

Five Ways PEO's Will Help You Make a Comeback



As businesses across the country are slowly starting to get back to work the economic and human toll of the coronavirus is beginning to become more apparent. Small and medium-sized businesses are being hit especially hard by this pandemic as a joint study by researchers from the University of Illinois, Harvard Business School, Harvard University and the University of Chicago have calculated that more than 100,000 businesses across the United States have closed permanently due to the economic fallout of COVID-19.

With states reopening their economies across the country small businesses are going to have to use every competitive edge that they have in their toolbox to get back to normal. This is where the Professional Employer Organizations (PEO's) step in to help small and medium-sized businesses bounce back from economic chaos caused by the pandemic.

PEO's provide payroll, benefits, HR, tax administration, and regulatory compliance assistance among other services to help businesses get back on their feet after being closed for so long. On account of the downsizing that many businesses are having to do to stay lean enough to remain operating, one of the departments that businesses can outsource is their human resources department. Below we've listed five big ways that PEO's help businesses:

1. **Vendor Management**– Running your HR department in house can be a hassle as it is a job with many hats. Typically, businesses have to deal with at least eight different vendors to keep their HR department ready, vendors like recruiters, payroll companies, safety specialists, insurance brokers, etc. Going with a PEO allows them to take the burden of vendor management away so you can focus on building a profitable business.
2. **Experienced HR Partner**– When choosing to go with a PEO, you end up employing a skilled group of HR professionals who've dealt with multiple clients. That experience when dealing with the complexities of HR issues is unparalleled in gaining a business edge. Partnering with a PEO allows for you to buy into a larger pool of HR professionals, freeing up resources to focus on the aspects of running a business.
3. **Benefits Packages**– A big benefit of a PEO is its ability to provide cost-effective comprehensive benefits for your employees without the administrative and regulatory headaches that come with it. As a co-employer, the PEO can offer a wider variety of benefits to your employees than if you were to handle it in house, such as vision, dental, life and disability, etc. As the plan sponsor, the PEO handles all of the administrative tasks like negotiating rates, enrolling employees, providing legal notices, and handling COBRA administration. For example, 401(k) plan audits can cost an employer anywhere between \$6,500 to \$13,000, depending on several factors. By hiring a PEO, you end up saving on time and cost.
4. **Administrative Relief**– PEO's can also help with one of the biggest HR burdens, HR administrative tasks. These tasks are the gears that run your business-like tax filing, unemployment and workers compensation claims management, payroll processing, reporting, recruiting, etc. Two examples of administrative relief are the PEO's ability to effectively manage workers compensation audits and workers compensation deposits. Both of these examples would cost a small business large sums of money and time in just the administrative logistics alone. PEO's assist in this area by taking the burden off of your business, allowing for more resources to be allocated towards growing your business.
5. **Compliance Assistance**– HR law can be confusing and cumbersome to a business, especially if you run an operation that crosses state lines. Keeping up with all of the countless new HR and payroll laws, regulations, and rules that apply to your business can be costly as the fines of violation can be huge. This is where PEO's can give you a big advantage over an in-house team. You'll have access to a legion of trusted advisors whose sole job is to keep up to date on any changes to the law to not just keep you safe, but the rest of their clients safe as well.

Aside from the five points that we listed there are other benefits that choosing a PEO has during these unprecedented times. According to the National Association of Professional Employer Organization, companies that work with PEO's are 50% less likely to go out of business, have a 7-9% faster growth rate, and have a 10-14% lower employee turnover rate.

While it is uncertain just how big the impact COVID-19 will have on the economy in the long term, the effects that can already be seen have been devastating. This is why small businesses must do everything in their power to try and keep their businesses open while also keeping their employees and clients safe. PEO's are the choice that can help implement effective changes that can give you a competitive edge like developing infectious-disease plans, discounts on benefits packages for your employees, or assisting in navigating your state's reopening plan.

Pinnacle's mission has always been to provide meaningful, yet simple HR solutions for our clients. In light of the spread of COVID-19, we will continue to make good on that mission, so you can continue to focus on your business and the communities you serve.