

# Growth, the Pace of Change, and Staying Connected



**Barron L. Guss**

2018-2019 NAPEO Chair  
President & Chief Executive Officer  
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Honolulu, Hawaii

Aloha! Yes, your new board chair is from Hawaii.

When the NAPEO staff reminded me that the chair has a monthly column to write, I began to think about where to begin. So, after some pondering, I have come to the conclusion that I need to just start at the beginning. No, not Genesis, but at our national conference, which took place last month in Phoenix, Arizona.

If there was one theme that was universal at this year's gathering, it was that PEO market share is growing and there's no end in sight. You might even go so far as to say that ESO—employer services outsourcing—has gone mainstream.

Attending a NAPEO conference is a great way to connect with colleagues, vendors, and industry veterans, or to simply get inspired. This year, our conference committee put together a great line-up of industry experts and thought-provoking keynote speakers, including Kaihan Krippendorff and Peter Sheahan.

Though each keynote had a different topic, the underlying message was the same: We live in a time when the pace of change is real and accelerating at a rate faster and greater than at any other time in the history of mankind. The companies that are thriving have acknowledged and leveraged this change to create a new culture from within and have created products and underlying brands to attract a new generation of consumers who identify as socially conscious global citizens.

So, what kind of change is happening in and outside of our industry? Are we self-aware enough to acknowledge it? Are we poised to move with it and even leverage it to our benefit?

No doubt the discussion will lead to more questions, including: Are there other emerging service models in the rearview mirror? Should we “expand the tent” and invite the other service models into NAPEO? These are the kinds of questions your NAPEO Board of Directors will be looking at in the coming months.

Both of our conference keynote speakers also stressed the social importance of a brand. For decades, PEOs have been hanging their hat on the idea that we make the world a better place by bringing efficiencies to businesses and also by providing large-company benefits to our clients' employees. The PEO brand surely delivers on this promise, but is that enough? Is there a larger social purpose to PEOs? Over the next few months, I hope to bring to you a few examples of how PEOs can make a difference, not only to our clients and their employees, but also to the communities we serve.

Finally, while a NAPEO conference is a great way to be exposed to new trends and educational content, of equal or greater importance is the connection made with people. Our industry's strength is about our common desire to grow and the strong connections we have with each other. Staying connected with your friends and colleagues does not have to wait until the next NAPEO gathering. Take a moment to send a note or email, or pick up the phone and keep the connection alive.

I look forward to the next year as your board chair. If you have any thoughts, concerns, or suggestions you would like to share, feel free to contact me any time at [barron@altres.com](mailto:barron@altres.com).

Aloha and a hui hou (until we meet again). ●

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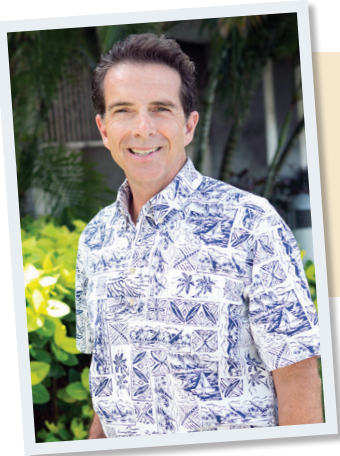
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## 2018-2019 NAPEO Board of Directors Chair Barron L. Guss Creating a Legacy of Leadership



Barron L. Guss is the president and CEO of Honolulu, Hawaii-based Simplicity HR by ALTRES. In September, he was elected to the position of chair of the NAPEO Board of Directors during NAPEO's Annual Conference and Marketplace in Phoenix, Arizona.

### How did you become involved in business and the PEO industry?

Business has always been a kitchen-table topic in my family and we all understood what Dad did and how he earned money. He was a contract homebuilder for IBM when the company moved its headquarters to Armonk, New York. Due to my mother's ailing health, she wanted to live out her last years in a warmer climate than upstate New York. So, in 1969 my family purchased a new Volkswagen van, loaded it up, and we drove across the country to Los Angeles and then caught a plane for our move to Hawaii—the precursor to National Lampoon's Vacation! My parents had no connection to Hawaii, so we really had to start at the beginning and re-establish ourselves.

My father always said his plan was to “become a beach bum,” but soon he recognized Hawaii's need for a temporary help service and he created Labor Services, Inc. Labor Services' specialty was industrial day labor.

As a kid, my dad would often dispatch my brothers and me to fill in when there were no other workers available. Some of my temporary assignments included delivering paint and beer,

and one summer I did a three-month stint roasting peanuts and making Cheetos at Frito-Lay.

My first real job, though, was working at the local bicycle shop, where I honed my mechanical skills, which eventually grew into another hobby: building and designing radio-controlled model aircraft. I actually made a business out of this until just recently, when I sold the company. My other mechanical interests include the restoration of vintage cars and hotrods.

When I finished college in Florida, I moved back home to Hawaii and essentially ran our temporary help company alongside my father. There were just three of us back then.

In addition to staffing personnel, the temporary help industry has always provided “employer of record” payrolling services. In 1981, we began formalizing this offering as employee leasing and later PEO services. The idea really came to fruition after customers would ask us, “I really want to hire this temp, but can you keep them on your payroll?” Well, 38 years later, we have more than 2,200 customers who find value in the PEO model.

### What is your approach to business? How do you describe your company's model?

One of my philosophies is that we all live our lives based on the need to fulfill three basic human drivers: shelter, sustenance, and safety.

Three million years ago, man looked to get out of the elements, find nourishment, and not get eaten by a saber-toothed tiger. They tended to live in a tribal setting and worked together to make life easier.

Translate that to today. We all simply want to have a comfortable place to live, buy groceries, and live away from the threat of crime, etc. Today's businesses tend to act as the modern tribal setting.

When I hire a person, I am essentially saying to them, “We are inviting you under the tent. You have a role, which is to contribute to the tribe and its well-being.”

I know to many this sounds crazy, but using the preceding philosophy, I am not driven by profit. I am driven by sustainability. I look to pay my people and myself well and if at the end of the year there is not a large amount of profit left over, then that's okay. We have fulfilled the needs of the “people under the tent,” and if next year we have a reasonable chance to have a repeatable result, then that's a sustainable model—that's a business!

Our company's model is based on the ideal of how much we can deliver to our customers for the dollar we charge versus how little can we deliver and still keep the customer. This model allows me to sleep better at night.

In the early '90s, we were no different than many of today's PEOs in that we too wanted to take over the world and grow our business to every corner of the nation. It surprises many to learn that at that time we were operating in 28 states and had offices in 14. We were noted as one of the 10 largest PEOs in the nation. In contrast, today we only deliver services in Hawaii. There are certain things that

cannot be delivered through the Internet: haircuts, hugs, and HR. Like haircuts, I really believe that HR services must be presented face-to-face. This belief led us to rethink our model, and in the year 2000 we sold all of our regional business to other PEO providers, which allowed us to focus on what was in front of us.

My company has really been a continual evolution from its inception as a temporary help provider. We have always been very strong in the HR deliverable, but we were finding more and more that technology was playing a larger part in what our customers wanted. As a result, today our IT department is the largest department within ALTRES.

**You reference technology playing a larger part in your business. How so?**

We've always had a high-touch PEO. I view technology as a way to bring more value to our clients. One of the first milestones in this evolution came in 1985 when we installed, at our expense, fax machines in all of our clients'

offices. In 1993, I found myself in the pet healthcare business, similar to insurance, but it was a capitation model. The problem was that someone would sign up a cat named Fluffy for the program, but bring in a dog named Muffy. How would the vet keep track? We decided to microchip the pets. Now, I suddenly was in the microchip business. I started thinking about how we could use this in the HR world. We put an RFID [radio frequency identification] chip in a key fob that an employee could attach to their key ring. We also developed a proximity reader so a client could use the key fob system for their employees to clock in and clock out of the office as they walked through the door. This was a very popular offering when we introduced it.

Over time, though, we realized we were missing a user experience component, so we developed HR Symphony, the cornerstone of our technology offering. It acts as the landing page and navigation portal for our users. Below its surface is a stand-alone integrated database from which we run all of our applications, such as onboarding, scheduling, time and attendance, applicant tracking, and employee evaluations. Today, HR Symphony has a full suite of workflow tools and dashboards to make our system purposefully attractive to prospects and our clients' employees.

**What are your priorities as 2018-2019 board chair?**

For me, the number-one thing is creating a legacy of leadership. I want to carry through previous chairs' initiatives and see them through to fruition—if they are still relevant. So far, I hope to finish up the self-funding question that 2017-2018 Chair

to look forward and jump start ideas that future chairs may have.

In addition, I would like to explore the idea of understanding the current state of the industry. I think we should acknowledge where the industry has moved and recognize the shift in the service model. I don't know what should or will be done, but we should talk about it. It's a conversation worth having. Is NAPEO going to expand to include more than PEOs?

Finally, is there a larger social purpose we, as an industry, can glean from the position we're in? Can we effect real change in our communities?

**Can you expand on your idea of exploring the industry?**

A few years ago, I wrote an article offering a brief overview on how the PEO industry and model has evolved over the last few decades. I also sought to look at the PEO model in the context of the broader HR services industry. In addition to PEOs, there are really two other types of HR services companies: BPO (business process outsourcing) and ASO (administrative services outsourcing). But more recently a third model has developed, a sort of hybrid of all of the other models. I call these companies employer services organizations (ESOs). My thesis is that the HR services industry is moving to ESO and there is enormous opportunity for PEOs to be the first companies to occupy this space.

Any PEO also doing ASO is an ESO. Anyone reconciling a client's benefits without employing its people is an ESO. Anyone who goes out and does an employee handbook evaluation is an ESO. The PEO model is still growing, thriving, and extremely relevant, but there are cases when a PEO (employer of record) model is not an ideal fit for the client and the PEO chooses to initiate the ASO model. It's estimated that for the PEOs that offer ASO services, 40 percent or more of their business may be under the ASO model. Should NAPEO simply ignore this?

The question I want us to answer is this: Is NAPEO going to represent the ESO model and can we acknowledge



Barron and Clay Kelley exploring their Italian roots by making pizza.

Norman Paul began last year and, of course, the marketing initiatives, as I think we're gaining real traction. But I also want



that a majority of PEOs in the market are delivering ESO-type services?

I believe there is an opportunity for the PEO industry to position itself as the leaders of the ESO model and then bundle the PEO as one of the deliverables within the ESO.

**You've talked about PEOs as a force for social good and change. What do you mean by this?**

I believe that being philanthropic and charitable is a modeled and learned behavior. It's a trait passed from a parent, mentor, or leader in the community. If you look around, you can see that the needs and pace of change are happening much quicker than the government can respond to it. Really, if you ever want the world to be a better place, we have to do it ourselves.

I'm trying to introduce the concept and encourage others to realize that PEOs have an enormous opportunity to do social good. PEOs are the nucleus for their

clients and their employees. We have certain unique attributes and relationships that allow us to harness "The Power of Many."

What if we could harness that power to drive our clients to band together and move our community? And I mean more than painting over graffiti, removing trash from under a bridge, or sponsoring a food drive. We are postured to really do meaningful acts to change our communities.

If I can teach you how to give and how to be a leader from our PEO platform, then you can go out into your communities and lead, motivate, and possibly move the world. Many PEOs will start a non-profit, but why not start a movement? That's what I'm talking about. ●



Director of sales John Ferguson and Barron at the ALTRES annual "Harvest Celebration."

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