

CAN YOU BENEFIT FROM PARTNERING WITH A PEO?



Administrative expenses and overheads are a necessary part of business, but small and mid-sized enterprises (SMEs) can protect their cash flow and profit margins by making these costs more efficient. Some companies begin by identifying inefficient processes and charges; for example, 54% of businesses say there's room for improvement in their payroll management processes alone. Other organizations look for ways to offload tasks and streamline their internal operations. Partnering with a Professional Employer Organization (PEO) can be the answer to both of these strategies, as a PEO partner can manage all your HR-related functions and identify opportunities for cost-effective changes. Learn more about the services PEOs offer and the benefits they can provide for your organization as you grow.

Understanding PEOs

A Professional Employer Organization (PEO) is a third-party services provider. It provides human resources services ranging from onboarding to payroll so organizations can outsource those tasks and prioritize their core competencies. PEOs handle payroll management, securing and managing employee benefits, recruitment and onboarding, employment compliance, and more. Depending on your services provider and your business's preferences, the PEO can handle some or all these operations.

But a PEO is more than simply a third-party organization. When you partner with a PEO, you create a co-employment relationship, so the PEO assumes certain risks and takes on key employer obligations. This strengthens your organization by allowing internal staff to prioritize core services and operations without neglecting employee needs and employer compliance requirements.





Services Offered by PEOs

PEOs handle multiple different services under the broad umbrella of 'human resources.' The service areas include human resource management, payroll processing, employee benefits administration, risk management, and compliance assistance.

✓ HUMAN RESOURCE MANAGEMENT

One of the primary responsibilities of employers is recruiting and managing staff. However, this obligation comes with many time-consuming tasks, each of which is guided by strict regulations and requirements. A PEO can facilitate recruitment and ongoing employee management with specific services like:

- ✓ Creating job descriptions, and handling some or all of the interview process
- ✓ Recruiting candidates and onboarding new employees through streamlined processes and with innovative software
- ✓ Training, especially in regard to state and federal regulations, OSHA standards, and employment obligations
- ✓ Performance management through tracking task completion, providing ongoing training, and regularly assessing employee performance

By delegating these tasks to a PEO, your organization can stay productive and on target. PEOs specialize in employment laws and obligations, so there is a reduced risk of inefficiencies, incomplete steps, or non-compliance.

✓ PAYROLL PROCESSING

Payroll processing is a time-consuming task, with the average small business spending **five hours per pay period** on it. Organizations must calculate and file taxes, direct funds to employees, and verify the work. Many business owners and employees find the processes frustrating, hard, and confusing. There's also a significant risk of mistakes, which can dampen employee morale and lead to extra costs. PEOs can manage payroll entirely on your organization's behalf, taking on all the tasks of calculating and sending funds, performing tax-related tasks, and ensuring compliance with related regulations.

✓ EMPLOYEE BENEFITS ADMINISTRATION

Payment is only part of the entire employee compensation package. PEOs can also manage [employee benefits](#) from start to finish.

- ✓ Accessing different employment management plans: When you enter a relationship with a PEO, you join their network of businesses. This gives you more access to benefits programs that compete with what larger organizations can provide, as well as more negotiating power on rates. You can offer candidates and current employees more appealing health insurance, retirement plans, professional development, and programs.
- ✓ Managing those plans: PEOs will educate employees on their options, handle enrollment and account management, and manage other associated tasks.

When your compensation packages are more competitive and attractive, you can see increased employee retention and improve your recruitment metrics.

✓ COMPLIANCE ASSISTANCE

A key aspect of operating as an employer is staying compliant with federal, state, and local regulations. Employment laws and regulations constantly change at every level of government. Not only do you need to recruit and hire employees properly, but your organization needs to have liability insurance, workers' compensation insurance, and other plans based on your organization's size and location. Staying up-to-date and informed, let alone compliant, can be a burdensome obligation.

PEOs specialize in staying current on [compliance norms](#) and changing employment laws. The right PEO will constantly adjust their processes to follow best practices and new information, resulting in greater compliance and fewer risks for your own organization.

Together, these services can streamline your operations and obligations as an employer.





Benefits of Partnering With a PEO

PEOs are designed to support their partnering organizations and foster their growth. Consider these benefits of partnering with a PEO and how they align with your business objectives.

✓ **COST SAVINGS**

The most direct benefit of working with a PEO is the cost savings your organization can realize. These savings include:

- ✓ You don't need a large in-house Human Resources (HR) team. Having large internal support teams can bulk up your organization, making it hard to grow efficiently and keep costs under control. But with a PEO, you can outsource some or all of your HR obligations, significantly streamlining your in-house HR staff.
- ✓ Benefit from the economies of scale a PEO partnership provides. As a smaller organization, you may not have access to most health plans or retirement programs, let alone access to discounted rates. But once you join a partnership, you and other businesses in the network represent a larger block of business. Your PEO can negotiate more favorable rates and give you a wider array of program options.
- ✓ Retain top employees for the long haul. By offering more appealing compensation packages, your organization is in a better position to recruit top talent and retain your existing staff who might otherwise leave the company. As a result, you reduce turnover costs and can have a more productive staff.
- ✓ Reduce non-compliance penalties. PEOs offer compliance support that can reduce penalties, fines, and legal costs from non-compliance incidents.

Each of these elements can increase your cash flow and strengthen your business. Combined, they represent significant cost savings that benefit your employees on multiple levels.

✓ FOCUS ON CORE COMPETENCIES

Any time your team spends on tasks outside of your core business focus, that's billable hours and momentum lost. Companies of all sizes see tremendous benefits from outsourcing support operations like HR, taxes, marketing, and administrative tasks. When you partner with a PEO, they handle as many of your recruitment, payroll, HR management, benefits management, and compliance assurance processes as you want to offload. Then you and your team can spend more time focusing on your products, services, and [business growth strategies](#). You can be more productive, grow faster, and focus solely on your objectives.

✓ ACCESS TO EXPERTISE

HR laws and regulations are very complex, and they're constantly changing. Through a PEO, you gain access to a large team of industry experts who each specialize in different areas. Instead of hiring a payroll software expert, a state-level compliance expert, and multiple other experts—which can be extremely expensive—you can benefit from their knowledge without hiring specialists or trying to take on everything yourself.

✓ ENHANCED EMPLOYEE BENEFITS

Because of your increased negotiation power and access to more benefits plans through a PEO, you can give your current employees better benefits and recruit top candidates with better offers. For many small and mid-sized businesses, enterprise-level benefits programs are out of reach or outside of the budget. But when you can offer them, your employees gain better health insurance, retirement options, and professional learning opportunities. By prioritizing their well-being, you position yourself as a better employer. Everybody benefits.

✓ RISK MITIGATION

PEO relationships go beyond simply providing services. Once you establish a co-employment relationship, your PEO takes on key obligations and responsibilities, taking those potential liabilities off your hands. PEOs also have teams of experienced regulation experts who can actively monitor your employment processes to mitigate the risk of non-compliance or expensive legal disputes. They can help you proactively set up programs to minimize risks and navigate any legal complications that may arise in the future.

✓ SCALABILITY

Companies have the best chance of scaling when they maintain lean in-house operations. As the size of your internal staff grows, so does the complexity of administering benefits, managing them, and staying compliant with associated laws. Outsourcing some of your most time-intensive obligations lets you grow more quickly.

PEO services can also scale with you seamlessly. They can keep pace as your organization size grows, take on more processes as you change your business structure, and help you focus on your core competencies at any size.



Partner With a Trusted PEO to Maximize the Cost Savings and Benefits

Businesses can better maintain their competitive edge by partnering with a PEO instead of managing all of their HR processes internally. Gain easy access to HR expertise on any topic and protect your business from non-compliance concerns—all while finding cost-effective services and compensation package options. As you weigh your options for how you want to pursue your business objectives, consider how a PEO relationship can help you grow. Identify the costs and liabilities in your business, and [find the right PEO partner](#) that can help you resolve those challenges.

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.



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