

# Ramblings: Commoditization, The Power of Many, and the Future of the Industry



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I have really enjoyed writing The Inside Word column over the last 10 months. I have done my best to lace my ramblings with a bit of humor while providing some substantive thoughts from my observations of 40 years in the PEO industry.

Starting in September, *PEO Insider* will be reformatted, including reducing the length of this column. So, while I still have the word count, I thought I would hit on just a few things that have been stirring in my mind over the last year that I haven't been able to get to in this space.

### Commoditization

A few months back, I wrote about how some PEOs have entered the market touting “transparency” as their market differentiator and thus insinuating that other PEOs are not honest. I would argue that their “heroic” deed of exposing their competitor’s predatory model is implying that the prospect is paying more than they should for same or similar services. This translates into leading with price or, in this case, the commoditization of the PEO industry.

We know that the market is a result of trends, but who creates the market trends? We do. For the anti-trust pundits reading, this is not about pricing. My point here is just the opposite. Stop leading with price. There isn't a PEO out there, including mine, that doesn't banter about the value proposition of the PEO model. In truth, as an industry, the majority lead with saving money on healthcare benefits and workers' compensation coverage. So why are we so surprised when prospects ask about saving on our administrative fee? Of course, our best representatives are trained with well-rehearsed talk tracks that their PEO is different, but are they really articulating why their PEO is the best fit for the prospect? We all owe it to the industry and those who will come after us to develop substantive talk tracks and motivating explanations about why using a PEO (and your PEO specifically) is the best decision for the prospect's business. Spend some time with your team at a round-table discussion and tell them, “For the sake of the exercise, we will not use price as motivator.” It's kind of like playing a card game without the use of jokers. See what you can come up with to help your sales team win the business for the long run. Remember, if they come for price, they will leave for price. Let's not make price a market differentiator.

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## The Power of Many

In my first column, I touched briefly on the tremendous unharnessed power and potential the PEO model has to shape the world in a positive way. I personally have an interest in the philanthropic potential of our PEOs and how, with a bit of ingenuity and organization, we can accomplish new things. Most of this potential stems from the unique position and relationship the PEO has with its clients and their employees. Let me cite some quick examples of how PEOs can make a difference and some ideas that you can use to create a culture of “The Power of Many” to take you beyond food drives and casual dress days.

Consider finding an organization in your community that could use your help. It needs to be generic enough for your PEO community of clients to get behind—people love animals, children, the homeless and hungry, and “green” causes, for example. Organize an event and put some effort into having your PEO clients get involved. If finances allow, you can print t-shirts and make a lead or matching monetary donation. You will be surprised how many of your clients and their employees will participate, and there is no better photo-op for social media than all of you coming together with *#thepowerofmany*.

Since 1996, long-time NAPEO member Genesis HR Solutions of Massachusetts has held its annual Battlegreen Run. This road race is used as a platform for other nonprofits in the community to form their own “races within the race” to raise funds and awareness for their individual missions. Check out their website at <https://battlegreenrunfoundation.org> and you will see the tremendous impact Genesis has on its community.

If you want to start out small, you can even correlate an effort to a milestone within your PEO. Maybe it’s an anniversary or you’ve reached the 2,500 worksite employee mark. How about 2,500 small gift bags to be distributed to the homeless in your community? No doubt you have a dental carrier who can contribute by providing toothbrushes and toothpaste, motels in your community that

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would donate bars of soap and shampoo, local drug stores that might provide other survival items at cost, including re-sealable bags, and then finally add to the gift bag a personal note from your staff members about how much they care. Have a team-building day when you assemble the bags, and you can even invite your clients to help stuff and distribute. It’s a feel-good exercise that will build good will and comradery among all who participate.

My goal for NAPEO in this area is to get our *NAPEO Gives Back* initiative underway. I believe if NAPEO leads, our member PEOs will follow. Just imagine if every time we convene for an industry gathering, we raise money or volunteer, and then make a presentation to, say, the governor, the community, and the media. In this way, we can leave knowing we have made a difference beyond just increasing hotel room occupancy or “painting the town red.” If properly executed, we will have the community and its leaders talking and asking, “Who are these guys and what is a PEO?” What a great opportunity to do some good and tell our story.

In May at NAPEO’s PEO Capitol Summit, we kicked off this initiative when

members of our Board and Leadership served several hundred homeless members of the community at So Others Might Eat (SOME), a D.C.-based charity. Visit its website at [www.some.org](http://www.some.org).

In Austin at our Annual Conference & Marketplace next month, we have chosen to support Anthropos Arts, whose mission is to connect low-income and at-risk youth with professional musicians, cultivating confidence, integrity, and life skills through musical instruction and mentorship. Over our three-day conference, we will be treated to live music (what Austin is known for) from the students and we will have various opportunities for you to give and get involved. For more information about the organization, visit at <http://anthroposarts.org>.

## The Future of the Industry

In February, your NAPEO Board of Directors attended a strategic planning retreat in Arizona where the participants took a deep dive into the status of the organization, and the industry itself, to ensure that NAPEO continues to be relevant and serve its members. Of great importance to me was acknowledgement that there is a lot of change in the world for not only our PEOs and clients, but for prospects as well. The market is full of alternative resources for technology, vendors, and providers. We need to stay aware and become more dynamic and responsive to change if we are to prosper long term. One way to do this is for others with fresh ideas and perspectives to get involved. If you have never served on a NAPEO committee, you are missing out and NAPEO is missing out on your perspective. You do not need to get nominated to volunteer, only have a desire to get involved. Reach out today to any of the NAPEO staff and let them know you want to get involved. Who knows, one day you may be the chair of one of the greatest trade organizations in the world.

So, there you have it. My rambling thoughts, which you will not have to put up with in the future as my farewell column next month will be as short as my attention span. See you then! ●