

Outsourcing the HR Function

An Interview with Paul Sarvadi,
Chairman and Chief Executive Officer, Insperty

EDITORS' NOTE Paul Sarvadi co-founded Insperty in 1986 and, in doing so, helped create a new industry of outsourcing human resources (HR). He is the author of *Take Care of Your People: The Enlightened CEO's Guide to Business Success*. He was recognized as the *Ernst & Young Entrepreneur Of The Year®* in the service category in 2001 and inducted into the *Texas Business Hall of Fame* in 2007. Sarvadi attended Rice University and the University of Houston.



Paul Sarvadi

COMPANY BRIEF Insperty (insperty.com) is headquartered in Kingwood, Texas, a community located northeast of Houston, and provides HR and business performance solutions for small and medium-sized businesses. It supports more than 100,000 businesses that range in size from five to 5,000 employees. The company has more than 3,300 corporate employees in 77 offices across the U.S.

Will you discuss the founding of Insperty?

We started in Kingwood, Texas back in 1986. The unique part was that we started both the company and the industry of outsourcing the HR function. The first year we faced numerous developmental, legal and regulatory issues that had to be overcome because we disrupted the entire employment structure. We eventually went public in 1997 and have operated as a public company for over 20 years.

Is Insperty's client profile primarily small and mid-sized businesses?

It is very interesting. We started by working with very small companies. We were designed for small businesses with less than 100 employees. The company has evolved and now works with distinct segments. While we still focus on the small business segment and continue to grow it dramatically, we also have what we refer to as emerging growth companies that have just over 100 employees. In addition, we serve middle-market companies that have 200 or 300 employees to 1,000. Finally, we have built what we call enterprise accounts because we're selling accounts and serving customers that have as many as 3,000 or 4,000 employees.

How do you define the Insperty advantage?

What's interesting about Insperty is that we have a significant, competitive distinction in three areas. This is our breadth of services, the depth of our services and the level of care. We have always been the provider that is most integrated into the customer's business really helping them to accomplish what they're trying to do by enabling them to focus on their core business. The breadth of our services covers the entire HR arena.

Then there is the depth of our services. Not only do we manage employee benefits plans, but we also have valuable technical, legal and regulatory expertise helping customers stay in compliance day in and day out.

The area that is the easiest to differentiate is the level of care our people provide to our clients. We have incredible people at Insperty who we care for and they in turn take care of our clients. This is distinguishable in the marketplace.

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Do you work at multiple levels within client companies?

This is very important. We definitely have a relationship with the CEO and others at multiple levels within the organizations we serve, especially if they are mid-market and enterprise customers. We have a customized service plan that literally links a group of people on our side with a group of people at the client company to make sure that our services are being developed and utilized in an effective fashion.

Is it important to build a diverse workforce?

It's really important for us to have a values-driven and values-based organization. When we're hiring talent, we're looking for people who have the right heart for the small and mid-sized business community. We're proud of the fact that we have a very diverse workforce. It's extremely important to us.

How is technology impacting the HR space?

Technology in the HR space has been fantastic in terms of the way it's developed to the point that it's benefitting day-to-day activities. We describe our approach to technology as software-with-a-service, not software-as-a-service.

We bring our technology platform to the table with the people who are going to be using it alongside the client day in and day out. There's literally no integration time. It's operating, and the customers receive the full effect of it from the day we start. It's been important in the growth and development of the company and in our ability to do more for the customer in an efficient manner, while also controlling costs.

How critical is it for Insperty to be a good corporate citizen and engaged in the communities it serves?

This is part of being a values-driven organization. One of our primary values is to contribute to the communities where we live and work. We do a tremendous amount of charitable giving. We have a community involvement team that has built a network with our offices across the country.

Being headquartered in the Houston area, what do you see as the strengths of Houston from a business standpoint?

I have always been proud that we're headquartered in Houston. Houston is such an entrepreneurial city. It has such a diverse community with a very welcoming environment. I think all of these things play well for businesses and business growth. Over the years, Houston has also become more diverse in terms of the types of industries that are succeeding here.

Insperty is a true success story and is a pioneer in the industry. Are you able to take moments to reflect and appreciate what you have achieved?

That's a good question. We actually have those times when we look back and celebrate the milestones. We have a lot to be proud of here in terms of our people, how accomplished they are, and what they're able to do in terms of executing day in and day out. ●