

Sarasota Businessman Back in the Game

by MICHAEL BRAGA, staff writer

Rick Ratner, a pioneer of one of Southwest Florida's most successful industries, has gotten back into the business of processing payroll checks and managing workers' compensation and health care benefits for small companies.

Ratner, 59, cashed out of the professional employer organization industry in 1999, selling the company he co-founded 15 years earlier for undisclosed millions.

Now, after a decade of travel, golf, raising adopted daughters and some soured real estate investments, he is back at it again. But this time, Ratner does not want to grow really big, really fast.

"What I'm looking at doing is running a small PEO that is designed to be small," Ratner said. "I will take on as many clients as I can handle myself and outsource as much as I can."

Together with fellow entrepreneurs Bill Mullis, Ginny Dorris, Celeste Dockery, Jack Zickafoose and others, Ratner helped turn Bradenton and Southwest Florida into the mecca, or Silicon Valley, of the PEO industry.

Dozens of PEOs got their start here, including Gevity HR and The Nelco Cos., and some grew very quickly, eventually going public in multimillion-dollar stock sales or selling out to competing giants.

When Ratner and his partner, Ed Bongart, sold their company — Modern Employers Inc. — in 1999, it was one of the 20 largest privately-held PEOs in country.

Its 125 staffers processed payroll checks and managed workers' compensation and health care benefits from Bradenton for 11,000 employees of 550 restaurants, hotels, building contractors and other small companies in Florida, Georgia, Arkansas and Maryland.

It's revenues at the time hovered around \$240 million.

Ratner said he and his partner decided to sell in 1999 because MEI was at a crossroads. In order to grow, it would need a lot of capital to upgrade its technology platform and fund reserved for further workers' compensation claims. But after talking to venture capitalists, Ratner and Bongart reasoned it would be better to take their chips off the table.

Ratner still will not say how much he made. "I like people to think it was more than it was," he said.

Back to Basics

Ratner and Bongart started out in business as insurance agents. But when they saw how rapidly PEOs around them were growing by processing payroll and employee

benefits for client employees, they quickly set up their own company.

"Because we came from an insurance background, we understood the importance of underwriting and why you need to screen clients," Ratner said. "If you brought on the wrong client, it could cost you a lot of money down the road."

Companies that had a lot of layoffs or slip-and-fall injuries in the workplace could cost a PEO a lot of money in terms of unemployment taxes and workers comp claims.

The temptation for many PEOs, Ratner said, was to sign up clients and deal with costs later. But MEI was always vigilant about rejecting risky clients.

Ratner's new company The Employee Management Team will operate with a similar philosophy.

"I'm looking for stable companies in stable industries," he said. "I don't want to experience a lot of layoffs with them. But I do want to help companies that are rebounding from layoffs."

And, at least at the beginning, Ratner expects to do all the work for these companies himself.

At a recent conference of the National Association of Profession Employer Organizations, Ratner said he looked around the room and realized that most of the people there were employees of large companies. Few of the entrepreneurs who helped launch the industry were in sight, and Ratner realized his experience could be a benefit.

"What I'm hearing is that clients of these big companies don't know who they're talking to when they call," Ratner said. "They want to talk to someone to help them solve problems, not some call-center employee in the Philippines."

Managing workers' comp and health care benefits for employees is complex, Ratner said.

"If Obama's health care bill passes, there will be tons of questions," he said. "If it doesn't, employers will have to look at other options like Health Savings Accounts. Someone needs to be on top of that."



Rick Ratner

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