



By Mark Mettille, M2 PEO Solutions

PARTNERING WITH A PEO

How Contractors Can Benefit

Your Business

How do you manage all of the responsibilities that come with having employees? Even with one or more people on staff dedicated to payroll, HR, workers' comp, benefits administration and safety, you'll probably still need to outsource some aspects. There are a number of options for outsourcing various elements of these functions, but a Professional Employer Organization (PEO) is a one-stop shop to which small and medium-sized contractors are increasingly turning. A PEO specializes in handling the responsibilities that come with employment. PEOs have been increasingly utilized since the 1980s and serve clients nationwide.

Core Concepts

The PEO assumes many of the non-revenue generating tasks every company must perform to operate. This allows the company to do what they do best – focus on growing its business! Owners who utilize PEO services spend less time 'pushing paper' and more time focusing on their bottom line. Non-money-making tasks such as weekly payroll administration, transactional HR, benefits administration and tracking government compliance are transferred to the PEO. Contractors partner with the PEO to share employment liability of their W-2 employees. Owners no longer have to wear the 'Boss' Bull's-eye' on their back every day with total liability.

Cash Flow

Cash flow is the primary concern for most of the contractors with whom I consult. A key advantage of working with a PEO is that there are no longer large down payments or audits on workers' comp insurance. Owners aren't forced to hand over any down payment to start coverage. They simply 'pay as they go' for workers' comp., which may keep tens of thousands of dollars in hand to grow their business. This can be extremely helpful in a down economy, especially for companies carrying expensive, high-risk workers' comp.

One Team of Professionals

Most contractors I advise openly admit they don't know the first thing about ERISA, FMLA or ADA laws, or if they are even in compliance with the most current labor laws. They just don't have enough time! Business owners are typically great at their given trade, whether it is road construction, pouring concrete, steel erection, etc., but they know they are not HR, benefits, payroll or tax experts. This is where they can lean on the PEOs professional team and expertise to know they are in compliance and that things are being handled properly.

Added Benefits

In these recent difficult economic times, many owners have seen a significant difference in how a PEO can stabilize their overall labor costs. One factor of this equation is keeping the company's SUTA (state unemployment tax) rate as low as possible. Many contractors experienced higher than usual layoffs in the past year. Those partnered with a PEO saw very small, if any, SUTA increases due to the PEO's ability to weather the unemployment storm. On the other hand, many stand-alone businesses saw large increases, and some had their SUTA rate double in 2010.

PEOs not only assist in dealing with unemployment claims, they also provide employee handbooks and safety manuals specific to their clients' needs. These are two critical items that are sometimes overlooked in the blue-collar sector.

PEOs and Their Future for Contractors

As an owner with a busy and challenging schedule, your most important focus is the growth of your business. It's difficult to keep up with new regulations, run payroll, handle HR and make certain your employees have proper worksite safety and training – even when you have a competent office manager. Individuals at small or medium-sized companies who have 'taken on' these duties may lack the required experience and understanding of all the rules and complexities surrounding employment issues. The simple fact is that our current federal and state administrations are not making it any easier on business owners to run their companies. New laws are being passed every year, and the amount of red tape, government compliance, increased jobsite liability and time-consuming HR tasks are only going to increase. Wouldn't it be nice to sleep better at night knowing you have one team of professionals to handle all these issues? Could partnering with a PEO benefit your company's future? 🛡️

Editor's note: Mark Mettille is the owner of M2 PEO Solutions. M2 assists Texas contractors and blue-collar companies with solving employment problems in the areas of payroll, HR, workers' comp and safety/risk management. M2 is an independent consulting firm located in Dallas, Texas. For more information please contact Mr. Mettille at 817-488-7020, mark@m2peo.com or www.m2peo.com.



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