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TOP PERFORMERS SERIES: WORLD'S MOST ADMIRABLE COMPANIES

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ADP

HEADQUARTERS: Roseland, N.J. / EMPLOYEES: 45,000

CUSTOMERS: 570,000 companies and other clients / THE BUSINESS: Payroll processor handles payment for one in six U.S. employees; also offers benefits administration services. Revenue for fiscal 2009 was \$8.9 billion.

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EW COMPANIES GET as easy and guaranteed a PR hit as Automatic Data Processing (ADP). Each month its eponymous payroll report comes out two days before the government's own and gets reported, dissected, and beamed out to anxious market watchers the world over. "You couldn't buy

the coverage," says CEO Gary Butler.

Because it processes paychecks for one in every six employees in the U.S., no company is better positioned to serve as a gauge of the nation's jobs situation than ADP. But the 60-year-old firm is actually a full-service provider of administrative help, handling not only payroll but also

services like 401(k) and health-insurance administration. The diversified model—along with a solid balance sheet—helped it weather a year in which corporations cut hundreds of thousands of jobs, and propelled it to the top spot in financial data services on our World's Most Admired Companies list.

Payroll processing is hardly a sexy business, but that's why ADP does so well. Look at your paycheck and see how many different taxes come out (yes, we know it's depressing). Companies would

rather focus on their core business than the minutiae of calculating federal withholding taxes. And once customers sign up, they tend to stick around: The average client stays with ADP for nearly 10 years. Take Ikea, which took three years to set up ADP's payroll services for 85,000 employees in 20 countries. "You're not going to change that casually," says Butler, who joined ADP in 1975.

While payroll has been ADP's mainstay since it started in 1949 (New Jersey Sen. Frank Lautenberg was its first full-time



salesman and second CEO), non-payroll services now make up 40% of its revenue.

ADP is also one of only four U.S. industrial companies with a triple-A rating from both Moody's and Standard & Poor's. (The other three are Exxon Mobil, Johnson & Johnson, and Microsoft.) With a third of pretax income coming from the interest on its float—the \$15 billion it holds between the time employers hand over the dough to pay their workers and when it gets transferred to workers' banks—ADP could benefit from rising interest rates.

So when will employers start hiring again? That's one data point ADP doesn't put out, but Butler is hopeful based on his own indicators: "Our salespeople are selling again," he says. "For a year people were doing nothing." —Beth Kowitt

THE NUMBERS

52

MILLION
W-2S PROCESSED EACH YEAR

\$1.1

TRILLION
AMOUNT ADP MOVES THROUGH
THE U.S. TAX AND BANKING
SYSTEMS EVERY YEAR

31

MILLION
NUMBER OF PEOPLE,
GLOBALLY, THAT ADP PAYS

Earnings Engine

IN 10 YEARS ADP HAS ALMOST DOUBLED ITS PROFIT, TO \$1.3 BILLION LAST YEAR



Source: Bloomberg