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Outsourcing firms find silver lining in gray economy

Kansas City Business Journal - by [Ellen Jensen](#) Contributing Writer

During this tough economic landscape, many companies are faced with human resources issues they never have dealt with before. At the same time, legal experts said they expect labor and employment litigation to increase during the next year.

In response, many companies are considering outsourcing as an option, turning over functions such as human resources, payroll, employee benefits, risk management and workers' compensation to companies that have expertise in those areas.

Leawood-based **Bukaty Cos.** expanded its HR outsourcing services to include payroll last year, creating the business and people management division. The division has experienced 75 percent growth in the first quarter of 2009 compared with the same period in 2008, Senior Vice President Shirley Lind said.

"In this economy, it is increasingly beneficial to focus on the core business and outsource HR and benefits functions, which require a high level of expertise and are time-intensive," she said.

MEDIA

PEO PARTICULARS

- The professional employer organization industry grew by \$1 billion in 2008, to \$4.6 billion in gross revenue.
- About 700 PEOs are operating in 50 states.
- The average client is a small business with an average of 18 employees, though increasingly, larger businesses are signing on too.
- Between 1988 and 2003, the number of labor laws and regulations grew by almost two-thirds, according to the U.S. Small Business Administration, which estimated that owners of small or midsize businesses spent as much as a quarter of their time on employment-related paperwork. PEOs assume much of this responsibility and help companies comply with the regulations.
- PEOs provide access to employee benefits for 2 million to 3 million working Americans, whose average gross pay is about \$11,000 annually.

SOURCE: National Association of Professional Employer Organizations

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