

In the last two years, has your PEO strategically moved from blue-collar to white-collar clients? Why or why not?



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We have not consciously made a strategic move in either direction. What we have done is properly staffed our company to serve the needs of both the white-collar and the blue-collar marketplace. A key to success is to bring value to the client. In the old days, many in the industry saw that value as “savings” on workers’ compensa-

tion insurance. This allowed them to load up on blue-collar companies so long as the workers’ compensation markets stayed soft. We never pursued that road and instead we focused on value. It has a better shelf life and will always have a market. Since inception, we have focused on plugging ourselves in where our clients decide they need it most. Then they go make money. It’s not easy by any stretch, but it is fairly straightforward.

Because we have an in-house risk management department that focuses on our clients’ needs, we are able to bring substantial value to blue-collar companies over the short term and the long term. We do this by instituting safety programs, effectively managing claims, and bringing an attitude of safety and constant improvement to the worksite. We have a history of helping clients in reducing their experience

modifiers, decreasing Occupational Safety and Health Administration (OSHA) liability, and improving their safety programs. It is a value that an owner of a blue-collar company can identify with quickly and a service they will be reluctant to give up.

The issues are different for white-collar companies but our approach is similar. We bring value to the table and smart business owners appreciate value and are willing to pay a fair price for it. The value proposition is simple: clients leverage our expertise and the timesavings we create to their own benefit by making more money. Who doesn’t like that?

As the old saying goes, “Give a man a fish and feed him for a day. Teach a man to fish and feed him for a lifetime.” Our philosophy is to assist our clients in building better companies. In return we receive loyal clients over the long haul.■



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It’s no secret that a PEO with a book full of blue-collar clients faces challenges a PEO with a diversified book does not. Fully insured workers’ compensation policies are virtually nonexistent for PEOs with a blue-collar emphasis. Several PEOs have resorted to the state assigned risk pool. However, many pool policies now have loss sensitive programs that require additional deposits and additional premium in adverse claim years. Another

option is a high deductible plan. Unfortunately, the annual collateralization requirement can range from a few hundred thousand to millions of dollars. Both options can work very well for the PEO that diligently underwrites its risk, implements continuous loss control, and has the ability to write gigantic checks!

We decided a few years ago to start heading down another path. Even though 60 percent of our clients were white- and gray-collar (under \$6 per \$100 of payroll), it was the blue-collar portion (over \$6 per \$100) that was becoming increasingly challenging. Here are a few ideas we implemented:

- We enhanced our service offering to be “white-collar friendly” (i.e., Internet access for clients and covered employees, low deductible medical option, HR seminars, etc.). If you build it, they will come!
- We updated marketing materials to coincide with the new focus.

- We trained our sales team on value proposition versus cost savings.
- We motivated salespeople through commissions to sell where we were heading. We lowered commissions on blue-collar prospects.
- We reviewed clients’ pricing versus *all* workers’ compensation costs and verified we were collecting enough money for the risk we were assuming.

Understand, if you try these things, you will lose some business on some of these points. I’m not suggesting changing all clients on the same day, but gradually over time. You will determine who has bought your value proposition and who has bought a low price.

Eventually, the image of your PEO will change. Your result will be higher gross payrolls and administration fees, plus lower workers’ compensation premiums. Also, a few more options will be available at renewal and the checks for deposits, premium, and collateral are not as gigantic!■