

People at PROXUS stand at the ready

HR provider employs simple technique: Hands-on service

GROWTH STRATEGIES



Curt Hudson

Chris Cumo (left) and Greg Gast of HR provider PROXUS have about 450 customers.

FORT WASHINGTON — There's no way Wendy Campbell would want to have payroll, benefits and human resources administration on her plate. As president of the Alzheimer's Association Delaware Valley Chapter, that's a mountain she does not want to climb.

"We have nine offices in three states. For each of those I have all the county regulations, state regs and federal regs, and there are new labor laws that kick in as you add new employees and grow," Campbell said.

ADAM STONE
SPECIAL TO THE BUSINESS JOURNAL

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PROXUS

Best to leave this to the experts, in this case PROXUS, a human resources provider based here. Campbell said it would cost three times as much to manage HR for her 40 employees in-house than it does to let PROXUS do the job.

That premise has helped PROXUS even in lean economic times. Leveraging an expanding base of services against a customer pool in need of HR management, PROXUS' owners have charted a path of steady growth.

The company came into being in 2007 as the result of a merger between

PROXUS: High-touch service specialist

Professional Payroll Solutions (PPS), a provider of payroll administration solutions, and HR management and consulting firm Granatt HR.

With about 450 customers ranging from 50 to 500 employees, the combined firm has given the partners the marketing muscle they say is crucial in maintaining momentum during a downturn.

“One of the things we did [last year] was to actually put some money into marketing, which we really hadn’t done in the past,” said Chris Cumo, formerly head of PPS. “Before this, we didn’t really spend any money to promote the organization outside of our individual sales efforts.”

The beefed up sales program includes an outside telemarketer, and the use of a professional PR firm to generate a monthly newsletter and conduct media outreach. The firm will spend between 10 percent and 15 percent of its gross on marketing in 2009, Cumo said.

The aggressive outreach helps tip the scales at a time when firms teeter between the virtues of outsourced HR, and the perils of laying out cash of any kind.

“Some organizations are reluctant to spend or make changes right now, just because they are nervous,” said former Granatt head Greg Gast. “Others go just the opposite direction. Either they are reducing their internal staff to save money, or they are just looking to do something different, especially if they have been using a more expensive option.”

PROXUS operates in the shadow of giants like Paychex and ADP. Unable to compete head to head, the PROXUS partners say they are content to seek out clients who may want the high-touch service of a smaller operation, as opposed to what they characterize as a bigger, more call-center oriented service.

To deliver that high touch, PROXUS needs to have a number of employees standing at the ready to serve particular clients or practice areas.

“It can be hard to balance all the client needs with all our employee needs and schedules,” Cumo said. “But it allows us to provide the kind of responsiveness

where clients are not waiting a day or two days for someone to get back to them.”

While such responsiveness is undoubtedly a virtue, the whole enterprise still is tricky, since HR and payroll management are by their nature a bit ephemeral. PROXUS can manage benefits, help with hiring and firing, keep track of the vast regulatory red tape that comes with being an employer — but what does all that amount to, really?

“What we do are nonproductive tasks. That is, they are nonrevenue-generating,” Cumo said. That kind of expense can be hard to justify in slow economic times.

Certainly there are direct financial benefits. Outsourcing may be cheaper than hiring a full-time HR director, for example. Then there is the indirect payback: flub the regulatory paperwork and the liabilities can be significant. Still, PROXUS principals try to steer clear of the doom-and-gloom sell.

“A lot of HR consultants use the fear factor. ‘You are going to go to jail, you are going to get fined,’” Gast said. “All those things are true, but more important is the way it affects how your business functions.”



Curt Hudson

From left: PROXUS brain trust, partners John Israel, Greg Gast, Jeff Green, Chris Cumo, and Colton Zacca. The team is investing in its salespeople.

UP CLOSE

COMPANY: PROXUS

LOCATION: 414 Commerce Dr., Suite 120, Fort Washington, Pa. 19034

OWNERS: Chris Cumo, John Israel, Colton Zacca, Greg Gast, Jeff Green

TYPE OF COMPANY: Payroll, human resources and employee benefits provider

NUMBER OF EMPLOYEES: 40

2006 REVENUE: \$1.1 million

2007 REVENUE: \$1.5 million

2008 REVENUE: \$1.8 million

LESSONS LEARNED: A recession is no time to stint on marketing.

Looking ahead, the partners say they will keep one step ahead of the downturn with additional investments in salespeople. They also may acquire a smaller practice in order to further expand their offerings.

Campbell, meanwhile, is happy just to have the headache off her hands. Not only has PROXUS saved her money, she said, but the firm also has allowed the association to focus on the business at hand. By lightening the regulatory load, by consulting on hiring and firing, “it really has freed up a lot of very valuable time for us,” she said. ■