



National Association  
of Professional Employer Organizations

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## LATEST PEO PULSE SURVEY SHOWS PEO INDUSTRY CONTINUES TO GROW

### *Executives Show Optimism, Expect Growth to Continue in 2017*

**March 30, 2017, Alexandria, VA** — A new survey by the National Association of Professional Employer Organizations (NAPEO) shows that the PEO industry continued to grow in the final quarter of 2016. Industry executives also expect that that pattern will continue in 2017, with 98% reporting a likely increase in the number of worksite employees, with 47% forecasting a significant increase. PEOs provide HR services to small and mid-sized businesses.

The quarterly survey, conducted in February 2017 by Industry Insights, also showed that PEO revenues, gross profits, operating income, average number of worksite employees, and average number of clients all increased in the fourth quarter of 2016, compared to the fourth quarter of 2015. The first survey in this series, conducted in November 2016, also showed those categories increased in the third quarter of 2016, compared to the third quarter of 2015.

"This latest survey reinforces what we've known to be true: the PEO industry is vibrant and growing," said NAPEO President & CEO Pat Cleary. "For small and midsized businesses, PEOs provide tremendous value by delivering HR solutions and expertise that would otherwise be unaffordable or inaccessible. A growing number of businesses are turning to PEOs to solve their human resource and compliance needs."

A total of 53 PEO executives responded to the survey, which will be conducted each quarter. The typical responding PEO has 22 worksite employees per client. Survey respondents indicated the following:

- 4<sup>th</sup> quarter revenue increased somewhat when compared to 4<sup>th</sup> quarter 2015
- The annual wage per worksite employee stayed about the same over prior year
- The average number of worksite employees (WSEs) increased somewhat over prior year
- Gross profit for the 4<sup>th</sup> quarter increased somewhat over prior year
- Operating income for the 4<sup>th</sup> quarter increased somewhat over prior year
- Number of internal employees stayed about the same
- Number of clients increased somewhat
- Number of workers' comp claims reported to carriers remained about the same

Complete PEO Pulse Survey [results](#).

### About NAPEO

*The National Association of Professional Employer Organizations (NAPEO) is The Voice of the PEO Industry™. PEOs provide payroll, benefits, regulatory compliance assistance, and other HR services to small and mid-sized companies. Through PEOs, the employees of small businesses gain access to employee benefits such as 401(k) plans; health, dental, life, and other insurance; dependent care; and other benefits typically provided by large companies. PEOs provide services to between 156,000 to 180,000 businesses employing between 2.7 and 3.4*

*million people and generate between \$136 and \$152 billion in gross revenues annually. For more information about the PEO industry and NAPEO, please visit [www.napeo.org](http://www.napeo.org).*