

# PEEO INSIDER®

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PROFESSIONAL EMPLOYER ORGANIZATIONS\*

THIS MONTH'S FOCUS

**SALES &  
MARKETING**

# 40

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CELEBRATES  
40 YEARS**

THE SOURCE FOR PEO EDUCATION\* 707 NORTH SAINT ASAPH STREET, ALEXANDRIA, VA 22314 [WWW.NAPEO.ORG](http://WWW.NAPEO.ORG)

VOL. 28 ISSUE 7

**SEP 24**

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NAPEO CELEBRATES 40 YEARS

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SEPTEMBER 2024



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# WHAT A YEAR!

BY STEVE POLITIS, ESQ.

**A**s I look back on my year as Chair of NAPEO's Board of Directors, I am filled with immense appreciation, pride, and gratitude. Our Annual Conference & Marketplace in Orlando is a testament to the vibrancy and continued potential of our industry. It is an incredible experience that highlights our progress and sets a reinforcing tone for the future.

It is hard to believe that my time as Chair has come to an end. I always heard the joke, or maybe better called the truth, from previous Chairs about the "Dead Chairpersons Club," and it looks like it is now my turn. I am genuinely excited for David, who will be taking over and will do an excellent job, as well as the strong pipeline behind him of Bill Maness and then Tara Conger. And let us not forget about the newly nominated board members. Their energy and vision will undoubtedly continue to drive NAPEO forward.

This past year was also the first for our President and CEO Casey Clark. From the moment we on the search committee met Casey, we knew we had something special there. Seeing him in action has only reinforced my confidence in his leadership. Casey's inaugural year has been marked by strategic initiatives and a steadfast commitment to our members and of course the NAPEO team. I feel extremely confident that NAPEO is in good hands under his leadership.

Throughout my term, several initiatives stood out as highlights. We launched

initiatives aimed at keeping former Chairs connected while enriching member engagement, deepening the reach into our membership, and looking to get fresh players into our industry all with the end game of enabling SMBs. The leadership retreat this past February was particularly impactful, fostering deep discussions on the initiatives by incorporating fresh and innovative ideas. These balances are essential for sustaining our momentum and adapting to evolving industry dynamics.

I also want to reacknowledge the importance of the formation of the advisory group composed of former board chairs. The initiative is designed to harness the insights and expertise of past leaders by keeping them updated on core association issues and events. This will ensure that their wisdom continues to benefit NAPEO while not minimizing current leadership or preventing new people from getting involved or sharing their thoughts.

Inclusion has been a focal point of our efforts this past year. We recognized the need for benchmarking research to understand the state of diversity within our industry and then the obstacles we need to overcome for broader participation. Improving educational outreach about the PEO industry is vital for attracting diverse talent and enhancing overall industry awareness. This initiative will make us all better as individuals and companies and ensure we are serving and giving back to the people and markets we should be.

I would be remiss if I did not mention the impact that M&A is having and will continue to have on our industry and NAPEO specifically. M&A evidences the broad belief in our industry's continued viability and displays the greatness we all created. With that said, we do need to address the effect on NAPEO's dues as they are currently calculated. If we want to keep NAPEO growing and being a big contributor to our success, no matter the size of your PEO, then we must tackle the topic none of us like to discuss—dues. It is clear, at least to this author, that the current model is unsustainable, necessitating change that will need to be continually updated as the industry evolves over future years.

In closing, I extend my heartfelt thanks to the board members and membership for their dedication and support. Your collaboration and commitment have made this year a success. Though my term as Chair is ending, I will continue to serve on the Board as Immediate Past Chair for the next year and remain available to anyone who needs assistance over that year or years to come when I am part of that Dead Chairperson's Club!

Thank you all for a remarkable year. Here is to our continued growth and success.

Warmest of regards,  
Steve ■



**STEVE POLITIS, ESQ.**

2023-2024 NAPEO Chair  
CEO  
Alcott HR

## WORKFORCE

### SURVEY SHOWS HR LEADERS TOP CONCERNS

Grant Thornton recently released the firm's HR Leaders survey, which polled over 600 HR leaders and professionals, revealing that employee retention and attraction are key concerns over the next 12 months. The survey's key findings include:

- Over 70% of respondents identified employee retention and attraction as key concerns.
- 79% said improving the employee experience is of high importance.
- 77% said they have an AI strategy in place.
- 78% expect their HR functions to be modernized, while 83% anticipate updating their HR operating model within the next year.

## KUDOS

### PAYCHEX NAMED TO TIME'S LIST OF AMERICA'S BEST COMPANIES

NAPEO member Paychex recently announced that it has been included on TIME's inaugural list of America's Best Midsize Companies. The company ranked 29th out of 500 organizations for the strength of its company culture, business results, and corporate responsibility efforts. "It is an honor to be considered by TIME as one of America's best midsize companies," said Paychex President and CEO John Gibson. "We remain focused on our purpose of helping businesses succeed and are committed to being the best operators in our industry. In doing so, we continue to deliver value to our customers, investors, and the communities where our more than 16,000 employees live and work. An achievement such as this recognition would not be possible without the hard work and dedication our employees give each day that helps drive our organization."

## NAPEO PAC

### NAPEO CEO CASEY CLARK ATTENDS REP. SUZAN DELBENE FUNDRAISING RETREAT



NAPEO CEO Casey Clark with Rep. DelBene (center) and his wife Liz.

In late July NAPEO President & CEO Casey Clark attended a fundraising retreat hosted by Rep. Suzan DelBene (D-WA). In addition to being a member of the House Ways and Means Committee, Rep. DelBene is also chair of the Democratic Congressional Campaign Committee, which is responsible for electing Democrats to the House of Representatives. As part of NAPEO PAC's strategy to maintain a bipartisan balance in our PAC donations, we sponsored two fundraising series – one for each side of the aisle – for members of the House Ways and Means Committee. For Democrats, we sponsored Rep. DelBene's series. In total, she hosted seven events with Democratic members of the committee. NAPEO was the only organization to attend every single event in the series. You can learn more about how to get involved with NAPEO PAC at [www.napeo.org/pac](http://www.napeo.org/pac).



LEADERSHIP

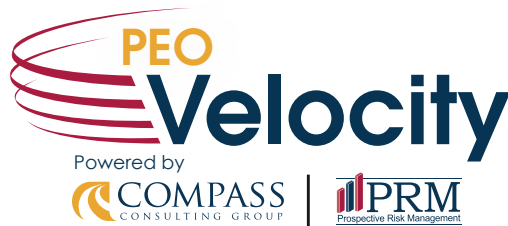
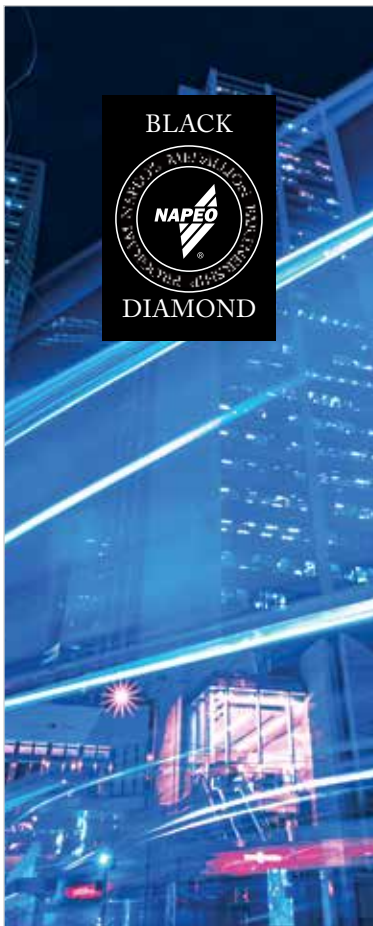
# FIMC NAMES STEVE OTT AS VICE PRESIDENT OF STRATEGIC PARTNERSHIPS

NAPEO associate member FIMC recently announced that Steve Ott has joined the organization as it expands its distribution capabilities into the worksite space, specifically through partnerships with PEOs. Steve brings a wealth of experience in business development and sales, having previously led such efforts at Payroll Funding Company. “We’re thrilled to have Steve on our team,” said Brian Williams, CEO of FIMC. “Steve’s impressive sales experience, domain expertise in the worksite space, extensive relationships, and can-do attitude are a perfect accompaniment to FIMC as we bring new and consumer-focused solutions such as Commute Guard to market.”

CONGRATULATIONS

# INSPERITY NAMED ONE OF THE BEST WORKPLACES FOR MILLENNIALS

NAPEO member Insperty was recently named to Fortune's list of the best workplaces for millennials, ranking 28th on the list. Produced by Fortune magazine with global research and analytics firm Great Place to Work, the list is based on survey responses of nearly 510,000 millennials at companies that employ more than 82 million nationwide. Congratulations!



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### NICE WORK

## EXTENSISHR CERTIFIED AS A MOST LOVED WORKPLACE®

NAPEO member Extensishr announced recently that it has achieved the Most Loved Workplace® certification, following rigorous research and analysis conducted by the Best Practice Institute. This award honors companies where employees are the happiest and most engaged, and is based on employee feedback measuring aspects of satisfaction such as work-life balance and growth opportunities. "Receiving the Most Loved Workplace® certification is a proud moment for us, as it acknowledges the incredible environment we strive to maintain at Extensishr," said David Pearson, the company's SVP of people and culture. "This achievement highlights our continuous efforts to support our employees' professional and personal growth and ensure they have the tools and resources they need to thrive."

### M&A

## G&A PARTNERS ACQUIRES MANAGEMENT SOLUTIONS

NAPEO member G&A Partners announced recently its acquisition of Management Solutions Inc., a PEO based in Denver, Colorado. Management Solutions has been providing comprehensive human resources management services to fellow Colorado businesses since 2014. "Management Solutions represents our fifth acquisition in the growing Colorado market," said G&A president and CEO John W. Allen. "Together, we now serve over 378 clients and 9,190 worksite employees from our Denver office. 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."



### LCF

# JOIN US AT A LEADERSHIP COUNCIL FORUM NEAR YOU

Are you looking to get connected with NAPEO without traveling too far from home? Consider attending one of NAPEO's Leadership Council Forums in your area! These forums offer a fantastic opportunity to connect with PEO colleagues, stay updated on the latest legislative and regulatory changes, and discuss key industry issues. Check out our 2024 remaining LCF schedule:

- Oregon/Washington/Alaska - Thursday, September 26 (Salem, OR)
- New York/New Jersey/New England - Wednesday, October 9 (New York, NY)
- Mid-South - Tuesday, October 15 (New Orleans, LA)
- Texas - Wednesday, November 6 - Thursday, November 7 (Austin, TX)

Each gathering features a panel of prominent regional industry speakers, as well as time to network and catch up with your colleagues. LCFs are always a mix of business and fun! Be on the lookout for emails and social media posts for the most up-to-date LCF information. We look forward to seeing you on our cross-country tour over the coming months. If you have any questions about our upcoming LCFs, please reach out to Blake Waravdekar, NAPEO's Events Manager, [bwaravdekar@napeo.org](mailto:bwaravdekar@napeo.org) and visit [www.napeo.org/lcf](http://www.napeo.org/lcf).

GOVERNMENT AFFAIRS

# OHIO GOVERNOR SIGNS BILL CODIFYING PEOS' ABILITY TO OFFER LARGE GROUP HEALTH PLANS

Ohio Gov. Mike DeWine (R) has signed into law a NAPEO-sponsored bill codifying a PEO's ability to offer large group health plans. The bill, SB 175, takes effect October 22, 2024. It includes language clarifying that a fully insured welfare benefit plan offered to the covered employees of a PEO is a single employer welfare benefit plan, and that all shared employees under that PEO arrangement will be treated as employees of the PEO for purposes of determining what rules apply to a PEO's insured health arrangement.

M&A

## VENSURE EMPLOYER SERVICES ACQUIRES TANDEMHR

NAPEO member Vensure Employer Solutions announced recently its acquisition of Westchester, IL-based Tandem HR, also a NAPEO member. Tandem HR marks Vensure's 79th acquisition in six years, and one of its largest in the PEO space. "We're thrilled to welcome Tandem HR into Vensure's wide array of brands," said Alex Campos, CEO of Vensure Employer Solutions. "Their growth mentality matches our own, built on exceptional client service, leading-edge technology, and a focus on SMB success through a complete portfolio of services that lets business owners focus on what they do best." ■

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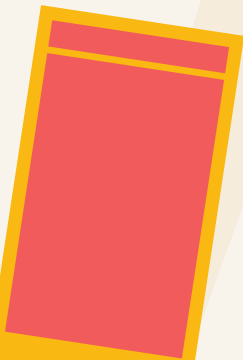






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# THE DIGITAL REVOLUTION: HOW PEOs CAN FUTURE-PROOF THEIR GROWTH AND MARKETING

BY RAJESH GURUMOORTHY

W

e live in a tech era where digital marketing is the fastest way for businesses to reach their target audience. 56% of organizations are changing their business models to capitalize on digital opportunities<sup>1</sup>. How can PEOs capitalize on digital marketing?

In the ever-evolving PEO industry, staying ahead of the curve isn't just about providing top-tier HR services; it's also about leveraging digital marketing strategies to enhance brand visibility. Traditionally, PEOs relied on word-of-mouth referrals and PEO brokers for lead generation. While these methods still hold value, their reach could be limited.

As we step into the future, the symbiotic relationship between PEOs and digital marketing will become stronger. Digital platforms are reshaping the way professional employer organizations operate, connect with clients, and expand their reach.

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As we step into the future, the symbiotic relationship between PEOs and digital marketing will become stronger. Digital platforms are reshaping the way professional employer organizations operate, connect with clients, and expand their reach.



## THE POWER OF TARGETED OUTREACH

According to a study by McKinsey, firms with a strong digital presence experience 53% faster revenue growth than those solely reliant on traditional marketing methods<sup>2</sup>. While traditional lead-generation methods have served PEOs well in the past, they can be expensive and time-consuming.

Digital marketing equips PEOs with the power of targeted outreach. This assists them in reaching quality leads that match their ideal customer profiles. For instance, AI-enabled lead generation platforms can connect small businesses in a specific industry to PEOs whose services are tailored to their industries. These solutions can also generate instant quotes that speed up the client's decision-making process and provide PEOs with a competitive advantage.

With targeted outreach, PEOs can:

**Increase ROI:** Since PEOs will be focusing on qualified leads, the conversion rate will be higher and they can increase their return on investment.

**Analyze Online Behavior Patterns:** Using email clickthrough rates, website traffic, social media analytics, and other metrics, PEOs can understand their prospects better.

**Personalize content:** PEOs can create personalized messages tailored to their prospects and choose the most effective platform to reach out to them.

## BEYOND LEAD GENERATION: BUILDING RELATIONSHIPS

With digitization, marketing has evolved from a product/service-focused approach

to a customer-focused approach.

Businesses need to go beyond generating leads and focus on nurturing relationships with potential clients.

What can PEOs do to build trust with their prospects?

The answer is quite simple. They should use digital marketing to empathize with their target audience and create a holistic marketing plan.

Since the PEO industry thrives on relationships with small businesses, they should focus on establishing trust and addressing the specific pain points of SMBs. Digital marketing is the key to achieving this goal.

PEOs can strengthen their relationship with their target audience through these tools:

**Email Marketing:** Personalized email campaigns help PEOs connect with potential clients. They can share personalized marketing messages and nurture leads throughout the sales funnel.

**Marketing Automation:** Automating repetitive tasks like email sequences and social media posting frees up PEOs' resources to focus on personalized interactions and client relationships.

### Customer Relationship Management (CRM) Systems:

With CRMs, PEOs can centralize client information, track interactions, and personalize their approach to each client's specific needs.

## DATA-DRIVEN DECISION MAKING

In today's dynamic business environment, data is more than just numbers; it's a gold mine of actionable insights waiting to be

unlocked. PEOs that harness the power of data analytics gain an edge over their competitors. They can understand client behavior, measure campaign effectiveness, and identify emerging trends with the help of data. With tools like Google Analytics and CRM platforms, PEOs can make informed decisions, refine their marketing strategies, and maximize ROI.

## EMBRACING INNOVATION IS THE WAY AHEAD

AI, big data, machine learning, and other tech innovations are revolutionizing businesses across all industries—the PEO industry is no exception.

From AI-powered chatbots to digitized lead generation, innovation is essential for a PEO to become an industry leader. Digital marketing is a key factor in shaping the future of the PEO industry. By embracing digital transformation and harnessing the power of targeted messaging, PEOs can unlock new growth opportunities.

The future belongs to PEOs who are agile in adapting to emerging digital technologies. Integrating AI and other innovations into their operations will ensure the sustainable growth of a PEO in a constantly evolving business landscape. ■

<sup>1</sup> <https://www.simplilearn.com/digital-marketing-stats-article>

<sup>2</sup> <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/how-digital-marketing-operations-can-transform-business>



**RAJESH GURUMOORTHY**

Founder  
InsureComp, Inc. & Affinity  
Group PEO Solutions  
Phoenix, AZ

# HOW PEOs CAN RECALIBRATE FOR THE CHANGING CONSUMER LANDSCAPE

BY HEATHER KEEFER SAULSBURY

The professional employer organization (PEO) industry began decades ago, and the need for it continues to grow. It isn't hard to see why – businesses that partner with a PEO are 50% less likely to go out of business than those that don't, and they grow 7% to 9% faster.

Although there are over 500 PEOs in the U.S. assisting more than 200,000 small businesses, the landscape has changed. Changes in human resources, labor laws, job-searching processes, technology and talent demand have all impacted how PEOs provide solutions and help employer clients.

However, businesses turn to PEOs for largely the same reasons they always have – to access more value and harness better solutions.

To be successful, consider learning how the demands for PEOs have both changed and stayed the same.

## BIG CHANGES IN THE PEO INDUSTRY

Every industry goes through ups and downs along with the general consumer market and economy. Human resources professionals must understand these shifts and how employees are responding, while also navigating budgetary priorities and ways employers can save.

Here are a few major PEO changes and trends to pay attention to.

### Pandemic Residue

Employers are still making moves in how their employees work and dealing with pandemic aftermath. Starting in 2020, there was a mass shift in how and where people worked, and a large portion of the global workforce is either hybrid or remote. Organizations and employees



Human resources teams have more options for tech than ever. PEOs are well-positioned to provide expertise on the best platforms to integrate, and to emphasize the benefits of a digital approach to operations.

alike have found that remote working can save on costs, improve efficiency and increase employee satisfaction. But the change also impacts multistate regulations and taxes and brings the potential to hire a global workforce.

### Increasing Employee Demands

Because of these shifts to hybrid or remote work, employees want their employer to offer more flexibility options. Many people reevaluated their personal and career goals during the pandemic, and that means they're largely in search of more fulfilling work. Employees want to work for an employer that is environmentally conscious, involved in the community and supportive to workers. Benefits packages must be competitive to provide the support employees now demand.

### Technology Integrations

Human resources teams have more options for tech than ever. Automation, AI, machine learning and data analytics have all been changing the way people work and increasing the amount of information available to them. PEOs are well-positioned to provide expertise on the best platforms to integrate, and to emphasize the benefits of a digital approach to operations.

### HOW PEOs PREPARE FOR THE FUTURE

One key area you may not associate with human resources is marketing. But the two are closely connected.

PEOs today need to carefully define their niche. They need to know their ideal client and what their needs and pain points are. Ask yourself what you do best as a PEO. How are you different from competitors? What essential thing do you do that no one else does?

Once you identify your niche and your value proposition, you can begin to target growth in those areas. This takes recalibrating your marketing – you may need to alter your strategy to better reach and serve your niche.

For example, not all businesses are fully remote. Some still require employees to work in person, whether for logistical reasons or to align with company values. If this type of business is your niche, consider how you can emphasize support for in-office, traditional teams.

Another key area is identifying the source of referral business. Are you getting clients from benefit agencies? PEO brokers? Financial professionals? Direct from the business owner?

When recalibrating, think of ways to target solutions that speak to these referral sources, too.

### HOW PEOs AND CONSUMER DEMAND HAVEN'T CHANGED

What we know for certain is that employers have always turned to PEOs to access better employee benefits and streamline administration. The benefits of doing so are many:

- Accessing and affording benefits that are usually reserved for large companies
- Outsourcing non-revenue-generating human capital support
- Freeing up time for business owners to focus on core strategy and operations
- Gaining security and peace of mind that compliance and insurance concerns are taken care of
- Accessing the latest technologies and software applications
- Receiving comprehensive human resources support

In general, these advantages haven't changed, even while demand for benefits, working arrangements or available tools have.

### WORKING WITH A PEO

One of the most convincing reasons to work with a PEO is that everything is always changing in employment and human resources. That will never cease to be true. Lately, with shifts to remote work, new technologies and greater consumer demand on employers, it's never been a better time for employers to find the right PEO partnership. ■



**HEATHER KEEFER SAULSBURY**

*Executive Vice President  
PrestigePEO  
Sunrise, FL*





# NAVIGATING

## THE TIGHTROPE

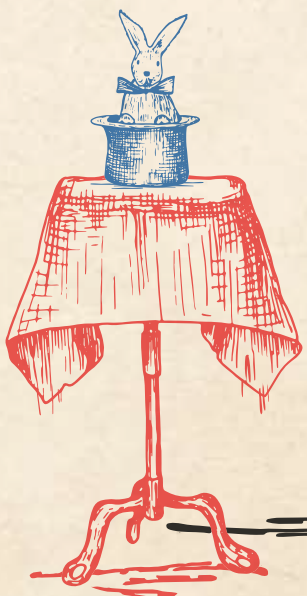
### CLIENT

### EXPERI



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# ON THE SAME PAGE: ALIGNING PEO SALES AND MARKETING TEAMS

BY SAMANTHA REYNOLDS

**I**n the competitive landscape of PEO sales, the alignment of marketing and sales initiatives is an incredible strategic advantage. This alignment is even more crucial when targeting small business owners, who often have limited resources and high expectations.

Our economy is built on small businesses which make major contributions to innovation and employment creation, but running these businesses is difficult and incredibly isolating at times. These organizations operate in a highly competitive and volatile setting where every choice has a significant impact on success or failure.

For these individuals, working with a PEO is about creating enduring partnerships that promote growth and sustainability rather than merely short-term fixes for problems. Sales and marketing teams have the difficult challenge of overcoming objections and sharing the compelling story of how PEOs can help grow small businesses.

## UNDERSTANDING EACH DISTINCT ROLE

Marketing serves as the bridge between PEOs and small business owners. It's not just about promoting PEO services; it's about educating small business leaders and crafting compelling stories that resonate with their needs and aspirations. Effective marketing targeted at small businesses involves several components:

**Targeted Messaging:** Understanding small businesses' unique challenges and goals allows marketers to tailor their messaging to address specific pain points and offer relevant solutions.

**Educational Content:** Small business owners often seek guidance and insights to navigate complex issues. Providing valuable content through blogs, webinars, and downloadable resources establishes credibility and positions the PEO as a trusted advisor.

**Brand and PEO Awareness:** Marketing efforts focus on increasing industry and brand awareness through traditional marketing, social media, and industry events.

**Lead Generation:** Generating high-quality leads is essential for sustained growth. Marketing strategies should incorporate lead-generation tactics such as email campaigns, SEO optimization, and targeted advertising to attract potential clients.

While marketing lays the groundwork, the sales function converts leads into loyal clients. For PEOs targeting small businesses, sales teams play a pivotal role in several ways:

**Building Relationships:** Small business owners value personal connections and trust when engaging with service providers. Sales representatives act as ambassadors, nurturing relationships







While marketing and sales serve distinct functions, their objectives are essentially the same: to attract, engage, and retain clients. When these functions operate in silos, it can lead to inefficiencies, missed opportunities, and, ultimately, poor client experience.



ILLUSTRATION ©ADOBESTOCK/BAYU, MILANA, AIRMEL

through personalized interactions and understanding the client's unique needs.

**Consultative Selling:** Unlike transactional sales, selling PEO solutions requires a consultative approach. Sales professionals must demonstrate expertise, listen attentively to client concerns, and propose tailored solutions that add value.

**Overcoming Objections:** Small business owners often have reservations about investing in PEO due to a lack of knowledge, budget constraints, or perceived risks. Sales teams must address these objections proactively, highlighting the long-term benefits and ROI of partnering with the PEO.

**Closing Deals:** Closing deals in the PEO space requires finesse and persistence. Sales professionals are skilled at communicating the value proposition and setting appropriate expectations to secure mutually beneficial agreements.

### WHY ALIGNMENT MATTERS

While marketing and sales serve distinct functions, their objectives are essentially the same: to attract, engage, and retain clients. When these functions operate in silos, it can lead to inefficiencies, missed opportunities, and, ultimately, poor client experience. Here's why alignment is crucial:

**Consistent Messaging:** When the marketing and sales teams are aligned, they deliver a consistent message across all touch-points, reinforcing the PEO's value proposition and enhancing brand perception.

**Seamless Customer Journey:** A seamless customer journey, from initial contact to post-sales support, is essential for small business owners. Alignment ensures that transitions between marketing and sales are smooth, fostering trust and confidence in the PEO.

**Data-driven Insights:** By sharing data and insights learned from customers, marketing and sales teams gain a more complete understanding of client behavior and preferences. This allows the PEO to refine strategies, optimize campaigns, and identify new growth opportunities.

**Accountability and Collaboration:** Alignment fosters a culture of accountability and collaboration, where both teams are mutually invested in achieving common goals. This leads to better





coordination, shared successes, and a stronger sense of collective achievement.

**BEST PRACTICES**

Achieving alignment between marketing and sales requires a concerted effort and a commitment to collaboration. Here are some best practices:

**Mutual Respect Between Leaders:** Leaders of these two teams must set a good example for the rest of the employees. The marketing and sales leaders must demonstrate mutual respect for one another as leaders and for each department’s contribution toward closed deals. When one team undermines the other,

— — — — —  
**The marketing and sales leaders must demonstrate mutual respect for one another as leaders and for each department’s contribution toward closed deals. When one team undermines the other, especially from a leadership perspective, this can lead to mistrust.**

especially from a leadership perspective, this can lead to mistrust.

**Shared Goals and KPIs:** Establish shared goals and key performance indicators (KPIs) that reflect both marketing and sales objectives. This ensures that both teams are working towards common outcomes and reinforces a sense of shared responsibility. Some examples are:

- Revenue
- Target number of new worksite employees
- Target number of new clients

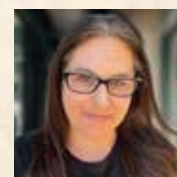
**Regularly Scheduled Meetings:** Schedule regular meetings or check-ins with the marketing and sales teams to align objectives, discuss campaign performance, and share insights from client interactions.

- **How often?** I recommend that the marketing and sales leaders meet weekly or bi-weekly and then the combined teams meet at least monthly to touch base on current initiatives and challenges. It can also be helpful to hold quarterly brainstorming sessions where sales and marketing can share their ideas for the other department.
- **Have an agenda.** The Marketing and sales teams are busy. Time spent in meetings is time not spent selling. No matter how often you meet, ensure you have a clear agenda to make the best use of everyone’s time.

**Opportunities for Training and Development:** Provide ongoing training and development opportunities for both marketing and sales teams to enhance their skills and understanding of each other’s roles.

- **Job shadowing.** Marketing can learn about the sales process and buyers by listening to recorded sales calls or joining in sales meetings. This can help develop ideas for sales enablement resources and public-facing content.
- **Sharing best practices.** Marketing should share best practices for social media and email outreach with the sales team. Marketing teams are skilled at crafting compelling messages. Sharing these ideas with the sales team can help them be more effective in their prospecting and sales efforts.

For PEOs targeting small business owners, marketing and sales alignment is critical as it ensures a cohesive and compelling buyer experience from initial engagement to long-term partnership. By embracing collaboration, communication, and shared objectives, PEOs can unlock new opportunities, drive growth, and become indispensable partners to the small business community. ■



**SAMANTHA REYNOLDS**  
 Director of Marketing & Communications  
 Helpside  
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# WATCH YOUR LANGUAGE

BY CLAY KELLEY, SHRM-SCP

**G**rowing up, my father had a few “choice” words that he used from time to time that would prompt my mother to respond with; “Bill, watch your language!” Of course, wanting to be like my father, I used those same words, which would prompt my mother to say; “son, watch your language!” and she usually added a swat to my backside.

My ninth grade speech teacher, Jan Rash (I am still in touch with Jan and her husband Dan Rash, my two favorite educators of all my years...to this day), a lady who never once raised her voice, taught her students that “it is the responsibility of the communicator to choose their words, their tone of voice, timing and body language effectively so the person(s) receiving the message would clearly process the message.”

## A LIFE CHANGING CONVERSATION

Make no mistake, this author is an authority on communicating...check that....an authority on putting his foot in his mouth. I can humbly admit now...that I used to: Be a loud talker to gain attention; interrupt people to insert my own story out of ego; talk a lot because I

thought people were hanging on every word; and, have a bigger fish story or a more exciting story to one up the other person in the conversation.

Then it happened. Truly one of the greatest gifts I have ever received. A very close and respected friend told me that he didn't want to have any further conversations with me. Ouch!

“If you are going to handle both sides of the conversation, why do I need to speak?” He told me what I was doing was not drawing people to me, but repelling them. Thinking back, 25 plus years, in reality, he wanted his friend to be a more authentic person. He called me on it, out of true friendship to help change my behavior. Hard to hear...but life changing. Thank you, Gary!

Just so you know, this is a constant work in progress.

Here are 7 recommendations for having better communications to gain deeper, authentic relationships and more client relationships along the way.

### **One: It's not about you.**

Being truly and authentically inquisitive about others is the best trait a successful communicator can have. Learn to love hearing people's stories about themselves,



because everyone has a story. Make the communication about you and you will lose people.

### **Two: Talk less.**

There is too much talk in the world as it is. A great rule of thumb is the power of 3s. Three statements about your company: the advantage of using your company,



Being truly and authentically inquisitive about others is the best trait a successful communicator can have. Learn to love hearing people's stories about themselves, because everyone has a story.





why they should outsource, and a particular advantage or characteristic of your service or 30 seconds, whichever comes first. Followed by an affirming question such as “does that make sense?”

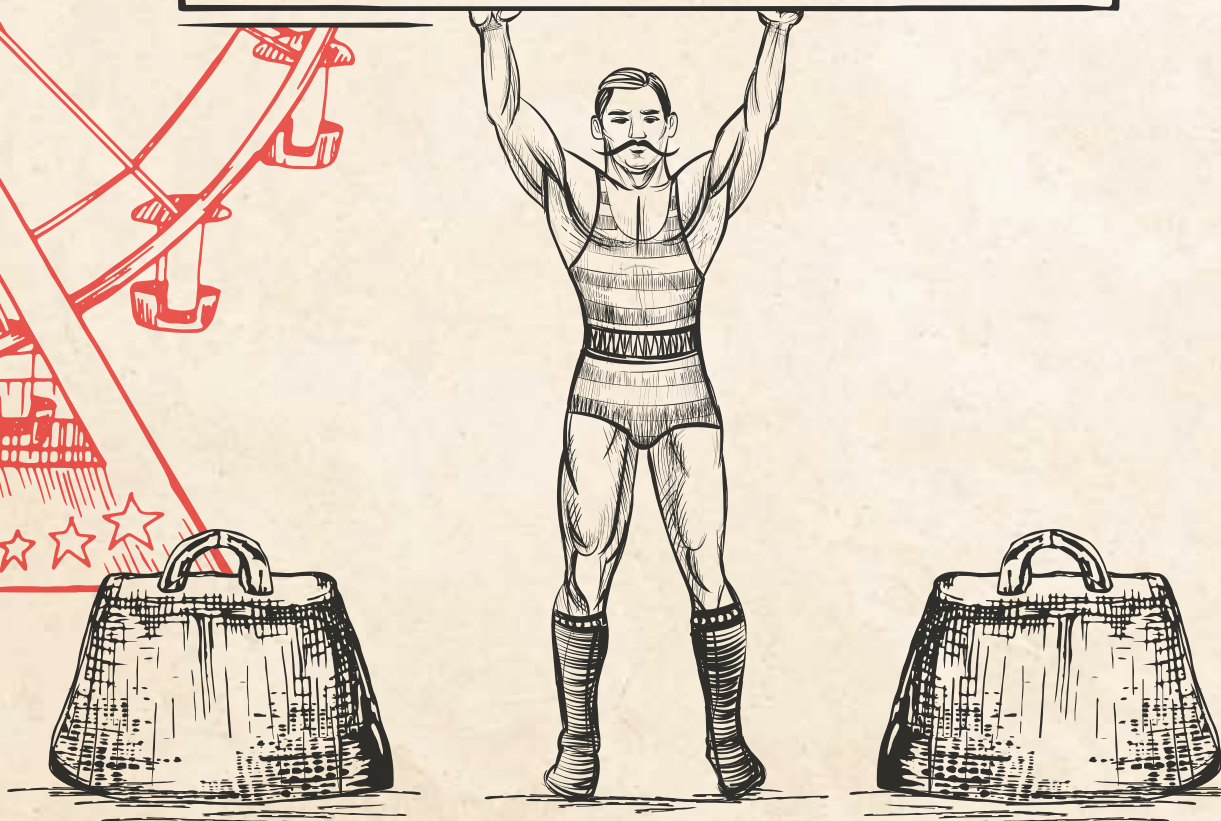
Invite someone from your company to join your next meeting and ask them to monitor how long you speak to a prospect without asking a question.

**Three: Ask a question and wait for an answer.**

In other words...SHUT UP!

A brilliant composer once said, “it is the silence between the notes that makes the music”. Weak salespeople can’t stand silence. Too many salespeople ask a question, answer their own

Simply listen, and sincerely support the person(s) in the conversation. Challenge yourself to ask authentic questions that further the conversation as opposed to talking about yourself at all.





question and then ask more questions without getting the prospect's answer to their first question. You can't discover the needs of your prospects if you don't ask great questions and actively listen for their response.

Ask a question, and wait for an answer, affirm or ask another question. Silence is golden.

**Four: Refrain from finishing other people's sentences or the need to affirm another person's statement.**

The next time you attend a business or social gathering, watch and listen for people who finish other people's sentences. Watch the body language of the person who was interrupted. Does the person who finished the sentence gain rapport with the person they interrupted? Not likely. Simply listen, and sincerely support the person(s) in the conversation. Challenge yourself to ask authentic questions that further the conversation as opposed to talking about yourself at all. You will be amazed at the results. This is something that you can practice. Remember, your goal is focusing on others rather than focusing on or drawing attention to yourself. Do your best to refrain from interrupting and inserting your own experience or making statements such as: I know what you mean, or, that happened to me too.

**Five: Speak softer.**

I don't know who said it, but it's a great reminder; "the loudest person in the room is usually the weakest."

It's pretty cool when you experience this. During the next conversation you are having, in mid-sentence, when appropriate, lower the volume of your voice. People will draw closer to hear what you are saying (unless you have violated recommendations 1 - 4 above).

**Six: Avoid using weak words.**

If you want to instill confidence in your audience, a client or your kids, avoid using weak or insincere words like the ones below.

WEAK, INSECURE WORDS	STRONGER, ALTERNATIVE WORDS
Try	Strive
Might	Will
Kind of	Rather
Maybe	Definitely, perhaps
A few	Any, many

**Seven: When possible, avoid the use of the pronoun "I."**

This can be difficult. Opt for "we", "our", or "our team". Especially in written communications. Attempt...not try (weak word) to put the focus on the other person. Instead of saying "I want" replace it with "you gain..."

Put all of these recommendations into practice...they do indeed take practice. Watch your language and you will be amazed at your ability to build a greater level of rapport and authentic relationships. ■



**CLAY KELLEY, SHRM-SCP**

Chief Revenue Officer  
Stratus HR  
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# MARKET EVOLUTION

## 3 EMERGING SALES AND MARKETING TRENDS FOR PEOs

BY DEAN MOOTHART

**T**he B2B sales and marketing landscape evolves constantly, influenced by technological advancements, shifts in buyer behavior, and the need for personalized communication. For PEOs, adopting innovative sales and marketing strategies is crucial to drive growth and maintaining a competitive edge. Outlined below are three B2B sales and marketing emerging trends that high-growth PEOs are leveraging: podcasting, sales playbooks, and omni-channel integration. Each trend not only enhances

communication and engagement with prospects, but also significantly impacts top-line revenue growth.

### PODCASTING: ENGAGING CLIENTS THROUGH AUDIO CONTENT

Podcasting has surged in popularity over the last few years, emerging as a powerful medium for B2B communication. For PEOs, utilizing podcasts offers a unique opportunity to connect with potential clients and showcase expertise in HR management, compliance, and employee benefits. Podcasts can serve as a platform

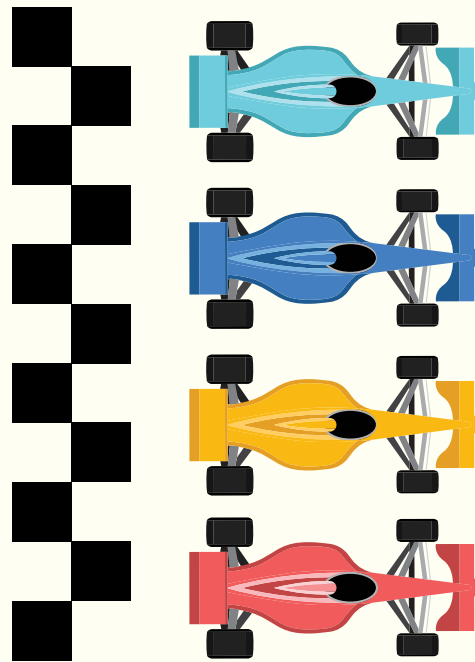
for discussing industry trends, sharing case studies, and providing valuable insights that resonate with target business leaders.

### Benefits of Podcasting for PEOs

1. **Audience Engagement:** According to the latest data, there are 464.7 million podcast listeners worldwide, equating to 22% of all internet users. Podcasts offer a more personal and authentic connection with the audience, making them feel like they're having a casual conversation.



# Winning Position



This personal touch can be particularly effective in building relationships with potential clients.

2. **Broader Reach:** With just a few clicks, podcasts can reach a global audience. This broad reach is invaluable for PEOs looking to expand their market presence.
3. **Credibility and Expertise:** Launching a podcast can help PEOs establish themselves as experts in their field. By sharing insights and expertise, they can more quickly build trust with their audience, which is crucial in the early stages of the sales process.
4. **Building Authority and Trust:** High-quality podcast content can position PEOs as thought leaders in HR and employee benefits. This authoritative presence attracts potential clients and instills

confidence in current clients, enhancing client retention. When businesses see a PEO as a trusted advisor, they are more likely to seek out their expertise when HR related issues arise in their businesses.

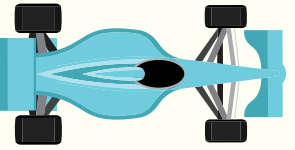
5. **Targeted Marketing and Outreach:** Podcasts allow PEOs to tailor their content to specific audiences, addressing unique challenges faced by different industries or business sizes. This targeted approach ensures that potential clients receive relevant information, leading to higher conversion rates, and more robust sales pipelines.
6. **Creating a Community:** Just one podcast can be cut up into several shorter snippets that can easily be shared on social media, included in 1-to-many email campaigns, and

1-to-1 prospecting emails. This helps build an audience. Further, a sense of community among listeners can be fostered through online comments, social media discussions, and listener questions. By building a loyal audience, PEOs can create a network of potential referrals and leads, further driving revenue growth.

7. **Staying Current:** By launching a podcast, PEOs can demonstrate their commitment to staying current with marketing trends and technologies, positioning themselves as innovative leaders in their industry.

## SALES PLAYBOOKS: STREAMLINING THE SALES PROCESS

Sales playbooks are structured documents or digital platforms that provide sales teams with guidelines, strategies,



and resources to effectively engage with prospects and close deals. Each sales play in a sales playbook can be designed to help salespeople identify the “shortest route to revenue” for unique scenarios often encountered throughout the sales process. Implementing a sales playbook can take the sales process best practices out of the heads and laptops of your seasoned salespeople and make them scalable and repeatable across the entire team.

**Benefits of Sales Playbooks for PEOs**

1. **Consistency and Efficiency:** A well-designed sales playbook ensures that all sales team members follow a consistent approach, leading to more effective sales conversations. Consistency in messaging and strategy helps build a cohesive brand image, making it easier for potential clients to understand the value proposition of the PEO and makes it for potential clients to trust their perspective.
2. **Training and Development:** Sales playbooks serve as valuable training resources for new sales representatives, reducing the time required for onboarding. By providing a comprehensive overview of products, services, and effective sales techniques, PEOs can empower their sales teams to engage more confidently with clients quicker, thereby increasing overall sales efficiency and revenue potential.
3. **Data-Driven Insights:** Elements of sales playbooks can be integrated with CRM, and marketing tech stacks to leverage AI, automate workflows, and optimize performance over time with up-to-the-minute analytics and performance metrics. By analyzing data on

conversion rates, sales cycles, and client feedback, PEOs can continuously refine their sales processes, ensuring they remain agile and responsive to market changes.

**OMNI-CHANNEL INTEGRATION: ENHANCING CLIENT EXPERIENCE**

In today’s digital age, customers expect seamless interactions across multiple channels, whether through social media, email, phone calls, events, in-person meetings, and even “snail mail” (USPS). Omni-channel integration refers to the strategy of providing a unified customer experience across all these channels – inbound or outbound, marketing or sales-driven, digital or hard-copy, and virtual or in-person. Imagine the potential impact if the message conveyed in an online ad is the same as the message in the header on the website homepage, in the signage at the event booth, in this morning’s LinkedIn post, in the post card received in the mail, in the voice mail message received from a salesperson, as well as the follow-up email. Adopting an omni-channel approach has proven essential for engaging clients effectively and driving revenue growth.

**Benefits of Omni-Channel Integration for PEOs**

1. **Improved Customer Experience:** A seamless customer experience ensures that clients receive consistent messaging and support regardless of the channel they choose to engage with. This eliminates confusion, helps build the company brand, and fosters memorable story telling in the marketing and sales process.
2. **Personalization and Targeting:** Omni-channel integration allows PEOs to collect data on client interactions

across various touchpoints. This data can be leveraged to personalize marketing efforts, tailoring communications to individual client preferences and needs. Personalized marketing efforts improve engagement rates and increase the likelihood of securing first meetings with qualified prospects.

3. **Enhanced Lead Nurturing:** An omni-channel approach facilitates more effective lead nurturing by ensuring that potential clients receive timely and relevant information at every stage of the buyer’s journey. PEOs can engage leads through targeted email campaigns, social media interactions, and informative webinars, guiding them smoothly through the sales funnel. By providing valuable consistent messaging with valuable content throughout the decision-making process, PEOs can significantly improve their conversion rates and revenue potential.

In the dynamic landscape of B2B sales and marketing, PEOs must adapt to emerging trends to remain competitive and drive revenue growth. Podcasting, sales playbooks, and omni-channel integration represent three impactful strategies that can enhance engagement, streamline processes, and improve customer experiences. By leveraging these trends, PEOs can engage new prospects, close more business, and drive profitable revenue growth. ■



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PRO**

All other  
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**1,850  
WSEs\***

**# of WSEs per Benefit Rep.**

**2,800  
+  
with  
PRO**

All other  
software

**820  
WSEs\***

**# of WSEs per Payroll Rep.**

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

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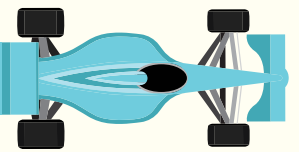
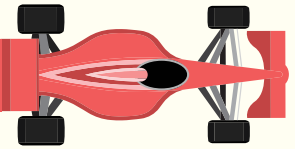
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# BEYOND BENEFITS SAVINGS: THE EVOLUTION OF SELLING PEO

BY SANDRA OSBORN

Just as the HR landscape has shifted significantly in the last 25 years, so has the value of a PEO's services to prospective clients. Two decades ago, most prospective clients came to us for one reason. They were motivated by the cost savings a PEO could provide on employee benefits. The sales process was straightforward – black and white at times. If we couldn't save them money compared to their current plans, the prospect would move on.

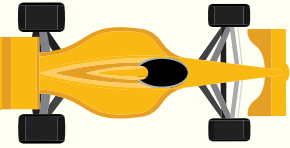
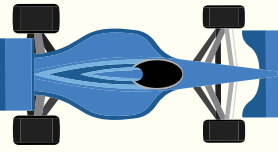
That changed in 2010, though, when the Affordable Care Act (ACA) was implemented. The dynamics related to healthcare changed, as did the complexity of medical benefits. Small businesses were tasked with navigating one of the most complex laws ever passed, despite having limited resources and time.

Our ability to deliver significant benefits savings also changed. What was once a more rudimentary level of underwriting within the PEO industry shifted to a data-driven approach

focused more on risk mitigation and compliance. Those coveted benefits savings, while still attainable for some, became less of a certainty.

## A SHIFT TO COMPLIANCE

As a result of the ACA and employment laws and regulations that followed, our conversations with prospective clients evolved. Rather than asking if we could save them money on benefits, many began asking about compliance relative to employee benefits, HR, and payroll.



**Our most important role with prospective clients – particularly those only interested in benefits savings – is to inform and educate business owners and decision makers about the value of partnering with a PEO.**

Business owners recognized that navigating the regulatory landscape was becoming increasingly complex, and keeping up with the rate at which employment laws were changing was challenging. To mitigate the risk of noncompliance, they sought help.

Prospective clients – especially small and mid-sized business owners – were seeking expertise and a trustworthy partner who could see the bigger regulatory picture. They needed a clearer understanding of how their employer responsibilities under the ACA would change as their business grows, how to predict employee eligibility from month to month, and how hiring an employee in another state might impact their benefits offerings, handbook, and employer obligations.

In short, they began to realize that a PEO partner could help untangle this complex web of government regulations.

**FROM SALES CONSULTANT TO EDUCATOR**

As the ACA and increasing labor laws and regulations have ushered in a new focus

on compliance, our role as sales consultants has also evolved.

Though more and more prospective clients seek PEOs for compliance expertise, some still come to us with the notion that our main advantage is saving them money on benefits. While that was once true, the value of a PEO has transformed alongside the HR industry and benefits savings aren't a guarantee for most.

Our most important role with prospective clients – particularly those only interested in benefits savings – is to inform and educate business owners and decision makers about the value of partnering with a PEO.

Sure, we may be able to shave some costs off their benefits or show them plan designs that are more appealing than their current plans. We will certainly take a prospect through the underwriting process to determine what's possible. But when a prospective client asks if we can reduce the cost of benefits, it is incumbent upon us as professionals and consultants to

demonstrate the value of today's PEO beyond simple benefits savings.

In a conversation, this might sound like:

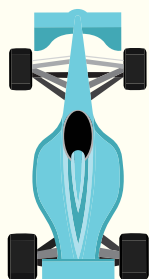
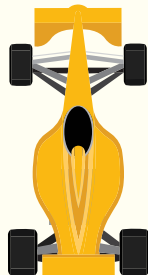
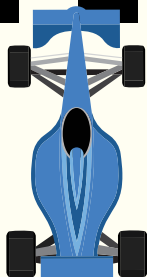
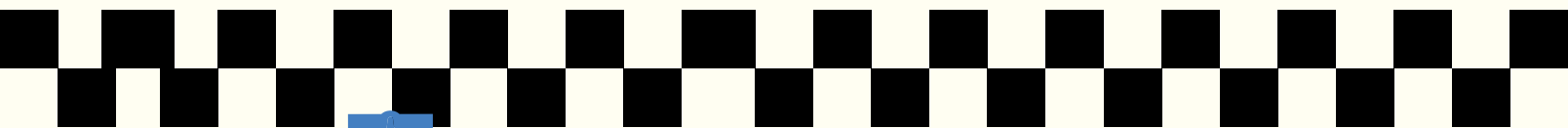
"We may not be able to cut the upfront costs of premiums, but we may provide a suite of plan offerings with lower deductibles and out-of-pocket costs. Or we may provide consultation on a new contribution strategy that can save you money and still offer great solutions to your employees.

In every stage of the employee lifecycle, we'll guide you through your responsibilities as an employer with an eye toward labor laws at the local, state, and federal level.

We'll ensure you're getting the most out of your benefits plans to improve your ability to attract and retain employees. We'll provide retirement plan options that fulfill state mandates. We'll administer them for you, too.

And we'll do all of that for you – and more – whether you choose our benefits plans or opt to keep your existing plans."





**Companies that come into a PEO relationship willing to pay for services and expertise because they are committed to being the best employer they can be, are often the prospects that become long-term clients.**

That's the true value of today's PEO, which is arguably far greater than the benefits savings of 20-plus years ago.

#### THE IDEAL CLIENT

Another key shift in the sales approach for PEOs is recognizing that every prospect isn't necessarily a good fit for a PEO.

Again, when benefits costs were the main driver for new clients, the process of selling PEO services was more straightforward. It all came down to numbers.

But as the industry has evolved, so has the concept of the ideal client.

One of our core values at G&A is to put people first, and we believe client retention improves when we support clients that share this same value. Therefore, a prospective client that is employee-centric is more likely to be a good fit for us. Why? Because, like G&A, employee-centric employers view their employees as a valuable asset, and they strive to provide excellent care for their employees.

Companies that come into a PEO relationship willing to pay for services and expertise because they are committed to being the best employer they can be, are often the prospects that become long-term clients. They are more willing to learn and they are open to suggestions – such as how to improve policies or engagement efforts that ultimately improve company culture and employee retention.

In the end, our goal is to empower our clients – and their employees – to build thriving businesses and achieve their dreams. Finding prospective clients who share our values will help them to see the value in what we do. ■



**SANDRA OSBORN**

VP of Sales, Colorado  
G&A Partners  
Houston, TX



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# NAPEO CELEBRATES 40 YEARS

BY CHRIS CHANEY

If you ask a small business owner, an HR professional or an employee benefits expert to describe a PEO, there's a good chance he or she could. You know that recognition and understanding of PEOs continues to grow and spread. More and more businesses understand the value and unmatched expertise a PEO brings.

You also know that history tells a different story. In the early days of the industry, PEOs existed as an unfamiliar concept to most. People struggled to comprehend the idea and often confused PEOs as staffing or payroll companies. The original staff or employee leasing moniker contributed to this, no doubt.

Yet, some businesses *did* see the value PEOs created. Employee leasing companies popped up in the 1970s and spread further in the 1980s. Business owners saw the benefit of saving on administrative costs associated with payroll and workers' comp and other insurance-related costs.

As the nascent industry developed, growing pains emerged. A few employee

leasing company owners decided to form a trade association to fight these challenges together. The collective strength of their united voices would be stronger than speaking alone, they reasoned.

40 years ago this November, a small group of industry pioneers forged a new path that all of us would follow. The group voted to establish the National Staff Leasing Association to protect, support and grow their businesses. None knew for sure what the future would bring, but they took the risk.

We're lucky they did.

## THE FOUNDING

Huddled in a hotel meeting room in Scottsdale, Arizona, representatives from 14 employee leasing companies discussed, debated and devised a new plan to unite their businesses. They faced common challenges and threats from distant government agencies, so they identified shared goals to work towards. They laid out guiding principles and elected a Virginian to lead them.

OK, so NAPEO's founding lacks the same drama and significance as our nation's founding, but it's a good story, nevertheless.

It's difficult to pinpoint exactly when and where the industry began, but generally accepted lore holds that the staff leasing industry (the PEO term would come a bit later) began in California in the 1970s. Two of those early industry members played key roles in creating the National Staff Leasing Association (NAPEO's original name). T. Joe Willey of Staffing Services thought it would be wise to start connecting with other companies like his. Changes to federal tax and pension law in 1982 had exposed the precarious position of the industry. With no regulatory structure or recognition to protect them, companies like Willey's could be put out of business with the stroke of a pen.

"Kent Ahlswede of Staff Resources called me and said he had heard I was developing a computer listing of all staff leasing firms in the country. What was the status of that listing? he asked," Willey wrote in *PEO Insider*<sup>®</sup> in 2014<sup>1</sup>.

Ahlswede wondered if Willey's list might be used to convene a meeting of these companies. He thought the industry needed a trade association to harness their collective voices. In November of 1984, 14 staff leasing companies met and decided to create the National Staff Leasing Association (NSLA). The group elected Andy Butler of Office Staff Services in Virginia to serve as NSLA president due to his proximity to Washington, D.C. Ahlswede took on the role of vice president from California. From the very beginning, NSLA represented members across the country.

"The industry needed a unified voice and a bit of polish to shine up its image," Willey recalled, "...from the beginning I was convinced this was the start of something significant."<sup>1</sup>

It's impossible to know the future that Willey envisaged, but 40 years later the industry has matured and grown immensely. From the original 14 there are now nearly 200 PEO NAPEO members, plus another 200 or so associate members. Willey would play a critical role in the



industry's growth. He would go on to dedicate his time and energy to training and teaching other PEO operators. His 1988 book, *The Business of Employee Leasing*, became a must-read for anyone interested in starting his or her own PEO. Many NAPEO members trace their initial encounters with PEOs to Willey's book.

Ahlsweide continued in various leadership roles within NSLA and NAPEO; his son, Craig, continued in his footsteps by serving as the California Leadership Council chair for many years. Ahlsweide's company re-branded as Allevery in 2012 and is the longest tenured NAPEO member. Craig Ahlsweide still runs the company today.

## GOING LOCAL

Many of the obstacles the industry faced in the early days came at the state level. Reactions varied across the states from confusion and uncertainty to outright hostility. Most days it probably felt like

playing Whac-A-Mole, desperately trying to put out embers before they spread into flames. Many members will recount stories of taking breaks during NSLA conferences to call the office to see if they were still in business.

Yet, NSLA members believed in their businesses and the power that PEOs had to help small businesses thrive. The industry pioneers set out to develop the rules and structure their young industry needed.

A particularly dire situation emerged in Texas in the late 1980s when the Texas Employment Commission (TEC) sent out notices to staff leasing companies demanding a meeting. Essentially, representatives from the TEC informed staff leasing members that the TEC does not recognize staff leasing. Eddie Heinemeier, of The Staff Professionals in San Antonio and another founding NSLA member, remembered the meeting with TEC staffers. He wrote in 2014 in *PEO Insider*,

"The TEC was willing to allow us to act as payroll companies, but not to act as the employer in filing unemployment returns."

After consulting with each other, the companies "...refused to submit," Heinemeier wrote<sup>2</sup>. As true Texans, they stood their ground. Recognizing the peril before them, the Texas members of NSLA thought they needed a more coordinated approach. Heinemeier presented the NSLA board with a petition to create the first state chapter. The NSLA Texas Chapter would go on to achieve several regulatory and legal victories in the state and in September 1993 HB 456, the Texas employee leasing licensing act, became law.

NSLA members all over the country faced similar obstacles. In 1992, Massachusetts changed the state's rules about how workers' comp. policies were written, but didn't bother to tell PEOs. Bob Burbidge of Genesis HR Solutions recalled racing down to the bureau, paying a \$500 fine and filling



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## THE 14 FOUNDING MEMBER COMPANIES:

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 Robert Black, PC Administrators (CA)  
 Lorrie Beeman & Milo Choudhry,  
 Professional Employees Program (CA)  
 Gordy Brown,  
 California Medical Staffing Exchange (CA)  
 John “Andy” Butler,  
 Office Staff Services (VA)  
 William Collins,  
 Professional Office Staffing (IA)  
 Eddie Heinemeier,  
 The Staff Professionals (TX)  
 Allan & Jan Lambert,  
 Houston Employee Leasing Plans (TX)  
 Peyton McCool & Phillip Jones,  
 Phoenix Associates (SC)  
 Dennis Newton, Staff Management (OR)  
 Marvin Selter, Practice Service Corp. (CA)  
 Ronald Shostack,  
 Contract Personnel Systems (AZ)  
 Laura Thornfeldt & Ray Cotner,  
 Medical Management (ID)  
 T. Joe Willey & Dean Nelson,  
 Staffing Services (CA)

out a new application for each of his 18 clients<sup>3</sup>.

Members raced to persuade state legislators to adopt regulatory statutes that would provide guardrails and rules for the industry.

“Florida had [in the late 1980s] a large number of employee leasing companies that had begun to operate and grow. Those of us who were dedicated to doing things right legally and in accordance with good business practices believed strongly that if we were going to build credibility in the market and grow our businesses, we had to be regulated. I participated with Carlos Saladrigas, Mike Miller, and a few others in working to shape and support legislation to license employee leasing companies in Florida,” Britt Landrum, Jr., founder of LandrumHR in Pensacola, Florida, told *PEO Insider*<sup>®</sup> in 2014.<sup>3</sup>

“Regulators and insurers did not understand the industry. Most regulators felt PEOs were illegal since the service model did not fit within their existing statutes and regulations. Insurers did not know how to underwrite, price, and manage the risk presented by these new ‘small business aggregators,’ and many insurers suffered heavy and in a few cases fatal losses as a result, Rex Eley told *PEO Insider*<sup>®</sup> in 2014.<sup>3</sup>

Eley operated a PEO out of Little Rock, Arkansas before starting the Institute for the Accreditation of PEOs (later named ESAC) in 1997. Eley worked with a lawyer named Rufus Wolf who soon joined NSLA as an associate member. With help from a few others, Wolf and Eley began drafting the first state PEO licensing bill. Arkansas passed the nation’s first PEO licensing bill in June of 1991. Florida followed suit just a few months later. In December of 1992, NSLA adopted a model state licensing act to help coordinate the pursuit of other state PEO laws. In 1999, the NAPEO board adopted the Millennium Project, a five-year, \$900,000 state government affairs plan. In 2002, the board began the process of integrating the various NAPEO chapters (by this time many had emerged) into NAPEO. The chapters became the Leadership Councils you know today. The goal was to alleviate the administrative burden on members of running the chapters, better allocate dues dollars and create a more cohesive and unified state government affairs plan. The hard work paid off.

At present, 48 states have some form of PEO recognition in law. Over the past three decades, state legislatures have adopted a variety of PEO statutes related to registration, licensing, unemployment insurance taxes and workers’ compensation.

While PEOs contended with issues popping up all over the states, it became clear that federal legislation was needed, too. As early as 1985, concerns rang out among NSLA members when Congressional leaders began discussing a law to prohibit employee leasing

companies from sponsoring retirement plans. In 1994, the IRS launched a Market Study Group out of Dallas. In July of 1994, members of NAPEO’s IRS task force met with IRS representatives. The IRS representatives had a negative impression of the industry, so to counter this NAPEO presented its idea for a federal regulatory structure. In 1997, then-Reps. Ben Cardin (D-MD) and Rob Portman (R-OH) introduced the Staffing Firm Worker Benefit Act. The bill was the result of a coordinated effort with the staffing association. However, it encountered headwinds. NAPEO continued education and advocacy initiatives.<sup>4</sup>

A few years later, Reps. Cardin and Portman introduced a PEO-only bill. The IRS commissioner even wrote Congress expressing support for the bill.<sup>4</sup> In 2007, the Small Business Efficiency Act passed the U.S. Senate, marking significant progress towards the goal of a federal PEO bill. After years of hard work, tireless effort and relentless advocacy by many NAPEO members, President Obama signed the Small Business Efficiency Act into law on December 22, 2014.

## THE NAME CHANGE

1994 was a turning point of sorts for the association. After 10 years, NSLA members had achieved many successes. Membership had grown to nearly 200 members. Laws had been passed in large states like Texas and Florida along with a few others. Yet, as the association matured, conversations emerged about what exactly NSLA members did. Was “employee leasing” really the best term?

Rex Eley recalled some of these conversations in a 2014 *PEO Insider*<sup>®</sup> article<sup>5</sup>. He explains that the employee leasing concept didn’t make much sense since a company could not lease an employee to a client when the employee already worked for the client. However, you can’t beat something with nothing. So, the group discussed heavily about changing the name of the industry. No easy task.

Substantial debate caused the group to think about what best described their

businesses. They agreed at the core their businesses revolved around being “professional employers.” They decided to add “organization” to the end to piggy-back off the familiar HMO acronym within employee benefit circles. Plus, Eley, wrote, NAPEO sounds a lot better than NAPE.<sup>5</sup>

The new industry name, PEO, also conveyed that the services these businesses provided were legitimate and sophisticated, not merely a cost-savings scheme.

It was also in 1994 that the board decided to enhance the association’s staff and budget. At this point the association only had a part-time executive director and part-time assistant. The annual budget was \$300,000. Volunteers handled the bulk of the work. In 1995, a new dues structure kicked in. With the increased revenue, a full-time staff came on board. Membership grew and NAPEO began to mature and provide more resources to members. Familiar resources like the regulatory

database, PEO University, and *PEO Insider*<sup>®</sup> emerged in the mid-1990s. New events like the Financial Markets Conference, Attorney Day and Government Affairs Conference popped up on the calendar. In 1995, the board created the Michaeline A. Doyle Award to honor the legacy of Michaeline Doyle. Marcia Sartori received the first Doyle award.

### GOING FORWARD

If there’s a lesson to learn, it’s this: today’s PEO industry owes its success to the committed, fearless group of members who laid the groundwork. Today, more than 500 PEOs serve nearly 5 million worksite employees. PEOs provide a comprehensive suite of HR and human capital management services that the industry founders likely never imagined. Business owners recognize PEOs as a solution to the pains and frustration of being an employer. PEOs help businesses

grow faster, retain employees and keep the doors open. Plenty of people have taken notice of the industry. Venture capital and private equity firms invest heavily in PEOs, and the United States Congress recognizes National PEO Week to commemorate the support PEOs provide to small and mid-size businesses.

The next 40 years look bright. ■

- 1 The Compelling Forces that Created NAPEO, T. Joe Willey, *PEO Insider*<sup>®</sup>, March 2014.
- 2 NAPEO’s First Chapter: Texas, Born of Necessity, Eddie Heinemeier and Bill Lange, *PEO Insider*<sup>®</sup>, April 2014.
- 3 Expanding Operational Certainty Across the Nation: NAPEO’s State Government Affairs Program, Stephanie Oetjen, *PEO Insider*<sup>®</sup>, June/July 2014.
- 4 The Long and Winding Road, Lou Basso & Kathleen Hilligas, *PEO Insider*<sup>®</sup>, June/July 2014.
- 5 Changing from ‘Employee Leasing’ to ‘PEO,’ Rex Eley, *PEO Insider*<sup>®</sup>, Dec 2023/Jan 2004.



### CHRIS CHANEY

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# PREGNANT WORKERS FAIRNESS ACT: EEOC'S FINAL RULE AND TIPS FOR PEOs

BY BRIAN L. MCDERMOTT, ESQ. AND MEGAN A. VAN PELT, ESQ.

**T**he Pregnant Workers Fairness Act (the “PWFA”) requires covered employers to make reasonable accommodations to qualified employees or applicants known limitations related to, affected by, or arising out of pregnancy, childbirth, or related medical conditions unless doing so would cause undue hardship on business operations. The PWFA includes the reasonable accommodation of employees or applicants who are temporarily unable to perform their essential job functions. The PWFA went into effect on June 27, 2023, and the Equal Employment

Opportunity Commission (EEOC) released the text of its final rule on the PWFA on April 15, 2024. On June 18, 2024, the EEOC’s final rule<sup>1</sup> interpreting the PWFA went into effect.

Shortly after the EEOC’s final rule release, however, lawsuits were filed in several states challenging the EEOC’s interpretation of the PWFA. Many challenges relate to reasonable accommodations for elective abortions, and the challenges to the final rule will likely continue. That said, the EEOC’s final rule is in full effect in almost every state. As such, employers and PEOs must ensure they follow the

accommodation requirements of the PWFA as interpreted by the EEOC’s final rule and check individual state guidelines while staying abreast of further challenges to the final rule.

## QUALIFIED EMPLOYEES

The PWFA has two definitions of a “qualified employee.” First, “an employee or applicant who, with or without a reasonable accommodation, can perform the essential functions of the position” is qualified. Moreover, an employee (or applicant) who cannot perform all essential job functions, even with a reasonable accommodation, can



be qualified for accommodations under the PWFA if: (1) the inability to perform the essential job function(s) is temporary; (2) the essential job function(s) could be performed in the near future; and (3) the inability to perform the essential functions can be reasonably accommodated.

The EEOC's final rule clarifies that assessing whether an employee can perform essential job functions depends on individual circumstances, including: (1) "In the near future" generally means 40 weeks from the start of the temporary suspension of the essential function for individuals who are currently pregnant; and (2) For conditions other than current pregnancy, "in the near future" is not defined by any one length of time. Even so, the final rule says indefinite leave cannot mean an individual can perform essential functions "in the near future." Unlike with the Americans with Disabilities Act ("ADA"),

employers and PEOs must evaluate whether the temporary elimination of essential job functions can be reasonably accommodated by the employer and PEO.

## REQUIREMENTS

Employers and PEOs are required to provide reasonable accommodations to an individual's "known limitation" related to, affected by, and arising out of pregnancy, childbirth, or related medical conditions. The EEOC's final rule clarifies the limitation must be specific to the employee and does not require the accommodation of a partner, spouse, or family member.

Despite receiving many comments on the scope of the proposed definitions of "pregnancy, childbirth, or related medical conditions," the EEOC's final rule made no substantive changes to the definitions. As such, "pregnancy" and "childbirth" are defined as including current pregnancy,

past pregnancy, potential or intended pregnancy (which can include infertility, fertility treatments, and the use of contraception), labor, and childbirth (including vaginal and cesarean delivery). "Related medical conditions" is defined as conditions that are "related to, are affected by, or arise out of pregnancy or childbirth." The regulations provide the following non-exhaustive list of examples:

- Termination of pregnancy, including miscarriage, stillbirth, or abortion;
- Lactation and conditions related to lactation;
- Menstruation;
- Postpartum depression, anxiety, or psychosis;
- Vaginal bleeding;
- Preeclampsia;
- Pelvic prolapse;
- Preterm labor;
- Ectopic pregnancy;



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1. Mind, Body, and Wallet® 2023: Economic challenges and uncertainty take a toll on wellbeing. Guardian 12th Annual Workplace Benefits Study.

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## LEGAL, LEGISLATIVE, & REGULATORY

- Gestational diabetes;
- Cesarean or perineal wound infection;
- Maternal cardiometabolic disease;
- Endometriosis;
- Changes in hormone levels; and
- Other conditions.

The EEOC's final rule also refers to general conditions related to pregnancy or childbirth or exacerbated by pregnancy or childbirth, including, but not limited to, chronic migraine headaches, nausea or vomiting, high blood pressure, incontinence, and carpal tunnel syndrome.

Employers and PEOs are not required to seek supporting documentation from an employee or applicant who requests an accommodation under the PWFA. If an employer or PEO requests supporting documentation, it can only do so if such request is reasonable. The EEOC's final rule defines "reasonable documentation" as the minimum documentation sufficient to: (1) confirm the physical or mental condition; (2) confirm the physical or mental condition relates to, is affected by, or arises out of pregnancy, childbirth, or related medical conditions; and (3) describe the change or adjustment at work needed because of the limitation. The EEOC's final rule also sets out examples for when it is not reasonable to require supporting documentation for an accommodation request.

### UNDUE HARDSHIP

According to the EEOC's final rule, when an employee can perform all of the essential functions, undue hardship under the PWFA has the same meaning as undue hardship under the ADA, which generally means significant difficulty or expense.

If an employee cannot perform all the essential functions of his or her job and the accommodation involves the temporary suspension of essential job functions, employers and PEOs must consider the ADA's definition of undue hardship and the following factors:

1. The amount of time the employee or applicant will be unable to perform the essential functions;

2. Whether there is work for the employee to accomplish by allowing the employee to perform all the other functions of the job, transferring the employee to a different position, or otherwise;
3. The nature of the essential job function, including, but not limited to, frequency;
4. Whether the covered entity has temporarily suspended the performance of the essential job functions for other employees in similar positions;
5. Whether there are other individuals who can perform or be temporarily hired to perform the essential functions; and
6. Whether the essential functions can be postponed or remain unperformed for any length of time and for how long.

Moreover, the EEOC's final rule recognizes several accommodations that can in almost all cases be found not to impose an undue hardship when requested by a pregnant employee. These "predictable assessments" include:

1. Allowing an employee to carry or keep water near and drink, as needed;
2. Allowing an employee to take additional restroom breaks, as needed;
3. Allowing an employee whose work requires standing to sit and whose work requires sitting to stand, as needed; and
4. Allowing an employee to take breaks to eat and drink, as needed.

The EEOC clarified this does not mean predictable assessment accommodation requests are automatically reasonable or they do not cause an undue hardship in certain industries. As such, employers and PEOs must still conduct an individualized assessment of predictable assessment accommodation requests.

### PRACTICAL ADVICE FOR PEOs

Apart from the EEOC's final rule, the EEOC released guidance and other resources<sup>2</sup> on the PWFA. PEOs may reference the guidance to equip themselves with resources and information specific to industries they support.

PEOs may review and update any reasonable accommodation policies, as needed. The PWFA does not invalidate or limit the powers, remedies, or procedures available under any federal, state, or local laws that provide greater or equal protection for individuals affected by pregnancy, childbirth, or related medical conditions. As such, PEOs should evaluate whether state and/or local law may provide further rights and obligations to employees. The EEOC's final rule requires compliance with both the PWFA and analogous state and local law.

PEOs may wish to train human resources professionals, management, supervisors, and other leaders on the PWFA, as well as policies and practices with respect to the law. Leaders should be able to recognize requests that are related to pregnancy, childbirth, or related medical conditions and be equipped to efficiently manage them.

PEOs may consider creating a process (similar to the ADA) for employees to follow when requesting pregnancy-related accommodations under the PWFA.

Given potential ongoing challenges to the EEOC's final rule on the PWFA and conflicting decisions, PEOs should check individual state guidelines and stay abreast of further challenges to the final rule. ■

▼  
This article is designed to give general and timely information about the subjects covered. It is not intended as legal advice or assistance with individual problems. Readers should consult competent counsel of their own choosing about how the matters relate to their own affairs.

- 1 <https://www.federalregister.gov/documents/2024/04/19/2024-07527/implementation-of-the-pregnant-workers-fairness-act>
- 2 <https://www.eeoc.gov/wysk/what-you-should-know-about-pregnant-workers-fairness-act>



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# 3 WAYS TO SAVE UP TO 85% ON CA LITIGATION COSTS THANKS TO PAGA REFORM

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

**T**here are three actions PEOs and their customers can take to save up to 85% in California litigation costs thanks to a recent legislative compromise. Anyone doing business in California is no doubt familiar with the Private Attorneys' General Act – or PAGA, the scariest four-letter word in the state for employers. What you might not know is that a recent overhaul could soon tame the state's most vicious law and provide much-needed relief to PEOs and their customers. Specifically, employers who take “reasonable steps” to comply with California law before a PAGA claim is filed can earn up to an 85% discount in penalties. This helps both PEOs who have employees in California and PEO customers with worksite employees in the state.

## WHAT'S GOING ON?

State leaders recently finalized a legislative overhaul that will significantly reform PAGA and bring relief to employers in all sorts of ways. You can read a full overview [here](#)<sup>1</sup>.

There's an exciting prospect for PEOs tucked away in this reform: if PEO customers take “all reasonable steps” to comply with California workplace law ahead of time, they can achieve significant penalty reductions

for any alleged violations of the law. In fact, the civil penalty that may be recovered shall be no more than 15% of the \$100 penalty found in PAGA or other penalties referenced in the law. This provides for a potential 85% reduction (or more) in penalties for employers who engage in reasonable steps of compliance prior to a dispute arising.

## THE 3 MAGIC STEPS

If PEOs and their customers take the following three steps, they will be considered to have taken “all reasonable steps” and gain the new protection found in the law:

- Disseminate lawful written policies and train supervisors;
- Take appropriate corrective action with supervisors; and
- Conduct periodic payroll audits and take action in response.

This means you should encourage your customers to take the “reasonable steps” and/or assist them in doing so.

## TRAINING PROGRAMS AND WRITTEN POLICIES

Creating written policies and offering workplace training is right in the wheelhouse of many PEOs.

You will not have off-the-shelf resources for all of the areas of the law that are most critical when it comes to PAGA (especially with regard to some wage and hour issues), so work with your PEO counsel to develop those.

These written policies or training programs will be strictly scrutinized by plaintiffs' counsel who will be stinging at the dilution of their favorite weapon. They will soon be looking to defeat any potential penalty reductions by claiming employers did not meet the “all reasonable steps” standard. Don't give them an unearned victory. Make sure your materials are up to date.

## ENCOURAGE YOUR CUSTOMERS TO TAKE APPROPRIATE CORRECTIVE ACTION REGARDING SUPERVISORS

The potential “reasonable step” of taking corrective action regarding supervisors behaving badly will generally be a customer responsibility. For example, a customer that learns that a supervisor is instructing employees not to take meal or rest periods will potentially be responsible for taking appropriate corrective measures. But that doesn't mean you play no role here at all.



Your customer service agreement might include language regarding such corrective measures. However, PEO counsel will have some thoughts on the issue of creating a misperception of “control” on the PEO side.

You should at least consider instituting policies, procedures, and communications to ensure your customers understand the benefit of taking such “reasonable steps.”

### ASSIST WITH PAYROLL (AND OTHER) AUDITS

Perhaps the area of greatest concern for PEOs may involve whether and how to assist customers in payroll and other audits to potentially reduce penalties under the reformed PAGA.

If you use your own personnel to conduct such audits, you may uncover issues over which you have little power, short of terminating your relationship with the customer. And if you conduct such audits, you may be drawn into

litigation through subpoenas and requests for document production if a plaintiff contests the actions a customer took in response (even after the customer is no longer a customer of your PEO).

You may consider using outside third parties to conduct audits, but this could also raise potential issues. For example, you may want the outside consultant to provide some type of certification to provide assurance that the audit was conducted competently and any identified issues were addressed.

Some customers would be well-served to have counsel involved in audits to take advantage of the attorney-client privilege for aspects of the audit. This is something PEOs should take up with their counsel. It is a very complicated aspect of the audit piece.

As always, PEOs will want to be cognizant of potential joint liability issues

when providing any such services mentioned above. ■

▼ This article is designed to give general and timely information about the subjects covered. It is not intended as legal advice or assistance with individual problems. Readers should consult competent counsel of their own choosing about how the matters relate to their own affairs.

1 <https://www.fisherphillips.com/en/news-insights/california-breaking-news-10-biggest-potential-changes-for-employers-if-paga-reform-becomes-law.html>



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# HOW INNOVATIVE BENEFITS CAN HELP IMPROVE A PEO'S BOTTOM LINE

BY CHRIS SANDERS

**D**id you know that 70% of U.S. workers would be willing to switch jobs for better benefits?<sup>1</sup> In today's fiercely competitive job market, employees have higher expectations on what their employer—or future employer—can offer them. Gone are the days where a standard benefits package will cut it. Employees expect more. “How will you support not just me but my family?” “How do I know that you actually care about me as an individual beyond the work I produce?” The bar is higher and if employers want to retain their top talent and attract new employees, they must think about what they can offer the employee in return. Not to mention that it can be difficult to navigate health plans and determine what is the best value that won't also break the bank.

Unfortunately, for many small and mid-size businesses that have tight budgets and limited resources, it becomes extremely difficult to offer anything beyond the basics. This creates an opportunity for PEOs. Beyond providing payroll and HR administrative support, what if a PEO could help cover the gap in what the employer can offer in terms of benefits beyond the basics?

The same competitive landscape that employers are navigating for talent, the same can be true for PEOs vying for new clients. Differentiation is no longer a luxury but a necessity. PEOs must offer something unique and valuable to catch the attention of prospective clients as well as retain current customers. Offering innovative and attractive benefits for worksite employees can be the deciding factor for a company choosing between PEOs, staying with their existing PEO or choosing to do business on their own.

If PEOs are able to provide creative and innovative benefits traditionally reserved for Fortune 500 companies at Fortune 500 costs, the employer then begins to see the PEO as the crucial piece of its entire employee engagement experience, creating more sticky clients who want to retain their employees and know they cannot do it on their own.

Insperty has taken this approach and made strategic decisions to help fill the gaps for its clients. For example, Insperty offers its internal employees access to Cariloop, a comprehensive caregiving support service that provides employees and their families

with personalized coaching and resources to manage their caregiving responsibilities and their own health struggles, allowing them to better balance work and home life. Last year, it also rolled out Cariloop to its worksite employees, which has helped Insperty's clients have more present and engaged employees.

“Employee benefits are typically one of the heftiest expenses for a small business. At Insperty, we recognized this challenge and have taken it upon ourselves to help solve as much as we can,” said Joy Awe, Wellbeing Manager at Insperty. “If we can help take on some of the financial burdens and roll out custom benefits to our entire worksite employee population, we are helping to position our clients competitively in the market.”

Benefits that are more concierge, such as caregiver support or fertility help, or hyper niche offerings, such as pet insurance or diabetes management, are not something small businesses can offer due to the cost of implementing it themselves for a small employee population. However, due to the structure of PEOs and the rates they are able to negotiate with insurance and other

benefit providers, offering highly custom and exclusive solutions becomes a reality for their clients.

In order for worksite employees to remain at their organizations, they need to feel that their employer values their well-being and is doing what it can to support them. PEOs that leverage platforms like the PrismHR Marketplace have the ability to offer clients solutions to retain them. In September 2024, Cariloop also began working with PrismHR to provide PEOs access to the solution so they can add it into their portfolio seamlessly. In order to create the best offerings for PEOs, and thus position the PEO as a must-need to clients, PrismHR is constantly identifying and bringing forward the latest benefits that can help clients better serve their worksite employees.

“We want the PEOs we partner with to succeed and be profitable, providing the best possible service for their clients and ultimately the worksite employees,” said Jonathan Wall, Senior Vice President of

Strategic Partnerships at PrismHR. “The small and mid-size businesses across the country deserve the same opportunities as the Fortune 500 companies to attract and retain their talent. That is exactly why we are always adding new solutions to the PrismHR Marketplace to create more opportunities for PEOs to fill that gap for their clients. We want to give them the shots they deserve to stay competitive.”

PEOs need to move beyond a transactional relationship with their clients and instead shift into a source of expertise and guidance, which ultimately builds confidence and trust with its client base and worksite employees. The ability to showcase leadership and stay ahead of the competition ultimately comes down to what you can offer that others cannot—or haven’t decided to offer. PEOs that are slow to adopt new offerings risk becoming outdated and losing their appeal.

There is a tremendous opportunity for PEOs to step into the role of a robust benefits provider. Continuous innovation in

benefits is not just about staying current; it’s about anticipating the future needs of clients and worksite employees. And the reality is that these clients need support.

Will you be the PEO that provides it, or will you let your competitor step in? By keeping an eye on emerging trends and being quick to integrate new benefits into your portfolio offering, you can consistently offer something new and valuable that smaller companies need to retain their talent, which will ultimately make it more compelling for them to partner with you. Will you help fill the gap for your clients and worksite employees? The time to act is now. ■

1 <https://www.economistgroup.com/press-centre/economist-impact/70-of-us-workers-would-be-willing-to-switch-jobs-for-better-benefits>



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# LEVERAGING WHITE LABEL SOLUTIONS: HOW PEOs CAN ADD ADDITIONAL VALUE TO CLIENT RELATIONSHIPS

BY KEVIN BREWER

**P**rofessional Employer Organizations (PEOs) play a crucial role in helping companies manage their HR and payroll functions efficiently. However, in an increasingly competitive market, PEOs must continuously evolve to meet the diverse needs of their clients. One powerful strategy for achieving this is by offering their own solutions in areas such as marketing, SEO, and digital services to name a few. Let's explore how embracing these solutions can benefit PEOs and their clients while adding additional revenue.

## MEETING DIVERSE CLIENT NEEDS

Every PEO client is unique. By integrating white label solutions into their offerings, PEOs can provide a comprehensive suite of services tailored to meet the individual needs of each client. For example, a PEO client may require assistance in enhancing their online presence through SEO and digital marketing strategies. By partnering with white label providers in these areas, PEOs can deliver specialized expertise without the need for investment in their own staff to deliver the services.

## ENHANCING COMPETITIVE ADVANTAGE

The PEO industry is highly competitive, that's why differentiation is key. Most PEOs offer one or two business disciplines. By offering additional services such as marketing, risk management,

and HR consulting, PEOs can set themselves apart from competitors and attract more clients. This expanded service offering not only adds value for existing clients but also makes the PEO more attractive to potential clients who are seeking a one-stop solution for their business needs.

## BUILDING STRONGER CLIENT RELATIONSHIPS

By expanding its roster of services, PEOs may deepen their relationships with clients by becoming trusted advisors in multiple areas of their business. Instead of seeking assistance from multiple providers, clients can rely on their PEO to deliver a comprehensive suite of services, fostering greater trust and loyalty. This collaborative approach strengthens the client-PEO relationship and encourages long-term partnerships.

Integrating white label solutions into their offerings enables PEOs to streamline their operations and improve efficiency. Rather than managing multiple vendors for different services, PEOs can work with a single white label provider to deliver a cohesive and seamless experience for their clients.

## EXPANDING REVENUE OPPORTUNITIES

By expanding their service offerings with white label solutions, PEOs can unlock new revenue streams. For example, offering digital marketing services to clients can generate additional income through service fees or

revenue sharing agreements with white label partners. This not only increases the PEO's revenue potential, but also adds value for clients by providing access to essential services with one trusted partner.

## STAYING AGILE IN A DYNAMIC MARKET

By offering white label solutions, PEOs can adapt quickly to changes in the market and stay ahead of the curve and the competition, all without direct investment and long learning curves. Whether it's implementing the latest SEO strategies or leveraging emerging digital platforms, PEOs can leverage their white label partnerships to stay agile and responsive to client needs.

Today's PEOs must continually innovate to meet the diverse needs of their clients. But this can come at a steep cost. By embracing white label solutions in areas such as marketing, SEO, and digital services, PEOs can enhance their service offerings, differentiate themselves from competitors, and drive growth. With the right strategic approach, white label solutions offer a powerful opportunity for PEOs to deliver added value and strengthen client relationships in the ever-changing landscape of customer retention and acquisition. ■



**KEVIN BREWER**

*EVP Sales & Marketing  
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# HOW TO ACTUARIALLY DRIVE SALES

BY FRANK HUANG

**I** still remember the good old days before GPS existed. I have a terrible sense of direction, and always counted on maps and then MapQuest directions, but those just opened another can of worms because I'd be fine getting to the destination, but getting home was like a Mensa problem. I could not for the life of me figure out how to go backwards in directions. If I turned left, do I turn right on the way back? On which street? Thank goodness for GPS nowadays, turning every drive into a breeze with its precise directions and rerouting magic. Similarly, using data and actuarial skills to improve sales is like using GPS for navigating your sales strategy. Let's take a look at a simple road map for how PEOs can achieve this outcome.

## **BENCHMARKING AND RETENTION ANALYSES**

Benchmarking and retention analyses are like the police speed trap alerts on your

GPS. They warn you where to avoid and when to proceed cautiously. Benchmarking involves analyzing hit and close ratios, frequency and severity, margins, retention rates, and more compared to yourself and even your peers. These analyses help you understand where you've been successful and where untapped potential lies. Retention analysis is crucial because keeping existing clients is often more cost-effective than acquiring new ones. By evaluating which client segments have high retention rates, PEOs can focus on maintaining those relationships and enhancing customer loyalty. On the flip side, identifying segments with high churn allows for further investigation to understand the drivers.

## **PROFITABILITY, PROFITABLY**

Once you've identified your green, yellow, and red categories and/or geographies, and have some data under your belt, it's time to dig deeper with



*Benchmarking and retention analyses are like the police speed trap alerts on your GPS. They warn you where to avoid and when to proceed cautiously.*

granular profitability analysis. This means digging into the data as low and credibly as possible to try to identify the big picture, but also low-level trends. There may be a hidden segment that is driving 5% of loss for only 1% of revenue for the last three years, but which you have missed because you're only looking at reported losses or some other reason. Better yet, segment this type of analysis by connecting it to specific business segments and

industries that you are targeting, which allows for leaders to compare and contrast performance and inform future decisions. I know of a client that did not realize for several years that a specific segment of the automotive industry was performing poorly until it had started to contort the PEO's experience mod. With this insight, they quickly made strategic adjustments to stem the tide of their experience mod.

### UTILIZING A COMPREHENSIVE PRICING MODEL

Now that you know where to go, it's time to get serious about pricing. A comprehensive pricing model integrates all the aforementioned insights and data so that you can ensure you are not only being competitive, but, arguably more importantly, you're writing business that will not bring down *your* business. There are

many types of pricing models available on the market, and not all are a great fit for you. Like suits, be sure to talk to the tailor and make sure it's bespoke, cut and tailored just for you and not off-the-rack. One size definitely does not fit all in pricing.

As a valuable aside, I still see a lot of PEOs that are pricing with only one year of data. There are surely cases where the additional data may not be needed, but avoid the streamlining of pricing based just on one year of data in all cases, or else no amount of advanced technology and pricing models can overcome the classic tale of "garbage in, garbage out."

### CONTINUOUS IMPROVEMENT THROUGH REGULAR EVALUATIONS

Finally, regular evaluations are the secret sauce to staying ahead. Not only is the

market ever-changing, but your own experience could, too. By reviewing all of the data and trends on a regular cadence, you will maintain consistency and a competitive edge.

In summary, leveraging actuarial skills and data-driven strategies is like having a GPS for your sales journey. It helps PEOs target the right markets, optimize profitability, tailor pricing, and continuously improve. Set your structure up right the first time and sit back and enjoy the ride, (and be sure to still hold onto the steering wheel.) ■



**FRANK HUANG,  
FCAS, MAAA**

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# PEO REVENUE CLIMBS, CLIENT COUNTS HOLD STEADY

**NAPEO QUARTERLY PULSE SURVEY—Q2 2024 RESULTS:**

WSEs per Client **23**

Clients per FTE\* **8**

WSEs per FTE\* **140**

**T**he results of NAPEO’s PEO Pulse Survey for the second quarter of 2024 show that PEOs continue growth fueled by rising wages. The vast majority of survey respondents express optimism when thinking about the next twelve months.

Here are some of the survey’s highlights:

### PEO REVENUE INCREASES

- 60% of PEOs report revenue increasing somewhat or significantly from the 2nd quarter of 2023.
- Only 13% of PEOs report declining revenue.

### WAGES REMAIN HIGH, INCREASES CONTINUE

- 53% of PEOs report that WSE wages increased.
- 40% report WSE wages stayed the same.

### HIRING HOLDS STEADY

- 50% of PEOs indicated that the average number of WSEs per client remained the same.
- 57% of PEOs indicated that the average number of internal employees stayed the same.

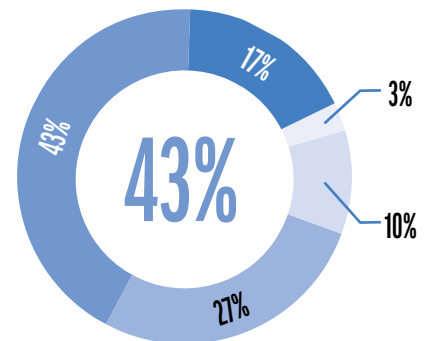
### FINANCIAL FOOTING STRONG AND STABLE

- 70% of PEOs reported that gross profit increased either somewhat or significantly.
- Only 13% of PEO reported declining gross profit.
- 53% reported increases in operating income.
- 50% reported that the number of clients has increased; only 10% report declining client counts. ■

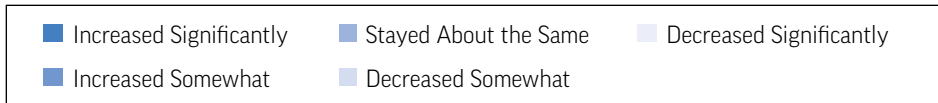
## HOW DID THE 2ND QUARTER OF 2024 COMPARE WITH THE 2ND QUARTER OF 2023?

PEO REVENUE

▲ INCREASED SOMEWHAT



RESPONSE COUNT **30**





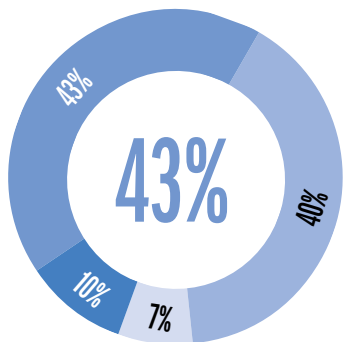
▼  
 \* The Expected Growth Index is based on the average score on a five-point scale:  
 1 = Significant Decrease / 3 = No Change / 5 = Significant Increase.

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 Farrah Fielder, [ffielder@napeo.org](mailto:ffielder@napeo.org).

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

### AVERAGE ANNUAL WAGE PER WORKSITE EMPLOYEE (WSE)

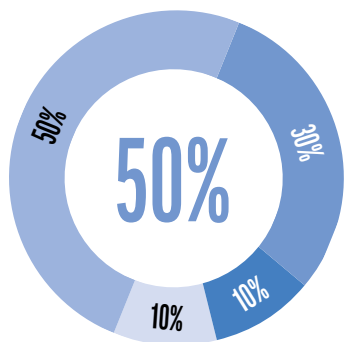
▲ INCREASED SOMEWHAT



RESPONSE COUNT **30**

### AVERAGE NUMBER OF WORKSITE EMPLOYEES (WSES) PER CLIENT COMPANY

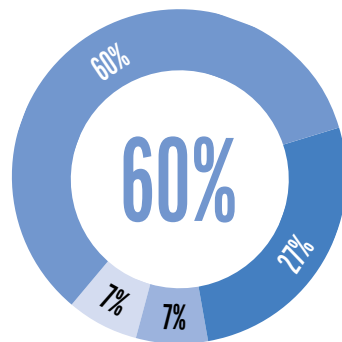
STAYED ABOUT THE SAME



RESPONSE COUNT **30**

### WSE PROJECTION

▲ INCREASE SOMEWHAT



RESPONSE COUNT **30**

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# 10 STRATEGIES FOR PEOs TO EXPAND AND THRIVE IN AN EVOLVING BUSINESS LANDSCAPE

BY CHANDLER THORN

**I**n today's rapidly evolving business landscape, PEOs must expand their businesses to thrive and remain competitive. As companies continue to seek efficient and cost-effective solutions for their HR needs, PEOs have a unique opportunity to leverage their expertise and comprehensive services to capture a larger market share.

By implementing these ten strategies and expanding their business, PEOs can tap into new customer segments, increase revenue streams, enhance their brand reputation, and achieve economies of scale. Additionally, growth and expansion allow PEOs to stay ahead of industry trends, adapt to changing client demands, and solidify their position as strategic partners in the increasingly complex world of HR management. Embracing business expansion becomes a vital strategy for PEOs to secure long-term success and establish themselves as leaders in the industry.

## 1. TARGETED MARKETING CAMPAIGNS

Develop focused marketing campaigns that highlight the unique benefits and services offered by your PEO. Utilize various channels, such as digital advertising, email marketing, and social media, to reach potential clients and showcase how your PEO can address their specific HR and workforce management needs. Tailoring your message to the needs of different industries can also enhance the effectiveness of your campaigns.

## 2. THOUGHT LEADERSHIP CONTENT

Create and share valuable content, such as blog posts, whitepapers, and webinars, that position your PEO as a thought leader in the industry. By demonstrating your

expertise and providing insights on HR trends, compliance, and workforce management, you can attract prospects seeking reliable and knowledgeable PEO partners. Consistently publishing high-quality content can also improve your search engine rankings and online visibility.

## 3. STRATEGIC PARTNERSHIPS

Collaborate with complementary service providers, such as insurance brokers, financial advisors, or HR service providers, to establish mutually beneficial partnerships. By offering bundled services or cross-referrals, you can tap into each other's client base and expand your reach. Strategic alliances can also enhance your service offerings and provide additional value to your clients.

## 4. REFERRAL PROGRAMS

Implement a referral program that incentivizes existing clients, business partners, or industry contacts to refer new clients to your PEO. Offer rewards or discounts for successful referrals, leveraging the power of word-of-mouth recommendations to expand your client base. A well-designed referral program can significantly boost your growth efforts by turning satisfied clients into brand ambassadors.

## 5. INDUSTRY EVENTS AND NETWORKING

Participate in relevant industry conferences, trade shows, and networking events. This allows you to connect with potential clients, establish relationships, and showcase your PEO's expertise and value proposition. Networking events provide a platform to engage with industry leaders, stay informed about market trends, and generate leads.

## 6. ONLINE PRESENCE OPTIMIZATION

Enhance your online presence through search engine optimization (SEO), ensuring that your website appears prominently in search engine results for relevant keywords. Invest in a user-friendly website that clearly communicates your PEO's offerings, benefits, and unique selling points. An optimized online presence can drive organic traffic and improve lead generation.

## 7. CLIENT TESTIMONIALS AND CASE STUDIES

Collect testimonials and case studies from satisfied clients, showcasing how your PEO has helped them overcome HR challenges, streamline processes, and achieve their business goals. Share these success stories on your website, social media platforms, and marketing materials to build credibility and instill confidence in potential clients. Authentic testimonials can be powerful tools in persuading prospects to choose your services.

## 8. TARGETED OUTREACH TO INDUSTRIES

Identify specific industries or sectors where your PEO's expertise can provide significant value, such as healthcare, hospitality, or manufacturing. Tailor your marketing efforts to address the unique HR needs and compliance requirements of these industries, positioning your PEO as a specialized partner. Industry-specific knowledge can differentiate your PEO from competitors and attract niche clients.

## 9. WEBINARS AND EDUCATIONAL EVENTS

Host webinars or educational events that offer insights, tips, and best practices on HR and workforce management topics. By providing valuable information to attendees, you establish your PEO as a trusted resource and increase the likelihood





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## PEO GROWTH

of them considering your services. Educational events can also enhance your brand's thought leadership and foster community engagement.

### 10. PERSONALIZED CONSULTATIONS AND ASSESSMENTS

Offer personalized consultations and HR assessments to potential clients. This allows you to understand their specific pain points, customize solutions, and demonstrate the value your PEO can bring to their organization. By showcasing your expertise and providing tailored recommendations, you can convert prospects into long-term clients. Personalized interactions build trust and show clients that you are invested in their success.

These ten strategies offer a robust starting point for expanding your PEO business, but they are not exhaustive. The

most effective approaches will depend on understanding where your target audience spends their time and the media formats they engage with the most. Tailoring your strategies to align with these preferences is crucial.

Learn what motivates and challenges your potential clients. Are they struggling with compliance issues, seeking cost-effective HR solutions, or looking for ways to enhance employee satisfaction? By gaining a deep understanding of their pain points and aspirations, you can more effectively demonstrate how your PEO services can address their specific needs.

For instance, if your target audience is highly active on social media, focusing on digital marketing and thought leadership content on those platforms can yield significant results. If they prefer in-person interactions, attending industry events and networking can be more beneficial.

Personalized consultations and assessments are particularly powerful as they show your commitment to understanding and solving their unique challenges.

By embracing these strategies, PEOs can secure long-term success and establish themselves as leaders in the industry. The key is to be flexible and adaptive, continually refining your strategies based on feedback and changing market dynamics. Additionally, focusing on client satisfaction through personalized services and educational initiatives can drive growth and position your PEO as a preferred partner in HR management. ■



**CHANDLER THORN**

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# SERIOUSLY. NO LEAVING.

BY CASEY M. CLARK

**I**t's here – my first NAPEO Annual Conference and Marketplace! Hard to believe that I'm running out of "firsts" already, but this is a big one and I know it's going to exceed expectations.

Any regular readers of this column, or attendees at our other events this year that I've been fortunate to participate in, know what an appreciation I have for our dedicated membership. Every association doesn't have this, and we're much better off for it. For every issue facing our industry and our association, we have many willing industry partners to roll up their sleeves to find productive solutions.

There are countless examples of industry leaders who have given back to make NAPEO what it is today. At the Annual Conference we'll award the annual Michaeline Doyle Award, recognizing someone who has dedicated their career to improving our industry and our association.

We'll also celebrate a passing of the torch, or gavel in this case, when NAPEO's board of directors welcomes

David Feinberg (Justworks) as its new Chair.

I'd like to dedicate the rest of my column to sharing some thoughts about our outgoing Chair, Steve Politis (AlcottHR).



*Steve now joins an esteemed group of past-board chairs who have ushered our industry and our association to where we are now.*

Steve has been actively involved with our association for more than half of our 40-year existence. Without making a big deal about how old that makes him, let's just say that if his NAPEO tenure was a person, we could legally buy it a cocktail...

What's impressive about this is not only his tenacity, but his ability to always find more ways to give back while juggling his important and demanding day job, and his family.

I've seen it firsthand in my short tenure. He has been thoughtful about how to move the association forward. An always-willing and available partner, Steve jumps at opportunities to help PEO peers, offers counsel on issues big and small, shows up in state capitals to advance the industry and is a tireless advocate for all things NAPEO.

Steve now joins an esteemed group of past-board chairs who have ushered our industry and our association to where we are now. And we continue to benefit from their industry experience and expertise.

So, no matter what he tells you about riding off into the sunset, I've suggested this is more like Hotel California – he can check out any time he'd like, but can never leave.

Steve was an active participant on NAPEO's CEO search committee last year, helping to guide a process that brought me to this great industry. Since then, he's been a patient counselor, generous with his time, supportive of me, present for the whole NAPEO team and impressive with his level of commitment to the people that make our industry so special. Probably because he's one of them.

Join me in thanking our friend Steve Politis for his dedicated commitment to NAPEO, past, present and **future**. Seriously. No leaving. ■



**CASEY M. CLARK**

President & CEO  
NAPEO  
Alexandria, VA

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