

*COMPARATIVE STUDY:*  
**OPERATIONAL  
CHALLENGES**

# THE MID-SIZED PEO

BY STEVEN SWEENEY

If you ask anyone that works in a PEO, they will typically tell you that if you aren't in this business, you can't understand it. Industry professionals are just, as the younger generation would say, "built different."

PEO is a challenging, yet highly rewarding business space, and when it comes to challenges there is never a shortage. Revenue, labor, competition, politics, economics, are just a few. One of the major operational challenges that mid-sized PEOs face is somewhat wrapped inside the evolution of your business and its lifecycle. Most long-standing mid-sized PEOs face it, but many times we fail to see and address this complex challenge. That challenge is legacy clients.

Just for a moment, let's think about how we got there and why it's a challenge. Think about the excitement of getting your business started. We opened those proverbial doors and took "all comers." You want to do business with us? Great,

we want to do business with you too! Then came the service level. You want us to do what? Yes, of course we will! And the dreaded question, are you going to charge me more for that? Charge you more? Of course not.

We were so grateful for those clients who entrusted us to take care of their businesses and their most precious asset, their people. We grew with them. They grew with us. We learned so much along the way, honing our business model, making necessary adjustments, eliminating the friction, enhancing our processes to mitigate mistakes going forward. We became increasingly more strategic and knowledgeable in our business. We now relied on key metrics to enhance profitability, to be better for our clients and to drive our business forward. We were so fortunate to have grown so much, all while retaining those amazing clients who stayed with us from the beginning.

As we watched our global metrics, it hit us. How could they be so off? We dug

deeper and realized those amazing legacy clients were way out of line.

As we grew, the new clients we engaged were onboarded with clear expectations for service, deliverables, and pricing. When they requested additional services, we charged accordingly, and they expected those additional fees. We had clear, defined price structures and agreements to rely on. But how do we keep our legacy clients happy with a consistent feel of the "old us" and make them "fit" in our new operating environment? This is a situation where you have to ask some key questions:

1. What value HAVE we delivered to the client and what value DO we deliver to the client?
2. How far off are my legacy client numbers from where the numbers need to be?
3. Is my relationship in a place with the client to have a positive conversation about this?

## ***“Clients expect our organizations to grow. If we believe what we say, isn’t that also why they hired us?”***

4. Are there any other reasons that this client is beneficial to your business (aside from revenue)?
5. If I try to “fit” them in my new model will they leave?

Once you have the answers to those questions, you can begin to develop your plan to address the challenge. It is unrealistic and unfair to your business and your team not to address a challenge that might exist. You cannot provide the same level of service in the same manner you always did if the client is so far out of line with your metrics. That said, there are other ways to continue achieving your goals of efficiency, scale, profitability, and service while keeping those legacy clients feeling like “the good old days.” The COVID environment shift might even have helped with some of these ways.

Consider these ideas:

1. Replacing some in person visits with virtual visits.

2. Attending higher level meetings (supervisors/managers).
3. Inviting the clients into YOUR offices with their teams.
4. Enhancing deliverables by offering items that can generate revenue.
5. Increasing touch points through automation or by using electronic capabilities.

These are just some examples of creating efficiency, scale, profitability, and service.

Finally, and maybe most importantly, addressing this challenge has to start with something simple that we all had when we started: the right mindset.

Clients expect our organizations to grow. If we believe what we say, isn’t that also why they hired us? To help them grow. The point is all businesses grow and growth brings change. But the mindset for why you went into this business and the service mentality doesn’t have to. If your mission as an organization remains the same and we

hire talented professionals who are faithful in fulfilling that mission for our clients, you have the key to success.

Things will change. Processes, systems, products, pricing, agreements, it’s part of the lifecycle of any business. While mindset and action aren’t mutually exclusive, if you don’t have the mindset the action will never take place. Maintain the mindset of why we all started in this business, what attracted those legacy clients to us in the first place—and the rest will fall into place. ■

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