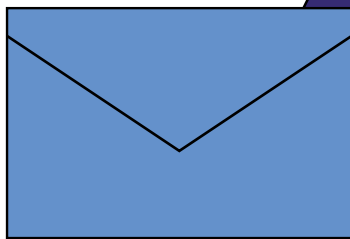
compliance and make better business decisions in the process.

Whether we realize it or not, data is influencing us every day, including every time we pick up our smartphones. Ever get a targeted ad on Facebook saying you might be interested in a certain topic? Those are all triggered by data collected from our phones, and advanced technology is in place to drive the notifications you see and when you see them.

But unlike social media, with HR outsourcer (HRO)-related data we get to choose what we want to see, what we don't want to see, and what we do and do

not want to share. SMB operators know their businesses best, so PEOs can either help them filter and slice the information however they see fit or allow them to do it on their own. From there, they can benefit from the tools and data science incorporated to help categorize tables, charts, and datasets in such a way to develop a source for parsing information that is valuable to them.

All of the raw and unprocessed data can be stored in a central repository, aka a data lake, and accessed after it has been filtered and curated by a data warehouse to get you the information



you and your clients need when you need it.

Productivity down? Data can help you diagnose the problem, and advanced analytics can even offer prescriptive solutions. Think of it as a sixth sense to enhance your decision-making capability.

And what if you could benchmark employment trends for your clients to show them how well they are doing compared with their peers?

TECH DEVELOPMENTS

Ever since I started my first company in the mid-'90s, I've been exploring ways to use data to create real HR-related insights. Most recently, I worked to help companies and employees make smarter benefits decisions through data.

That was a couple of years ago. With rapid developments in generative AI (think ChatGPT) and machine learning, those types of decisions can now be made in almost real time—and offer more insights, too.

PEOs and their small- and medium-sized business (SMB) clients will be able to make better long-term, data-driven decisions that will help them stay ahead and better prepare for the future. For example, maybe an SMB has a policy that they don't offer benefits until after 60 days of employment. It might seem like a cost-effective move, but the data shows that some worksite employees aren't making it past that time frame before leaving. It might be time to address those benefit requirements with the SMB to see if there are options available to help them keep their best workers longer and more engaged.

That's because big data, meaning a high volume of stored information, can almost always be used to "see" trends before humans can, and data has become one of the most important differentiators in the ever-present struggle to retain and attract talent.

For instance, companies can use performance management software to help improve workplace culture. By compiling data throughout the year rather than waiting for the annual review, performance management can help set employees up for success and improve morale by ensuring any course corrections are made promptly with the individual. It also helps to avoid recency bias when it comes to compensation rewards as well as promotion opportunities. Additionally, it can help companies determine if, for example, a worker has room to grow in certain competency areas and prescribe the proper training opportunities.

This is where tech advancements related to data are heading in the PEO space to help SMBs make better decisions for the organization and their people.

DIGITAL TRANSFORMATION

Digital transformation means many different things to different people from a technology perspective.

The concept is omnipresent nowadays: We can find AI in our Starbucks coffee apps, of course, helping us decide what we should order, and it's a huge part of the success of lodging apps like Airbnb that allow us to find nontraditional places to stay when we head out of town. It also plays a key role in enhancing traditionally

non-tech product categories like glasses that can now be equipped with Augmented Reality (AR) to bring the real and virtual worlds together like never before.

A study¹ published in the Harvard Business Review found that digital leaders had a 4-percentage point advantage on return on tangible equity (ROTE) vs. digital laggards in 2022 (19.3% vs. 15.3%) and a 3.2% higher average annual shareholder return (8.1% vs. 4.9%). In other words, digital transformation makes economic sense. Truth be told, digital transformation has been a key component of HR for years.

As Jeff Bezos once said, "There is no alternative to digital transformation. Visionary companies will carve out new strategic options for themselves—those that don't adapt will fail."

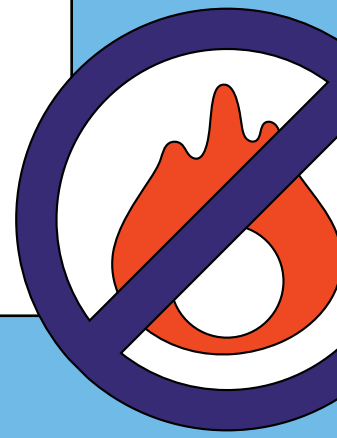
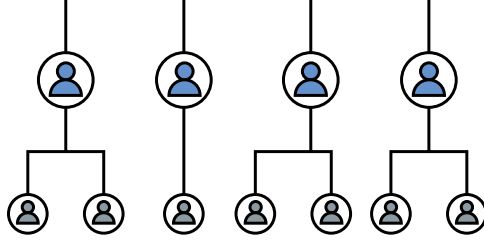
It's hard to disagree with that.

DATA VISUALIZATION

Data is all about numbers and information, right? But numbers and facts don't necessarily tell the whole story.

Data visualization can offer a much clearer picture. It allows you to see trends beyond the numbers, and in the HRO space, that could be related to things like benefits, payroll or any other HR-related topic.

When companies can see trends emerging in terms of cost, frequency, etc., they can make smarter business decisions, and being able to give SMBs the customized reports they want will not only delight them but also empower them—and you. Having advanced



analytics will allow you and them to drill down in ways that were previously impossible, and data visualization will give you and your clients the capacity to see things the way you want to because every business has different data needs.

Decentralized, disparate data has been the norm in the PEO space as well as other industries for generations, but it doesn't have to be going forward. Data visualization, which harnesses the power of centralized data, is all about bringing patterns and trends to the surface in an easy-to-understand, modern and customized fashion to suit your and your clients' needs.

Better people retention and talent acquisition is often the goal with HR data. If an SMB is hiring poorly and laying off people, as a PEO, it could impact your State Unemployment Taxes (SUTA), so wouldn't you want to know what's going on as early as possible?

Analytics plays a crucial role in PEO operations. PEOs should be able to provide clients with predictive insights related to workforce trends, turnover rates and talent acquisition strategies. From a PEO perspective, you should be able to drill down to easily find information on profit by client as well as track clients' pay codes, etc.

Think about how many tasks are performed by robots nowadays that previously humans were tasked with, such as tightening screws on an assembly line. Sure humans can do it, but how well and how fast? Technology adds efficiency and never has to take a break. Also, repetitive tasks inevitably lead to errors;

it's just the way humans are built. Even NBA superstar Steph Curry misses about 9% of his free throws and he's one of the best free throw shooters to ever play the game, so it's not surprising to think that all humans will make data-related mistakes and omissions as well. Technology offers an unmatched potential to collect information consistently based on the parameters and inputs that humans request.

GETTING THERE

The question you might be asking yourself is, "Why now?" For one, AI and machine learning have come a long way in just the past year or so. The technology is not new, but the advanced capabilities are, so leveraging that type of predictive analytics is something almost any B-to-B software platform should consider to help their customers get ahead.

When I entered the PEO world less than two years ago, what I saw was an ocean of opportunity because PEOs collect terabytes and terabytes of data, but it was all decentralized.

PEOs and their SMB clients haven't always been able to enjoy the data-based decision-making capabilities that their large *Fortune* 500 colleagues have, but there's no reason for that anymore. From a technology standpoint, the first big obstacle we had to tackle at PrismHR was being able to centralize data putting us on a path to where we needed to be.

By streamlining data, decisions can be made much quicker with fewer impediments to insights. It also creates efficiency to generate reports much quicker.

In some cases what took hours now takes seconds.

DESIGNING THE FUTURE

Finally, another key part of all of this is user experience and connectivity. Let's face it: Millennials and Gen Z grew up with much more advanced technology than previous generations. They also expect reports to be not only useful but intuitive as well. They are looking for an easy way to generate insights and digest the information they need with a modern look and feel. Well-designed reports can be a key driver of PEO revenue as companies hope to retain and attract new clients.

Once you peel back the "onion" and understand what's possible with data visualization, the insights might amaze you. What I tell people is you don't have to boil the ocean. It's really about taking pieces of data to start, getting small insights and going from there. Those small insights will help garner even more insights, and you can start influencing decision-making.

There's no question that when it comes to data and analytics in the PEO space, it's time to go for a swim and dive into a true analytic future. ■

1 <https://hbr.org/2023/07/the-value-of-digital-transformation>



KEVIN ANDREWS

President
PrismHR
Hopkinton, MA

DIGITAL AUTOMATION AND GENERATIVE AI FOR HR: ARE YOU PREPARED?

BY FRANK BIANCHI

In a world where our daily interactions, from perusing LinkedIn to tuning into the evening news, are saturated with discussions on automation, robotics, AI, and their transformative potential, it is only natural to experience a blend of exhilaration and apprehension. While you commute to the office or sip your second coffee in the comfort of your home office, the pressing question of how to embark on the journey of effective competition undoubtedly crosses your mind. This is particularly pertinent in light of the constant firefighting to resolve customer concerns or surges in activity tied to seasonal peaks, like open enrollment periods.

Quess GTS distinguishes itself by crafting a unique digital journey for our clients, one that aligns seamlessly with operational nuances, customer requirements, infrastructure preparedness, and, of course, budget constraints. We specialize in addressing these challenges across diverse sectors, encompassing

insurance, HR, employee benefits, healthcare, and financial services.

While every organization's journey may differ, there exists a set of best practices to ensure the success of your digital initiatives. Here are a few crucial steps to consider.

VERIFY YOUR FOUNDATION

Prior to delving into the realms of automation and AI, it is imperative to assess and establish the readiness of your infrastructure to assimilate these innovative technologies. If your organization is experiencing growth, has your technological foundation evolved to accommodate the intricate nature of the business and the expectations of your clientele? The foundation must encompass several facets, such as the presence of robust cybersecurity measures, the availability of email and collaboration tools for both internal and remote users, compliant data ingestion, storage, and backup mechanisms, and the maturity and cost-effectiveness of cloud management, optimization, and API integration. While discussions on generative AI may be captivating, ensuring that you integrate technology into a scalable and secure environment is paramount.

Given the influx of data from customers, brokers, enrollment firms, carriers, third parties, payroll providers, and partners, this due diligence serves as a crucial step to identify potential gaps that warrant attention as part of your technological modernization. Regrettably, cyber threats, including ransomware and other intrusive applications, have already harnessed AI, particularly targeting small to medium-sized enterprises like PEOs and HR firms. Your environment must be

fortified to counter and preclude any intrusions that could imperil your business.

The amalgamation of skill sets required to manage these technologies often propels CIOs of PEOs, HR departments, outsourcing firms, brokers, and agencies to collaborate with organizations like Quess GTS. Such partnerships provide round-the-clock coverage, liberating time to focus on business expansion, core activities, and the seamless integration of game-changing technology.

DETERMINE THE IDEAL STARTING POINT OR USE CASE

Numerous articles and blogs expound on the applications of automation and Generative AI tools, such as ChatGPT or Co-Pilot. When clients inquire about where to commence, my response varies depending on their business model and technological blueprint. For automation endeavors, the following questions guide the process.

1. Where does redundant data entry or repetitive tasks consume the most time?
2. Where do delays stemming from document retrieval, customer responses, or internal approval processes create bottlenecks?
3. Where does data integrity pose the most significant challenge, necessitating iterative requests, processing, and cleanup?
4. Lastly, what aspects of customer satisfaction present the most significant hurdles, be it onboarding with new data mapping, forms, and carriers, or navigating renewals that involve adding dependents, introducing new coverage, adapting

While every organization's journey may differ, there exists a set of best practices to ensure the success of your digital initiatives.



premium billing, changing carriers, or managing payments?

In either scenario, we advocate for a well-defined and targeted pilot with established success criteria prior to enterprise-wide implementation. This approach ensures that the benefits are realized, and that the methodology is scalable.

SELECT THE RIGHT TECHNOLOGIES FOR YOUR ORGANIZATION

The choice of technology hinges on several variables, including integration with legacy applications and third-party systems. We typically adopt an objective approach unless the customer has already made a predefined selection.

Our recommendations for automation best practices encompass the following:

When custom development is necessary, particularly for mobile and desktop user accessibility and data updates, we propose leveraging low-code and composable platforms to construct your portal and mobile applications, integrating seamlessly through APIs and available connectors.

This approach accelerates time-to-market and reduces the technical debt often associated with traditional development. Robotic process automation can be applied to automate any of the scenarios mentioned earlier with a brief discovery and requirement analysis.

A game-changing innovation in this domain is intelligent document processing (IDP), which seamlessly merges automation and AI. With IDP, document formats can be “learned,” classified, and information can be extracted, eliminating data entry errors stemming from document sources. For security and

compliance, the forms can be redacted when viewed, safeguarding sensitive information, including personally identifiable information (PII) and protected health information (PHI). We recommend initiating a pilot with your highest volume forms and progressively adding complexity as you move forward.

EXPLORE THE BOUNDARIES OF GENERATIVE AI

AI holds the potential to revolutionize the insurance and benefits industry, contributing to risk reduction, enhanced customer service, and augmented efficiency. The potential of automation and generative AI is boundless, and adoption continues to surge. Priorities may differ based on the services you offer, spanning onboarding, benefit administration, claims processing, enrollment, customer service, retirement programs, and compliance, as well as the coverage areas you support, such as employee benefits, voluntary benefits, commercial insurance, healthcare, retirement programs, and workers’ compensation.

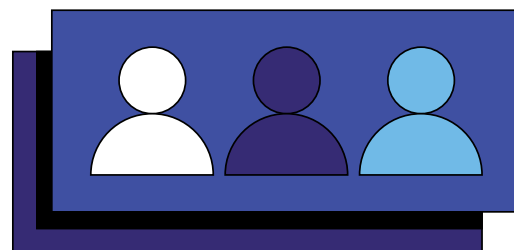
Across the industry, the following use cases can set your business apart.

Direct Marketing and Sales: Tailoring efforts to specific affinity groups, industries, or market segments.

Recruiting and Retention: Screening resumes, targeting specialized skills, scheduling interviews, supporting employee performance management, and developing Key Performance Indicator (KPIs).

Customer Experience: Crafting scripts and AI-generated guidance that align seamlessly with agent interactions and customer needs.

Online Training for Staff and Customers: Offering self-paced,



interactive training during open enrollment, especially focusing on new coverages, plans, and features.

Accelerating Claims Processing:

Automating processing, detecting, and preventing fraud in historical claims, and identifying patterns that hint at potentially fraudulent activity.

Prediction of Customer Churn:

Analyzing customer interactions, payment frequencies, sentiment analysis, survey responses, and website engagement to foresee potential churn.

Compliance: Scanning data for outliers in processing that may have compliance or regulatory reporting implications.

Pricing and Underwriting: Assessing business risk, analyzing customer behavior and risk data, and setting prices with risk considerations in mind.

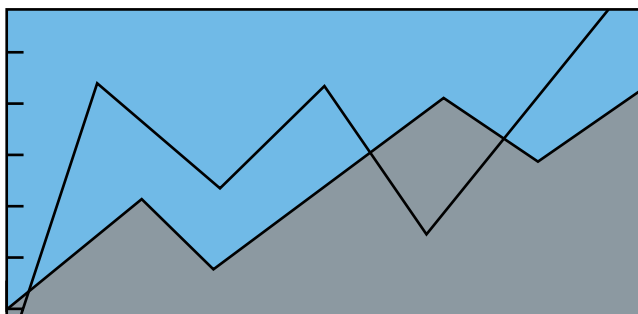
IN CONCLUSION

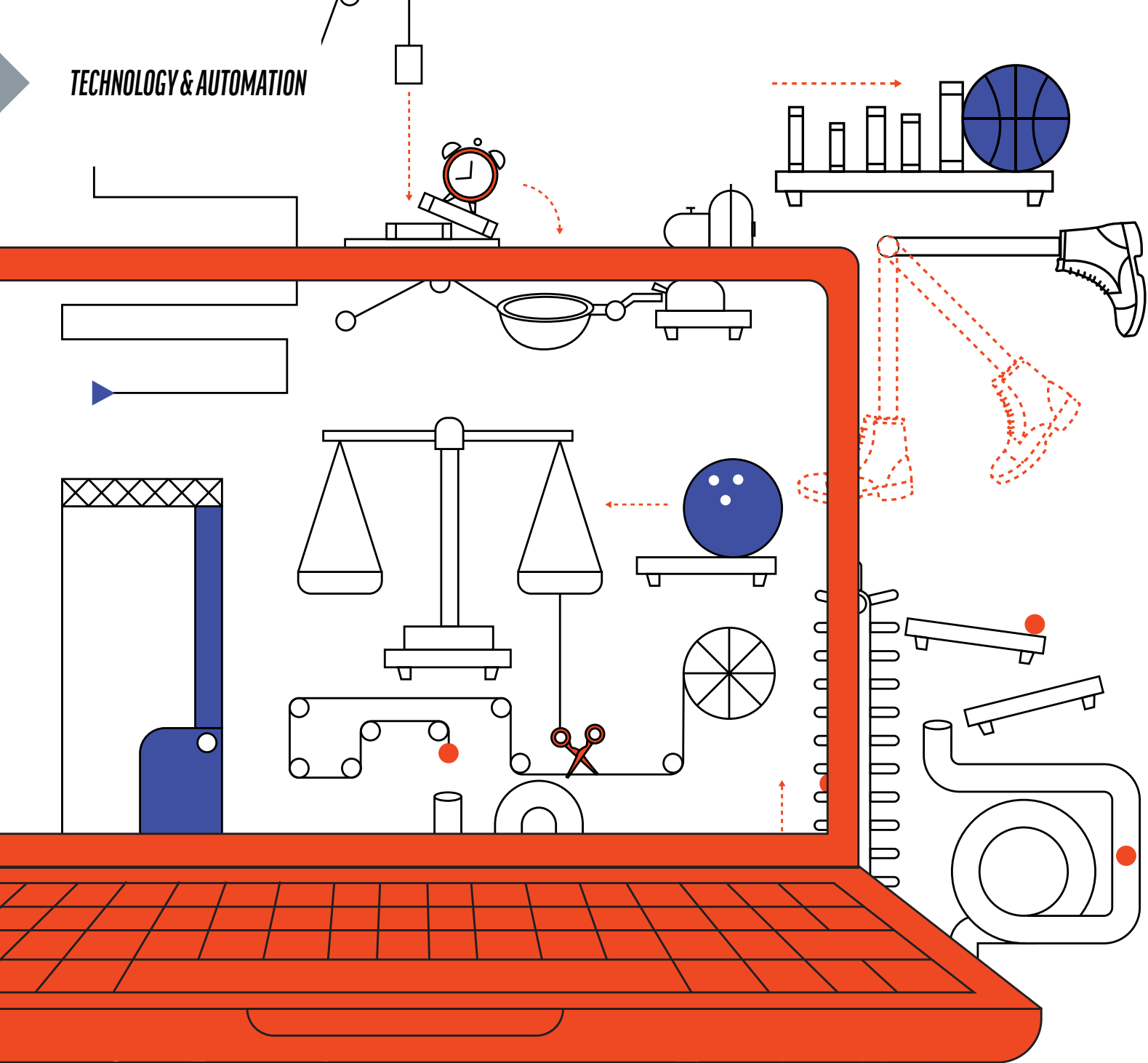
By the time you read this article, there will be several new product and technology announcements. My advice is to adopt a business-centric approach to transformation and automation initiatives. Consider how to mitigate risks, enhance customer satisfaction, and streamline processes as your primary drivers for innovation. When feasible, seek partnerships that can ensure the positioning of your investments for success, and that your infrastructure and application foundation remain scalable. Undoubtedly, the upcoming years promise an exhilarating landscape of innovation. Secure your seatbelts for the journey ahead! ■



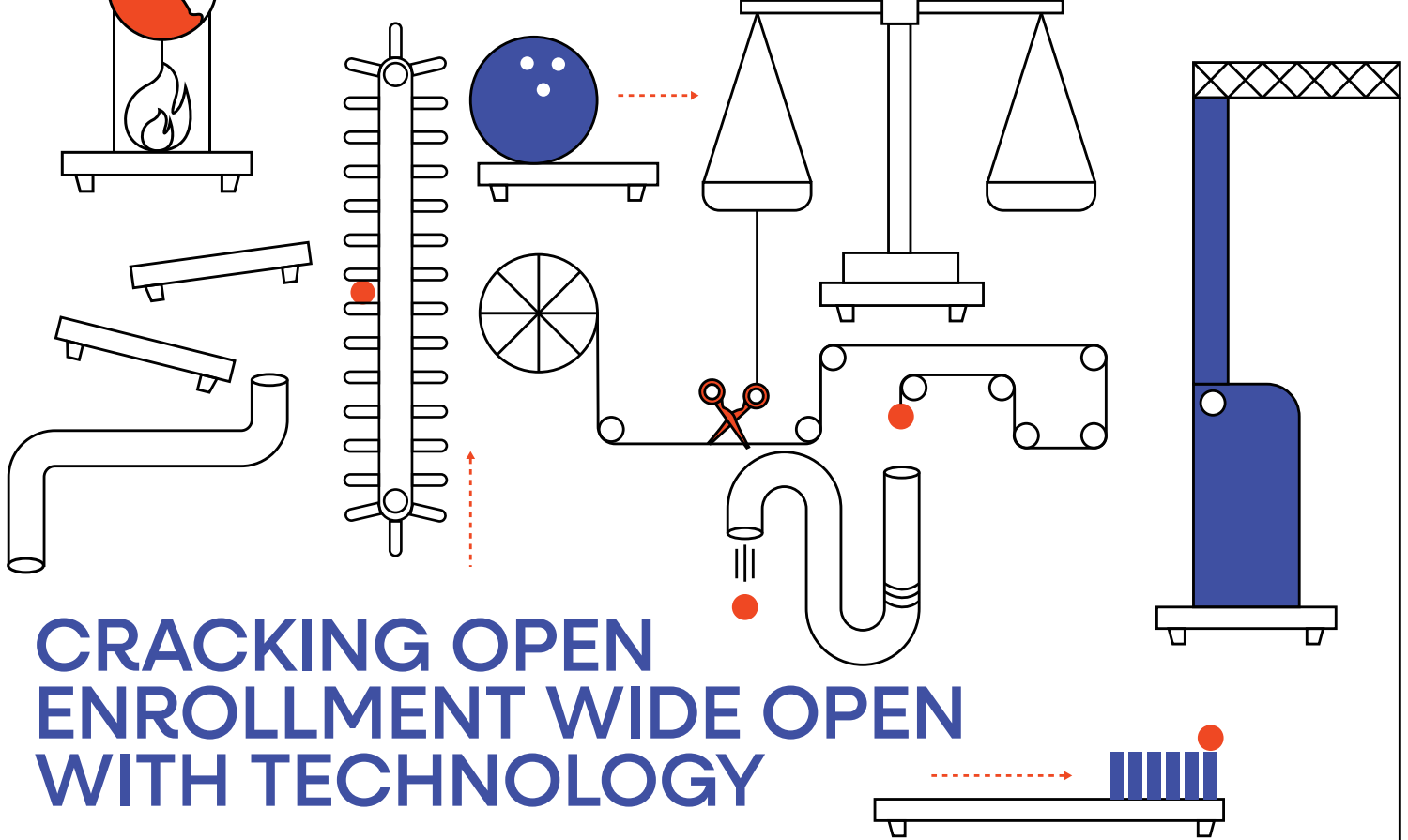
FRANK BIANCHI

Vice President
Qess GTS
Morris Plains, NJ





Impact on Employees



CRACKING OPEN ENROLLMENT WIDE OPEN WITH TECHNOLOGY

BY BARB DRAMES

Each year, open enrollment marks a time where communication is critical, security needs are high, and accuracy is of the utmost importance as businesses scramble to ensure their employees' financial and physical well-being for the upcoming year. Unfortunately, for many small business leaders, it's also a time that may be marked by significant stress, manual administration, long hours, and bureaucratic obstacles—and that's all-in addition to their daily efforts to keep the business afloat.

Automation tools can provide some much-needed relief during open enrollment, empowering small business leaders to get it all done. However, many small business leaders seem unsure about the return on the investment of technology in this space. Despite widespread understanding about artificial intelligence (AI) and automation's potential to support core business functions, organizational leaders seem unsure about the potential benefits of these tools to back office operations.

The 2023 Paychex Pulse of HR report¹ revealed that the small businesses surveyed were far more likely to handle

HR functions manually than their larger counterparts. The Pulse of HR report also found that, despite leaders at small and large businesses sharing similar productivity and operational improvement goals, the number of leaders at companies with 5-19 employees saying they plan to digitize their HR efforts in the upcoming year trailed that of larger enterprises by 10%.

The report also showed that responding companies with fewer than 20 employees were significantly less likely to say they'll use AI in the next 12 months (24%) than their larger counterparts (49%). It's unclear from the survey whether this hesitation is related to budgets, values, a perception that it's not needed, or something else.

THE BENEFITS OF OPTIMIZING ADMINISTRATION

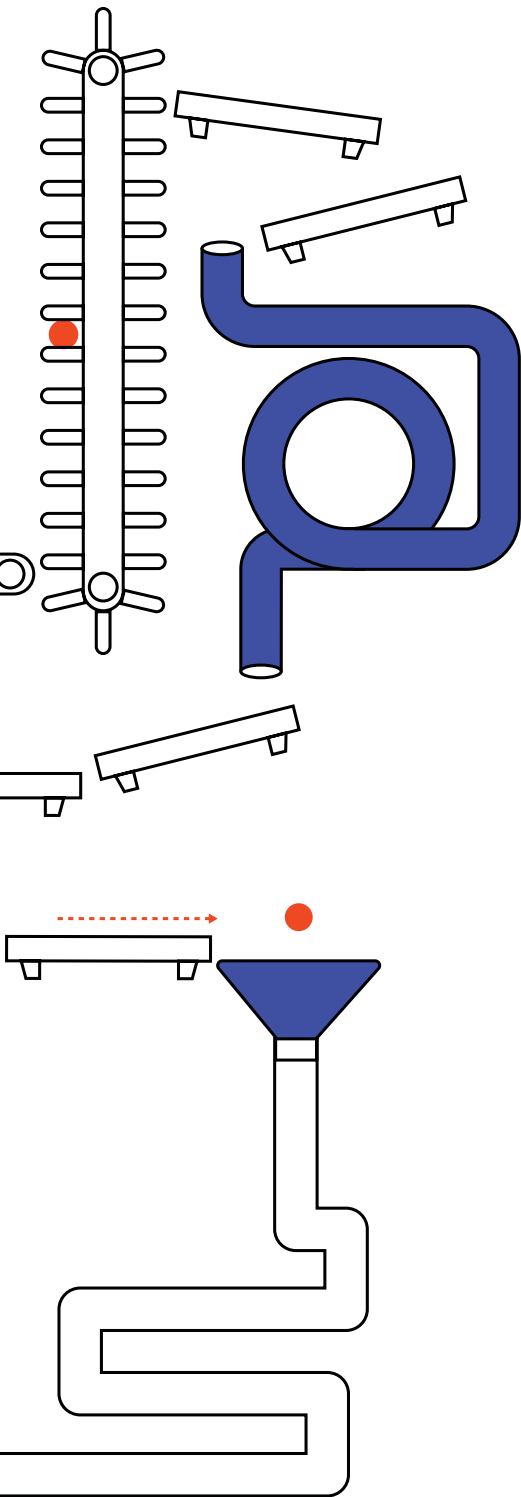
Today's automated HR tools can help leaders transform their open enrollment experiences and lessen the stress of this annual rush. That said, deciding what tools to use and how they might help your next open enrollment period run more smoothly certainly takes some

time as the right combination of functionality is not one-size-fits-all. When designing your suite, you should consider how different offerings handle a few areas like security and compliance; transparency and communication; and reporting.

Security and Compliance

Benefits enrollment comes with inherent risks, and executing the process manually only exacerbates those risks. Manual administration can make it difficult for companies to keep Social Security numbers, home addresses, and other personal information secure, which can result in serious consequences like identity theft. Benefits administration software often includes secure storage for confidential employee information, as well as the ability for administrators to set criteria to allow employees to only see data relevant to them.

Not only does this help your employees protect their information, but it can help you rest easy knowing that your procedures comply with federal, state, and local regulations like those related to the Affordable Care Act (ACA), the Health



Insurance Portability and Accountability Act (HIPAA), and more.

However, when it comes to data security, AI and other automated tools may open users up to further risk of breach, if not used correctly. It's important that organizations research the credentials of AI vendors they are using and establish policies for employee use to mitigate risk.

Transparency and Communication

Transparency in open enrollment starts with communication. Digital HR tools can help you develop and maintain secure, self-service enrollment portals to encourage employees to take charge of the process, and many benefits administration platforms trace the entire process end-to-end so even if employees are managing some steps on their own, issues are easily spotted and resolved. These tools can also facilitate personalized mobile and email communication campaigns to ensure employees have everything they need to complete their enrollment, as well as chatbots to answer common questions.

Beyond traditional communication of benefits offerings, AI tools have opened up a world of gamification for benefit selection as well. Once plan options are confirmed by leaders, some tools allow employees to use educational, gamified modules to learn more about their best benefit options based on a variety of factors they plug into the system.

Though transparency and communication are always helpful, it's especially valuable to businesses with remote workers who may not be able to meet with administrators in person. Investing in digital HR suites can help you ensure that your employees—no matter where they work—have everything they need to make the right choices for the upcoming year.

Reporting

When conducting manual processes, it's easy for things to get lost in the shuffle. Integrated benefits administration tools often provide customized reports to take the guesswork out of tracking, reporting, and other administrative tasks.

These reports provide insights about usage, preferences, and more to inform leaders about how their employees are engaging with their benefits, what plans and perks they're opting to use, and what hiccups might still exist in the administration process. Armed with these insights, leaders will be able to continue to refine and improve their compensation packages and benefits administration processes in the coming years.

INVESTING IN IMPROVEMENT

Getting through open enrollment and ensuring that all employee needs are met, and questions are answered requires a great deal of time and resources. For the millions of small businesses still tackling this challenge manually, this admin-heavy season may bring significant stress. AI-powered HR tools and advanced automation suites can offer various efficiencies to business leaders looking to upgrade their processes.

The key to choosing the right combination is understanding how the technologies work and how they might contribute to a more satisfying and efficient experience for you and your employees. While the right suite will differ based on each company's needs, the return on the investment—an easier, more streamlined benefits process—will be well worth the time. ■



BARB DRAMES

*Director of Benefits
Oasis, a Paychex Company
West Palm Beach, FL*

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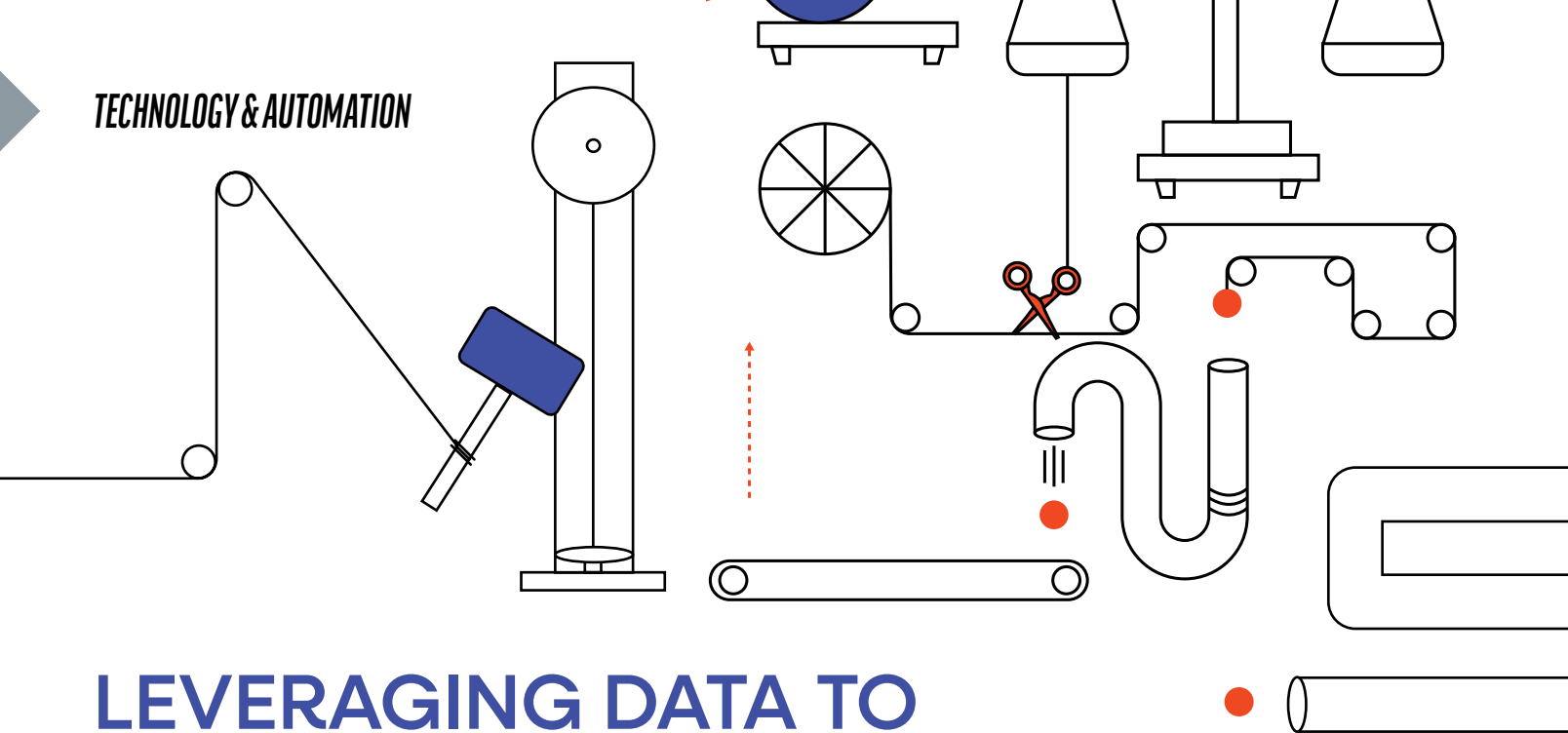
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LEVERAGING DATA TO DRIVE VALUE AND IMPACT IN THE WORKPLACE

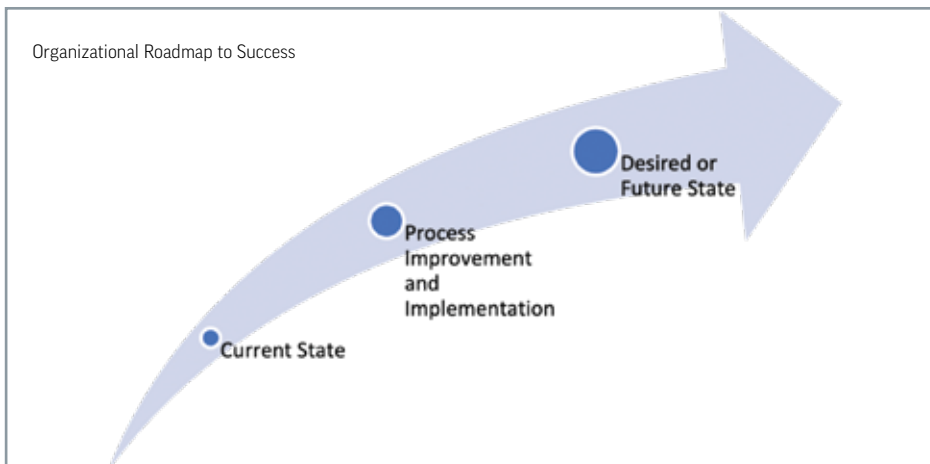
BY DR. CARMEN F. ARMSTRONG

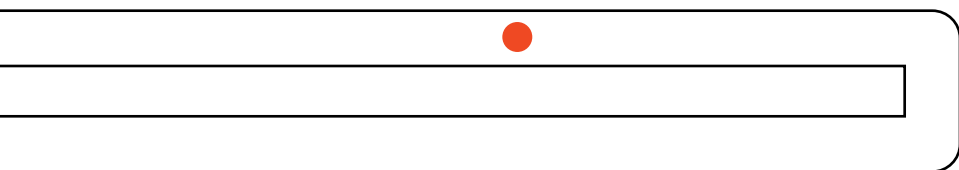
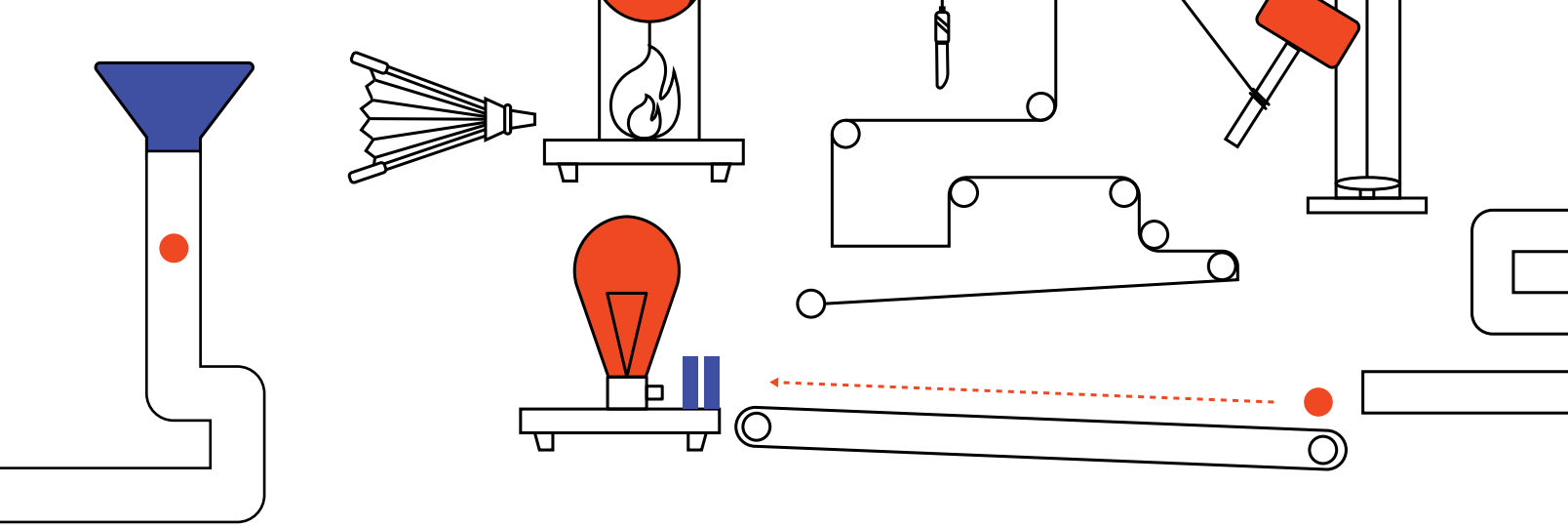
There is no question that data can be used to transform procedures and processes in any organization. There is also no shortage of data available, and if we are being honest, we can likely use data to tell any story we want. So, the pressing question for organizational leaders centers around how to leverage data strategically and productively toward meaningful results. The level and/or quality of transformation achieved can depend on several organizational factors, such as culture, business strategy, employee skill, and organizational

capacity. At the heart of any business transformation effort is value and impact, and a leader's ability to unlock value and impact depends on data quality. Thus, in this article, we will uncover a simple framework to drive value and impact through the use of quality data.

To illustrate this, let's start by looking at employee and customer values. We have learned from the pandemic that what employees value in today's workplace looks much different. In this context, values are a core set of beliefs that guide individuals in their personal

lives but also align with what they desire from their employers. The alignment between life values and organizational values is essential. ADP Research Institute's "People at Work 2023" is an annual global study of workers in seventeen countries. Results from the 2023 study suggest that employees need work to satisfy them both personally and professionally. There have been countless studies and surveys conducted since the pandemic on worker sentiment that culminates what employees value from their workplace. An employer's ability to balance employee values, organizational goals, and objectives and maintain a healthy balance sheet is vital to business success. The same is true from a customer/client value perspective. Understanding what customers or clients value at any transactional point of the customer/client success journey helps inform business processes and improvements. Like employees, client or customer sentiment has also shifted since the pandemic. Client or customer experience with a business's product, process, or service provides meaningful data to





organizational leaders. The application of this employee and customer data can unlock value and impact in the workplace; however, the technological framework must include an infrastructure that is repeatable, accurate, and valid.

A solid technological infrastructure provides organizational leaders with sound data that can be used to plan for anticipated results strategically. There are

organization from its current state to the future desired state – i.e., the Roadmap to Success.

To get started, the needs assessment process could include a variety of methods such as interviews, surveys, use case studies, focus groups, and many other techniques and tools. The qualitative or quantitative data that results from the assessment helps leaders determine

most fast-paced workplace environments is that day-to-day business challenges take priority and often overshadow the intricate details and indicators needed to design a successful needs assessment process. The omission of time to strategically plan future state and include alarms frequently forces leaders to make the next best quick decision (or is it?).

Quick decisions are usually guided by financial considerations. Inflation and rising interest rates directly impact organizational needs and decision-making. Stakeholders (and investors) want to ensure that resources invested in the organization will be used to advance



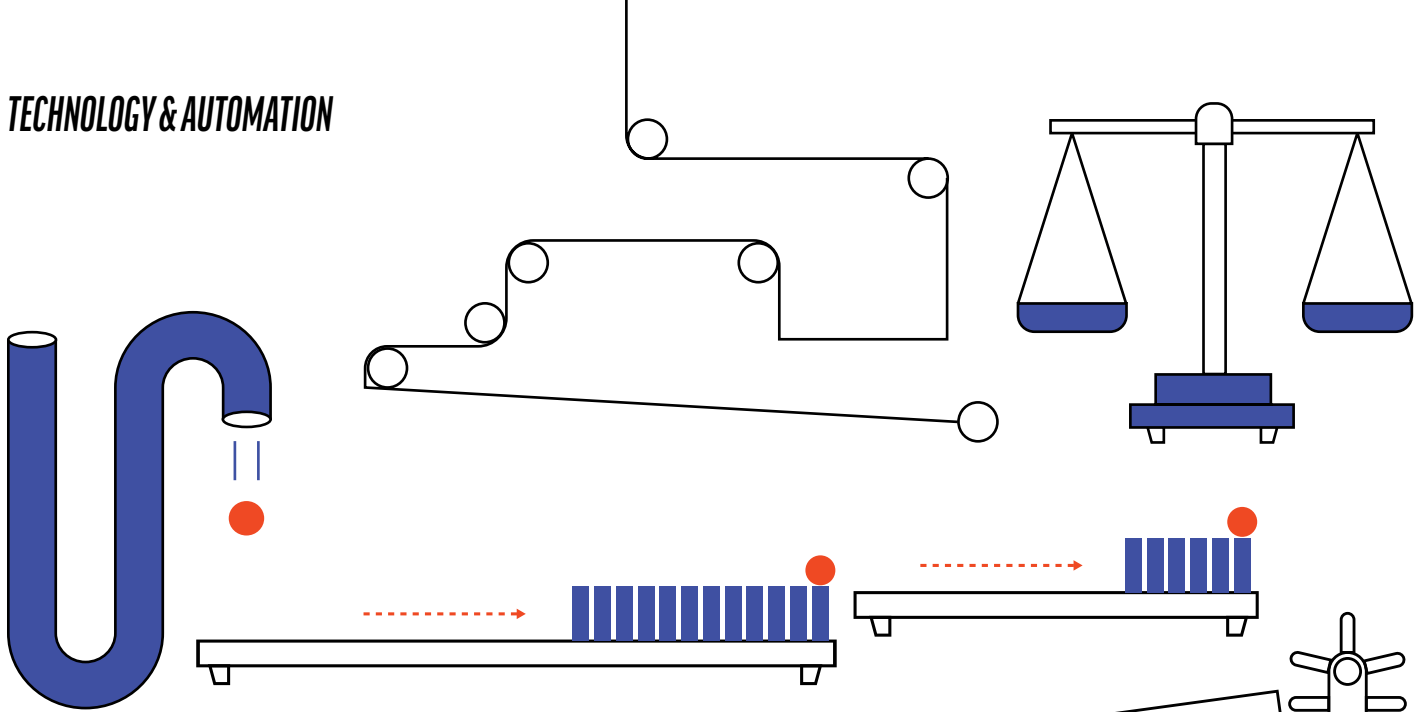
Today's automated HR tools can help leaders transform their open enrollment experiences and lessen the stress of this annual rush.

volumes of research and case studies that illustrate what happens when data is not helpful or analyzed in a way that informs successful business decisions. To avoid data mining mistakes and maximize overall impact, leaders should assess actual needs. Once the needs assessment has been conducted, leaders can then plan for what will be needed to take the

true needs. From there, change implementation begins, and the journey to success is realized.

An essential missing element in many organizational change initiatives is dedicated time to plan for what the future state should look like and create alarms (indicators) for when it seems the journey to success might be derailed. The reality of

business goals and objectives. Measuring impact and conducting impact analyses have, in recent years, been used to provide stakeholders with data and evidence to gauge organizational performance. Impact measurement compliments the needs assessment process and helps leaders plan and create evaluation frameworks from the



beginning of any project or change initiative. Let's see what this could look like.

GOAL(S)

In the following hypothetical scenario, executives at a local hospital received an alarming report from the National Institute of Health (NIH) that showed a pattern with patients treated at the hospital. Patients exhibited deficient levels of Vitamins A, B, and D. After reviewing the report, hospital executives created a program for patients and the community to improve the overall health of patients. The program would provide information and education to patients and community on nutrition and healthy eating. The goal is to increase awareness and change behavior for nutrition and healthy eating- for patients and community members.

PERFORMANCE

Hospital executives engaged in a project planning process that included impact measurement and impact analysis. The first step in measuring the impact of the nutrition and healthy eating initiative was to define what the future state should look like. Secondly, the executives created ways to track and evaluate goal performance. To create tracking mechanisms, the executives created a timeline and data gathering/

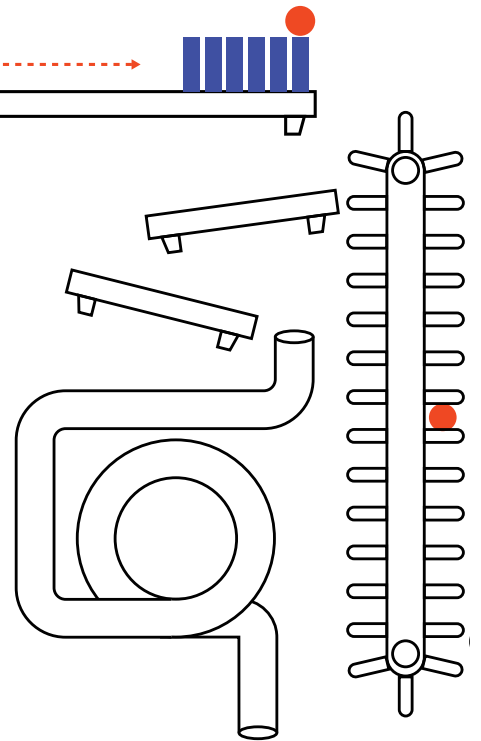
collection methods to document goal-related actions.

EVALUATION

In the final step, executives focused on impact analysis to ensure the framework created would provide them with valid and accurate information. Since the overarching goal of this initiative was to increase awareness and affect behavior change, the executives engaged in a discussion to answer the question: How will we know that activities implemented in this program will have a direct correlation (impact) on the change we expect to occur?

To answer this question, I suggest the simple acronym and framework used above: GPE (Goals, Performance Indicators, and Evaluation). The hospital example illustrates how the GPE framework can help leaders move away from making in-the-moment, unilateral decisions to efficiently leveraging data to make impactful business decisions. The key to the GPE framework is designing performance indicators and evaluation action items right from the start of the project or change initiative (not while already in motion).

Training the mind to consider what each action should produce and having the ability to track this data seems nuanced at first, but with intentionality and practice, this technique could provide



organizations with more efficient results. Since goals, performance indicators, and evaluation factors are created upfront, data generated will not only support the current project or initiative, but the evaluation of the data will help organizational leaders assess the alignment of values and impact for the organization, employees, and end-users (patients, clients, customers, etc.). While this is nothing new, this simple realignment and use of targeted data can make an incredible impact on an organization's success. Remember - #Value + Impact = Success.



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FAREWELL, PAT

BY KERRY MARSHALL

I first met Pat Cleary way back in the 1990s, when I was a young up and comer at the National Association of Manufacturers (NAM). As a director of media relations and communications, I had been assigned as the “press person” (as we called it back then) for the human resources policy department, which did all the lobbying and policy work on labor and employment issues, healthcare, benefits, etc. Pat was in charge of the department, and I know it won’t come as a shock to readers that he was fully on board with doing anything I asked him to do with regard to the media.

He was a PR flak’s dream. Name an issue, he would comment on it. Name an interview time, he would be there. Name a regulation, he knew something about it. On everything from OSHA ergonomics rules to obscure healthcare regs, we had a blast generating as much attention as possible for NAM’s priorities and newsworthy business issues. It was during this time that I learned one of the most important lessons of my life: Never, ever get between Pat Cleary and a camera or, as you all have learned, a microphone. 😊

I left the NAM after more than 10 years, but Pat continued on there, rising through the ranks before going to Fleishman Hillard to head up the firm’s digital public affairs practice in D.C. And then he achieved his goal of becoming an association CEO, landing the CEO job here at NAPEO in late 2011. We had remained friends through the years, so eight months into his tenure, Pat called me to see if I might be interested in closing up shop as an association communications consultant to come work with him full time. I was.

Since then, I’ve had a front row seat for Pat’s triumphs and challenges in his role as CEO. Under his leadership, the PEO industry has grown and revenue has quadrupled, spurred by three major events that occurred during his tenure at NAPEO:

- The implementation of Obamacare, which was the straw that broke the camel’s back for many businesses that had been managing HR and benefits on their own, driving many of them to PEOs.
- The passage of the Small Business Efficiency Act in 2014 that created the IRS’s Certified PEO program and brought renewed legitimacy and attention to the industry.

- The COVID-19 pandemic, which spawned various government initiatives and the expansion of remote work, solidifying the role of PEOs as integral business partners for small and mid-size businesses.

While even Pat wouldn’t try to take full credit for those three events (would he?), there are several other things he did directly implement at NAPEO that also played a critical role in driving the tremendous growth we’ve seen in the industry over the last 11 years. Most importantly, it was shifting NAPEO’s focus from internal to the outside world.

He recognized right away that the biggest obstacle for PEOs was the lack of awareness among small and mid-size businesses that an industry even existed to help them with the administrative and HR challenges that took time and focus away from the business of running their business.

The first step was to get accurate data on the size and impact of the industry. Thus was born NAPEO’s white paper series, which has become the de facto source for information and data on PEOs. It has been quoted on the House floor, is



Our Thursday team lunches highlight how much we all like being together, and that is a direct result of the environment Pat has created, the tone he sets in our workplace, and the kind of person he is.

immortalized in numerous federal and state regulations, and pops up frequently in news stories. The data has also been a goldmine for salespeople, who undoubtedly have used it to generate thousands of sales through the years. It has become the foundation of much of what we do on behalf of the industry.

The next step was to go to potential clients themselves, to find out their top business concerns and match those up with the things that PEOs do. These focus groups helped us identify what we needed data on, so that we could deploy our economists to do research on topics like how working with a PEO impacts growth, business survival, employee satisfaction, benefits offerings and more. Armed with this data, we were ready to move on to the next step, which was a national advertising campaign aimed at small businesses, highlighting the empirical benefits of using a PEO.

The result was impactful and undeniable: Industry awareness rose by 44% in

just four years and the profile of the industry has increased as well, boosted not only by advertising but also other Pat-led initiatives such as partnering with associations like the U.S. Chamber, exhibiting at the trade shows potential PEO customers attend, expanding our social media presence, and creating video content highlighting PEO expertise on key business pain points. But nothing has been more indicative of the progress we've made than this year's inaugural National PEO Week in May, a momentous achievement for the industry which was blessed by Congress and made official by the National Day Organization.

Perhaps even more impactful to the industry has been Pat's influence on our approach to government affairs, particularly at the federal level. Gone are the days of the bunker mentality that was a vestige of the early days of the industry. We have been proudly telling the PEO story to legislators and regulators and leveraging our role as a critical ally for

small businesses, and it has been paying off. We have relationships with lawmakers that help us advance our priorities. We have people we can call to help us when we need it, as we did during the rollout of PPP loans in 2020. We have legislators who know what a PEO is and why it's so important to support PEOs. This approach is the reason why, when the House Ways & Means Committee's Oversight Subcommittee needed someone to provide the business perspective on the impact of IRS delays in processing ERTC claims, they didn't call on someone from the Chamber or the NFIB, they called on NAPEO, creating another seminal moment for the industry.

As proud as Pat is of that testimony, I know he would say that the achievement he is most proud of during his time as CEO is the staff culture he has created. It is pretty great, full of support and laughter and collaboration and joy. We really like each other and care about each other. Our Thursday team lunches highlight how

much we all like being together, and that is a direct result of the environment Pat has created, the tone he sets in our workplace, and the kind of person he is.

The conversation I had just today with Pat perfectly captures what kind of person he is. "I have to buy a lottery ticket today, it has been my lucky day," he said. When I asked why, he said that he had finally seen his friend Leon, who panhandles outside the Harris Teeter grocery store, and he was so happy to talk with him again and hear that he is doing fine. Once inside the store, Pat had

run into a Harris Teeter employee he's gotten to know through the years, who joyfully informed him that she was pregnant after years of struggling with infertility. Pat said he gave her a big hug and had tears in his eyes, he was so happy for her. It was such a typical Pat story, and it highlighted something really important about him.

The interest Pat takes in the lives of the people he comes across, the care he takes with their stories and their feelings, and his joy in making those connections not only impacts their lives

for the better, it is profoundly meaningful to him. It's what fuels his soul.

In the end, I know that it's much more important to Pat to have left his mark on the world by being a good person rather than by being a good CEO. Lucky for us, he's been both. ■



KERRY MARSHALL
VP, Marketing & Communications
NAPEO
Alexandria, VA



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AN ODE TO PAT

During NAPEO's 2023 Annual Conference & Marketplace, several members presented remarks during Pat's "roast." We laughed along with them as they recounted funny stories, memories, and paid tribute to Pat. John Polson of Fisher Phillips delivered a poem penned by ChatGPT. He's graciously allowed PEO Insider® to share it here with readers. Enjoy!

In the world of CEOs, Pat reigned supreme, but now, it's time for him to live the dream, Retirement's here, it's time to let go, of all those board meetings and Pat's really big show.

Now, about politics, he'd never be shy, Republicans and Democrats, oh my, oh my! He thought he knew everyone in DC's scene, but most just smiled, saying, "Who are you again?" it seemed.

Sponsors of events, he's supposed to thank, but that part of the job, he'd often yank, He'd blabber on, about all that "blue ocean", But sponsors left empty-handed, without amend.

"You're welcome" he'd say to everyone, with a grin so wide, as if his constant talking was a glorious ride, his staff

complained, oh, how they moaned! But he just texted and called, on his phone he was so honed.

But let's not forget, that heroic travel story, he called that bus CEO, it was quite the glory, A Greyhound, they called him, with a chuckle and jest, now that's a CEO who knows best!

He's a chatterbox, that's no surprise, with bad jokes that make us roll our eyes, He talks and talks, without a care, sometimes we wonder . . . is he even aware?

But scotch and cigars, he'd indulge in excess, A CEO with vices, we must confess, too much of both, it's easy to see, Retirement's time for moderation, don't you agree?

And that river house, where he'd often hide, No one could find him, it was quite the ride. Spending days on the river, without a care, early retirement's leisure, left everyone up in the air.

He'd put his picture on everything in sight, even on a beach towel, oh, what a sight! His face in the sand, for all to behold, A CEO who thought he was worth more than gold.

At conferences, he'd hog the stage, it's true, Not giving speakers enough time, like it was HIS debut. He loved the spotlight, it was clear to see, more of HIS face, that's all he'd decree.

So here's to our friend, the retired CEO, with stories, he'd tell, and texts that would flow, We'll miss his antics, though sometimes absurd, But now he's retired, so let's give him the word:

"Thank you for leading, and talking so much, for your jokes and your tales, we'll miss them as such. Enjoy your retirement, relax, and take rest, and remember, old friend, you're truly the best!"



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THANK YOU, PAT!



Pat, you are a true inspiration! Thanks for bringing our industry so much higher than you found it! —**Dave Lawrence**

Pat has been a confidant, mentor, strategist, adviser, and, most of all, a friend to me. I know he has been those things for many others in our community as well. Having that kind of relationship with your association's president is nothing less than extraordinary. He is one of a kind. —**Charlie Vance**

Your friends at PEO Velocity wish you the best, Pat! Hope to still see you for drinks in D.C.! —**Eric Foster**

Pat, your leadership, positivity, and mentorship to me, our company, and the

NAPEO community, as a whole is something that has tremendously affected and positively influenced all of us in so many ways. May you be very blessed in the next phase of your life!
—**Britt Landrum, III**

Hey PC, you will be missed!
—**Jim Bell, III**

Dear Pat, Wishing you the best on your new journey! —**Lisse Kravetz**

Pat, best wishes on your retirement. Enjoy the new journey ahead.
—**Andrea McHenry**

Congratulations on a great career and best wishes in retirement. We are grateful

for your advocacy, energy, and positive impact on our industry! You are a true Legend in PEO! —**Terry Sukalski**

Thank you for your guidance, support, and friendship! You will be missed. Looking forward to seeing what the future holds for you. —**David Feinberg**

Pat, NAPEO's loss, and it is a big loss, is the USA Archery Associations gain. You are a better PEO association leader than an Archer, and you are one amazing Archer. Best wishes, thank you for all you have done for all of us. I will be watching for you next summer in the Olympics as you make your debut with team USA Archery. —**Roger Hays, Jr.**

PC - Appreciate everything you've done to support MetLife in the PEO industry! You always walked the walk and talked... and talked the talk! The genuine article. Let me know when you're ready to sell door to door with me as I've got a briefcase with your name on it!
—**Geoff Vandal**

Pat, I'm not sure I will be able to fully express my gratitude in three sentences, but I will certainly try. You have left an amazingly impactful, forever lasting imprint on the PEO industry and for that I am forever grateful. You were the perfect person to lead our national association and you exceeded my expectations, every time. You will be truly missed. Thank you!
—**Haley D. Crum, J.D.**

Pat, your contributions to our industry during your time with NAPEO have been



nothing short of remarkable, facilitating our growth. What I will cherish the most about your presence is your unwavering optimism, infectious smile, and your genuine willingness to listen. Your warm and inclusive nature has forged countless friendships throughout your esteemed career. —**Tara Conger**

Thank you for carrying on the Podcast!!?
—**Kirk Flagg**

Pat, I can't thank you enough for the welcoming spirit you showed me when I made it onto the PEO scene. You've never failed to remember my name. You have always been so kind setting the tone for NAPEO membership. I wish you the very best of everything and hopefully one day

you'll get that house on the river.
—**Ree Harper**

Pat, thank you for all you have done for our industry. I will never forget your Reagan/Bush t-shirt at the Fontainebleau Hotel in Miami. Enjoy Retirement!
—**Tom Nanninga**

Your sense of humor will be missed!
Wishing you the very best with your new journey. —**Victoria Ramos**

Pat, Thank you for all of your hard work and dedication in advancing the PEO Industry! —**Angela Hoch**

Thank you, Pat, for all the dedication, enthusiasm, and passion you've shown

throughout the years, helping to mold the PEO industry to what it is today.
—**Matt Digilio**

Pat - you truly left your mark on our industry. Congratulations my friend and Thank You! —**Craig Babigian**

It was a great run and thank you for all you have done for the industry during your tenure. —**Terry Hookstra**

What will we do without PEOle Pat Meets? Congrats on retirement. You will be missed! —**Sarah Juhl**

Cheers, Pat, to your new chapter!
Thank you for your friendship, mentorship, support, kindness, and lots of laughs! You will be missed!
—**Lee Yarborough**

We all hate to see you go after all you have done for the industry. We wish you the very best in your well-deserved retirement! —**Deborah McQueen**

In his tenure at NAPEO, the industry has matured and prospered. A big part of that is the NAPEO team, and that team was led by Pat. Culture, optimism, leadership, and giving staff room to use their talents. He'll be missed here but will surely add significantly to whatever he chooses next. —**Joe Beers**

Pat, you left your mark, and it was a damn good one. The entire PEO industry is better because of your contribution. It's been a privilege to be your friend. Blessings, Clay and Brandee. —**Clay Kelley ■**

NAPEO IS WINning

BY LEE YARBOROUGH

According to the U.S. Census Bureau, women held 31.7% of top executive positions across all industries in 2021. The percentage of women in the HR field is even higher. According to Zippia, the HR field is predominantly female. 2019 data shows that 70% with the title of HR manager are women, and 55.9% of women hold a head of HR title within companies. Similar numbers are seen in the benefits and payroll realm. 60% of benefits directors are female and 78.7% of payroll supervisors are female.

Yet, within NAPEO member PEOs, women hold approximately 19% of executive positions. For an industry with such high levels of female practitioners, it is unusual that the executive levels are not in line with the national averages.

As a young professional entering the PEO world in 1996, I felt the impact of being a young female in a male dominated world. I clearly remember my first NAPEO conference, walking the exhibit hall feeling out of place. Everyone seemed to know each other and there were not many young females present. As my career grew, I continued to go to the NAPEO conferences and began to get involved at a deeper level. I understood that NAPEO involvement was good for my business as well as my own development and I made a choice

to be uncomfortable and push myself in the association.

I started at the state level and focused on networking with the other NAPEO members in South Carolina. I served as the chair of the Carolinas Leadership Council Forum for many years. It was not difficult, but it gave me a window into the bigger picture of the industry, and a chance to know the regulators and peers.

In 2011, I was asked to serve on the NAPEO Board of Directors. That first year, there was only one other female on the board. I will never forget the first board meeting, quietly sitting in the room as the other directors talked about certain issues. I was shy and unsure of myself, but I left the meeting determined that I would make sure my voice was heard from then on.

The board position was an entrance into the greater workings of NAPEO. I offered to help wherever I could and served on multiple committees, wrote articles for *PEO Insider*, and attended conferences. Most importantly, I met many friends, male and female. My network began to grow, and I realized that this network was the most valuable aspect of my membership.

Wanda Silva was one of my new friends. She was the other woman on the board with me and therefore we had a fast connection. Around this time, she

gathered other female PEO leaders together for cocktails at the conference. The goal was to meet each other and create an informal network of women in our space. We all quickly became friends and the seed of growing an affinity group of female PEO leaders was planted.

In 2018, I had the opportunity to serve on the Board of Directors again and was elected Chair in 2020. I was honored to be the third female to serve in this role. As Chair, I knew that I would have the opportunity to make an impact at the association level and I reflected on my own experiences to determine my initiatives. Starting Women in NAPEO was a natural fit. I wanted other women to feel embraced in the association and have a place of their own.

I reached out to some of my friends to help get it started. Wanda Silva, Monica Denler, Christina Nelson, Wendy Katz, Haley Crum, Kristen Appleman, Celeste Johnson, and Tara Conger all joined the steering committee. Pat, the NAPEO staff and the board were fully supportive of the idea and our committee. We decided on the name, determined our goals, and began to creatively think about programming and ways to connect women in our industry.

The mission of **WIN** is to:

- **Empower** women **WIN** within NAPEO's membership both professionally and personally.

- **Engage** as a community to share experiences, insights, best practices, and career advice.
- **Encourage** women in our industry to be future leaders of NAPEO.

The wonderful thing about WIN is that it just took off! Our first event was a webinar during the COVID days. We had hoped for 30 people to attend, and we had close to 200! Now, we try to have four events per year with a mix of in-person as well as virtual. The program content has varied and has featured speakers from our industry as well as nationally recognized inspira-

tional speakers. We have also created WIN Connect, which is a program where two members are matched and encouraged to connect in-person if possible or at least virtually. It is a great way for women in different parts of the country as well as with different job titles to get to know each other. This one-on-one connection can serve as a type of mentorship, a peer-to-peer talk about issues that impact their PEO, or simply two working moms trying to balance work and home responsibilities.

There is something so important about feeling understood and affinity groups are a way to create a community

within an organization. NextGen is another example of a NAPEO affinity group designed for young professionals in our industry. I imagine there will be more groups to develop in the future as our industry and association changes and diversifies.

WIN is also evolving. One of the tenets of WIN is to encourage future leaders in NAPEO. With that in mind, the steering committee and I believe that new blood needs to take WIN to the next level. I am happy to announce that Jenna Marceau of Syndeo HR will be the new chair of WIN and she will work with the WIN Committee for a WINning 2024! If you would like to be involved, please reach out to us via win@napeo.org.

Our industry has changed a lot since I began my profession in 1996. We have evolved from an industry based on benefits and workers' compensation savings to a full-service HR solution. Not only has our service model changed; our footprint has increased as well.

And NAPEO has changed. Now, when I walk the halls of the Annual Conference & Marketplace there are many more people and much more diversity. I see old and new friends and I see others who are reaching out and forging new connections. It feels good! NAPEO as an association belongs to *all of us*. And with the thoughtful NAPEO leadership and groups such as WIN and NextGen, the number of female executives in our industry will change. I promise, it already has! ■



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PEOS IN THE COMMUNITY: OMS GROUP BRINGS THE HOLIDAY CHEER TO LAKELAND

BY EVAN FALLOR

Not long after co-founding OMS Group in 1997, Partner Bob Cleghorn decided that giving back during the holiday season would be a key component of the Florida PEO.

The company decided that a joint annual fundraiser to support one local charity during Christmas would be a good way to build camaraderie, and more importantly, benefit and strengthen ties with the Lakeland community. They landed on Volunteers in Service to the Elderly (VISTE), a nonprofit helping Lakeland-area seniors remain safe and independent in their own homes through meals and medical services.

Ownership matched the cans of food and other resources donated by employees, who embraced the giving opportunity. Following up on the initial success, OMS Group decided in the coming years to add a second beneficiary charity, Parker Street Ministries, a nonprofit that provides academic, housing, food, and supplies assistance to impoverished families in Lakeland's Parker Street

neighborhood— into its annual Season of Giving Challenge.

That second charity became a third —Lighthouse Ministries, which provides residential programs, feeding, and shelter to the homeless, as well as

outreach centers to help low-income and at-risk families in West Central Florida — and fast-forward 26 years, OMS Group has spearheaded a three-pronged approach to charitable holiday endeavors in Lakeland.



To mark its 25th anniversary last year, OMS Group donated ten checks of \$2,500 each to ten Lakeland nonprofits, including Lakeland Volunteers in Medicine.]

“Since these are three different segments with no overlap, we said, ‘let’s do all three. And then it really took off,’” Cleghorn said.

Thanks to OMS Group, the Lakeland community sees a trifecta of groups benefit during the holiday season: seniors through VISTE receive canned foods; children through Parker Street Ministries receive toys; and impoverished families through Lighthouse Ministries receive personal care products.

From November 10 to December 10, OMS Group employees purchase these needed items for the three nonprofits. Staff who participate receive a \$25 gift card to locally headquartered supermarket chain Publix and see their donation matched and delivered by the PEO. Jorgeanne Carpenter, who runs marketing for OMS Group, says that there is now a roughly 90 percent participation rate.

It’s a win-win for both employees and clients, as well as Publix, the well-known grocery chain whose corporate headquarters is a ten-minute drive across town. Carpenter said the grocer’s executive staff, including the founding family, shares the same generous spirit that her PEO does.

“There are a lot of charities and a lot of good work going on here,” Carpenter said. “We’re so happy to be a part of it.”

It’s an approach that’s helped the once-upstart PEO spread the holiday cheer and give back locally to missions that are meaningful to employees. Two of the three annual Christmas beneficiaries are clients of OMS Group whom they assist with claims and other business needs, while one of OMS Group’s founders has made separately supporting the Lakeland Symphony Orchestra his charitable pet project. This holistic approach, combined with other endeavors, brings a sense of community investment rather than charities chosen at random, said Payroll Manager Holly Barnett.

And as OMS Group’s volunteering program has become more built out, so has its reach across Lakeland.

Last year, to mark its 25th anniversary, OMS Group decided to celebrate in grand charitable fashion.

The team joked that it would be clever to give away a car—as Barnett put it, “or something obnoxious since our owners are so generous”—before settling on perhaps a more fitting way to mark the

milestone: a \$25,000 donation to the Lakeland community. But instead of this sum all going to one beneficiary, it was doled out in ten increments of \$2,500, allowing for greater reach in the local community.

Employees floated local nonprofits that they wanted to see the money go to, which

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OMS Group employees donate personal care products, toys, and canned food during its annual December Season of Giving Challenge. Company leadership matches all gifts donated by staff.]

ran the gamut from faith-based organizations to personal passions like music and fitness nonprofits. It gave everyone a chance to advocate for a cause meaningful to them.

From these poignant and compelling testimonials, Barnett said there were “tearjerkers,” which made it hard to select the finalists. Eventually, the firm settled on ten: Lakeland Volunteers in Medicine, Lakeland Symphony Orchestra, Lighthouse Ministries, VISTE, Parker Street Ministries, Linking Community Now, Idols Aside Ministries, Gospel Inc., the Boys & Girls Clubs of Polk County, and Noah’s Ark of Central Florida. Over the course of the holiday month, employees brought these checks to the ten recipients, a heartfelt process the company said was

fulfilling for both the givers and the receivers.

Fast forward a year, and OMS Group is back in the swing of providing toys, food, and personal care essentials to the those in need. It’s a tradition a quarter-century in the making, one that Cleghorn says will continue for holiday seasons to come.

“We’ve had such a positive response, and everybody has really enjoyed it,” Cleghorn said. “It really has brought us together.” ■



EVAN FALLOR
 Director, Communications
 NAPEO
 Alexandria, VA

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NAPEO'S FOURTH QUARTER SMALL BUSINESS SNAPSHOT

ECONOMIC PESSIMISM PERSISTS

NAPEO's latest Small Business Snapshot indicates that, while the economy remains relatively stable, small business optimism remains low. The nation's unemployment rate continues to be historically low, at 3.8 percent, with some states as low as 2 percent. Small business wages have increased by 3.6 percent in the last 12 months, bringing wages in line with overall inflation in the

economy. Hiring rates have slowed slightly, and although employment among the smallest businesses has declined slightly, it continued to grow, albeit modestly, among mid-size and larger employers.

KEY HIGHLIGHTS

- Almost half of all PEOs had more internal employees than 12 months earlier; fewer than 10 percent decreased in size.
- Employment among the smallest businesses declined slightly since the last quarter but continued to grow modestly among mid-sized and larger employers.
- Hiring rates have slowed from the torrid pace of recent years, with rates highest in the leisure and hospitality sector.
- A total of 4.8 million jobs have been added to the overall US economy since January 2020. ■



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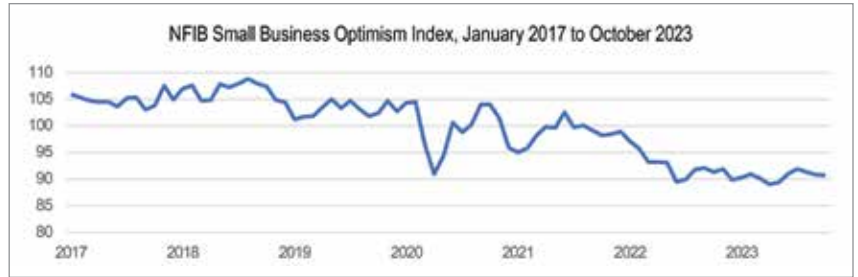
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PEO GROWTH

SMALL BUSINESS SENTIMENT

Changes since 2017 in small business optimism



Source: NFIB Small Business Optimism Index (October 2023).

SMALL BUSINESS EMPLOYMENT CHANGE

Change in employment (total nonfarm private sector) over last 3 months, by employer size



FOR COMPARISON PURPOSES, total 3-month employment change among larger employers (those with 250+ employees) was **+171,000** (+0.5%).

Source: ADP National Employment Report (data for October 2023); employer sizes are based on establishment size. Percentage changes are calculated relative to total employment among employers of that size, measured in the month preceding the most recent 3 months.

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STEADY GROWTH IN PEO REVENUE AND WAGES CLIENT COUNTS REBOUND

NAPEO QUARTERLY PULSE SURVEY—Q3 2023 RESULTS:

WSEs per Client **25**

Clients per FTE* **8**

WSEs per FTE* **146**

The results of NAPEO’s PEO Pulse Survey for the third quarter of 2023 show that PEOs continue growth, although at a slower pace than previous quarters. Yet, the vast majority of survey respondents express optimism when thinking about the next twelve months. NAPEO’s Pulse Survey is generously sponsored by SUNZ Insurance.

Here are some of the survey’s highlights:

Revenue and wage growth decelerating

- While Q3 brought revenue increases for the majority (59%) of PEOs, the proportion of those reporting

declines increased from 14% in Q2 to 23% in Q3

- Eighty-seven percent experienced only a mild change, if any.
- The share of respondents reporting wage growth cooled from 74% in Q2 to 59% in Q3. Within this group, all reporting PEOs indicated relatively modest wage increases.

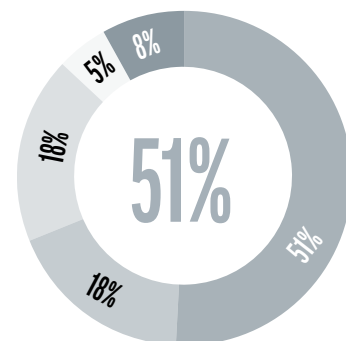
PEO client base grows, client size holds steady

- PEO client counts increased for nearly 60% of respondents in Q3, with 5% experiencing significant increases.
- The size of PEO clients (based on WSEs per client) remained mostly steady.

HOW DID THE 3RD QUARTER OF 2023 COMPARE WITH THE 3RD QUARTER OF 2022?

PEO REVENUE

▲ INCREASED SOMEWHAT



RESPONSE COUNT **39**

* Expected Growth Index is based on the average score of a 5-point scale where 1 = Significant Decrease / 3 = No Change / 5 = Significant Increase.



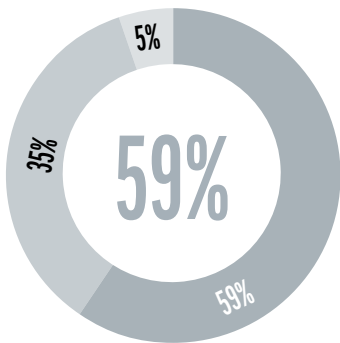
Thank you to SUNZ Insurance for sponsoring the Pulse Survey.

NAPEO’s Pulse Survey was developed by the Accounting Practices Committee in 2016 and is conducted quarterly among members to take the pulse of the PEO industry through a series of easy-to-answer questions. For more information about NAPEO’s Pulse Survey, please contact Rach Komatireddy at rkomatireddy@napeo.org. The survey is sponsored by SUNZ Insurance.

HOW DID THE 3RD QUARTER OF 2023 COMPARE WITH THE 3RD QUARTER OF 2022?

AVERAGE ANNUAL WAGE PER WORKSITE EMPLOYEE (WSE)

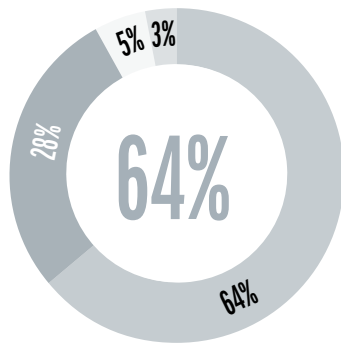
▲ INCREASED SOMEWHAT



RESPONSE COUNT **39**

AVERAGE NUMBER OF WORKSITE EMPLOYEES (WSES) PER CLIENT COMPANY

▲ STAYED ABOUT THE SAME

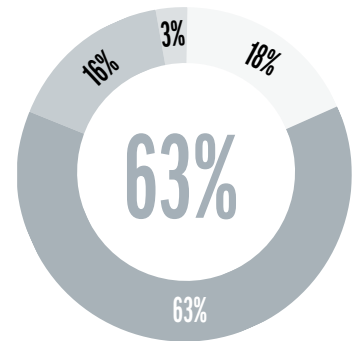


RESPONSE COUNT **39**

HOW DO YOU ANTICIPATE YOUR NUMBER OF WSES WILL CHANGE OVER THE NEXT 12 MONTHS?

WSE PROJECTION

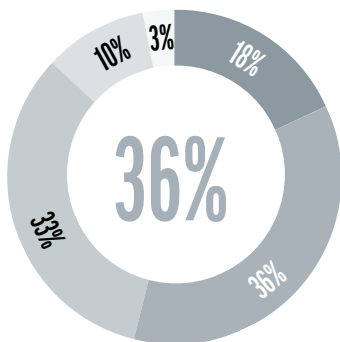
▲ INCREASED SOMEWHAT



RESPONSE COUNT **39**

GROSS PROFIT (\$)

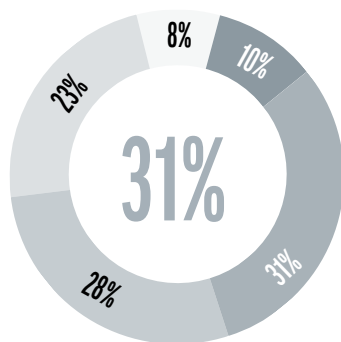
▲ STAYED ABOUT THE SAME



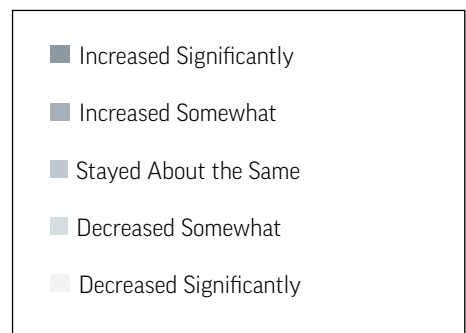
RESPONSE COUNT **39**

OPERATING INCOME (\$)

▲ STAYED ABOUT THE SAME



RESPONSE COUNT **39**



Profit momentum is beginning to slow

- The number of PEOs that experienced gross profitability growth declined considerably from 66% in Q2 to 44% in Q3, the lowest mark since early 2021.
- PEOs reporting declines in Operating Profits jumped from 8% in Q2 to 31% in Q3.

Balanced growth and stability in internal staffing


- Internal employee staffing levels increased for 44% of PEOs. Among the group, most (41%) reported modest headcount growth.
- Nearly half of PEOs maintained their number of internal employees.

Nearly all responding PEOS expressed optimism about the future

- Eighty-two percent of PEOs expect WSE growth over the next 12 months.
- The PEO Expected Growth Index* for Q3 fell to 3.95 from 4.14 during Q2. The 5-year average for the index sits at 4.02.
- Smaller PEOs tend to be more optimistic about future growth than the largest group, though all groups reported strong optimism. ■





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YOU DON'T GET LUCK, YOU MAKE IT

BY PAT CLEARY

*"Sometimes I think life is just a rodeo.
The trick is to ride, make it to the bell."*

—John Fogerty
from "Rock and Roll Girls"

In a spectacular lapse of judgment, in May of 1977 Fairfield University bestowed on me the Loyola Medal at graduation, a coveted award for service to the university. The next day I packed my Plymouth Duster with my earthly belongings and headed home to New Jersey. On the way I stopped in a little general store in Fairfield, Connecticut, a quaint New England town. I had heard that the local paper had covered the graduation and had noted the award recipients therein.

I walked into this little shop, and I grabbed a copy of the paper. Sure enough my name was in there. I grabbed five copies—for parents and grandparents and God knows who all else—and tossed them up on the

counter. The old woman behind the counter smiled.

"Are you in there?" she asked.

"I am," I replied.

"Good or bad?" she smiled.

I laughed and told her I thought it was probably good, and filled her in. She asked what was next.

"I'm off to law school," I replied.

I paid her and I grabbed the papers and I walked toward the door.

"Good luck!" she called out to me.

"Thank you!" I replied.

But then suddenly, she shouted, "Wait!" It startled me.

I stopped and I turned around. She had her elbows on the counter, and she pointed at me.

"Listen to what I'm telling you!" she said.

I nodded, "ok."

Her voice grew louder and sterner while she pointed at me.

"Remember what I'm telling you!"

"OK!" I said defensively, my voice rising to match hers.

"You don't get luck, you make it," she said, emphasizing the words "get" and "make."

I nodded.

Again, her voice got louder. "You don't get luck, you make it!" she repeated.

"Remember this!" she finished for emphasis.

It was a scene from a movie worthy of Spielberg. I'm in a classic New England town, standing in an old general store: wooden floors, morning sun streaming through the windows. It's just me and the old proprietor. I'm leaving college, closing a chapter, words of advice as if written by a screenwriter—or God Himself.

You don't get luck, you make it.

With five copies of a small-town newspaper tucked under my arm I turned, gave the door a shove and stepped out into the rest of my life.

In the ensuing 50 years I've thought of that old woman 1,000 times and have passed her advice on to others at least as much. As it turns out, the luck I made brought me to Washington.



Cynics advised against it; after all this is a city where if you don't know someone, aren't politically connected, you'll never last. And I wasn't politically connected. I was 24 years old before I ever laid eyes on an elected federal official. They didn't frequent Butler, NJ. But the cynics were wrong. I was blessed to have wonderful mentors along the way who took a chance on an unknown and untested—and slightly scared—young lawyer whose only stock in trade was hard work, tenacity, and ambition.

Tom Donahue, the longtime Secretary-Treasurer of the AFL-CIO, set meetings for me with a half dozen agency heads at the behest of his daughter, a college friend. Former US Secretary of Labor Bill Usery singlehandedly introduced me to all the major players in the labor world, putting his reputation at risk along the way. But by far, my greatest mentor, the biggest influence on my young life was former US Secretary of Labor Bill Brock.

He hired me at the US Department of Labor, and became a friend and mentor

until his passing two years ago. He was brilliant, kind, and humble. If you were in a room full of people and looking for Bill Brock, find the lowest-ranking person in the room. He was talking to them. In a city that thrives on rank and status, he eschewed it every day. He was a man of enormous integrity and gentility. And he believed in always trying to leave a place, an assignment, better than you found it. To this day I have tried to emulate him. I have fallen short, but his was the example I always tried to follow.

As I did last month, I want to thank the tremendous team here at NAPEO. As I have said many times, the successes are theirs, the failings are mine alone. I was blessed with a great team from the start, and they made great things happen. Your gratitude should be directed toward them, not me. I only took the credit.

Also, in thinking back, I was glad to have been here for two seminal events: First, the passage of the Small Business Efficiency Act (SBEA) in 2014. It

legitimized this industry, and it opened the floodgates of investment money into our space, powering further growth.

The second was the pandemic. It was a dark time for our country and for all of us, but in the process, in this, the darkest hour, PEOs stepped up and saved tens if not hundreds of thousands of small businesses. You heard from them, we heard from you. I think it may have been our proudest moment. Don't ever forget it.

It's been a great run. It's not over; only this chapter is ended. I intend to stay in this industry in one way or another, so I hope to be connected with many of you still in the years ahead. In the meantime, always know that you are part of something special and remember:

You don't get luck, you make it. ■



PAT CLEARY

*President & CEO
NAPEO
Alexandria, VA*

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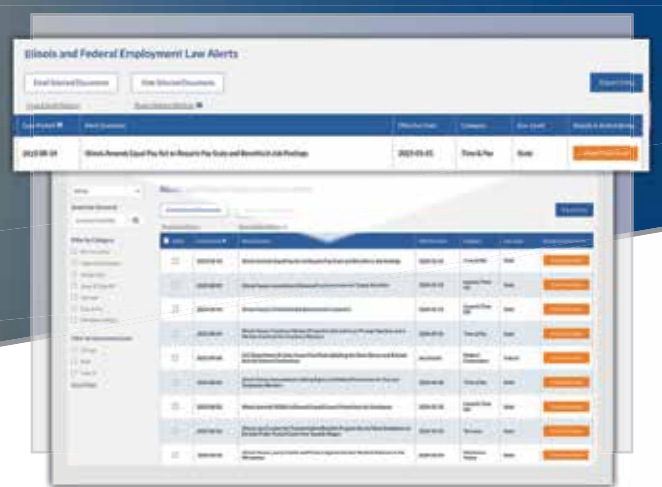
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