

Good afternoon. The last few days have really been great experience. It's been way too long since I've been to an annual conference in my profession - and that's unfortunate, but we'll get into those reasons in a bit.

As many of you know now, I'm the owner of a nationwide PEO brokerage since 2001 and a salesman lifer. So I've helped connect a lot of people with a lot of products and services for years now.

Most of you already know there are PEO brokers all over the country, but you may not how to work with guys like me, or maybe working with some and having mixed results.

Unfortunately, our industry has done a poor job by not providing a platform for communication and education building between the PEO and broker. A platform to develop at least some minimal relationship standards and processes. We've had a figure it out yourself practice in place and that's been the cause behind many of the questions and comments you and I have heard, or maybe even said over the years now.

- Brokers just sell on who pays the most.
- There's no loyalty.
- They move clients for better commissions.
- They just send me their bad risks.
- They misrepresent payrolls and risks.

PEOs want more business. And brokers can be a great opportunity for growth. But the consequences of not having ANY professional industry practices in place has meant that many times – we don't really know who we're doing business with!

Today, I'm going to talk about who brokers are. The incorrect way we've been doing business together. And how to change this, for better relationships and to improve sales. I also want to share some ideas within this PEO/broker relationship that I hope PACE will consider moving forward.

So, who are PEO Brokers? Well, based on my experiences there's a lot of people in this group. But speaking with several of the largest PEOs that drive sales strictly through full-time PEO brokers there's approximately 400 nationwide and the majority come from a PEO, or payroll background – including myself.

- A. Experienced PEO Individuals & Groups.
- B. Insurance Agents.
- C. Bankers.
- D. Payroll Reps.
- E. CPAs.
- F. Business consultants
- G. Venture Capitalists.

I became a broker over 15 years ago after being in payroll sales and was regularly competing against PEOs and sometimes losing the battle. Finally the light came on that I need to have PEO options too when that was the better fit, so I called my first PEO about becoming a broker.

Now, before I became a broker, I'd been through a lot of sales training in a previous industry and a full month of training before my first call selling payroll. I knew insurances where part of the PEO service and insurance agents have to be licensed, so I wasn't sure what the process would be to become a PEO Broker. My initial thoughts were that some of the requirements may include:

- A. Educational requirements.
- B. License/certification.
- C. Sales experience.
- D. Interview process.
- E. E&O insurance.

Well, surprisingly there were no real requirements! To become a broker, a face of the PEO organization, I just needed a contract and in some cases that's not even required.

So, with my first signed contract - I had now become a broker.

Now after signing that contract, I assumed some of the next steps before going out to sell for this PEO may include: some background info on the PEO. You'd think it would be a good idea to really know, what the company does and can do. What does your risk manager do? Tell me more about HR and how it helps the client. What's the underwriting process, time...

- A. Company Information. How long the PEOs been in biz, preferred industry preferences, owner's background and any stories to tell, etc.
- B. Training. Because, remember I know payroll and have picked some street education on PEOs, but I don't really understand all the advantages.
- C. Services. Pay cards, DD, certified payrolls, HR – this is all a little gray from where I'm coming from.
- D. Meet Department Heads. Get an education on the services. Understanding how coi work, what they look like, what is a risk manager doing? Get some phone or email to contacts for questions.
- E. Procedures. Underwriting needs, time-lines, contracts, new client on-boarding, pay periods, etc.

Guys, I pretty much had to figure most of this out with questions over time – because there was no process or manual – it was just start selling and send in some prospects!

So what's been accomplished here?

- A. NO Relationship. Don't know much about the people I'm working with, nor do they about me.
- B. NO Trust.
- C. NO Uniqueness. Service, benefits, locations, industries served differentiators.
- D. NO Education. I've asked all the questions, I least know at the time I should ask. What's the process? What are payroll reporting options? What do the reports look like? How does the client get coi? Who do they call with an employment problem?  
= NO COMMITMENT!

**Not a great setup for success.** Plus, if this is your business - your brand - do you really want someone out there as a representative of your company based on a short conversation and some marketing material? *This is how our industry does business - still.*

*Think about this for a second (slide). We expect professionals in these industries to be licensed. These are parts of the service model we're selling, but we'll allow anyone to go out as a representative of a PEO with little to no relationship or education?*

**I don't see any other industry that does business this way.** *Because it's unproductive, unprofessional and screams liability.*

- A. Health Insurance. License required.
- B. Work Comp Insurance. License required.
- C. Certified HR Pro. License required.

Even these industries require some form of education, or certification.

- A. Massage Therapy.
- B. Auctioneers.
- C. Make-up Artists.
- D. Travel Agent.
- E. Interior Designer.
- F. Funeral Attendant.
- G. Security Guard.

**Now, I'm not suggesting there has to be some form of licensing.** But it would seem reasonable to want some standards. I've heard the negative bashing from PEO owners and brokers about each other for years now and we wonder why there's so much distrust between parties when we work together like this.

Good brokers know they control distribution of these services, because they're the ones with the leads! They view the majority of PEOs as just service portals, because the PEO hasn't invested any time, education, or communication in them. They've left that task up to the broker to differentiate and guess what the consequences of that become? What's your price and how much you going to pay me.

So, how can PEOs change this for better relationships and more sales? As a broker, here's the things I value most.

- A. Ask questions. Get to know me and how I do business. We do most of our business directly with the business owner. Many brokers only work through agents, but each can be very different. We target more blue-collared industries and have clients in roughly 45 states. Some brokers only work in the state, or even area they're located in and come from a benefits selling background. This simple, upfront conversation at least helps you understand what you can expect from the broker and how to most effectively work with them.
- B. Educate. Tell me your preferred industries, states and strengths upfront. Take the time to help me understand your process, submission requirements, forms, department contact numbers, etc. I don't believe we've ever been sent an easy broker reference

manual from a PEO over the years. This upfront investment in education and communication helps me sell your PEO better, plus there's less service issues. On the same front, invite me in to your company and let them feel part of the organization. When I go visit my PEO partners, I want to meet everyone. Because the head of HR, the payroll tech, or an individual in risk management will all more than likely have interactions with the clients I'm sending in. So, those personal meetings and relationships have value. It gives me a better understanding of what they do and a better appreciation hopefully of what our clients getting for their money.

- C. Be Easy to Work With. Most salespeople have the attention span of a one year-old. From submissions, setup docs, proposals – to summarize, any and all paperwork! I have a few PEOs that say, just send the signed proposal over and we'll do the rest. They get that they'll save time, because they're people know what's needed best to onboard a client. It gets payroll and the client relationship started faster, and, you'll have a happier salesman who can get back out on the streets to send you another signed deal.
- D. Communicate. Stay connected. I like to be put on the PEOs Newsletter if they have one, so I get updates on new services, changes with the PEO. Ask for input and ideas from your brokers. Doug, Dave, the guys at Harbor send out a survey yearly – it's a great idea. This is a great free resource to access from the people on the front lines about your business and services.
- E. Create Incentives. Whether cash, gifts or trips – salespeople love a little extra motivational carrot. But, it also gives a reason for the PEO to communicate more often during the contest, regularly plugging value props at the same time. A real missed opportunity by many PEOs is not identifying the brokers that are really easy to work, target the client industries they prefer and creating special incentives to get the most out of these guys. You can really build your business with just a handful of these people.
- F. Show-off. You've invested in people, systems and services – in some cases over several decades, which are huge benefits in experience and stability. Take the time to show what makes you different – to sell yourself. I can appreciate your need for bigger margins than the next guy, but you've got to show me why - and then back it up. Far too often, I've had commission conversations with PEOs and the comment will be "yeah, unfortunately, this is all we can pay on a deal." Why, will be my answer? You should be able to answer why your commission structure is what it is.

**Now, unfortunately we haven't been doing a lot of these things** because we've ignored sales as an industry. We've ignored these relationships as an industry. I've been frustratingly passionate about this for years now, because it goes against everything we should be doing as an industry to improve. And because "nothing happens without sales."

It's been 40 plus years since the PEO industry began. NAPEO states roughly 3 million employees are part of a PEO. There's currently 120 million people in our countries workforce. So maybe a 2.50% market share at best? Why so low? Is it because we're just viewed as a cheap work comp option, or health insurance savings? Because insurance carriers starting providing paygo methods through payroll companies? Or, maybe these guys (namely, zenefits, workday) which are popping up everyday? Maybe we're not selling, over even delivering on the full value of a PEO?

It's probably all these reasons and more. But instead of bringing sales and PEOs together, our industry together - we've been rolling along, business as usual for years, refusing to address these issues which are holding us back!

Have we just met are max market share at 2.5%? I don't believe that.

I'm here today because this started with an email I sent to Doug and Ray back in the fall about these concerns I've had. For many years I had thought of starting a PEO brokers group and I know it's been discussed before. But we don't need another industry organization, we need to be coming together as an industry and this is the responsibility of our current organizations.

So, what if PACE were to lead this change. What if this was the place that PEOs could held their annual meetings with brokers? A place they could hold before or after conference events to kick-off their new services and roll-out sales plans. A place where salespeople and their PEO partners walked the marketplace together discussing new opportunities, because who knows best what can be sold.

What if a year from now, PACE had an agenda that included sessions like this:

"Win More Approvals!" Work Comp Submission Best Practices – Joe Smith, Sunz Insurance, Sponsored by Harbor America.

"Payroll Now"- How Technology Has Changed Everything – Jane Smith Prism HR, Sponsored by Employers Resource.

"ACA. The Questions that Generate Sales" – James Jones, Aetna. Sponsored by Merit Resources

"Selling PEO" – 10 Tips that Close the Deal

Hey, I want to hear about regulatory effects on the industry, new, cool technology benefits that reduce labor, benefits, laws – as a salesman I want to hear it all because I represent our industry better. Just give me and others in someplace to go for continuing industry education and let's start growing this thing!

Imagine hundreds of PEOs and brokers here excited about learning and developing new relationships. Wouldn't we all feel better about who we're working with? Do you think it would create less headaches, more professionalism and improve on that 2.5% number? It's not a pipe-dream and it's not hard to do – and it's what every other industry organization out there does.

I hope PACE will consider leading on this issue, because we need to make changes. It's not only an opportunity to grow membership with a broader representation of our industry, but more members bring more ideas and you want to hear those. You want that change, that growth - as an industry organization each year. It forces you to be better when expectations are high.

Part of being successful in sales is believing in what you sell. That you've seen and really know the value of that product or service. I wouldn't be here today talking about this if that wasn't exactly how I felt about this industry. Let's be the ones who started moving it forward.

Our other speakers have talked about paperless docs, social media, time and attendance apps – we do business differently now than we did years ago and change is happening faster all the time. When I started in this industry, the phone book was still how people found services for their business. In fact, all the employee leasing companies (as it was known at the time) I knew had a salesforce – I never bumped into another broker. That was the norm though, because this was still a time when most people wouldn't think of getting their insurances and payroll serviced by someone 3 states away, or really even on the other part of the state.

I'm still amazed when I think about how quickly things have changed. We didn't start a website till 2006, but we were still ahead of most businesses I called on at the time. In ten years now, we have clients in almost every state from our online presence. The recession and rise of the internet has given people more access to information, education and choices.

That includes choices like these guys (our competitors), that I get too many offers, publications and invites from and still haven't figured out how I got on their mailing lists. Check out their industry sites and conferences - I can promise you they take sales seriously. (slide of staffing, payroll, HR, insurance annual meetings).

personal businesses, as well as the industry's successes or failures will be determined on if we're , so we acknowledge it and act, or slowly get picked apart by people who are already out there understanding our weaknesses.

The last thing I want to do today, is acknowledge Doug and Ray who asked me to come speak today. This started with an email to Doug about my concerns and And if you're looking for a blueprint of successful broker relationships, Doug and his people have it. So talk to him – I'm sure he'll sell to you for the right price. Thank you.

Brokers/agents view PEO as a work comp, or health insurance solution only – and communicate that to their client.

, who gets this and has is truly one of the few that has been would an annual conference look like if But have to acknowledge sales has changed. It's harder to find people who will go out and knock on doors. The internet has had a major influence on change.

This is the industries responsibility to help make this change.

Napeo. Don't hear good reasons to join. Look at the agenda. Marketplace – why? How many salespeople know what your payroll software can do?

Show potential agenda.

Once a year program. Acknowledges internally people. Awards brokers for competition. More members. More professional people. Would margins be higher, because they explain the difference.

Not about me. I'm in good shape. Raised two kids, etc. This is about the future of the industry.

Times are changing faster than ever than before. Look at all the competitors now. Zenefits, hr , staffesentials.

How to people think now than before. Phone book, local now will access services out of city, county, state.

Pauses.

Find a surprising fact or an unusual analogy that relates to your topic.

Always repeat yourself.

Your audience probably hears about half of what you say, and then they filter *that* through their own perspectives. So create a structure that allows you to repeat and reinforce key points.

Voice tone

Know material

audience

location/space

never apologize

Imagine success/visualize

focus on message, not yourself

Lessen the situation. You're not talking in front of the world.

Stand straight, arms to side, low voice inflection to show confidence. Hi, I'm Mike Burgelin. I've been in sales for about 25 years now and in the last 16, helped people access PEO/employee leasing/ASO/Payroll/Benefits and commercial insurance servies. I

Short elevator, but tell audience what you can do/solve for them.

Deliver your hook. "I'm going to show you".. then fill in what's going to create more happiness success or freedom for audience. Can't tell them what they'll get, until you tell them why they would want it.

Then slide of presentation agenda. Shows them what they can take away and use tomorrow. Summarize the narrative.

Give a credible statement. Give relevant or compelling data that supports your statement.

Good afternoon. As the owner of a nationwide PEO brokerage business the last 15 years and a salesman lifer, I've helped connect a lot of people with a lot of products and services over the years. Most of you here already know there are PEO/ASO/Payroll/Benefits brokers all over the country, but you may not know how to work with these independent people - that at the same time are a representation of your company. Our industry has done a poor job by not providing a place, or platform for communication and education between the PEO and the broker. The effects of that are a lot of distrust and confusion and I have big concerns about the consequences if we don't change this.

We all want more referrals, more opportunities, but not at the expense of our investments in resources and reputation. So how can you best make this group work for you?

Today, I'm going to talk about who this broker group is, the broken processes that have been in place and how to change it and what I believe PACE can do for our industries future perception, professionalism and growth. (agenda slide)

II. Who are PEO/Employee Leasing Brokers and who uses them? They're individuals, groups, insurance agents, bankers, CPAs, business consultants and more (slide). These referral sources, or sales forces are well over a thousand people – driving today's PEO/ASO/outsourcing sales (combine # with slide above). Statistics show more people are moving to more independent occupation status.

Everyone wants referrals, so who isn't using one or more of these referral sources – at least purposely?

- I. How does one become a PEO Broker? (stick person)
  - F. Are there educational requirements?
  - G. Certifications needed?
  - H. Sales experience?
  - I. An interview process? (all slide)
  - J. None of the above. You just need a contract and in some cases that's not even required. (slide of contract)
- II. Now you're a broker – what's next? (same stick person, arms up excited)
  - F. Training.
  - G. Company history info. Who we are.
  - H. Intro to employees, department heads.
  - I. What we do well. Services provided.
  - J. Procedures for new prospective clients.
  - K. None of the above. There is no process.
- III. So what's been accomplished here?
  - E. No one really knows who they're working with. Trust.
  - F. Errors will certainly happen. Communication.
  - G. There's been no value or uniqueness established. Differentiate.
  - H. What our clients being told when questions are ask. Education.
  - I. Brokers/agents view PEO as a work comp, or health insurance solution only – and communicate that to their client.
  - J. And this is your brand, your business – our industry that we're building this way.

Today I'm going to talk about who this group is, the broken system that's been in place and how to change it for mutually beneficial relationships.

There's over 1,000 (show stat) of these lead sources controlling the majority of PEO if done the right way.

First, how to get more referral partners and grow your business. These are free leads, no overhead commitments. accomplish two things. Help you create more business through referral relationships. Understand the value of