

New Workforce Demands New Approach by PEOs

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There are numerous articles about workforce changes and how these are affecting and will continue to affect employers. Many in the PEO industry seem to think the evolving workforce won't impact what has been a successful business model for many years: servicing clients by managing payroll systems, benefits programs, workers' compensation claims, and other administrative tasks. What's to change?

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Plenty, for the PEO that wants to grow and prosper, and understands that competing solely on price and speed won't help achieve these goals.

An increasing number of companies are seeking PEOs that handle more than behind-the-scenes administrative duties. These clients (or potential clients) want a partner, not a vendor—a firm to help them meet the challenges of the new workforce.

This new workforce is changing the HR landscape. The rules have changed and continue to transition. One notable difference is that today's workforce doesn't respond well to the cookie-cutter approach of old. Compensation, health-care coverage, work schedules, retirement benefits, etc., offered by rote to every employee at the same levels, featuring the same options and restrictions, don't meet the needs and expectations of the new

workforce. This workforce is one that is unified by its individualism.

In the very broadest terms, the new workforce can be segmented by age group. Two of these segments are older workers, who are starting to consider retirement, and middle agers, who are loaded down with the responsibility for both kids and elderly parents. Their needs are different. Treating them as a homogenous unit will compromise retention and undermine

recruitment efforts. Successful PEOs will adapt their services to take advantage of the business opportunities presented by these unique groups.

Older Workers

Many older workers still cling to a desire to be taken care of by their employer. They wish for “the way it used to be.” The advent of technology has been challenging for these folks, and many struggle to get through the network of new communications systems that have proliferated.

Older workers facing retirement must also deal with how health issues currently being taken care of through employer health coverage will be handled under Medicare. They are looking ahead to life on a fixed income, and may be faced with difficult decisions about lifestyle changes. Many older workers are concerned about maximizing 401(k) or pension programs

and trying to calculate payments.

These issues offer PEOs a number of opportunities to create additional revenue and strengthen client loyalty. The first step for many PEOs—especially those following a transactional business model—is to begin thinking differently about how the services they provide can support older workers (and the new workforce in general).

PEOs should consider adopting a different attitude when it comes to the needs of clients and the wants of employees. The key word is “empathy.” Take a walk in the client's shoes by reflecting on your own firm's circumstances. PEOs themselves deal with stresses related to retention and recruitment. Our own industry is not immune to the challenges presented by the new workforce. Clients face these same challenges.

One of these challenges is retaining employees—a top priority for most clients. It's easy to understand why, because replacing a departed employee will cost the client as much as a year's worth of salary. Understanding your client's needs and working to resolve problems increases a PEO's value. Offering HR counsel of this nature can also generate additional revenue. For the client whose workforce includes older workers, this may mean offering employee workshops on retirement advice and tips for navigating Medicare, perhaps brown bag sessions on technology or financial planning services.

PEOs may also need to examine existing benefits packages and consider changes that will meet the needs of older workers. Additions such as extended health coverage, assisted living insurance, and employer match of employee retirement contributions all recognize that older workers want different options when it comes to benefits.

Empathy for older workers means acknowledging that this segment of the workforce has unique needs and interests. They want to be treated as individuals. Listening is critical. So is providing support and resources.

Middle Agers

In truth, of course, every employee is unique and wants to be seen as such. Middle agers are no exception. The workers in this segment are often responsible for taking care of themselves, their own children, and aging parents. They have a lot on their minds and on their shoulders. Being treated as individuals helps lessen the load.

Time is a precious commodity for middle-aged workers. In addition to busy work schedules, these folks frequently deal with health issues for children and elder care. They balance the demands of daycare for both kids and parents. Middle agers need to understand their healthcare options to make informed decisions for themselves and family members. They need help navigating the healthcare system.

On another front, a growing number of middle agers who are not yet parents want to start families of their own. Dealing with fertility issues is common—and again, health coverage is critical. Those who do have kids are often focused on providing tuition for a child's education, whether at the college or even primary/secondary levels.

Savvy PEOs will recognize the opportunities inherent in the middle-aged workforce. Middle agers want more time off, assistance with child care, and solid healthcare programs. PEOs can generate incremental revenue by offering clients innovative solutions to these challenges: flexible, creative work schedules, child care options, HR specialists who pro-

vide strategic counsel on tuition savings programs, and enhanced health coverage.

Above all, a PEO can assist the client in keeping middle agers as valuable members of the staff by being supportive and understanding the needs of this workforce segment. Empathy for the many priorities middle agers have and an understanding of the client's goal to minimize employee turnover increase the PEO's value as a trusted partner.

New Revenue Opportunities

Developing services that can be tailored to fit a client's needs not only provides direct new revenues for a PEO, these services also differentiate the PEO from others in the industry that stick with the transactional approach of supplying administrative, behind-the-scenes services. Demand for these services will continue to exist. However, the transactional model is in danger of becoming a commodity because it is based solely on speed and cost. As we all know, there will always be a competitor out there who can do the job faster and more cheaply than you.

To maximize revenue opportunities presented by today's new workforce, consider integrating the following options into your PEO's portfolio. These are high-end services most companies need. Don't miss out on the chance to capture this business for your own company.

- Recruiting services. Finding the best employees is an important first step for most clients. By shouldering this responsibility,

your firm provides added value in a significant and very visible way.

- Training and seminars. The complexities of health insurance, retirement and 401(k) programs, financial planning, and other personal management tasks can be overwhelming. Offer your clients access to professionals who can educate employees about these topics.
- Organizational development consulting. HR consulting services will help establish your PEO as a trusted partner. These valuable services can range from leadership team development and executive coaching to developing comprehensive compensation programs, performance management programs, affirmative action plans, and a host of other services.

Offering services of this caliber positions your PEO as more than a firm that only handles administrative paperwork and data entry. The result is increased revenue and a strong competitive advantage. Partnering with clients to help them successfully manage the demands and expectations of the new workforce opens the door to new possibilities. Be empathetic. Be innovative. Be successful. ●

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