



### **Achilles Group: The People with a Plan**

At the end of 2001, Arch Payne, J.P. Magill and Bill Bradshaw decided they wanted a change. Magill and Payne were in corporate human resources and Bradshaw owned an executive search firm. Bradshaw asked the two one simple question: "What would you do if you didn't do corporate HR?" The result: The birth of the Achilles Group, a Houston, Texas-based human resources outsourcing firm for small and mid-sized businesses.

"We knew we all wanted to do HR, but we needed to find the right market," says Payne, a founding partner. "I'd been doing some consulting and realized that I was seeing a lot of small and mid-sized businesses that couldn't afford full-time HR departments." Focusing on Houston's nearly 20,000 businesses with 50 to 500 employees, the principals settled on creating a shared HR services model.

They knew they had a viable concept. Rather than charging by the hour or on a project basis, Achilles would offer a subscription-based service, acting as a true HR department for clients. "Our services are based on a flat, budgeted annual fee," explains Payne. "We handle everything from policy creation, recruiting and compensation planning to issues that might fall outside a typical consulting agreement, such as dealing with a discrimination claim. The variety of issues makes it fun for us."

### **Designed to Succeed**

With what they considered a sound business model, the three then began putting together a business plan in December 2001. During the next 60 days, working in each others' garages and meeting at fast food restaurants, the team mapped out its approach and goals.

"We didn't want to wait to get clients and be reactive," Payne says. "We wanted to make sure we had a process in place up front that would let us execute on our terms." To that end, Achilles' business plan outlined every step the crew might take with clients, including assessment, creating a tailored service plan and ongoing execution.

Included in the company's business plan is the complete menu of services it offers, covering everything from the creation of policies, employee handbooks and supporting HR processes and procedures to the development of full-blown compensation plans. Payne adds that there is no cookie-cutter approach, so Achilles built its business plan attempting to cover every conceivable HR need. "We've made adjustments based on client requirements, but the basics haven't changed," he says.

In addition to its service structure, Achilles' plan took into account its own infrastructure and employee needs. The plan outlines what the partners call "HR pods." Each pod, designed to handle between 12 and 15 clients, consists of an HR Director and an HR Manager. Currently, Achilles has 36 clients and three pods, and clients range in size from companies with 20 to 1,800 employees. "The staffing model was designed to be replicable. Given our current client base, we're right on target," observes Payne.

The team's first financial goal, also in the plan, was to be self-funded. "It was tough the first few months," Payne says. "When our first check came in, we needed to decide whether to pay the rent or the electric bill." Fortunately, in summer 2002, Achilles received some much needed help in the form of a \$100,000 credit line from Wells Fargo.

"When we first met [Wells Fargo Customer Relationship Manager] Oscar Martinez, we had a handful of clients and an ambitious business plan," says Payne. "We'd been to five or six banks, but Oscar was the first person to really listen to us. He motivated us and even put us in touch with new clients. He still visits us regularly. If we hadn't had that line of credit, we couldn't have grown as quickly as we did."

The right model and processes have taken Bradshaw, Magill and Payne far. After landing its first client in March 2002, Achilles Group finished that year with revenues of \$156,000. During the next two fiscal years, revenues increased by about 400%. With nine employees, Achilles is on track to exceed \$1 million in sales for 2005.

Not surprisingly, the figures are in line with the financial objectives of the business plan, which the team revisits every month. With two years to go on the current plan, Achilles' anticipated geographic and industry growth is also going according to design. Their business road map highlighted certain sectors, such as restaurants, hospitality, manufacturing, franchises and services, in which they've been successful in gaining traction. "We also targeted key cities, like Dallas, San Antonio and Austin, in terms of regional growth," says Payne. "Once we have a strong enough base in a city, our plan is to open an office there. It looks like Austin will be our first expansion."