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## CBIZ, Inc. Q1 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator instructions) The first question comes from Josh Vogel from Sidoti and Co. Please go ahead.

#### Josh Vogel – Sidoti & Co.

Hey, good morning, thank you. I know you mentioned that cash collections are strong, but I was just curious if you were seeing any sort of credit issues from any of your smaller clients? I know that some other of your competitors in the payroll business have been seeing that, I was wondering if you guys were.

#### Steven Gerard

We are seeing no significant change in the credit quality of our clients. Appreciate we have almost 90,000 clients. It's certainly possible that one or two somewhere may be in trouble, but we are not seeing any trend and our bad debts have got deteriorated in fact, they have actually – they are a little bit better, so no. For whatever reason, we are not yet seeing any significant amount of distress within our existing client base.

#### Josh Vogel – Sidoti & Co.

Okay. And if we look at the Employee Services group, the margins came in a little bit lighter than what I was looking for. I was wondering what was driving that pressure – the gross margin came in a little lighter.

#### Steven Gerard

I can tell you they came in lighter than I was looking for, too. There are a couple of very specific reasons. Obviously, our P&C business margins are down as is most P&C across the country. Our wealth management revenue and margins are down given the asset levels that we get paid on. And we continue to have some issues not in our retail business but in our national Employee Services issues with one or two of our business units that we are working on. So, it's really a combination of three different factors driving the margins a little bit lower than where we would have expected them now. One of the other businesses that does get affected when things slow down is some of the consulting work we do in our human capital business and we are seeing a little bit of a tail off in that as well.

#### Josh Vogel – Sidoti & Co.

Do you expect these margins pressures to persist throughout the year?

**Steven Gerard**

I am expecting that the margin for the Employee Services business will improve significantly from the 18.6% that was reported in the first quarter.

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