

Compass HR Consulting, LLC

Consumer Products Business – Start Up

Situation

A global manufacturer of automobiles created a subsidiary business to grow revenues and profits by acquiring established businesses involved in the recycling of salvaged Original Equipment Manufacture's (OEM's) auto parts for use by auto repair facilities and individual customers. The goal of this consumer products business venture was to create a new salvage auto parts brand and grow the business internationally from start up to \$1B in revenue within five (5) years. To meet the goal of this new business venture, the parent company acquired existing salvage yards in the U.S.A. and Canada. HR's role in this new business venture was to assure all acquisitions were seamlessly integrated into the new subsidiary company and all compensation and benefit plans, polices, practices, and procedures were to be standardized at all locations.

Opportunity

The HR business partner, working with Operations Management, was to seamlessly absorb locations into the corporate fold while maintaining and building revenues, retaining critical HR talent, preventing employee dissatisfaction and maintaining an established customer base.

Actions

The HR business partner developed a strategy to use a Professional Employee Organization (PEO) to handle payroll and day-to-day Human Resources activities, allowing the HR business partner to focus on developing and implementing HR strategic initiatives in concert with the business leaders. Additionally, using a PEO strategy allowed this new company to operate in a much larger employee pool with lower costs for Worker's Compensation and benefits.

Results

In 16 months this new consumer products business seamlessly acquired and integrated 28 businesses into the subsidiary's corporate structure in the U.S. and Canada without experiencing revenue loss, unwanted employee turnover, employee dissatisfaction, or loss of established customer base. All compensation and benefit plans, polices, practices and procedures were standardized for all locations. The strategy of using a PEO for startup subsidiaries was adopted for all adjacency businesses of the parent company. This strategy reduced the HR headcount, payroll, Worker's Compensation, and benefits costs making start up businesses more profitable sooner.