

## PEOPLE SKILLS

**T**oo many companies don't perform up to their potential because they lack well-defined strategies for dealing with their most important asset—their employees—says Paul Sarvadi, president and CEO of **Administaff Inc. (ASF)**. The Kingwood, Texas-based Administaff is what is known as a professional employer organization (PEO), a company that acts as an off-site human-resources department for small to medium-size businesses. Administaff will take care of a company's HR needs—such as hiring and termination, benefits and payroll, training, and regulatory compliance—freeing up a small company to focus on core business issues.

The size of Sarvadi's company—it has more than 4,000 clients and 70,000 worksite employees in 20 major markets—allows it to offer customers benefits options that typically only large businesses could afford. Administaff also runs an e-commerce portal for its clients, featuring products and services from **American Express Co. (AXP)**, **Aon Corp. (AOC)**, **AT&T Corp. (T)** and **IBM Corp. (IBM)**.

### HOW IS ADMINISTAFF COPING WITH THE CURRENT ECONOMIC CLIMATE?

We've had to alter our selling message, because customers use a human-resources department differently in a down economy than they do in an up time. Instead of recruiting, companies will use outplacement, for example. We actually grew our sales staff by 30% last year in the face of the down economy, which was a pretty aggressive move. It takes about a year to train our sales staff to our standard sales-efficiency rate, which is why we are at a powerful inflection point right now.

### WHAT DOES THE FUTURE OF THE U.S. WORKPLACE LOOK LIKE?

I see the further blurring of the work-life balance. Because automation has invaded workers' personal lives—they have all kinds of devices to stay in touch—employees are at work all the time. The companies that are giving more flexibility to their employees are developing better relationships with their people. Flexibility may translate into something as simple as the company saying you can leave for the day if your child's in a school play in the afternoon.

### WHY SHOULD COMPANIES STRIVE TO BE WHAT YOU CALL AN "EMPLOYER OF CHOICE"?

It's as valid a goal to be an employer of choice as it is to target 30% revenue growth, and you might not get one without the other. It's about what in your workplace keeps your employees from answering the call from the headhunter. That atmosphere should not just evolve arbitrarily.

### WHAT ARE THE ISSUES MOST ON THE MINDS OF EMPLOYEES?

Employees are obviously concerned about layoffs—that's the very first issue. After that is raises, which have been very modest in the past year. Also, employees really want to be engaged in an enterprise where their talents and capabilities are acknowledged and utilized, where they can make a contribution and see the fruits of their labor. I think too often employers undervalue that aspect of what employees really want—everybody focuses on compensation or benefits.

### HOW HAVE YOU INCORPORATED THE WEB INTO YOUR BUSINESS?

About 65% of what an HR department does is administration and transactions, and that's what we attempt to drive to the Web. The Web helps increase value for the customer and reduce costs. Last year we introduced Web payroll. All clients have to do is edit a few items to submit payroll every period. We also introduced online enrollment for new employees, which streamlines the process of filling out forms.

### WHAT DOES THE FUTURE HOLD FOR ADMINISTAFF AND ITS CLIENTS?

Administaff wants to aggregate the best small businesses in the country on a common platform. When you do that you're harnessing the third-largest economy in the world [behind the U.S. large-company and Japanese economies]. Who will lead us out of this business recession? It has to be the small to medium-size business that is agile enough and aggressive enough to take advantage of opportunities now. □

BY MARK YARM | PHOTOGRAPH BY MELANIE DUNEA/CPI

