

BUSINESS



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ERNST & YOUNG'S EMERGING ENTREPRENEUR OF THE YEAR

Diversified's chief takes it all in strides



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Brian Lesk has worn many hats, but he finally may have found one that fits. Lesk is CEO of Diversified Human Resources, a staff-leasing company.

By Jane Larson

The Arizona Republic

Some people take small steps in business, and over the long, long term that eventually will get them where they're going.

Brian Lesk would rather take big leaps.

Fresh out of the University of Arizona in 1980 with a business degree, he started FMC Inc., a golf-related advertising and public relations agency. He sold it to buyers who wanted to franchise the concept and leapt into a totally different arena — buying and fixing up student housing in Tempe and homes in Phoenix's Coronado Historic District.

Then he jumped into investing in the stock market, with side hops into a travel business and restaurant investments.

It was his latest leap that has Lesk, now 41, chucking the long hair and earrings and thinking seriously about growing the ideal company.

He thinks he has found such a company in Diversified Human Resources Inc.

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Diversified's chief finds hat that fits

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Lesk, chief executive officer of the Scottsdale-based professional employer organization, Tuesday was named Arizona's Emerging Entrepreneur of the Year. The award, for companies in business five years or less, is given by the accounting firm Ernst & Young as part of its national Entrepreneur of the Year program.

DHR is a 3-year-old entrant in the relatively new field of PEO's. Also called staff leasing companies, such firms provide employee benefits and other human-resource services to small companies in exchange for a regular fee.

Lesk says his stock-market forays got him interested in how companies go public. He developed a list of attributes he thought an ideal company should have.

The PEO industry was an intriguing fit.

"You make money by taking off the table things people don't want to do", Lesk said of the industry. "So many business owners say, 'This would be a great business if it wasn't for employees'."

While researching the industry, Lesk met Dan Wheeler, who worked for another PEO, and they started Diversified Human Resources in 1996.

In the early going, the company's typical customers were eight- to 20-employee law firms, medical offices and construction subcontractors, Lesk said.

Today, the typical customer is more likely to be a 200-employee aerospace firm, a national restaurant chain or a multistate Internet provider.

DHR has 60 employees and more than 600 client companies from which it generates annual sales of more than \$100 million, Lesk said. It has an office in Tucson and is

Planning ones in Las Vegas and California.

The Ernst & Young judges were impressed by Lesk's ability to grow the business and to quickly respond to opportunity, said Mark Zupan, a judge and dean of the University of Arizona College of Business and Public Administration. The company also was noteworthy for its quality of service and growth through word-of-mouth, "old-fashioned but still important criteria," Zupan said.

Lesk said that as a new player in the PEO industry, DHR knew little else but how to focus on the most basic aspect of business: customer service. Lesk says he learned it working summers in Canada for his grandfather, who taught him it is the customer who pays the mortgage.

"When we sit down with each customer, we listen first. We don't say, 'Here's our package,'" Lesk said.

The company designs its services around customers' requirements, such as the need for payroll services, employee benefits, benefits administration or safety and government compliance.

It also has grown by adding customers and sales, not through the acquisition strategy popular with some PEOs, Lesk said. Unlike other firms that specialize in certain industries, DHR operates in about 130 Standard Industry Classifications, he said.

The company's quick growth leaves Lesk feeling like Alice in Wonderland when he encounters a roomful of other entrepreneurs. He thinks it is important not take oneself seriously.

"A magician's downfall is the belief in his own magic," he said.

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