



FACTS ABOUT PROFESSIONAL EMPLOYER ORGANIZATIONS (PEOs)

What is a PEO?

A professional employer organization (PEO) provides comprehensive HR solutions for small to mid-size businesses. Payroll, benefits, HR, tax administration, and regulatory compliance are some of the many services PEOs provide to small to mid-size and growing businesses across the country.

Why a PEO?

- ▲ By providing payroll, benefits, and HR services and assisting with compliance issues under state and federal law, PEOs allow small to mid-size businesses to improve productivity and profitability, to focus on their core mission, and to grow.
- ▲ Through a PEO, the employees of small businesses gain access to big-business employee benefits such as: 401(k) plans; health, dental, life, and other insurance; dependent care; and other benefits they might not typically receive as employees of a small company.

PEO Facts

- ▲ PEOs provide services to between 156,000 and 180,000 small and mid-size businesses nationwide, employing between 2.7 and 3.4 million people.
- ▲ The current size of the PEO industry is between \$136 and \$156 billion.
- ▲ According to a recent study by noted economists Laurie Bassi and Dan McMurrer, businesses that use PEOs grow 7 to 9 percent faster, have employee turnover that is 10 to 14 percent lower, and are 50 percent less likely to go out of business than companies that do not use PEOs.
- ▲ In each of the last 30 years, the industry has added, on average, roughly 100,000 worksite employees and 6,000 net new clients.
- ▲ While only 27 percent of small businesses overall offer employee retirement plans (according to the NFIB), approximately 95 percent of the National Association of Professional Employer Organization's (NAPEO) members offer retirement plans to their small business worksite employees. Virtually all of those offer some level of matching contribution.
- ▲ To date, 40 states have adopted some form of PEO legislation and PEOs operate in all 50 states.

About ESC

- ▲ ESC is a full service PEO and HR Outsourcing firm, integrating HR, payroll, benefits procurement & administration, compliance, and HR technology into one seamless platform. By providing services typically procured by 3-7 different vendors, ESC's client base of small to mid-sized businesses experience savings and efficiencies, taking advantage of services delivered by an expert team all under one roof.
- ▲ ESC offers a PEO service model, which provides reduced liabilities, greater employee benefit options, relief of administrative tasks, compliance assurance, and dedicated HR support and consulting. As a long-standing member of the National Association of Professional Employer Organizations (NAPEO), ESC is on the forefront of the industry and is consistently ranked in the top 10% of PEOs nationwide.



"Using a PEO is like having a human resources department. You have a team of HR people, but only pay a portion of the expenses."



"Our PEO has been with us every step of the way in handling challenging employee issues. The staff is always there to help us with benefits and payroll."



"Our relationship with a PEO gives us the freedom to focus our attention on our customers."



BENEFITS OF USING A PEO

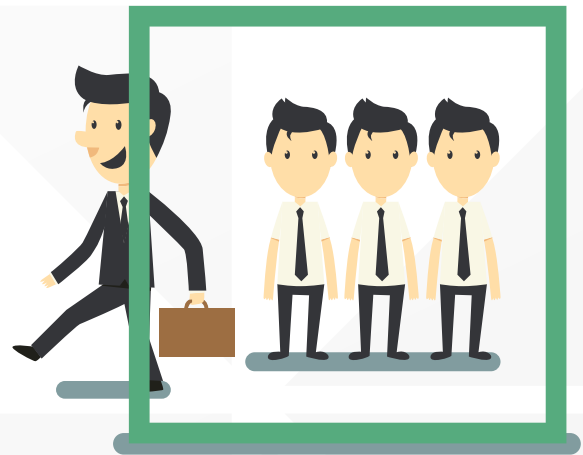


GROW 7 TO 9% FASTER

Since December 2004, employment at small to mid-size businesses using PEOs has **grown more than 7 percent faster than at small to mid-size businesses overall**, according to the Intuit Small Business Employment Index.

HAVE 10 TO 14% LOWER EMPLOYEE TURNOVER

The average overall employee turnover rate in the United States is approximately 42 percent per year, based on 2012 data. It is **28 to 32 percent for companies that used PEOs** for at least four quarters.



BE 50% LESS LIKELY TO GO OUT OF BUSINESS

Businesses that use PEOs are approximately 50 percent less likely to fail from one year to the next when compared to similar companies in the population as a whole. The overall business failure rate among private businesses in the United States as a whole is approximately 8 percent per year, based on 2012 data. It is approximately 4 percent per year for those companies that used PEOs for at least four quarters.

**Going Out
Of Business**



Professional Employer Organizations (PEOs) provide human resources services to their small to mid-size business clients—paying wages and taxes and providing compliance assistance with a myriad of state and federal laws and regulations. In addition, PEOs often provide workers with access to 401(k) plans, health, dental, and life insurance, dependent care, and other benefits not typically provided by small to mid-size businesses. Between 2 and 4 million people are covered by PEO arrangements.

Sources: National Association of Professional Employer Organizations (NAPEO), Professional Employer Organizations: Keeping Turnover Low and Survival High | McBassi & Company | 2014

Professional Employer Organizations: Fueling Small Business Growth | McBassi & Company | 2013



HR Outsourcing: Discover the Freedom

WHY WE'RE UNIQUE

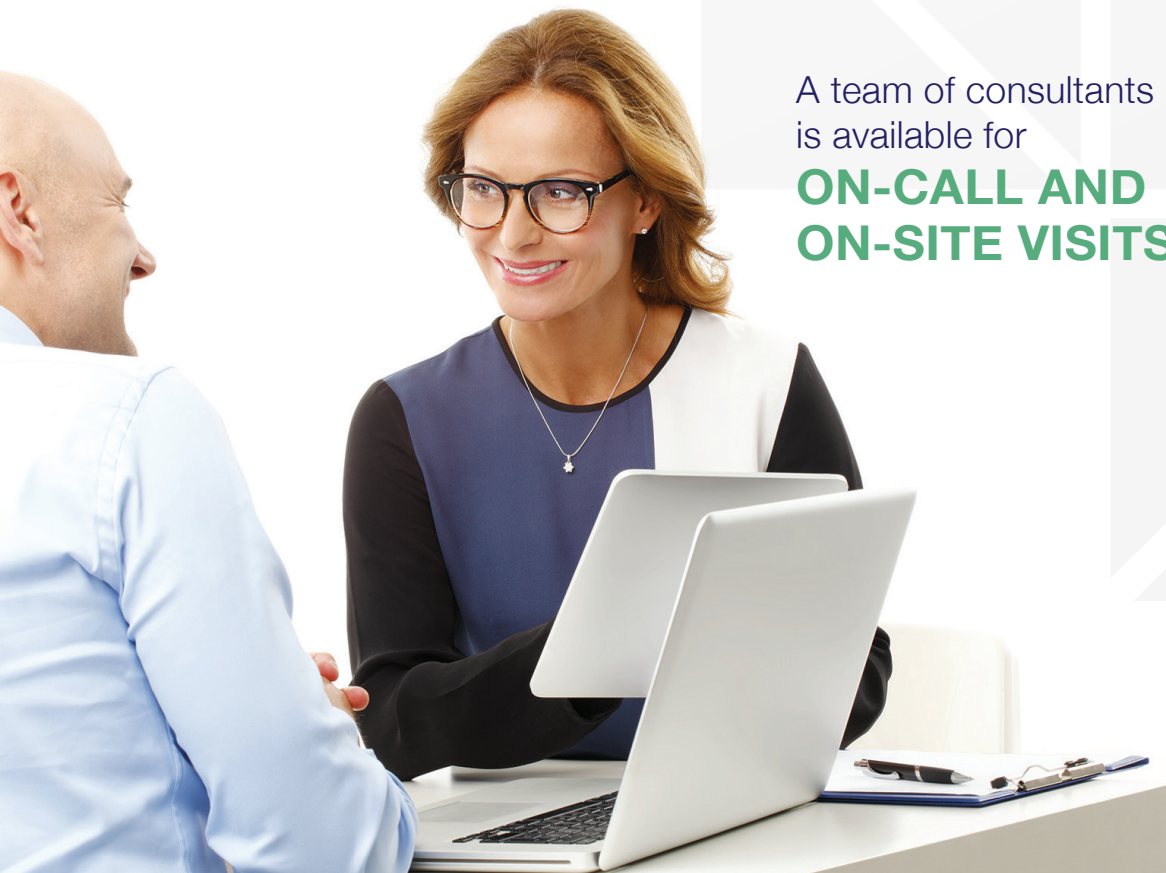
ESC was founded in 1995 to meet the increasing human resources and employment administration needs of the growing small & mid-size business market in Western New York and throughout the country. Each client of ESCs started with a conversation – an opportunity for our team to learn about the client's business, their goals, and their challenges – and from those conversations we've developed custom solutions so that ESC could become a true partner in meeting those unique goals and overcoming those unique challenges.

In the world of HR Outsourcing and PEOs, how is ESC different?

- ▲ ESC was built on delivering exceptional customer service, value, and flexibility every day.
- ▲ Beyond traditional compliance, ESC delivers specific HR strategies tailored to achieve your specific organizational goals.
- ▲ Training and coaching is customized for each client's management and employee base.
- ▲ Strategic HR projects and initiatives are provided.
- ▲ Over 55 local consultants delivering on-call and on-site support.
- ▲ ESC is involved in local charities, causes and foundations in support of the local community.
- ▲ 85% of new business is referred from current customers.
- ▲ 96% customer retention rate.
- ▲ 97% ESC employee retention rate.
- ▲ ESC was one of the first PEOs to receive the federal designation as a Certified PEO (CPEO).

**85% OF NEW
BUSINESS**
is referred from
current customers

A team of consultants
is available for
**ON-CALL AND
ON-SITE VISITS**



OUR CULTURE

As an HR Consulting firm, we help clients develop the kind of world-class corporate culture that attracts and motivates top performers. Here at ESC, we practice what we preach with a well-defined and compelling corporate culture, one that has landed us on WNY's Best Places to Work list for nearly 2 decades.



Our employees are real characters...or caricatures.



Consistently on the Best Places to Work list since 2005.



Halloween at ESC is a roller coaster ride!



Running for a cause.



Swinging for a cause.



Biking for a cause.



Singing carols before our annual ESC shopping spree.



Collecting needed items for charity at the holidays.

YOUR EXPERTS FOR ALL THINGS HR

Our HR consulting services cover the full spectrum of HR, from creating a program from the ground up to optimizing your compliance protocols. Regardless of the level of service you need, our goal is to deliver meaningful results and become a trusted partner for years to come.



Work with our team of experienced professionals to create a blueprint for your HR program.



Our entire HR team will help you stay in line with all state and federal regulations.



We'll help with policy design and development.

HR strategy and implementation

At ESC, you'll work with our team of experienced professionals to create a blueprint for your HR program. Once the strategy is in place, we become an extension of your internal team to execute day-to-day tasks and bring your plan to fruition.

A sampling of our HR services:

- On-call and on-site support
- Employee training and development
- Comprehensive HR assessment
- HR strategic planning
- Job description design and implementation
- Create and update employee handbooks
- Performance management and coaching
- Policy development
- Performance evaluation systems
- New hire orientations
- Terminations
- Employee discipline
- Compensation analysis
- Help develop Employer of Choice culture

Compliance

With so many employment compliance regulations, it's nearly impossible for your internal team to keep up. Our entire HR team, including our HR compliance officers, will help you stay in line with all state and federal regulations.

A sampling of our compliance services:

- Labor law compliance
- State unemployment representation
- Employment eligibility verification
- Labor board hearings
- Department of Labor audits and issues
- Harassment and discrimination investigations
- Code of Conduct violations
- Support and resources

SOLUTIONS THAT BENEFIT EVERYONE

At ESC our experienced Benefits team, along with our ACA officer, will work diligently to find the benefits package that meets your needs.



We'll tailor a Fortune 500-style benefits package with a wide range of cost-effective solutions.

Benefits procurement and enrollment

After a thorough assessment of your company and needs, we'll tailor a Fortune 500-level benefits package with a wide range of cost-effective solutions. Then we'll make the enrollment process as stress-free as possible for both your employees and HR team.

A sampling of our benefits services:

- Procurement of all employee benefit plans
- Administration and remittance of the 401(k) plan
- Administration, reconciliation, and remittance of health and other insurance plans
- Administration of statutory disability insurance
- Provision of pre-tax programs

Employee communications

It's normal for your employees to have questions about their benefits. But handling every request can place a tremendous burden on your team. At ESC, we keep your employees informed and educated, and will jump in to handle any situation that may arise.

A sampling of these services:

- Maintain plan descriptions
- Employee benefits help desk
- COBRA notification, processing, claims management



We keep your employees informed and educated, and will jump in to handle any situation that arises.

Recordkeeping and compliance

The task of administering your benefits plan is complex and ever-changing. Let us handle the day-to-day responsibilities and keep you apprised on the latest regulatory changes.

A sampling of these services:

- Provide plan testing and reporting
- Reconcile benefit accounts
- Monitor benefit plan discrimination
- Custom benefits reporting
- Manage plan audits



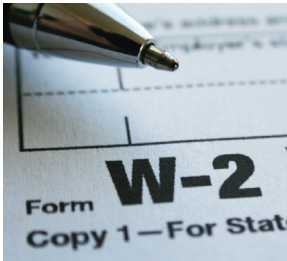
We handle the day-to-day responsibilities of administering your benefits plan

PAYROLL MADE SIMPLE

At ESC, we take the burdens and stress out of managing payroll. Our team of experts understand the process inside and out, and will work diligently to make sure your employees are paid on time accurately, in accordance with complex IRS and state laws.



We ensure your employees get paid on time, every time, with our dependable payroll processing service and convenient web-based payroll portal.



We handle the responsibilities of depositing and filing your payroll taxes.



Our advanced payroll reporting provides you with valuable information about your employees and business.

Payroll processing

With our dependable payroll processing service and convenient web-based payroll portal, we ensure your employees get paid on time, every time.

A sampling of our payroll services:

- Signed and sealed paychecks
- Payroll delivery
- Payroll calculations
- Employee orientation
- Employee set-up and maintenance
- Employee direct deposit for multiple accounts
- Flexible data input methods
- Prevailing wage processing
- Government certified payroll

Payroll taxes and withholdings

Keeping track of your payroll taxes and making payments is a time-consuming process full of challenges and risks. Let us handle all the responsibilities and help you avoid costly penalties.

A sampling of our payroll tax services:

- Tax depositing and filing
- Pre and post tax calculation
- Tax payments and reporting
- Year-end W2s
- Garnishment withholding and remitting

Payroll reporting

When the paychecks go out, our work is just beginning. Our advanced payroll reporting provides you with valuable information about your employees and business.

- Time-off reporting and tracking
- New hire reporting
- Standard and custom payroll reports
- Customized general ledger reports
- Year-end payroll report files
- Job-costing and prevailing wage reports



OUR CLIENTS



CLIENT TESTIMONIALS



ESC is there for us: ESC has made a tremendous impact on our business. As a major resource for our management team, they have helped us align two facilities, located in two states, to provide employee manuals and benefits in line with all local state laws. They are very quick to respond and I am more at ease knowing ESC is there for us when employee concerns arise.

Tammy L. Gorska, President & CEO | Katz Americas

Still flying smoothly today: I engaged ESC almost 15 years ago and the relationship is still flying smoothly today. I have access to their full team of local experts, including the owner, that can be on site as I need them. ESC provides a very efficient model for us that pairs payroll, benefits, HR and compliance experts all under one roof.

David Mittlefehldt, President/CEO | Prior Aviation Service, Inc.



HR experts: I-Evolve provides outsourced technology solutions, so we understand the value of leaving the ever changing complexities of HR to the professionals at ESC. The entire team of specialists at ESC has been side by side with I-Evolve working hard to help us manage the intricacies of our most precious resource – Our people! As I-Evolve continues to grow, it's comforting to know we have the experts at ESC with us every step of the way.

David Meller, CEO; Kevin P. Kelly, President | I-Evolve Technology Services

ESC has gone above & beyond: When we interviewed PEOs, we were looking for a group to be an extension of our staff - true partners in our mission. ESC has been all that and more. Each person that has touched our account has gone above and beyond what we have asked of them. They are down to earth, professional, and committed to Habitat in more ways than just a client/vendor relationship. They are a true extension of our Habitat team.

Teresa Bianchi, Executive Director | Habitat for Humanity



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CLIENT TESTIMONIALS

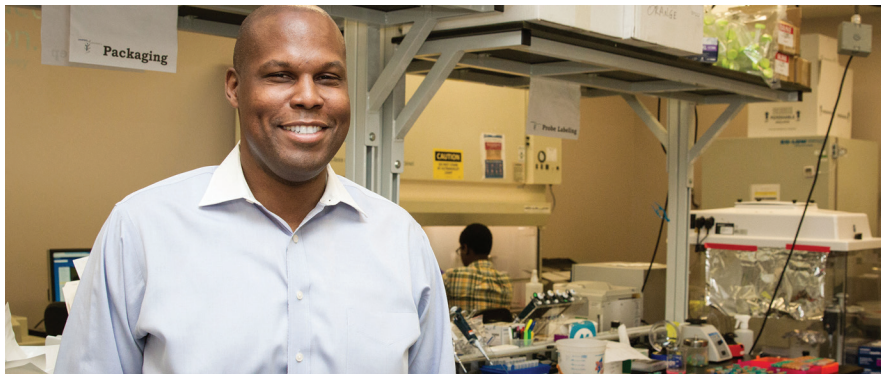


Highly skilled & responsive: ESC's strategic HR has taken Sherex to another level. Their HR Consultants really understand our business and are highly skilled & responsive. In fact, I value the input of our HR Consultant so much that she now sits on our Executive Management team.

**Rich Stauffer, Vice President; Adam Pratt, President;
Tom Lis, Controller | Sherex Fastening Solutions**

Efficiency of HR services: I stepped into an executive capacity for an organization that was outsourcing their HR and employment administration to ESC. Before that, I was not familiar with the PEO model. Now that I've been working with them, the efficiency of the integrated HR, payroll & benefits model is invaluable to my organization. I wouldn't run an organization or business without them!

Althea Luehrsen, CEO | Leadership Buffalo



Team of professionals: In the early stages of our business, ESC set up our infrastructure so we could focus on growing our business. As we've grown, ESC has now incorporated management training and helped create a culture that has enabled us to attract and retain the best and the brightest which is so critical to succeeding in our industry. I'd have to hire a whole team of professionals to get what I get from ESC."

Anthony Johnson, President & CEO | Empire Genomics

Complement to our growth strategy: We have worked with ESC for over 10 years. I rest easy knowing their service team is really on top of all things payroll and HR. ESC is a really nice complement to Father Sam's growth strategy. It's been a win-win working relationship which is why we are still partnered with ESC today.

William Sam, President | Father Sam's Bakery



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MELIORA
CONSULTING

MELIORA CONSULTING GROUP

A fully-owned subsidiary of ESC, provides customized process improvement solutions through their team of Six Sigma Master Black Belts.

A systematic approach to driving change.

Time is a limited resource. It can be spent on growing the business, improving existing processes, and developing employees. Solving complex business issues can be challenging, even with time to do so. Improvement projects often stagnate or fail because they do not solve for the true root cause or lack buy-in from employees and key stakeholders. At Meliora, we help our clients increase system capacity, fix broken processes, and improve margin. We leverage a wide-ranging tool set of proven process improvement techniques while enhancing our client's internal improvement and change management skill set. In short, we help you improve efficiently and effectively.

Project Coaching

Developing, executing, and sustaining process improvement initiatives requires a systematic and disciplined approach. At Meliora, our team of Six Sigma Master Black Belts guides you through the DMAIC process, employing a variety of visual and analytical tools to collaboratively engage your employees in team-based problem solving:

- **Define:** defining the problem, establishing scope, understanding customer needs, and identifying key stakeholders to set the foundation for a successful project.
- **Measure:** mapping the current process, collecting and consolidating data, plotting the data over time and distribution to focus the improvement effort.
- **Analyze:** analyzing the current process for error points and waste loops, identifying root causes, using statistical methods to quantify and verify root causes.
- **Improve:** developing, piloting, and implementing solutions that address root causes; creating implementation plans and quantifying results.
- **Control:** institutionalizing the new process through procedures, training, and monitoring plans; ensuring gains are maintained and learnings preserved.



Strategic Planning

Our team designs customized strategic planning modules focused on your key performance indicators, value creators, and cost drivers. Leveraging best practices from Six Sigma, Lean Management, the Toyota Production System, and many other time-tested tools, we help you focus your improvement efforts on what really matters to your business.

Six Sigma Training

Invest in your employees and build their change management skillset. Meliora's training platform offers a wide range of process improvement training opportunities ranging from customized 1 hour sessions to our intensive 4-week Six Sigma Black Belt program. Our team of instructors bring decades of practical and academic experience together to create an interactive and risk-free learning environment. Focus areas include process mapping, brainstorming techniques, group dynamics, risk mitigation, and statistical analysis. Students learn skills that they can employ in both their daily work activities and as part of an improvement project.