



Above and Beyond: THE VALUE OF A TOP-NOTCH PEO

How PEOs deliver incredible, real-world benefits to small and medium-size businesses



Why HR Expertise Matters

Many small and medium-size business (SMB) owners and entrepreneurs build businesses around something they are passionate about. Their passion for and expertise in creating their products and providing their services are central to their success.

However, few possess a passion for human resources (HR), much less HR expertise. If HR is a part-time job for people at your company whose true passion and expertise lies elsewhere—it can put your success at risk in multiple ways, such as:

- **Inability to deal effectively with a crisis:** Without HR experts to help you prepare for and adapt to unexpected crises—say, a pandemic—your business can experience unnecessary or oversized losses due to having to temporarily stop or slow operations.
- **Exposure to fines and lawsuits:** Managing ever-changing HR regulations can be challenging. Absent HR expertise, it is easy to get tripped up.
- **Hampered ability to compete for top talent:** As an SMB, you are often competing for talent with much larger entities—a challenge made more difficult when you lack access to competitive benefit plans for your region.
- **Unnecessary distraction from your core business:** Having to spend time on the complexities of HR compliance can distract you from what you do best, whether it's developing new products, forging strategic partnerships, raising capital, building culture or acquiring new customers.

What is the Best Source for HR Expertise?

Businesses have three options for tapping into HR expertise. Hire an in-house HR department. Work with multiple vendors. Or work with a professional employer organization (PEO).

Hiring an in-house team of HR professionals requires an upfront investment of money and resources, the ability to confidently make your first hires and continual oversight. Precious few SMBs can do those things, but if you can, then this option might be right for you.

Option two typically involves combining a small in-house team with an array of providers, who together form a comprehensive solution. There might be one vendor for payroll, another for retirement, another for health insurance and another for life and disability. While this option is more readily scalable than in-house HR, it's cumbersome to manage multiple vendors, requires an investment in vendor research and selection—and some individual vendors are likely to be a better fit with your business than others. Again here, this option tends to be a better fit for large companies with specific needs.

A PEO is a single vendor that provides you with the full range of HR solutions. While there is some variety in what each PEO offers, it typically includes payroll, access to benefits, workers' comp and a technology solution, as well as HR consulting. Your company enters into a co-employment relationship, in which the PEO assumes certain employer responsibilities for items such as payroll, tax filing and offering benefits, but as the business owner, you're still the worksite employer with the right and responsibility for all workplace decisions, including hiring and firing, compensation, and more. If you need an HR function to be up and running without a huge outlay of cash, a PEO is a great option, because a good PEO offers the systems and experts you need to help you effectively manage your HR requirements.

PEOs By the Numbers

According to research published in September 2019 by the **National Association of Professional Employer Organizations**, on average PEOs offer*:

- **27% annual return on investment**
- **\$1,775 per year saved per employee**
- **Reduced healthcare benefit costs**
- **Nearly 20% reduction in employee turnover**

*Individual business results may vary, and this ROI percentage may not reflect your experience with any particular PEO, including TriNet.

How A PEO Supports Business Continuity

The novel coronavirus is just the latest example of how natural or manmade disasters can compromise any business's ability to maintain revenue flow and keep its people employed. TriNet's COVID-19 response demonstrates how a PEO adds value to business continuity efforts.

“It’s all about keeping your business running, with HR as the backbone.”

Betsy Meola

Vice-President, Customer Engagement at TriNet

TriNet drew on its longstanding business continuity program to create a **COVID-19 Business Resiliency Preparedness Center** that has served as a vital resource for SMBs by providing them critical and up-to-date information on legislative rollouts such as the CARES Act and the Paycheck Protection Program, as well as important workplace guidance on such topics as remote work, transitioning back to the workplace and post-pandemic employee health and wellness. TriNet has widely disseminated this vital information through news articles, videos and its popular COVID-19 webinar series.

In addition, a recently announced enhanced solution:

- Provides access to 24/7 chat support, particularly to help businesses and their employees in the wake of COVID-19.
- Enables employers to relay critical information and check in with their employees through a mobile app.
- Facilitates access to **alternative health options** for workers facing a health insurance coverage gap, in addition to COBRA. This includes providing up-to-date information on recent legislation through a client micro-site and the COVID-19 Preparedness Center.
- Delivers timely payroll information and payroll data required to obtain and service Paycheck Protection Program (PPP) loans through recently launched TriNet workforce analytics.
- Provides information to customers regarding offerings and treatment options from major health insurance carriers during the pandemic. This includes information about such vital services as waived copays, cost sharing, lab testing and telemedicine.

In September 2020, TriNet received an international SILVER **Stevie® Award** for “Most Valuable Corporate Response” in the COVID-19 Response category for the company’s efforts in helping SMBs navigate the pandemic.

How a PEO Helps Mitigate Risk and Compliance

Managing your employees requires compliance with numerous federal, state and local regulations governing everything from payroll through benefits administration, terminations and records maintenance.

Edge Electronics is a leading authorized distributor of electronic components and a Certified Women’s Business Enterprise headquartered in Long Island, NY. The company has more than 30 employees spread across 10 states and from its founding in 1990 through 2013, it handled

“They [TriNet] know all the [employment] laws and rules for every state and that gives me a reason to be able to sleep better at night. It’s very difficult to know what each state requires, so the compliance issue is huge.”

Adrienne Giannone

President and CEO, Edge Electronics

HR functions in house and with ad hoc external consultations. Doing so was never easy. In 2013, Edge outsourced its HR to TriNet to help minimize operational and HR costs, and have the ability to offer health care benefits to their invaluable team.

Edge offers but one example of how an exemplary PEO can help its customers navigate complex regulatory requirements and HR-related risks. TriNet makes significant, ongoing investments in this aspect of its business. The company’s HR teams stay abreast of regulatory changes, so TriNet can help you rest easy.

How a PEO Helps Clients Successfully Compete for Talent

The struggle to compete for talent with heavily resourced big businesses is an ongoing challenge. PEOs can help level the playing field, by providing access to top-of-the line benefit programs.

Consider Immertec, a virtual reality solution provider for surgical education based in Tampa, FL. When the business launched, Immertec had three employees and handled payroll with accounting software. But as its business grew and saw increased demand as a result of COVID-19, the company needed a more robust HR solution to help attract and retain the talent needed to build the Immertec brand. It turned to TriNet, which enables Immertec to offer access to comprehensive benefit packages to prospective and current employees. TriNet also supplies reporting and analytics tools that automate expense reporting

and eliminate the aggravation of managing paperexpense reports—the type of benefit that can contribute to employee retention.

“We switched to TriNet so that we could actually hire people and build up the brand.”

Erik Maltais

CEO, Immertec

Benefits and the regulations surrounding them are always changing. It’s very difficult for SMBs to know what they don’t know, especially as they expand to new locales. San Francisco and Hawaii, for example, have very distinctive requirements. TriNet’s nationwide presence enables it to help clients effectively evaluate benefits anywhere clients are considering expansion.

How a PEO Frees Clients to Stay Focused on the Core Business

Handling the duties of an HR department requires both time and money that is often better spent on the core business. Hiring a PEO can help deliver a rapid return on investment—on average, **more than 27% and savings on average of nearly \$1,800 per employee per year.***

Left Field Labs—a TriNet vendor for development of websites, apps, branding and product platforms—recognized the need to focus on its growth rather than juggling a variety of HR services across multiple vendors. With an industry-tailored, full-service HR solution from TriNet, Left Field Labs was able to access premium benefit plans, risk and compliance support, streamlined payroll, top-tier customer service and the TriNet technology platform. By choosing just one company for its HR solution, Left Field Labs simplified its HR functions, which freed up resources so its people could focus on the growth of the business.

It's simple. Business owners should focus on their core strengths. HR is a critical business function, but it requires specialized expertise and a considerable amount of bandwidth to keep up with changing regulations. A company that understands HR and can help your business can make an enormous difference.

“TriNet helps us to focus on what we do well. HR is not our core competency. In fact, none of us were trained really for HR. And that’s a wonderful thing to be able to have the specialists bring that service to us and to have access to the best of the best.”

Sarah Mehler
CEO, Left Field Labs

How to Choose a PEO

When considering a PEO, do your due diligence to select one that makes both business and financial sense for your company. Among the considerations:

- **Experience and accreditation:** Select a PEO that has a demonstrated operational history and financial strength. The Employer Services Assurance Corporation (ESAC) accredits PEOs through a rigorous verification process to ensure a PEO is compliant with more than 40 industry best practices across all states of operation; less than 5% of all PEOs achieve ESAC verification. In addition, the Internal Revenue Service has a voluntary federal certification program that qualifies certain PEOs as a Certified Professional Employer Organization,** meaning they have met certain IRS compliance standards, including financial reporting and bonding requirements, which allow the certified organization to offer added benefits to its clients. Client references are always important as well; so are candid conversations with your personal and professional network.
- **Quality benefits and packages:** The right PEO for your business should offer access to quality health care coverage in the regions where you operate, as well as benefits that are most important to your industry.

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**One TriNet entity is CPEO accredited.

- **Relevant expertise:** A PEO's core offerings should align with your industry and geographical area—and the best PEOs should have HR experts on staff with the tools and experience needed to provide support to a company of your size and industry. If you have employees working in multiple states, make sure the PEO is ESAC certified and experienced in all states where you have employees.
- **Fair rates:** PEOs generally charge their clients either a flat rate per employee or percentage of payroll. The flat rate is a standard fee for every employee regardless of how much they are paid. The percentage of payroll charges is based on the amount of each paycheck processed, so fees can fluctuate with compensation changes including bonuses and commissions. Furthermore, PEOs typically provide either an itemized breakout of all category fees or a bundled quote that groups all fees together. If the PEO bundles all fees into a single cost (service, insurance, employer taxes, etc.) it may be difficult to understand how much you're paying for what. And the PEO may be using that lack of transparency to charge you amounts you wouldn't otherwise approve.
- **Transition time:** Ask about the set-up process and understand if it will be disruptive to your business. How much paperwork will it entail? Is the process mostly completed online? How much hassle will you have to go through during the transition?
- **Support:** Your PEO should have a system and expert resources available to answer questions quickly and thoroughly and provide strategic guidance. There should be multiple points of access such as phone, email and chat. It's also important to assess the PEO's consulting capability, including the experience of the professionals delivering the service. Finally, it's helpful if the PEO offers a self-service HR platform for your employees to manage routine HR tasks and requests.

The Best PEOs Prioritize Customer Concerns

“At TriNet, we are obsessed with responding to our clients,” says Betsy Meola, Vice President, Customer Engagement. Among the services that have emerged in response to customer needs:

- **A popular mobile app**
- **24/7 access to a live service representative**
- **Small business benefit packages tailored to industry and geography**
- **Workforce analytics that allow clients to build reports tailored to their specific need**

There's Value—And Then There's Value

Studies have documented that working with a PEO can deliver tremendous value in both hard numbers and numerous intangibles for SMBs.

But not all PEOs are built alike. Rigorously vetting your options before choosing a PEO, and developing an arrangement that best meets your needs, is the path to maximizing your return on investment. When you do your due diligence, you'll be confident knowing the true value a PEO can bring to your business.

About TriNet

TriNet (NYSE: TNET) provides small and medium size businesses (SMBs) with full-service HR solutions tailored by industry. To free SMBs from HR complexities, TriNet offers access to human capital expertise, benefits, risk mitigation and compliance, payroll and real-time technology. From Main Street to Wall Street, TriNet empowers SMBs to focus on what matters most—growing their business.

Go to **TriNet.com** to get started or speak with a TriNet representative at **888.874.6388**.

Learn all about our tailored solutions at [TriNet.com](https://www.trinet.com) or call **888.874.6388**.

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