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BEST PRACTICES

OPTIMIZING OPERATIONS

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VOL. 28 ISSUE 5

JUN/JUL 24

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PEO INSIDER®

STAFF

PUBLISHER
NAPEO

CEO/PRESIDENT
Casey M. Clark

EDITOR
Chris Chaney

VICE PRESIDENT OF MEMBERSHIP DEVELOPMENT
Nancy Benoudiz
703/739-8169
nbenoudiz@napeo.org

DESIGN
Yes&

PEO Insider® (USPS 024-492)(ISSN 1520-894X) is published monthly except June/July and December/January, which are combined, by the National Association of Professional Employer Organizations, 707 North Saint Asaph Street, Alexandria, VA 22314-1911. $150 of each member's dues goes towards his/her annual subscription to *PEO Insider*.® The annual subscription rate for non-members is $150. Periodicals Postage paid at Alexandria, Virginia, and additional mailing offices. POSTMASTER: Send address changes to *PEO Insider*,® 707 North Saint Asaph Street, Alexandria, VA 22314-1911.

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WHO IS READY FOR NAPEO'S CFO & PAYROLL SEMINAR?

BY STEVE POLITIS, ESQ.

As the days grow longer (in a good way) and the allure of beach and pool season beckons, the PEO industry is getting ready for NAPEO's CFO & Payroll Seminar, scheduled for July 23-24 in the bustling city of Louisville, Kentucky. Against the charming backdrop of the reimagined Louisville Marriott Downtown, industry leaders, finance executives, and payroll professionals will assemble to explore the latest insights and trends shaping the continually evolving industry we all love.

Our journey towards the seminar has been marked by recent successes, including the triumphant conclusion of the PEO Capitol Summit. From the resounding achievements of our lobbying and grassroots efforts to the second annual National PEO Week, our industry is propelled forward by a palpable sense of momentum and excitement.

The significance of the July seminar cannot be overstated, particularly as we witness the evolution of payroll and accounting within the PEO sphere. While our core function has always been centered around payroll and ensuring tax compliance, the scope has positively expanded over the years. Payroll and accounting professionals now also find themselves at the forefront of things like IT security and compliance, acting as the first line of defense against potential liabilities and uncertainties. They now are having more strategic discussions, sitting at the table, making decisions, side by side with other key executives.

In a landscape where payroll fraud and legislative complexities loom large, the role of payroll and accounting professionals has become more vital than ever. The intricacies of managing payroll across multiple domestic jurisdictions, particularly in the era of remote work, present unique challenges that demand a strategic approach. It's no longer sufficient for even small PEOs to operate locally; instead, they must navigate the complexities of being multi-state employers. In a few years I can see us having a session at this conference on international payroll as that has become a more commonplace ask by clients of PEOs.

In most industries, clients aren't talking to your accountants, finance and payroll people... in our industry, they do. This means those teams need to have a more well-rounded understanding of PEO than most of our other departments. Their intimate knowledge of clients' needs positions them as partners, integral to the success of the businesses they serve.

It's also worth noting here the essential work of the Accounting Practices and Finance & Audit Committees and subcommittees as well as the value of NAPEO's FROS. These groups and initiatives play very different but crucial roles in discussing, collecting, putting together and/or summarizing everything from accounting, payroll, P&L and more, providing invaluable insights that inform strategic decision-making within the industry, as well as our individualized companies. I would be remiss if I didn't ask you and your PEO to participate in the FROS. You can contact NAPEO's COO, Farrah Fielder (ffielder@napeo.org), to learn how.

With all this work talk, let's leave on one or two of the many fun options (in addition to NAPEO's Evening Event at Churchill Downs) that you can mix into your trip to Louisville for the seminar. Now, I can't say I am a bourbon drinker but as a longtime lover of thoroughbred horses, stay an extra day or two to enjoy one of the many great horse tracks that Kentucky has to offer. Horses have always been majestic creatures to me that bring me back to some of my good times as a kid spent with my Dad, who I still miss dearly every day.

In conclusion, the upcoming CFO & Payroll Seminar represents a timely moment for the PEO community. As we continue to adapt and innovate, it's imperative that we recognize the integral role of payroll and accounting professionals in driving our industry. By leveraging their expertise, building partnerships, and embracing the opportunities that lie ahead, we can navigate the complexities of our evolving landscape with confidence and resilience.

Riders up! ■

STEVE POLITIS, ESQ.

2023-2024 NAPEO Chair
CEO
Alcott HR

KUDOS

TRINET WINS FIVE STEVIE AWARDS

NAPEO member TriNet announced recently that it has won five Stevie® Awards from the 22nd American Business Awards®. TriNet's annual conference, TriNet PeopleForce 2023, picked up two gold and two bronze Stevie® Awards. Additionally, TriNet's *People Matter* campaign received a bronze award. "We are thrilled to be recognized with multiple Stevies for the fourth year in a row," said Michael Mendenhall, TriNet's SVP, CMO, and CCO. "TriNet PeopleForce has established itself as a highly anticipated annual gathering featuring distinguished speakers and amazing content. Our latest *People Matter* campaign illustrated the human side of SMBs and was made possible by the hard work of an exceptional creative team."

CONGRATULATIONS

FISHER PHILLIPS ADDS VETERAN LEGAL AND HR EXECUTIVE REE HARPER TO PEO AND STAFFING PRACTICE

NAPEO associate member Fisher Phillips recently announced that Catherine "Ree" Harper has joined the firm's national PEO and staffing practice group. She will assist PEOs and other clients nationwide with their most pressing employment law needs. "I have worked with Ree for many years in support of NAPEO and served on the NAPEO Board of Directors with her. I am proud to have Ree join our large team of lawyers supporting our PEO and staffing company clients," said John Polson, co-chair and founder of Fisher Phillips' PEO and Staffing Practice. "Ree's arrival to Fisher Phillips brings automatic value to our clients who are seeking a business partner to help them succeed – whether it's starting from scratch as a startup or helping established businesses stay ahead of state and federal legislation that impacts their operations."

M&A

G&A PARTNERS ACQUIRES UT-BASED TEAMWORKS GROUP

NAPEO member G&A Partners announced recently that it has acquired Teamworks Group, a PEO based in Provo, Utah. "Teamworks represents our fifth acquisition in the growing Utah market. Our first acquisition in Utah was Core Innovative Solutions almost 14 years ago, followed by Focus Management, AscendHR, and Pay Pros. Together we now serve over 730 clients and 14,000 worksite employees from offices in South Jordan and Provo. This gives us the purchasing power to offer our small-business clients competitive employee benefits, robust retirement plans, and state-of-the-art technology. This, in turn, gives them the time and resources to grow," said G&A President and CEO John W. Allen, in a release announcing the deal.

CONGRATULATIONS

SIMPLOY EARNS BEST PLACE TO WORK AWARD

NAPEO member Simploy recently announced that the *St. Louis Business Journal* has recognized the company as a top workplace in the St. Louis region, placing first in the small business category (10-49 employees). "At Simploy, our strength lies in our team. We cultivate a culture where colleagues are also friends, celebrating each other's milestones, collaborating seamlessly, and supporting each other both professionally and personally," said Carson King, vice president of Simploy. "This camaraderie transforms our daily tasks into opportunities for shared success and enriches our workplace environment, making Simploy not just a place to work, but a place to thrive and grow together."

C-SUITE

CHASE HEYWOOD NAMED PRESIDENT OF STRATUS HR

NAPEO member Stratus HR announced recently that Chase Heywood, CPA, has been named president and chief operations officer (COO) of the company. Heywood has been with Stratus since 2012, serving in capacities that include controller, chief financial officer (CFO), and, most recently, COO. "Chase has been an integral part of our journey for nearly 12 years and has proved unwavering dedication, exceptional leadership, and a deep understanding of our company's values and vision," said John Farnsworth, co-owner and CEO of Stratus HR. "I have no doubt he will continue to inspire and empower all of us in his new role."

SAVE THE DATES

JOIN NAPEO ON THE ROAD

Mark your calendars for these upcoming events. There's really something for everyone whether you're an industry veteran or newcomer, a government affairs professional or marketing guru. Our events connect you with industry peers to share knowledge, expertise, and experiences. Make plans to join us at one, two, or all of them! Check napeo.org/events to keep an eye on new details and to register.

- CFO/Payroll Seminar: July 23-34, Louisville, Kentucky
- NAPEO's Annual Conference & Marketplace: September 16-18, Orlando, Florida
- Leadership Council Forums:
  - California/Nevada - Tuesday, July 9 (Los Angeles, CA)
  - Mid-Atlantic - Tuesday, July 30 (Baltimore, MD)
  - Colorado - Thursday, August 15 (Denver, CO)
  - Oregon/Washington/Alaska - Thursday, September 26 (Salem, OR)
  - New York/New Jersey - Tuesday, October 8 (New York, NY)
  - Texas - Wednesday, November 6 - Thursday, November 7 (Austin, TX)

ACQUISITION NEWS

ONEDIGITAL ACQUIRES LYONS HR, EXTENDING PEO PRACTICE TO SOUTHEAST REGION

OneDigital recently announced that it has acquired NAPEO member Lyons HR, allowing the company to extend its OneDigital Resourcing Edge PEO solution to the southeast region. "Today marks a significant milestone for OneDigital's PEO solution. With the acquisition of Lyons HR, we are not only expanding our nationwide footprint but bringing our unique offerings to small and medium-sized businesses in a region known for its people's entrepreneurial spirit. I am pleased to welcome a talented team that shares our vision. Together, we'll continue to deliver exceptional HR solutions and empower businesses to thrive," said Ted Crawford, president of OneDigital Resourcing Edge, in a release on the news.

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EXPANSION

ENGAGE PEO EXPANDS PRESENCE IN THE NORTHEAST AND WESTERN REGION

NAPEO member Engage PEO recently announced that G. Scott Ferguson and Raejean McCord have joined the company as vice presidents of sales, expanding Engage's presence in the Northeast and Western region. "Scott has a deep understanding of the insurance and PEO industries and how they work together to solve business problems. He adds a valuable perspective to our growth in the New England region and nationally," said CEO Jay Starkman. "Raejean's extensive background in PEO sales, coupled with her experience as an insurance broker and small business owner, uniquely position her to cultivate new broker relationships. We are excited to welcome her to the Engage team."

LEADERSHIP

NICHOLAS KAPIOTIS NAMED AS COADVANTAGE CHIEF LEGAL OFFICER

Former NAPEO General Counsel Nick Kapiotis has joined CoAdvantage as the company's new chief legal officer. The NAPEO team is grateful for his many contributions to our success, and both the association and the industry are better because of Nick's service. We're glad the industry will continue to benefit from his professionalism and expertise. Join us in congratulating Nick on his new role. ■


WHO?
327
BEST
injured
6/15
MISSING
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PROFITS
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PRACTICES

LESSONS LEARNED FROM ACTUARIAL DUE DILIGENCE

BY FRANK HUANG

Take yourself back to those school days when you sat at the dining room table or in your bedroom doing math homework. Geometry was likely not the most exciting thing to learn, but when you apply it to real-world situations like playing pool or light refraction it becomes a whole lot more interesting. For me, even though I still think actuarial math is interesting in most of its forms, it's the most interesting when it's the most impactful. One of the best examples of this is in the context of mergers and acquisitions, where a few percentage points can result in millions of dollars, or more which can cause a deal to be quickly secured or killed.

When I'm performing due diligence on a target company, especially in the PEO space, there are common areas that sellers miss. Below are the top five most missed opportunities for sellers, counting down to the most commonly missed opportunity.

5: POOR RENEWALS

I know we're starting off wild and crazy, but less than favorable insurance renewals cause pain points across the board. In many cases, poor renewals result from a lack of time and attention, not experience. Make sure that you allocate enough time to properly prepare for these discussions, whether it be understanding actuarial indications, your own internal analyses, or broker comparisons and market trends. Let data support your argument and have confidence that nothing is amiss within your team.

4: INACCURATE OR OUTDATED PRICING METHODS

Another area that sticks out like a sore thumb is when companies use pricing models or approaches that are more judgmental, and market driven rather than influenced by actual data and analytics. With so many tools available on the market, there's little to no reason for a firm not to involve some level of their own data, external data, or both to inform optimal pricing.

3: CLAIMS HANDLING ISSUES

One of the easiest things for both buyers and sellers to evaluate are basic claims metrics such as report lags, frequency and severity, and more. Often, when claim experience deteriorates, there is usually something simplistic in claims underlying it. It is my job in performing due diligence to figure out what that is, but often my opinion is that the seller could have caught the same thing and either resolved it or had a plan to share to the buyer. Either way would likely put the transaction on firmer footing.

2: CASH ACCOUNTING

While it doesn't happen often, I do sometimes see firms with long-tailed insurance liabilities like workers' compensation using cash accounting. Not only does this significantly skew earnings, it raises questions as to the experience of a CFO and his or her partner firms. Said another way, I've seen deals die once a buyer learns that a PEO is using cash accounting.

> "One of the easiest things for both buyers and sellers to evaluate are basic claims metrics such as report lags, frequency and severity, and more. Often, when claim experience deteriorates, there is usually something simplistic in claims underlying it.

"Less than favorable insurance renewals cause pain points across the board. In many cases, poor renewals result from a lack of time and attention, not experience.

1: INADEQUATE OR REDUNDANT RESERVES

When PEOs set reserves for insurance liabilities, they rely on the work of independent actuarial firms to understand what their actuary thinks is a reasonable estimate for outstanding reserve liabilities, and then decide what amount to accrue. For whatever reason, there is a disconnect and the accrual is materially too high (or too low), implying that resultant earnings are actually much better (or worse). Because it's not cost effective to have two actuarial firms providing separate estimates, one of the best things PEOs can do is to have a better understanding of actuarial analyses.

Here's a hypothetical example. A PEO has seen its claims experience worsen over 2020 and 2021 but has seen improvements from its end since 2022. However, their actuary estimates reserves to be at the same ultimate loss ratio basis as 2020 and 2021 based on an understanding that this is a worsening trend. If the PEO's risk manager or CFO sees a disconnect, they should initiate a conversation with their actuary to understand the basis for the actuary's assumptions and/or conclusions. If the PEO understands the actuarial methodology enough, they may even be able to ask targeted questions as to certain selections and adjustments. In this hypothetical example, the question could lead to a series of conversations where the actuary did not have all the information that the PEO had, and thus was far too high in their reserves.

While stories from M&A engagements make for interesting reading, they make for even better lessons from which management can learn and improvements can be made. Whether you're preparing for a sale or just looking to improve best practices, make sure to check through this list and to avoid being caught unawares. ■

FRANK HUANG, FCAS, MAAA

P&C Actuarial Practice Leader - Actuarial Solutions, Insurance & Risk Management
Davies North America
Peachtree Corners, GA

OPTIMIZING PROFITABILITY BY MITIGATING CLAIMS COST AND CLAIM EXPOSURE

BY DAVID BRODSKY AND JEFF KUSS

In the dynamic realm of Professional Employer Organizations (PEOs), maintaining a competitive edge is paramount for sustaining profitability and ensuring superior value is delivered to your clients. Handling the specific challenges inherent with workers' compensation insurance requires meticulous attention to detail. Reducing claim frequency and severity, controlling program expenses, and managing premium levels all present unique challenges.

This article explores strategies to ensure injured employees receive all the care, treatment, and benefits to which they are entitled within a system that controls associated costs and implements measures intended to mitigate future claim frequency. Taken together, these concepts are intended to strengthen a PEO's workers' compensation program, mitigate exposures, and enhance financial performance.

CLAIMS MANAGEMENT

Sound claims management is central to any workers' compensation program's operational efficiencies. The primary goal of a sound claims management operation is ensuring injured employees receive the care, treatment, and benefits to which they are entitled.

Timely and precise reporting and handling of claims not only ensures client satisfaction, but also mitigates financial liabilities. By having an in-house claims team and advocating for claims adjusters who maintain lower caseloads, PEOs can ensure thorough attention is given to each claim, leading to more expeditious and accurate assessments and resolutions. Robust claim reporting procedures have also proved effective in ensuring lag time is minimized and initial claim development goes unhindered.

Operational process efficiency is key, with streamlined workflows and clear protocols minimizing delays and errors. Proactive communication with clients and insurance carriers fosters transparency and trust. Clear channels of communication facilitate updates on claim status, resolution timelines, and any pertinent developments, enhancing client satisfaction and strengthening partnerships.

Additionally, leveraging data analytics offers invaluable insights into claims trends, patterns, and areas for improvement. Analyzing historical claims data enables risk assessment, facilitating proactive measures to mitigate future losses and optimize operational efficiency. This comprehensive approach to claims management not only enhances operational effectiveness but also contributes to long-term client retention and profitability through the creation of targeted pricing strategies for the PEO.

Key points to creating a reliable claims management program:

1. Timely and precise claims handling.
2. Streamlined workflows and clear protocols.
3. Active communication with insurance carriers and with clients.
4. The ability to analyze claims history by leveraging data analytics.

RISK MANAGEMENT

Risk management helps businesses protect their employees, preserve assets, minimize liabilities, and ensure sustainable growth. PEOs play a crucial role in offering comprehensive risk management services to their clients. By partnering with a PEO, businesses gain access to expertise in identifying, assessing, and mitigating various risks, including those related to employment practices, workplace safety, and regulatory compliance.

PEOs leverage their experience and resources to develop tailored risk management strategies that align with the unique needs and objectives of each client. From implementing safety protocols and training programs to navigating complex legal requirements, PEOs provide invaluable support in

> Sound claims management is central to any workers' compensation program's operational efficiencies. The primary goal of a sound claims management operation is ensuring injured employees receive the care, treatment, and benefits to which they are entitled.

safeguarding businesses against potential threats and vulnerabilities. By proactively managing risks, businesses can enhance resilience, minimize disruptions, and achieve long-term success in today's competitive landscape. By mitigating the onset and severity of workers' compensation claims, risk management programs have a direct impact on lowering premiums and achieving a better experience modifier.

PEOs can help clients build a dependable risk management program by implementing the following key measures:

1. Create a risk identification culture—Be aware and identify hazards.
2. Develop a formal safety health program specific to the organization.
3. Standardize risk assessments, prioritize and manage accordingly.
4. Implement regular training to reinforce the company safety initiatives.
5. Measure results and build a continual improvement cycle.

SUBROGATION

Often overlooked, and frequently underutilized, an aggressive subrogation program helps PEOs recover those costs of a claim from the party responsible for the injury-causing event. Subrogation holds significant potential for cost recovery and premium mitigation.

Identifying subrogation opportunities promptly during claims investigation is paramount. The best subrogation programs align directly with the claims adjuster so that evidence is protected, and responsible parties identified. When accidents occur, it is imperative to identify the cause of an accident, accurately document the facts and circumstances, and move to preserve witness testimony and key pieces of evidence. Delays in identification can diminish the chances of successful recovery due to statute limitations or loss of evidence. Allocating dedicated resources or partnering with specialized subrogation experts enhances subrogation efforts.

Subrogation professionals possess a deep understanding of identifying potential subrogation opportunities, even in the most unlikely scenarios. Subrogation exists in virtually every situation; the critical factor lies in the experience to recognize it. Moreover, engaging a specialized partner to handle subrogation matters can lead to significant cost savings in the pursuit of claims. These experts are well-versed in the legal nuances of each jurisdiction, enabling them to identify liable parties and recover rightfully owed amounts. Additionally, subrogation specialists possess legal resources but exercise discretion in their utilization, prioritizing financial prudence. A reputable subrogation partner collaborates closely with clients to navigate the subrogation process, establish realistic expectations, and offer valuable insights to enhance the likelihood of favorable outcomes.

A robust subrogation program will likely have the following features:

1. Real-time integration with the claims adjusting staff in order to protect and preserve critical information.
2. Subrogation professional experienced in identifying responsible parties and finding rootcauses to accidents.
3. Having access to legal resources in order to pursue responsible third parties.

SPECIAL INVESTIGATIONS UNIT (SIU)

Detecting and avoiding fraud in the underwriting, policy administration, or claims resolution process is another part of a PEOs cost-containment efforts in managing its workers' compensation program. Fraud identification and mitigation is best handled through a Special Investigations Unit, or SIU group. An SIU group also helps safeguard PEO assets and upholds insurance program integrity.

Real-time detection of suspicious patterns enables proactive intervention, minimizes fraudulent activities and prevents, or limits, associated losses. Good SIU personnel also offer PEOs claims resources training with regards to fraud detection techniques, investigative procedures, and legal requirements, ensuring staff stay abreast of evolving fraud schemes and regulatory changes on a state by state basis.

The timely involvement of SIU resources significantly impacts the outcome of claims, as early intervention increases the likelihood of obtaining impactful evidence to influence the claim resolution. Furthermore, fostering cross-functional collaboration between the SIU, claims management, and legal teams optimizes fraud detection capabilities and investigative outcomes. Collaborative efforts expedite investigations, strengthen the case for prosecution, and deter future fraudulent activities.

Some traits associated with astute SIU practices include:

1. Provide SIU personnel with real-time access to underwriting, policy, and claims data.
2. Have SIU professionals with experience across a broad scope of insurance disciplines (underwriting, claims, etc.)
3. Foster cross-collaboration between SIU personnel and PEO/ Carrier personnel.

NURSE CASE MANAGEMENT

Nurse case management is instrumental in facilitating expedient and effective medical treatment for injured workers, thereby minimizing a PEO's claim costs and expediting recovery. Implementing early intervention programs ensures prompt addressing of injuries and timely connection with appropriate medical care, preventing complications and reducing claim duration. Fostering collaborative care among nurse case managers, treating physicians, and other stakeholders optimizes treatment outcomes.

Clear communication and coordinated efforts facilitate adherence to medical protocols, minimizing unnecessary medical expenses and promoting efficient

> Detecting and avoiding fraud in the underwriting, policy administration, or claims resolution process is another part of a PEOs cost-containment efforts in managing its workers compensation program.

recovery. Continuous monitoring of treatment progress and outcomes enables proactive adjustments to the care plan. Data-driven insights facilitate timely interventions, ensuring optimal patient care and cost containment.

Must have characteristics of an effective nurse case management program include:

Advocate on behalf of injured workers and employers alike, focusing on promoting recovery and a safe return to work.

Remain vigilant throughout the lifespan of a claim, identifying opportunities for early intervention and potential complications throughout recovery.

Employ knowledgeable medical professionals who understand how medical history, comorbidities, and other factors may impact the recovery process.

DRIVING SUSTAINABLE PROFITABILITY

In summary, control of a PEO's workers' compensation cost, and overall profitability of a PEO company's operations hinges on astute management of critical areas such as claims administration, subrogation, SIU, risk management programs and nurse case management. By adhering to best practices tailored to each domain, PEOs and staffing companies can enhance operational efficiency, mitigate risks, and drive sustainable profitability in an increasingly competitive marketplace. ■

DAVID BRODSKY

Chief Underwriting Officer
SUNZ Insurance
Bradenton, FL

JEFF KUSS

President
Next Level Administrators'
Bradenton, FL


OPTIMIZING
OPERATIONS

MONETARY CROSSROADS: HOW A PEO FINANCE DEPARTMENT FITS IN THE PEO SALES CYCLE

BY JEAN GOLDSTEIN, CPA

In the intricate dance of organizational dynamics, the relationship between sales teams and finance teams emerges as a pivotal partnership. Nowhere is this synergy more pronounced than within a Professional Employer Organization (PEO). When finance plays an active role in the sales process—from budget development to annual client statistical reporting—success reverberates throughout the entire company. While a sales team's exact responsibilities may vary across PEOs, the unwavering role of the finance department remains constant: to provide invaluable financial insights, mitigate risk, and maximize overall profits. Let's explore ways in which finance bolsters sales efforts.

CLIENT UNDERWRITING AND PRICING

While the sales department bears ultimate responsibility for generating revenue, finance can play a critical role in acquiring new business at maximum profit, maintaining clients recurring revenue and determining appropriate fees. Financial underwriting is tricky and despite best efforts, PEOs can be exposed to financial risk. Specifically, finance can help manage collection options to help minimize this type of exposure. In addition, they can work with prospects to help them understand processes surrounding billing and invoice collections.

A PEO's finance team could help in several ways. Here are a few:

Collaborating with sales teams to determine optimal pricing strategies for services to maximize profits or compete with other bidders:

- Review client profitability- many PEOs establish a minimum total gross margin per worksite employee (WSE) per year (also referred to as PEPY) metric for all new business.

Further, if your PEO is focused on minimum fees by revenue type without considering overall gross profit per WSE, you may lose a competitive advantage in bid comparison. Finance can provide data to help support the allocation of price variances between revenue streams thus maximizing overall gross margin.

- Identifying value opportunities beyond traditional and standard services offered by PEOs.

Performing financial evaluation of customer creditworthiness by reviewing:

- Prospects' banking history
- Prospects' business and or personal financial statements
- Third party financial review facilities
- How to calculate and communicate security deposit requirements to high-risk prospective clients

Risk management credit control including underwriting of:

- State unemployment (SUTA or SUI)
- Benefits pricing
- Workers' compensation claims and pricing
- Employment risk and pricing

Finance can provide analysis and recommendations on these items to identify potential concerns as part of helping to maintain the overall integrity of the pool for each discipline.

While the sales department bears ultimate responsibility for generating revenue, finance can play a critical role in acquiring new business at maximum profit, maintaining clients recurring revenue and determining appropriate fees.

SALES FORECASTING AND BUDGETING

Finance professionals work closely with sales leaders to create realistic budgets by helping to develop:

- Reliable sales targets based on pipelines, historical close rates and other data
- Resource allocation including performing needs analysis for staffing levels
- Commission structures for both internal professionals as well as PEO or benefit brokers and other strategic partners
- Benchmarking to help forecast future sales

Once the budget is approved and set, finance can assist sales in monitoring performance against financial goals throughout the budgetary period. Often, certain factors require reforecasting of expected sales including downturns, poor market conditions, staff turnover, unforeseen competition, and pricing adjustments due to annual renewals of benefits, workers' compensation, state unemployment rates, and employment practices liability insurance.

SALES ANALYTICS AND REPORTING

Data plays a crucial role in creating, tracking, and measuring key performance indicators (KPIs), assessing risk and increasing client retention. Increased data transparency and exchange between finance and sales can help increase value creation for the company. Consistent reporting helps sales leaders make informed decisions and adjust strategies as needed. Finance teams may lend expertise by:

- Creating dashboards or other data repositories to support data driven insights on items such as revenues expenses and gross margin overall and by client
- Evaluating sales performance through KPIs
- Analyzing key sales metrics including acquisition costs, gross margin analysis, risk, etc.
- Tracking performance. Provides data on revenue, expenses, profit margins, and return on investment (ROI).

CLIENT RETENTION

Satisfied customers are less likely to leave and more likely to become a vital referral source, contributing to long-term revenue growth. Finance can support client retention by guaranteeing timely and proper banking, performing payroll tax administration to include timely and accurate payroll tax filings and help with ERTC and other federal program filings. The finance team can also ensure financial commitments made in the client service agreement (CSA), housed in Exhibit or Schedule A as well as throughout the CSA document, are met. Providing clients with required or requested detailed documentation like backup details for invoices, general ledger reports or data exports for clients accounting systems, information for client's external accountant and tax advisors, and other special data or reports requested are also helpful.

Lastly, performing client profitability review by creating client metrics dashboards utilizing industry benchmarks and statistical data, and offering feedback on client profitability data aide in client retention efforts.

SALES COMPENSATION AND INCENTIVES

The finance team collaborates with sales managers to design effective compensation structures for their teams. The finance team could provide assistance by calculating commissions, bonuses, and other incentives to motivate the sales team. Presenting and analyzing sales metrics and incentives to help sales teams cut through the noise to determine which metrics are indicative of performance to act accordingly are also beneficial. Lastly, providing timely and accurate reimbursements to sales members for expenses incurred will help keep sales teams engaged and motivated.

SALES-CENTRIC VENDOR RELATIONS

Utilizing the best resources and tools to support the sales role is key to effectiveness and efficiency. Finance can:

- Evaluate potential investments in sales tools, technology, and training
- Assist in analyzing investment decisions for marketing such as:
  - Webinars
  - Local chambers
- Support in contract negotiations including Request for Proposal (RFP) process for
  - CRM systems
  - Underwriters
  - Broker contracts
- Ensuring timely payment processing to vendors helping to foster all partnerships

In summary, the symbiotic relationship between sales and finance is the backbone of organizational success. Alignment between sales and finance is crucial to any organization but as outlined above, is heightened in the PEO environment. Because sales teams drive revenue while finance teams focus on cost and efficiency, their individual goals may sometimes be at odds. The members should work in tandem with clear lines of communication.   By collaborating strategically and effectively, both departments contribute to the PEO's growth while mitigating risk and maximizing profits. ■

JEAN GOLDSTEIN, CPA

Principal
PEO Advisory Services, Inc.
Nesconset, NY

KPIS FOR ACCOUNTING DEPARTMENTS

BY JENNY SMITH

What key performance indicators (KPIs) determine the success or failure of a PEO's accounting department? Timely and accurate numbers are definitely on the forefront. The PEO space can be a dynamic environment to operate in. The risk and margins are ever-changing and keeping our finger on the pulse is imperative to our success. Timeliness, accuracy, and efficiency are vital. As leaders, what are the key indicators for success or failure which we can measure quickly? I would classify the KPIs as related to three different areas: timeliness, accuracy, and relevancy.

For timeliness, the first KPI should be the numbers available as often as necessary to monitor progress and pivot if required.

KPI 1: DATE OF MONTH-END CLOSE VERSUS PLANNED CLOSE

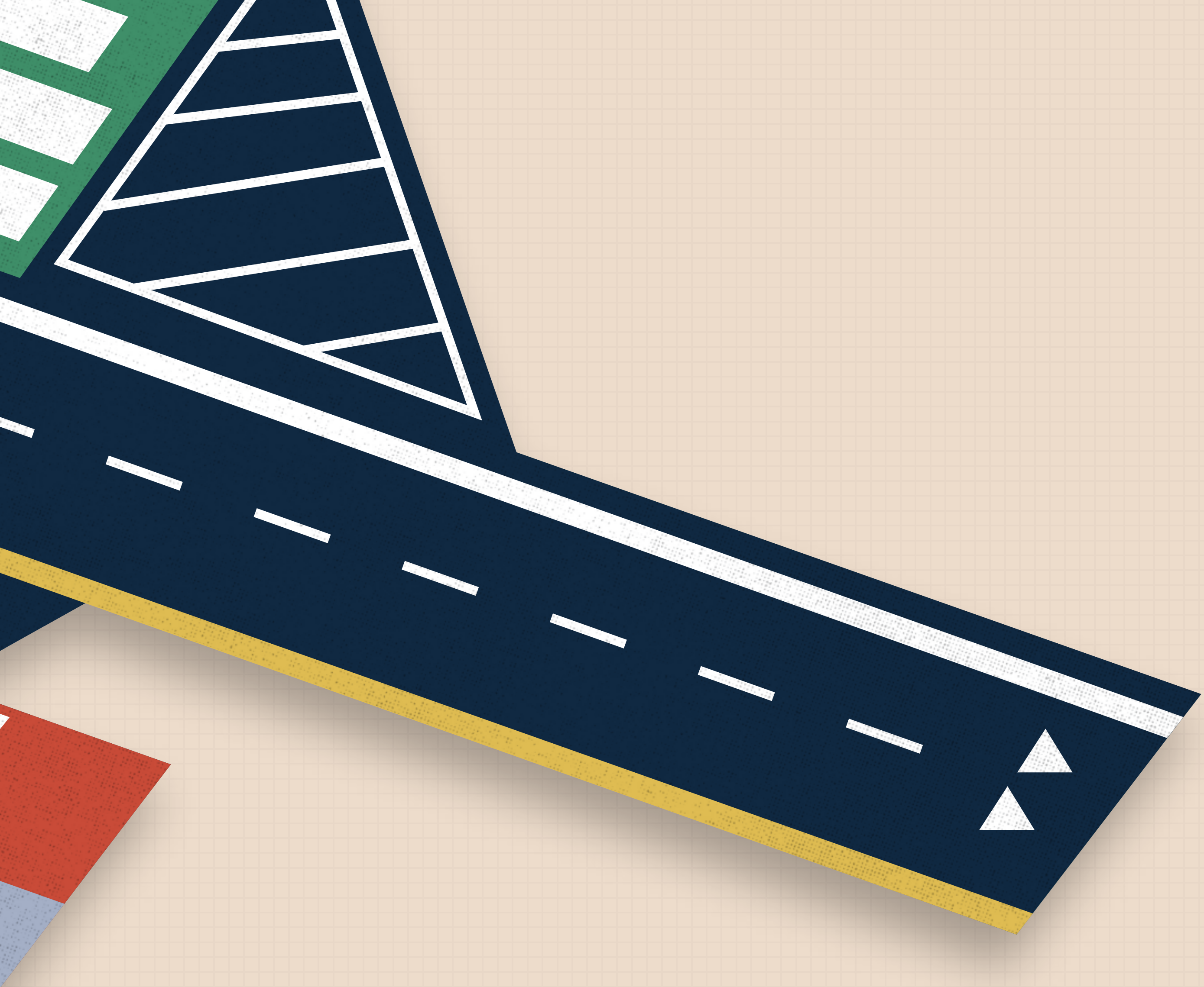
How quickly your accounting department closes the books can be an indication of how effective and efficient they are. Does your team embrace technology to streamline processes?

KPI 2: PRIOR PERIOD CHANGES AFTER CLOSE

In a perfect word, there would be zero adjustments, but the world is not perfect. Consider how many adjustments were made to prior month and what is the materiality of those adjustments. This can tell you how effective the company policies are that surround the accounting processes. Are invoices recorded timely? Are proper communications happening between departments? Are schedules accurate and maintained? In other words, how much can you rely on the numbers you are being presented with each month?

KPI 3: LIQUIDITY RATIOS

Cash is king so the importance of assets to liability is critical to any business. Nothing



is more than what you have, who owes you, and who you owe. Not only should these numbers be accurate, but they should be top of mind to any senior leader.

KPI 4: CRITICAL MARGINS

Know where you are making and losing dollars and how that trends with prior years and where you have forecasted for the next 12 months. Give yourself time to investigate, evaluate, and adjust accordingly.

KPI 5: BENCHMARKING

How do you compare to others in your space? At ESI, we use the NAPEO FROS survey as one component of evaluation along with others. Are we missing the mark or an opportunity to thrive? Some good benchmarking items in PEO that I have found useful are the numbers of client employees per internal employee (measures the efficiency of your production). Employees by department can also help create some boundaries for staffing decisions. Thirdly, items measured by number of client employee are useful. For example, gross profit per worksite employee. Obviously, the surveys provide invaluable data, but you must determine how that aligns to your business model and priorities. Additionally, the quarterly NAPEO Pulse survey can also be valuable for a quick benchmarking more frequently than annually.

KPI 6: ACTUAL TO BUDGET VARIANCE

How effective are you at evaluating where you are going based on what you know now? Can you quickly adjust when things don't go as planned? You cannot measure what you don't know. If you review your variance, investigate concerning variances and correct your planning at the root cause there is no reason you cannot see yourself gradually improve in this area. After all, the CFO should be concerned even more about the future than the past to ensure we can get where we want to go.

KPI 7: PAYROLL TAXES AND LICENSING COMPLIANCE

In many PEOs, the payroll tax function and PEO licensing are managed by way of the accounting and finance department. The dollars we manage are large and quick-moving. Ideally, we want to see zero penalties and interest. If your processes and staff are sound, then this can be accomplished. Of course, accidents happen, but we aim to never have them happen again. The constant measurement of penalties and interest is

In a perfect word, there would be zero adjustments, but the world is not perfect. Consider how many adjustments were made to prior month and what is the materiality of those adjustments. This can tell you how effective the company policies are that surround the accounting processes.

imperative to know how well your processes and procedures are working as well as how effective your accounting management is.

KPI 8: BENEFITS VARIANCES, AGING AND WRITE-OFFS

We knew it was coming. One of the hardest items to manage in the PEO space is the reconciliation of benefit billings and deductions. Time is of the essence. This function is sometimes managed in PEO accounting departments or sometimes benefits departments. Many of us who have been in the industry for any period of time have tried both approaches. In either case, a sound reconciliation process is critical. How are you quickly getting to variances while minimizing manual effort? Most importantly, how quickly are issues getting corrected? If you don't quickly resolve issues, you risk losing dollars or having to confront a client on a under or over-billing. If you're a senior finance leader, you need to understand your current variances and how quickly they are getting resolved. Uncorrected errors can quickly diminish profitability and client satisfaction.

KPIs can be an incredible to way to understand what is going on in the business. Be sure to consider the source of your data. Ideally, the KPI is generated from a source that cannot be manipulated and it can easily be validated. Start with some KPIs for a while and decide what items work or don't work for your business. Modify and adapt to find the best KPIs for you. Be open to change and suggestions. Finally, use the KPIs to execute the long-term goals of the company. Combined with the correct team and the discipline to execute, your PEO can continuously move towards its goals. ■

JENNY SMITH

CFO
ESI
San Antonio, TX

MAXIMIZING VALUE

UNLOCKING HIDDEN VALUE: PEOs CAN BENEFIT FROM SUSTAINABILITY REPORTING

BY JASON F. CLAUSEN, CPA

PEOs that adopt strong corporate sustainability initiatives as part of their business model have incredible opportunities for increased sales and corporate value.

WHAT IS CORPORATE SUSTAINABILITY?

Corporate sustainability refers to a company's activities demonstrating the inclusion of social and environmental concerns in business operations and interactions with stakeholders. It involves integrating a company's core strategy and operations to ensure long-term viability, positively impacting society and the environment. Sustainability focuses on environmental management, social justice, and economic development. While corporate sustainability reporting is very popular today, the roots of the movement began in the 1980s.

THE DEVELOPMENT OF FINANCIAL REPORTING

Well before the popularity of corporate sustainability, corporations had financial reporting requirements. Financial reporting requirements have developed over the years, most specifically for publicly traded companies. Various events, including financial crises, fraud, and increased complexity of business models resulted in legislation. The stock market crash of 1929 and the ongoing lack of public confidence in publicly traded securities led to the Securities and Exchange Act of 1934. This legislation created the Securities and Exchange Commission (SEC) and mandated ongoing audited financial reporting by publicly traded companies to ensure transparency, protect investors, and restore confidence in public markets.

As business models became increasingly diverse and complicated, the Financial Accounting Standards Board (FASB) was formed in 1970 to improve financial and reporting standards. The fall of Enron expanded scrutiny of internal controls and fraudulent financial reporting led to the passing of the Sarbanes-Oxley Act of 2002. This legislation enhanced internal control requirements and increased penalties for fraudulent financial activity. The Financial crisis of 2007-2008 led to the Dodd-Frank Wall Street Reform and Consumer Protection Act to increase transparency in the financial services industry, enhancing reporting for investment advisers and hedge funds. The JOBS Act of 2012, the FAST Act of 2016, and 2020 Amendments to Regulation S-K were further legislative efforts regarding financial reporting requirements.

These regulations substantially apply to financial information of publicly traded companies. In the United States, there are no federal reporting requirements regarding corporate sustainability. While there are no mandated reporting requirements, evidence suggests that a substantial number of publicly traded companies provide sustainability reports, including some publicly traded PEOs. As of 2020, 90% of companies included in the S&P 500 issued sustainability reports. Corporate sustainability is currently a progressive movement.

PRIVATELY HELD COMPANIES AND SUSTAINABILITY REPORTING

Like publicly held companies, there are no federal regulations mandating environmental, social, and governance (ESG) reporting for privately held

TYPE OF COMPANY	REASON FOR ATTRACTION TO STRONG ESG VALUES	HOW A PEO CAN REACH THEM
Sustainability-Focused Companies	Seek partners that align with their commitment to sustainability.	Highlight their sustainable HR practices and green initiatives.
Large Corporations with CSR	Partnering helps meet CSR objectives and improves public image.	Demonstrate how their services enhance corporate responsibility.
Investment and Financial Firms	Consider ESG factors as lower risk and better long-term prospects.	Emphasize their compliance and governance strengths.
Regulated Industries	Partner with firms that help navigate complex regulatory environments.	Showcase expertise in regulatory compliance and risk management.
Innovative and Tech Companies	Prefer innovative partners who are adaptive to future challenges.	Present tech-savvy solutions and data-driven decision-making.
Consumer-Focused Brands	Appeal to a customer base that values sustainability and ethical production.	Outline their support for ethical employment practices.
Government and Public Sector	Require suppliers to meet certain social and environmental standards.	Focus on their strong ESG compliance to win public contracts.
NGOs and Nonprofits	Look for partners that share a commitment to environmental protection and social justice.	Engage in community initiatives and collaborations with NGOs.

companies. In California, the Climate Corporate Accountability Act requires large companies operating in the state that generate over $1 billion in annual revenue to report greenhouse gas emissions. Many experts on the sustainability movement see this as progress, and a sign for future mandates at either the state or federal level.

SUSTAINABILITY AND OPPORTUNITIES FOR PRIVATELY HELD PEOS

Existing market research suggests different types of companies that seek to conduct business with other ESG-focused companies. PEOs will often have several ESG qualities which can attract such companies. Above is a table that organizes a category of prospect, reasons for their attraction to strong ESG values, and opportunities on how PEOs may reach them.

DIFFERENT REPORTING FRAMEWORKS

Two approaches for reporting corporate sustainability are the ESG framework and the SASB (Sustainability Accounting Standards Board) framework. Both frameworks serve the growing demand for transparency in corporate sustainability efforts, although do so in different, distinct ways. The ESG framework focuses on environmental, social, and governance issues. The SASB framework is more narrowly focused on sustainability topics most relevant to financial performance. The key features of Sustainability Accounting Standards (SAS) published by the SASB include industry-specific standards, issues that are financially material, and investor focused.

SYNTHESIZED REPORTING

Most PEOs are required to have their financial statements audited annually. The financial statements are presented in accordance with generally accepted accounting principles promulgated by the FASB. Publishing corporate sustainability information in accordance with SASB standards alongside an annual financial statement audit can be highly beneficial for a company. PEOs should carefully assess their capabilities, expectations, and the significant operations. This approach can greatly enhance a company's credibility and sustainability performance, and reach out to markets with a targeted strategy.

If you own a PEO and are interested in more information regarding corporate sustainability reporting, you can research published sustainability reports, and contact your organization's financial statement auditor. ■

JASON F. CLAUSEN, CPA

President
Jason F. Clausen, P.C.
Fraser, MI

NEVER SAY NEVER: DAVE & TERESA LAWRENCE AND DELTA ADMINISTRATIVE SERVICES

BY CHRIS CHANEY

Dave Lawrence grew up insisting he would never join the family business. He wasn't interested. It wasn't for him. After graduating from college with an economics and business degree, he found a sales job with a Connecticut-based company. The company sold awards programs, and Dave ran the Gulf South region out of his native New Orleans. Not much later, Dave and his wife Teresa married. The young couple both had solid, good paying sales jobs they each loved. Life was on the right track.

In May of 1988, oil prices collapsed. Off-shore oil drilling and refining is a big industry along the Gulf Coast. The New Orleans economy suffered quite a bit as the ripple effects swept further into the business community.

Two of those businesses affected were owned by Dave's father. Lawrence Personnel (a recruiting agency) and Delta Temporary Services (a staffing company). Dave's brother had joined the business by this point, but Dave was still reluctant to be involved. Dave's father impressed upon him that he needed Dave (with his accounting knowledge) to come on board and look at the books.

Dave said yes. In fact, Teresa said yes, too. They both quit their sales jobs and joined the family business.

"If you knew my dad, you knew he lived for work. He had no hobbies, he just worked all the time," Dave says. "I found out the business had a lot of debt and very little revenue and owed the IRS quite a bit. We had to save the family business for my parents, or they would have nothing."

Dave and Teresa jumped full throttle into the staffing world which they knew next to nothing about. They slowly learned how the business operated and began to turn things around. The business rebounded.

In 1992, the company joined an association of staffing companies called TempNet. Membership was geography based and the Lawrences represented New Orleans. The association connected Dave and Teresa to fellow staffing professionals who could share knowledge and experience. It also led to their first encounter with PEOs.

"In the mid-1990s, a Texas-based PEO began partnering with staffing companies to market their PEO services," Dave recalls, "They flew me out to Dallas for a meeting and taught me about PEOs."

Right away, Dave says, he was sold. He loved the idea and embraced the concept. Helping small businesses grow and thrive was right up Dave's alley. He was hooked. So were many others; about 12 fellow TempNet members also began working with this PEO, he says.

What could go wrong? During sales training, leadership insisted on a one call close. Dave immediately saw the futility.

"In the Deep South, you don't meet someone for the first time and just turn your business over to them," he says, "It's a long sales process."

After six months, the Lawrences parted ways with the PEO. A few years later, they heard about a New Orleans-based PEO buying up other PEOs. Then, the company acquired its largest PEO yet out of Little Rock, Arkansas. Company headquarters would relocate to Little Rock, the company announced.

Everything seemed to fall into place for the Lawrences to jump back into the PEO world. The local competitor moved out of the market, and Dave had a connection to an experienced PEO salesperson. He worked for the PEO moving to Little Rock and had no interest in closing his book of business and starting over in

*Per the 2023 NAPEO Financial Ratio & Operating Statistics Survey Results...

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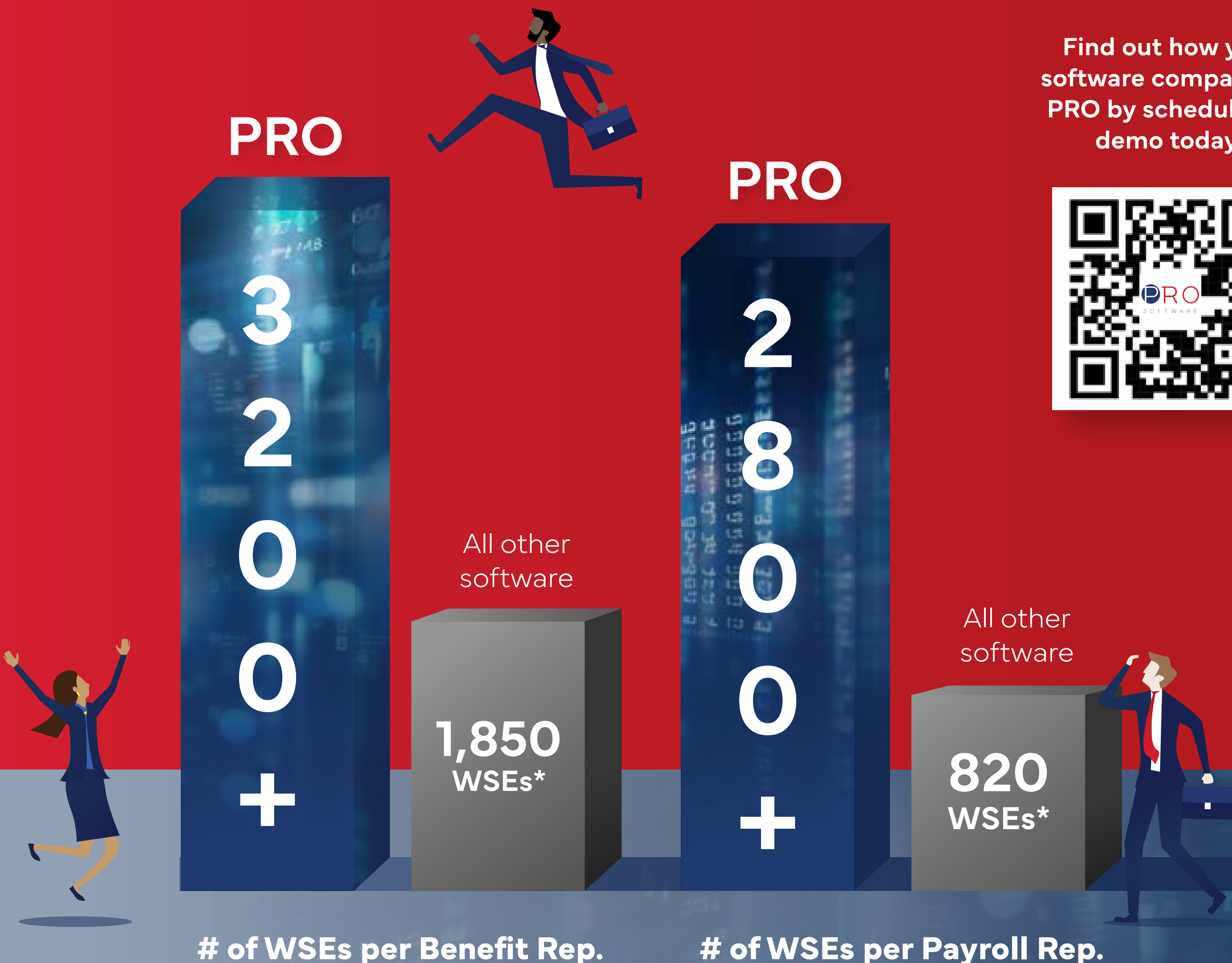

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a new market. So, Dave approached him about coming on board with his company to launch PEO services. He agreed. The first piece of the puzzle fell into place, but Dave still needed to learn quite a bit about PEOs.

Hurricane Katrina shifted people's mindsets. It caused people to explore new ways of doing things. Suddenly, the PEO concept and outsourcing HR functions seemed to resonate. People were intrigued and wanted to know more.

Many of the staffing companies that worked with this Texas based PEO had started their own PEOs in the intervening few years, and Dave had remained friends with them. He set out on a tour around the South visiting these PEOs. He learned as much as he could and asked plenty of questions. "There's nothing in common between a PEO and staffing company," Dave says.

One piece of advice stuck with him. "You need an operations guy," Dave was told. He didn't know the ins and outs of PEO to run one by himself. He needed an experienced hand who could steer the company as it got off the ground.

Well, the PEO moving to Little Rock had just hired a new operations manager. He had relocated from Atlanta and just settled into a new house. Moving to Little Rock lacked appeal; he'd lose too much money on his house. Dave had a solution. Come work for me.

So, after insisting he would never even join the family business, Dave not only now ran the business, but was about to expand the business into the PEO it is today.

"Never say never," he laughs.

In 2020, Teresa became majority owner and CEO of Delta Administrative Services and works side by side with the love of her life. Teresa's Cuban born status enhances Delta Administrative Services as a minority woman owned business. This year both Delta companies celebrate milestone anniversaries of 55 years in business! Both companies have plans to expand into new industries, partnering with more minority businesses and advocating for diversity and acceptance. Dave and Teresa are committed to the development of their community by actively serving on several boards of directors and working with local nonprofit organizations. Teresa currently serves on the following Boards of Directors: Past Chairwoman of Jefferson Economic Development Commission, Current Vice-Chair Hispanic Chamber of Commerce of Louisiana, New Orleans Chamber of Commerce, Jefferson Parish Workforce Development Board, Catholic Charities of New Orleans Board, Louisiana C.A.S.A Board, Women Business Enterprise National Council Board.

They've taken active roles within NAPEO and the industry, too. Networking and learning from peers have helped their business. They're able to share their experiences with others. Dave credits Andy Lubash (CEO of New York-based Prestige PEO) with encouraging him to get involved. Andy had hoped to expand participation and representation within NAPEO from PEOs all over the country. The Gulf Coast and Louisiana needed a stronger presence. Dave agreed to become the Gulf South regional chair (now known as leadership councils). From there, he grew more involved and eventually served on the board of directors.

HURRICANE KATRINA

The Lawrences ran their first PEO payroll in January of 2001. The business began to grow, and they grew more comfortable in the PEO space. But a few years later, life in New Orleans would be turned upside down.

In late August of 2005, Hurricane Katrina made landfall. Immense and widespread devastation crippled New Orleans. Lives were changed.

For the Lawrences, that meant relocating business operations northwest to Baton Rouge. They even lived there for a year. Many of their clients had gone from thriving businesses to closed doors overnight. They essentially had to rebuild the business.

Yet, somehow, they kept up hope and focused on the future.

"We had three and a half feet of water in our home, but we didn't feel bad because we knew so many who had lost everything," Dave says, "We could have lived on the second floor if we had to."

It was a time when community bonds strengthened, and everyone pulled together to bring back the vibrant life and culture of their city. Everything changed. "Nothing was the same", Dave insists. Including how people did business. This turned out to be a silver lining.

For the Lawrences, taking a hands-on approach with clients sets them apart from many. They are very proud of their staff they have assembled and know that each love what they do and always put the customers' needs first and foremost.

Before the storm, many businesses seemed skeptical of the PEO concept. Turning over back-office tasks didn't seem necessary. You know, the familiar 'it's worked for this long, so we don't need to change.' Hurricane Katrina shifted people's mindsets. People explored new ways of doing things. Suddenly, the PEO concept and outsourcing HR functions resonated. People were intrigued and curious.

The Lawrence's PEO business really began to grow. Strengthened and solidified by their longstanding reputation in the community, a lot of new clients came from referrals.

The Lawrences are trusted in their community so when businesses experience HR issues or other employment administration headaches, someone says, "You need to go talk to Dave and Teresa."

A HANDS-ON APPROACH

As the industry saying goes, "if you've seen one PEO you've seen one PEO." Despite common traits, each PEO is a unique business.

For the Lawrences, taking a hands-on approach with clients sets them apart from many. They are very proud of their staff they have assembled and know that each love what they do and always put the customers' needs first and foremost.

Each client is assigned a team consisting of a payroll expert, a benefits expert, and a safety expert. The teams physically visit clients regularly. This approach strengthens relationships with clients and facilitates excellent service.

A hands-on approach also makes it easier to discern and understand clients' needs. A big part of the PEO value proposition is being able to solve challenges and problems for clients. For example, during the COVID pandemic, business interruption insurance became a need. So, Dave became an expert in business interruption insurance. The pandemic also exposed a need to offer services and tools to support employees' wellbeing and mental health. So, the company added an EAP program. The main goal is simple: helping clients feel good about where they work. "In striving to accomplish our vision of moving people forward, we are sincerely thankful for the dedication and commitment of our internal team and the support of our external employees' efforts," they say.

This sort of change and transformation is what keeps the PEO industry exciting.

"Half of me feels old, half of me feels young because it's new every day," Dave jokes, "I can still learn." ■

CHRIS CHANEY
Editor, PEO Insider
NAPEO
Alexandria, VA

MICHAELINE DOYLE: A WORKHORSE SPIRIT

BY EVAN FALLOR

If you're in the PEO industry, you know there is no greater honor than winning the Michaeline A. Doyle Award.

Created in 1995, it's an accolade bestowed upon someone who has provided exemplary leadership and service to NAPEO and our industry and whose business philosophy is to improve the industry while simultaneously improving his or her own PEO.

But if you do any digging on the award namesake, little appears.

There's good reason to not find much about Michaeline. As anyone who knew her would tell you, she thrived working behind the scenes. The spotlight was not for her.

Still, she couldn't shake a legacy that has made her name synonymous with dedication to the PEO industry—especially in the Midwest.

Born in September 1941 to Michael Colangelo and Londa Powell, Michaeline was raised in the suburbs of Chicago with her siblings, Richard, Robert, and Lenora. Archives from the May 3, 1959, issue of the *Chicago Tribune* tell you that Doyle was a student librarian president, honor student, and the winner of an Illinois state scholarship to Loyola University.

Mission-driven, she went on to operate her own employee leasing company alongside early female industry pioneers like Fran Morrissey, the co-owner of Rockford, Illinois-based Morrissey Family Businesses.

Morrissey first met Doyle in the mid-1980s. They quickly bonded over both having small businesses from outside of Chicago and the desire to organize an industry dealing with pension issues, some bad actors, and federal and state government bodies that weren't keen on PEO growth.

Employee leasing companies faced an uphill battle of acceptance in the Midwest during this time and were frequently challenged by the IRS, state insurance commissioners, and unemployment agencies. The Department of Labor "laughed" at Morrissey when she educated officials on the PEO model.

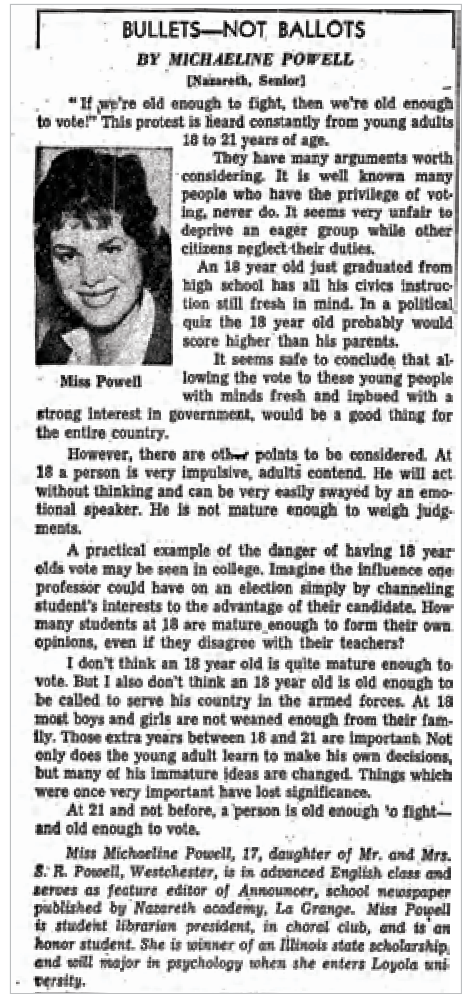
"We hit roadblocks everywhere we turned," Morrissey said.

The National Staff Leasing Association (NSLA), later to become NAPEO, at the time had roughly 50–60 members with a heavy concentration of them from Florida, Texas, or California. Annual meetings would be held in one of those three states, which posed a challenge to the many smaller, entrepreneur-led PEOs from the Midwest. With no investors and a lack of accessible capital, many couldn't afford to make the trip to the annual convention. Communication and PEO owner engagement was fragmented. Doyle talked with Morrissey about the need to have chapter and regional meetings with startups and fellow smaller companies.

Before Morrissey could blink, Doyle had single-handedly gathered everything she could find relative to bylaws and established a prototype for state and regional chapters. This chapter system became the basis for the NAPEO of today.

"She just did it," Morrissey said. "It definitely took a lot of her time. She cared about the industry and wanted to see NAPEO grow to what it deserved to be. And she wanted it done right."

Doyle phoned AccessPoint CEO Greg Packer and said she needed him and Dick Light of Vincam Group—an industry competitor but also a friend of Packer's—to meet in Chicago the following weekend. Short notice, but it was important: she had organized the inaugural meeting of the NSLA's Midwest chapter. She'd get the two of them early in the morning from O'Hare International Airport and have them out by the end of the day.



BULLETS—NOT BALLOTS

BY MICHAELINE POWELL

[Nazareth, Senior]

"If we're old enough to fight, then we're old enough to vote!" This protest is heard constantly from young adults 18 to 21 years of age.

They have many arguments worth considering. It is well known many people who have the privilege of voting, never do. It seems very unfair to deprive an eager group while other citizens neglect their duties.

An 18 year old just graduated from high school has all his civics instruction still fresh in mind. In a political quiz the 18 year old probably would score higher than his parents.

It seems safe to conclude that allowing the vote to these young people with minds fresh and imbued with a strong interest in government, would be a good thing for the entire country.

Miss Powell

However, there are other points to be considered. At 18 a person is very impulsive, adults contend. He will act without thinking and can be very easily swayed by an emotional speaker. He is not mature enough to weigh judgments.

A practical example of the danger of having 18 year olds vote may be seen in college. Imagine the influence one professor could have on an election simply by channeling student's interests to the advantage of their candidate. How many students at 18 are mature enough to form their own opinions, even if they disagree with their teachers?

I don't think an 18 year old is quite mature enough to vote. But I also don't think an 18 year old is old enough to be called to serve his country in the armed forces. At 18 most boys and girls are not weaned enough from their family. Those extra years between 18 and 21 are important. Not only does the young adult learn to make his own decisions, but many of his immature ideas are changed. Things which were once very important have lost significance.

At 21 and not before, a person is old enough to fight—and old enough to vote.

Miss Michaeline Powell, 17, daughter of Mr. and Mrs. S. R. Powell, Westchester, is in advanced English class and serves as feature editor of Announcer, school newspaper published by Nazareth academy, La Grange. Miss Powell is student librarian president, in choral club, and is an honor student. She is winner of an Illinois state scholarship, and will major in psychology when she enters Loyola university.

A *Chicago Tribune* article from 1959 written by Michaeline Powell (later Doyle). She advocates for the voting age to remain 21, while raising the age to serve in the armed forces to 21, too.

"She pulls up in this gangster-looking car puffing away at a cigarette in a cloud of smoke," Packer said. "I said to myself, 'God, I don't want to sit in the car with this gal.'"

It's a good thing he did.

True to her no-nonsense, blunt personality, she quickly outlined a vision for a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Michaeline Doyle from the NSLA's 1991 leadership roster.

six-state Midwest chapter that included Illinois, Michigan, Indiana, Minnesota, Iowa, and Wisconsin. Unbeknownst to them, Packer and Light were already assigned to the new chapter's board as its Michigan delegates before they even stepped foot in the car. Florida-based Vincam Group didn't even have a Michigan presence, but Doyle quickly persuaded Light to open an office in the Wolverine State.

With Doyle as the first chair, the Midwest chapter was a well-oiled machine. Information flowed freely, members were engaged, and the group of 10–12 met several times a year for formal meetings. While other chapters faced financial hardships and organizational hurdles, Doyle's chapter thrived.

"Our chapter functioned well because Michaeline set the tone early," Packer said. "She was the biggest cheerleader of our industry and a champion of us against the world. Michaeline was a tireless worker behind the scenes."

Doyle never had aspirations of becoming the president of the NSLA, though she reluctantly served on the board for two years. And in meetings with legislators and regulators, she didn't want to lead the discussions. She wanted to make sure the chapter had the best spokesperson do the talking. Her job was to pull the strings to make the meetings happen and better spread awareness and acceptance of the PEO industry. She embraced the gritty, often thankless work that served as the foundation for industry expansion and unification.

"If we met as a group and something needed to be done, Michaeline did it," Morrissey said. "She talked to anyone. She went above and beyond."

But as fate would have it, Doyle died of cancer in April 1993 at just 51 years old, shortly after an industry gathering in Orlando. It was a blow to lose someone who cared deeply about uniting competitors for the greater good of the industry. But her legacy would not be lost.

Morrissey led a group that included Packer to create the Michaeline A. Doyle Award to recognize industry members who possess a workhorse spirit like its namesake did. Nearly 30 years later, Doyle's impact still resonates with the most recent winner of the award, Propel HR President Lee Yarborough.

"Although I never knew Michaeline, I like to think she would be proud of our industry and how her early influence created space for today's female PEO leaders," Yarborough said. "She left a lasting legacy on the PEO industry through her advocacy, leadership, and influence in our space."

Even though Doyle likely wouldn't be thrilled with a multi-page magazine article written about her legacy, Morrissey said it is important to recognize her contributions and selfless efforts to help create the landscape we operate in today. Though some industry challenges remain, they pale in comparison to what they once were.

"She was an icon for us to do the best we could for our industry," Morrissey said. "She forever spent her time helping people and doing what needed to be done. She truly made such a difference." ■

The Michaeline A. Doyle Award is presented annually at NAPEO's Annual Conference & Marketplace. Keep an eye out for the 2024 nominations process to begin soon. Candidates for consideration should be PEO leaders in good standing who exemplify the value of selfless service and a sustained commitment to growing the PEO industry.

EVAN FALLOR

Director, Communications
NAPEO
Alexandria, VA

NATIONAL PEO WEEK 2024:

WE'RE IN THE BUSINESS OF SMALL BUSINESS

Another PEO Capitol Summit and National PEO Week are in the books. The week reiterated that we're so fortunate to belong to a thriving and growing industry. PEOs play a critical role in the success of hundreds of thousands of small and mid-sized businesses and affect the lives of millions of employees.

We're not shy about telling our story. Why should we be? We have good news to share.

National PEO Week shines a spotlight on your businesses and your people, letting everyone know the good work PEOs do. PEO Capitol Summit brings together the industry's best and brightest legal minds, executives, and leaders. The event also gives us the chance to head to Capitol Hill to meet with legislators and staff members.

Several lawmakers took time out of their schedules to speak to us and share how we can be effective advocates. Rep. Brad Schneider (D-IL), Rep. Nicole Malliotakis (R-NY), and Sens. Todd Young and Mike Braun, both of Indiana.

More than 70 people participated in 65 meetings with congressional offices. In a sign of how far we've raised our visibility, many attendees noted that staff members already knew about PEOs and were familiar with the industry. It means our message is resonating.

That's a good thing, but there's still more work to do. We must keep up the efforts to advocate for PEOs and explain how we help businesses thrive. We also have to stay ahead of regulatory and legislative headwinds. That's why education sessions during PEO Capitol Summit focus on emerging legal issues that you and your clients should be informed about.

Finally, the week provides an unmatched forum for networking with industry peers. The industry is unique in that many of you never hesitate to help one another even though you might be competitors.

If you missed this year's conference, or missed the chance to celebrate National PEO Week, mark your calendars for the third full week in May each year. We'll be back. ■


NATIONAL PEO WEEK


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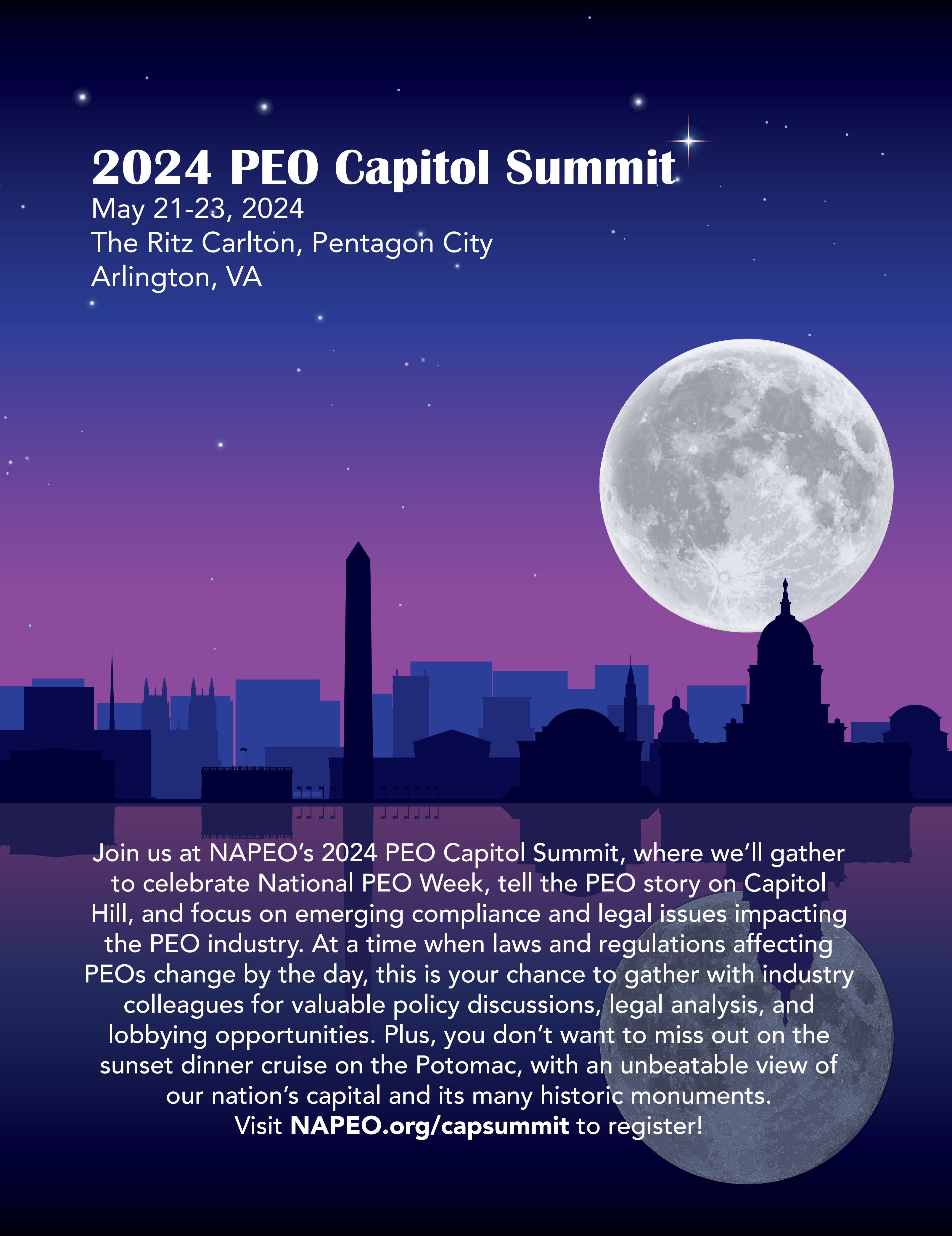
2024 PEO Capitol Summit
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Join us at NAPEO's 2024 PEO Capitol Summit, where we'll gather to celebrate National PEO Week, tell the PEO story on Capitol Hill, and focus on emerging compliance and legal issues impacting the PEO industry. At a time when laws and regulations affecting PEOs change by the day, this is your chance to gather with industry colleagues for valuable policy discussions, legal analysis, and lobbying opportunities. Plus, you don't want to miss out on the sunset dinner cruise on the Potomac, with an unbeatable view of our nation's capital and its many historic monuments.
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HOW A RETIREMENT PLAN CAN POSITIVELY AFFECT CUSTOMER LIFETIME VALUE

BY CHRIS MILLER AND SCOTT HOLECHEK, AIF®, CEBS®, FLMI

Businesses will always look for ways to trim expenses and prepare for the unknown when faced with growth-slowing factors like volatile interest rates, inflation, job insecurity, foreign conflicts, domestic culture wars, and political gridlock.

According to the U.S. Chamber of Commerce[1], the biggest challenges small businesses face are inflation, credit access, rising interest rates, hiring and employee retention, and supply chain disruptions. The reality is that, even when big companies and the stock market are booming, Main Street can be struggling and much less confident.

Especially at times like these, PEOs should focus on the basics, including revenue retention and customer acquisition. They're being offered another opportunity to build long term customer satisfaction and deliver long term benefits.

PEOs provide an array of cost-saving support services that help clients retain great employees and attract new ones. Client-employers benefit from HR consulting and outsourcing, payroll administration, health and welfare benefits, dental, vision, voluntary, and workers' compensation insurance, safety training, tax reporting, FMLA and unemployment administration, and compliance.

DELIVERING VALUE

Especially during tough times, clients watch every dollar they spend, searching for ways to reduce healthcare costs or trim payroll provider fees. They can't be blamed for their caution but may become so focused on today they lose sight of tomorrow. You can help them avoid that mistake.

Of all the business-enhancing services PEOs offer, one is sometimes overlooked, or seen as an overhead expense to be avoided, but never should be. A quality retirement plan can add great value for both the employer and the PEO supporting them.

Successful PEOs make it a priority to foster long-term profitability and growth by helping their customers look ahead. The cost of acquiring a new customer is said to be at least five times higher than the cost of retaining one. And remember that existing customers are always more ready to buy—as much as 14 times more likely to make a purchase than prospects, according to Forbes[2] and other sources.

Offering a comprehensive retirement plan is a great idea for any PEO and can be the kind of anchor product that holds clients, even in turbulent times, by delivering meaningful customer lifetime value (total revenue over the life of the relationship).

SMART LEVERAGE

It's time for your clients to learn more about highly leverageable retirement plans, particularly Pooled Employer Plans (PEPs) and Multiple Employer Plans (MEPs). These pooled retirement plans can create outsized value not found in the open market.

Employers can mistakenly worry about the costs, fiduciary risks or administrative burdens, but the fact is, MEPs and PEPs increase buying power and scale through the aggregation of assets. They provide the cost benefits and risk reversal clients are looking for, while creating tangible value for their employees. Once this is understood, these plans help open the door to new business.

DOING THE MATH

Industry veterans will tell you that PEOs offering access to an intelligently designed, well-supported 401(k) plan will keep their clients longer.

Consider a client that generates $15,000 gross profit per year and stays with their PEO for five years. That makes their lifetime value to the firm $75,000. If the PEO begins offering a retirement plan, and the client becomes an "adopting employer" by joining the plan, they will be much less inclined to end the relationship.

Of course, your goal is to keep adding value, creating greater ROI and strengthening these relationships, but by retaining your client for even five more years, you'll add another $75,000 gross profit and double their lifetime value to your business.

That's the power of retention based on greater customer satisfaction and a comprehensive package of high-quality services. A retirement plan is the kind of "sticky" service that can strengthen and extend client relationships, generating more customer lifetime value at lower cost.

HIGH STAKES, AND A WIN-WIN-WIN

Small businesses thrive on staffing stability, and every employee wants the peace of mind that comes with feeling ready for retirement.

According to a 2023 Forbes survey[3], 40% of employers say workers leave to find better employee benefits, and one in 10 workers say they would take a pay cut in exchange for better benefits. And that's not all. A recent report[4] by the TIAA Institute found that:

- 42% of U.S. adults say money worries negatively impact their mental health.
- Financial stress has resulted in a 34% increase in absenteeism and tardiness.
- Financially stressed employees are five times more likely to be distracted by finances while at work.
- Those same employees miss two times more days of work than their less stressed colleagues.

Retirement plans offer so many advantages to the people who are most important to your business. Plan participants can save for a more comfortable future, assisted by the auto enrollment and auto escalation features mandated by the SECURE Act 2.0[5]. Your clients can enjoy reduced employee turnover and more profitable business. And not least, your firm can benefit from a more loyal client base and longer-lasting relationships. It's a win-win-win!

NEXT STEPS FOR YOUR PEO

The CallMiner Churn Index[6] has found that customer churn costs U.S. providers a minimum of $168 billion per year. Don't become part of that statistic. You've worked hard to acquire your clients and can do even more to retain them by offering a well-designed retirement plan.

If your PEO already has a retirement plan, look for new ways to optimize, promote, and maximize its value. Seek guidance from a trusted provider. And if you don't yet offer a plan, be sure to look into pooled retirement plans.

Any top-level recordkeeper should offer these services:

- A plan audit to identify areas where enhancements are possible.
- Quarterly reviews to stay aligned with your business and marketing plans.
- Compelling sales tools to help promote your plan and attract new participants.
- Assessment of your book of business to target prime candidates for a retirement plan.

Consider making a retirement plan part of your PEO's offerings. Learn more about the successful HR generalists increasing visibility, boosting client satisfaction, reducing attrition, and enjoying robust sales. You might discover that your new retirement plan has become a real profit center. ■

1 https://www.uschamber.com/small-business/small-business-survey-shows-record-optimism
2 https://www.forbes.com/sites/forbesagencycouncil/2020/01/29/the-value-of-investing-in-loyal-customers/?sh=596cba7321f6
3 https://www.forbes.com/advisor/business/best-employee-benefits/
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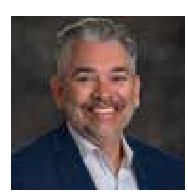
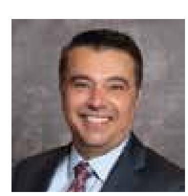


CHRIS MILLER

Director of National Sales, Special Markets, Retirement Plans Ameritas



SCOTT HOLECHEK, AIF®, CEBS®, FLMI

Vice President, Institutional Sales, Retirement Plans Ameritas

DEPLOYING TEST AUTOMATION TO TRANSFORM CUSTOMER EXPERIENCE

BY FRANK BIANCHI

Insurance, healthcare and employee benefits have common business drivers that mandate the need for test automation. Each of these industries are data intensive and often include personally identifiable information (PII), payment card industry (PCI) or protected health information (PHI) compliance. There is no room for manual errors. While that alone may be sufficient to justify test automation, the customer experience lifecycles for onboarding, servicing, and renewals drive successful customer satisfaction and retention results. This is where PEOs can differentiate themselves with automation.

In today's digital environment, test automation is necessary for meeting the service levels required by a sophisticated customer base. Given the wider adoption of agile methodologies, automation, and continuous deployments, testing cannot be executed using traditional manual processes. In this article, we will examine key opportunities for introducing test automation and identify approaches and technologies to drive successful project delivery and ensure accelerated onboarding of customers.

DOES ONBOARDING TEST YOUR CUSTOMER'S PATIENCE?

For employee benefits, onboarding involves various insurance and healthcare products and payroll options.

A tremendous amount of active and historical data is transferred between customer, broker, and administrator. To add to the challenge, the quality of the data is often problematic and may come from various sources. Organizations can achieve automation by building testing accelerators, data extraction engines, automated forms and file comparisons, and automated reconciliation into your process. The onboarding process sets the bar for service expectations or can build a backlog of issues that may take weeks or months to resolve and start the relationship on a challenging path.

UNDERWRITING: ENSURING THE PRICE IS RIGHT

For property and casualty and specialty business insurance, submission and underwriting process automation is a key component of winning business and issuing policies. Testing must align with a straight-through-processing model. Processing ingests product-specific forms, claim loss run reports and supplemental data. Accelerators can be built for identifying specific forms for data extraction, testing automating risk triage and ensuring the correct pricing is applied based on accessing a rating engine or applying an underwriter decision. Testing the correct data ingestion, risk triage and raters are key to getting the proper pricing for the risk class, notifying the broker, and issuing the policy. How you price the risk will drive the profitability of the business.

TO RENEW OR NOT RENEW THAT IS THE QUESTION

Open enrollment is the time where test automation is often appreciated most. This is a time where organizations are onboarding new customers while also renewing existing customers that may have selected various new products and services along with revised pricing that aligns with prior claims and service experience. For renewals, automation can include the analysis of data collected during the contract year and testing the implementation of the changes in product or benefit selection, third-party interfaces, reporting, and premium billing for the new effective date. The windows are tight to sunset prior year rules and implement new contract year selections. Automation is a key enabler to avoid a backlog and provide a positive customer experience.

SELECTING YOUR AUTOMATION FRAMEWORK

At Quess GTS, we use a variety of tools for automation. Three commonly used tools for test automation are Selenium as an

Automated Testing Framework, Jenkins for Continuous Deployment and Excel for building Test Case Accelerators. These tools work very well together and are ideal for organizations of all sizes. The frameworks integrate with existing tools and technologies without constraints on scale. They also provide comprehensive reporting and analytics to track test results, defect trends, and enable prioritization.

With Excel, you can generate hundreds or thousands of test cases or easily modify your test case repository for similar conditions. For insurance, healthcare and employee benefits you may want to consider starting with:

- Modular testing frameworks which separate components focused on specific functionalities while promoting reusability.
- Data-driven frameworks that test various input sets by separating test scripts from test data. This enables efficient testing with different data combinations.
- Multi-step frameworks to address complex testing needs and consider automation, application specific requirements and multi-platform/browser integration.

BUILDING YOUR TEST CASE REPOSITORY

Automation will not happen overnight. It is an incremental process that leverages reusable cases and assets for onboarding new customers, testing new features, performing automated compares, or running regression. The following are considerations in building your repository:

Functionality: Firms need to test each function and component separately as well as multi-step processes executed in a straight-through-processing model.

Risk components: Priority should be given to automation that tests functions where defects could impact customer satisfaction, compliance or financial integrity.

Time-consuming tests: Automation and use of accelerators allows you to get testing done in a fraction of time and reduce time from subject matter experts who have scarce availability.

Reusability: Test cases should be built in which various rules and data combinations can be achieved efficiently and allow for cloning where only a subset of data changes from established cases.

TESTING YOUR AGILITY

Test scripting in an agile environment requires writing automated, repeatable, and reusable test cases. Test scripts must be well documented and easily adaptable for frequent or continuous deployments. Some considerations include:

Maintainability and scalability: Automated tests in Agile should be easily updated to accommodate frequent changes.

Collaboration and communication: Agile processes require collaboration among testers, developers, and product owners. There must be clear targets, alignment on goals and defined acceptance criteria.

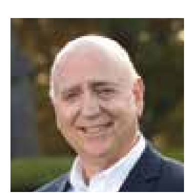
Continuous Deployments (CD): Automated test scripts should run as part of automated process that may evolve to a CD pipeline, providing immediate feedback on the quality of code changes in a release.

User Experience: Test scripts are not for back-office functions only. The user experience should consider multi-platform/browser inputs (mobile, desktop, other), workflow rules and straight-through-processing while ensuring security requirements are met.

While each organization is at a different level of technology and test automation sophistication, test automation is achievable for all. Using some of the tips and recommendations in this article within a PEO industry context enables a verticalized approach to automation. Organizations should start small, scale the automation, and consider evolving to continuous deployments where test scripts are bundled with software changes into a shared environment. With each update, automated builds and tests are triggered for early detection of errors. Integrating automated testing seamlessly into the delivery pipeline provides actionable insights to each release, enabling quick defect resolution and limiting technical debt. The result is improved quality, time to market and customer satisfaction.

Automation will not happen overnight. It is an incremental process that leverages reusable cases and assets for onboarding new customers, testing new features, performing automated compares, or running regression.

Test automation is a mandate in today's digital-first environment and provides a PEO a foundation to grow its business while increasing the competitive capabilities to win and service business. Our recommendation is to start with test case automation and frameworks and transition to CD over time based on business needs, technology tools and application stack. We suggest partnering with a firm with expertise in this area to assess your environment, collaborate with your team to build test cases, provide advisory tools and establish the environment, and ensure scalability to increased automation and potentially continuous deployment. The right approaches will give you a time-tested digital foundation to grow your business with significant improvements in customer experience. ■



FRANK BIANCHI

VP of Sales
Quess GTS
Morris Plains, NJ

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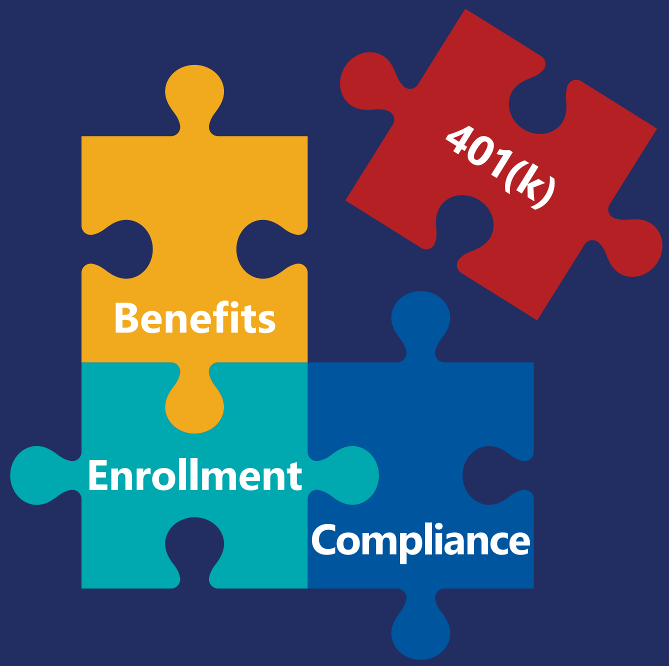

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REVERSE ENGINEER THE SALES AND MARKETING PROCESS TO DRIVE MARKETING ROI

BY DEAN MOOTHART

The ultimate objective of every marketer is to produce a meaningful and measurable ROI. Unfortunately, having that objective and actually achieving that objective are two very different things. As with any goal and objective, there are three key elements to success – a strategy, a plan, and disciplined execution. But keeping your fingers crossed isn't a sustainable marketing strategy. And hope isn't an executable plan.

Before setting out to develop a strategy and plan, it helps to understand where you want your plan to take you. What's the goal? And with marketing, things like new websites, more social media engagement, or even a boat load of new leads shouldn't be your ultimate goal. The goal should be sales and top-line revenue growth.

Writing a big revenue number on your conference room white board may help rally your team for growth, but it won't help you build a marketing strategy and plan. In fact, it can actually be a little intimidating. So how do achieve such a goal? How do you even start?

The best way to start is to break the revenue goal into smaller objectives by reverse engineering the sales and marketing process. Reverse engineering is exactly as it sounds. It's the process of working backwards from the conclusion to understand how that goal can be reached.

STEP ONE: SET CLEAR REVENUE GOALS

Setting achievable revenue targets and comprehending their sources is crucial. The first step is to determine the proportion of revenue that needs to come from new business as opposed to the existing customer base. Knowing this target number is the starting point to reverse engineering your marketing strategy.

STEP TWO: HOW MANY NEW CUSTOMERS NEED TO BE SIGNED?

To determine the number of new customers required to meet your revenue objective, divide the target for new business revenue by the average size of a new deal. This process will require some research into the closed deals in your CRM over the last few years. Throw out any outliers (i.e., unusually large or small deals) to determine the average revenue per deal.

STEP THREE: HOW MANY PROPOSALS NEED TO BE PRESENTED?

Use your team's average closing percentage to determine the number of proposals that will need to be presented. How many proposals did your team pitch to potential clients last year? What percentage of those proposals led to successfully closed deals? Often, sales teams tend to overestimate their closing percentages, so thorough research is essential. Again, employing a CRM tool can facilitate transparency and maintain a realistic metrics.

STEP FOUR: HOW MANY SALES QUALIFIED LEADS (SQLS) NEED BE GENERATED?

To answer this question, you first need to understand the percentage of Sales Qualified Leads (SQLs) that have historically received a proposal. Not every qualified sales opportunity is guaranteed to receive a one. There are various factors that can cause the sales process to stall (poor timing, decision-maker changes, budgets, etc.). Again, it's important to understand your team's historical percentages in order to determine how many SQLs need to be generated to achieve your revenue growth objective.

STEP FIVE: HOW MANY SALES LEADS NEED TO BE GENERATED?

It's important to understand that all sales leads aren't equal. Not everyone who "raises their hand" to demonstrate interest or a desire to learn more warrants the time and attention of your sales team. This becomes clear when you set clear criteria/definitions for lead types and track their conversion from one stage to the next (i.e., "Lead" to "MQL" to "SQL").

These definitions may help.

A "Lead" is any new contact that's generated who demonstrates some interest in what your company offers.

An "MQL" (Marketing Qualified Lead) is a "Lead" that fits your target persona criteria. This means they exhibit the characteristics (type of company, size of company, geography, level of decision-maker, etc.) that are similar to that of your current customer base.

A "SQL" (Sales Qualified Lead) is an "MQL" whose behavior or characteristics warrant the immediate attention of a salesperson (i.e., a decision-maker of a target account who views one of your recorded webinars).

Answering the questions outlined in the steps above and understanding the conversion ratios between each category will help you determine the quantity of the various lead types (Lead, MQL, and SQL) that will yield the number of proposals and closed deals required to drive your revenue goals.

With such clear objectives it will now make sense to plan the tactics and campaigns that will drive the required marketing output. Where will the new leads come from?

- The outbound prospecting of your team
- Referrals
- Brokers
- Networking events
- Email marketing
- Social media
- Digital ads
- Inbound marketing/website

This process of reverse engineering not only aids in setting attainable marketing objectives but also allows each aspect of the calculation to serve as ongoing key performance indicators (KPIs) throughout the year. By tracking and comparing your conversion rates against historical and benchmark data, you can continuously refine your marketing strategy and develop a pragmatic ROI model for future marketing investments. ■

DEAN MOOTHART

Director, Client Services
LeadG2 by The Center for Sales Strategy
Tampa, FL

PEOS SEE POSITIVE START TO 2024,
ANTICIPATE GROWTH AHEAD

The results of NAPEO's PEO Pulse Survey for the first quarter of 2024 show that PEOs continue to see revenue growth fueled by rising wages. The vast majority of survey respondents express optimism when thinking about the next twelve months. Eighty-nine percent of respondents anticipate the number of WSEs to increase over the next 12 months. Thank you to all PEOs who participated in the survey.

Here are some of the survey's highlights:

PEO REVENUE INCREASES

- 66% of PEOs report revenue increasing somewhat or significantly from the first quarter of 2023.
- Only 18% of PEOs report declining revenue.

WAGES REMAIN HIGH, INCREASES CONTINUE

- 54% of PEOs report that WSE wages increased.
- 36% report WSE wages stayed the same.

HIRING RESULTS MIXED

- 41% of PEOs indicated that the average number of WSEs per client remained the same.
- 41% of PEOs indicated that the average number of WSEs per client increased significantly or somewhat.
- 65% of PEOs indicated that the average number of internal employees stayed the same.

FINANCIAL FOOTING STRONG AND STABLE

- 56% of PEOs reported that gross profit increased either somewhat or significantly.
- Only 18% of PEO reported declining gross profit.
- 44% reported increases to operating income.
- 62% reported that the number of clients has increased; only 24% report declining client counts. ■

NAPEO QUARTERLY PULSE SURVEY—Q1 2024 RESULTS:

WSEs per Client **24**

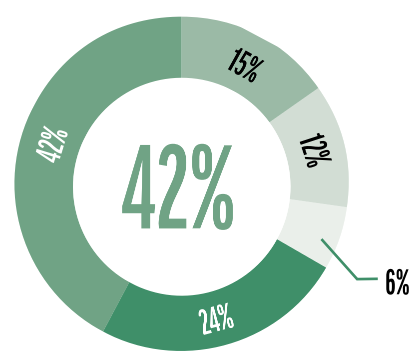
Clients per FTE* **8**

WSEs per FTE* **137**

HOW DID THE FIRST QUARTER OF 2024 COMPARE WITH THE FIRST QUARTER OF 2023?

PEO REVENUE

INCREASED SOMEWHAT



RESPONSE COUNT **33**

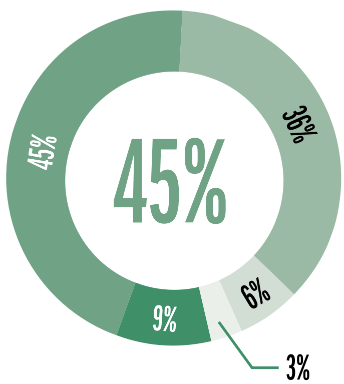
- Increased Significantly
- Increased Somewhat
- Stayed About the Same
- Decreased Somewhat
- Decreased Significantly

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

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 **rkomatrieddy@napeo.org**.

AVERAGE ANNUAL WAGE PER WORKSITE EMPLOYEE (WSE)

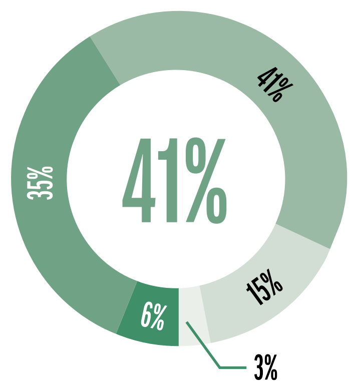
INCREASED SOMEWHAT



RESPONSE COUNT **33**

AVERAGE NUMBER OF WORKSITE EMPLOYEES (WSES) PER CLIENT COMPANY

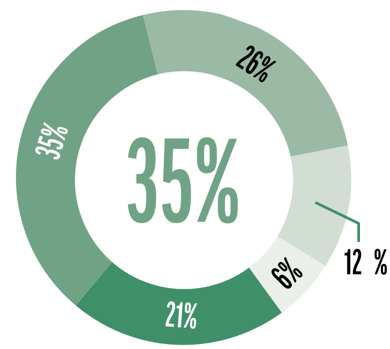
STAYED ABOUT THE SAME



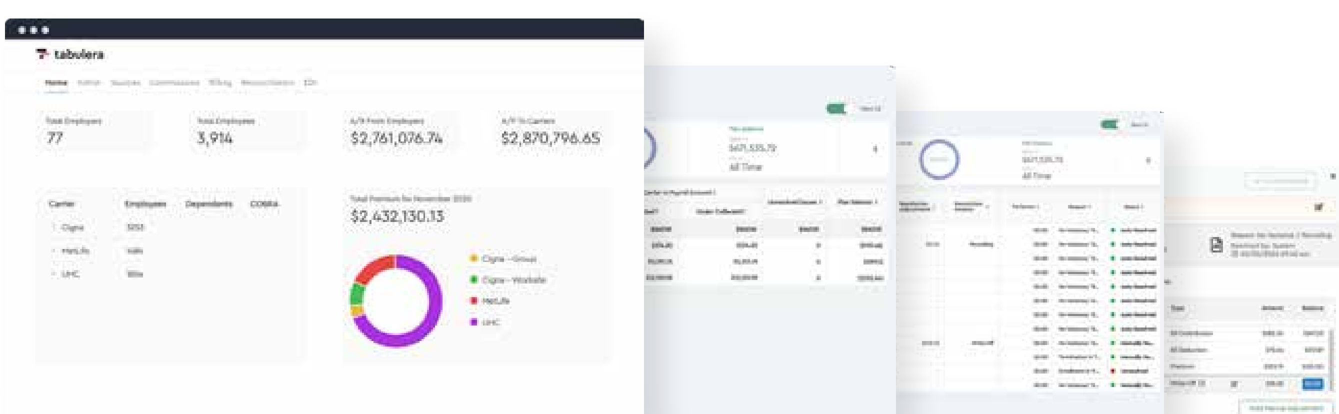
RESPONSE COUNT **34**

GROSS PROFIT

INCREASED SOMEWHAT

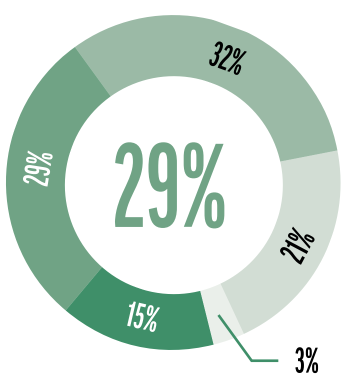


RESPONSE COUNT **34**



OPERATING INCOME

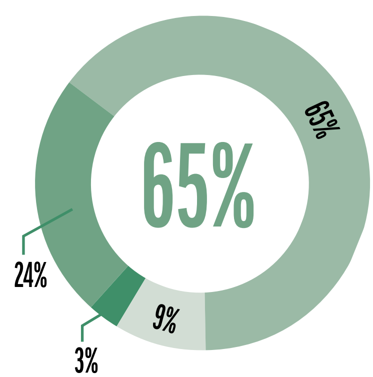
INCREASED SOMEWHAT



RESPONSE COUNT **34**

NUMBER OF INTERNAL EMPLOYEES (INCLUDING SALESPEOPLE)

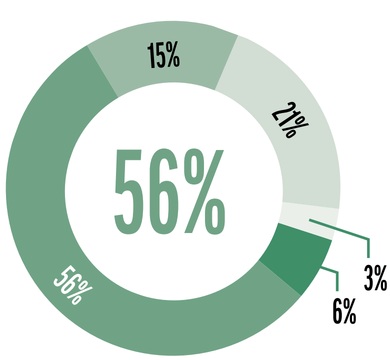
STAYED ABOUT THE SAME



RESPONSE COUNT **34**

NUMBER OF CLIENTS

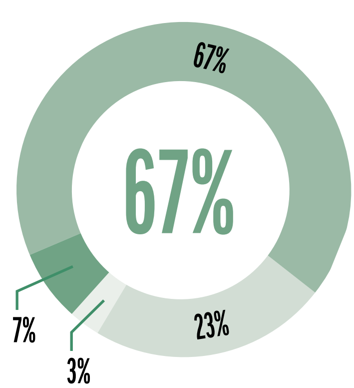
INCREASED SOMEWHAT



RESPONSE COUNT **34**

NUMBER OF WORKER'S COMPENSATION CLAIMS REPORTED TO CARRIER

STAYED ABOUT THE SAME

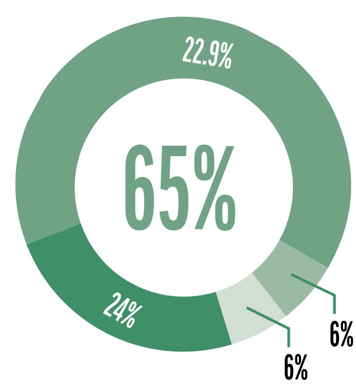


RESPONSE COUNT **30**

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

WSE PROJECTION

INCREASE SOMEWHAT



RESPONSE COUNT **34**

- Increased Significantly
- Increased Somewhat
- Stayed About the Same
- Decreased Somewhat
- Decreased Significantly

AD INDEX

Boldface type indicates NAPEO Medallion Partner

I HATE TO BREAK IT TO YOU, BUT YOU MIGHT BE A LOBBYIST

BY CASEY M. CLARK

I've spent a majority of my first six months as NAPEO's CEO on a road show of sorts. Visiting members, attending conferences, thanking sponsors and trying not to break anything. This kind of travel is expected, and predicted in most "so you're a CEO, now what" guides.

Despite everyone telling me about the quality of the people, the complexity of the industry and the commitment to our shared success, those are hard things to comprehend in the abstract.

After my first PEO Capitol Summit and National PEO Week, I get it.

If you've been to a NAPEO event this year, you've likely heard me share how impressed I am by the selfless community that drives this great industry. The commitment each and every person makes to raise the PEO industry tide is special, and I can tell you definitively that it really isn't like this everywhere.

This commitment was on full display throughout PEO Capitol Summit, but especially as we took to Capitol Hill. The energy and enthusiasm for engaging in representative government was encouraging and inspiring.

Collectively, more than 75 members took part in 65 meetings with policymakers and their staffs to discuss how we can work together to support businesses in every Congressional district. These productive meetings showed that our continued work to better define PEOs for those with the greatest ability to influence our business is working.

A common refrain echoed in the post-meeting buzz: they finally get it. We've been coming here for years, and for the first time we didn't have to explain what a PEO *is* before we could get to the substance of our conversation.

I don't know how many of our loyal *PEO Insider*® readers have gone through media training before, but this is the exact result you strive for. The fundamental lesson in the training is that your job isn't to answer questions, it is to deliver a message. Then repeat it. And again.

Deliver a message, consistently and repeatedly, until you're tired of saying it. Then say it a few hundred more times and the audience will start to hear it.

"They finally get it" because you've spent years showing up and showing out for the PEO industry. It didn't happen overnight, and it didn't happen organically. We've earned it. YOU'VE earned it.

Many of our industry colleagues told me how much they love having those meetings on the Hill. This doesn't have to be a once-a-year engagement. Your elected officials will spend more time at home this year than here in Washington. Go see them. Bring a client that can validate the message we're driving home: how your PEO helps their business and employees thrive.

The energy and enthusiasm for engaging in representative government was encouraging and inspiring.

We have to keep our foot on the gas to maintain this momentum.

Next year, Congress will consider the biggest tax package in our nation's history, and we will approach it from a position of strength because of this persistence, and I know it will pay off.

You're making a difference, but we're just getting started. ■

CASEY M. CLARK

President & CEO
NAPEO
Alexandria, VA

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