

A Blueprint for the Future



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Which came first, the chicken or the egg? Although I still don't have the answer to that one, it leads me to similarly ask: Which came first, the trade organization or the trade? I have a reasonable basis for my belief that the PEO industry was first started by a few early pioneers and then came the trade organization. Our founders shared a vision of growth, unification, and representation (legitimacy) for their fledging industry. Hence, in 1984 the National Staff Leasing Association was formed.

Fast forward 30-plus years and, although the industry has since renamed itself and most of those early pioneers have moved on, the basic cornerstones of our association still hold true: growth, unification, and representation. This month, the NAPEO Board of Directors will be attending a strategic planning session to set the stage and create a blueprint for staff to work from in the coming years.

If you have been following my column each month, it will come as no surprise that I am especially focused on ensuring that the NAPEO leadership acknowledges the changing landscape of the HR outsourcing industry. The marketplace, which was once dominated by PEOs and BPOs, is quickly being infiltrated by ASOs and a new breed, ESOs (employer services organizations).

By now you've heard of Namely, Zenefits, and Bamboo. Unlike a PEO, none profess to be the W-2 employer, yet are we certain that our prospects or even current customers can tell the difference, as they too provide payroll, benefits, HR advice, technology, and purport to save their clients money?

What about our current NAPEO members? Are they part of this shift in the landscape? More than 70 PEOs participated in the 2018 Financial Ratio & Operating Statistics (FROS) Survey, and 75 percent reported that they also provide ASO. More than 25 percent stated that ASO made up more than 25 percent of their total revenue.

NAPEO is currently charged to help grow and represent the interests of PEOs, yet based on the FROS, NAPEO is not representing all PEO business. In the upcoming retreat, one of the areas the board will have to explore is whether or not NAPEO should be supporting the ASO portion of our member businesses with services such as legal and government affairs monitoring, operational efficiencies, and others.

If NAPEO can bring value in this area, is this something from which NAPEO should also potentially receive dues income? If the answer is yes, should NAPEO then encourage new ASOs to join our organization?

It's my view that PEOs, ASOs, BPO, and HSOs are all part of the growing ESO HR services ecosystem. By acknowledging that this unicorn really does exist, NAPEO is in a unique position (if appropriate) to put a framework around it before some other "pioneers" do. There are some who may argue no, and historically I would understand their position. However, shouldn't the trade organization support the direction of the trade (market) versus define the trade?

During our retreat, the NAPEO leadership will begin to explore these questions as we create our strategic plan for the coming years. If you have any thoughts about these topics or others, please contact me, NAPEO staff, or any member of your Board of Directors, as your thoughts are important to us as we create a blueprint for the future. ●

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