PEO FOR PEACE OF MIND: A WHITE PAPER STUDY
The goal in outsourcing is to delegate mundane time consuming processes so businesses can focus on their core operations that impact profitability (i.e. determining the needs of customers, providing immediate and practical solutions, and acquiring new business).

Outsourcing also enables companies to tap into and leverage a global knowledge base, having access to world class capabilities.

Not to mention that you can free up internal resources and mitigate risk.

According to the Harvard Business Review, 83% of America’s fastest growing companies outsource non-revenue generating services.

If your company is considering outsourcing—one or all of the many—HR functions, you are not alone. In fact, you’re part of a growing trend. Human resources outsourcing is one of the fastest-growing industries today.
In recent years, HR has become more complex than ever. Compliance has become a series of flaming hoops to jump through for HR professionals because of things like Obamacare, FMLA and ADA.

According to the 2013 SmartCompliance survey, ‘Managing Compliance in a Changing Environment,’ nearly 75% of CFOs say the task of monitoring tax, employment and payment-related rule changes has become more time-consuming over the last two years and expect the increased complexity of newer tax regulations will take up additional company resources over the next two years.

Today’s human resources business environment calls on leaders capable of working in concert with others in difficult and highly competitive markets. The need for organizations to effectively manage their risk and compliance issues has never been greater and has never been more difficult to do internally. If your company is considering outsourcing—one or all of the many—HR functions, you are not alone. In fact, you’re part of a growing trend. Human resources outsourcing is one of the fastest-growing industries today.

Many organizations are working with HR outsourcing firms, also known as a Professional Employer Organizations (PEO), to stay on top of risk and compliance issues among other things.

According to the National Association of Professional Employer Organizations, businesses that use PEOs are approximately 50 percent less likely to fail from one year to the next when compared to similar companies in the population as a whole. The overall business failure rate among private businesses in the United States as a whole is approximately 8 percent per year, based on 2012 data. It is approximately 4 percent per year for those companies that used PEOs for at least four quarters.

Fact Graph:

Small businesses in PEO arrangements have higher growth rates than other small businesses.
PEOs seem to make the most sense for small businesses that cannot afford to hire full-time human resources staff and/or don’t have the time to dedicate to the administrative responsibilities of human resources. According to the National Association of Professional Employer Organizations, the average size of a company that uses a PEO is 19 employees. In fact, in the 2013 report, “Professional Employer Organizations: Fueling Small Business Growth,” a comprehensive analysis of existing economic data showed that small businesses in PEO arrangements have higher growth rates than other small businesses.

Larger businesses also use PEOs to supplement internal human resources staff.

INFINITI HR is one leading PEO based in Maryland. Approaching 20,000 co-employees, they are helping more than 600 businesses in 46 states across the nation reduce costs by effectively managing human resource (HR) functions including including payroll, human resource compliance, employee benefits and risk management services.

2016 PEOs at a Glance

The HR outsourcing industry will be sizzling in 2016, according to a new survey commissioned by NAPEO that reveals approximately 250,000 businesses and more than 2.5 million people are part of PEO arrangements. There are currently about 700 PEO companies in the United States.

Common Pain Points

- Administrative overload
- Benefits trouble
- Overlooking government regulations
Functions Often Outsourced

With a focus on flexibility and agility, PEOs help companies navigate increasingly complex employee related matters in order to stay compliant and relevant in today’s fast changing world. The biggest challenge in working with a PEO is often deciding which functions to outsource. But once you get past that, it’s a convenient setup that allows business to focus on core competencies. Companies like Infiniti HR can help you with a plethora of generic HR tasks, projects and functions. They and other PEOs can help with everything from employee handbooks, job descriptions, employee management manuals, standard operating procedures, performance management, compensation administration and planning, employee coaching and counseling assistance, and employee communication to entire processes such as payroll. The most commonly outsourced functions are as follows:

1. Payroll & Records Management - Working with a PEO allows you to simplify your payroll process and have the peace of mind that your taxes are being handled accurately and on time; allowing you to focus your energy on your business.

2. Risk Management - Services may include: integrated workers’ compensation coverage options, safety assessment with recommendations, OSHA and other statutory compliance consultation, assistance with safety-related policy and procedure development, and access to professionals with safety/risk management expertise who can assist with safety-related issues as they happen.

3. Recruitment - A PEO can act as a company's internal recruitment function for a portion or all of its jobs. Recruitment processing includes management of the entire recruiting/hiring process from job profiling through the onboarding of the new hire, including staff, technology, method and reporting.
How a PEO Works

Businesses today need help managing increasingly complex employee related matters, including employee relations, health benefits, workers’ compensation claims, payroll, payroll tax compliance, and unemployment insurance claims. They contract with a PEO, like INFINITI HR, to assume these responsibilities and provide expertise in human resources management.

The PEO establishes a co-employment relationship with its client companies. In this legal relationship, the duties of the employer are divided between the Employer of Record (PEO) and the Employer of Personnel (Client). The Employer of Personnel is responsible for hiring, firing, on-site supervision and all strategic aspects of the business, while the Employer of Record would be responsible for payroll and tax administration, workers’ compensation, unemployment, compliance, benefits and benefit administration. PEOs establish and maintain a co-employment relationship with the employees at the client’s work site and by contractually assuming certain employer rights, responsibilities, and risk.

ILLUSTRATING THE CO-EMPLOYMENT RELATIONSHIP

1. Contract
2. Employment Relationship with and responsibilities of the PEO
3. Shared relationship and employer
4. Employment relationship with and responsibilities of the client
For Your Business, a PEO...

• Provides experienced professionals in HR, benefits, payroll and risk management
• Delivers access to better benefits
• Improves cost control
• Reduces turnover
• Assumes certain employment related liabilities
• Delivers professional assistance with compliance (payroll, OSHA, EEOC)
• Provides secure Internet access to payroll, benefits and personnel data
• Provides access to professional HR guidance and materials
• Manages claims
• Supplies clear, easy-to-read and professionally written employee handbooks, policies, procedures and practices
• Provides quality benefits and recruiting assistance to attract and retain the best employees.
• Provides you more time to focus on your bottom line.
• Gives you the opportunity to grow your business faster.

For Your Employees, a PEO...

• Provides access to comprehensive benefits often previously unavailable – 401(k), Section 125 plan, comprehensive insurance benefits, Flexible Spending Plan
• Delivers on-time and accurate payroll
• Provides professional assistance with employment-related issues
• Supplies easy-to-read employee handbooks, policies, procedures and practices
• Enables more employees to receive statutory protection
• Improves communication among and between employees
• Offers up-to-date information on labor regulations, workers’ rights and worksite safety
• Processes claims efficiently and responsively
• Provides improved access to payroll information, benefits, personnel data, vacation and sick time accrual, and specialized reports

PEO Benefits

PEO Success

Businesses that use PEOs are approximately 50 percent less likely to fail.
Join the Movement

If you’re interested in learning more about working with a world class PEO, visit http://infinitihr.com, call 866-552-6360 or email info@infinitihr.com.

References
1. NAPEO. “Professional Employer Organizations: Keeping Turnover Low and Survival High” September 2014.

Join one of the fastest growing trends in human resources.