

AdminiSMART works to make HRO easy



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**"Our clients work with us because we only bring in best in class solutions from fully vetted vendors and the price is right."
- David Flook**

CEOCFO: Mr. Flook, would you tell us about AdminiSMART?

Mr. Flook: AdminiSMART is a consulting firm for small and mid-sized businesses with a mission to help them with all aspects of managing their employees. This starts with the payroll service and the integrated HR technology, extends to HR services like recruiting, handbooks, sexual harassment training, etc., then to employee benefits including enrollment and administration, the 401(k), the voluntary benefit program which something we specialize in in terms of upgrades, to unemployment cost control, WOTC, and other related services. All of these areas are interrelated, and in that complete spectrum of services, there are an awful lot of options and a great need for expert advice. I should point out that once AdminiSMART has made an assessment, we then suggest one or more best in class vendors to actually provide the services. These are great companies that we have fully vetted. Last, going forward, we contact each client every six months to make sure they are happy with the solution we designed.

CEOCFO: Do clients turn to you for a wide range or might they ask for help in one area and then be glad you can help them in several different ways as well?

Mr. Flook: Usually it is the latter. We often focus on one issue or need such as sexual harassment training, identity theft or saving on health insurance. We do our best to solve the problem and then, during the follow-up we may get to a broader discussion.

CEOCFO: Would you give us a couple of examples of how you engage with a client and how you get the information so you can guide them in the right manner?

Mr. Flook: It might be helpful to give a little background. Our approach to this we believe is unique. There are countless insurance brokers out there trying to help with a health plan. There are giant payroll companies and local ones with an army of sales reps. In fact there are salespeople everywhere. One of the problems the business owner or decision-maker faces is who to trust. They build walls and they tend to keep out not only the bad, sometimes they filter out great solutions. My own background is instructive. I was the marketing director of a large professional employer organization, or PEO called EPIX, and later on, I was a founding member of CheckPoint HR, that provided ASO services. Both of those types of organizations were kind of a one-stop-shop where businesses get everything in one place: payroll, benefits, and HR. The experience of marketing this solution for twenty years taught me that there is no such thing as one-size-fits-all. Today, even with a small business, management would be well served to compare the "package deal" provided by a PEO to a range of best in class vendors. Often the latter approach is both better and more cost effective.

Here are a few examples of how we engage with clients. Probably the most rapidly evolving area in the employee benefits arena is voluntary programs. Today, most businesses have or are about to offer a program. The problem is they, for the most part, go to the usual suspects such as AFLAC, Colonial/Unum, or Allstate Benefits. The accident, critical illness, and

life programs available through these industry giants are attractive as the cost is relatively low and the underwriting either guaranteed or simplified issue. However, the benefits themselves are restricted to certain conditions and pay a limited benefit. AdminiSMART specializes in this area and has access to over 200 carriers. It is not uncommon to find an alternative program that more than doubles the coverage for the same premium and eliminates restrictions.

A second example is identity theft. After the notorious Equifax Breach last summer, there has been an explosion of advertising by the credit bureaus and LifeLock. While the need for a great solution is urgent, and employers can help their employees secure coverage through payroll deduction, we help our clients pick the best solution.

Last, AdminiSMART is listed on the Society of Human Resource Management (SHRM) Vendor Directory. SHRM is the national association of around 300,000 professionals in the human resources field. Unlike our local marketing which gets us in front of small or mid-sized businesses, SHRM has brought us prospects from much larger companies around the country. To date, the largest is a 9,000-employee school system in South Carolina. One recent successful engagement was with a 500-employee manufacturing company based in Sacramento. To maintain confidentiality, the wife of the business owner called me up and explained an urgent need. It turned out that there was a great compensation vendor right here in New Jersey that had the exact solution needed. AdminiSMART made the connection and all parties seem satisfied with the results.

CEOCFO: *How do you understand what a company really needs? What do you pick up in a conversation that will give you a clue?*

Mr. Flook: You really just scratch the surface in a conversation, which is often about a fire that needs to be put out. We can help a wide range of companies with a wide range of issues as, with years of experience, one gets to know what the best alternatives are out there. To dig down to an understanding of what a company really needs, we have designed an “HRO Audit” which allows us to assess needs after a one or two hour session with the client. Usually, we get to the HRO Audit after putting out the fire.

CEOCFO: *How do prospective clients find AdminiSMART?*

Mr. Flook: That is another great question and it is a challenge. Before I launched AdminiSMART, my background focused on lead generation for larger organizations with a significant marketing budget. So now, with relatively limited resources, we do a lot of flying by the seat of our pants. Our growth model calls for a consistent investment of a percentage of revenues back into lead generation with a proven ROI. Currently, we have modest search engine optimization on our website, a campaign on Google Adwords, Facebook and LinkedIn. We do outbound email and direct mail, even the occasional cold call. And, we network like crazy. Around half of the business early-on here is generated from meeting with other professionals, especially HR consultants and CPAs, and just discussing what we do. It’s a good sign when we hear, “Oh, I have a client that needs that.” One thing I have learned is that “everything works” when it comes to bringing leads in the door. Years ago, I found myself entering the PEO industry after a cold call at 6:30 at night where I got the CEO on the phone and said the right thing.

CEOCFO: *How do you vet companies that refer to clients?*

Mr. Flook: Our list of Best in Class Vendors keeps expanding, partially due to vendors approaching us as a result of our marketing. At the moment we are centered in New Jersey, so our outreach is more the New York, Pennsylvania, Delaware and New Jersey area and up into Connecticut in terms of having a very broad range of solutions. Our goal is to grow into a national provider of HRO solutions.

As to vetting, that is absolutely crucial. It helps if one has worked with a firm for decades. This is true of many of our core vendors. We shy away from national giants like ADP or Paychex and currently work with just two PEOs and one ASO. To engage with a new vendor, we have developed a process where we act as if we ourselves are a prospect and let them “pitch us”, run a demo, or whatever. Then we insist on talking to a few current clients and do a lot of background research using Google. One thing that helps is quality seems to attract quality. So, we have a number of vendors who joined our network mostly because they already were working with some of our current vendors.

Then, and this is extremely important, we don’t walk away after a deal is closed. A vendor that is best in class today might have a management change or be acquired and evolve downwards. AdminiSMART has a semi-annual review with each client to keep us in the loop on the ongoing satisfaction with every service we recommend. We retain the right to replace vendors if the situation warrants.

CEOCFO: *What gives your clients confidence when they are working with you?*

Mr. Flook: As long as we deliver on our promises that helps. We are careful about the vetting as you mentioned because all it takes is one bad apple. It is maybe as simple as having ethics and being honest. So far, so good. People do not just

pick up the phone and do business with us, we have to get to know them and they have to get to know us and that is a normal sort of process. We do not walk in the door with this agenda to sell them something. We often walk out the door having provided a solution to a real need.

CEOCFO: *When was AdminiSMART started?*

Mr. Flook: AdminiSmart as a company started about fourteen months ago. We got side tracked as the initial business plan was to start our own ASO. We were going to private label a powerful payroll/HRIS system backed up by Kronos, and act much as Namely, CheckPoint HR, and Zenefits currently do. This means offering discounted HR technology and selling insurance. This didn't move forward for two reasons. One, we didn't get the funding needed. Two, it became obvious that the ASO space was becoming crowded. The real activity kicked-off during the summer when we stopped trying to find an "angel" investor, and simply started to close business. One of the interesting things in our business plan is as we have success, we take a fixed percentage of the revenue and put it back into lead generation. This means AdminiSMART will always be spending more as we grow. In the past, as marketing director of a PEO, I had a \$250,000 budget. Then, two years later, after explosive growth with the operation doubling in size, my budget was increased to \$300,000 and I had to beg to get that. So, I was expected to do much more with much less. As entrepreneurs evolve into corporations, the bean counters eventually rise up and take control. My opinion is, if you have a demonstrated ROI, why not spend more on what works?

CEOCFO: *What has changed in your approach so far?*

Mr. Flook: Email marketing so far has been terrible. Malware has everyone nervous about clicking on links. So, on that front, we are down to bi-weekly e-newsletter with folks that know us. Or, we work with associations and contact their membership under their brand. Direct mail has been quite limited, but we will do a lot more as we expect a sort of rebirth in using snail mail due to email saturation. And networking, which I mentioned earlier, remains the most immediate and effective way to grow short term.

CEOCFO: *Are there services you would like to offer or areas you can add to the mix?*

Mr. Flook: One of our approaches is to take what is topical, such as the Equifax breach, which was significantly headline news over the summer. After the breach, we did some research into identity theft solutions and learned that we can offer an employee benefit through an excellent vendor, so we added that partly because there was a need. More importantly, using top of mind issues for lead generation is very effective. Cyber security for businesses is on our radar, we do not really have that now. Today, the hot topic is sexual harassment. Of course, we already have several great vendors that offer that service. With ObamaCare possibly destined to end, there are quite a few interesting new approaches cropping up that, with underwriting, allow enormous savings. With anything new, and especially with healthcare, you have to be extremely careful to assess the financial underpinnings of any new plan. Another area we are exploring are contingency services where a business can have a third party come in and negotiate lower rates for services such as copy machines, shipping, energy, or workers comp. One of our current vendors runs an audit of the unemployment tax rate, at no cost or risk to the client, and has found six and seven figure refunds from the IRS. The service we most recently added was a great HRIS solution for small businesses that allows them to keep their current payroll vendor. This compliments a powerful ASO solution for larger companies that offers end to end HRIS/ERP at no cost to the client provided they take on servicing either the benefits or property & casualty needs. Both of these programs give us a powerful alternative for any client currently using a PEO or considering one.

CEOCFO: *Regarding the sexual harassment, how it should be handled seems to be somewhat fluid today. Everybody is painted with the same broad brush right now. How would you help direct a client so they are covered legally but also be able to work in a changing situation?*

Mr. Flook: They either need to have a professionally designed training and communication program implemented in house, or they should work with outside experts, such as the various HR consultants working with AdminiSMART. Most larger organizations "get it" and protect themselves against this kind of liability. However, for many smaller firms, the attitude often is a little like putting one's head in the sand and hoping for the best. Certainly, this is cheaper than paying an outside expert. Cheaper, until a complaint happens followed by legal action.

CEOCFO: *Why use AdminiSMART?*

Mr. Flook: People turn to AdminiSMART for help on everything relating to managing employees. This includes everything from payroll and HR technology, to HR consulting, to benefits, to managing unemployment and much more. Our clients work with us because we only bring in best in class solutions from fully vetted vendors and the price is right. There is no upfront fee for our services. Our vendors pay us only when hired to provide a service or implement insurance coverage. We work for our clients, we care, and we help them sleep better at night.