

# How HR Services from PEOs Drive Small Business Success

**Running a business is challenging, but it can be particularly demanding on small business owners.**

From the early stages of their venture, these entrepreneurs are juggling everything from customer acquisition to business development. The trouble is, at the same time, they're often shouldering the responsibility for employee management, payroll administration, tax reporting and more.

While this approach might seem manageable at first, it doesn't take long for the reality to set in: trying to strike a balance between business growth and efficient HR management doesn't drive business success. It drives frustration.



# Reaching a Crossroads

Eventually, small business owners reach a crossroads, where they experience:

**Too many demands on their attention:** A business owner's time and focus are valuable resources. Unfortunately, both can be significantly compromised when hours that could be dedicated to strategic planning are instead consumed by managing administrative HR functions.

**Growing pains:** Growth can be a double-edged sword. As a business expands and adds new employees, the complexity of HR management intensifies. Business owners get stretched even thinner, trying to keep up with additional hiring, training, and payroll administration.

**A compliance quagmire:** Even the most diligent entrepreneurs can get lost in the ever-changing labyrinth of HR regulations and tax requirements. Navigating this terrain requires expertise and constant vigilance, which can be taxing for those without a dedicated HR team.

At this point, they can hire payroll, legal and HR administrators, but that can be costly. They can take a hybrid approach, hiring an HR manager to do the hiring and guide employee matters and a Professional Employer Organization (PEO) for the administration of payroll and workers' compensation. Or they can remove the struggle of HR responsibilities and administration entirely by securing the services of a PEO for all things HR-related. This can include risk management, claims management, employee benefits, and more.

**In this guide, we explore why so many business owners are choosing one of the latter options and how a PEO can help.**



# The PEO Solution

## PEOs offer a lifeline to business owners struggling with the challenges of HR management.

By entering into a co-employment relationship with the businesses they serve, the PEO becomes the “employer of record” for tax and compliance purposes. This allows the PEO to contractually assume responsibility for a wide range of administrative functions, such as processing payroll, reporting wages, and calculating and paying employment taxes.

PEOs can be contracted to guide companies through common HR challenges, such as compliantly hiring employees, creating employee handbooks, and developing customized safety training programs. And businesses can leverage the PEO’s purchasing power to access big company benefits without sacrificing small company budgets. This often results in stabilized workers’ compensation costs and the ability to offer their employees cost-effective, in-demand benefits like health insurance and 401(k).

Businesses choose which services they want and pay the PEO to cover the costs and administrative fees. The business retains management control over the employees, while the PEO handles the rest. Of course, the more HR responsibilities offloaded to the PEO, the more business owners can channel their time, energy and attention to what they do best.



# Game-Changing Results

## The results can be dramatic.

Studies have shown companies with a PEO grow 7 to 9% faster, have 10 to 14% lower turnover, are 50% less likely to fold, and have greater employee satisfaction. And research conducted by an independent economist on the PEO industry and commissioned by the National Association of Professional Employer Organizations (NAPEO) found these game-changing impacts among companies that use PEOs:

70% report revenue has increased since they started using a PEO



Annual median revenue growth for PEO users was double that of comparable businesses not using a PEO



66% report their profitability has increased since becoming a PEO client



PEOs allow small businesses to improve productivity and profitability, to focus on their core mission, and to grow.



- NAPEO

# Ways a PEO Can Help

One of the primary benefits of partnering with a PEO is the ability to delegate HR administrative tasks like payroll administration. But the value doesn't stop there. PEOs can provide a wide range of services at competitive rates, including:

**Payroll Administration:** PEOs are specialists in payroll processing and tax compliance, and possess the expertise and resources to ensure accurate calculations, timely filings and adherence to regulations. For both seamless and comprehensive payroll services, small businesses should choose a PEO that offers:

- Access to a dedicated payroll specialist
- Flexible, efficient and customizable payroll processing services
- Payroll software that is user-friendly and allows for easy customization, reporting and integration
- Detailed payroll reports and easy access to billing reports, payroll registers, departmental summaries and job costing
- Flexible options to report payroll, including time clocks, mobile and time cards
- Paycheck options that include direct deposit, next-day check delivery, pay cards, and the ability to print checks at work
- Support for administering voluntary and court-ordered payroll deductions, such as deductions for uniforms and tools, child support payments and IRS garnishments



# Ways a PEO Can Help<sub>(cont'd)</sub>

**Employee Benefits:** Each business is unique, and sometimes small businesses are true unicorns. A PEO should be able to tailor employee benefits packages to suit the size and specific requirements of the company. For most businesses, offering health insurance is key.

But some might want to explore extensive benefits packages that include health insurance, life insurance, a retirement savings plan, disability coverage, dental, vision, and more. A PEO can help. Some can also offer enhanced employee perks that boost employee satisfaction and retention, such as entertainment discounts and access to home, auto and pet insurance at competitive rates.

**Risk and Safety Management:** Every type of business faces some form of risk. It may be internal risks such as injuries, fraud, and faulty equipment, or external risk such as competition, market changes, rent increases, and environmental issues. Risk can even come from different sources, both negative and positive. For example, an opportunity for growth can be positive for a business, but it can also add potential risk.

Preparation is the best defense. PEOs have experts who are well-versed in identifying and mitigating risk. Choosing a PEO that protects the company's resources, including support for the safety of employees, means choosing a PEO that can provide these services:

- Dedicated professional safety manager
- Development of professional safety manuals and handbooks
- Professional code audits for accuracy and compliance
- Customized safety and training programs
- One-on-one consulting to improve risk and safety programs



# Ways a PEO Can Help<sub>(cont'd)</sub>

**Optimized, Cost-Effective Workers' Compensation:** PEOs are viewed favorably by insurance partners. A PEO may be covering 100K+ worksite employees, giving them purchasing and bargaining power to negotiate far more competitive rates for workers' compensation insurance. The PEO can then pass the savings along to clients. With some PEOs, clients not only benefit from reduced workers' compensation costs, but also access to A-rated carriers, the convenience of pay-as-you-go premiums and no year-end audits.

**Claims Management:** Handling claims management in-house isn't easy. There are time-consuming tasks, deadlines to adhere to, and data that must be handled properly. Having a PEO handle claims management can bring business owners peace of mind, knowing claims are being handled professionally, accurately, and timely. Small businesses need a PEO that offers:

- Licensed and certified claims managers in all states
- Advocacy with carriers for prompt attention and reduced claims
- Dedicated live claims support 24/7
- Reduced claims costs through dedicated support and follow-up
- Dedicated First Report of Injury intake programs
- Aggressive programs to get employees back to work sooner

**Hiring and Recruitment:** Some PEOs partner with industry leaders to provide cutting-edge hiring platforms, recruitment support, and candidate assessments. Whether a business needs to fill one position or many, they can leverage such a partnership to get:

- Creative support in writing their job ads
- Maximum exposure for their ads with placement across relevant platforms and premium job boards
- Candidate tracking to streamline the hiring process and reduce time-to-hire
- Assessments and expert recommendations to make the hiring choice easier





# Invaluable Partners

**Navigating HR management can be a daunting task for small business owners, especially when they lack the staff to fully support them.**

The overwhelming demands of employee management, payroll administration, and compliance can quickly drain a business owner's resources and divert their focus from strategic pursuits and business growth.

PEOs step in as invaluable partners, shouldering the burden of HR tasks and enabling entrepreneurs to concentrate on scaling their businesses and achieving their bottom-line goals. With PEOs handling everything from payroll to benefits administration and risk management, business owners can enjoy peace of mind, knowing that their HR responsibilities are in capable hands.



Keeping up with changing employment regulations, handling time-consuming HR tasks, and managing HR compliance in-house isn't easy. Outsourcing these responsibilities to the employEZ family of PEOs is.

We've been helping businesses like yours be more successful for over 20 years. Let us help you!

Learn more about us at [www.employ-ez.com](http://www.employ-ez.com). Have questions? Complete our contact form to get in touch or reach out directly to [info@employ-ez.com](mailto:info@employ-ez.com).