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PEO SALES & MARKETING FOR THE FUTURE

"The farther backward you look, the farther forward you are likely to see"...Winston Churchill

"How and where we work and live is about to change more than any time in our history. There will be unprecedented opportunities for investors and entrepreneurs, great buys in real estate, and a wealth of high-quality lifestyle choices for the savvy people who anticipate these changes instead of dreading them. It's time to start thinking differently about the future: how you manage your finances, where you invest your money, how you design and run your company, how you serve your customers, where you live how you shop, and how you stay in touch with family, friends and business associates." So says top economist Harry S. Dent, Jr., the author of *The Great Boom Ahead* and *The Roaring 2000's*.

Many historians and economist have studied trends of the past in order to predict the future. PEOs should pay particular attention to these predictions and position their strategic planning around them-not only with respect to which prospects to go after, but concerning where the PEO is located, how it should spend it's profits, and how it should market its services.

The Good & Bad News

Every human travels through the season of time: spring/childhood, years 0-20; summer/young adulthood, years 21-41; autumn/mid-life years 42-62; and finally, winter/old age years 63-83, with 84 to death being the late winter of life. Ironically, two historians/economists have proven that generations and countries also experience these seasons.

The good news is that, according to William Strauss and Neil Howe, authors of *The Fourth Turning* and *Generations*, America is currently in the "third turning" or the fall, which started in 1984 and is projected to end around 2005 to 2009. Predictions from Harry Dent cite the greatest harvest season in 500 years with a stock market reaching 21,500! Dent predicts the great devaluation in the stock market around 2009.

The bad news is that winter always comes after the fall, and America is also facing the greatest crisis period in history, one that may completely wipe out civilization because of sophisticated weaponry. This fourth turning is projected sometime a few years before or after the year 2005; Strauss cites five possible crisis catalyst scenarios.

Taking a long look back at the last Information Revolution, as well as its most recent third turning, will shed light on how to capitalize on the most current third turning. The Internet of today is to this harvest as the Gutenberg printing press was to the 1400's harvest. In the Roaring 2000s, Dent relays how the Internet will:

1. Collapse many layers of administrative, marketing, and distribution functions to greatly reduce the cost and improve efficient delivery of products and services to consumers.
2. Allow companies to tailor products and services to consumers.
3. Allow companies to tailor products and services to individual needs at very low costs which will improve their quality and make customized luxury items more affordable.
4. Initiate sweeping changes in management practices as successful companies radically eliminate, rather than streamline bureaucracy, evolving from a traditional top-down structure to a more consumer-oriented bottom -up structure like the Internet.

Positioning Your PEO for the Harvest

Re-engineering your PEO may appear to work on the surface, but you will be left in the dust in the coming network economy.

The essence of a network organization is that it works from the customer backwards, which makes going with the flow as the only possible path. The main features of a network organization are center leadership (versus top-down),

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front-line human browser teams that customize solutions, a radical elimination of bureaucracy, and front-line teams that are accountable to customer satisfaction as well as profit and losses. Their compensation will be tied directly to these factors.

Let's look at a scenario of a network-managed PEO: A worksite employee is calling in to the service center. The call is transferred to a service rep named Sally, who was the last person to speak with this employee; Sally is working out of her home office. Within milliseconds, the computer searches the phone number of the employee and determines the following, which is up on the service representatives screen before she picks up the phone:

- WSE Bob Smith is calling from his residence.
- WSE is out on a workers' compensation claim; first report of injury pops up on the screen, showing a TTD.
- All current medical bills, reports, and reserves pop up.
- A special exception flag is raised because this employee has also filed an unemployment claim. (This automatically alerts an HR/UI specialist who is on standby and ready to be patched in to the call.)
- Helen is the spouse and her birthday is today.

"Hello, this is ABC PEO Service Hotline. How can I help you?"

"I have a question about a workers' comp claim." (Surprise, a female voice)

"Is this Mrs. Smith? Hi, this is Sally. I spoke to Bob last week regarding his knee injury. I'm sorry that you're having to deal with this on your Birthday, Helen."

"How did you know all that?"

"We like to keep track of our employees - we're like one big family. Speaking of family, is Bob available to get on the line with you?"

"Sure, it will take a minute for him to hobble over here."

"While we are waiting, how was the appointment with Dr. Jones today. Did he release Bob to light duty?"

.....you get the picture: Sally patches in the HR/UI expert, and the four of them have an enlightening discussion about Bob dropping the unemployment claim, not submitting his arthritis medication, listening to Dr Jones, and getting back to work!

The PEOs that reap the biggest harvest are those that position themselves to serve the new information age economy and simultaneously start preparing NOW to endure the coming winter, or fourth turning.

New Business Models

As we move into the information revolution, there will be increasing automation of repetitive, left-brain tasks and the linking of all consumers, workers, and organizations into one real-time communications systems through network and Internet technologies. American businesses will reorganize into one of the following three models:

- Direct producer to consumer - Companies such as Dell Computer will customize large ticket items and deliver to the customer's door.
- Direct warehouse to consumer - Companies such as Streamline & Peapod will offer home delivery of repeat purchase items such as groceries.
- Front-line consumer customization - Human front-line browser teams will represent the customer, not the products; for example, a financial planner that focuses on a narrow niche of customer will coordinate a on-stop financial and investment system for you.

As a PEO, which business model you should adopt depends on the type of prospects you want to approach. This new network organization model will also allow 70 million people to flee the decaying suburbs and relocate to smaller more rural town in the next 30 years - which means you should include this data into your expansion plans.

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Positioning Your PEO for the Winter

Properly positioning your PEO for the winter depends a great deal as to the owners' season of life and succession plan. If you plan for your PEO to survive past 2010, then the most critical factor is the type of clients you attract. If the industries you choose to target will perish in the winter, then so will your PEO.

The second most critical factor is keeping your PEO lean and mean during the harvest and having a tremendous amount of cash on hand. Keep in mind, the winter only lasts for 20 years, then there will be spring again. The following case studies are possible scenarios that may assist in planning your PEO future.

Scenario #1 - If you are born between 1961 and 1981, then you are known as a "Nomad", or the 13th generation. As estranged Nomads come of age, they become bold, brassy independents that lend their utilitarian outlook to an era of growing social upheaval. As Nomads enter their personal fall season of life, America and most of the Allied Forces will be in the winter season. Down-to-earth Nomads in mid-life apply solid determination toward the defense of society while protecting the interests of the young. Examples of Nomads are Michael Dell, Michael Jordan, Jerry Yang, David Felo, Jeff Bezos, Tom Cruise, and Quentin Tarantino.

The marketing focus for these young PEO owners is building a brand image. Found your company on traits such as trust, reliability, patience, perseverance and thrift because these will become hard currency during a crisis. Expect your community reputation to matter far more than it does now. Generalist with survival know-how will have the edge over a specialist whose skills are only useful in an undamaged environment.

Your PEO will flourish in the Network Revolution (1994-2021) where every customer will be a market and every employee will be a business. Focus on target markets in the whit-collar information sectors. Study *The Roaring 2000s* and start a network organization from scratch so that you don't have to retool in the next few years. Stay away from agriculture or blue-collar markets unless you plan on international expansion into third-world countries.

Scenario #2 - If you are born between 1943 and 1960, then you are know as a "Prophet" born into the "Boom Generation." Prophets were born into childhood and indulged by positive-minded parents in a safe environment. As egocentric prophets came of age, they questioned the failure of the institutions of their elders and set off a society-wide spiritual awakening. Now in mid-life, critical prophets pontificate a negative, values-obsessed moral code. As elder idealist Prophets enter the fourth turning of their own life as well as the fourth turning of America, they drive to settle far reaching moral dilemmas, preparing the stage for worldly ambitions of the young.

It would be safe to say that most PEO owners fall into this classification because boomers are currently in the fall season of their life. In fact, the huge population count of the boomers together with the 1990-immigration surge (primarily 30-year-olds) creates the largest generation in 500 years. As these boomers head to retirement years and leave their peak spending years it will exacerbate the upcoming winter season. Examples of boomers are Bill Clinton, Steven Spielberg, Candice Bergen and Bill Gates.

PEO owners in this phase should be taking a hard look at their personal situation and succession plan. The path you should take will be the most difficult choice of all four archetypes. Are you 39 or 56, do you have children, will they want to carry on your PEO company, and - most importantly - where does your PEO stand today? For example:

- You are currently in your early 50s and have two of your grown children working at your 10-year-old, regionally based Category II PEO. An example of this would be Dell Wood at StaffOne. Wood has set up a wonderful foundation for his children; the challenge they face will be preparing for the fourth turning.
- You are a 40-year-old with one infant and a brand new white collar Category III PEO. The one common denominator for this age bracket is that money must be made in the stock market, either by taking your company public as a succession plan, by investing profits in the stock market, and/or marketing to Internet-based, publicly traded companies. One PEO already has a large office with 5 experienced day-traders to invest profits and cash flow.

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Scenario #3 - If you were born between 1925 and 1942, then you are known as an "Artist" archetype. Artists are born into childhood in a period of political unrest and are sheltered by parents who are going through a time of self-sacrifice. Currently, the elder artists are sympathetically speeding up momentum of social reformation and understanding. Examples of fellow artists are Colin Powel, Mikhail Gorbachev, Woody Allen, and Walter Mondale.

These PEO owners seem to fall into two distinct sectors, measured by computer literacy. This bob Hope generation that preceded baby boomers is still largely computer-phobic. These PEO owners tend toward blue-collar Category I and low Category II.

A great example of a savvy artist who leveraged technology and made the right decisions at the right time is Carlos Saladrigas. He took his PEO public at the right time, and when he saw how volatile a pure play PEO can be in the stock market, he merged with ADP.

In general, there are two dilemmas facing PEOs today as they march toward the next millennium:

1. Farm work comprised 70 percent of the jobs in our economy in 1820, dropped to 43 percent by 1890, and now comprises a mere 1.9 percent. Factory work comprised about 50 percent of our economy and 40 percent of our workforce in the 1940's and is now at 15 percent and falling rapidly. Managerial, professional, technical, service, and clerical work comprised only 4 percent of the jobs in 1850, 13 percent of the jobs in 1900 and now make up the overwhelming majority of the jobs in the American economy. Too many PEOs are still chasing the workers' compensation arbitrage and giving away the administrative fees. Both the blue-collar workforce and the arbitrage are shrinking rapidly. Unless you have a fronted offshore captive with combined loss ratios of less than 30 percent, you will be out of business in 3 to 5 years. Start diluting your book of business with white collar workers and don't be lulled into complacency by the composite rate, large deductible programs.
2. Are you a PEO owner or VP of Sales? Does your desk have PC on it, and do you know how to use it. Do you have a Website? Is it Intranet enabled? Most PEO owners are late boomers or early artists and are completely computer illiterate. One even confessed to being the Fred Flintstone of computers. When PEO owners are presented with the simplest Internet presence, they balk at the price tag. The in-house IS departments of PEOs are deplorable because they are understaffed and under funded – not to mention that the top people get about five job offers a month for double what you are paying them.

This dilemma is seriously limiting the PEO industries growth, and action must be taken immediately. We don't have the margins to compete for talent in-house; therefore we need to give incentives to service providers to take an interest in PEO. Players such as IBM, PeopleSoft, Intuit, and the like should be courted to create solutions we can all share.

If this is not handled soon, we will continue to lose quality baby boomers to the technology fields. Gordy Brown is one example – he started one of the first PEOs, then left the industry, and is currently involved with four Internet-based companies. Several others have researched the PEO industry and decided not to start a PEO, but instead to pursue Internet-related interests.

Remember, because America is heading towards a winter, it doesn't mean that you business or personal life has to do the same. The last American winter was the Great Depression, which produced more millionaires than any time in history! It also created the largest number of mass-market, brand-name companies that were founded in the prior fall and positioned properly; by winter, their futures were cemented.

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As it is stated in the Old Testament, in Ecclesiastes 3:1-8:

To everything there is a season, and a time to every purpose under heaven:

A time to be born, and a time to die:

A time to plant, and a time to pluck up that, which is planted:

A time to kill, and a time to heal:

A time to break down, and a time to build up:

A time to weep, and a time to laugh:

A time to mourn, and a time to dance:

A time to cast away stones, and a time to gather stones together:

A time to embrace, and a time to lose:

A time to keep, and a time to cast away:

A time to rend, and a time to sew:

A time to keep silent, and a time to speak:

A time to love, and a time to hate:

A time of war, and a time of peace.

NOW is the time for you to create a clear vision for your PEO and shape its future!

Update from Carrie Aaron 4Q2002: The Fourth Turning was published in 1997 and this article was written in May of 1999, almost 3 years ago! Strauss and Howe have recently published a new book "Millennials Rising, The next great generation" and their website www.fourthturning.com is fascinating. They predicted the terrorist attacks of 9/11 in their book. Here is an interesting article from USA Today:

[USA Today](#)

October 29, 2001

by William Strauss and Neil Howe

Sept. 11 Tragedy Marks Another Turning Point

Since the Sept. 11 attacks, Americans have become a changed people. The attacks left us disoriented, depressed and angry -- but also patriotic, united and determined.

The rules seem to have changed; our surroundings shifted. We yearn for "normalcy," but what will that new normal be?

Senior citizens who came of age during the Great Depression and World War II remark on the similarity between how America felt then and how it feels now. Is this the new normal?

The lesson of history is: yes. While history does not repeat in its particulars, it does in its rhythms. Why? Because of the rhythms -- and cycle -- of generations.

The generations alive today have much in common with the generations alive in the USA around 1929. Elder veterans of the last total war -- the Civil War, that is -- were passing away. A moralistic generation born after the Civil War was deep in middle age. The free-agent barnstormers of the Lost Generation were wearing out, their Gen X-like pragmatism now a tired subject. A new generation of protected, special, scoutlike children was filling high schools and colleges.

That is why the 1990s bore so many similarities to the 1920s. What we are experiencing now, post-Sept. 11, resembles no year as much as 1930, whose mood shift historian Frederick Lewis Allen described as "bewilderingly rapid," as "an old order was giving place to the new," reflecting an "aching disillusionment of the hard-boiled era, its oily scandals, its spiritual paralysis, the harshness of its gaiety."

Sound familiar? It should. This mood shift -- into what we call a "Fourth Turning" -- has happened many times before.

At the core of modern history lies this remarkable pattern: During the past 5 centuries, Anglo-American society has entered a new era -- a new turning -- every 2 decades or so.

At the start of each turning, people change how they feel about themselves, the culture, the nation and the future.

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Turnings come in cycles of four, spanning four generations (or the length of a long human life), roughly 80 to 100 years.

- The First Turning is a High. Boomers and those older can recall the Great American High from V-J Day through the early 1960s.
- The Second Turning is an Awakening. Even Gen-Xers can recall (as kids) the Consciousness Revolution, from the John Kennedy assassination through the early 1980s.
- The Third Turning is an Unraveling. Every American recalls the most recent Third Turning, because this era of long booms and culture wars was still going strong as recently as Sept. 10, 2001.
- The Fourth Turning is a Crisis. The next Fourth Turning may have already begun. Only today's oldest Americans recall the last such era, which spanned the Great Depression and World War II.

Each time, America encounters an abrupt shift in the social mood, triggered by every generation's passage into a new phase of life.

Each time, the new mood shift catches nearly everyone by surprise. That has especially been true for Fourth Turnings. Nearly no one expected them -- but they came.

In 1770, did colonists expect a revolution? No.

In 1855, did Americans, North and South, expect a bloody civil war? No.

In 1925, did a roaring nation expect a stock collapse, depression and global war? No.

Reflect on the magnitude of the recent change. Violent movies are being shelved, and comics are cleaning up their acts. National identity cards are being proposed. Uniformed troops are patrolling public places. Nine out of 10 Americans support a huge war against an unseen enemy. A solid majority believes the government does the right thing most of the time. All of this would have been unthinkable, as recently as August.

It's not yet possible to say whether this mood shift is permanent or merely suggestive of what's poised to come soon -- in other words, whether we're in the Fourth Turning or in the last throes of the third.

Within the next year, we'll know. Here's a checklist. If the following trends deepen, then America will be in the Fourth Turning, a new era of crisis.

- Are leaders describing the problem in larger rather than smaller terms, proposing grand solutions, and seeking to destroy (and not just contain) enemies?
- Is there a shift away from individualism (and civil liberties) toward community purpose (and national survival)?
- Are the old "culture wars" arguments beginning to feel lame, ridiculous, even dangerous to national unity?
- Is the celebrity culture feeling newly irrelevant? Is youth fare becoming less gross and less violent?
- Is immigration reversing? Are mobility and openness declining? Is there more nativism in our culture and less "globalism" in our commerce?
- Is there a new willingness to pay a human price to achieve a national purpose? Will we harness technology only to reduce casualties and inconvenience, or also to achieve a total and lasting victory.
- Is each generation entering its new phase of life with a new attitude? Are aging boomers overcoming narcissism? Are Gen-Xers on the edge of midlife, circling their wagons around family? Are Millennials emerging as a special and celebrated crop of youth?

Suppose we are in a Fourth Turning. How long will it last? Probably 2 decades. How will it turn out?

Perhaps in triumph, or in tragedy, or in some unknowable combination of the two. That will be up to us.

For a long time, Americans have been waiting for history to happen. It's happening. Let's hope we, and our leaders, handle it well.

William Strauss and Neil Howe are authors of several generational books.