

PEO INS

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PROFESSIONAL EMPLOYER ORGANIZATIONS*

THIS MONTH'S FOCUS

BUILDING A MODERN PEO OPERATION

THE UPS & DOWNS OF
PEO MODERNIZATION

THE MISSING LINK IN
YOUR OPERATIONS

REFLECTIONS ON
GROWTH & LESSONS
LEARNED

COVER STORY

TIM GRAHAM AND PPI

BUILDING ON A STRONG FOUNDATION

Tim Graham, President & CEO, Payrolling Partners, Inc.

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► **Tim Graham, President & CEO, PPI**

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This article could easily contain 400 lessons. It is my sincerest hope that you will find value in the following 40 lessons in selling and leading your team.

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MEETING SMALL BUSINESSES WHERE THEY ARE: EVOLVING WITHIN OUR INDUSTRY

BY DAVID FEINBERG

How SMBs and their teams work looks vastly different than it did 10 years ago. The landscape has transformed, driven by technology, evolving employee expectations, and a fundamental reimagining of what it means to be “at work.” The pandemic played a big role in this, as does AI, culture shifts, the political landscape, and the economy. How employers build a team is no longer straightforward. We have adapted as an industry, but we need to continue to do so in order to meet the SMBs we serve where they are.

Today, employees expect flexibility, easy-to-use technology, and quick responses to complicated questions. To effectively support them, we must move beyond simply providing payroll and HR administration to our customers. We need to become strategic partners, offering comprehensive solutions that address the complexities of the modern workplace.

One of the most significant changes is the rise of global hiring and remote

work. While this isn’t relevant across all industries, many small businesses are no longer limited by geographical boundaries when it comes to talent acquisition. And, whether through partnerships or owned software, small businesses are going to be looking for providers that will help them grow and manage their teams, no matter where they’re based.

The gig economy and the use of contractors have also become increasingly prevalent. For relevant industries, helping SMBs streamline contractor onboarding, payment, and compliance seamlessly is increasingly important. At Justworks, we’re also focused on providing our customers with a seamless experience to transition these contractors to full-time employees when ready, as this is becoming a common pathway.

In many ways, the modern workforce demands our industry to evolve, but regardless of how the future of work is shaping up, we cannot lose sight of delivering on our core value

propositions as PEOs. Pay people on time and compliantly. Offer a suite of benefits that meets the needs of the industry and the customer and be the expert in any given jurisdiction. Be an HR partner to SMBs who might not have an internal HR team.

These stay the same, but how we manifest them might change. For instance, we may need to adjust our compliance strategies. This could involve increasing our overall focus on compliance, or it could mean redirecting our current compliance efforts, particularly to support SMBs in navigating AI-related regulations. The future of work will continue to evolve, and we have to change with it so we can continue being great partners to our SMB customers. ■



DAVID FEINBERG

2024-2025 NAPEO Chair
SVP of Risk & Insurance
Justworks



IN MEMORIAM: MARK PERLBERG

Mark Perlberg, a longtime PEO industry leader and former NAPEO board chair, passed away on March 11 at the age of 68. He leaves behind a legacy of dedication, leadership and profound impact. Known for his wisdom, integrity and humility, Mark was a natural leader who brought out the best in those around him.

“Mark considered himself ‘a student of the game;’ he understood the PEO world as well as anyone (if not better). He had an amazing ability to cut to the chase, and to orchestrate sincere, fruitful discussions even when the subject was sensitive or contentious. His intelligence and interests spanned much more than just business. We could talk about a Shostakovich symphony as naturally as we could a thorny legal issue—sometimes in the same conversation,” says Kerim Fidel, Director of Legal with Paychex.

Mark served as the president and CEO of Oasis Outsourcing from 2003 to 2018. His exceptional business acumen helped Oasis grow into one of the largest PEOs in the country. During this time, he served on NAPEO’s board of directors and chaired the board during the 2013–2014 term. He embraced his role as leader and guided NAPEO into a new era.

“There’s an old saying that if you have no enemies, it means you’ve never accomplished anything. Mark would be the exception to that rule. He was brilliant and wise—not the same thing—funny, compassionate, generous, and with enormous integrity. And he was universally beloved by all who knew him,” says Vensure Chief Growth Officer Pat Cleary.

“He took on every thorny issue at NAPEO: Balancing the voices of large and

small members, UI, and the new dues structure; issues that would make the bravest of souls run for cover. Mark happily volunteered and steered everyone toward consensus through his sheer wisdom and intellect,” adds Cleary.

Rising state unemployment insurance was a particularly tricky subject to tackle.

“There was a very wide disparity in the room about how to approach the issue. Mark managed the process through multiple weeks and multiple meetings and, at the end of it, we had found our group identity and consensus and NAPEO had an actionable plan for moving forward that everyone could back,” says Abram Finkelstein.

“I believe that the best legacy for Mark is for each of us to try to emulate his approach to treat each other fairly, with honor and respect and to always try to pay it forward,” adds Finkelstein.

His wisdom, kindness and calm demeanor helped steer the PEO industry through challenging times, and his impact will continue to be felt for many years to come.

Mark’s industry peers recognized his many contributions to the industry by awarding him the Michaeline A. Doyle Award, our industry’s highest honor, in 2015.

Business was only a portion of Mark’s life. Those who knew Mark also understood his lifelong passion was theater. He was an accomplished director, playwright and theater patron. For more than fifteen years, he served on the board of Palm Beach Dramaworks and was chairman for six years. Above all, though, Mark loved his family. He is survived by his wife of 45 years Diane, his three children, five grandchildren, his parents and his sister.

Mark’s leadership and vision set a standard for excellence and will remain an inspiration to all who had the privilege of working with him.

“The outpouring of stories and reflections on Mark’s life makes one thing clear: our industry has lost a great leader and an even better person,” says NAPEO President & CEO Casey Clark.



KUDOS

PAYCHEX NAMED ONE OF THE WORLD'S MOST ETHICAL COMPANIES BY ETHISPHERE

NAPEO member Paychex recently announced that it has been named one of the World's Most Ethical Companies® by Ethisphere, marking the 17th time Paychex has been recognized since the annual program began in 2007. "It is an incredible honor to once again be named one of the World's Most Ethical Companies. I hold this designation in the highest regard because it represents an unwavering commitment to operating with the very best ethical practices in all facets of our business. Our clients, employees, shareholders and communities count on us to uphold these standards, so receiving recognition for this fundamental value is something we're very proud of," said John Gibson, Paychex president and CEO, in a release on the news.

M&A NEWS

PRESTIGEPEO ANNOUNCES ACQUISITION OF CONCURRENT HRO

NAPEO member PrestigePEO announced last month that it has acquired Concurrent HRO, a Colorado-based PEO. The acquisition, PrestigePEO's fifth, expands the company's national presence and enhances its ability to provide SMBs with benefits, HR solutions, risk management services and administrative support. "This acquisition builds on Concurrent HRO's impressive foundation while providing clients and brokers with access to expanded resources. We are thrilled to welcome Concurrent HRO to the PrestigePEO family and look forward to delivering even greater value to businesses in key markets," said Andrew Lubash, founder and CEO of PrestigePEO, in a news release on the acquisition.

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PARTNERSHIP

COADVANTAGE AND PRIMEPAY ANNOUNCE MERGER

Last month, NAPEO member CoAdvantage announced its merger with PrimePay, a payroll and human resources software business that helps SMBs and franchises automate payroll, tax filings, workforce management and compliance. “We are thrilled to work with the PrimePay team and excited for the opportunities this merger will create for our customers and their employees. Leveraging the deep industry expertise of both organizations and our complementary technology strategies will allow us to offer a more seamless and comprehensive set of HR and payroll solutions, driving consistent, long-term growth,” said John Cumbee, CEO of CoAdvantage, in a release announcing the deal.

RESEARCH

STUDY: CAREER GRIDLOCK ON THE RISE

A new survey from Resume Now shows a rising trend affecting employees: career gridlock. Perceived financial fears, skill gaps, and uncertainty, keep workers trapped in jobs even as they seek change. The report found that 60% of workers have stayed in roles longer than they wanted because of the perceived difficulty of making a career transition. Despite 66% believing a career change would boost their happiness, only 13% have successfully made the leap.

Key findings include:

- 35% fear taking a pay cut, and 34% worry about financial instability during a career switch.
- Only 16% would pursue a new degree—most (56%) prefer learning on the job or through short-term training.
- 68% say career shifts are more socially acceptable now than five years ago.
- 57% are motivated by the potential for higher pay and better benefits.



Casey Clark with Rep. August Pfluger (R-TX), chair of the Republican Study Committee.

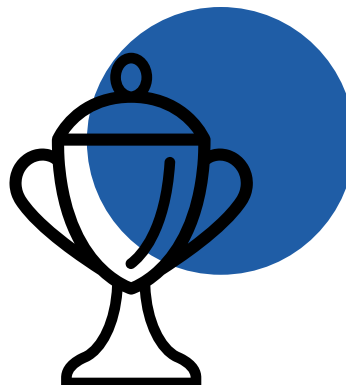


Casey Clark and his wife Liz Clark with Rep. Randy Feenstra (R-IA) of the House Ways & Means Committee.

ADVOCACY

NAPEO CONTINUES STRENGTHENING RELATIONSHIPS WITH LAWMAKERS

Building relationships with key policymakers on Capitol Hill continues to be a focus of NAPEO’s overall advocacy program. As Congress presses forward with major tax legislation, we continue to work with allies in Congress to see that our policy priorities are included. NAPEO PAC plays a critical role in helping us establish and strengthen these relationships. NAPEO President & CEO Casey Clark recently had the opportunity to visit with several lawmakers in Utah to discuss our policy priorities.



CONGRATULATIONS

JUSTWORKS WINS TWO STEVIE AWARDS FOR SALES & CUSTOMER SERVICE

NAPEO member Justworks recently announced that it has received two Stevie® Awards for “Sales Distinction of the Year” and “Customer Service Department of the Year.” The Stevie® Awards for Sales & Customer Service are the world’s top honors for customer service, contact center, business development and sales professionals. “We are honored to be recognized for our sales and customer service organization achievements. Justworks is committed to giving small businesses the support and expertise they need to get through the highs and lows of running their businesses. I’m proud of our whole team for living these values everyday to make a positive impact for our current and future customers,” said John Belle, chief revenue officer of Justworks, in release announcing the news. ■

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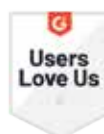
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BUILDING A MODERN PEO OPERATION

The Ups and Downs of PEO Modernization



CLIENT-CENTRIC PEOs: BUILDING AN AGILE ORGANIZATION TO RESPOND TO CLIENT NEEDS

BY HEATHER KEEFER SAULSBURY

In the evolving PEO landscape businesses face challenges in workforce management, regulatory compliance and employee benefits administration. In this environment, business agility and flexibility are no longer optional—they are essential for delivering exceptional client service.

An agile PEO does more than provide HR solutions; it anticipates and adapts to client needs while maintaining a personal, human-centric approach. Successful PEOs can pivot and adjust quickly. A rigid approach creates inefficiencies and frustration, while an agile structure allows PEOs to respond quickly to client inquiries and concerns, adapt services based on evolving workforce trends and regulatory changes, and foster proactive client engagement rather than reactive problem solving.

Studies have shown that organizations with flexible structures and adaptive cultures consistently outperform their competitors in customer satisfaction and operational efficiency. To build this type of agility, PEOs must balance personalized service and technology-driven accountability—ensuring that every client interaction is efficient and meaningful.

PUTTING PEOPLE FIRST IN HR SERVICE DELIVERY

An agile, client-centric PEO starts with a well-trained team. While technology improves processes, people are the driving force behind exceptional service. With clear communication guidelines, structured escalation protocols, and a culture of ownership, employees can deliver responsive, high-quality support.

Businesses partner with PEOs not just for administrative support but for trusted

guidance and expertise tailored to their needs. PEOs can strengthen client relationships by:

- **Prioritizing personalization.**

Clients want to feel heard, not treated as a case number. Keeping interactions consultative builds trust.

- **Training teams in empathy-driven communication.**

Understanding a client's challenges leads to better problem solving and stronger partnerships. A great example of this is prioritizing training of internal employees on the sensitivities that are demanded when communicating a medical renewal increase during open enrollment. We want to recognize the increase, and then thoughtfully explain options, alternatives, and reasons for the increase, as well as provide consultative suggestions on how to mitigate renewal percentages in the future.

- **Setting clear service expectations.**

Simple, transparent communication, such as “*We received your inquiry and will provide an update by Wednesday end of day,*” builds confidence and trust. Consistent, transparent communication builds trust. Setting clear expectations ensures that every client interaction is handled with professionalism and accountability. Consider the “sunset rule” to respond to all client inquiries before the end of the business day, even if only to confirm receipt and provide a resolution timeline.

When client relationships are prioritized, PEOs gain a competitive advantage that drives retention and long-term success.

ESTABLISHING A CLEAR CHAIN OF COMMAND FOR ESCALATIONS

Not every issue needs to be escalated immediately. A structured escalation process keeps service teams accountable while ensuring that complex issues are resolved efficiently.

1. **First-level response.** Frontline employees handle routine inquiries and take ownership of issue resolution. A sample of this might be fielding a complaint from a WSE who might have not received their W2. Respond to the inquiry in kind, offering information on electronic W2 registration and providing means to access paper a copy.
2. **Supervisor review.** Supervisors assist when additional expertise is needed. When a client is not satisfied with first level trouble shooting, or, if the issue has a higher level of complexity, it's time to pull in the department supervisor as the subject expert. This often will negate any need for further escalation.
3. **Manager escalation.** Complex issues requiring policy clarification or interdepartmental coordination move to management. Managers should be pulled in during times of heightened sensitivity or complexity. We want to communicate a “we hear you” approach and act with swift resolution and authority.
4. **Executive involvement.** Only high-impact, unresolved concerns reach leadership.

This approach prevents bottlenecks, fosters accountability, and ensures that

every client receives the right level of support—without unnecessary delays. When situations or escalations progress to the point of concern and the previous three steps have proven unsuccessful, considering executive involvement is critical. The necessity for client service intervention at this level should be a rarity if internal employees have been properly trained in expectations and professional etiquette and authority in areas of client concern.

USING TECHNOLOGY TO STRENGTHEN CLIENT RELATIONSHIPS

Technology should enhance—not replace—the personal connections that define great client service. A well-integrated Customer Relationship Management (CRM) system helps PEOs track client interactions to ensure no request goes unanswered. The CRM can help also maintain timely follow-ups and provide data-driven insights to keep teams accountable, reduce client frustration and identify trends to refine service.

However, technology is only as effective as the team using it. Employees should be trained to log interactions accurately, set reminders and track responses, and leverage CRM data for personalization. With well-trained employees and the right tools, PEOs can provide proactive, efficient, and highly responsive service.

BUILDING A CLIENT-FIRST CULTURE

A strong service culture starts with ongoing training, internal recognition, and continuous improvement. New employees should be introduced to the company's mission statement and core values to reinforce why client service matters. They should also understand how the ripple effect of poor service impacts retention and reputation. Also, ensure they take advantage of ongoing learning and training opportunities to maintain alignment with service expectations and best practices.

Celebrating Internal Successes

Recognizing and rewarding exceptional service reinforces a client-first culture. Employee appreciation initiatives can include team acknowledgments, internal awards and leadership recognition. Recognizing outstanding client support during team meetings, highlighting employees who go above and beyond, and showcasing problem-solving and innovation to enhance the client experience make employees feel value and more engaged.

TURNING INSIGHT INTO ACTION: STAYING ATTUNED TO CLIENT AND MARKET NEEDS

An agile PEO doesn't just respond to client needs—it anticipates them. Maintaining a competitive edge requires continuously gathering insights from both clients and the broader market.

Client Pulse: Understanding Changing Needs

Proactive engagement helps identify potential service adjustments before issues arise. Client service calls, health check-ins, and surveys and feedback loops are a few common strategies. Regular conversations uncover emerging challenges and ensure clients feel supported. Structured feedback mechanisms help measure satisfaction and refine service. Tracking client sentiment allows PEOs to address concerns early and strengthen long-term partnerships.

Market Pulse: Adapting to Industry Trends

Beyond individual client needs, external market forces shape service expectations. PEOs must continuously assess regulatory changes, workforce trends and economic factors. Compliance requirements shift from tax credits like the ERTC to evolving labor laws making it hard for businesses to keep up. They must navigate workplace changes such as diversity, equity, and inclusion (DEI) initiatives and hybrid work

models. Wage inflation, hiring trends, and economic uncertainty all impact workforce strategies, too. By staying ahead of these trends, PEOs position themselves as trusted advisors, offering solutions before clients even realize they need them.

Continuous Improvement: Auditing and Adjusting

A commitment to agility means actively seeking ways to improve. PEOs that regularly evaluate their client service model remain adaptable and competitive. Best practices for continuous improvement include quarterly reviews, process audits and innovation encouragement. These tools help assess service response times and client feedback to refine approaches, identify inefficiencies to improve workflows, and empower employees to suggest improvements and implement solutions.

By embracing a mindset of continuous improvement, PEOs ensure their service model remains relevant, effective, and positioned for long-term success.

Building a Future-Ready PEO

A successful PEO is built on agility, accountability, and proactive client engagement. By combining personalized service with technology-driven efficiency, fostering a culture of continuous improvement, and anticipating client needs before they arise, PEOs can build lasting partnerships and drive business growth in an evolving marketplace.

Those who commit to these strategies won't just enhance client satisfaction—they'll position themselves as indispensable HR and employee benefits partners for businesses. ■



**HEATHER KEEFER
SAULSBURY**

*Executive Vice President
PrestigePEO
Sunrise, FL*



SCALING SMART: THE STRATEGIC PATH TO PEO EXCELLENCE

BY TIANA NADEAU

As a PEO, your value has never been clearer. According to research from NAPEO, small and mid-sized businesses that partner with a PEO experience twice the growth rate of their counterparts, enjoy lower employee turnover, and are 50% less likely to go out of business. These numbers highlight what you already know—your services are indispensable to the success of the businesses you support.

In the 2025 landscape, businesses continue to face challenges like workforce shortages, retention issues, and navigating complex regulatory environments. To stay competitive, PEOs must do more than increase client volume. They need to expand capabilities, integrate technology, and redefine their value proposition. Success in this ever-changing climate requires a vision that aligns with industry trends, client expectations, and operational efficiency. In this article, we'll break down how to get there.

NAVIGATING THE MODERN PEO LANDSCAPE

PEOs streamline HR functions like payroll, benefits administration, compliance, and risk management through a co-employment model. But market expectations have changed. Clients are now seeking more than transactional HR support—they want strategic partners who deliver workforce insights, enhance employee experiences, and provide expert compliance management in a complex regulatory environment.

To meet these expectations, PEOs must stand out with integrated, technology-driven solutions. Clients want seamless platform integration, real-time analytics, and workforce management tools that boost engagement and decision-making. Success today comes down to staying ahead of the curve—that means expanding services, embracing innovation, and finding new ways to add value.

DEFINING A VISION FOR GROWTH

To sustain growth, PEOs need a strong, future-focused vision built on industry trends and client demands. Over the next five to ten years, successful PEOs will focus on:

- **Driving digital transformation:** Automating HR processes, leveraging digital tools and using predictive analytics to enhance service delivery and improve client outcomes.
- **Expanding service offerings:** Going beyond payroll and compliance to include talent acquisition, leadership development, workforce planning, and employee well-being initiatives.
- **Strengthening compliance and risk management:** Serving as a trusted advisor in regulatory compliance, helping clients navigate complex labor laws and workplace policies.
- **Enhancing client experience:** Providing intuitive self-service portals, personalized HR solutions,



and seamless communication to foster client satisfaction and loyalty.

- **Scaling efficiently:** Ensuring that growth improves service quality and operational productivity rather than straining existing resources.

A clear vision empowers PEOs to make strategic decisions that drive sustainable success.

LEVERAGING TECHNOLOGY FOR SCALABLE SOLUTIONS

Technology fuels modern PEO growth. Investing in cloud-based platforms and data analytics improves efficiency, reduces manual workloads, and empowers clients with actionable insights. Key areas of focus include:

Making data-driven decisions:

Advanced analytics reveal workforce trends, turnover risks, and compensation benchmarks, enabling smarter HR strategies.

Prioritizing cybersecurity: A 28% increase in cyberattacks targeting small business has been observed since 2022. Strengthening data protection measures to safeguard sensitive client and employee information from cyber threats will remain a key priority.

Compliance expertise: Integrating real-time regulatory updates into HR platforms helps businesses stay aligned with employment laws and industry standards.

A modernized tech stack isn't optional—it's essential for long-term competitiveness and client trust.

EXPANDING SERVICE OFFERINGS TO MEET DEMAND

PEOs that focus only on payroll and compliance risk losing clients in a competitive market. Clients are looking

for more than the basics; they need real solutions to their biggest workforce challenges. Expanding your services doesn't just help your clients—it creates new revenue streams and keeps your business ahead of the competition. Key growth areas include:

Talent acquisition and workforce planning: Helping clients strengthen employer branding, leverage recruitment marketing, and implement hiring solutions to attract and retain top talent.

Employee wellness programs: A 2025 WellHub survey revealed a significant gap in employee satisfaction—70% of employees at companies with wellness programs rated their overall benefits as top-tier, compared to just 36% at companies without them. This highlights the value of mental health resources, financial wellness tools, and flexible benefits in boosting employee engagement, retention, and overall workplace satisfaction for your clients.

Diversity, equity, inclusion, and belonging (DEIB): Conversations around DEIB are evolving as societal, legal, and organizational landscapes shift, but its value remains essential.

Businesses that adopt flexible, forward-thinking DEIB strategies gain a strategic advantage, particularly in recruitment and hiring. PEOs can play a crucial role in leveraging that strategic advantage by helping clients develop inclusive workplace policies, conduct DEIB training, and analyze workforce diversity data.

Leadership and skills development: Offering leadership training, upskilling programs, and succession planning support to drive business performance. A study by the Center for Creative Leadership found that 86% of





PEOs that focus only on payroll and compliance risk losing clients in a competitive market.

leaders reported significant improvements in their overall leadership effectiveness after completing a development program.

Strategic marketing and client engagement: Strengthening brand positioning through thought leadership content, digital campaigns, and partnerships.

Client referral programs: Implementing structured referral programs that reward existing clients for bringing in new business not only drives organic growth but also builds trust and loyalty. Never underestimate the power of word of mouth—clients trust recommendations from people they know.

By offering expanded services, PEOs become true partners to their clients—helping them tackle bigger challenges while delivering even more value.

STRENGTHENING CLIENT RELATIONSHIPS FOR LONG-TERM SUCCESS

Keeping up with changing labor laws, HR compliance, and employee engagement is a challenge for most businesses—especially those without a dedicated HR team. Many simply don't have the bandwidth or resources to stay ahead of all the evolving requirements. That's where PEOs come in, offering expert support and taking the

stress off their clients' shoulders.

This benefits PEOs by reducing client risk exposure, lowering claims and compliance-related costs, enhancing client satisfaction and retention, and increasing operational efficiency.

How To Deliver More Value:

- **Invest in technology-driven solutions:** Cloud-based platforms and self-service tools improve efficiency and compliance management.
- **Foster client loyalty:** Secure, user-friendly portals with seamless branding create a consistent and reliable experience.
- **Ensure compliance readiness:** Providing ready-to-implement checklists, training materials, and policy templates simplifies HR compliance for clients.
- **Empower internal teams:** Offering ongoing labor law training ensures PEO teams provide expert guidance.
- **Simplify handbook creation and maintenance:** Whether you create employee handbooks for clients or offer the service as an extra, ensure compliance with regulations while providing tailored coverage for unique business needs. Automated updates

and notifications help organizations stay current with regulatory changes, making it easy to revise and distribute new versions. This proactive approach enhances compliance and fosters a more informed, engaged workforce.

LEADING THE WAY

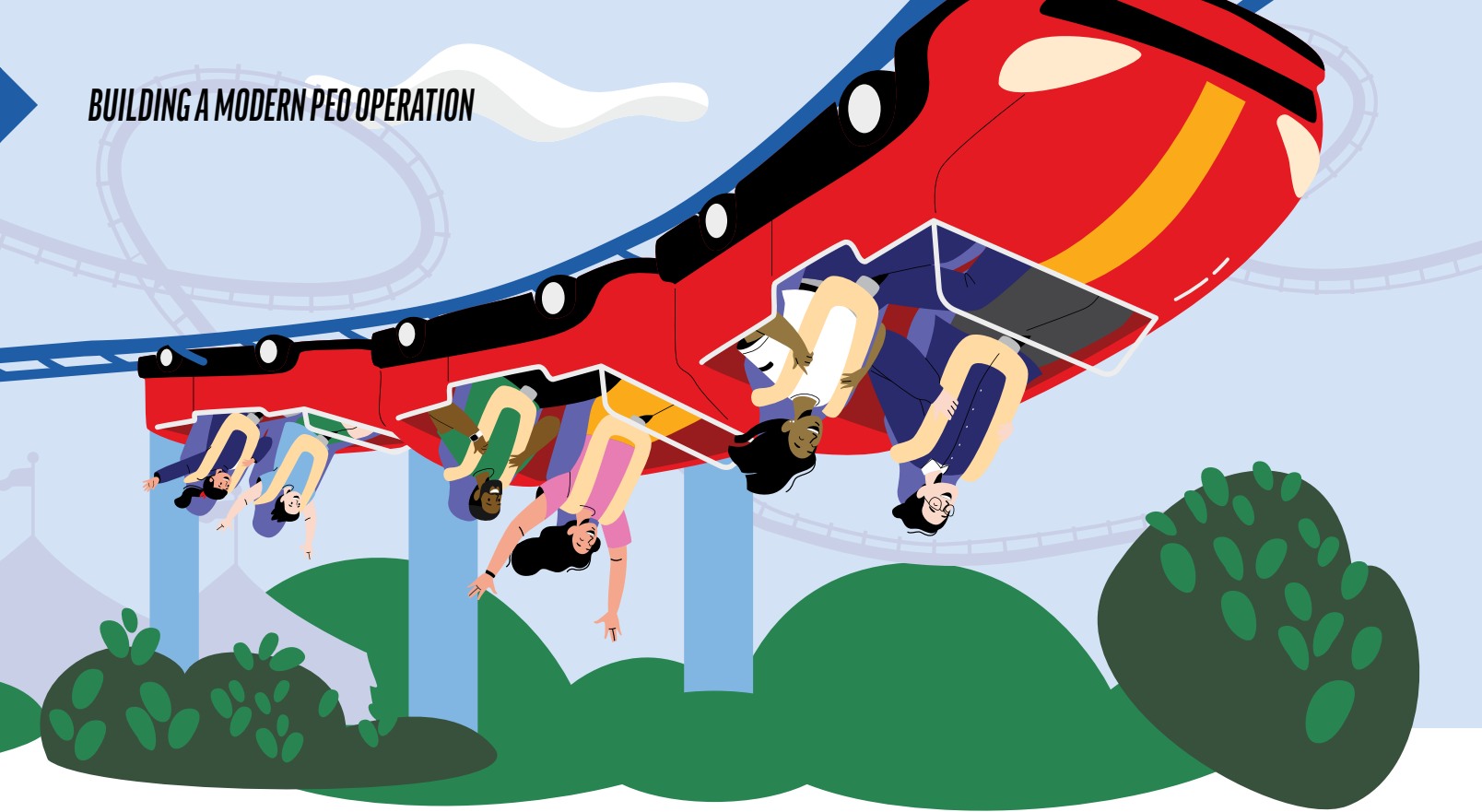
To stay competitive in 2025, PEOs need to do more than keep up—they need to lead the way. That means leveraging the right technology to streamline HR processes, expanding offerings to meet evolving client needs, and enhancing compliance expertise to provide even more value.

At the end of the day, businesses don't just want an HR service provider—they're seeking a true partner who helps them navigate the ever-changing world of compliance, talent management, and workforce strategy. The PEOs that step up, innovate, and evolve won't just survive—they'll be the ones shaping the future of the industry. ■



TIANA NADEAU

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LAYING A FOUNDATION: KEY COMPONENTS TO BUILD A MODERN PEO

BY JASON WILLBORN

The PEO industry is evolving rapidly, driven by shifting workforce expectations, advancements in technology, and increasing compliance complexities. To build a modern PEO operation, leaders must embrace innovation, streamline processes, and align their vision with long-term business evolution.

TECHNOLOGY AS THE BACKBONE

A modern PEO must leverage cutting-edge technology to enhance efficiency and client experience. Selecting the right human resource information system (HRIS) is crucial, not just for client-facing operations but also for internal scalability. PEOs should prioritize platforms that offer automated workflows, AI-driven analytics, and seamless integrations with payroll, benefits, and compliance tools. These enhancements reduce administrative

tasks, keep internal staffing lean, and maximize productivity while ensuring a high-quality client experience.

Offering mobile app access is becoming increasingly important. A modern PEO should ensure that employees and HR teams can update and complete tasks, such as submitting time off requests, reviewing benefits, or completing onboarding paperwork, directly from their mobile devices. By making it easy for users to access and manage HR tasks on the go, PEOs improve the user experience, increase employee engagement, and provide flexibility in a mobile-first world.

Beyond basic automation, forward-thinking PEOs should explore machine learning and AI-powered insights to provide predictive analytics on workforce trends. By analyzing employee turnover, compensation benchmarks, and compliance risks, PEOs can offer

proactive recommendations to clients, positioning themselves as strategic advisors rather than just service providers.

CLIENT-CENTRIC APPROACH

Today's businesses expect more than just transactional HR services; they seek strategic partnerships. A modern PEO must go beyond payroll and compliance by offering customized HR solutions that align with each client's unique business goals.

One key strategy for deepening client relationships and increasing retention is offering a 401(k)-master plan. By providing access to a cost-effective, high-quality retirement solution, PEOs enable clients to remain competitive in attracting and retaining top talent. Additionally, the administration of retirement benefits further integrates the

PEO into the client's long-term strategy, making the relationship more "sticky" and reducing the likelihood of clients shopping for alternatives.

Beyond benefits, a successful PEO should offer personalized HR consulting, employee experience strategies, and proactive compliance support. By embedding these value-added services into the relationship, a PEO transforms from a service provider into a trusted partner, ensuring a deeper, more meaningful connection with clients and employees.

Another way to enhance the client experience is through continuous education. Hosting regular webinars and compliance briefings keeps clients informed about changing regulations and emerging HR trends. When clients view a PEO as an ongoing resource for knowledge, they are more likely to maintain long-term partnerships.

SCALABILITY AND ADAPTABILITY

Growth requires scalability. A successful PEO must build an infrastructure that supports expansion into new industries or markets without sacrificing service quality. Implementing HRIS platforms with automated workflows, digital document management, and self-service portals streamlines operations, reduces overhead, and maintains high service standards.

Leveraging AI-driven tools like chatbots, virtual HR assistants, and self-service knowledgebases enhances client and employee support by providing instant answers to HR, payroll, and benefits inquiries. These tools reduce response times and empower employees, while smart automation escalates complex issues to PEO professionals for a human-centered resolution.

Warm referrals play a key role in scalability. Satisfied clients serve as advocates, and

optimizing SEO ensures prospects can easily find the PEO and its services. This organic growth strategy, driven by strong client relationships, and a good reputation, provides a sustainable way to scale while maintaining service quality.

COMPLIANCE AS A COMPETITIVE ADVANTAGE

With changing labor laws and tax regulations, compliance is a critical value proposition for a modern PEO. By investing in compliance expertise and leveraging HRIS technology, PEOs can mitigate risk for their clients and serve as trusted advisors, reducing liabilities and ensuring businesses stay ahead of regulatory changes.

Regular check-ins with clients are key to understanding their future business plans, whether it's expansion, downsizing, or restructuring. By discussing future workforce needs and potential shifts in business direction, PEOs can proactively adjust compliance strategies and HR practices to ensure continued alignment with legal and regulatory requirements. Whether it's planning for the addition of new employees, navigating labor laws in new states, or managing layoffs, these conversations help the PEO provide valuable insights and ensure clients are prepared for any challenges ahead.

While it's impossible to prevent all potential legal issues, PEOs that stay ahead of federal and state employment law changes can proactively inform clients of compliance updates, helping to minimize the risk of costly legal challenges. This proactive approach not only mitigates risk but also reinforces the PEO's role as a trusted business advisor.

CULTURE AND LEADERSHIP

A PEO's success relies on strong internal culture and leadership. Attracting top HR

talent, fostering innovation, and maintaining a client-first mindset are crucial. Technology is only effective when internal teams fully leverage HRIS tools, understand enhancements, and educate clients on improving operations and workforce management. A modern PEO must also deeply understand clients' businesses, industries, and evolving compliance needs, proactively guiding them through legislative changes. Leadership should foster a culture of continuous learning to stay ahead of regulatory and technological advancements.

THE FUTURE OF PEOs

Building a modern PEO involves more than optimizing operations; it's about creating a vision for sustainable growth. The value of a PEO is most evident during unexpected challenges like the COVID-19 pandemic, when businesses that partnered with a PEO gained access to expert guidance on regulations, PPP loans, furloughs, remote policies, and compliance changes.

This underscores the true impact of a PEO, not just as an HR provider, but as a business partner that helps clients navigate uncertainty, adapt to new regulations, and sustain operations. To remain valuable, a modern PEO must stay proactive, agile, and deeply embedded in its clients' success strategies.

By investing in technology, prioritizing client needs, ensuring compliance, and fostering innovation, PEOs position themselves as indispensable partners in today's evolving workforce. ■



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The Missing Link

In Your Operations

The PEO C-Suite:

Assembling The Right Roles and Planning For Leadership Transitions

BY DAVID PEARSON

Executive roles have evolved to encompass emerging needs, largely led by the influx of technology and subsequent compliance measures affecting the workplace. The PEO industry itself has already undergone dramatic changes, which means a traditional C-suite model may not be best suited for all PEOs.

Though the core leadership roles of CEO, COO, CFO, and the like are still significant, it's important to make room for specialized positions that consider data security, AI implementation, and other modern-day demands.

Regardless of which titles make it to the top of your leadership team, the goal is for the C-suite to align with business objectives to ultimately deliver better service and build stronger relationships with clients.

STRUCTURING THE C-SUITE FOR GROWTH

A PEO's size is a significant factor in developing an effective C-suite. Smaller PEOs may combine roles and responsibilities to conserve budget and optimize resources, while larger organizations may expand their C-suite to involve a greater number of executives at the top of the leadership chart.

However, PEO size isn't the only consideration, as varying client needs and challenges, as well as the ability to tailor services, can help determine which structure will work best.

From finance to operations and marketing to compliance, each C-suite role has distinct responsibilities to collaboratively work toward one shared vision. To create and maintain a strong leadership structure, it's valuable to routinely re-evaluate roles and responsibilities and confirm the right people are in the right positions.

EXTENDING THE CORE LEADERSHIP ROLES TO INCLUDE PEO RESPONSIBILITIES

Though there is familiarity with the chief-level positions which make up most companies, there are certain inclusions that differentiate them when part of a PEO.

Chief Executive Officer (CEO): As the key leader in executing a company's overall vision, a PEO's CEO must also have in-depth insight into industry compliance and workforce trends to pivot strategy as needed to continually meet business and client demands.

Chief Operating Officer (COO): The COO is the executor of a PEO's day-to-day operations, ensuring the successful delivery of client services and measuring impact to inform scalability.

Chief Financial Officer (CFO): Manages the financial strategy, budgeting, and risk while also overseeing payroll structures, compliance with tax regulations, and company profitability.

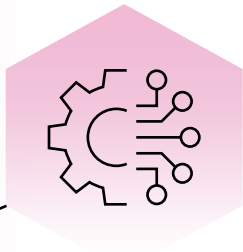
Chief Human Resources Officer (CHRO) or Chief People Officer (CPO): Aligns the PEO's internal HR strategy with its client services, focusing on talent acquisition, retention, and workplace culture both within the PEO and the businesses it works with.

Chief Technology Officer (CTO) or Chief Information Officer (CIO): Oversees the development and design of which technology solutions are most applicable to enhance experiences, both internally and for clients.

Chief Marketing Officer (CMO): The CMO is responsible for positioning the PEO as a trusted HR partner through strategic lead-gen and client retention efforts.

SPECIALIZED ROLES TO ELEVATE PEO OFFERINGS

With multiple generations making up the workforce, the availability of in-person, remote, and hybrid options, and a slew of other industry trends in the



mix, assigning full-time roles focused on mitigating risk and maximizing client engagement is a valuable way PEOs can add to their C-suite.

Chief Compliance Officer (CCO): A CCO upholds adherence to local, state, and federal regulations and collaborates with other executives when operational changes are required as a result.

Chief Client Success Officer (CCSO): Manages client satisfaction with a proactive approach to potential challenges to deliver optimal value and secure high retention.

Chief Revenue Officer (CRO): Integrates sales, marketing, and client success efforts to drive revenue growth and prepare PEOs to expand their footprint.

EMERGING ROLES SECURING A SPOT IN THE MODERN WORKPLACE

It's no secret AI is now a prolific part of the workplace. Knowing how to best utilize automation and translate data is among the C-level responsibilities more PEOs will require in the near future.

Chief AI Officer (CAIO): Manages the integration of AI tools while streamlining their efficiency and navigating ethical considerations.

Chief Data Officer (CDO): Leverages the entirety of a PEO's data to drive decisions while ensuring the strictest privacy and security standards are met.

Chief Information Security Officer (CISO): Mitigates data breaches by creating comprehensive cybersecurity policies which protect sensitive client and company information.

KNOWING WHO TO TURN TO IN TIMES OF TRANSITION

This collective of executive roles is interconnected by individual skills, strengths, and responsibilities to create a carefully curated C-suite. Yet, many leadership teams are unprepared when one or more positions are left vacant.

PEOs aren't immune to workforce turnover trends. According to a Mercer study, 5.4% of organization heads and executives and 7.6% of management voluntarily left their roles between 2023 and 2024—reinforcing why identifying potential successors and developing contingency plans is key.

Additionally, with more C-suite executives retiring, and an increased percentage expected in the coming years, it's in a PEO's best interest to make sure the next generation of leadership is prepared. This type of action plan starts with:

Assessing Current Leadership Needs. To maintain a strong leadership team, regularly review the roles and responsibilities of each C-suite executive and confirm they are equipped with the key competencies, skills, and experience needed for each role.

Implementing performance reviews, 360-degree feedback, and leadership assessments can guide capabilities and identify gaps.

Outlining Operational Processes. Clear, consistent documentation is a critical part of maximizing operational effectiveness and productivity when there

are transitions. Maintaining accurate, companywide protocols supports the uninterrupted delivery of PEO services even when there is a change in leadership on the executive level.

Creating A Leadership Development Program. Designing a structured program that includes mentoring, coaching, and training tailored to high-potential employees can set the search for successors in motion.

Leadership development should incorporate both technical and soft skills, such as communication, decision-making, and strategic thinking, as well as rotational assignments or cross-functional projects to broaden candidates' experience.

PAVING AN ADAPTABLE LEADERSHIP PATH

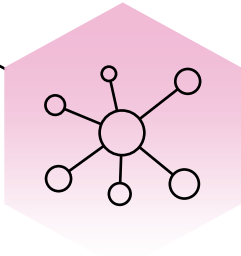
Tailoring a C-suite structure for growth requires thoughtful alignment with a PEO's specific goals. Whether it involves adding, combining, or altering executive roles and responsibilities, it should also leave room for flexibility to adapt to inevitable changes.

Establish a clear plan for your company's leaders so they can continue providing excellent client service and delivering a competitive edge, no matter which direction the industry heads next. ■



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Watch Out!

How To Overcome Pitfalls When Scaling Your Business

BY JEAN GOLDSTEIN, CPA

The adage “little kids, little problems; big kids, big problems” rings especially true for a growing PEO. From the very beginning, the most successful PEOs establish a solid foundation for growth, built on robust people management, efficient processes, strict regulatory compliance, and a balanced approach to business risks. By dedicating time, resources, and energy to the right areas, your PEO can sidestep common pitfalls and achieve sustainable, successful scaling.

YOUR PEOPLE

Staff members are the backbone of any organization. It is imperative to provide each with the tools to succeed. Best practices to help acquire, assess, foster and retain talent are the key to success.

Hire Ahead of Growth. Review your organizational structure and hire ahead of growth—per the NAPEO Financial Ratios & Operating Statistics Survey (FROS), the average PEO requires 7.4 internal employees for every one thousand worksite employees (WSE). Be prepared to add staff in anticipation of growing WSE counts. Remember that the statistics are merely guidelines and do not take into consideration items such as outsourcing, technology and service models. Homing in on where your PEO fits in these averages ahead of time will help prepare more accurately for the future.

Make Communication A Priority. As staff sizes and levels grow and with the increase in hybrid work, it is critical to tailor

WSEs Per Internal Employee, Per Department

EVERY 1,000 WSEs	PEO DEPARTMENT	WSEs PER
1.0	Accounting, Finance, Legal, Compliance and Tax	1,050
1.8	Payroll (including Payroll Support)	550
1.0	Benefits	1,000
1.3	Human Resources	800
0.7	Information Technology	1,500
1.2	Internal Sales & Marketing/Consumer Relations & Sales	850
0.5	Risk Management	1,925
1.0	CEO/Staff Not Assigned Above, Other General Office Support	1,025
7.4	Total Internal Employees	136

communication tools. There is a balance between too much and not enough communication. Find what fits your culture like periodic newsletters, or a cadence for regular team meetings. Also consider purchasing or upgrading collaboration systems such as MS Teams, Slack, or Guru.

Training and Development. Help staff become the best they can be. Ask yourself if each team member is in the right seat and if his or her vision align with corporate initiatives. It's also important to make clear what is required of them through periodic reviews and KPIs. Lastly, be sure to recognize and reward their contributions. Coaching and mentoring programs offer critical support for growth. PEO specific training is often forgotten. It is important to stay on top of the ever-changing landscape of regulations and requirements. Leverage NAPEO resources including online resources, webinars, in person meetings and collaboration with peer members. Fund certifications such as PHR or APA, both initial certification as well as continuing education.

CLIENTS

Without clients we do not have a business. When growing your business, ensure promises made to your clients when they first join are kept. For maximum client satisfaction and retention, consider reviewing client touch metrics. What is the average response time? Has that increased over time? How can it be maintained? Also pay attention to what cadence clients are "touched." Create metrics and be

sure they are measured, while also considering surveying clients for feedback.

TECHNOLOGY

Investing in technology to keep up with the digital transformation can lead to efficiencies and allow employees to focus on client satisfaction. Consider whether the same systems that supported business needs at the PEO's infancy are still relevant. Have competitor vendor solutions continued to evolve and provide enhancements that your current programs are missing? Review software systems such as payroll operations, payroll tax management, accounting, and CRM. Also assess automated intelligence (AI) solutions. Can AI increase productivity, save time or money without disrupting client service levels? Consider a working group to assess the possibilities specific to your PEO solutions, service level and budgetary needs. Also evaluate if it's time to invest in APIs. EDI feeds help to streamline tasks, eliminate manual work and reduce errors. Review integrations for things like: banking, retirement plans, benefit plans, unemployment administration, ACA administration. Consider other areas where automation would be beneficial, too.

OPERATIONS

Look at operations through a fresh lens and be open to changes. Create or update the company mission statement and ensure it aligns with current values. Assess where outsourcing to or insourcing from third providers may be warranted. What is the ROI for

either? Common outsourced solutions include: IT support, reconciliations, UI administration, ACA administration, and COBRA administration. As you grow, so may the need for certifications. While certain certifications (ESAC, CPEO, SOC reviews) could help with attracting new business, they also provide a level of comfort for owners or boards of directors.

Many startups or smaller PEOs are unable to offer PEO master plans. If the following are on your radar, start the process of courting potential carriers well in advance (sometimes years). Working with PEO centric brokers can help in these areas: Master medical, dental and vision health plans, ancillary health plans, employment practices liability insurance (EPLI), and retirement plans.

Assess if this is the right time to consider something other than a fully insured workers' compensation plan such as a high deductible or self-insured program. Consult with a PEO broker to help assess. Leaning in here could help in competition, pricing, service and overall profitability.

FINANCE

The finance team is the central source for data and driving improvements as well as supporting sales growth. At this juncture,

the finance team should focus on a few key areas.

Treasury Management. Is it possible to move ACH arrangements from a third-party provider to the bank? Focus on strengthening the banking relationship. Request ACH line increases or exceptions ahead of need, review fees, and inquire about new products and services such as reverse wires and same day ACH.

Exploring Revenue Streams. Consider if it makes sense to change or simplify the current service model, pricing structure or number of PEO entities.

Sales. Review and tweak the current go-to-market strategy as appropriate. Assess internal or external sales quotas. Create referral programs. Expand geographical region or vertical.

Benchmark financial statistics against industry standards and best practices. The NAPEO FROS report is a great place to start. If you haven't before, create a budget. If you are employing budgets, add a forecast and reforecasting program.

COMPLIANCE

No one area is more critical to scaling a growing PEO than compliance. You should review and update the CSA to ensure it reflects the current service model, pricing, etc. Assess internal controls; have they

been updated to encompass the changes that have occurred?

Be mindful of PEO licensing requirements. Are you operating in new states or with multiple entities? Many states require quarterly payroll tax review or audits, bonds and many other financial stipulations. Utilize the NAPEO regulatory database to help stay on top of these obligations. Update standard operating procedures (SOPs), be sure they are reflective of new tasks and processes. Understand the political and regulatory landscape and how it affects items such as I9 and E Verify, OSHA, FLSA, DOL audits of ERISA plans, and wage and hour position.

Each PEO embarks on a unique growth journey, shaped by its vision, goals, and challenges. By adopting a forward-looking mindset and implementing strategic planning, any PEO can achieve seamless scalability. This approach minimizes disruption for internal teams and clients alike, fostering sustainable growth, enhanced efficiency, and long-term success. ■

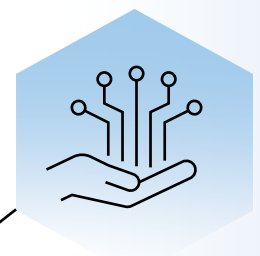


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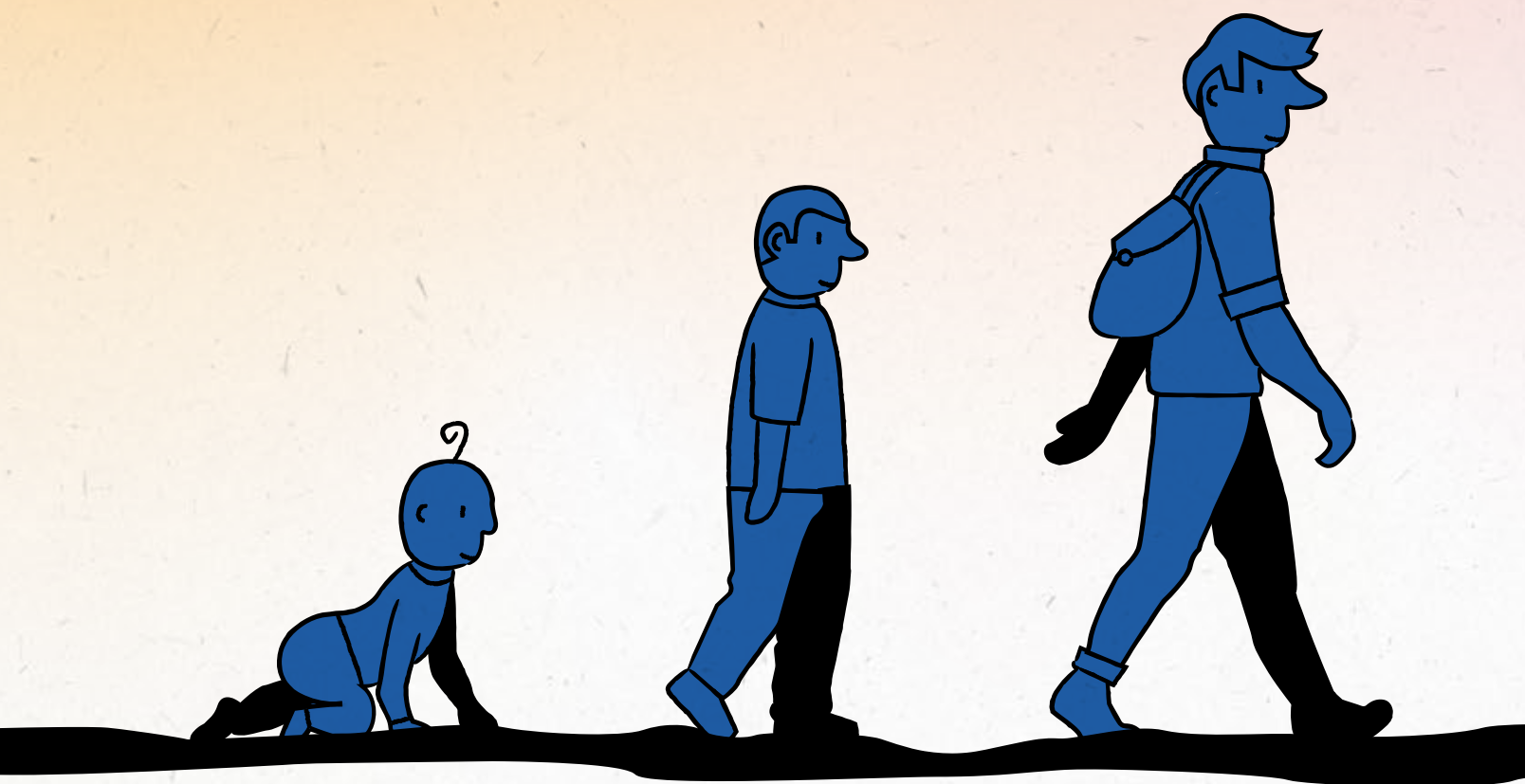
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For maximum client satisfaction and retention, consider reviewing client touch metrics.



REFLECTIONS ON

GRO



WTH



& LESSONS LEARNED

40 Lessons In 40 Years Of Selling HRO And Leading HRO Sales Teams

BY CLAY M. KELLEY, SHRM-SCP

40 years. When I began my career in the PEO industry, I could hardly imagine that you and I would be having this conversation today. From the time I was a young boy, my dream was going into my father's business – manufacturing and selling football helmets and shoulder pads.

My father played professional football for the Green Bay Packers. Following his forced retirement due to numerous injuries, he began a career in the sporting goods business. First as salesman, selling equipment and uniforms to junior high and high schools all across West Texas.

In the late 1960s, he started manufacturing shoulder pads and football helmets that were sold to high school, college and NFL teams. Meeting famous football players and coaches the likes of Roger Staubach and OJ Simpson, Bear Bryant and Tom Landry was a common occurrence in my youth. It was cool.

That dream was gone, when my father sold his company in the early 1980s. I remember coming back from my freshman year at Texas Tech to his announcement to our family that he had sold the company.

What was I going to do?

On April 15, 1985, at the age of 21 (I looked like I was 16), I walked into a North Dallas hotel meeting room with no real sales experience and no college degree, to attend a five-day training on selling a business service known then as “employee leasing.” I would not have hired me.

Along with 20 or so other attendees, we were taught a 45-minute sales script by a

man who had never sold an account, nor had he ever presented a proposal. There was no training on employment laws, HR concepts, how workers' compensation worked, employee benefits or payroll, and certainly no study of the provisions of the CSA. Simply learn and deliver the script by Friday...or fail the course and get fired.

It is unfathomable to see how far the industry has come, as well as my own personal journey. I am eternally grateful for the opportunity to have learned so much from so many incredible people. This article could easily contain 400 lessons. It is my sincerest hope that you will find value in the following 40 lessons in selling and leading your team.

23 SALES LESSONS

Lesson 1: This business is about relationships. If you want to be truly successful, focus on being great at building authentic relationships, not trying to make a sale.

Lesson 2: The 4 Cs. Competency leads to Confidence, which leads to Creativity, which leads to Clients.

Lesson 3: Knowledge is NOT Power. Knowledge applied at the right time with the right people, in a way that makes it their idea is true power.

Lesson 4: Time Block Each Week and Commit to Prospecting. The duh for this article. Consistent, intentional prospecting and grinding

through the rejection is fundamental. Don't ask me how many calls you should make - it takes what it takes.

Lesson 5: Increase Contact Success.

Send something, anything to prospects stating the date and time you will reach out to contact them will increase contact success.

Lesson 6: Commit to CRM.

Committing to CRM increases the opportunity that you will reach prospects when they are ready. Secure renewal dates for workers' compensation and health insurance for every opportunity and you will be able to contact them at two key times of the year.

Lesson 7: Qualify Your Prospects.

Become a samurai at qualifying opportunities. Qualify for decision making authority, ethics, needs, wants, gaps, timeframe, ability to meet underwriting criteria, and willingness to part ways with existing relationships and invest in your solution.

Lesson 8: The ABCs of Selling PEO are NOT Always Be Closing. The ABCs of selling HRO are the Authentic Business Conversation. Build authentic rapport and trust to get prospects to share their needs, wants, issues, goals, and costs.

Lesson 9: Commit to a Solid Discovery Process. Commit to a solid discovery process that includes being

prepared, doing research on clients, building authentic rapport, qualifying, asking effective questions to build the business and financial case and make it an easy decision.

Lesson 10: Own Your Opening Statement. The first 90 seconds of any meeting is crucial. Clearly stating the purpose and outcome of each meeting instills confidence and trust. But you have to own it and be authentic.

Lesson 11: Gain Agreement on Needs, Wants and Gaps. Asking effective questions leads to an understanding of the client's needs. At the end of the discovery process, restate their issues, state how you can solve those needs and gain agreement that you are in alignment with the prospect's goals.

Lesson 12: Get All the Objections Out of the Way. There are only three authentic objections: 1) Timing. 2) Cost. 3) They trust existing relationships more than you. Everything else is telling you no. You should discover timing and existing relationships early on in the discovery process. Cost may not be able to be determined until proposal.

Lesson 13: Ask for the Proposal. It is a simple phrase; *"The next step would be to determine if a relationship makes financial sense, and to do that we would need to provide you with a proposal. Would you like to see if all of this makes sense for your organization?"*

Lesson 14: Request the Documents You Need. When the client says they want a proposal, immediately hand them (or email if an online meeting) a list of documents needed for the proposal. If they will not produce the documents you need, they are telling you no.



It is unfathomable to see how far the industry has come, as well as my own personal journey.

Lesson 15: Build the Financial Business Case. Prospects have costs associated with technology, HR, workers' compensation insurance, employee benefits, payroll and time dealing with all of this "stuff". You have to uncover those costs.

Lesson 16: Get Stakeholders Buy In. It is critical to gain buy in from every stakeholder and influencer.

Lesson 17: Set the Next Meeting. Always schedule the next meeting before leaving any meeting with a prospect or client. If they will not set the next meeting, they are telling you no.

Lesson 18: Hold Proposal Meetings at Your Office. Your office and getting prospects to come and meet your service team is the ultimate home turf!

Lesson 19: Delete Two Words from Your Vocabulary. Quote and close are two words that I hate. We don't quote. We build authentic business cases for our clients. We don't close. We gain client relationships.

Lesson 20: Ask for the Relationship. Three simple questions. *"Does all of this make business sense?"* When the prospect says "yes", ask *"Do you believe that it makes financial sense for your company?"* When the prospect says "yes," reply with *"The next step is to*

execute the agreement and discuss implementation and time frames."

Lesson 21: Set the Expectation that You Will Ask for Referrals. Once the client has executed the CSA, simply say *"We will always strive to exceed your expectations, so that you will always have the confidence to refer companies that need our help."*

Lesson 22: Conduct Regular Client Care Meetings. Regular client care meetings ensure client satisfaction and provide the opportunity to gain referrals and letters of recommendation.

Lesson 23: Stay in Regular Contact with CFOs. CFOs turnover like any other position. You want two things, the CFO to take you to their next position and you want to protect your existing business when a new CFO comes into the company.

17 LESSONS IN LEADING SALES TEAMS

Lesson 24: Know What You Want in a Salesperson. Before you hire, you must know what you are looking for in a salesperson. Look for integrity, fearless prospectors, people who have a background in competitive sports or activities, ability to converse with C-Level decision-makers, excellent discovery skills, willingness to learn, and excellent communication skills.

Lesson 25: Establish Realistic Minimum Quarterly Expectations.

Before you hire, set clear goals for revenue, sales, proposal appointments, proposals, RFPs, data gathering appointments, first appointments, and prospecting activities.

Lesson 26: Be Honest About What It Takes to Be Successful. This business is a daily grind of learning, prospecting and meeting with prospective clients to gain new relationships. Communicate the challenges upfront in the recruiting process, you'll save a lot of time, money and headaches.

Lesson 27: Recruiting Never Stops. You must always be looking for your next team member.

Lesson 28: Develop Deep Internal Training Programs. Before you hire, develop training. There are a million details to understanding this business. Creating internal training is a must **BEFORE** you hire. If you would like 499 questions to develop your internal training program, email me at clay@claykelley.com and request the 499.

Lesson 29: Hire Slow – Fire Fast. Before you hire, develop a solid recruitment process that includes multiple interviews to be sure you have an excellent culture fit and evaluate the skills and characteristics of your candidates. When a salesperson does not meet the agreed upon expectations, make changes quickly.

Lesson 30: Require Candidates to Perform Projects. Require candidates to perform projects in the recruitment and selection process. Projects like written interview questions, providing a list of

current contacts, a commission report, a one-page business plan, a sales competency profile, and making presentations.

Lesson 31: Opt for Non-Solicitation Agreements. Require all sales team members to sign a non-solicitation agreement preventing them from soliciting existing clients and employees.

Lesson 32: Develop a Solid Onboarding Training Plan. Before you hire, develop a solid onboarding plan that includes internal sales training, sales skills training, internal process training and prospecting. Every salesperson should follow a daily plan for the first 90 days...it takes time and planning.

Lesson 33: Train, Role Play, Repeat. Train, Role Play, Repeat.

Lesson 34: Put New Sales Team Members to the Test. New sales team members should be tested each Friday on the subject matter covered that week. They should also be tested at the end of 30, 60 and 90 days to ensure competency.

Lesson 35: Mentorship Programs Work. Existing successful sales team members are your best source in developing new talent. Get them involved, it builds camaraderie, and new salespeople will develop faster.

Lesson 36: Communicate Sales and Activity Results Weekly. Everyone should know every week where they stand in meeting or exceeding expectations.

Lesson 37: Conduct Quarterly Performance Appraisals. Sales performance appraisals should be conducted on the third Wednesday

following the end of each quarter. It does not need to be a long process.

Salespeople should complete a self-appraisal. The first question on the self-review should be “*Did you meet or exceed or fail to meet expectation?*”

Lesson 38: Address Underperformance Quickly. When a salesperson fails to meet any expectation, especially early in their employment, deal with it. Implement performance improvement plans consistently or make the necessary changes.

Lesson 39: Fire with Grace. When a salesperson fails to meet expectations, give them an opportunity to resign or they must follow a performance improvement plan that must be strictly enforced.

Lesson 40: Get Involved and Give Back. Get involved and give back to your community. Your community needs invested persons to flourish. Start by getting involved and investing at a high level in your local chamber of commerce.

NAPEO needs you too. Getting involved in NAPEO enhances your company's reputation, your personal development and builds strong industry relationships.

I sincerely hope you will put these 40 lessons into practice. Embrace these lessons and you'll be well on your way to achieving sales success and leading high-performing sales teams.

Until we meet again, I wish you the very best of success! ■



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G&A Partners: 30 Years Of Adaptation And People- Focused Service

BY EVAN FALLOR

What does it mean to celebrate 30 years of founding and running a business?

It means I'm old, John Allen, the co-founder, president and CEO of Houston-based G&A Partners, says with a laugh.

While age may be relative, what's not is the impact Allen's firm has had on the PEO industry since its humble beginnings as G&A StaffSourcing three decades ago.

"I would like to say that I've been a visionary and anticipated everything," Allen said. "Nothing could be further from the truth. We tried to take advantage of opportunities as they've come up."

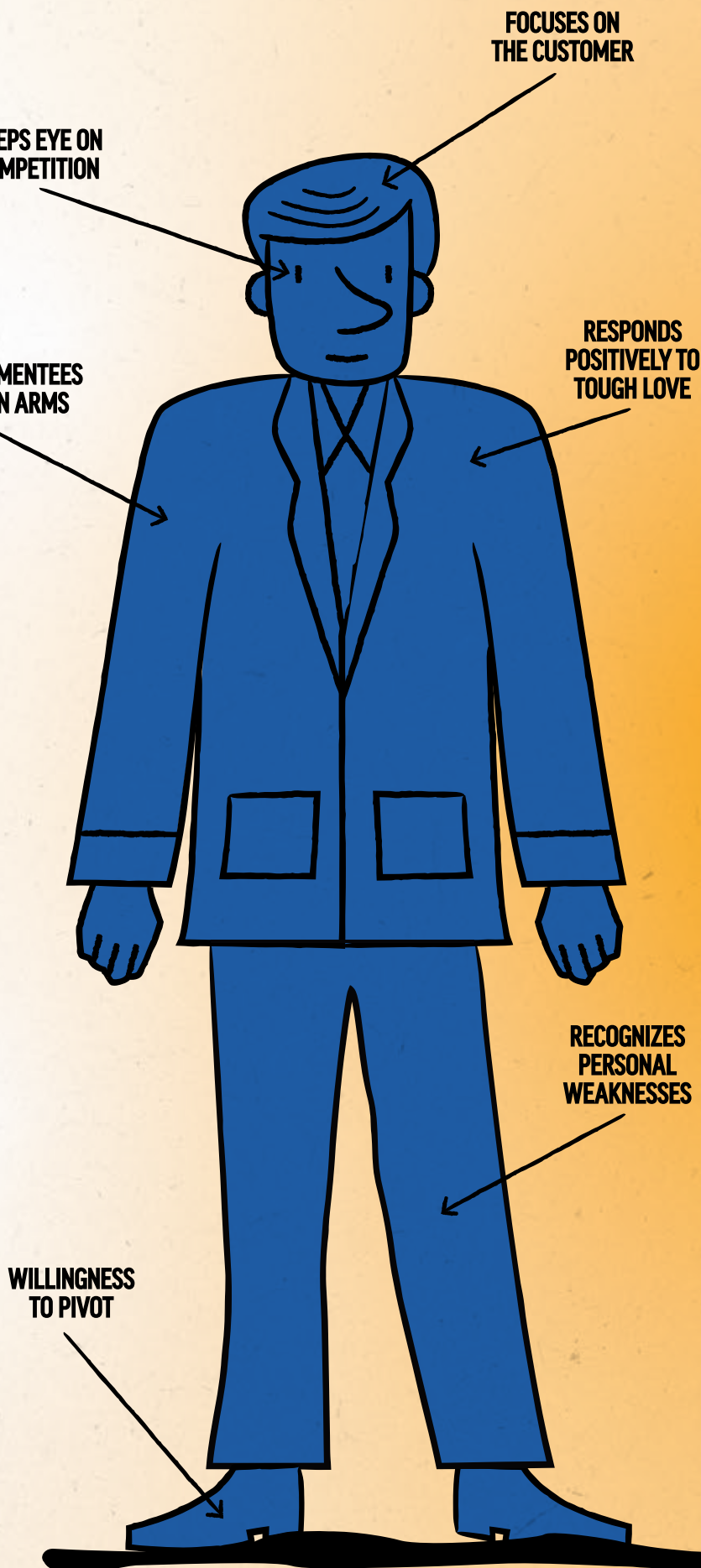
That pragmatism and willingness to pivot has brought the original temporary staffing firm he and Tony Grijalva co-founded in 1995 from a three-employee company to one that now boasts 700 employees in more than 30 offices, serving more than 4,400 clients and 100,000 worksite employees nationwide.

What's the secret sauce?

"If you're going to be successful, you've got to surround yourself with good people and focus on the customer," Allen said. "If you focus on what's easy for you versus the client, eventually you'll miss the mark."

Allen admits that when he and Grijalva — whom he founded a CPA practice with in 1991 — launched the temporary-staffing focused G&A in 1995, they didn't have a well-thought-out business plan and frankly, didn't think it would last this long.

Little did he know just how high demand would be from small and mid-size businesses, beginning a journey that would forever link them as the G and the





The goal has long been to be a destination workplace, where employees are valued and well-compensated, with customers serving as their North Star.

A in G&A Partners. (The G and A are also symbolic in their nod to the general and administrative expenses terminology of their accounting roots.)

They focused on its quickly growing HR and PEO businesses, rebranding it as G&A Outsourcing in 2000 before landing on its current name four years later. By 2002, they sold off the staffing and CPA business to focus solely on the PEO side. From there, it grew and grew some more.

The goal has long been to be a destination workplace, where employees are valued and well-compensated, with customers serving as their North Star. Happy employees mean a better-treated client.

Other keys to success and longevity in the PEO world, Allen says, are perseverance — success doesn't happen overnight — and a desire to adapt as the industry adapts around you.

They've morphed in several ways, including by significantly improving their benefits offerings, as more small businesses seek out PEOs for better benefits pricing.

And like many businesses, G&A has become more tech-oriented to deliver higher quality HR services. The 1995 value proposition is no longer relevant. Adaption was key, especially as it meant taking advantage of industry and regulations changes so its service offering and products stay relevant.

In many instances, they've kept an eye on competitors to either emulate success

or learn from others' mistakes to avoid those pitfalls. That research — along with many acquisitions in pockets across the U.S. — has helped G&A Partners catapult to one of the largest PEOs in the nation, frequently named to major publications' fastest-growing private companies lists.

But with three decades in business, there are bound to be some bumps in the road. At one point, G&A Partners was ready to buy a property and build a state-of-the-art four-story office building to accommodate its growing staff. Plenty of eyes would see the G&A Partners logo slapped on the side of this "architectural wonder" as Allen put it, right on a major highway that thousands of cars travel by each day. Everything was great on paper.

But an issue came up that took quite a bit of work to resolve, which led to scrapping the building project altogether. COVID hit not long after, and businesses shifted to a hybrid working model with a largely downsized office footprint.

Had the purchase gone through, they'd be sitting on a mainly empty, albeit state-of-the-art workplace. That little issue they thought was unfair at the time turned out to be a blessing in disguise.

As evidenced, sometimes it takes a little luck. But other times it takes a positive response to tough love.

About six years ago, Allen and Grijalva thought it was time to take some chips off the table in a potential exit. They hired an

investment bank and gave about 15 management presentations for interested private equity firms.

When all was said and done, the common theme was a majority discounting value of the business. So, the team called it off and addressed the issues raised. During that period, the business grew five times, and it became a larger, more profitable organization. The lesson learned: don't be afraid to recognize where you have weaknesses, and it will benefit you in the long run.

The 30th anniversary was marked by acknowledgement — luncheons coupled with an eight-minute video at G&A Partners offices across the country — but without excessive fanfare.

"We paused for a brief moment and now we're focused on the future," Allen said.

What does that future look like for G&A Partners? Well, Allen doesn't like to speculate on what the next 30 years will bring, but he is happy to project what success will look like over the next half-decade.

It rests on three pillars: organic growth, customer care to retain clients and creative acquisitions. That, in addition to remaining a destination workplace where employees are well taken care of. If those goals are met, growth and profitability should follow.

As for any advice for newcomers hoping to break into the PEO space today?

"Come out and talk to us," he says. "I came out of public accounting and I never imagined I'd own and operate a PEO. Now it consumes my thoughts, my actions and my time."

"I love the industry, I love our value proposition and I love what we do," he added. "If someone wants to have the experience I did, I would welcome them with open arms." ■



EVAN FALLOR

*Director, Communications
NAPEO
Alexandria, VA*

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NAPEO NextGen is an initiative that provides networking opportunities, training sessions and programming for PEO professionals 45 and younger. The annual NextGen Leaders Class program was introduced this year to showcase rising stars who have shown a commitment to professional and PEO industry growth.

This year's class of NextGen Leaders represents a committed group of individuals who care deeply about the future of our industry. Please join us in congratulating this group of leaders who will shape our industry's future.



LUKE ANDERSON
President
The Employer
Group LLC

Where do you see the PEO Industry headed and how will you contribute to its growth? The PEO industry is poised for significant growth as small and mid-sized businesses increasingly recognize the value of a trusted HR partner. With ever-evolving compliance laws, the complexity of human capital management (HCM) software, and rising employee benefit costs, SMBs need expert guidance to navigate these challenges. Fortunately, these are exactly the areas where PEOs excel, and I'm excited to see more businesses leverage PEO solutions in the future. I plan to contribute to this

growth by leading a dynamic team that delivers exceptional client experiences, actively promoting the benefits of PEO partnerships within our community, staying ahead of compliance developments, and advocating for technology advancements that enhance the industry. Looking ahead, I believe PEOs will continue expanding their role as strategic partners—helping businesses navigate regulatory changes, implementing AI-driven solutions, and enabling SMBs to focus on their core mission. My goal is to champion the role of PEOs as the trusted allies that businesses need to thrive.

Fun Fact: I am a huge fan of everything Wisconsin Badgers.



DEBORAH DHUY
NY Director of
Human Resources
Armhr

Where do you see the PEO Industry headed and how will you contribute to its growth? The PEO industry stands at a transformative intersection of technology and human-centered service. As someone deeply immersed in this evolution, I see our sector expanding beyond traditional HR outsourcing into a strategic enabler for the modern business landscape. The pandemic-accelerated shift to remote work has created an environment where even small businesses operate across multiple states, each with its unique regulatory

framework. This complexity, combined with the growing need for competitive benefits packages, positions PEOs as essential partners in business growth.

My experience in revolutionizing client-facing technologies has shown me that the future of PEOs lies not just in service delivery, but in empowerment through innovation. I envision an industry where AI-enhanced platforms do not simply automate tasks, but proactively guide business owners through complex decisions, while maintaining the human connection that makes PEOs invaluable partners. By leveraging emerging technologies, we can transform regulatory compliance from a burden into a competitive advantage for our clients.

I am committed to driving this transformation by championing solutions that blend technological efficiency with human expertise. My focus is on developing intuitive systems that anticipate needs, simplify complexity, and enable our service teams to deliver higher-value consultative support. As legislation evolves and workforce dynamics shift, I see PEOs becoming indispensable strategic partners, not just service providers. The future belongs to PEOs that can harness technology to enhance, rather than replace, the human element of HR services—and I am excited to help lead this evolution.

Fun Fact: Deborah credits her focus and determination to her childhood study of karate. Beginning at age 7, she received her black belt at age 15 and competed in the

Amateur Athletic Union's Junior Olympic Games for 10 years.



RAJESH GURUMOORTHY
Co-Founder & CEO
InsureComp

Where do you see the PEO Industry headed and how will you contribute to its growth? The PEO industry is poised for significant growth and transformation in the next few years, and set to reach an estimated market size of USD 152.14 billion by 2033. Advancements in technology and a global workforce will drive the PEO evolution. The advent of remote and hybrid work models has pushed SMBs and PEOs to invest in better tracking, prediction and reaction times. Businesses will demand better digital tools and services that help them with the ever-changing landscape of HR services, domestic and international compliance, and risk management, and that is where PEOs will play a pivotal role. Worker's Compensation claims cost, regulatory complexity, and the need to provide coverage across multiple geographies will also pose a tremendous challenge. By adapting agile and tech-savvy advancements starting now, PEOs can ensure sustainable growth in the coming decade to maintain their competitive edge in the industry.

Being at the forefront of PEO revolution, our companies specialize in three areas: Tech-enabled (worker's compensation) Underwriting Services, Data Analytics, and Workflow Automation. With home-grown products like I-Flow (our real-time KPI Tracking and Reporting product), we will enable PEOs in areas like risk assessment through digitized underwriting, streamlining operations, and data-backed improved decision-making. We hope to bring in technology (InsureComp) and human capital (InsurePro) in adequate measures to ensure long-term continuity and success of the PEO industry. We also hope to revolutionize PEO sales, by adopting a go-direct

model that uses advanced digital marketing techniques whilst showcasing a compelling value proposition.

Fun Fact: I'm an avid runner and have finished a couple of half marathons. I play cricket and badminton, and love travelling. I have a doting family—my wife's an HR professional (yes—you heard it right) and is a VP at ANSR although I have successfully managed to keep her away from our industry!). Our daughter, Rhea, is a 10th grader and our son, Dhruv, is an 8th grader.



CHASE HEYWOOD
President & COO
Stratus HR

Where do you see the PEO Industry headed and how will you contribute to its growth? The PEO industry is entering a period of unprecedented opportunity as small and mid-sized businesses face increasing complexity in HR, compliance, and workforce management. Business leaders recognize PEOs as strategic partners who enable them to focus on growth and culture while navigating evolving regulations and labor market challenges. Key trends shaping the industry include:

Enhanced Technology Integration: PEOs must adopt user-friendly platforms that simplify payroll, benefits, and compliance while equipping businesses with tools to build stronger, more connected communities.

AI's Impact on Employer-Employee Relationships: As AI becomes more prevalent, PEOs have an opportunity to integrate it into their offerings to improve efficiency and strengthen workplace dynamics.

Strategic Risk Management: Regulatory changes at both state and federal levels create opportunities for PEOs to become trusted advisors through proactive risk mitigation strategies.

Retention and Talent Development: As retention remains a priority, PEOs can deliver tools and insights to help

businesses invest in their teams and sustain productivity.

By delivering innovative solutions, strategic guidance, and retention-focused support, I will help small businesses thrive while demonstrating the tangible value of PEOs. Through continuous improvement and education, I will enhance my business's impact and support the broader business community.

Fun Fact: I love creating opportunities to connect with my family through hunting, fishing, skiing, snowmobiling, and just about anything outdoors. Trying to keep up with my kids is always an exciting adventure—and a great way to build a lifelong bond. I enjoy traveling with my wife. We love exploring new places, immersing ourselves in different cultures, and seeking out unique experiences. Any chance to see something new and expand our perspective is time well spent. I find joy in tackling difficult challenges—whether in business, personal growth, or fitness. If something sounds “hard,” it usually sounds fun to me.



HANK JOHNSON
Director of
Risk Management
& Compliance
Nextep

Where do you see the PEO Industry headed and how will you contribute to its growth? The footprint of the industry will continue to grow exponentially over the next five years driven by several factors:

Technology: Technology has dramatically improved the way PEOs service their clients. Advancements in artificial intelligence (AI) and machine learning have led to more efficiencies in employee reporting, payroll processing, training, and promoting all-in-one easy-to-use software solutions to clients. PEO clients now have great flexibility and can get information more quickly than ever before.

Outsourcing: Small business owners are becoming more and more comfortable

with outsourcing operations in an effort to maximize productivity and profitability. A PEO's ability to deliver bundled employment-related services, benefits, and risk management will continue to become more attractive as small business owners look for solutions to scale their business.

Market Expansion: Technological advances in communication and the flow of information have allowed businesses to recruit talent in a wider market. Therefore, businesses are hiring employees in states they may know nothing about and thus need a solution to understand the regulatory requirements of doing business in those states. PEOs can offer this expertise and allow businesses to hire anywhere.

Regulatory Complexity: Both Federal and state laws relating to small business are continuing to increase. This increased volume of regulation makes it more difficult for small businesses to comply, so the need for a solution will continue to increase. PEOs' ability to offer HR consultative services and keep clients abreast of laws and regulations will be pivotal in the industry growth.

Fun Fact: I enjoy time with family and following the fortunes of the OU Sooners and OKC Thunder.



JENNA MARCEAU
Chief Information Officer
Syndeo

Where do you see the PEO Industry headed and how will you contribute to its growth? The PEO industry is prepared for growth, driven by the evolving needs of small and medium-sized businesses, advancements in technology, and the demand for flexible workforce solutions. As businesses navigate complex regulatory environments, adapt to legislative changes, and seek innovative ways to manage talent, the PEO industry remains a vital partner in their success.

In the coming years, I see the industry evolving in technological advancement, strategic collaboration, and workforce transformation. To stay competitive, PEOs

must adopt cutting-edge solutions like AI-driven analytics, integrated HRIS platforms, and robust cybersecurity measures to deliver operational efficiencies and actionable insights. Beyond traditional services, PEOs will be ready to expand their role as trusted advisors, helping businesses address compliance, employee engagement, and workforce retention. As work models shift, PEOs will play a crucial role in fostering innovation and resilience, enabling businesses to adapt effectively and drive economic growth.

My twenty years at Syndeo have shown me the transformative power of PEOs in empowering businesses. I plan to continue leveraging my expertise in technology to implement innovative tools and processes, improving client satisfaction and operational efficiencies. Additionally, I'm committed to fostering collaboration and mentoring emerging leaders within the industry, sharing best practices to drive growth.

The PEO industry's ability to adapt to a rapidly changing world and provide meaningful support to businesses makes it a critical player in shaping the future of work. I am excited to continue contributing to its evolution by championing innovation, collaboration, and solutions that empower businesses and the communities they serve.

Fun Fact: When I'm not working, you'll most likely find me outside. Whether it's hiking in the mountains of Colorado, cheering on my boys from the sidelines, or digging in my garden. I'm also a big fan of live theatre and love attending local productions. A fun fact? I have a soft spot for small businesses and enjoy supporting them in any way I can, through mentoring, volunteering, or just being a loyal customer!



MARIA TARMOUN
Senior Manager,
Client Tax Services
& Solutions
Justworks

Where do you see the PEO Industry headed and how will you contribute to its growth? I see the PEO industry

evolving across three horizons: near-term tax credit administration, mid-term data-driven insights, and long-term workforce shifts.

In the near future, changes in administration may lead to more tax credits and incentives offsetting payroll taxes for small businesses. With the IRS modernizing processes, including e-filing for 941-X forms, I envision more credits flowing through these channels, increasing PEOs' compliance and liability responsibilities. Adapting quickly to create compliance reviews and manage customer demand for credit processing will be critical in a world of uncertain legislation.

Over the next 5–10 years, PEOs must leverage data to provide actionable insights to employers. Those failing to adopt data-driven strategies will lose competitive advantage. AI-powered analytics will predict employees looking to leave, identify burnout risks, benchmark wages against industry standards, and recommend optimal or cost-effective states for remote workers. Data insights and AI recommendations will add significant value to employers and differentiate forward-thinking PEOs.

Long-term, I anticipate a growing wage gap as high-value roles command significantly higher pay, while other roles see wages stagnate relative to inflation. Employers may hire fewer employees overall, forcing PEOs to reassess profit margins, revenue streams, and industry focus.

I see myself navigating changes in tax legislation and policy, mitigating PEO compliance risks, and enabling businesses to access tax credits. I would like to promote leveraging data to promote and derisk new tax credits, helping PEOs remain vital partners to their clients in an ever-changing landscape.

Fun Fact: For most of my major life decisions, I find myself turning to the musical Hamilton for guidance—there's almost always a lyric or moment that serves as a reference point to help me navigate the right path. ■

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TIM GRAHAM AND PPI BUILDING ON A STRONG FOUNDATION

BY CHRIS CHANEY



Tim Graham, President & CEO, PPI

These days it's not unusual for Tim Graham to spend part of his day fielding calls about state legislative issues and regulatory developments in Washington. The President and CEO of Clifton, New Jersey-based Payrolling Partners, Inc. (PPI) is also NAPEO's New England Leadership Council Chair, the vice chair of NAPEO's Federal Government Affairs Committee and PAC, and a former board of directors member.

That Graham is so involved in our governments affairs and advocacy efforts would have seemed quite unpredictable 15 years ago. Back then, Graham worked in packaging sales, high-end shopping bags to be specific. The company made and sold shopping bags that retail stores used in display cases and photos. Stores like Abercrombie & Fitch, Brooks Brothers, Chanel and Hollister were all clients of Graham's company.

The path from shopping bags to PEO ran through a family friend. Graham's father's life-long best friend started Busy Bee Staffing that morphed into PPI in 1983. Around 2010, he began to seriously contemplate retirement but had no clear successor in place. At some point, Graham's name came up.

"My dad asked me if I would take over PPI," Graham recalls. "I asked him, 'what do they even do?'"

Like many people in 2010, Graham's father had trouble explaining the PEO concept. He knew that payroll, benefits and retirement accounts played a big part, but that was about it. Graham was intrigued by the opportunity though and agreed to come on board and lead PPI.

He saw the value that a PEO brings to a business. He recognized that there's an awful lot of nuts and bolts happening behind the scenes that keep a business going that PEOs take care of.

FICA, FUTA & SUTA

When he entered the PEO industry, Graham inherited a successful PEO with



The team's commitment to each other and their clients has never been tested more than during the COVID pandemic. It was a trying time for all businesses, but being in New Jersey, PPI felt the brunt of the pandemic early on.

a solid foundation. With a 28-year track record of taking care of clients, PPI had an established culture of excellent

customer service. The dedicated team in place brought many years of experience to each of their roles. All of these components helped Graham settle into his new role which he admits was a big career change.

"I had had a job and got paychecks, but I didn't know who FICA and FUTA and SUTA were," Graham laughs.

Probably like that vast majority of people, Graham knew taxes came out of his paycheck but had no idea where all the money went and the rules around withholdings and deductions. He had to get up to speed on the business of employment quickly.

He embraced the challenge and committed to learning everything about the business. His predecessor, who he considers like an uncle, had been involved with NAPEO's New Jersey

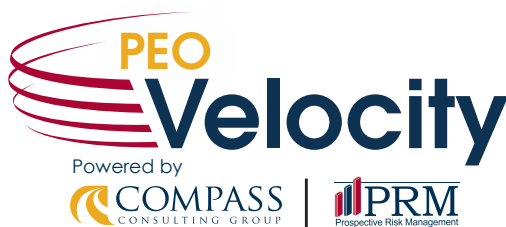
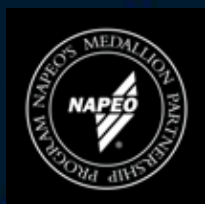
Chapter, but didn't engage much at the national level. Graham jumped head-first into NAPEO to learn as much as he could. He connected with Brent Tilson and the two formed a mentor-mentee relationship.

"I tried to be a sponge and learn as much as I could from Brent," Graham says. "I asked specific questions to understand the challenges he's faced and how he operated his PEO in Indiana."

This relationship proved invaluable. The relationships he established with his new employees also proved critical.

"When I came on I took each one to lunch individually to learn about their roles and challenges," Graham says.

He wanted to know what made the company work well and what could be improved. He quickly discovered one looming issue: PPI's payroll platform.



Contact T. Eric Foster, CEBS
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MEMORY ISSUES

From the beginning of the company, PPI has processed payroll on Monday, Wednesday and Friday. This schedule is still in place today. With so many long-term clients still on board, many have grown accustomed to this routine. Some still even insist that hard copies of invoices be mailed.

In the 1980s and 90s, paper forms, fax machines and landlines powered the company's operations. That was all well and good for the time, but once Graham got involved with the company he decided to invest more in technology.

Pointing to a carbonless copy phone message book, he jokes that was PPI's CRM. Some days, the PPI office felt more like a call center.

"A client would call in an issue or payroll change and someone would jot it down and walk it over to the right person," he explains.

Not exactly the most efficient way to run the business in 2011.

Graham's predecessors had actually hired a software developer to build a custom payroll processing software for PPI. It served the company well for a time, but Graham knew it had to be replaced. For one, the legacy system processed payroll in alphabetical order by worksite employee regardless of client. So, a data integrator then had to reorganize the data in another system to generate client invoices and print paper checks.

It was also a closed system which meant clients couldn't access any of their own information. If direct deposit needed to be set up, PPI would mail a form to the worksite employee. If someone was curious about their year-to-date earnings they had to check their paystub.

Not to mention the compliance hurdles. "If there was a change in the tax tables, we'd have to download the tables and



In the 1980s and 90s, paper forms, fax machines and landlines powered the company's operations. That was all well and good for the time, but once Graham got involved with the company he decided to invest more in technology.

manually update the rates in the system," Graham explains.

The major flaw in the system, though, was memory issues. Since the data was never purged, at some point Graham knew the whole thing would hit maximum storage and shut down. Less than ideal to say the least.

Fast forward to today and PPI now operates on a robust, sophisticated HCM software which has been a major improvement.

LIKE A FAMILY

As a small shop with just six people, PPI is truly a tight-knit group. Just as many of PPI's clients have been on board for many years, the newest PPI employee has been with the company for seven years. They enjoy collaborating and bouncing around ideas with each other.

Everyone wears many hats and helps wherever needed. The phone is always answered by the second ring and Graham says that 90% of the time whoever answers the phone can answer the question. While each team member specializes in an area, everyone understands each person's role at a 30,000-foot level.

The team's commitment to each other and their clients has never been tested more than during the COVID pandemic. It was a trying time for all businesses, but being in New Jersey, PPI felt the brunt of the pandemic early on. A scary and uncertain time, the team pulled through.

"For being a small company, I'm just proud we made it through," Graham says. "It was a sudden shift in how we worked and everyone embraced it."

Like all PEOs, the PPI team had to not only keep normal services up and running, but had to master the PPP loan program and new workplace rules and regulations on COVID testing and PPE requirements. Educating clients on best practices and nearly-constantly evolving lock down rules proved challenging, but it paid off. Graham says that nearly all of his clients received a PPP loan which no doubt kept most of them in business.

Looking ahead, Graham and his team are preparing to help clients through new workforce challenges. New state laws on data privacy will be tricky for businesses to navigate, so there's a role for PEOs to help. Changes and updates to federal tax policy will also impact businesses. For example, if the no tax on tips proposal emerges, PEOs will have to understand the regulations to make sure clients' payroll deductions comply.

Whatever challenges emerge, however, these businesses will be better off because they have the PPI team on their side. ■



CHRIS CHANEY

Editor, PEO Insider
NAPEO
Alexandria, VA

IMMIGRATION SURVIVAL GUIDE FOR 2025

BY JOHN POLSON, ESQ. AND SHANON STEVENSON, ESQ.

It's been a tumultuous start of the second Trump administration when it comes to immigration, and things won't be slowing down anytime soon.

QUICK OVERVIEW

We expect an increase in I-9 audits, worksite raids, and broader scrutiny of hiring practices, including the United States Department of Justice (USDOJ) and the EEOC prioritizing national origin and citizenship status discrimination claims by U.S. persons. Additionally, there is speculation that legislation could make E-Verify participation compulsory for more employers. Meanwhile, PEOs must ensure their client support mechanisms are consistent with current law and anticipate customer questions and needs.

I-9 COMPLIANCE IS MORE CRUCIAL THAN EVER

PEOs take various approaches to I-9 compliance, from completely allocating compliance to the customer, to facilitating it with compliance support.

Regardless of your approach, understanding the underlying issues is important.

I-9 errors can result in significant penalties, particularly under the current administration's enforcement priorities. Civil penalties for substantive I-9 violations have increased, and fines now range from hundreds to thousands of dollars per violation. Criminal liability is also an issue because knowingly employing unauthorized workers may lead to federal prosecution. Information a PEO receives indicating a worker may not be authorized to work in the U.S. may require follow-up. This includes information PEOs receive from third parties, such as 401k providers, medical insurance providers, electronic ACA reporting and the Social Security Administration.

The USCIS I-9 Handbook for Employers previously indicated that PEO liability for I-9 violations was based on the amount of responsibility PEOs assumed in their contracts with customers. But the government revised the handbook several years ago and removed this entire section. Although inquiries were made to USCIS, we are still without explanation for why this section was removed and what the current

standard is. USDOJ attorneys also have not provided clear guidance.

Presumably, a similar approach to what was outlined in the handbook will apply in most settings. Liability for PEOs will likely depend on the extent to which the PEO was involved in preparing, collecting and/or reviewing I-9's.

RAIDS AND ENFORCEMENT ACTIONS

Due to updated enforcement priorities, it is possible some of your customers will experience raids. Customers need to know the difference between audits (usually initiated through a Notice of Inspection [NOI] and require employers to produce I-9 forms and additional records within three business days) and raids (unannounced law enforcement activities initiated through judicial warrants, often involving immediate inspections and potential detentions).

Audits: Many PEOs use software platforms which customers use to collect I-9's. Ask your software providers and legal counsel for guidance on how customers should respond when ICE asks for access to electronic I-9 data on the PEO's software platform. If your software platform meets

LEGAL, LEGISLATIVE, & REGULATORY

DHS requirements, that guidance could include instructions on how to give ICE direct access with login credentials giving ICE access to I-9 data limited to the customer being audited. ICE has accepted electronic I-9 data in spreadsheet format from software providers. Cooperation with ICE is one way to limit the risk of ICE expanding the scope of its audit beyond just one PEO customer. Clear contractual language that delineates I-9 responsibilities between PEOs and clients may also become very important in an audit if ICE begins to consider the PEO's potential liability. ICE may ask to see the contract language.

Raids: Generally, PEOs should not advise customers on the topic of raids to avoid an allegation of interference with the process. However, the PEO may provide customers with third-party resources that provide guidance either in advance of a raid or at the time of a raid.

DOES E-VERIFY HELP?

Participation in E-Verify is voluntary for most employers, though some may be required to use it depending on federal, state, or local laws. To minimize exposure, many PEOs chose not to get involved with E-Verify on behalf of their customers. If you choose to act as an "Employer Agent" for your customers, make sure your staff is properly trained on how to manage the process. All PEOs should consider how they will respond if large numbers of customers become subject to a mandatory E-Verify rule.

FINAL THOUGHTS

The immigration compliance landscape in 2025 presents both challenges and opportunities for PEOs. As they have many times in the history of the industry, PEOs have the opportunity to

assist customers with complex compliance challenges. But at the same time, PEOs must be cognizant of their own risk when it comes to immigration. ■



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.



JOHN POLSON, ESQ.

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HOW TRUMP'S IMMIGRATION ORDERS CAN AFFECT U.S. EMPLOYERS

BY BRIAN MCDERMOTT, ESQ, MARIA SANCHEZ, ESQ, AND ERIC HAUSE, ESQ.

To fulfill his 2024 campaign promises, President Donald Trump has issued a series of executive orders (EOs) on immigration during his initial weeks in office. Much of their focus has been on border security, removal of undocumented aliens, and birthright citizenship, but these directives could have a significant impact on U.S. employers and their operations.

Although the Trump administration is trying to implement the EOs' policy changes, delays and challenges have already begun, leaving full implementation uncertain.

This article provides an overview of the major immigration-related EOs issued thus far, as well as the current challenges they face, and insights on the impact PEOs and their clients might expect as a result of the EOs.

BANNING OF BIRTHRIGHT CITIZENSHIP

In what may be the most controversial of his immigration-related actions, President Trump issued Executive Order 14160, "Protecting the Meaning and Value of American Citizenship." The administration asserts that children born in the United States on or after Feb. 19, 2025, will not have a claim to birthright citizenship if the mother is in the country without authorization or on a nonimmigrant visa and the father is not a U.S. citizen or green card holder.

As expected, litigation ensued, including three federal lawsuits brought by 22 state attorneys general. Judges in these cases have issued nationwide injunctions against Trump's order. The U.S. Court of Appeals for the First, Fourth, and Ninth Circuits rejected the Trump Administration's

request for an emergency order to lift the nationwide injunctions. Most recently, the Trump Administration requested the U.S. Supreme Court to curb the power of federal judges to issue nationwide injunctions. This appeal aims to limit the scope of injunctions to specific geographic districts or individuals involved in the lawsuits. The Trump Administration hopes to reinforce the executive branch's ability to implement its policies without being hindered by nationwide judicial orders. The administration's applications make it more likely the U.S. Supreme Court will provide some guidance on this issue. However, it remains uncertain whether the Court will ultimately address the full legality of the EO.

If upheld, this EO could have a lasting impact on employers as it could lead to:

- Higher visa sponsorship costs
- Potential travel delays for employees on visas traveling with family
- Long-term retention challenges for employees whose children lose lawful immigration status at age 21, especially those from countries with significant green card backlogs like India and China

ENHANCED VISA VETTING AND SCREENING

In Executive Order 14161, "Protecting the United States From Foreign Terrorists and Other National Security and Public Safety Threats," President Trump ordered the Department of Homeland Security (DHS) and Department of State (DOS) to implement "enhanced vetting" for visa applicants and those already in the country. While not mentioned, this EO may also serve as the basis for a new travel ban.

The EO directs the secretary of state, the attorney general, the secretary of homeland

security, and the director of national intelligence to jointly submit a report "identifying countries throughout the world for which vetting and screening information is so deficient as to warrant a partial or full suspension on the admission of nationals from those countries."

During his first term, President Trump banned travel from many countries (including Iran, Iraq, Libya, Somalia, Sudan, Syria, and Yemen) for 90 days, with certain exceptions. The bans were challenged in court, but they were ultimately upheld by the U.S. Supreme Court.

For PEOs and their clients, this EO could result in lengthy visa-processing delays related to background checks for traveling work visa employees, as they undergo administrative processing without any timeline for visa issuance. Additionally, there could be a disruption to business travel for citizens of banned countries already in the United States, as they could be prevented from leaving for fear of becoming stranded outside the country. Finally, this EO would make it difficult for citizens of the countries identified to file extension of status and change of status petitions.

PROTECTING AGAINST INVASION

EO 14159, "Protecting the American People from Invasion," provides directives across a wide range of immigration programs, while revoking former President Joe Biden's immigration enforcement priorities. DHS must set new enforcement policies to address illegal entry, unlawful presence, and removal of individuals unlawfully present in the United States. The EO also requires DHS to expand the use of expedited removal, and to limit humanitarian parole, designations of Temporary Protected Status (TPS), and employment authorization. The EO invokes a registration requirement for undocumented aliens, with possible civil and criminal penalties.

In line with this EO, DHS Secretary Kristi Noem announced she is vacating the previous administration's redesignation of TPS for Venezuela. She later announced the

decision not to extend the 2023 Venezuela TPS designation, which is set to expire April 7, 2025. This decision has already been challenged in two lawsuits filed by advocacy groups and Venezuelan immigrants living in the United States. Additionally, attorneys general from 18 states, including California, Massachusetts, and New York, filed an amicus brief in support of the plaintiffs, arguing that Secretary Noem's decision was "baseless and arbitrary" and Venezuelan TPS holders are a benefit to the states, not a burden.

Secretary Noem also announced her decision to partially vacate a July 1, 2024, decision by former DHS Secretary Alejandro Mayorkas to extend TPS designation for Haiti. She has limited the extension to 12 months, expiring on Aug. 3, 2025. If no decision is made to extend Haitian TPS beyond Aug. 3, 2025, the expiration will become final. Two lawsuits challenging Secretary Noem's decision argue the reduction in TPS extension is arbitrary and lacks sufficient justification.

The potential impact to PEOs and their clients is significant. Employees authorized to work under humanitarian parole may be unable to renew their parole and related work authorization. Without legal challenges, or work authorization through alternative avenues such as a pending asylum application, these workers may be terminated due to lack of work authorization. Workers from countries facing TPS termination need to monitor pending litigation, including when and how to renew TPS. PEOs and their clients need to monitor employment authorization expiration dates, including automatic extensions, for TPS holders who may be impacted by litigation and conduct I-9 reverifications accordingly.

This EO also directs establishment of "Homeland Security Task Forces" nationwide to remove gang members, criminals, and undocumented individuals. This will

likely lead to increased U.S. Immigration and Customs Enforcement (ICE) enforcement actions, including I-9 audits and investigations, employer site visits, and

raids at workplaces or within immigrant communities. PEOs and their clients should make sure to have an action plan in place in the event of an ICE enforcement

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action. This is particularly important for employers in industries that employ large numbers of workers who may be undocumented or who have temporary work authorization. Any action plan should include at the least the following:

- Regularly conducting essential internal audits to review I-9 forms for compliance.
- Training management and staff on proper procedures during ICE actions to ensure lawful interactions with ICE agents.
- Developing a clear communication strategy to address employee concerns and maintain morale.
- Reviewing hiring practices to ensure compliance with federal laws and

preparing for potential operational disruptions by having contingency plans in place.

The full impact of the recently issued EOs remains uncertain, but their potential consequences for U.S. PEOs and their clients are significant. It is imperative for businesses to stay informed, proactive, and prepared to navigate the challenges posed by these new immigration policies. By doing so, they can mitigate risks and ensure compliance in an evolving regulatory landscape. ■

▼
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.



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¹ The Power of PEO Partnerships: How professional employer organizations can help their clients support employee well-being, Guardian's 13th Annual Workplace Benefits Study, 2024.

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AI MUST-HAVES FOR PEOs: ELEVATING HEALTH BENEFITS & STRENGTHENING CLIENT RELATIONSHIPS

BY NINA STANLEY

PEOs have helped businesses manage HR, payroll, compliance, benefits, and more for decades. As healthcare costs soar and employee expectations evolve, traditional PEO models are being tested ... to their breaking point.

As these market pressures mount, it's no surprise that many organizations, including many PEOs, are looking to artificial intelligence to maximize return on client investments.

AI and machine learning models aren't just back-office automation tools anymore. They're competitive differentiators in how PEOs deliver value, client support, and workforce insights.

This is our new reality: PEOs that integrate AI into core client operations like employee support, compliance, and benefits administration will thrive.

Those that don't will undoubtedly struggle to keep up.

HOW AI STRENGTHENS THE PEO-CLIENT RELATIONSHIP

AI is such a tired-out buzzword that it now feels like a four-letter word. However, these models have massive untapped business efficiency and growth potential, particularly when maintaining client relationships and reducing churn risk. PEO leaders can deliver meaningful value in the long run by optimizing core operations for AI on behalf of clients.

AI-POWERED HEALTH BENEFITS NAVIGATION: A GAME-CHANGER FOR PEOs

For many PEOs, benefits administration is a significant cost center. However, benefits are also a key selling point for clients. Despite this tension, benefits remain a strategic priority for PEOs that bears real fruit for client growth.

Working with PEO partners and leading organizations in the benefits and health insurance industry, I've seen firsthand how artificial intelligence enhances the benefits experience.

Real-time, 24/7 answers to employee benefits questions like, "Is my MRI covered," and "How much have I paid toward my deductible?" Helping employees select best-fit health plans during open

enrollment. Boosting in-network provider utilization lowers claims costs for clients and their employees. These are just a few ways AI is transforming the employee benefits landscape.

I've seen one of my PEO partners use AI-powered benefits guidance to normalize premiums across their client base. I'd say that's a win-win for both the client and the PEO.

AI-DRIVEN COST CONTAINMENT: HELPING CLIENTS REDUCE EXPENSES

Health benefits are one of PEO and their clients' most significant cost drivers. Artificial intelligence promises real financial return on investment by steering employees toward cost-effective healthcare options.

Using AI for cost containment can take a few forms, but the most common methods I've seen are:

- Aggregated and de-identified claims data can be used to offer real-time cost transparency for procedures so employees can make informed choices.
- Identifying potential use of unnecessary ER visits and steering employees toward more affordable telehealth or urgent care options.
- Tracking benefits utilization trends to help PEOs optimize their plan designs across their client base during renewals.

AI even has the power to prevent wasteful healthcare spending by guiding employees through personalized plan selection processes. These processes empower employees to make informed plan choices by analyzing their usage patterns and recommending the most cost-effective options first. Employees get the coverage they need without paying for what they won't use.

AI IN COMPLIANCE AND RISK MANAGEMENT: A PEO DIFFERENTIATOR

Keeping up with evolving healthcare regulations is a burden for businesses, yet another reason they turn to PEOs. AI can also support PEOs as they strengthen compliance by automatically flagging policy updates that impact clients.

One of the most significant areas of confusion and change regarding compliance is the health benefits space, especially as shifting fiduciary responsibilities lurk in the shadows. AI can help PEOs and their clients understand their current operations and act as a support system when scanning benefits data for compliance risks.

While AI can't ensure adherence to ACA, COBRA, HIPAA, and other regulations outright, it can act as a secondary layer of protection—a net ready to help you catch risks before they fall through the cracks.

ENHANCING EMPLOYEE EXPERIENCES: AI-POWERED BENEFITS ENGAGEMENT

Today's workforce expects consumer-grade, high-tech experiences in more and more areas of life, including benefits and healthcare delivery.

Artificial intelligence can support this vision of an enhanced employee experience by providing hyper-personalized benefits insights and navigation based on utilization history. By automating healthcare and benefits recommendations, PEOs can help their clients encourage preventive care and reduce long-term healthcare costs.

The employee experience goes beyond the general employee experience, diving into the specific needs of employee subpopulations. For example, AI can help clients surface point solutions, ancillary services, and mental health resources to the employees who would most benefit from their usage. An employee with chronic back pain may not know about an MSK point solution offering, so by routinely surfacing this option in the healthcare navigation experience, PEOs can increase the utilization of healthcare spending across the benefits ecosystem.

PEOs are crucial to high-quality employee experiences. I've seen the highest-performing PEOs win higher employee satisfaction and retention through better benefits engagement, making this a strategic value-add.

AI BENEFITS ADMINISTRATION IN ACTION

AI hasn't just reduced administrative burden. AI has deepened PEO-client

relationships by making health benefits more transparent, cost-effective, and employee-friendly.

One of my largest PEO partners has been able to streamline benefits management across its entire book of business using platforms powered by artificial intelligence, balancing cost containment and improving user experiences. AI translates into real-time savings for client success, call center, and account management teams for this PEO.

EMERGING AI TRENDS PEOs CAN'T IGNORE

Mental health support is in high demand among employees. Healthee's recent research report reported that mental health was the most-searched care category among users last year, accounting for 8.61% of all searches.

AI-driven mental health solutions and instant-access telehealth solutions can help address this growing need with 24/7 anonymous support, reducing long-term disability claims and improving productivity.

AI AS THE FUTURE OF PEO GROWTH

AI is not replacing PEO functionalities or HR professionals. AI is here and ready to enhance the ability to deliver more innovative health benefit experiences and a better client offering.

PEOs that embed AI into health benefits will strengthen client relationships, reduce claims costs, and enhance employee engagement. Strategic implementation is key—aligning AI solutions with client needs and workforce expectations.

For PEOs, the question is no longer: "Should we implement AI?" It's: "How fast can we deploy AI to deepen our client relationships?"

The next generation of PEO success will be defined by who uses AI best, and the time to start is now. ■



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PARTNERS IN WELL-BEING: HOW PEOs CAN HELP SUPPORT WORKSITE EMPLOYEE WELLNESS

BY MICHAEL PRESTILEO

Benefits management in today's rapidly evolving landscape can be challenging. In fact, according to Guardian's recent report¹, The Power of PEO Partnerships, 63% of businesses with less than 50 worksite employees strongly agree that managing benefits has become more complex.

Yet this space is also ripe with opportunity. Especially as worksite employees nationwide often struggle with their mental, physical, and financial health, PEOs have the chance to help make a real difference for employers and their workforce—supporting healthy, engaged, and productive employees.

Here's how to get started.

WHY WELL-BEING MATTERS

Serving as effective strategic partners and supporting a culture of wellness starts with understanding the well-being challenges facing today's worksite employees.

According to Guardian's latest Mind, Body, and Wallet® report², just one in three full-time working Americans said they're doing well. In particular, self-reported financial wellness is significantly lower than in the past. Compounding concern is the reality that mental, physical, and financial health don't exist in silos but rather affect one another.

For PEOs, knowing the primary concerns facing worksite employees and how the mind, body, and wallet intersect can be foundational. All efforts to

support employee well-being should stem from this understanding.

THE ROLE OF WORKPLACE BENEFITS

With an understanding of the state of employee well-being today, PEOs should then consider the role that benefit offerings have in meeting these needs. Many will find that when the right benefits are offered, they'll see corresponding improvement in recruitment, retention, engagement, and overall business success.

Of course, traditional benefits such as life, disability, vision, and dental insurance are essential offerings. Making them available to worksite employees can directly impact employee wellness, and they are key elements of any PEO's benefit offerings. Yet, given the interconnected and evolving well-being needs of today's worksite employees, PEOs may also need to go a step further.

For instance, financial protection products like supplemental health insurance can go a long way towards addressing wallet-related stressors for worksite employees. According to Guardian research, just over half of workers believe their health insurance would be enough to help cover any major medical event that may occur. To fill this gap, supplemental health insurance offerings such as accident, critical illness, hospital indemnity, or cancer insurance can help provide a benefit payment directly to employees when they need it most. Plus, some supplemental health policies also offer a wellness reimbursement simply for completing a covered wellness screening or procedure.

Then there are the millions of worksite employees who may also have caregiving responsibilities. These caregivers aren't just becoming a larger portion of the worksite employee population; they're having to spend more time on care-related responsibilities—up from 9 to 26 hours a week since 2020.

Whether trying to manage a doctor's appointment for an aging parent with complex medical needs or sourcing backup childcare for younger children, these

caregiving responsibilities may lead to decreased productivity, lower employee engagement, and an increased likelihood of a worksite employee needing to take a leave of absence from work.

While there are a variety of HR policies that can be implemented to help support caregivers, employee benefits have a role to play, too. In fact, some carriers have begun to include caregiver support services—including a caregiving concierge, peer support network, or digital planning tools—within employer-provided insurance policies. Their impact is clear; data suggests that when employees use these services, 90% reported being more engaged and less stressed at work, 66% missed fewer meetings, and 33% were able to avoid taking a leave of absence from work.

DRIVING ENGAGEMENT

Once PEOs are confident that they are offering the right benefits to help meet

evolving well-being needs, the next step is making sure worksite employees engage with their wellness benefits.

With more than half of employers saying they would be interested in a single platform through which all wellness-related benefits could be made available, it's clear that access and simplicity are essential. Many carriers are working to answer this call, and PEOs should engage their carriers to find out what digital hubs or resources are available.

While technology is a powerful tool at a PEO's disposal, don't overlook the impact of in-person engagement. Whether a reminder of wellness benefits perks tied to key awareness months or sharing testimonials from colleagues on how they were impacted from their wellness benefits, ongoing benefits education and engagement is critical. When benefits are top-of-mind, they are more likely to be used.

MEETING THE MOMENT

As worksite employees continue to face well-being challenges, PEOs can play a key role on their wellness journey, especially when working alongside partners who can bring to bear a carefully curated and integrated ecosystem of mind, body, and wallet solutions.

By taking time to understand what matters to worksite employees, offering the right benefits, and supporting engagement efforts, PEOs can help make a difference.

Get started today. ■

- 1 <https://www.guardianlife.com/reports/peo-partnerships>
2 <https://www.guardianlife.com/reports/mind-body-wallet>



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OUTDATED TO OUTSTANDING: MODERNIZING YOUR PEO

BY RYAN R. MOSSMAN

With the continuous rise of AI and automation, every company—and PEO—is feeling the pressure to modernize. Keeping up with the Joneses has never been a more acute feeling for businesses struggling to adapt to the changing environment than right now, and that feeling isn't entirely misplaced. As the digital transformation rolls on and our industry evolves, questions like “What outdated processes do I need to reengineer?”, “How do I drive efficiencies while not alienating my clients?”, “How can I equip my team with modern skills, not just new technology?”, and ultimately, “What’s the right step forward for my business?” may be increasingly at the front of your mind.

IDENTIFY THE RIGHT AREAS FOR IMPROVEMENT

While addressing the challenges above is necessary if a company hopes to survive

and thrive in the shifting landscape, it's critical not to modernize your business just for modernization's sake. For PEOs who have consistently provided high-touch customer service, a balance between modernization and personal touch must be struck. In that space, efficiencies are driven, your team is empowered, and your clients are satisfied. *Easy, right?* Rest assured that through modernization, you can achieve your goal of building a commercially successful, innovative and secure PEO that provides your customers with the best experience.

However, before you take any steps to evolve your business, you must first identify why you're modernizing in the first place. Identifying an over-arching goal like the ones mentioned above is a good start, but breaking that goal down into several sub-categories will help drive actions to achieve your goal. Scaling efficiently to meet customer demand, improving enterprise valuation, retaining top talent, and

strengthening your competitive advantage are a handful of noteworthy objectives. From those sub-categories, determine areas of improvement. Completing this exercise of identifying your unique needs will not only help you with next steps, but also help you clearly communicate with your team when changes are eventually implemented.

Everyone is in a different stage in the journey to modernize. Many PEOs, for example, rely on 20+ year old technology and use the same processes since roughly that same time. If you're one of those PEOs, it's time to examine that technology and those processes. If you used to offer only payroll and benefits but now provide a host of other services (hiring assistance, performance management, time and attendance, learning management, etc.), consolidating to a single software or a few platforms—instead of ten or twenty—could be another area to examine for improvement. Start developing

relationships with alternative software providers to identify ways that they can help you consolidate the tools your team is using while providing the latest look and feel to your clients.

Carefully consider each platform your business uses, and each functional area, to see if there is room for consolidation. For example, does your learning management platform also offer a performance management module? If so, that could be one area of consolidation. What about your team's collaboration platforms? If they are using multiple—be it Zoom, GotoMeeting, MS Teams, Slack, or others—eliminate confusion and increase collaboration by choosing one. Consider your CRM. Is it integrated with

your other platforms? If you don't have one, it may be time to ask whether your business size dictates the use of a CRM system to drive consistent workflow for repeatable results.

Onboarding and upskilling are internal processes that have room for an upgrade as well. To help retain talent and more easily integrate new hires into your established workforce, explore tools that help standardize their experience. Google Classroom is just one tool to educate your new hires. A key item that many companies forget is that without hands-on application to make sure information is being absorbed, even the greatest training program is sub-optimal. When



Modernizing your business should also encompass two massive changes moving through the PEO world right now: outsourcing basic tasks and augmenting resources with AI.

upskilling, a policy of training, testing, additional training on missed items,

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A key item that many companies forget is that without hands-on application to make sure information is being absorbed, even the greatest training program is sub-optimal.

and then further testing, is crucial to true mastery of a skill.

OUTSOURCING AND AI: CHALLENGES AND OPPORTUNITIES

Modernizing your business isn't just about implementing technology, consolidating platforms, upskilling your workforce, or improving internal processes. It should also encompass two massive changes moving through the PEO world right now: outsourcing basic tasks and augmenting resources with AI. Outsourcing, while having been around for a long time, is increasingly being deployed by your PEO competitors. Although outsourcing can lead to cost savings and efficiencies (just like AI), it needs to be done with care. When choosing what to outsource, make sure you do not outsource your direct connection with your customers or processes that are rapidly evolving or sophisticated. Be highly selective about

what tasks you outsource and what you retain in-house, how you manage the relationship to ensure quality work, and what safeguards and best practices you implement to protect sensitive data, including encryption, access controls, and regular monitoring. Finally, when formalizing your relationship with outsourced providers, ensure you have good SLAs in place, strong data/IP protection, quality control checks, comprehensive communication, and robust contingency plans.

AI presents—and will continue to do so as processing gets smarter and faster—massive opportunities to drive productivity and improve both internal and external satisfaction at your company and with your clients. AI can assist in filling knowledge gaps and provide insights into process improvements. Increasingly, most common tools such as the MS Office suite, incorporate AI assistants into their applications, providing even more opportunities for increased productivity.

While AI impacts the personal touch your team provides, it doesn't have to do so negatively. Virtual assistants, automated communications, AI-driven CRM, data analytics for personalized customer service, and streamlined repetitive tasks are only a few of the practical ways that AI can empower your team to save time. Time saved can then be reinvested into engaging with customers, strengthening relationships, and providing the level of personal touch that your clients are accustomed to. By incorporating automation, your team can provide proactive

service, better responsiveness, and operational efficiency.

Managing change and introducing new technologies and processes will look different for each company. To start, make sure your team knows that change is coming and then communicate the core objectives and the reasons behind the transition, whether that be improving the client experience, implementing 'X' system or streamlining processes. In this communication, establish a clear timeline. This will not only provide a 'light at the end of a tunnel' but also keep your team on task. Finally, train your employees to ensure smooth adoption, establishing internal leaders to drive results and subject matter experts (SMEs) who can help ensure accuracy. Throughout the process, maintain structured communication to drive engagement and minimize internal resistance to change.

In the current environment, it is not a choice to modernize—either you do so or go the way of the dinosaurs. The future belongs to those who innovate. You should fully embrace, not fear modernization. By identifying clear areas of improvement within your company, evaluating new technologies, and empowering your team through the process, you will truly lead our industry into the future. ■



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BUILDING PREMIUM PEO EXPERIENCES: THE TECHNOLOGY PHILOSOPHY AT ARMHR

BY SAMANI UPADHYAY

As the Product Manager at Armhr, I've had a front-row seat to witness how a thoughtful technology strategy can transform a PEO. Our approach isn't just about implementing fast solutions—it's about crafting lasting experiences that resonate with our ideal customers while leveraging and innovating on proven technology foundations.

THE POWER OF STRATEGIC PARTNERSHIP

One of our guiding principles at Armhr is "When we are good, our partners are good." This philosophy shapes every decision we make, particularly in how we approach our technology stack. At the core of our platform lies a proven technology that powers our operations. This strategic choice reflects a deep understanding of what matters most in our industry: reliability.

Think about how Marriott International approaches their hotel portfolio. The Courtyard, Westin, and Ritz-Carlton properties all operate on the same core booking and rewards platform. Yet, when you walk into a Ritz-Carlton, you immediately know you're experiencing something different. It's the warm, personalized welcome, the premium amenities, the refined ambiance. The underlying technology managing your reservation might be identical, but the tangible experience is transformatively

different. This is exactly how we think about technology at Armhr—technology facilitates experience, but it is not the experience.

GETTING BETTER EVERY DAY: THE JOURNEY OF CONTINUOUS IMPROVEMENT

Developing core technology from scratch is an arduous journey, riddled with countless edge cases and complex scenarios. It takes years to get right, and even then, the work is never truly finished. That's why we chose to partner with a trusted, established platform to build our foundation rather than reinvent the wheel. Like Marriott's approach to hospitality platforms, we recognized that true value lies not in rebuilding foundational elements, but in crafting and innovating on the experiences that surrounds them.

Our "Getting Better Every Day" philosophy manifests in how we enhance and customize this foundation. We're not trying to rebuild a reservation system—we're focused on creating the premium experience our ideal clients expect and deserve.

UNDERSTANDING OUR IDEAL CUSTOMER PROFILE (ICP)

Our product vision started with a critical first step: defining our Ideal Customer Profile. This wasn't just a marketing checkbox—it was the backbone of our technology strategy.

We immersed ourselves in deep listening sessions with clients, our sales team, and key market players to truly understand what "good" looks like for this specific segment.

What we uncovered was eye-opening. Our ICP isn't fixated on the technology itself—they want the Ritz-Carlton experience. It's not about the system running in the background; it's about how it *feels* to engage with our platform. They expect white-glove service, seamless integrations, and a frictionless experience that transforms complex HR processes into something effortless.

CRAFTING PREMIUM EXPERIENCES AT SCALE

Like Marriott's mastery in creating distinct experiences across their brands while using shared platforms, Armhr excels at delivering premium PEO services built on proven technology. This isn't redundancy—it's expertise in knowing where to innovate and where to leverage existing solutions.

Our approach allows us to:

- Focus our innovation efforts on experience-defining features
- Leverage the platform's robust core while building distinctive value layers
- Scale efficiently without compromising on quality
- Maintain consistency while delivering personalized experiences

LOOKING FORWARD

As we continue to grow and evolve, our technology philosophy remains constant: build on proven foundations, focus on experience-defining elements, and stay true to our “Getting Better Every Day” mindset. We’re not just another PEO platform—we’re crafting the Ritz-Carlton experience in the PEO space, where every interaction reflects our commitment to excellence.

The beauty of this approach lies in its scalability and sustainability. By focusing

our energy on experience-defining elements rather than reinventing core technology, we can continuously innovate where it matters most to our clients. This is how we maintain our position as a premium provider in the PEO space while ensuring consistent, high-quality service delivery.

Just as Ritz-Carlton guests know they’re getting something special the moment they step into the lobby, our clients are looking for a different

experience when they partner with Armhr. That’s not by accident—it’s by design, driven by our understanding of what truly matters to our ideal clients and our commitment to delivering excellence in every interaction. ■



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EDUCATE, RETAIN, & EXPAND: 3 STEPS TO GUIDE YOUR PEO GROWTH JOURNEY

BY MARK STEIGER

The PEO business has been good. I've enjoyed my career in this field, and I am energized to help all parties reap the benefits that a PEO offers. But did you know that only 17% of US companies with 10–99 employees currently use a PEO? A tremendous potential for growth exists in the marketplace, and PEO professionals should prepare themselves now to leverage the opportunities for expansion.

Eighty-three percent of the PEO target market, over a million small businesses, are virtually untapped. That doesn't even include tiny startup organizations.

These organizations may be unaware of how PEOs can save them money, offload troublesome administrative duties, and provide their employees with benefits that rival large firms. It is up to the PEO industry to educate and inform this large group of potential customers.

Increasing the number of companies using PEO services isn't just good for PEO providers and others in the PEO supply chain. The act of engaging with a PEO has a positive effect on many organizations. A recent study by NAEPO compared companies who do not use PEOs, to PEO clients. The PEO clients:

- Have a growth rate that is over 2 times higher
- Have an employee turnover rate that is 12 percent lower
- Are 50 percent less likely to go out of business

Partly because of their use of PEO services, NAEPO says, companies are more stable, robust businesses that are better positioned for long-term success.

STRATEGIES FOR PEO INDUSTRY EXPANSION

With such a large potential on the horizon, it makes sense to encourage

people working in the PEO industry to take the steps necessary to execute the growth strategies. We can divide this preparation into three categories: education & training, client retention, and complementary services.

EDUCATION AND TRAINING

Some people on the front lines are not fully informed about how PEOs work, when they are a good fit for a company, or how to choose the right plan for a client.

Trusted advisors such as insurance brokers, CPAs, or labor lawyers may be unaware of how to recognize a PEO opportunity. There are no PEO education actions that professionals in the CPA

profession or the employee benefits world are required to take. They are not talking to their clients about PEOs because they don't know enough. With more education and consistent reinforcement from the PEO community, these professionals would naturally recommend or refer their clients to PEOs more often.

This approach works. I have educated over a thousand insurance brokers about PEO sales strategy, opportunity, and approaches. I built training modules that helped learners be confident and competent in starting business conversations about PEO service providers, their platforms, carriers, and industry target markets. These trained

individuals now include PEO topics in their client meetings more often.

NAPEO offers a wide range of educational materials for its members, including PEO University courses, webinars, virtual events, and live events, such as the Annual Conference and Marketplace. Outreach programs aimed at professionals outside the NAPEO membership would expose these individuals to PEO basics and allow the advisors a chance to network with experienced PEO veterans.

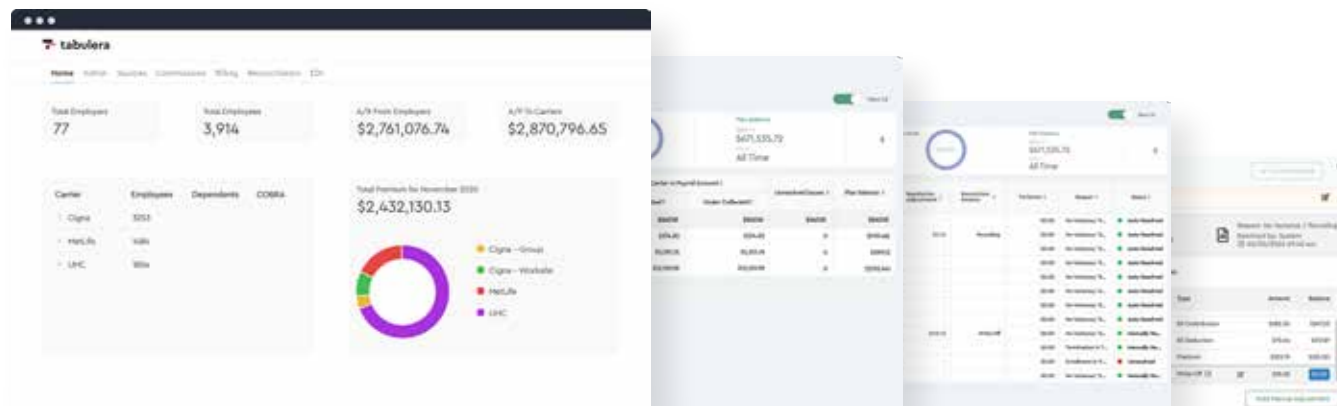
CLIENT RETENTION

Growth entails more than acquiring new clients. PEOs must also be adept at



Reconciling and Paying Benefit Invoices Has Never Been Easier

Equip your PEO with software that automates painful processes around benefits reconciliation



retaining their existing customers. Client retention strategies may include moves to communicate better with customers about medical plan rate changes or payroll administration. This improves the customer experience throughout the term of the PEO contract.

With benefit costs rising, renewal time is a point of vulnerability for insurance brokers. Clients unhappy with large health insurance premium increases quoted at renewal may decide to shop around with another broker. If the broker is informed about PEOs and connected to PEO advisors, however, they can often propose benefit plans purchased through a PEO at substantial savings and avert the loss of a client.

Trusted advisors can achieve customer communication improvements with targeted informational content and regularly scheduled executive meetings. Keeping clients informed of events and trends as they occur is more effective than waiting to address numerous questions at renewal time. PEOs must reach out to clients in the months leading up to renewal dates, allowing them to identify any issues or head off competitors.

EXPAND WITH COMPLEMENTARY SERVICES

Additional value-added services make it easier to sell against the competition and add worth to a PEO relationship. Some additional services PEOs can offer include embedded accounting tools or expanded compliance assistance.

Accounting services can help clients manage their finances more efficiently by integrating with the PEO platform. Access to compliance assistance helps companies deal with complex employment laws or regulatory compliance.

Other complementary services PEOs could offer might include international

HR assistance, outplacement services, or executive coaching.



Trusted advisors can achieve customer communication improvements with targeted informational content and regularly scheduled executive meetings. Keeping clients informed of events and trends as they occur is more effective than waiting to address numerous questions at renewal time.

SALES AND MARKETING APPROACHES

To sell PEO services to a plentiful market, PEOs should consider the trusted advisors as an outside sales force. Just as they do with their own captive sales team, PEOs can actively help trusted advisors be successful in selling more PEO plans. These people already have relationships with companies who would benefit from a PEO relationship. Those companies just need their advisors to show them how PEOs will benefit the company.

PEOs have a financial interest in helping individuals like insurance brokers and CPAs sell more PEOs.

They may need to consider offering incentives like higher commissions or bonuses to convince these professionals to talk with their clients about PEOs more often.

PEO education for advisors should be proactively pushed to those individuals. Everyone is busy. Waiting for insurance brokers to seek education on their own seems unreasonable. Treating independent advisors more like a sales force will prompt PEOs to roll out a strategy with resources, targets, deadlines, and result tracking.

A major hurdle to overcome is a perceived complexity surrounding underwriting and plan onboarding. PEO experts can expose the advisors to human helpers and platforms designed to make the PEO sales process easier.

TRUSTED ADVISORS: A CRITICAL KEY TO PEO EXPANSION

Advisors, such as accountants or insurance brokers, have earned a position of trust with companies that may benefit from PEO services. Given the size of the potential market among small businesses, these professionals are poised to reap the benefits of leveraging those relationships to inform and educate their clients about PEOs.

Organizations such as NAPEO, and support by PEO professionals and outside influencers, can help trusted advisors learn about PEOs. They can become familiar with the education resources, tools, and support it takes to increase their sales and grow the PEO market. ■



MARK STEIGER

Workforce Management Agency
Chief Executive Officer
Lake Worth, FL

THREE GROWTH CHALLENGES AND SOLUTIONS FOR PEOs

BY RICK TORRENCE

The PEO industry continues to experience rapid expansion, creating new opportunities and challenges for providers. As demand for outsourced HR services grows, PEOs must balance scalability with operational efficiency while also addressing workforce shortages and regulatory complexities. Staying ahead in this evolving landscape requires strategic planning and the adoption of innovative solutions that drive growth and enhance operational performance.

Beyond technology, PEOs should look for partners that provide comprehensive support services to help them scale successfully. Managed services, education programs, sales enablement, marketing support and high-touch customer service play a critical role in ensuring operational efficiency and long-term success. By leveraging these additional resources, PEOs can enhance their value proposition, strengthen client relationships and maintain a competitive edge.

HIRING TALENT

PEOs are seeing firsthand the impact of ongoing labor shortages, particularly in the professional and business sectors, which has the highest number of job openings according to the U.S. Chamber of Commerce. To help their clients attract

and retain top talent, PEOs need to provide more than just applicant tracking systems (ATS) and automated hiring tools. Industry experts emphasize that expanding hiring strategies to include global and nearshore talent pools is becoming a top priority. By facilitating international hiring and compliance through partner companies, PEOs can offer their clients access to a broader, cost-effective workforce. Additionally, by leveraging artificial intelligence (AI) in recruitment PEOs can enhance efficiency by automating résumé sorting, job descriptions and candidate matching.

OPERATIONAL EFFICIENCY

Time is money and ensuring optimal operational efficiency will be key for PEOs looking to expand their business. To support growth while maintaining high service levels, PEOs must optimize their internal operations. According to insights from industry leaders, the focus is shifting toward integrating advanced workforce management platforms that not only streamline payroll and HR processes but also provide real-time data for better decision-making. Enhanced automation, self-service tools and AI-driven insights are helping PEOs improve efficiency, reduce costs and enhance the overall client experience. Additionally, as PEO client companies expand their hiring reach into global

markets, integrating global workforce solutions (tech and services), such as EOR and global payroll, will automate processes and enhance competitiveness.

VENDOR MANAGEMENT

As PEOs grow, so often does the number of vendors they work with. Managing multiple vendors remains a challenge as PEOs scale their services. Feedback from sales and operation teams suggest that consolidation is a key strategy for driving efficiency. A PEO may work with separate providers for payroll, benefits and compliance, but relying on disparate systems can create inefficiencies for both the PEO and its clients. By moving to a single, integrated HR technology provider, PEOs can reduce administrative burdens and provide a seamless experience for their clients. Industry-leading HR software providers have spent decades refining solutions tailored to the PEO market, ensuring that growth does not come at the cost of operational complexity.

As the PEO industry continues to evolve, the need for proactive strategies to address workforce shortages, improve operational efficiency and streamline vendor management is more important than ever. By adopting forward-thinking solutions and optimizing key business processes, PEOs can strengthen their market position and better support their clients in an increasingly complex employment landscape. ■



RICK TORRENCE

Chief Sales Officer
PrismHR
Charlotte, NC

PEO PULSE METRICS HOLD STEADY, OPTIMISM SURGES

NAPEO QUARTERLY PULSE SURVEY—Q4 2024 RESULTS

WSEs per
Client **23**

Clients per
FTE* **6**

WSEs per
FTE* **140**

The results of NAPEO’s PEO Pulse Survey for the fourth quarter of 2024 show that metrics ticked upwards a bit compared to the fourth quarter of 2023. An incredible 97% of respondents expect that the number of WSEs will increase either somewhat or significantly over the next twelve months.

Here are some of the survey’s highlights:

PEO REVENUE PICKS UP

- 63% of PEOs report revenue increasing somewhat from the 4th quarter of 2023.
- 22% of PEOs report declining revenue.

WAGES INCREASE

- 66% of PEOs report that WSE wages increased.
- Only 7% report WSE wages decreased.

HIRING HOLDS STEADY

- 59% of PEOs indicated that the average number of WSEs per client remained the same.
- 50% of PEOs indicated that the average number of internal employees stayed the same.

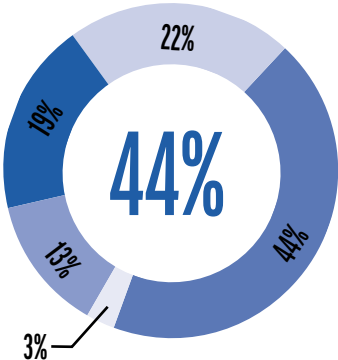
FINANCIAL FOOTING STABLE

- 63% of PEOs reported that gross profit increased either somewhat or significantly.
- 13% of PEO reported declining gross profit.
- 65% reported increases in operating income.
- 54% reported that the number of clients has increased; 22% report declining client counts. ■

HOW DID THE 4TH QUARTER OF 2024 COMPARE WITH THE 4TH QUARTER OF 2023?

PEO REVENUE

▲ INCREASED SOMEWHAT



RESPONSE COUNT **32**

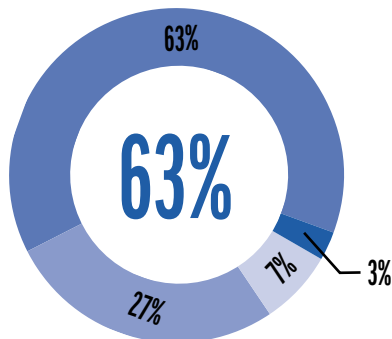
▼
* The Expected Growth Index is based on the average score on a five-point scale:
1 = Significant Decrease / 3 = No Change / 5 = Significant Increase.

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.

PEO GROWTH

AVERAGE ANNUAL WAGE PER WORKSITE EMPLOYEE (WSE)

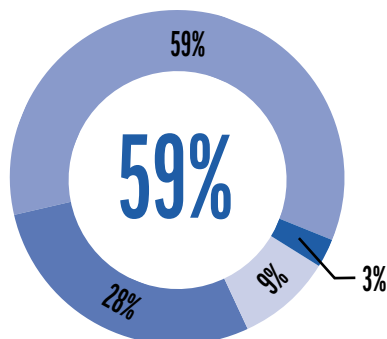
▲ INCREASE SOMEWHAT



RESPONSE COUNT **30**

AVERAGE NUMBER OF WORKSITE EMPLOYEES (WSES) PER CLIENT COMPANY

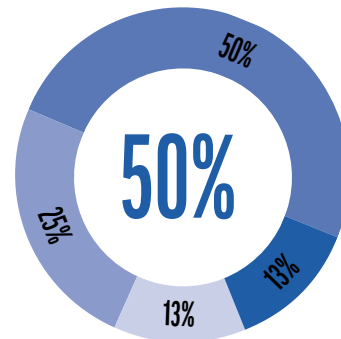
STAYED ABOUT THE SAME



RESPONSE COUNT **32**

GROSS PROFIT

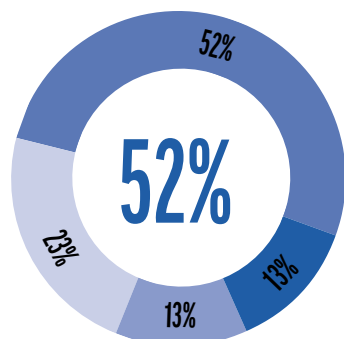
▲ INCREASE SOMEWHAT



RESPONSE COUNT **32**

OPERATING INCOME (\$)

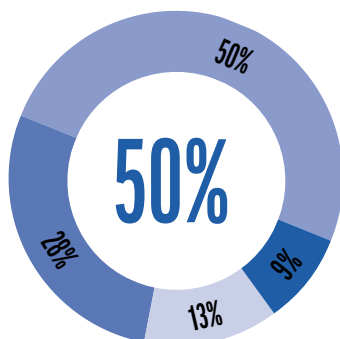
▲ INCREASE SOMEWHAT



RESPONSE COUNT **31**

NUMBER OF INTERNAL EMPLOYEES (INCLUDING SALESPeOPLE)

STAYED ABOUT THE SAME

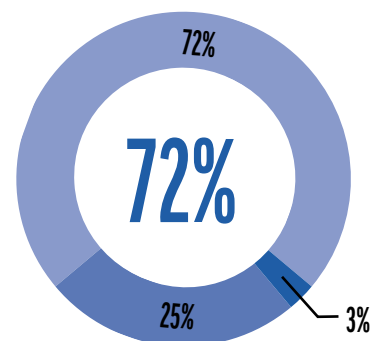


RESPONSE COUNT **32**

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

WSE PROJECTION

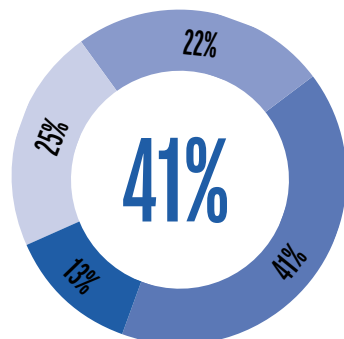
▲ INCREASE SOMEWHAT



RESPONSE COUNT **32**

NUMBER OF CLIENTS

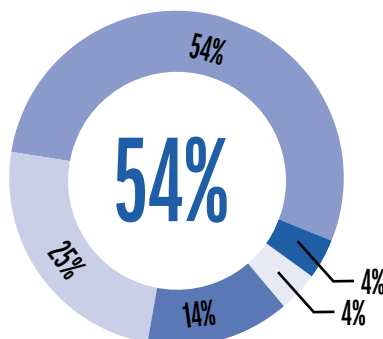
▲ INCREASE SOMEWHAT



RESPONSE COUNT **32**

NUMBER OF WORKER'S COMPENSATION CLAIMS REPORTED TO CARRIER

STAYED ABOUT THE SAME



RESPONSE COUNT **28**

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

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Boldface type indicates NAPEO Medallion Partner

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NAPEO's comprehensive Regulatory Database provides up-to-date, detailed information about the broad range of laws and regulations affecting the PEO industry in all 50 states and at the federal level.

The Federal Regulatory Database is the starting point for research into federal laws and regulations affecting PEOs.

For each state, the State Regulatory Database includes:

- Qualifying to do business
- PEO registration/licensing

- Unemployment insurance
- Workers' comp
- Health and other benefits
- Sales and other corporate taxes
- Starting/terminating the PEO-client relationship
- Records/record retention requirements



www.napeo.org/regulatory-database

The National Association of Professional Employer Organizations

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CHARTING A PATH FORWARD

BY CASEY M. CLARK

Last month the board and leadership gathered outside of Atlanta for our spring board meeting and strategic planning retreat. Strategic plans are not new to NAPEO, but this year we focused not only on creating a vision for where we wanted to go, but also a tool we can measure progress against along the way.

Not surprisingly with our engaged membership, the conversations were thoughtful and constructive. We left with clear strategic imperatives for the coming months and years, and we're hard at work fleshing out the rest of the plan ahead of our May board meeting. I am confident this plan will be a useful guide as we work together to achieve meaningful progress for the industry and the businesses we support.

Of course, one of the ways PEOs support American businesses is helping them be more efficient by taking on a lot of their backend burdens. But the same can't be said about antiquated processes and technologies still employed by the IRS. There should be no place for the fax machine in 2025.

That's why we've created and launched our Retire the Fax Machine campaign to push administration officials to institute secure, digital technology to transmit tax forms. This is a win-win for everyone involved: IRS employees will finally be equipped with technology that will make their jobs easier, PEOs will have a more efficient and secure way to submit client information and requests, and clients could track claims and returns through the system.

We've received positive support from lawmakers on this issue which is just another reminder of how important our relationships on Capitol Hill are.

Speaking of our friends on the Hill, at the time of writing we're anticipating the introduction of a piece of legislation that would clarify in federal statute that tax credit liability belongs with those who benefit from it, not a PEO. Through concerted lobbying and effective use of NAPEO PAC dollars, we've built productive relationships with the bill's bipartisan co-sponsors Reps. Beth Van Duyne (R-TX) and Mike Thompson (D-CA).

Like everything else we do, the added support from our member government relations teams is integral to this success. Our collaborative approach is productive, and this is a great example of that collective effort.

The NAPEO team has had more than 20 meetings in the past few weeks to ensure PEO industry priorities are a part of the conversation as Congress continues to push forward on tax reform, with lawmakers evaluating priorities and associated costs of proposed tax provisions.

State legislators and regulators remained very active, too. As seems to be the new normal, we're taking two steps forward, one step back as we work to proactively advance PEO priorities and protect against legislation and regulations that negatively impact our PEO members' ability to operate. This is certainly true in Oregon, Maryland, Maine, New Jersey and other markets

where we're continuing to see confusion about how PEOs operate and would-be helpful policymakers creating more uncertainty for the PEO business.

This is a result of the good work NAPEO and all of our members have done to raise our profile. It has been earned over many years. We've always known that the more visible we became, the bigger the target on our back. We're up for the fight because we know the indispensable work we're doing to enable the backbone of the economy of communities across America, small and medium sized businesses.

I'll close by touching on the loss of industry luminary and NAPEO-past chair Mark Perlberg last month. I regrettably never met Mark, but as I've heard from so many of you, that would have been a great privilege. The reflection on Mark's impact in these pages are a small token of recognition for what was certainly an oversized contribution to our industry and to many of you.

The universal praise for Mark's character, humor and personal connection he had with so many is a testament to a life well-lived and a legacy well-earned. We should all be so lucky to leave a fraction of the impression as he clearly did. Our thoughts remain with Mark's family and his many, many friends. ■



CASEY M. CLARK

*President & CEO
NAPEO
Alexandria, VA*



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