



## SWBC acquiring HR, payroll services firm Brumley

### Deal represents new line of business for S.A. company

BY TRICIA LYNN SILVA

SWBC has purchased Bulverde-based Brumley Professional Employer Services as part of a move to establish a new line of business at the locally based financial services firm.

Of the 30 employees presently with Brumley, the majority are expected to make the move to SWBC, where they will become part of the firm's newest line of business: SWBC Professional Employer Services.

The employees will be based at Brumley's existing headquarters in Bulverde, just north of San Antonio, according to Cathy Starnes, CEO of SWBC Employee Benefits Consulting.

SWBC, a major local employer, purchased the roughly 15,000-square-foot facility as part of the Brumley acquisition, says Starnes, who will oversee the new division.

The acquisition is expected to play a key role in further expanding the reach of SWBC in the post health-care reform market.

The financial details of the Brumley acquisition were not disclosed. Brumley is a professional employer organization, or PEO — a company that acts as the full-time, off-site human resources department for a client company.

New health insurance mandates under the federal health-care reform law, the Patient Protection and Affordable Care Act, will create a group insurance health-care market that will "look vastly different" from the market that exists today, says Starnes, who points out that new regulations regarding employee insurance cov-



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(L to R) Gary Dudley, Charlie Amato, and Cathy Starnes of SWBC plan to carry on the legacy that Wallace Brumley (wearing the purple tie) started with Brumley Professional Employer Services.

erage are expected to increase the cost of doing business.

SWBC's new PEO division will be able to assist the company's clients on both fronts — helping them wade through the new mandates as well as assisting them in cutting costs by serving as the businesses' human resources and payroll arms.

"The purchase of Brumley positions us to help our clients, regardless of what happens with the health care reform," she adds. "We are spending the money today to build something that is going to be necessary to our clients in the future."

SWBC was ranked No. 14 on the Business Journal's list of San Antonio's largest

private-sector employers, with 971 employees. In addition to the new PEO service, SWBC provides insurance, mortgage and investment services to financial institutions, small businesses and individuals.

#### Growing niche

The PEO industry is still fairly small, but it is growing, according to Tim Tucker, vice president of government affairs for the National Association of Professional Employer Organizations (NAPEO).

Tucker estimates that for 2009, these firms took in \$70 billion in gross revenues, and employed roughly 2 million individuals.

## SWBC: Acquisition expected to give local firm a leg up in post health-care reform market

While a PEO can work to cut the costs associated with hiring HR personnel, these organizations can also be time savers, says Tucker, who points out that employers, particularly smaller firms, can spend up to a quarter of their time on employment-related matters — versus the core business that brings in the money for the firms.

On top of that will be added the intricacies associated with the “brave new world” that is health care reform, Tucker continues.

“The business of employment is a complicated one, and now you have this added layer of complexity,” he says.

One area of concern for employers: Regulation requiring that all businesses with 50 or more full-time employees provide health care coverage to their workers — or be subject to fines.

Come 2014, when these mandates go into effect, “there are going to be so many questions, things that clients will not understand,” says Brumley founder Wallace Brumley.

The PEO industry, Brumley adds, “needs to be able to answer those questions and do the things that solve those problems” that



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**Cathy Starnes says SWBC Professional Employer Services will give small businesses in Texas an edge in the post health-care reform environment.**

companies will face related to the new law.

The PEO’s ability to solve those problems makes it a business with a lot of potential. “The horizons are pretty much unlimited over the next 10, 20, 30 years,”

Brumley says.

It was that potential that prompted SWBC to court the firm when it found out that Brumley was on the market, says Starnes, who credits SWBC executive Aaron Seaman with being able to seal the deal between the two firms.

“We wanted to make sure we left the company in the right hands. SWBC was a logical choice for us because of their diverse product offerings for business owners,” says Brumley, who also points to firm’s reputation and that of SWBC founder Charlie Amato and President Gary Dudley.

“SWBC does so many things, and they do it well,” Brumley adds. “And they share (our) core values.”

With the sale of his business to SWBC, Brumley and his wife, Margaret, are looking forward to enjoying retirement — “doing a little traveling, playing with the grandkids, going fishing,” Wallace says.

The couple can enjoy retirement knowing that SWBC will “take very good care of his business,” says Starnes. “He can be proud that he built a great machine for us to acquire.”