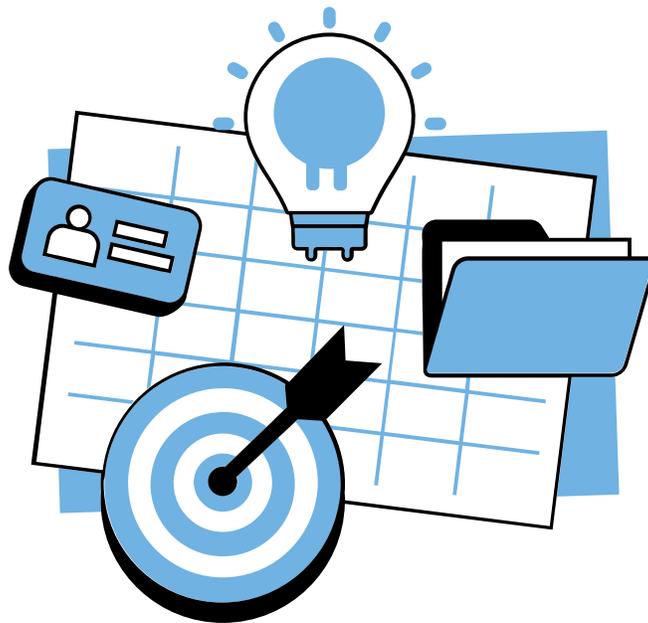


A Small Business Guide to Navigating Professional Employer Organizations (PEOs)



Overview

Managing human resources, payroll, benefits administration, and regulatory compliance has become increasingly complex for small and mid-sized businesses (SMBs). Employment laws vary by state, benefit costs continue to rise, and administrative overhead often distracts leadership from growth-oriented initiatives.

A Professional Employer Organization (PEO) offers a comprehensive HR outsourcing model designed to reduce operational burden, mitigate risk, and improve workforce outcomes. Through a co-employment relationship, PEOs provide payroll processing, benefits administration, compliance support, and HR expertise—allowing businesses to focus on core operations.

This guide explores what a PEO is, the advantages and limitations of the PEO model, how to determine whether a PEO is right for your business, and how GTM's PEO solution addresses common challenges faced by small to mid-sized organizations.

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What Is a PEO?

PEO stands for Professional Employer Organization. A PEO partners with businesses to manage critical human resources functions through a co-employment model. In this arrangement:

- The PEO becomes the employer of record for payroll processing, payroll taxes, benefits administration, and certain compliance responsibilities.
- The client company retains authority over hiring, firing, performance management, compensation decisions, and day-to-day business operations.

By centralizing HR administration under a PEO, businesses gain access to enterprise-level HR expertise and infrastructure without the cost of building a full internal HR department.

Core Services Provided by a PEO:

- Payroll processing and payroll tax administration
- Employee onboarding and HR recordkeeping
- Workers' compensation insurance and claims management
- Access to competitive benefits such as health insurance and retirement plans
- Guidance on federal, state, and local employment laws and regulatory compliance

By consolidating HR responsibilities under one provider, PEOs help businesses operate more efficiently while reducing exposure to compliance risks.

Benefits of a PEO

HR Outsourcing and Operational Efficiency

One of the primary advantages of partnering with a PEO is the ability to offload time-intensive administrative tasks. PEOs handle payroll, benefits administration, onboarding, and HR documentation, reducing internal workload and minimizing errors.

This efficiency allows owners, leadership teams, and internal staff to focus on strategic priorities rather than transactional HR work.



Benefits of a PEO

Access to Competitive Benefits

By pooling employees across thousands of businesses, PEOs provide access to enterprise-level group benefits typically reserved for much larger organizations. These benefits typically include:

- Health, dental, and vision insurance
- Retirement plans such as 401(k)s
- Access to voluntary benefits such as disability, accident, cancer, and life insurance
- Supplemental benefits such as employee assistance programs



These offerings are often more affordable and comprehensive than what SMBs can secure independently, and help small and mid-sized businesses:

- Compete for top talent
- Improve employee retention
- Control benefit costs



Benefits of a PEO

Compliance & Risk Management

Employment compliance is a significant risk area for organizations. PEOs provide expertise in:

- Payroll tax filing and reporting
- Workers' compensation coverage
- Federal, state, and local employment laws (FMLA, ACA, PFL, wage and hour laws, OSHA, ADA)

Businesses that partner with a PEO are statistically less likely to face costly fines, audits, or employment-related litigation.

Improved Employee Experience

With administrative HR handled externally, internal teams can focus on culture, engagement, and performance management. Employees also benefit from modern HR technology, reliable payroll, and access to competitive benefits, all of which have been shown to reduce employee turnover and increase satisfaction.



Benefits of a PEO

Cost Stability and Return on Investment

While PEO services represent an ongoing expense, research from the National Association of Professional Employer Organizations (NAPEO) indicates that PEO clients experience:

- Average annual ROI of approximately 27 percent
- Lower employee turnover rates
- Higher profitability
- Faster growth and improved business longevity
- Streamlined services, pooled insurance, and time back on your calendar

For many organizations, the return on investment extends beyond cost savings to include time savings, reduced risk, and improved employee experience.



Is a PEO Right for Your Business?

A PEO is typically a strong fit for businesses that:

- Lack a dedicated HR department or in-house HR expertise
- Are growing quickly and/or struggling to keep up with HR demands
- Want to offer competitive, enterprise-level benefits
- Face increasing compliance complexity or multi-state employment requirements
- Need leadership focused on strategy and growth, not administration
- Primarily employ U.S.-based workers

Small and mid-sized businesses that want enterprise-level HR support without building an internal HR infrastructure often find the PEO model highly effective.

When is a PEO Not a Good Fit?

Despite their advantages, PEOs are not the right fit for every organization. Businesses that require complete control over HR systems, policies, and data may find the co-employment model limiting.

Additionally, companies with highly customized HR needs, such as unique benefit structures or non-standard workflows, may encounter constraints when working within standardized PEO platforms.

Small Business PEO Case Study

50-Employee Restaurant

As a locally owned, high-volume restaurant employing approximately 50 hourly and salaried employees, the business had reached a critical operational inflection point. While revenue was growing steadily, administrative complexity was increasing more quickly.

Payroll processing, employee onboarding, benefits administration, and compliance tasks were handled internally by the owner with support from a part-time bookkeeper. The restaurant could not justify, or afford, the cost of a full-time HR professional, yet the demands of workforce management were consuming a disproportionate amount of leadership time.

Key challenges included:

- Complex payroll processing across multiple pay rates, tips, and overtime rules
- Increasing employee turnover
- Manual onboarding and inconsistent new-hire documentation
- Difficulty offering competitive health and retirement benefits
- Growing concern about wage-and-hour compliance and labor law changes
- Limited employee self-service access to payroll and HR information
- Owner spending significant time on HR tasks instead of operations and growth

The Solution

The Solution: GTM's Full-Service PEO Model

The restaurant partnered with GTM to transition to a PEO model, centralizing payroll, HR, benefits, timekeeping, and compliance under a single integrated solution.

With GTM acting as a strategic HR partner, the restaurant gained enterprise-level support without the expense of hiring an in-house HR professional.



GTM[®]
PEO

The Results

Payroll and Timekeeping Fully Managed by GTM

Under GTM's PEO solution:

- GTM's dedicated business account manager team handled all payroll processing
- An integrated time and attendance solution accurately tracked hours worked, overtime, and scheduled breaks
- Payroll records were consistent, compliant, and audit-ready

Result:

Payroll accuracy improved immediately, administrative burden was reduced, and the owner **reclaimed an estimated 8–10 hours** per week previously spent on payroll and time tracking.

Expert Guidance on New York Paid Family Leave

When an employee needed to take New York Paid Family Leave to care for an ailing parent, GTM's HR professionals stepped in to:

- Clearly explain the employee's benefits and eligibility
- Manage the required documentation and administrative process
- Ensure compliance with state regulations

Result:

When small business owners attempt to navigate the complexity of state and federal leave laws on their own, mistakes are common and often costly. Errors can lead to fines, audits, penalties, and damaged employee trust. GTM's expertise eliminated that risk.

The Results

Competitive Benefits Through GTM Insurance

One of the restaurant's biggest challenges had been attracting and retaining talent in a competitive labor market. Through the GTM Insurance Agency, the restaurant was able to offer:

- Competitive **health insurance** plans through CDPHP
- **Dental coverage**, previously unavailable to employees
- A **401(k) retirement plan** option, helping employees plan for their future

Result:

The expanded benefits package significantly improved retention and made the restaurant more competitive when recruiting new hires, particularly experienced staff seeking stability and long-term value.

Improved Employee Experience Through Modern HR Technology

Employees gained access to the employee mobile app, which provided:

- Digital pay stubs and tax documents
- Self-service management of direct deposit and tax withholdings
- Easy submission and tracking of time-off requests

Result:

Employees appreciated the transparency and convenience of mobile access, reducing payroll questions and improving overall satisfaction.

The Outcome

Professional HR Without the Cost of a Full-Time HR Hire

By partnering with GTM's PEO solution, the restaurant achieved:

- Substantial time savings for ownership
- Improved employee satisfaction and retention
- Competitive benefits typically reserved for larger employers
- Accurate payroll and timekeeping
- Reduced exposure to compliance risk

Most importantly, the business gained a trusted HR partner, without the cost of hiring a full-time HR professional, allowing leadership to focus on delivering exceptional service and growing the business.



GTM's PEO Solution

What Sets GTM Apart from National PEOs

GTM's PEO solution is designed to address the most common challenges businesses face when evaluating HR outsourcing, without the impersonal, one-size-fits-all model typical of large national PEOs. GTM emphasizes responsive, relationship-driven support tailored to the Capital Region.

Comprehensive, High-Touch HR Support

GTM provides end-to-end HR services, including payroll processing, benefits administration, workers' compensation management, and compliance guidance, while maintaining a consultative approach. Clients work with a dedicated account manager and HR professionals who are available for on-site support, in-person training at the client location or GTM headquarters, and ongoing strategic guidance, not ticketing systems or rotating call centers.

Local Expertise with Scalable Flexibility

GTM's HR consultants are based in the Capital Region and understand the local labor market, employment trends, and regulatory landscape. This local insight, combined with a flexible and scalable PEO model, allows GTM to support organizations as they grow while adapting services, technology, and support levels to evolving business needs.

Compliance and Benefits You Can Trust

With deep expertise in federal, state, and local employment regulations, GTM helps reduce exposure to audits, penalties, and litigation. Health insurance is offered through CDPHP, providing clients access to a strong regional carrier and high-quality coverage aligned with the needs of Capital Region employers.



GTM's PEO Solution

Your best interests are at the heart of what we do.

With GTM, you can concentrate on what's important: growing your business.

Learn more about how we can help you employ, enable, and empower your workforce today.



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