

Is Your Small Business's ROI Likely to

# **BENEFIT FROM PARTNERING WITH A PEO?**



As a business owner, you often struggle to get everything done. There are so many administrative tasks and overall management of the day-to-day. All of this can take attention away from your business goals, mission, and doing the thing you love—setting your business up for success!

This is where a professional employer organization comes in. The mission of a PEO is to take these tasks off of your plate, offer support to your employees, and provide the best ROI of any HR outsourcing service.



# What is a PEO?

A professional employer organization is a comprehensive HR outsourcing solution. They provide employers with human resources services, technologies, and expertise that the employer may not be able to provide alone.

A PEO will take on the many tasks of HR, including payroll, benefits administration, risk management, safety, wellness, and more. They do so without interfering with your business. You take care of the day-to-day, they take care of the back-office demands.







# What A PEO Does:

Here are the things a PEO can do for you:

## ✓ **BENEFITS**

You can offer better healthcare and consider other offerings such as retirement, vision, and dental, all at a lower cost. They also handle benefits administration and answer employee questions about benefits, so you don't have to. The benefits package information will come from the PEO for new employees when they onboard and during open enrollment, so you won't have to think about it.

## ✓ **RECRUITING AND HIRING**

While you still have full hiring and firing rights, the PEO can help with recruiting by providing access to enterprise-level applicant management software and handling routine onboarding, including benefits enrollment. They will do this following your instructions. Although they will not make hiring or firing decisions for you, unlike a staffing agency, a PEO can advise you on liability as it relates to hiring and firing decisions.

## ✓ **PAYROLL**

Payroll is the most commonly outsourced element of HR, but a PEO does more than process payroll. They can file the taxes for you and take on the compliance risk of errors—so you don't have to worry about payroll at all!

## ✓ **UNEMPLOYMENT**

A PEO will handle unemployment insurance and make sure you are compliant with state rules. They can save you money on unemployment insurance. They will also ensure that departing employees know their rights if applying for unemployment benefits.



## ✓ **WORKERS' COMPENSATION**

A PEO can lower your premiums by putting your employees on their workers' comp plan and giving you a more favorable experience rate modifier. Another significant advantage is that PEOs have already designed return-to-work programs for similar employers and can easily customize them to your needs. Return-to-work programs reduce workers' compensation costs by lowering the amount of money paid out with a claim and reducing the risk of losing a valuable employee after a workplace accident.

## ✓ **COMPLIANCE ASSISTANCE**

Many businesses typically can't afford a full-time Compliance Officer. Yet, compliance is often a full-time job (especially if you have remote employees or hire across multiple states).

## ✓ **DRUG TESTING PROGRAMS**

PEOs can facilitate drug-testing programs, removing an expensive but often necessary task.

## ✓ **FAMILY AND MEDICAL LEAVE ACT ADMINISTRATION**

A PEO can handle FMLA leave requests, certify validity, and ensure compliance.



**If you are looking at this list and thinking about how much time you waste on these (or how much you need a Compliance Officer), you should start thinking about partnering with a PEO.**



## Things a PEO Doesn't Do:

There are some myths about PEOs that won't die, and the most pervasive is that you will lose control over your business. Here are some things PEOs *don't* do.

### **✗ CONTROL YOUR BUSINESS**

You make the PEO aware of your goals, and they will support you, but they will never try and take over. One myth that constantly comes up is that PEOs are the same as employee leasing, in which the PEO hires employees and sends them to you. This is not what PEOs do at all. While they might help with recruiting, the ultimate hiring decision is yours.

### **✗ REPLACE YOUR IN-HOUSE HR TEAM (IF YOU HAVE ONE)**

PEOs can complement in-house HR teams, or they will step in and act as your personal HR service. A PEO gains deep knowledge of your company's culture and goals while allowing you to save money by not expanding your team.

### **✗ DISTURB YOUR WORKPLACE**

A PEO won't interfere with anything other than the duties outsourced to them. They won't change work schedules, give instructions to your employees, or give employees contradictory information. The PEO staff will not be in your office or worksite without your knowledge.

### **✗ ALTER YOUR COMPANY CULTURE**

Unless, of course, you want them to. PEO staff can have a wealth of ideas for improving company culture from what they've observed from others. However, if you are happy with your company culture, they will simply continue to support your efforts.

**As you can see, there's no need to worry about loss of control when you partner with a PEO -- far from it! A good PEO recognizes they may not have intimate knowledge of your business needed to replace your in-house team. But what they do provide is access to experts in all areas of HR. They come alongside your team to enhance your company's culture and partner with you to solve your HR headaches.**



## The ROI of Partnering With a PEO

Partnering with a PEO has the best ROI of any HR outsourcing solution. According to a National Association of Professional Employer Organizations (NAPEO) survey, the average **ROI is 27 percent**. This means you might experience an even higher ROI. This is calculated by taking in HR personnel costs, health benefits, workers' compensation, unemployment insurance, and HR services.

Meanwhile, other services can even have a negative ROI. Payroll processing services often have a poor ROI because they only save intangibles (time of HR or other support staff), and their pricing scales poorly, disincentivizing growth for your company.

Only a **PEO can give you this kind of ROI**.



# CHECKLIST:

## Would Your Small Business' ROI Benefit From a PEO?

So, how can you tell if your business would benefit from partnering with a PEO? Look at this checklist to find out!

### ☐ **NEARLY ANY BUSINESS, REGARDLESS OF INDUSTRY, CAN BENEFIT**

Most companies can benefit from a PEO, although some that are particularly well-positioned include manufacturing, transportation, construction, medical and dental, legal, management consulting services, and the trades.

### ☐ **YOU (OR YOUR TEAM) ARE OVERWHELMED WITH HR-RELATED ADMINISTRATIVE TASKS.**

These time-consuming tasks include recruitment, compliance management, payroll, benefits administration, workers' compensation claims management, and safety. They have to be handled properly, or you may pay significant penalties or possibly face legal action. At the end of the day, they rarely require knowledge of your industry or do anything to produce revenue for your business. That is why utilizing a PEO's expertise is advantageous; you pass off the administrative tasks to focus on what actually butters your bread.

### ☐ **YOU HAVE HIGH EMPLOYEE TURNOVER.**

Working with a PEO reduces turnover by 10 to 14 percent. The direct cost of turnover is high; hiring a new employee costs an average of \$4,000, not counting the cost of reduced productivity while bringing the new hire up to speed. Indirect costs such as lowered morale and loss of institutional memory can be even higher. In the current environment, it is tough to retain employees. PEOs help reduce turnover by providing better health benefits, giving you advice on recruitment (turnover is often reduced by hiring the right person in the first place), and improving your company culture and brand.

### ☐ **YOUR GROWTH IS STALLING.**

PEOs directly help growth; PEO clients grow 7 to 9 percent faster than equivalent businesses and are 50 percent less likely to go out of business. Getting rid of those annoying administrative tasks allows you and your team to focus on growth and core business activities.

# Partnering with PRO Resources

Partnering with a PEO can help you in many areas of your business. They can help you build a company culture that promotes productivity, profitability, engagement, and safety & wellness. The result is lower labor costs and improved ROI.

So, would your company's ROI benefit from a PEO? **Contact PRO Resources** now to schedule a FREE consultation.



# **PRO**

## **RESOURCES**

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