



EXCLUSIVE FEATURE: INFINITI HR

www.infinitihhr.com / HQ: Burtonsville, Md. / Service area: National /
Specialty: The Professional Employer Organization for Franchises®

Infinite Possibilities

INFINITI HR increases operational efficiency and mitigates liability for franchisors and franchisees of all sizes.



*Daniel Mormino, senior vice president,
leads strategic management for
INFINITI HR.*

The one true constant in franchising is change. *Franchising Today* sat down with the leading change agent in the Professional Employer Organization (PEO) industry, Senior Vice President of INFINITI HR Daniel Mormino, to learn how this premium supplier to the International Franchise Association is leading the charge of innovative strategic change in the franchising world. While some people see the world the way it is and ask why, Mormino and his Professional Employer Organization for Fran-

chises® continue to dream things that never were and ask why not.

Mormino leads strategic management for INFINITI HR, including national alliance, sales divisions, business conversions, operations and franchise sponsorships. He created a PEO to help franchisors and franchisees prevent the pitfalls of employer liability and the obstacles to organic growth by leveraging the economies of scale of a large enterprise into a competitive advantage.

Mormino is an MBA and a Certi-

fied Franchise Executive. He holds a Franchise Management Certification from Georgetown University and was recently selected to the SEP Class of 2019 from Stanford University Graduate School of Business. He is a featured speaker at many franchise conventions.

Today, Mormino represents thousands of franchise clients and tens of thousands of worksite employees within a diverse cohort of franchise brands nationwide.

He supports the growing need



among franchisors and franchisees of all sizes to increase their operational efficiency, reduce labor costs and mitigate employer liability.

Franchising Today: Daniel, based on our research, emerging brands and established franchisors alike have arguably at least one thing in common – many choose your firm, INFINITI HR, as their PEO. If we go back approximately 10 years, most of us in franchising did not know of INFINITI HR and now you are the preferred supplier to many of the most recognized franchise brands throughout the world. What is a PEO and how did your success happen in such a relatively short period of time?

Daniel Mormino, MBA, CFE: Your first question can be answered by examining reasons why certain franchises succeed while others fail. First, franchising is about brand standards, a business method which can be adopted by an organization as a strategy for business expansion. To expand successfully, many franchises embrace unit-based economics. Economies of scale are the cost advantage from business expansion. Notwithstanding, businesses without PEOs may not have economies of scale with respect to their largest operating expense: the aggregate cost of labor. In particular, many franchisees who wish to grow without PEOs may not have the infrastructure to proactively manage the aggregate cost of labor most efficiently and may not have purchasing power of a large enterprise in effort to attract and retain top talent. Second, a franchisor cannot guide the employer-employee relationship of franchisees. This leaves the employer-employee relationship – and the management of ag-

“WE DO NOT LIVE IN A WORLD OF SCARCITY; THE HUMAN RESOURCE IS INFINITE.”

– DANIEL MORMINO

gregate labor cost – the sole responsibility of the franchisee, who may not expand without the advantage to lower the per-unit cost of labor in her or his territory, who has limited purchasing power to proactively manage her or his largest operating expense, who most likely did not choose to go into business to have the privilege to be solely liable for non-revenue generating work. Certain franchises succeed while others fail due in part to strategic management of their largest operating expense – the aggregate cost of labor.

INFINITI HR is a Master Aggregator, The Professional Employer Organization for Franchises®. First, the employer allocates the total cost of labor to INFINITI HR for a service. INFINITI HR has the economies of scale and purchasing power of a large enterprise. We apply unit-based economics to the total cost of labor as fundamental financial building blocks to mitigate employer liability and minimize the total cost of labor. Second, franchises are only as good as the people they hire. Growing franchisors and franchisees are viewed as Employers of Choice in their respective markets in part because they have a superior infrastructure to attract & retain the best talent through INFINITI HR. Third, we assume non-revenue-generating employer obligations on behalf of franchisors and franchisees so they can focus on revenue growth. The

holistic service includes state-specific HR through a local one-point-of-contact, federal and state regulatory compliance management, True-Group Master Policies for all mandatory & voluntary employer insurance, (including *Fortune* 500® Level Benefits and Joint-Employer Liability Insurance,) Recruitment, Working Capital Funding, POS / Time Clock Integration, Tax Filing and Payroll at a significant cost savings when compared to paying a la carte. Regarding how it happened in such a relatively short of amount of time, the answer is found in the following question: Before INFINITI HR, how many franchisees without a PEO do you know of had the economies of scale and purchasing power of a Master Aggregator designed for franchises to proactively manage their largest operating expense?

Franchising Today: So, a PEO is a new solution that franchises simply needed to be educated on and therefore, you carved out a niche market?

Mormino: PEOs have empowered employers of choice from franchised and non-franchised brands for decades. Total employment represented by the PEO industry exceeds the total number of employees in the U.S. for Walmart, Amazon, FedEx, Starbucks, AT&T, Wells Fargo, Apple and Google combined. Research suggests businesses with PEOs grow approximately 7 to 9 percent faster, have employee turnover that is approx-



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imately 10 to 14 percent lower and are approximately 50 percent less likely to go out of business compared to businesses without PEOs. Some may view it as a new solution simply because many franchisees have seen obstacles to organic growth; they could not afford PEOs before INFINITI HR and/or were rejected by PEOs before INFINITI HR. By leveraging disruptive innovation, INFINITI HR changed the PEO industry and made this strategic advantage available to growing franchises.

Franchising Today: With approximately two decades of leadership in franchising, is it fair to say we are sitting down with the catalyst, the source of INFINITI HR's innovation and impressive fast growth? Specifically, the first PEO executive to be a "Certified Franchise Executive" with many impressive credentials

who got INFINITI HR on the national map, correct?

Mormino: First, a good leader should take a little more than her or his share of the blame, a little less than her or his share of the credit. INFINITI HR team members are world-class and all contribute to our growth. A leader is arguably best when people barely know she or he exists; when the aim is fulfilled, they will say: we did it ourselves. Our leadership is based in part on generating change, inspiring innovation and instilling excellence. Innovation can distinguish between a leader and a follower. Second, the quality of our leadership can be reflected in the standards we set for ourselves. We can unlock the full potential of our people in an environment where they are happy in an organization where they can thrive. We embrace con-

tinuous education for continuous improvement because success is a journey, not a destination and I have made plenty of mistakes throughout such journey. In addition, I argue a good plan today executed with vigor is still better than a perfect plan tomorrow. Passion is energy and INFINITI HR is filled with passion. We learn together, we laugh together and we grow together.

Based on the aforementioned, we have a structure that works. Third, with respect to fast growth, there is fast growth and respectfully there is Inc. 5000 fast growth. We are proud to be in the Inc. 5000 Hall of Fame, consecutive six-time honoree, one of "America's Most Inspiring Companies." We are the PEO by entrepreneurs for entrepreneurs but it's just the beginning. INFINITI HR will continue to change the franchising world and the PEO industry for decades to come.

Franchising Today: What is the value of your PEO compared to more established PEOs or payroll processors in the market?

Mormino: Value = quality x service / price. INFINITI HR is a "Certified Professional Employer Organization" by the IRS. Approximately < 8 percent of all PEOs are "certified." Such certification is the gold standard and the identical certification of any arguable "established" brand. In addition, there is only one PEO for Franchises® that provides superior quality in technology coupled with a world-class personalized service standard, (a local one-point-of-contact) for a lower price compared to an arguable "established" brand, INFINITI HR.

With respect to utilizing a payroll processor as it relates to value compared to INFINITI HR, payroll





"PEOs have empowered employers of choice from leading brands for decades," Mormino says.

processors may not apply unit-based economics to mitigate employer liability and minimize the total cost of labor. Many franchisees who wish to grow with a payroll processor may not proactively manage the aggregate cost of labor most efficiently and may not have purchasing power of a large enterprise. Respectfully, payroll companies charge fees for HR admin (HR that is not state-specific,) insurance brokerage, (subject to individual underwriting,) POS / Time Clock Integration fees and many others. Couple such fact with the goal to offer affordable benefits to attract & retain top talent. Does your smaller census have greater leverage than the larger enterprise?

Any payroll processor with sufficient quality in technology coupled with a world-class personalized service standard for a competitive price can provide you a payroll service. Growing businesses must focus on total labor cost, not the price of a commoditized payroll processor. Such answer is based on objective facts and is a mission-critical message to businesses of any size; don't run over dollar bills to pick up dimes.

Franchising Today: With respect to mitigating the aggregate cost of labor and mitigating employer liability, what strategic advantages do large multi-unit franchisees gain when they decide to utilize a payroll processor in lieu of your PEO and then simply hire a part or full-time employee to manage all the HR, regulatory compliance, benefits procurement and admin work in-house?

Mormino: Quantifiably speaking, nothing. Multi-unit franchisees do not gain any strategic advantage by serving as the sole employer of record nor do I argue it is cost effective to absorb such cost (and risk) in-house. Pay wages + employer taxes + employer insurance for non-revenue generating work in-house? What does that cost your business each fiscal year compared to outsourcing it to our PEO for a significantly lower cost? It is fascinating how many businesses with the best of intentions still absorb such costs in-house and then come to us with the need to cut labor cost afterwards. I recommend a conservative labor management approach through our PEO to avoid such excess.

With respect to revenue-generating work, I appreciate the argument of viewing employees as your greatest assets. Notwithstanding with respect to non-revenue generating work, I also appreciate the argument of viewing employees as your greatest liabilities. Tell me the strategic advantage of serving as the sole employer of record without the economies of scale of a master aggregator. What do you accomplish? Multi-unit franchisees should out-source such non-revenue generating work to The Professional Employer Organization for Franchises®. Write off such expense as one line-item in your general ledger - not employer taxes, not employer insurance, not a wage; a "professional service."

Franchising Today: What matters most to you professionally and why?

Mormino: I will share with you a story from a macroeconomics professor I admire. Day one of the class he began his lecture with a valued introduction: "We live in a world of scarcity. Economics is the study of scarcity and through such definition we shape our hypotheses of supply and demand."

Notwithstanding such factual statement in context, I offer dissent. What matters most to me professionally is to empower franchises to think different; to see the world different; to empower my team to lead epic lives. The only true constant in franchising is change. We can leverage disruptive innovation to shape new hypotheses. I challenge franchises to go as far as you can see; when you get there, you'll be able to see farther. My answer is we do not live in a world of scarcity; the human resource is infinite. We will continue to change franchising and change the way we see the world. Any franchisor or franchisee should embrace this fact as well. We live in a world of abundance. 🌐