PUBLISHED BY THE NATIONAL ASSOCIATION OF PROFESSIONAL EMPLOYER ORGANIZATIONS®

PEO INSIDER

THIS MONTH'S FOCUS

EMPLOYEE ENGAGEMENT, CULTURE & WELLBEING

BREAKING DOWN VIRTUAL BARRIERS

HEALTH & WELLBEING

MAXIMIZING AND STRENGTHENING EMPLOYEE RELATIONSHIPS

COVER STORY

THE ACCIDENTAL OPERATOR:

HOW MIKE SUSKO BECAME THE STEADY HAND BEHIND CENTRAL STAFF SERVICES

Mike Susko, Vice President of Operations, Central Staff Services, Inc.

THE SOURCE FOR PEO EDUCATION® 707 NORTH SAINT ASAPH STREET, ALEXANDRIA, VA 22314 **WWW.NAPEO.ORG**

VOL. 30 ISSUE 1

FEB 26


What do you call a person whose favorite day is Monday?

Conte

Mike Susko, Vice President of Operations, Central Staff Services

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FEBRUARY 2026

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PEO Insider® (USPS 024-492)(ISSN 1520-894X) is published monthly except June/July and December/January, which are combined, by the National Association of Professional Employer Organizations, 707 North Saint Asaph Street, Alexandria, VA 22314-1911. Periodicals Postage paid at Alexandria, Virginia, and additional mailing offices. POSTMASTER: Send address changes to *PEO Insider,*® 707 North Saint Asaph Street, Alexandria, VA 22314-1911.

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OFF TO A FAST START

BY BILL MANESS

Ok, everyone, take a collective deep breath. The 2025 year-end rush to do all the new client setup work for January 1 while trying to enjoy a little family time at the holidays is now in our rear-view mirror. As we begin the new year with a fresh attitude, let's look into the future and see what you can do with all that spare time you're going to have now!

On the federal legislative side, our annual FGAC priorities meeting was on January 21. The group had a positive and robust discussion to outline our 2026 advocacy priorities. We'll continue building relationships with key policy-makers and regulators to secure a favorable policy environment for PEOs. Our top legislative priority remains advancing the pro-PEO payroll tax credit liability bill, H.R. 3223. Since the bill's introduction in May of 2025, we have secured 19 bipartisan cosponsors in the House of Representatives and continue working towards introduction of a senate companion bill. And if you have spare change, NAPEO PAC looks to build on our record-setting success in 2025. Already this year we have hosted a fundraiser for Rep. Nathaniel Moran (R-TX). Stay tuned for ways to get involved and support NAPEO PAC in 2026. It's important for our advocacy efforts to have a robust and engaged PAC, especially in an election year.

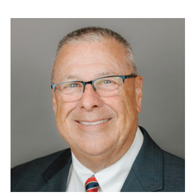
On the state legislative front, our 2026 state action plan is in full swing. We're engaging across many state capitals to advance a favorable legislative and regulatory environment for PEOs. We'll also continue our efforts to enact the PEO Model Act in California and Georgia.

And if you still have some time on your hands, look at your calendar and see if you can fit in the NAPEO's CEO Retreat which is a chance to get together with your C-level PEO peers in April. This event is a great chance to get high level education and an opportunity to discuss hot topics for all PEOs. This event is only open to C-suite and senior level employees of PEO members, however.

Also check out our full calendar of events (napeo.org/events), all set and ready for 2026. Registration is currently open for all Leadership Council Forums, and registration for our other events will open soon.

> *Stay tuned for ways to get involved and support NAPEO PAC in 2026. It's important for our advocacy efforts to have a robust and engaged PAC, especially in an election year.*

I hope you get involved this year to help our industry get bigger, better and faster! ■



BILL MANESS

2025-2026
NAPEO Chair
CEO
Syndeo

CONGRATULATIONS

DELTA ADMINISTRATIVE SERVICES RECOGNIZED AS A BEST PLACE TO WORK

NAPEO member Delta Administrative Services has been named a Best Place to Work by *New Orleans CityBusiness* for the third year in a row. Based on employee feedback, the recognition highlights the company's focus on building purpose-driven careers and a people-first workplace culture.

CONGRATULATIONS

INSPERITY NAMED TO INC.'S BEST IN BUSINESS LIST

NAPEO member Insperity has been recognized on *Inc.*'s Best in Business list for its North Star Network thought leadership program, which has made a profound impact on the human resources industry by delivering research-driven insights, expert guidance and practical resources to help organizations navigate workforce challenges. "Being recognized by *Inc.* for the impact we make with our clients and our communities is always a significant honor for Insperity," said Paul Sarvadi, Insperity's chairman and CEO. "Our North Star Network offers something truly valuable: a place where leaders can access insights and resources to help address workforce challenges more effectively and elevate performance across their organizations."

PARTNERSHIP

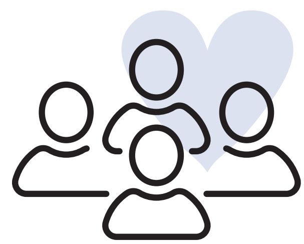
STITCH PEO PARTNERS WITH ECLINICALWORKS

NAPEO member Stitch PEO has partnered with eClinicalWorks, one of the largest and most widely adopted EHR and practice management solutions in the country. The collaboration will provide independent medical practices access to a trusted partner for workforce management who understands the operational realities of healthcare. "Partnering with eClinicalWorks, a proven leader in ambulatory care technology, allows us to extend our reach to thousands of practices that can benefit from enterprise-level employee benefits, HR, and compliance support while staying independent," said Rajesh Voddiraju, founder and CEO of Stitch PEO.

KUDOS

STRATUS HR NAMED A BEST COMPANY TO WORK FOR

NAPEO member Stratus HR has once again been honored as a "Best Company to Work For" by Utah Business, reflecting the company's investment in recognition, development and well-being platforms that support its employees. "Receiving this recognition is not just a win for Stratus, it's a win for every person who shows up to do meaningful work each day," said John Farnsworth, CEO of Stratus HR. "Our people—their dedication, professionalism, and heart—are why we stand out. We don't just preach workplace excellence; we live it."



INSIGHTS

MCLEAN & COMPANY REPORT HIGHLIGHTS 2026 HR TRENDS

McLean & Company's HR Trends Report highlights shifting priorities HR leaders will face this year. The report outlines the growing expectation for HR to continue playing a more strategic role in driving innovation and preparing organizations for ongoing disruption. As AI adoption accelerates and the pace of change continues to increase, the report emphasizes the need for HR leaders to collaborate with other core business functions and prioritize leadership development as a strategic imperative to help companies adapt and succeed.

PARTNERSHIP

NEXTEP PARTNERS WITH NAYYA

Clients of NAPEO member Nextep now have access to NAPEO member Nayya's data-driven platform, which provides personalized recommendations to help employees make the most of their benefits. "At Nextep, we are always looking for new ways to enhance the client experience, and teaming up with Nayya is a tremendous opportunity for us to do just that," said Brian Fayak, Nextep's CEO and founder. "This collaboration reflects how forward-thinking PEOs like Nextep are shaping the next era of employee benefits," said Sina Chehrazi, Nayya's CEO and founder.

KUDOS

PRESTIGEPEO RECOGNIZED ON LIST OF 100 LARGEST PRIVATE COMPANIES

NAPEO member PrestigePEO has been ranked thirteenth on Crain's New York Business list of the 100 largest private companies, up from eighteenth in the prior ranking. This recognition highlights the trust the company has earned from its clients, the strength of its broker partnerships and the dedication of its team across the organization.

M&A

VENSURE EMPLOYER SOLUTIONS CELEBRATES 100TH ACQUISITION SINCE 2018

NAPEO member Vensure Employer Solutions has completed its 100th acquisition with the purchase of CreAI, an HR technology company specializing in artificial intelligence solutions for workforce management. The acquisition will bring advanced AI-driven capabilities to Vensure's technology suite that will help streamline HR processes, enhance data insights and improve outcomes for both employers and employees. "Reaching our 100th acquisition is more than a milestone, it's a testament to our relentless commitment to growth, innovation, and partnership," said Alex Campos, CEO of Vensure Employer Solutions.

LEADERSHIP

ALCOTT HR NAMES SHAUN RODACK AS DIRECTOR OF FINANCE

NAPEO member Alcott HR has appointed Shaun Rodack as director of finance. Rodack brings over 20 years of experience in accounting and finance across multiple industries to the role, where he will help shape the company's financial strategies and continued growth. "Shaun brings a wealth of experience and leadership to our team," said Steve Politis, CEO of Alcott HR. "His expertise in financial operations, coupled with his ability to drive strategic decisions, makes him an invaluable addition to our leadership team."

INNOVATION

ROW PARTNERS LAUNCHES END-TO-END PEO

NAPEO member Row Partners, formerly Ampian HR, has launched a fully integrated, end-to-end PEO solution designed to deliver operational certainty and measurable business growth. The enhanced model goes beyond traditional PEO services by adding medical coding and billing support, along with a suite of growth strategies tailored to help behavioral health facilities and residential treatment centers serve more patients amid unprecedented nationwide demand for care. "As Ampian HR, our focus was all about helping businesses survive the day-to-day. Now, Row Partners is dedicated to helping businesses grow," said Dan Shirts, president of Row Partners. ■

SAVE THE DATES!

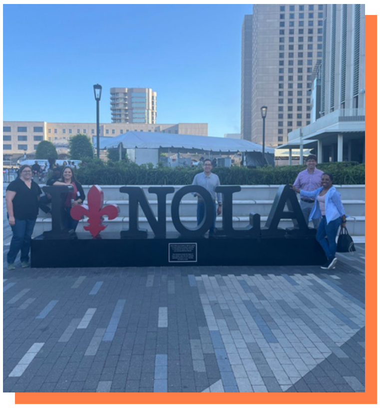
FOR NAPEO'S 2026 EVENTS

March 12: California/Nevada LCF, Sacramento, CA

April 20 - 21: CEO Retreat, Dallas, TX

May 5: Georgia LCF, Atlanta, GA

May 19 - 21: PEO Capitol Summit, Arlington, VA



June 18: Oregon/Washington/Alaska LCF, Salem, OR

July 14 - 15: Operations Workshop, Madison, WI

July 16: NextGen Leadership Workshop, Madison, WI

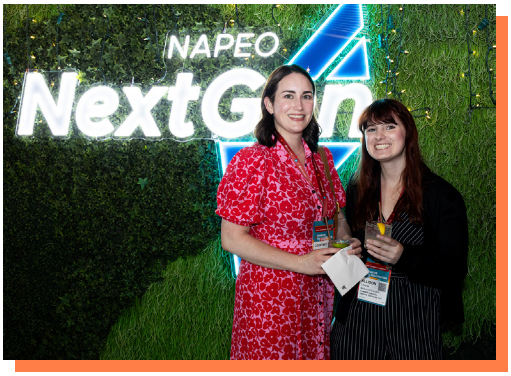
July 30: Colorado LCF, Denver, CO

August 18: Mid-Atlantic LCF, Baltimore, MD

September 16 - 18: Annual Conference & Marketplace, Marco Island, FL

October 6: New York/New Jersey/New England LCF, Boston, MA

November 17: Texas LCF, Austin, TX



NAPEO®

BREAKING DOWN VIRTUAL BARRIERS

A Culture That Can Travel

Why Engagement Depends on Systems More Than Location

BY CYNTHIA HAYES

The strongest cultures today are not tied to buildings. They grow from clearly expressed values, observable behaviors, and communication systems that reinforce identity. They move with employees across locations, schedules, and changing business conditions.

Since COVID, leaders have hotly debated where people should work. I've heard reasonable arguments for both remote and co-located models. But what can get lost in those conversations is that culture and workplace model are two distinct decisions.

PEOs see this up close. You're embedded in the systems that shape employee experience, so you often notice when culture and location decisions become tangled.

It's important to note that engagement comes from consistent communication, values expressed as behaviors, and the security that comes from knowing what the organization stands for. When those systems are strong, employees feel connected whether they are in-office, at home, or in a hybrid rhythm.

CULTURE AND COMMUNICATION DRIVE ENGAGEMENT

Research continues to confirm that culture drives engagement regardless of workplace model. Gartner's ongoing studies show that hybrid and distributed teams with clear communication norms report significantly higher engagement and inclusion. When expectations are consistent and transparent, friction drops and performance rises.

McKinsey's global workforce research reinforces this pattern. Their studies repeatedly identify belonging as one of the strongest predictors of overall well-being. In other words, employees thrive when they understand the organization's identity and how their work contributes to it.

Gallup's long-running engagement research quantifies the impact. Highly engaged teams consistently outperform others in productivity, profitability, retention, and customer outcomes. Engagement rises when culture is defined and reinforced.

THREE TRUTHS ABOUT CULTURE AND COMMUNICATION

Over the years, in both brand work and internal communication, I've noticed three truths that show up again and again. Values come to life through behaviors, communication carries more cultural weight than most people realize, and belonging grows when those elements show up consistently.

These truths become even more important in distributed environments, where culture must be experienced through interactions and systems rather than physical cues.

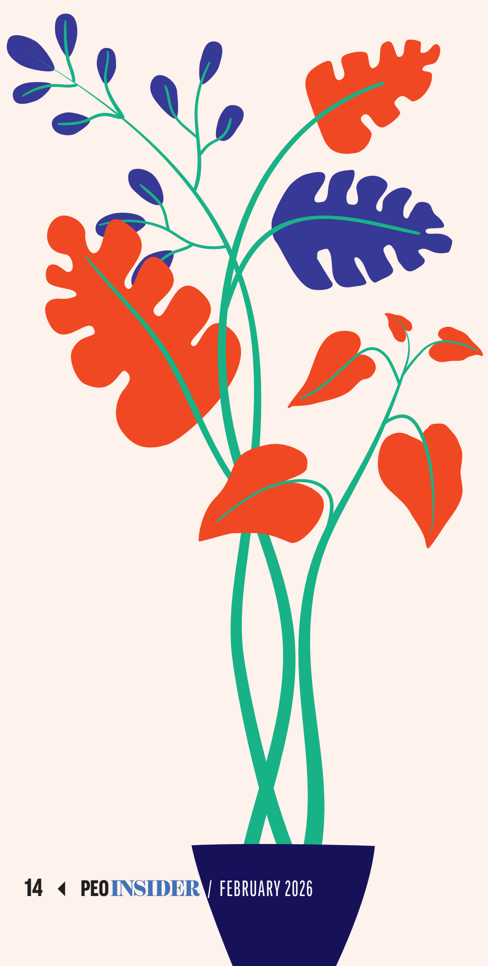
1. Values come to life through behaviors

Employees don't connect with abstract values. They connect with what those values look like in daily work.

- Integrity becomes real when decisions are communicated with transparency and timeliness.
- Collaboration becomes real when drafts are shared early and input is invited.
- Respect becomes real when meetings begin on time and active listening is practiced.

Turning values into desired, modeled, and rewarded behaviors removes ambiguity. It gives employees a shared understanding of what "good work" looks like. And in hybrid or remote environments, where

Internal communication carries more cultural weight than external branding. Employees experience the organization through the tone, clarity, and consistency of what they hear and experience.



people can't observe culture through proximity, this clarity is essential.

Without behavioral clarity, values are aspirational phrases instead of actionable realities.

2. "Mixternal" messaging is communication as cultural infrastructure

Internal communication carries more cultural weight than external branding. Employees experience the organization through the tone, clarity, and consistency of what they hear and experience.

I call this mixternal messaging. It happens when internal communication reflects the same clarity and identity the organization uses externally. It's not marketing to employees. It's culture in practice.

Poor mixternal messaging creates confusion and erodes trust. Good mixternal messaging, on the other hand, builds understanding, alignment, and a sense of shared purpose.

Strong mixternal messaging helps employees understand:

- what the organization stands for
- why decisions are made
- how values guide behavior
- how their work connects to the big picture

Communication is one of the most powerful forms of cultural reinforcement, especially when teams are distributed.

3. Belonging grows through consistency

Brand identity doesn't come from location. It comes from consistency employees can trust.

Employees feel like they belong when they encounter the same values, expectations, and tone across the organization. They feel it when communication is predictable, when recognition reinforces stated values, and when decisions are explained clearly.

Distributed work doesn't weaken belonging, but inconsistency totally will.

When expectations differ from team to team, or when culture looks different depending on the manager, belonging starts to fracture. Employees begin to question whether the organization's values truly matter.

Consistency requires systems. Standardized communication practices, onboarding that introduces cultural norms, recognition tied to behaviors, and clear expectations all work together to create a stable environment where belonging can grow.

WHY THIS MATTERS FOR PEOS

PEOs sit at the crossroads of HR structure, internal communication, and employee experience. You help organizations create the systems that make culture sustainable across locations and work models.

Whether you're shaping onboarding frameworks, policy communication, manager guidance, or performance practices, you are influencing how culture shows up in the lives of employees.

BUILD CULTURE, THEN DECIDE WHERE WORK HAPPENS

Culture must be established as a system that informs employee engagement. Leaders should define the values and culture first, then decide where work happens.

When culture is built on consistent systems, engagement becomes a reliable outcome. Employees feel connected because the organization's identity is present in every interaction, not just in shared physical spaces.

Work models will continue to shift, but culture should be a constant. The organizations that thrive will be the ones who build a culture strong enough to succeed in any model. ■

CYNTHIA HAYES

COO
Liger
Atlanta, GA

Creating Culture in Distributed Teams

BY NAMI BARAL

In October 2025, Coinbase announced the next evolution of its remote-first model. Rather than mandating fixed office attendance, the company introduced periodic, week-long, in-person working sessions designed for deep collaboration and accelerated problem-solving.

The announcement brought attention to something many leaders are only beginning to articulate: distributed work is not a location decision. It is an organizational design decision, and culture sits squarely at its center.

For years, boards and executive teams treated distributed work as a perk, a recruiting lever, or a logistical challenge for HR to manage. Today, high-performing organizations recognize it as something more consequential. How work is distributed now directly affects execution speed, leadership continuity, risk exposure, and long-term enterprise value. The question is no longer whether teams can work apart, but how leaders intentionally build culture when they do.

The most effective distributed teams normalize written updates, clear decision logs, and transparent progress tracking so that no one is disadvantaged by geography or schedule.

DISTRIBUTED CULTURE IS NOW A BOARD-LEVEL PRIORITY

Culture now intersects with enterprise risk, compliance, productivity, and talent sustainability in ways that boards can no longer afford to overlook. A 2024/2025 Great Place to Work study of 1.3 million U.S. employees found that 97 of the 100 Best Companies to Work For support remote or hybrid work and report productivity levels 42 percent higher than typical U.S. workplaces. This is not a coincidence. The most successful organizations have learned that distributed work, when designed intentionally, becomes a competitive advantage rather than a compromise.

In traditional offices, culture often emerges organically through proximity. Shared routines and hallway conversations create an "ambient culture" that fills gaps without much effort. But that culture is fragile. When teams go remote, those informal channels disappear, exposing structural weaknesses that were always there.

Leaders often encounter this reality in subtle ways at first. Decisions take longer because information is buried in Slack threads. Meetings skew toward those closest to headquarters. Some employees dial in late at night or early in the morning to stay updated, while others quietly accumulate influence because they are present when decisions are made. Over time, proximity bias replaces performance bias.

The consequences of getting this wrong are significant. Employee disengagement leads to higher turnover and underperformance. Fragmented communication slows market entry and damages the customer experience. Compliance gaps, whether related to data privacy, employment law, or regulatory reporting, create legal and reputational risk.

ACTIONABLE STRATEGIES FOR BUILDING DISTRIBUTED CULTURE

Building culture in distributed teams is about embedding measurable practices into how work actually gets done.

Intentional Communication and Asynchronous Work

The foundation is clarity around communication. Leaders must distinguish what truly requires real-time interaction from what can be handled asynchronously.

Shopify's "Digital by Design" policy, introduced in 2020, made this distinction explicit. Documentation became mandatory. Meetings became the exception. The payoff was respect for time zones, reduced meeting fatigue, and workdays designed around peak productivity rather than calendar availability.

The most effective distributed teams normalize written updates, clear decision logs, and transparent progress tracking so that no one is disadvantaged by geography or schedule.

Fostering Connection Through Shared Purpose

Connection does not disappear in distributed teams; it just needs to be designed.

Pinterest's "PinFlex" model provides a useful example. The company empowers local leaders to decide when in-person collaboration is truly necessary. Teams gather with purpose: to launch initiatives, solve complex problems, or reset priorities. The result is ownership, relevance, and a higher-impact connection.

Equally important is recognition. Wins must be visible across regions, not just at headquarters. When employees see how their work contributes to the broader mission, engagement follows.

Building a Culture of Trust and Agency

If communication is the infrastructure of a distributed culture, trust is its currency. Micromanagement is the fastest way to erode performance in distributed teams. High-performing organizations focus on outcomes, not hours, and give employees autonomy over how work gets done.

A 2024 Harvard Business School study found that U.S. tech workers at companies

In-person time, when treated as a strategic asset, becomes a force multiplier rather than a disruption.

such as Google and Apple were willing to forgo up to 25 percent of their salary for the ability to work remotely. Autonomy and flexibility are core components of a compelling employee value proposition. When employees feel trusted, they are more engaged, more accountable, and more likely to stay.

At Niural AI, which itself is a globally distributed company, this principle is reinforced through monthly virtual all-hands meetings with live Q&A and cross-region projects that create shared accountability and belonging.

HIRING AND ONBOARDING: WHERE CULTURE BECOMES REAL

The true stress test of a distributed culture often comes with the first international hire. It is the moment leaders realize that an offer letter for an engineer in Portugal is fundamentally different from one in Texas. That statutory benefits vary. And that culture must translate across borders, not just time zones.

Effective distributed hiring begins with role design. Roles should clearly define which responsibilities require real-time collaboration and which can be performed independently. Job descriptions should articulate expectations around asynchronous work, cross-time-zone collaboration, and written communication so candidates can self-select for fit.

At Niural AI, employees across the U.S., Europe, and Asia receive standardized onboarding, clear role expectations, and equal access to tools and resources from day one. The key message is that geography does not determine belonging or opportunity.

STRATEGIC IN-PERSON CONNECTIONS

In-person gatherings are still powerful, but only when used deliberately. Dropbox's 2024 review of its "Virtual First" model revealed that not all gatherings serve the same purpose. Traditional off-site events were most effective for building trust. Retreats sparked innovation. Focused co-working sessions accelerated execution.

By designing gatherings around clear objectives, Dropbox found that 99 percent of in-person sessions delivered positive business outcomes, and 71 percent of participants reported stronger team connections. In-person time, when treated as a strategic asset, becomes a force multiplier rather than a disruption.

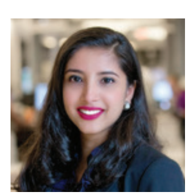
MEASURING AND ITERATING ON DISTRIBUTED CULTURE

Culture cannot be managed by intuition alone. Successful teams combine qualitative feedback, such as roundtables and sentiment analysis, with quantitative indicators like eNPS (Employee Net Promoter Score), retention, productivity, and compliance metrics. The most mature teams link these insights directly to business outcomes, including customer satisfaction and risk management. Some organizations formalize this through a quarterly "culture health dashboard" reviewed at the board level.

THE DISTRIBUTED ADVANTAGE

Distributed work is an accelerant. It exposes weak processes and rewards strong leadership. It demands clarity, trust, and accountability at every level of the organization. The companies that rise to this challenge are not just adapting to the future of work. They are building more resilient, more equitable, and higher-performing businesses.

Culture in a distributed world does not happen by accident. It must be designed, reinforced, and continuously evolved. Leaders who treat culture as a living system, one grounded in intentionality and trust, will define the next era of organizational excellence. ■



NAMI BARAL

Co-Founder and CEO, Niural AI
Georgetown, TX

Cracking the Culture Code:

Building Blocks for Office Culture in a Distributed Workforce

BY ABRAHAM GONZALES-POLLICK

The idea of a distributed workforce, a phenomenon that gained traction in the late 1990s/early 2000s mirroring the rise of the internet, has showed staying power instead of the temporary trend most assumed it would be. For example, in 2019, less than 7% of private sector employees worked primarily from home according to BLS data. In contrast, Gallup shows that today we find the distributed workforce has more than doubled to over 81%. As employers examine the spread of their employees in these instances and the associated organizational culture, and the impact it has on their business, we see more questions floating to the surface, like:

- *Do distributed workforces disrupt organizational culture or create the evolution of organizational culture through this landscape?*
- *If so, how should organizations create a strong and positive culture to maximize performance, meet client needs, and generate great employee experiences?*
- *When it comes to creating culture and employee experience, is a one-size-fits-all approach the right recipe?*

There is no plug-and-play, set-it-and-forget-it solution. But the uniqueness of the solution is found in the sweet spot where employees thrive; culture blooms, and employee engagement finally trends in the right direction. So how can you make this work in your unique business, with your employees and in your marketplace?

While company culture occurs across various company environments, it is complex and yet remains an organic element that shapes regardless of intention, strategy, or cultural mindset. Culture can impact the health of the business, talent, and staying relevant to your customers and keeping them interested in your brand/service or product. Let's rotate through various lenses that organizations can look through to consider building culture as this may inspire the recipe for creating the right culture in distributed workforces in your company.

OPERATIONAL EFFICIENCY IMPACTS THE PEOPLE WHO DRIVE PROCESS

A rock worth turning over in creating positive culture with distributed teams or workforces is perhaps in the workflows and processes. How complex are your procedures? How many steps does it take to complete one task? How many people, departments, or locations does it take to get a task one? Are the processes directly aligned to a product or service you offer, job description, job training program, KPI and performance review (with a thread an intentional thread weaved through)? These dynamics matter.

Standard operating procedures (SOP) often get overlooked in conversations about organizational culture, yet they shape how work feels—especially across distributed teams who often rely on static workflows to stay connected and productive. Every process is a cultural signal. Simplicity fosters agility and trust; complexity can create friction and disengagement. As you evaluate your procedures, ask yourself: Are they reinforcing the culture you want—or working against it? Consider these factors and the cultural impact of each.

When people feel successful: It boosts self-efficacy, which translates into positive outcomes, stronger collaboration, and greater understanding across teams.

When processes are overly complex or illogical: All employees, even the most up-and-coming, intelligent, high-performing and bright employees, can feel languid, disengaged, and unproductive.

When employees are buried in process roadblocks and red tape: It becomes hard to breathe, let alone notice positive cultural efforts, because the focus shifts to getting work done, feeling accomplished, and self-preservation.

TALENT DEVELOPMENT STRATEGY CREATES CULTURE

Make sense of talent development strategy with streamlined categories:

- Start with your product, what jobs need to get done to deliver on the product, does your job training align to those operating procedures.
- Clarify the competencies needed to stand out, accelerate performance, prep for future, and create programs that address these separately from job training.

While there are many methods to approach a talent development strategy, sometimes its most simple approach is to start with organizational design methods to understand business product purpose first and uncover why what works in delivering such service so that you can align the right training to empower employees. Find the ways to empower employees and help them be and feel successful.

PHILANTHROPIC INITIATIVES TO CREATE CULTURE AND CONNECTION

Why not invest in philanthropic initiatives? Organizations and customers gravitate toward companies with a visible, positive footprint in their local areas. These efforts don't just strengthen brand reputation—they give employees meaningful ways to engage beyond their job scope, helping to inspire wellness, improve self-efficacy, and influence motivation to aim toward high performance on the job.

> *While company culture occurs across various company environments, it is complex and yet remains an organic element that shapes regardless of intention, strategy, or cultural mindset.*

To stand up successful philanthropic operations, consider the following:

Narrow your focus and number of initiatives. While there is no shortage of goodwill, multiple initiatives can fatigue and confuse employees on what and why something matters to your business.

Map your plan for the year like a project and event plan with a budget. *Tip:* Always add 30 additional days of planning to the front of your initiative.

Elicit buy-in from key stakeholders and leaders. Tell them simply what you need and when you need their support and align on how they can best and want to show up as they have a following of employees and mentees and a personal leadership brand they are working on.

Buzz and promote initiatives with the same energy as you would a product launch.

Build relationships with organizations and look for strong footprints or values that align with your company values.

Information and narratives give the employees something to connect to. Message delivery, including the vehicle/method, author, design, and language, creates an immediate visceral reaction.

Establish the process for guardrails for partnerships, eligibility criteria, media/public relations, compliance implications and brand standards of your philanthropic program to keep it consistent and recognizable.

Build engagement internally by inviting employees to volunteer and serve as philanthropy ambassadors and celebrate employee contribution and participation. Collect stories along the way and share not just what your employees accomplished, but why they participated—these stories inspire and strengthen your culture.

COMPLIANCE CONSIDERATIONS AND LEGISLATION INFLUENCES CULTURE CREATION

Jobs of the future, evolving laws, and company spending are increasingly shaping organizational culture and what businesses can do for their people.

According to Virgil HR, a Vensure Employer Solutions company:

- There are over 4,300 employment and labor laws in existence.
- U.S. employers spend more than $14 billion annually on outside legal counsel.

Dozens of proposed laws will also influence the tools people use and competencies needed to get the job done, impacting entire industries—for example, electrification mandates in logistics within certain states and implementation dates thereof. These changes affect training programs, company policies, engagement budgets, and more, all of which shape culture.

The rise of AI adds another layer. Beyond data privacy and GDPR, there are over two dozen legal considerations governing how companies deploy AI. These rules influence jobs, opportunities, and the need for stronger decision-making competencies.

Ultimately, how work is performed under these evolving conditions defines organizational culture—from workflows to employee expectations and engagement.

COMMUNICATIONS STRATEGY CAN INSPIRE OR DETRACT FROM CULTURE

Information and narratives give the employees something to connect to. Message delivery, including the vehicle/method, author, design, and language, creates an immediate visceral reaction. Additionally, design aesthetic matter as it requires consistency to underscore what employees recognize and where they should focus attention. Design coupled with thoughtful communication and delivery method builds trust. The tips below some pieces of a puzzle that help shape culture.

- Highlight the achievements of who's innovating, hitting goals, winning contests, and making an impact. Success stores inspire employees and strengthen engagement.

- Feature employee contributions and "day-in-the-life" stories to demystify roles and simultaneously create authentic cross-team connections.
- Tone matters—even in policy updates. Assign messages thoughtfully. As an example, be selective on who delivers what type of messages. Some organizations have HR message policy expectations—this is tricky as HR must be balanced and be an open door. Sometimes specific messages are better placed with managers as they manage performance and behavior expectations.
- Apply authentic, human-generated writing and copyediting over solely relying on AI messages and suggested delivery. While AI is identified as the future of technology, word choice, emotive phrasing, etc. allows the corporate communications writer to control the brand voice and measure sentiment impact.
- Measure everything! Track engagement (clicks, navigation, and traffic) to understand what resonates. Employees (your audience) will show you what inspires them through your messaging and what you are able to measure.

CONSUMER BEHAVIOR IMPACTS CULTURE AND INSPIRES EMPLOYEES

Consumers will go where their needs are being met, if your business is innovating, and/or filling needs customer demand brings the jobs or brings purpose to your organization that employees connect to. Remaining relevant isn't just about what happens inside your business. It's about understanding and adapting to what's happening in your customers' world—a perspective that creates powerful internal conversations. Staying relevant to your customers is key.

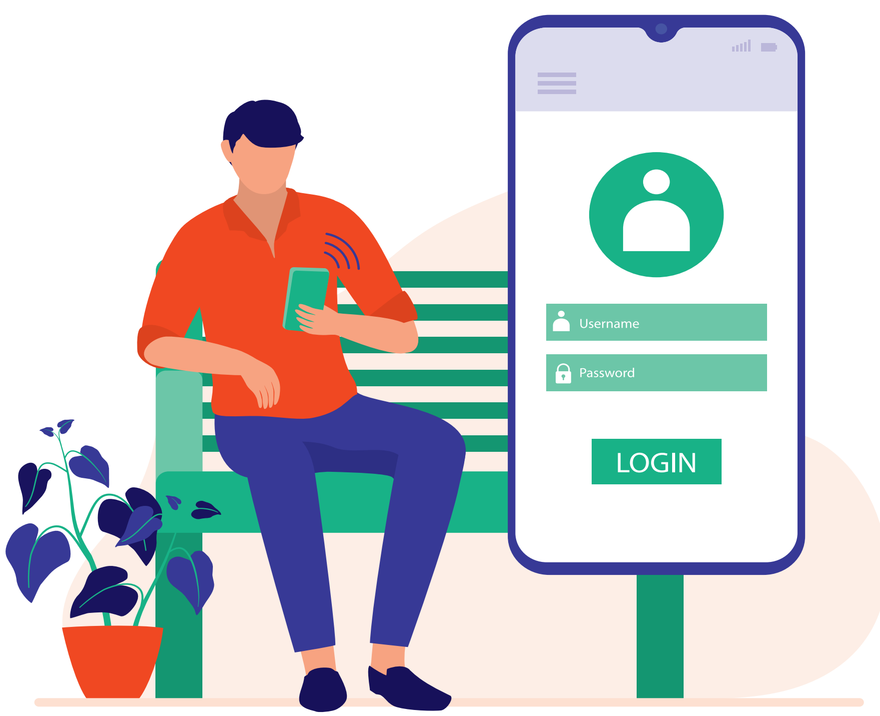
This lens to look through may be interesting as this mostly happens outside of your business, but it creates important conversations internally. Those conversations are important in creating culture with employees when you invite them to share ideas or get involved in projects to improve or build customer experiences. Some employees get the opportunity to be part of building the brand versus delivering the experience. This cross knowledge allows employees to see the process it takes to stand up and sustain the business in a meaningful that can connect them to the business which further creates a culture where employees in a distributed workforce cannot just belong to but participate in and be inspired by.

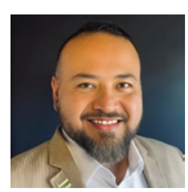
As some of those employees may be direct or indirect consumers, they may have an idea or two that will enhance the product. And so, as your products drive consumer behavior, this is creating opportunities for your company's culture.

While we've explored multiple lenses for shaping culture in distributed workforces and environments, these are not the only considerations—and many ideas apply universally across organizations with different structures.

Equally important is advocating for flexibility in how culture is created. Every department naturally develops its own subset, sometimes intentionally, due to the critical or unique nature of its work. This results in a department-owned brand identity—one that can either resonate with employees or inevitably create a disconnect.

Recognizing and embracing these nuances helps organizations foster a cohesive yet adaptable culture strategy that works across diverse teams. ■





ABRAHAM GONZALES-POLLICK

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Health & Wellbeing

Why PEO Wellness Programs Are the Future of Client Retention

BY DANIEL CLINE

For a long time, the main attraction in benefits was always the health plan. In the PEO world, success often hinged on the ability to offer a solid PPO at a price point that small businesses could handle. The thinking was pretty straightforward: provide solid health insurance, and employees would appreciate it enough to stick around. The market has changed and so have employee expectations. Nowadays, a solid major medical plan isn't seen as a generous perk but now people view it more like a basic necessity like keeping the lights on or having Wi-Fi at work. This shift brings a serious risk for retention. If benefits are seen as just another commodity, there's nothing keeping an employee from jumping ship when a competitor offers just a bit more money.

THE "COMMODITY TRAP" OF STANDARD BENEFITS

The reason standard insurance falls flat as a retention tool is that it's easily transferable. Since major medical coverage is pretty much the same everywhere, for example, a Gold Plan from Company A looks a lot like one from Company B then there's no real reason for employees to stay with their current employer. When an employee thinks about leaving, they see their health insurance as something they can [theoretically] take with them. The employee assumes they'll find similar coverage at their next job. This is what we call the "commodity trap."
By banking solely on health insurance as a retention strategy, employers are fighting a battle over a feature that doesn't set them apart. If the only thing keeping employees tied to a company is a medical plan that can be easily replaced, the chances of them leaving increase dramatically.

WELLNESS AS THE STICKY DIFFERENTIATOR

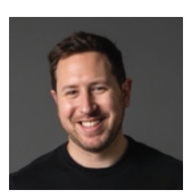
If medical insurance is now a basic utility, wellness programs are what helps retain employees. This is where PEOs need to shift their focus to really drive retention. Wellness tools, like mental health apps, reproductive health offerings, flexible work arrangements, financial coaching, telehealth, and lifestyle stipends, hit a different note than just medical insurance. Wellness is more proactive and personal and feels like a perk. By adding something like a mental health resiliency program or a financial wellness platform on top of a standard medical plan, a PEO can create a unique culture that can be easy to replicate across their clients. An employee might think they can find medical insurance anywhere, but they won't find the same mix of holistic support for their financial wellbeing or mental health. These benefits create a culture that stands apart and strengthens a sense of belonging.

CREATING FRICTION AT THE EXIT

Modern retention strategies focus on raising the stakes of switching jobs. Those stakes show up as both practical and psychological hurdles that make leaving harder. When a PEO integrates wellness into an employee's work life, such as an ongoing weight management program, regular financial counseling, or even a gym subsidy, the employee grows dependent on that support. Quitting would mean disrupting their personal growth journey. By weaving wellness into everyday life, the PEO turns the benefits package into a lifestyle, not just a policy.

THE PEO'S ROLE IN BUILDING THE MOAT

Small businesses need a benefits experience that goes further if they want to hold on to top talent. That's where the PEO steps in. PEOs provide the structure needed to transform a commodity like medical insurance into a customized retention strategy through wellness offerings. By presenting wellness tools as essential rather than mere add-ons, PEOs tackle the retention challenge head-on. In a marketplace where every competitor offers similar basic coverage, a PEO's enhanced wellness strategy makes greener pastures much harder to find. ■



DANIEL CLINE

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Women's Health:
A Strategic Priority for PEOS

BY DAVID IACINO

Comprehensive women's health benefits are increasingly viewed as essential components of a competitive benefits strategy. This is particularly important for PEOs and their client organizations seeking to attract and retain talent, improve employee satisfaction, and foster a healthier workforce.

WHY IT'S IMPORTANT TO ADDRESS WOMEN'S HEALTH

Women comprise nearly half of the U.S. labor force,[1] making comprehensive women's health benefits a critical factor in attracting and keeping women in the workforce. Women are also considered the chief medical officers for their households, making 80% of health care decisions for their families and loved ones.[2] Despite their impact on health care decision-making, women face barriers when trying to access high quality, personalized and convenient care that meets their unique health needs.

Women's health services are among the most frequently skipped types of care, yet they are also among the most likely to be rescheduled and completed later, according to data from the Truist 2025 annual consumer survey.[3] This suggests that while barriers exist, women continue to value these services and make efforts to access them when possible. Additionally, according to a recent KFF Women's Health Survey,[4] half of women report having an ongoing health condition that needs to be monitored regularly or for which they need regular care or medication.

UNDERSTANDING THE EVOLVING HEALTH CARE NEEDS OF WOMEN

Women experience health care needs for conditions specific to women, like endometriosis, pregnancy and menopause. While some conditions exclusive to women drive up health care costs, conditions that impact women disproportionately or differently than men also have a financial impact. Among these conditions are cardiovascular disease, diabetes, autoimmune diseases, some mental health disorders such as anxiety and depression, and metabolic conditions.

As the population of women in the workforce continues to grow and evolve to include more older women, employers will need to provide comprehensive benefits that address the needs of women throughout their life stages. The risk of heart disease, breast cancer and osteoporosis increases substantially as women reach menopause.

INSIGHTS ON THE STATE OF WOMEN'S HEALTH IN THE WORKPLACE

An October 2025 study of employer health benefits decision makers, commissioned by CVS Health® and conducted by Forrester Consulting, revealed that companies are reimagining women's health benefits to better help their employees on their health and wellness journeys.

- 85% of benefits leaders believe a holistic approach to health benefits enables women to prioritize their health and the health of their families.
- 83% expect their organization to place a greater emphasis on women's unique mental health and well-being in the future.
- 81% believe that providing health benefits that address the unique health care needs of women will be standard practice within the next five years.
- 71% of benefits decision makers recognize the importance of providing comprehensive health benefits to attract and retain women talent. The same percentage are looking for benefit experts to help them shape women's health benefits now and in the future.
- 69% of respondents place importance on providing more convenient access to health care services via telehealth, geographically accessible clinics and prescription delivery.

COST OF CARE AND ACCESSIBILITY AFFECT WOMEN

While awareness is growing, gaps in care continue to exist. Recent Deloitte data indicates the top reasons for these gaps are due to affordability and access challenges.

Affordability: Women are more likely to skip care due to cost. Women spend 18-20% more5 on out-of-pocket costs based on their covered benefits than men, even after excluding maternity expenses.

Access: Women are 50% more6 likely than men to report skipping care due to a long wait time and are twice as likely to miss a health care appointment due to a transportation issue.

Deloitte also found that the types of health care services that women are skipping or delaying due to cost are those for acute illnesses, preventive care and women's health issues.

"Employers play a crucial role in supporting women's health care needs and addressing gaps in health care," said Dr. Joanne Armstrong, Vice President and Chief Medical Officer, Women's Health, CVS Health. "By offering comprehensive and holistic health care benefits that consider the unique physical, social and economic conditions of women, employers can actively support women's health at every stage of their lives."

PEOs can improve health care affordability and access for women by working with health benefits carriers to address coverage for health issues beyond fertility and childbirth.

HOLISTIC APPROACHES TO WOMEN'S HEALTH

Surveyed benefits leaders emphasize that supporting women's health is about creating a comprehensive environment that supports overall well-being, satisfaction, and productivity. And employers are increasingly adopting a holistic, experience-driven approach to women's health.

CVS Health approaches women's health focused on:

- Creating solutions that address gaps in holistic women's health
- Prioritizing access, affordability and convenience across all offerings
- Empowering women, their employers and providers with education and resources to improve health outcomes

THE BUSINESS CASE FOR FOCUSING ON WOMEN'S HEALTH BENEFITS

Employers recognize that offering comprehensive women's health benefits is critical to attracting and retaining talent, especially women. PEOs can improve health care affordability and access for women by working with health benefits carriers to address coverage for health issues beyond fertility and childbirth.

Some areas where PEOs can focus on women's health benefits include:

- Menopause support and education at work and access to virtual and in-person menopause care with trained providers.
- Mental health benefits and support for all life stages. Women face distinct and often more prevalent mental health challenges, including around caregiving, financial strain, and life-stage transitions, highlighting the need for accessible, personalized support.
- Coverage and support for health conditions that affect women in unique ways—chronic, cardiovascular, autoimmune, cancer, reproductive and hormonal health and more.

By improving education and access to tailored support, PEOs can ensure women's health remains a strategic priority. A holistic approach that addresses awareness, access, and inclusivity will be essential for meeting the evolving needs of today's workforce. ■

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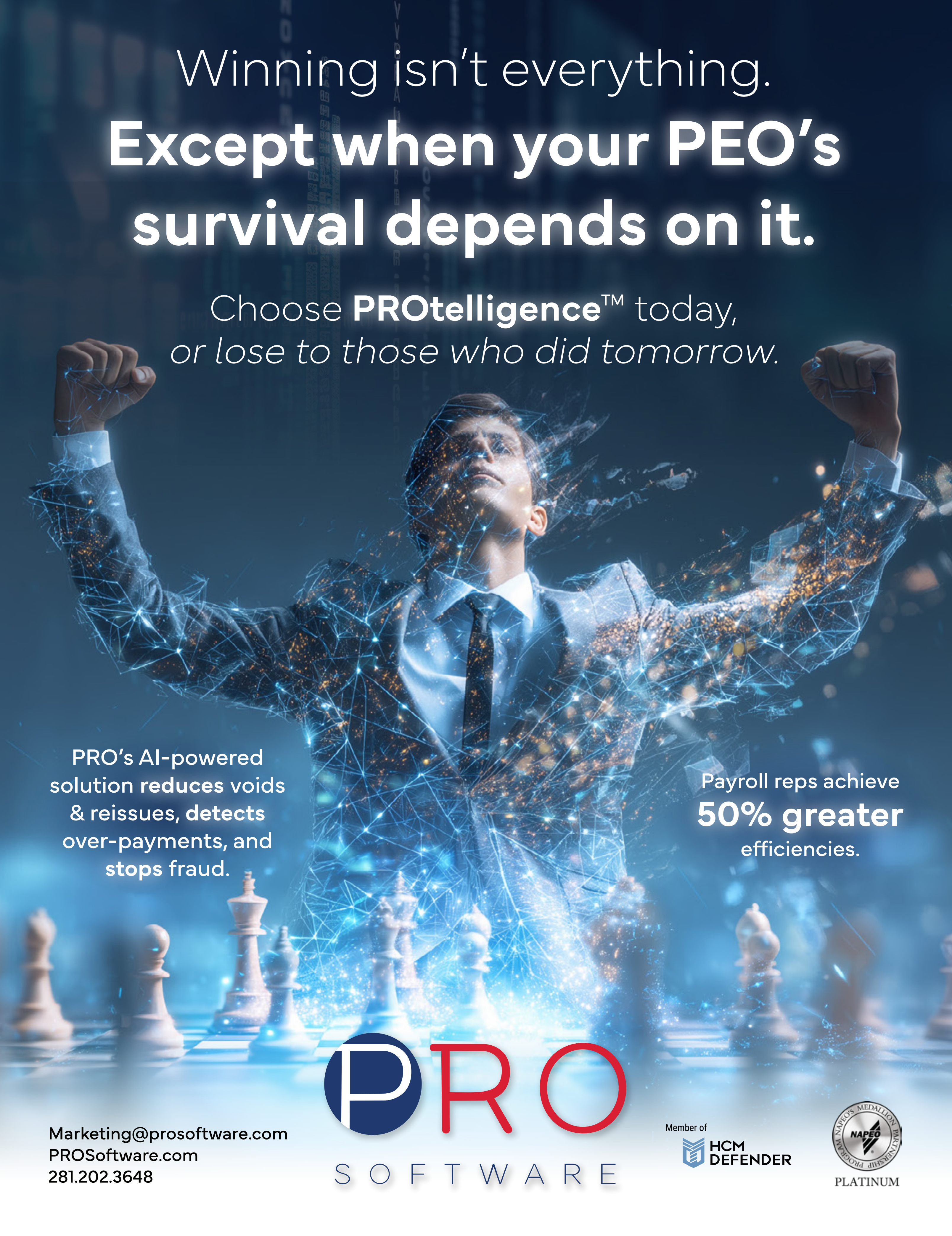
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MAXIMIZING AND STRENGTHENING EMPLOYEE RELATIONSHIPS

Employee Engagement Metrics That Matter and How PEOs Can Help Drive Success

BY NATE OLSEN

From quarterly profits to customer growth to market share, there's no shortage of ways to measure business success. As president of a strategic PEO general agency and advisory firm with more than 30 years working in the PEO industry, I've seen plenty of data points and statistics. However, many company leaders fail to consider one of the most important categories: employee engagement. In today's highly competitive labor market, it's critical for companies to assess and understand how employees feel about their workplace as this directly impacts productivity, retention, and long-term organizational success.

Many PEOs fully recognize the connection between engagement and success. As a result, they're employing the latest AI-powered tools that generate new and actionable insights aimed at improving both the employee experience and business operations. With the right PEO partner, smart company leaders are increasingly learning how powerful data can place them on a pathway to success.

WHY ENGAGEMENT METRICS MATTER MORE THAN EVER

The importance of tracking engagement is underscored by recent Gallup polling. According to some of the analytics and advisory firm's latest employee engagement tracking data, only 32% of U.S. employees remain fully engaged at work, while 16% are actively disengaged. That disengagement is frequently reflected in employee performance, including lower productivity, higher absenteeism, and increased turnover.

Gallagher's State of the Sector 2023/24 report further reinforces the seriousness of this challenge. According to the insurance brokerage, risk management and consulting firm's most recent survey, 32% of company representatives claim disengaged employees are a major issue within their organizations, while 19% reported a lack of engagement analytics or measurement capabilities. This gap is especially common among small and mid-sized businesses with limited HR resources.

It's also important to recognize that engagement measures are a snapshot in time. These metrics are fluid and shift as employee expectations evolve, leadership changes take place, and workplace dynamics fluctuate. Employee metrics that were accurate two or three years ago may no longer tell the full story of your company's internal health. This is why continuous tracking and analysis is necessary, allowing organizations to identify trends early and then implement effective interventions that support both employee well-being and healthy business performance.

ENGAGEMENT METRICS THAT PROVIDE THE CLEAREST INSIGHT

While every organization's workforce is unique, several core metrics consistently provide valuable insight into engagement, satisfaction, and performance. These include:

Overall Employee Engagement. An organization's overall engagement score is a broad indicator of how enthusiastic, committed, and connected employees feel about their work and their employer. This score is typically derived from engagement surveys that assess employee satisfaction, motivation, their alignment with company values, and intent to stay. While this datapoint should never be viewed in isolation, it can serve as a useful benchmark for measuring progress over time and comparing results across departments or geographic locations.

Employee Turnover Rates. Voluntary turnover is often one of the clearest signals of disengagement. When employees leave at higher-than-expected rates, it can indicate challenges related to management practices, workload, a lack of career growth, or a workplace culture that requires attention. Tracking turnover alongside engagement data allows employers to better understand whether disengagement is directly translating into the loss of workforce and where corrective action may be required.

Employee Well-Being Metrics. Engagement and well-being are closely connected. Metrics related to work-life balance, stress levels, mental health, and overall job satisfaction provide essential context for interpreting engagement scores. Organizations that monitor well-being metrics are better positioned to implement programs that support healthier, more sustainable work environments, which in turn fosters higher engagement. Employees are more likely to stay if they sense their employer genuinely cares about them.

Absenteeism and Participation Trends. Absenteeism rates and participation in surveys, social events, or company volunteer events can offer early indicators of disengagement. Declining participation or increasing unplanned absences often signal issues before they appear in engagement scores or turnover data. These metrics are particularly useful when reviewed consistently rather than at year-end.

TIPS FOR COLLECTING AND INTERPRETING ENGAGEMENT DATA

Annual engagement surveys can provide a comprehensive snapshot and establish benchmarks. Pulse surveys, which are shorter and more frequent, allow organizations to quickly assess sentiment on specific topics or during periods of change. Employee town halls create opportunities for open, two-way dialogue and transparency, while one-on-one meetings between managers and employees support deeper conversations and feedback.

Technology can also play a critical role by organizing and analyzing all this data and making it actionable. Modern HR platforms can automate survey distribution, securely collect responses, and deliver real-time analytics. AI-powered tools increasingly help identify patterns across large data sets, predict potential engagement risks, and recommend targeted solutions. These sources of data and artificial intelligence enable organizations to shift from measuring employee productivity to gauging human performance. For many employers, particularly small and mid-sized organizations, making this shift would be difficult without external expertise and infrastructure.

THE ROLE OF PEOS IN TRANSFORMING METRICS INTO ACTION

This is the part where a trusted PEO partner plays an important role. PEOs can help employers select and implement the right engagement tools, ensure consistent and secure data collection, and provide expert guidance on interpreting results. More importantly, they can help transform engagement metrics into practical action plans.

Rather than simply reporting scores, a PEO partner can help identify root causes and recommend solutions, whether that involves adjusting benefits offerings, improving manager training, enhancing internal communication, or launching targeted wellness initiatives. PEOs also bring experience across industries and company sizes, allowing them to provide context that internal teams may not have.

As all of us at BestFit PEO Solutions frequently explain to the brokers, PEO-focused advisors and small businesses we serve, employee engagement metrics are essential tools for understanding and improving workforce health. However, metrics alone do not drive change. The real value comes from continuous measurement, thoughtful interpretation, and intentional action. With the right PEO partner, employers can streamline the process of collecting and analyzing engagement data and move confidently from insight to execution. As employee expectations continue to evolve, organizations that focus on the engagement metrics that truly matter will be best positioned to build resilient, productive, and loyal workforces. ■

NATE OLSEN

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Embracing Diverse, Non-Traditional Benefits To Strengthen Peo Client Engagement

BY STEVE OTT

Over the years new voluntary employee benefits offered by PEOs have helped employers and employees in complementary ways. For employers, they expand the benefits menu without adding cost, strengthen competitiveness in hiring, and improve retention by meeting diverse and evolving workforce needs. For employees, voluntary benefits provide affordable, customizable protection and lifestyle support that they can choose based on their personal priorities—often at group-discounted rates and through simplified enrollment. Together, these programs enhance the overall value of the employer's benefits package while giving employees more control, choice, and financial security.

Voluntary benefits allow PEOs to stand out from their competitors, boost revenue, and more effectively serve clients by providing flexible, employee-paid options that don't always require extra funding from employers. This lets employees choose additional perks that enhance their satisfaction while also creating new revenue streams for the PEO at no extra cost.

EMPLOYER SPONSORED BENEFITS

Not all PEO voluntary benefits are employee-paid, many employers choose to sponsor them when they recognize the value these benefits bring to both their workforce and their company. In fact, many voluntary benefits can be fully or partially employer-funded. When employers sponsor these offerings, they meaningfully enhance employees' job satisfaction, financial stability, and overall health and wellbeing. For the employer, the right mix of sponsored benefits helps attract talent, improve retention, boost productivity, reduce absenteeism, and strengthen their reputation within their industry. According to WiFi Talents, nearly 36% of employee absenteeism is tied to family or transportation challenges, which can stall productivity and disrupt projects.

THE BASIC VOLUNTARY BENEFIT LANDSCAPE

Beyond core benefits, the range of voluntary benefits that PEOs can provide is extensive. While most PEOs offer only certain benefits, these can generally be grouped into several categories:

- Mental Health & Emotional Well-Being
- Financial Well-Being & Protection
- Physical Wellness & Preventative Health Programs
- Lifestyle Benefits / Perks
- Family & Caregiver Support
- Work-Life & Social Well-Being
- Occupational Health & Safety

By offering diverse options—from mental-health resources and financial-wellness tools to lifestyle benefits and industry-specific programs PEOs can differentiate themselves without increasing employer costs while improving client/employee satisfaction and retention.

Together, these voluntary benefits give employees many new choices to consider. Within these fields, PEOs are able to present benefit options tailored to their clients and employees in distinct industry sectors. As an example, occupational health and safety benefits relate to any industry with physical labor, equipment usage, hazardous materials, or regulated safety environments. PEOs that serve these industries typically offer the most robust safety programs and compliance support thereby providing clients with high-value benefit options.

PET INSURANCE—THE TIPPING POINT

Pet insurance first emerged in the early 1980s and remained a niche consumer product through the 1990s and early 2000s, sold directly to pet owners. WorldatWork's 2022 research found that only 42% of employers offered pet insurance, but momentum is clearly building. NAPHIA's 2024 State of the Industry Report shows

the North American pet insurance market grew 21.9% in 2023, surpassing US$4 billion in total premiums for the first time. Insured pets rose to 6.25 million, up 20.9% from 2022. The market's 25.7% average annual policy-growth rate over the past five years reflects a rising recognition of the value and importance of pet insurance. For PEOs It has become a "must have" benefit as opposed to "nice to have"—it has reached the tipping point as the number of PEOs now offer (or will be offering) it because it enhances competitiveness, supports employee satisfaction, and aligns with the broader trend toward personalized, lifestyle-oriented benefits. But not all PEOs have significant employee adoption. Maximizing adoption depends on several factors.

MAXIMIZING WORKSITE EMPLOYEE BENEFIT ADOPTION

Merely including a benefit in an enrollment guide without drawing employees' attention to it is not an effective approach. Enrollment grows when benefits are actively promoted, clearly communicated, and properly managed. While most PEOs concentrate their efforts during open enrollment—typically in the summer or fall—many voluntary benefits can be offered year-round as "anytime" enrollments. With the right approach, a PEO can drive employee adoption all year, not just seasonally. Success requires several key elements.

Consistent marketing drip campaigns that keep benefits visible and top-of-mind. It should be mandatory that there is a regular calendar cadence that alerts and refreshes benefits to employees who may wish to enroll now and not wait for their yearly open enrollment. While adoption rates during anytime enrollment may be lower compared to open enrollment periods, it nonetheless contributes to adding employees. Continued implementation of this approach leads to sustained success, making it a critical factor in employee adoption.

Transaction method also plays a major role. Payroll deduction delivers much higher adoption than direct bill, which relies on employees using personal credit cards. Our own experience with our voluntary benefit Commute Guard shows that payroll deduction drives employee uptake in the 10% range while direct bill success is less than 1%.

PEO training is essential. Sales teams need to include voluntary benefits in their pitch decks, client service staff must be able to highlight the benefit and answer questions from employees, and benefits professionals must fully understand each offer's features and value. Training should be recurring and ideally delivered or supported by the benefit service provider themselves to ensure accuracy and consistency.

CHECKING THE BOX

During open enrollment periods, employees are typically informed about voluntary offerings through the marketing initiatives of PEOs, often in collaboration with service providers, before the enrollment window begins. Employees check the box to enroll in what they identified as what they want. However, many PEOs automatically enroll all employees for certain benefits where employees need to opt-out if they don't want them. This does increase enrollments as employees examine and understand the benefit before they decide on opting in or out, which can lead to a greater understanding of the features of the offering.

MAXIMIZING VOLUNTARY BENEFIT VALUE

PEOs have traditionally competed on core benefits such as workers' compensation, health insurance, and retirement plans, but their value has expanded significantly as they embrace a wider range of non-traditional, voluntary benefits that strengthen relationships with clients and their employees. By offering diverse options—from mental-health resources and financial-wellness tools to lifestyle benefits and industry-specific programs PEOs can differentiate themselves without increasing employer costs while improving client/ employee satisfaction and retention. To boost employee acceptance, PEOs must actively promote benefits throughout the year, use payroll deduction for seamless enrollment, and ensure sales and service teams are well trained. Together, these strategies can enable PEOs to create a modern benefits experience that delivers meaningful value across their client base. ■ client base. ■

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THE ACCIDENTAL OPERATOR:
HOW MIKE SUSKO BECAME THE STEADY HAND BEHIND CENTRAL STAFF SERVICES

BY CHRIS CHANEY

Mike Susko never set out to build a career in the professional employer organization (PEO) industry. Two decades ago, his path changed not in a boardroom or business seminar, but over a casual dinner with a fellow hockey parent on Long Island. That parent was Georgia Perrone, president and owner of Central Staff Services, Inc. (CSS). Over dinner, she had mentioned an opening for a benefits manager. Susko, who had no prior PEO experience, decided to take a chance.

"I was a true green rookie," Susko says now, with a laugh. "I gave it a shot and it's been great. I'm still very grateful for the opportunity."

Today, nearly 20 years later, Susko is vice president of operations at CSS and Perrone's right-hand man—an all-hands-on-deck leader whose fingerprints are on nearly every part of the organization. From payroll and benefits to compliance, client service, sales, social media and even late-night phone calls, Susko embodies the kind of relationship-driven leadership that has become increasingly rare in today's world.

BUILT ON FAMILY, FUELED BY SERVICE

Central Staff Services is, at its core, a family business. The company was founded in 2000 by Perrone's mother, Linda, who started the business out of her home. The first employee was a neighbor.

> *What truly sets CSS apart, Susko believes, is its uncompromising commitment to customer service. During office hours, there is no voicemail. Someone always picks up the phone.*

When Linda passed away, Georgia took over the PEO.

That family-first ethos still defines the company today. With headquarters in Mt. Sinai, New York, and a second physical office in Sarasota, Florida, CSS operates in 26 states, serving clients that range from sole proprietors to companies with dozens of employees. Client diversity is striking: elevator repair companies, architecture firms, auto parts suppliers, medical and dental practices and even a cryptocurrency firm whose 18 employees are spread across 12 states and run the entire business from their phones.

"We don't target a specific industry," Susko explains. "If the business seems like a good fit for us, we'll take a serious look."

THE HUMAN VOICE ON THE OTHER END OF THE LINE

What truly sets CSS apart, Susko believes, is its uncompromising commitment to customer service. During office hours, there is no voicemail. Someone always picks up the phone. Leaders of client companies have direct access to Susko—including his cell phone.

"It's not uncommon for me to get a call late on a Friday night about something they received in the mail," he says. "Ninety-nine percent of the time, it's much ado about nothing, but they appreciate the reassurance."

That accessibility isn't a gimmick; it's cultural. Whether a client has two employees or 80, they receive the same level of attention. Susko stays in touch with nearly all clients personally and makes frequent site visits, especially in Florida, where some clients assumed he lived because they saw him so often.

"Face-to-face, human

Mike Susko, VP of Operations, Central Staff Services connection still matters," he says. "That hasn't changed."

EXPANSION IN A POST-COVID WORLD

The pandemic accelerated changes that were already underway. Remote work opened the door for CSS to expand into new states, supporting clients whose employees were suddenly scattered across the country. Florida, in particular, became a growth engine.

Perrone relocated to Florida around the pandemic, and in January 2023, CSS opened its Sarasota office. The difference in market awareness was immediate.

"In Florida, business owners know what a PEO is," Susko says.

The sales team gained traction quickly, and the Florida presence complemented CSS's strong Northeast roots. Today, the company maintains physical offices in two states while seamlessly supporting clients in dozens more.

NO COOKIE CUTTER SOLUTIONS

If there's one area that has consistently challenged Susko and his clients, it's benefits—particularly rising medical and insurance premiums.

"That's been the biggest challenge," he says. "We're always looking for ways to reduce costs. We analyze everything."

CSS prides itself on avoiding cookie-cutter solutions. Every client wants a benefits package tailored to their workforce, and Susko embraces that complexity. He often reminds business owners that investing in benefits—sometimes $10,000 a year or more—is still far less expensive than replacing a high-performing employee.

"Offering a competitive benefits package is crucial for retention," he says. "It takes collaboration, but that's what keeps clients competitive."

A TEAM THAT SHOWS UP—AND STAYS

Behind Susko is a team he clearly reveres: eight internal employees in New York and five in Florida. One of them, Cheryl, has been with CSS even longer than he has.

"I call her the rock of Central Staff Services," he says.

The company has minimal internal turnover, something Susko attributes to an open, supportive culture.

"No one here says, 'I only do benefits' or 'I only do payroll,'" he explains. "We all help each other. I don't want anyone waking up dreading work or worrying that I'm going to get mad. That's no way to run a business."

Everyone works on site. Susko is typically in the office by 7 a.m.—sometimes earlier—though official hours run from 9 to 4:30. He oversees day-to-day operations, workers' compensation, payroll, open enrollment, billing, networking events, and yes, even social media.

"I'm not an expert," he admits, "but I didn't think it made sense to pay someone six figures for it [social media]."

Instead, he's leaned into technology, including AI, to help with tasks like image generation, email tracking, and spreadsheet creation. It's a practical, cost-conscious approach that mirrors how he runs the rest of the business.

BALANCE, PERSPECTIVE, AND THE LONG GAME

Outside the office, Susko finds balance in unlikely places. He's an official for girls' high school lacrosse—a role he says helps keep stress in perspective.

"Compared to payroll and comp audits, having parents scream at you is nothing," he jokes.

He's also a beginner kickboxer, often at the gym by 5 a.m. before work. Married for 26 years, Susko has two sons, 27 and 23, both still at home and both working

The pandemic accelerated changes that were already underway. Remote work opened the door for CSS to expand into new states, supporting clients whose employees were suddenly scattered across the country.

blue-collar jobs—one building playgrounds across the tri-state area.

"I know our clients so well, I feel comfortable talking to them about anything," Susko says. "I've met some at tournaments. These are real relationships that are truly valued."

At the center of it all is his partnership with Georgia Perrone, whom he credits as a mentor and leader.

"She's been incredible to learn from and to this day I still pick up amazing advice during our conversations" he says.

From accidental beginnings to operational backbone, Mike Susko's story is a reminder that the PEO industry, at its best, is still about people—showing up, answering the phone, and building trust one relationship at a time. ■

CHRIS CHANEY

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PEOS IN THE COMMUNITY: WANDA SILVA AND THE COMFORT OF PRESENCE

BY JAKE LEVINE

When her father was nearing the end of his life, hospice staff supported Wanda's family through every step.

"I'd never seen anybody die. I had no idea what to expect," she recalls. "But if we hadn't had those people to guide us through the process, hold our hand and tell us what was happening, I just don't know how we could have done it."

After her father's death, Wanda began studying what physically and emotionally happens when someone dies. When her sister and mother entered hospice, she felt more comfortable being present as they passed.

"I was able to lie beside them and hold their hands in those final hours. It was very special," she says.

Wanda felt that comfort was something she could share. After seeing Wellstar Tranquility Hospice in her community, she signed up to volunteer.

Her time at Tranquility begins with meeting nurses for updates on the patients and families she will see. Wanda and other volunteers then bring a tea cart room to room, offering refreshments and a moment of connection to families who may not have left a bedside in hours.

"I enjoy inpatient visits primarily with the family and loved ones because when they get to a facility, our patients are in the final days of their lives," Wanda says. "I love the tea service because it makes the families know that we understand what they're going through."

Families often hesitate to leave, afraid their loved one might die while they are gone. Wanda reassures them that taking a


Wanda with fellow volunteer Hannah, serving tea and snacks to patients' families.

break is okay and sometimes necessary.

"I find it very easy to get attached to people and families in these situations because you're with them in some of the most difficult situations in their lives," she explains.

Wanda also participates in the 11th hour program, where the facility alerts a small group of trained volunteers when a patient is nearing the end of life so someone can be present. She sits with patients in their final hours when loved ones are unavailable or too overwhelmed.

"We have a motto that no one dies alone, and there are times when people are so scared when those final breaths are coming that they want somebody to be with them," she says.

Her son, Scott, says witnessing his mother's volunteer service has made their family proud and inspired them to be there for others going through hard times. It has also helped them better understand and process grief.

Scott recalls not knowing how to handle loss when he was younger, but over time he has embraced grieving rather than avoiding it.

"We all learned through the process that it's okay to grieve. It's important to grieve. And if you don't, it will come up at some point later in negative ways," Scott says.

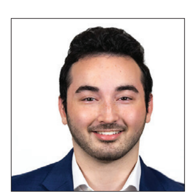
Wanda also sees similarities between hospice work and her professional role helping PEO owners with financial transactions. She guides clients through letting go of companies they built and care about, where they experience their own form of grieving.

"I'm really good at helping people exit either life or in their business. There are some real parallels," she adds.

Her volunteer experience has also changed the way she approaches life. She often reflects on a book she once shared with peers in the industry called "The Top Five Regrets of the Dying," which highlights themes like living authentically, expressing feelings openly, staying in touch with friends and choosing happiness.

"Knowing that we're all not going to be here forever and keeping that as a guidebook to try to live your life as much as you can in the present has also helped me," Wanda says.

For Wanda, showing up for others in their hardest moments is both an honor and a calling. At Tranquility, she offers what once carried her own family: comfort, presence and the reassurance that no one has to face the end of life alone. ■



JAKE LEVINE

Coordinator, Communications
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INDEPENDENT CONTRACTORS UNDER THE MICROSCOPE: A RENEWED RISK LANDSCAPE FOR PEOS

BY CATHERINE "REE" HARPER, ESQ.

The classification of workers as independent contractors is a long-time hotbed issue for PEOs, especially since the risks associated with misclassification can quickly cascade for PEOs and their client employers. Two recent developments have added complexity to the independent contractor landscape: the Department of Labor's (DOL) shift in federal enforcement priorities, followed by the consequential opinion from the Eleventh Circuit Court of Appeals in October's *Galarza v. One Call Claims, LLC.*

Together, these developments create some tension between short-term relief and aggressive federal enforcement. In particular, the court's approach toward taking a closer look at the practical realities of worker relationships means that you need to approach this topic with renewed emphasis in 2026.

RELIEF FROM FEDERAL ENFORCEMENT

In May 2025, the Trump DOL announced it would no longer enforce a strict Biden-era rule that deemphasized any "core" factors and adopted a broad, multi-factor economic realities test. This test often favored employee status over classification as an independent contractor. The rule was accompanied by clear messaging that misclassification enforcement would be a priority for the Biden DOL.

While the Trump DOL decision was welcomed by many employers, it resulted in employers and PEOs feeling stuck in a regulatory holding pattern. Although enforcement discretion may reduce the likelihood of DOL investigations, the underlying statutory framework of the Fair Labor Standard Act (FLSA) remained in place. That means that plaintiffs' attorneys, among others, could still pursue claims based on the words of the Biden-era rule regardless of whether the Trump DOL decided to take action. In other words, the absence of federal enforcement is not a shield against civil liability.

THE ELEVENTH CIRCUIT'S INTERPRETATION

While we await the Trump DOL's independent contractor rule to formally replace the Biden-era rule, the Eleventh Circuit's *Galarza* opinion clarified the test it would apply for determining whether a worker qualifies as an independent contractor under the FLSA.

Reaffirming the use of the FLSA's six-factor economic realities test, the court (which hears cases arising in Florida, Georgia, and Alabama) focused on the worker's economic dependence on the putative employer as opposed to operating an independent business.

Noting that the list of factors to be considered is inexhaustive, the court analyzed the six factors of the FLSA's "economic realities test," including:

- The control exercised over the worker;
- The worker's opportunity for profit or loss;
- The worker's investment in equipment or materials;
- The skills required and resulting opportunity for profit or loss;
- The permanence of the relationship; and
- Whether the work is integral to the employer's business.

The court's application carries particular significance for PEOs and their clients, especially those that rely on large contractor populations or hybrid workforce models.

THE ELEVENTH CIRCUIT'S HISTORICAL APPROACH

Historically, the Eleventh Circuit has applied the economic realities test in a way that often focused on entrepreneurial opportunity, operational independence, and whether workers functioned as standalone businesses rather than extensions of the employer's workforce. PEOs have often relied on these precedents when advising clients on best practices and allocating responsibility for classification decisions in client service agreements.

This recent decision, however, suggests a more searching inquiry into whether workers are truly independent in practice, not just in name or contract. The court paid close attention to how the work was performed day-to-day, how integrated the workers were into the company's core operations, and whether purported flexibility translated into economic independence.

For PEOs, this is a critical development. Many misclassification claims arise not from formal policy failures, but from operational drift. When clients exercise greater control over workers over time, assign long-term roles integral to the business to them, or limit their ability to generate revenue elsewhere, you are moving closer to a finding of employment instead of contractor status. Even where you allocate responsibility for classification decisions to the client, plaintiffs and regulators may still attempt to pull the PEO into litigation under theories of joint employment or co-employment.

For PEOs, this reinforces the importance of proactive risk management. Contractual disclaimers alone will not insulate a PEO from scrutiny if the underlying facts suggest economic dependence or functional integration.

CO-EMPLOYMENT RISK: WHY WORK CLASSIFICATION DECISIONS STILL MATTER TO PEOS

For PEOs, independent contractor classification is important. Even where a worker is labeled by the client as (and intended to be) an independent contractor, courts and regulators may still examine whether the PEO functions as an employer for purposes of wage and hour liability. This risk is particularly acute in misclassification cases, when the plaintiff pursues every entity in the employment ecosystem.

Misclassification claims can blur the lines between PEO ministerial functions and operational control. When a worker is alleged to have been improperly classified as an independent contractor, plaintiffs often argue that the PEO's involvement in payroll, tax reporting, or compliance advice evidences employer-level control.

The Eleventh Circuit's renewed emphasis on economic realities heightens this risk. If a court or regulator determines that a worker is economically dependent on the client, the PEO may be examined to determine whether, through shared responsibilities or contractual obligation, it exercised sufficient control to qualify as a joint employer. In that scenario, the PEO may face exposure for unpaid wages, overtime, or statutory penalties.

This dynamic underscores the fact that risk is not eliminated simply because a worker is classified by the client as a contractor. Instead, misclassification can act as the gateway claim that brings the PEO into litigation, particularly where service agreements grant the PEO broad compliance authority or where operational practices exceed what the service agreement contemplates.

To mitigate this risk, PEOs should carefully align contractual language and client service delivery. Service agreements should clearly delineate responsibility for classification decisions, while the PEO's operational practices should reinforce the PEO's role as an administrative and compliance partner, not a controller of work. PEOs should also develop mechanisms to flag high-risk contractor arrangements before they mature into long-term, employee-like relationships.

PRACTICAL IMPLICATIONS FOR PEOS

In this environment, PEOs should consider reassessing how they evaluate and support client classification decisions. Key considerations include:

- Whether contractor models align with how work is actually performed;
- How much control clients exercise over scheduling, methods, and performance, and how that control might decrease over time;
- Whether contractors are economically dependent on a single client; and
- How classification decisions are documented, aside from an independent contractor agreement or acknowledgment, and periodically reviewed.

New guidance is expected from the DOL any day, but until then, courts continue to fill in the gaps through litigation. The Eleventh Circuit's recent opinion is a reminder that, even in periods of regulatory cutback, classification decisions must still withstand judicial scrutiny grounded in economic reality. ■

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SILENCE ISN'T GOLDEN: WHY AVOIDING DIFFICULT CONVERSATIONS HURTS COMPANY CULTURE

BY CONNOR CROSS

Conflict conversations. Critical conversations. Difficult conversations. These are all phrases people leaders have heard over the years to describe conversations that deliver anything but positive feedback and good news. These phrases all have one word in common: conversation. In the office, my team is used to hearing me say, "It's just a conversation." However, the older I get, the more I understand that these types of conversations are a skill that needs to be developed. At times, it can feel like an art. The bottom line is this: if we truly care about our team, our peers, our clients, and our organizations as a whole, then we should care enough to have difficult conversations.

> *The bottom line is this: if we truly care about our team, our peers, our clients, and our organizations as a whole, then we should care enough to have difficult conversations.*

The case for getting more comfortable with critical conversations is widely known. When leaders and teams avoid or mishandle difficult conversations, the consequences have a ripple effect throughout the organization. Unresolved conflicts and misunderstandings can escalate, creating tension and eroding collaboration. Performance issues often go unaddressed, which lowers productivity and impacts morale. In the absence of difficult conversations, an organization cannot achieve its full potential.

Like many things worth doing,

improving an organization's ability to effectively handle difficult conversations is easier said than done. If your organization is not great at or uncomfortable with difficult conversations, it may take a cultural shift, and as we know, cultural shifts take time. Ultimately, in order to have a culture of honest and transparent communication, you must have a foundation of trust. Building that foundation takes time, but it is possible by focusing on five key elements.

LEADING BY EXAMPLE

As with any change in an organization, executive leadership must champion the cultural shift and lead by example. In the case of creating a culture of comfort with difficult conversations, leadership must model transparent, direct, and honest communication. They should openly take accountability for mistakes, talk candidly about their own improvement journeys, and celebrate not just successes but the lessons learned from failures. This creates an environment where employees understand that openly discussing challenges or areas of improvement is not a sign their employment is at risk, but instead an opportunity to grow personally and professionally.

CREATING PSYCHOLOGICAL SAFETY

The term psychological safety is more than a buzzword. It is the foundation for building a culture of open and honest dialogue, especially when conversations feel difficult. This requires a standard practice of encouraging people to speak up without fear. It must be clear that both positive and critical feedback are essential to organizational growth and strength. Saying this verbally is a start, but actions matter more. Providing constructive feedback, especially when uncomfortable, must not only be encouraged but rewarded. Something as simple as private recognition to acknowledge someone for speaking up when it was hard can leave a lasting impression and provide the positive reinforcement needed to make the behavior a habit and then ultimately, a cultural norm.

BUILDING STRONG RELATIONSHIPS

In my experience, difficult conversations are much easier when you have a strong relationship with the other party. When there is a strong sense of care, trust, and connection, potentially difficult conversations feel less intimidating. Additionally, when you know someone well, you understand their communication style, and vice versa, which allows you to plan ahead and deliver your message intentionally, ensuring it is interpreted as intended. There are many ways to build strong relationships in the workplace, from team-building activities to regular, structured one-on-one meetings. Whatever method you choose, focus on creating space for open, honest dialogue and getting to know your team better.

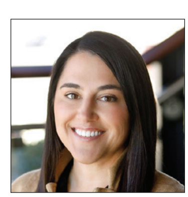
CREATING STRUCTURED COACHING, PERFORMANCE AND FEEDBACK SYSTEMS

There are many systems and software solutions available to help organizations create structured performance management and feedback processes. The most important factor when determining what system to use is cultural alignment. If the work environment is highly structured and disciplined, choose a system that is consistent and process driven. Be sure to align feedback channels to measurable goals and KPIs. If you have a more flexible and relaxed work environment, focus on a system or software that focuses on adaptability and continuous feedback through less formal channels rather than rigid processes. The key is to ensure the system reflects the organization's values and working style. Otherwise, it will feel forced and fail to gain traction. A well-aligned system not only standardizes performance management but also reinforces cultural norms, making feedback a natural and expected part of everyday work. When feedback is natural and expected, it is easier to give and receive it, especially when delivering difficult messages.

PROVIDING ONGOING TRAINING OPPORTUNITIES

As stated earlier, the ability to effectively execute difficult conversations is a skill that needs to be developed and maintained. Training and development opportunities should be offered regularly based on the needs of your organization. If you are just starting this journey, you might need to offer more frequent training to start. Once critical conversations become part of the organizational culture, you may only need periodic refreshers. Additionally, it is important to consider individual needs. Some people are naturally more or less comfortable with direct feedback, while others may have already worked to develop these skills. Make sure team members who need more support have access to tailored opportunities that consider their natural behaviors and traits. Development opportunities must focus on giving people the tools they need to have difficult conversations authentically, which will vary from person to person.

Building a culture where honest dialogue is the norm doesn't happen overnight. It requires intentional effort, trust, and consistency. When organizations commit to these practices, they not only resolve issues faster but also strengthen relationships, boost engagement, and achieve their full potential. Avoiding tough conversations might feel easier in the moment, but it creates bigger problems later. And those problems are always harder to resolve than the conversations that were avoided. ■



CONNOR CROSS

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BALANCING WORK-LIFE BOUNDARIES IN A CONNECTED WORLD

BY CHARLES SPINELLI

Today's technology proficient culture can sometimes blur the boundary between work and home. Some employees feel they are always on call. While connecting us to many benefits, smartphones can also provide employees with easy access to workers. When you add the rise of online meetings, digital knowledge management and accessible software, there is a movement toward the ability to work anywhere, anytime. This often leads to the expectation to work everywhere, all the time. Such an 'always-on' work culture can have a negative impact on employees' mental health since they do not get enough time to recover from work. Many companies, however, are taking proactive steps toward setting digital boundaries which demonstrate how work-life balance actually supports productivity and morale.

THE COST OF CONSTANT CONNECTIVITY

The issue of employees disconnecting after working hours has become increasingly evident since the COVID-19 pandemic, when many employees had to work from home. A positive takeaway of working from home was the flexibility of working time, so that the boundary between work time and rest time became more and more indistinguishable. However, while there are studies that show productivity did not significantly decline, many companies reported a drop in employees' efficiency. The workload that would normally be completed in an 8-hour workday, was now taking between 9-12 hours.

This pressure of being constantly available can seriously damage mental health. Workers often feel guilty for ignoring after-hour requests, even when such requests are clearly above and beyond the normal course of business. Over time, this erodes morale and blurs personal boundaries. Studies show that prolonged digital overreach leads to burnout, anxiety, and disengagement. Sustainable productivity requires space for recovery, reflection, and individual autonomy, without which innovation and creativity decline.

POLICY MEETS CULTURE

Several countries, including France, Ireland, and Canada, have enacted right-to-disconnect laws. However, proper balance cannot come from regulation alone. It must also come from leadership and corporate culture. Policies only work when organizations normalize boundaries and encourage employees to unplug without penalty. When leaders model respect for personal time, it signals that rest is part of professional responsibility, not resistance to it. Forward-thinking companies are already reframing rest as a strategic advantage rather than personal indulgence. Some are integrating digital sabbaticals, encouraging employees to log off entirely for a week to recharge. Others are measuring team health metrics, like engagement, creativity, and retention, alongside traditional performance goals. When mental wellness becomes a leadership KPI, it reinforces that protecting downtime isn't just compassionate management. It's a smart business strategy.

For example, Spill, a technology company, introduced an explicit right to disconnect policy, outlining rules on after-hours communication and encouraging employees to unplug without guilt. Basecamp's initiative includes "no internal email Fridays" and meeting-free days, which reportedly has led to a 40% drop in stress-related leave. Buffer bans after-hours communication and enforces mandatory full disconnection time, reinforcing deep rest as part of work culture. On a larger scale, Volkswagen trains managers to respect no-contact hours in compliance with France's right-to-disconnect law for firms over 50 employees.

Policies only work when organizations normalize boundaries and encourage employees to unplug without penalty. When leaders model respect for personal time, it signals that rest is part of professional responsibility, not resistance to it.

TECHNOLOGY AND BOUNDARIES

Ironically, the same technology that fuels overwork can also help enforce mental health limits. Automated quiet hours, email delays, and status indicators can reduce unnecessary interruptions. It emphasizes that these tools only succeed when paired with mutual respect and trust. It's not about restricting communication, but it's about restoring intentionality to it.

As organizations rethink productivity, digital wellness tools are evolving beyond simple timeouts. Smart scheduling platforms can analyze work patterns to recommend optimal focus periods, while AI-driven assistants can flag signs of burnout before they escalate. These technologies encourage healthier boundaries by aligning human energy with organizational goals, helping teams achieve more by doing less, and reminding everyone that sustainable success depends on balance, not constant availability.

IMPLEMENTATION STRATEGIES

- **Define clear policies:** Specify after hours and permissible communication windows.
- **Use technology wisely:** Set auto-delayed email delivery and enable quiet modes on Slack/Teams.
- **Schedule focus blocks:** Implement quiet hours (e.g., 10 a.m.–12 p.m.) for uninterrupted work.
- **Model behavior from leadership:** Leaders should avoid sending non-urgent messages outside business hours.
- **Train managers:** Teach leaders how to respect boundaries and support employees in setting expectations.

The right to disconnect is ultimately a right to recharge. When workers have permission to log off without penalty or prejudice, they return more focused and fulfilled. Organizations benefit from lower turnover, higher employee satisfaction, and stronger employee engagement. By combining clear boundaries, supportive culture, and smart technology, organizations help employees truly disconnect—and return recharged, focused, and engaged. The future of work depends not on how connected people are, but on how meaningfully they connect when they are. ■

CHARLES SPINELLI

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NACHA 2026: THE RULE CHANGES RESHAPING PAYROLL SECURITY

BY JOE MIGNECO

There's quite a bit that PEOs need to know and understand about Nacha's new fraud monitoring requirements including operational impacts and how to prepare before the March 20, 2026, effective date.

The ACH network is the financial backbone of payroll, taxes, benefits, and countless employer-related transactions processed by PEOs every day. As fraud grows more sophisticated, Nacha is implementing a broad set of risk management rule amendments that take effect March 20, 2026. These changes aim to strengthen fraud detection, improve visibility into ACH activity, and enhance the industry's ability to recover funds when fraud occurs.

For PEOs, who sit at the center of employer payroll operations, these rules represent more than a compliance update. They introduce new expectations around monitoring, data visibility, and internal controls that require preparation well before the effective dates.

This article outlines what's changing, why it matters, and what PEOs can do now to be ready.

WHY NACHA IS UPDATING ACH REQUIREMENTS

The ACH Network has experienced exponential growth in volume and speed, including same-day and near real-time payments. With that growth has come a parallel rise in:

- Business email compromise (BEC)
- Payroll impersonation and redirection
- Vendor fraud
- Account takeover schemes
- Fraudulent credit-push transactions

Historically, many instances of frauds weren't detected until after funds had settled, making recovery extremely difficult. Nacha's new rules focus on earlier detection, stronger monitoring obligations, and improved tools for identifying suspicious transactions before they're processed.

3 KEY NACHA RULE CHANGES

1. Expanded Fraud Monitoring Requirements

Under the new rules, several ACH participants must implement risk-based fraud monitoring across all ACH entries—not only WEB debits or micro-entries.

Requirements impact:

- ODFIs, large Originators, TPSPs, and TPSs (6M+ ACH entries in 2023)
- RDFIs (10M+ incoming ACH receipts in 2023)

This marks a major shift: monitoring must now occur for all transactions regardless of SEC code or transaction type.

Annual reviews now become mandatory. All entities covered by the rule must review their monitoring processes at least annually, documenting updates and validating effectiveness. Annual fraud review requirements mean PEOs must treat ACH monitoring the same way they treat payroll accuracy: consistently, proactively, and with documentation.

PEO Impact: PEOs that originate payroll files or partner with third-party providers must ensure these monitoring capabilities exist—either internally or through their financial partners.

2. Updated Definition Of "False Pretenses"

Nacha expanded the definition of unauthorized transactions to include payments induced by: misrepresentation of identity, authority, and account ownership. This updated terminology more accurately covers modern fraud methods, including payroll redirection, vendor impersonation, BEC schemes, and account takeovers.

PEO Impact: Payroll departments are prime targets for impersonation-based fraud, especially those processing high volumes on behalf of multiple employers.

3. Standardized Company Entry Descriptions

Two new standardized entry descriptions will be required: payroll (for wage and compensation credits), and purchase (for e-commerce WEB debits).

These standardized labels increase transparency for receiving institutions, aiding fraud detection and funds-availability decisions.

PEO Impact: Standardized descriptors allow banks to better identify unusual payroll activity, such as unexpected frequency changes, which often signal payroll redirection attempts.

OPERATIONAL CHALLENGES PEOS MAY ENCOUNTER

While these changes strengthen the ACH ecosystem, they introduce several operational challenges that PEOs must prepare to address.

Comprehensive Fraud & Transaction Monitoring. PEOs will need visibility into a broader range of ACH activity, covering velocity spikes, duplicate entries, irregular transaction patterns, SEC code inconsistencies, and out-of-band payment attempts. This level of monitoring may require new tools or enhancements to existing processes.

AML/KYC-Related Expectations. Though Nacha does not regulate AML laws, its expectations now mirror several AML/KYC principles: account behavior monitoring, risk-based profiling, and suspicious pattern identification. PEOs may need to work more closely with financial institutions to align monitoring practices.

Detecting Batch-Level Discrepancies. Many fraud schemes hide within batch structures. PEOs will need to identify: mismatched totals, duplicate batches, unusual batch volumes, and missing entries. These issues must be flagged before processing—not after settlement.

Payroll Frequency Anomalies. Payroll fraud often begins with subtle deviations in established patterns. Nacha's rules emphasize monitoring for percentage-based change in payroll volume, transaction count variances, and unexpected off-cycle or one-off payrolls. This is particularly important for PEOs managing multiple employer groups with varied pay cycles.

Meeting Annual Compliance Review Requirements. The required annual reviews will demand documentation, testing, and validation. PEOs must account for this increased workload without slowing down payroll operations.

HOW PEOS CAN PREPARE

The most successful organizations will treat ACH risk management as a strategic priority rather than an isolated compliance task. Here are a few steps PEOs can take now.

1. **Reviewing ACH workflows end-to-end.** Mapping every touchpoint reveals gaps and vulnerabilities.
2. **Strengthening internal fraud awareness.** Most fraud begins with social engineering; better training reduces risk.
3. **Confirming provider readiness.** Ensure banks or ACH processors are preparing for new 2026 monitoring requirements.
4. **Implementing payroll pattern monitoring.** Systems should detect both percentage-based and transaction-based anomalies.
5. **Updating client communication processes.** Employer contacts must understand red flags and verification expectations.
6. **Treat 2025 as a "test year."** Conduct mock audits and practice annual reviews before the deadline.

Nacha's 2026 rule changes represent one of the most significant updates to ACH risk management in years. For PEOs that manage payroll and payments at scale, these new requirements call for enhanced monitoring, stronger internal controls, better data visibility, and closer collaboration with financial partners.

By preparing early and strengthening fraud detection workflows now, PEOs can protect employers, employees, and payroll operations while stepping confidently into 2026 and beyond. ■

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SCALING FROM FAMILY BUSINESS TO GROWTH COMPANY

BY SUSANNAH ALBRIGHT AND BRAD FISHER

When my father retired from our business, it was still built around him—his instincts, his skills, his processes. As Brad Fisher, an expert in scaling small businesses, often quotes Jim Collins, it was a "genius with a thousand helpers" model: every decision ran through the CEO. That structure is common in founder-led companies, but it isn't built to last. To grow, our business needed a more scalable model—a shift Brad calls the Second Leap. Here are lessons—my own and Brad's—on making that transition responsibly.

PEOS CAN EXPECT TO LEARN

- Why founder-centered businesses hit a ceiling.
- How culture, structure, and leadership enable responsible scaling.
- What pitfalls can derail a company trying to grow beyond the founder.

MINDSET: BUILD A BUTTERFLY

Scaling isn't about doing more; it's about creating capacity and repeatable processes that handle growth without breaking. Think caterpillar vs. butterfly. A caterpillar can crawl to the food—slowly, with risk and fatigue. A butterfly flies there—fast, with less strain. Scaling isn't about building a faster caterpillar; it's about transforming into a butterfly while still running today's business.

EMPOWER A LEADERSHIP TEAM

Peter Drucker wrote that management's task is to "make people capable of joint performance." The leap from founder-led to team-led is non-negotiable. A common trap, Fisher notes, is the next CEO acting like the "star of the movie," hoarding answers and control. The real job is to attract, assemble, and develop a leadership team—and then lead that team, not the whole company directly.

> *Scaling isn't about building a faster caterpillar; it's about transforming into a butterfly while still running today's business.*

CULTURE AS ANCHOR

Early at Ready, we wrote down the mission and values that had served us for 20 years, then added a long-term vision unique from the founder's. Together, this "purpose set" became a compass once the founder was no longer at the center. It anchored our decision making to scale while honoring the legacy that made the business successful.

STRUCTURE MATTERS

Sounds simple but the right org chart is an essential scaling tool. Don't start by mapping today's people into boxes. Start with the structure you'll need tomorrow; then show who covers each role today—even if one person spans several boxes. That clarity reveals gaps, drives accountability, and guides investment. People-based charts ("Bob's box, Bonnie's box") create black boxes where responsibilities are opaque. A position-based chart isn't bureaucracy; it's how growth becomes smooth and people do their best work.

MAP IT OUT—EVEN IF IT TAKES YEARS

Growing before you have systems, product–market fit, or repeatable processes can backfire. Sequence your moves deliberately by planning which lifts come first and when

to invest in each layer of capacity. Fisher's Six Scalabilities framework underscores this step-by-step strength building. At Ready, we started with key leadership hires, spent two years on systems, then built the right capital base. Only then did we rebrand. Had we led with a rebrand, we risked signaling growth we weren't yet prepared to deliver. ■

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FIVE SUCCESS STRATEGIES FOR SCALING

1. Don't be a faster caterpillar—build the butterfly.
2. Trade the star role for captain of the team.
3. Anchor change in mission, values, and vision.
4. Draw the chart for tomorrow, not today.
5. Sequence the lifts—one layer of capacity at a time.

AD INDEX

Boldface type indicates NAPEO Medallion Partner

MOVING THE CHAINS

BY CASEY M. CLARK

If you watched any playoff football this season (college or pro), you saw a landscape where the margins for success were thinner and the stakes were higher. The winning teams adapted in real time. Even the most established programs had to evolve. After a big win coaches repeated a familiar refrain: "We're proud, but we're not finished." And that's kind of how we're approaching this new season for NAPEO and the PEO industry—we've had a lot of success, but we've got a lot more in us!

We've spent the first few weeks of the year wrapping up membership renewals, diving head-first into new state legislative sessions, picking up where we left off with Congress, launching new research and putting a bow on a successful 2025 from an operational standpoint. I'm grateful for all that you, as active and engaged members, have done and continue to do in support of our shared purpose. We continue to make great progress on all four strategic plan pillars. The groundwork has been laid to make meaningful progress in these core areas, especially to secure a favorable policy environment for PEOs and to drive a compelling industry narrative.

DEFINE AND DRIVE A COMPELLING INDUSTRY NARRATIVE

The results of NAPEO's latest PEO awareness survey show that PEO awareness is now 68% among business decision makers. As awareness of PEOs continues to spread, the opportunity—and challenge—is to demonstrate the value of partnering with a PEO among business owners and policymakers. To do this, we are activating our most comprehensive strategic communications plan ever that will position NAPEO as a leading advocate for small businesses in Washington. The plan targets policymakers so they understand that PEOs help the backbone of the American economy thrive. We know that PEOs help small businesses grow faster, weather adversity and take care of their employees. It's time Washington understood this, too. Pro-PEO policies don't just benefit a few hundred PEOs; they benefit hundreds of thousands of small businesses.

SECURE A FAVORABLE POLICY ENVIRONMENT FOR PEO SUCCESS

Our top federal priority remains advancing H.R. 3223. More House co-sponsors continue to support the bill and, importantly, we've had encouraging conversations with several democratic senate offices about joining Sen. Todd Young (R-IN) as a lead sponsor of the Senate companion bill. The federal government affairs committee convened in DC a few weeks ago and mapped out additional key priorities for the coming year, all of which focus on protecting the PEO model and supporting your small business clients.

NAPEO PAC will continue building important relationships with legislators who shape policy that impacts PEOs. To underscore how important these relationships are, we've already held one event this year for PEO champion Rep. Nathaniel Moran (R-TX). Thank you to everyone who contributed to the event. There will be many more opportunities to support NAPEO PAC and bipartisan lawmakers who will support PEO industry growth, and I hope you will consider doing so.

Across the states we're staying busy, too. In Massachusetts, our healthcare bill continues to move forward; we remain optimistic the bill will soon become law. Passing a PEO model act bill in California and Georgia remain top priorities, and we are building on the momentum earned last year.

ELEVATE NAPEO AS THE DEFINITIVE PEO INDUSTRY RESOURCE AND CONVENER

Soon, the board of directors and industry leadership will convene for our annual strategic retreat, and we're amping up to host a new CEO retreat later this spring before welcoming the industry back to Washington for PEO Capitol Summit. Each of these events provides a venue for industry leaders to network and learn from one another. This type of collaboration strengthens our industry immeasurably.

STRENGTHEN ORGANIZATIONAL SUSTAINABILITY TO DEEPEN MEMBER VALUE

It's no coincidence that all of the progress noted above led to a tremendous membership renewal period. We're committed to using your resources wisely to build the association our industry needs. That includes significant internal systems and process improvements so we can continue to deliver exceptional member service while accelerating our access and influence all across the country.

A core strength of our membership is the commitment we all share to grow and strengthen the industry as a whole—not just your own companies.

As the playoffs showed, championships are not won alone. They're won by teams; people who share the load, trust the plan, pivot as needed and, most importantly, show up for each other.

We have the strongest NAPEO team ever on the field. And we're all focused on delivering a strong return on your investment. Let's keep moving the chains. ■

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