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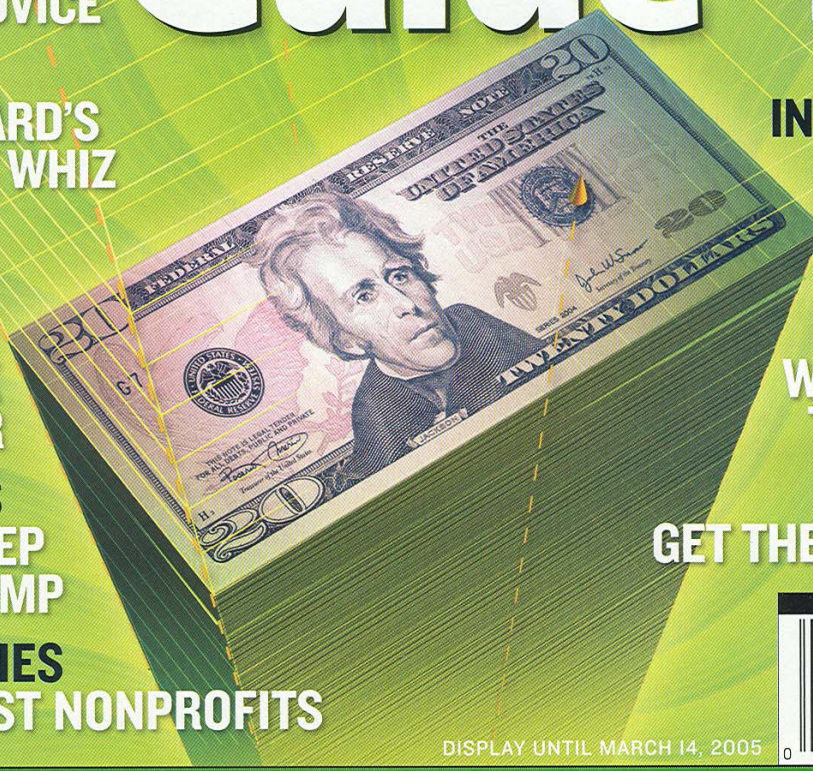
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## OUTSOURCING

Tough guys for tough jobs: Arch Payne, Bill Bradshaw and J.P. Magill do the dirty work no one else wants to handle.



# You're Fired!

Got a spat between workers or an employee who needs the ax?  
Call Achilles Group | By Christopher Steiner

**J**OHN PAUL MAGILL ISN'T YOUR typical personnel consultant. Brought in by a restaurant owner, Magill was lying in wait earlier this year to perform the dirty work he was hired to do: fire someone. In this case, a foulmouthed cook who, convinced that Spanish would cloak his words, repeatedly made sexually charged remarks to one of the female waiters. The offender evidently didn't know that the woman was fluent in Spanish. Waiting 30 minutes past the start of the cook's shift, Magill learned that the guy had been written up for tardiness more than once. That made the job easier. When the cook finally showed up, Magill canned him not for sexual harassment but for repeatedly being late. "There's more than one way to get rid of someone," he says.

Just another nasty little chore in the

everyday life of Magill's firm, the Achilles Group of Houston. Business is good these days, and not just because 72% of all U.S. companies are outsourcing at least one human resources activity, according to the Bureau of National Affairs, which tracks the industry. Achilles eschews the paper-pushing, payroll-handling and benefits-managing jobs scooped up by much larger rivals like Mercer (a Marsh & McLennan subsidiary) and publicly traded Hewitt Associates. Three-quarters of its business consists of the grungier side of personnel matters—threatened lawsuits, employee spats, discrimination and harassment filings, contentious firings, EEOC claims and hiring—which many companies find too painful to touch. Hence the name Achilles. "You go into business to make widgets," Magill tells prospective clients, "not to make sure Sally and Eddie get along."

Ah, but life wasn't always so sweet at three-year-old Achilles. Magill and one of the other two cofounders had been laid off themselves—Magill from his \$100,000-a-year position as personnel director at Houston contractor Integrated Electrical Services, and Arch H. Payne, who had been earning \$240,000 as head of personnel at ill-starred Azurix, an Enron subsidiary, now defunct. Partner number three was Bill W. Bradshaw, a headhunter with his own firm (and a \$175,000 salary), who threw in with them anyway. "The move was a little tough to explain back at the house," Bradshaw says, referring to his stay-at-home wife and three children.

Conceived over coffee at a McDonald's, the plan was simple. Instead of charging companies standard consulting rates of up to \$400 an hour, Achilles would ask for a flat monthly fee—say, \$3,000, no

matter the workload. Clients, they figured, would love being able to build unpredictable costs into their budgets. Contracts would last a year, then go month-to-month. A business that sells itself.

Not quite. Customers proved scarce. And instead of a nice division of labor—Bradshaw to find the clients, Payne and Magill to service them—everyone spent most days relentlessly cold-calling. Achilles cut deals, signing on its first customer for a paltry \$1,000 a month; for the second client, a graphics company, the trio accepted \$1,000 cash and \$500 worth of monthly printing. Their third customer got them for \$2,000 a month.

A five-month famine set in. By August 2002 the \$10,000 used to launch the firm was long gone. Payne went without a salary; Magill and Bradshaw split the meager leftovers. It came down to a choice between paying the electric bill or the rent. The utility won. “We’ve got a great landlord,” Magill sighs.

Finally, toward the end of 2002 things began to turn around. One client referral led to another. Among them was S. Dave Warren, president of \$50 million (sales) Energy Alloys, which sells raw materials to companies that make oilfield equipment. Achilles won the business by helping Warren lay off 6 of his then 35 workers. Most were highly paid veterans with diverse ethnic backgrounds—that is, discrimination suits potentially waiting to happen. Magill & Co. put together a fair severance plan and coached each manager on how to deliver the news. Nary a complaint followed. “It’s hard to come up with the time to do this stuff yourself,” says Warren.

Not to mention doing it with a deft touch. As in the case of a male employee who lost a \$2 bet to a female worker, then took his money back by lifting it out of her bra (he was axed). Or the 58-year-old woman who filed an age discrimination claim after Achilles fired her—and withdrew it after learning that Achilles had helped replace her with a 55-year-old woman. Or the terminated minority employee who threatened a discrimination suit until Achilles produced reports documenting his poor performance.

Achilles has occasionally saved a company from a truly embarrassing—and ex-

pensive—situation. A white-collar consulting firm once called for advice about how to handle an employee who was allegedly hawking erotic paraphernalia on Ebay from her work computer. Should she be fired? Magill interviewed members of the firm’s data processing department and had a chat with the suspect, who was given to dressing Goth at a straitlaced place but hadn’t been peddling anything. It turned out to be rumor and false accusation. Whew.

Some customers take advantage of Achilles’ flat rate system for unlimited attention to problems. “One company hired us, then opened a desk drawer full of EEOC complaints, plopped them down and said ‘Uh, you can deal with these, right?’” Magill recalls. Achilles worked through each complaint, but now has a profitable client.

Magill claims he’s gotten smarter about what kinds of clients to take on. Achilles no longer chases the 50-year-old family business with 25 employees and few plans for expansion. When a company rapidly adds to a few dozen workers—that’s when the need for outside expertise multiplies. “Owners start to lose control at 40 employees,” Magill says.

Achilles says it often works at a loss at the beginning of a relationship, persuades 90% of its clients to stick around and then makes money. The firers have been fired only once before the one-year contract was over. In that case Achilles was doing work for the Houston branch of a national moving company. It tried to snare business from the company’s Oklahoma City headquarters as well. The Oklahoma HR staffers were understandably upset since Achilles was essentially trying to get rid of them. Magill ended up losing the mover’s entire account, despite a strong recommendation from the Houston office.

There’s plenty of room closer to home for friendlier grabs. As the nation’s fourth-largest city, Houston has 17,000 businesses with 20 to 1,000 employees. Tech-rich Austin is another potentially lucrative vein.

Get moving, fleet-footed Achilles. True, the business has grown from a single \$1,000 check in March 2002 to \$1 million in revenue this year from 32 clients. But the three partners together are still taking home about what Payne himself made at his last job. **F**