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Section **B**

Power to the people: Richard Carrano, CEO and president of Purchasing Power LLC, said employee purchasing programs like the one offered by his firm benefit both employers and employees.

Purchasing Power LLC

- President/CEO: Richard Carrano
- 2011 revenue: $181 million
- Number of employees: 160
- Year founded: 2001

Buying power

Purchasing programs give employees power

By Tonya Layman
CONTRIBUTING WRITER

As the economy continues to make modest strides, consumers have yet to feel the positive impacts in their wallets. But employee purchasing programs can benefit both employers and employees.

For employers, it adds a benefit for employees, and for employees, it allows the purchase of big-ticket items at a discount.

Atlanta-based **Purchasing Power LLC** is an e-commerce business that offers its customers the opportunity to procure big-ticket items by making manageable payments through payroll deduction.

Purchasing Power's clients include Fortune 500 companies and government agencies. The list of clients is growing and so are their product offerings — both have led the company to a revenue increase of 30 percent year over year. The company is expected to reach $235 million in revenue this year.

"We partner with employee benefit brokers and HR consultants and many more of them are presenting our program to their clients," said Richard Carrano, Purchasing Power president and CEO. "Our clients are employer groups who are looking for new, innovative employee benefits, especially in the wake of health care uncertainties. They look to benefits like ours to supplement their benefit package. From a consumer perspective, the products we offer are high-demand products and there aren't good options for employees to acquire those goods on an installment payment basis."

> "In this economy, employers have been holding at their current salaries so anything you can do ... to help your employees financially is positive."
>
> **Linda Goodman**
> Cooper Carry Inc.

According to a Purchasing Power white paper, about 1 in 5 U.S. households owe more on credit cards, medical bills, student loans and other unsecured debt than they have in savings, checking accounts and other liquid assets.

Voluntary benefits are one way employers can help ease fiscal stress and help employees get back on firmer financial footing. Employee purchase programs have proven to be cost-effective alternatives to other consumer purchase plans, such as employer discounts, layaway, rent-to-own and credit cards.

There has been an increased interest in employee purchasing programs, thanks in part to the downturn in the economy. According to the 2012 MetLife 10th Annual Study of Employee Benefits Trends, 49 percent of employees say that because of the economy they are counting on their employer's benefits program to help with their financial needs.

Goodman
Cooper Carry Inc.

"The opportunity to buy on installment is valuable to today's employees," Carrano said.

Lisa Goodman, director of human resources at **Cooper Carry Inc.** and vice president of content at the **Society of Human Resource Management's Atlanta chapter**, said these programs can be quite positive for both employers and employees, especially as the cost of other employee benefits continue to rise.

➤ See **BUYING POWER, 4B**

VIEWPOINT

Steps to tackle biggest business challenges

TIM PERUSEK

GE Capital asked the chief financial officers (CFOs) of nearly 500 U.S. mid-market companies — those with revenue ranging from $15 million to $1 billion — about their biggest internal challenges. Their No. 1 difficulty is making process improvements. Reducing employee benefit costs, developing talent and growing leaders, and cutting energy costs are their other major concerns.

The issues identified in this survey apply to businesses large and small, and through the steps below, companies in Atlanta and across the state can take steps to increase their productivity, competitiveness and profitability.

Concern #1: Making process improvements

Process improvement involves improving an existing business process to meet new objectives, such as reducing costs or accelerating delivery schedules. There are two management technologies, "Lean" and "Six Sigma," that can help. Lean is about increasing speed while maintaining the same quality level, while Six Sigma is about significantly improving quality.

As an example, in a manufacturing business, waste means overproduction, overprocessing and carrying inventory instead of achieving just-in-time production.

But what's wasteful in a service type of business? Compare the garage at your local auto shop to that of a Formula One racing pit crew. Each member of a pit crew understands his assigned tasks, and all tools and equipment are at arm's length. There's no waste involved in searching, finding, selecting, transporting or waiting.

Concern #2: Reducing employee benefit costs

According to the annual National Survey of Employer-Sponsored Health Plans by Mercer LLC, the average total health benefit cost per employee is expected to increase 5.7 percent this year. The average all-in cost was $10,146 per employee in 2011. Mercer noted that "workforce health management" — essentially implementing policies to encourage health-conscious behaviors —has emerged as employers' preferred strategy for controlling health spending.

GE's HealthAhead program partners with employees and their families to help them live in the healthiest way possible, decrease health-related absences and limit health-care costs. All GE sites across the globe, including GE's 92 throughout Georgia, are tobacco-free. In 2011, there were more than 3 million workouts at GE's reduced-cost or free fitness centers and more than 12 million healthy meals served in our cafeterias. In short, GE estimates that it has positively impacted two-thirds of its global employee population.

What are the biggest internal challenges facing your company in 2012?

- Service process improvements 55%
- Employee benefit cost reductions 52%
- Talent / leadership development 42%
- Manufacturing process improvements 37%
- Energy cost reductions 31%

Source: GE Capital U.S. Mid-Market CFO Survey

The benefits — which apply to operations of all sizes — are clear. A 2011 survey by Towers Watson found strong evidence of a link between highly effective health and productivity programs and better human capital and financial results, including higher productivity.

Concern #3: Developing talent / leadership

It makes headlines when prominent companies fail to adequately plan for the orderly succession of leadership. In recent years, several Fortune 100 companies have found themselves grappling with the pitfalls that leadership vacuums can create. However, a systematic approach allowed McDonald's to smoothly transition through two CEOs within seven months in 2004.

Succession planning shouldn't be a one-off initiative to fill a particular leadership position but an ongoing assessment of available talent and the career paths for high-potential business leaders — and it's just important at smaller companies. The key steps are:

- Assess the key positions available in your company;
- Identify the key talent that's available;
- Prepare that talent for the roles they're going to assume; and
- Monitor and review their development.

Cultivating people who may replace you one day can be anxiety-producing but, without a systematic approach to assessing and developing the human resources you need to succeed in the future, your company could be caught unprepared when key employees leave the company — or when you're ready to retire.

Concern #4: Reducing energy costs

Why not empower your employees to come up with ways to conserve resources? They might suggest repairing leaky faucets and installing motion sensor-based lighting in little-used areas such as storage rooms.

The process of examining energy usage and developing conservation techniques is known at GE as an ecomagination Treasure Hunt (eTH); it was developed based on a model created by Toyota Motor Engineering & Manufacturing North America. The focus of an eTH is identifying energy kaizens (discrete opportunities for improvement) that will reduce costs, drive reductions in energy consumption and greenhouse gas emissions, and improve efficiency.

In August 2011, an eTH at Exopack's Griffin, Ga., manufacturing facility identified approximately $453,000 in annual energy-saving opportunities that could reduce its energy spending by 30 percent annually. If Exopack implements all suggestions identified by the Treasure Hunt, it could reduce its carbon dioxide emissions by nearly 4.3 metric tons — the equivalent of eliminating more than 820 cars from the road or planting 107,179 tree seedlings and allowing them to grow for 10 years.

Perusek is a managing director with GE Capital in Alpharetta who has responsibility for developing customized lending solutions for middle-market companies in the Southeast.

Buying power

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"These programs are an enhancement to the standard benefit plan. They enable employees to leverage group buying opportunities," she said. "With the economy the way it is, companies are always looking for ways to help save the employees money."

Goodman said it makes sense for businesses to offer these programs, especially since there is typically no cost to the firm other than some administrative time. By offering these types of programs, it shows that employers care about their worker's bottom line.

"In this economy, employers have been holding at their current salaries so anything you can do to show you are in tune with that and doing whatever you can do to help your employees financially is positive," she said. "If you can help your workers get a computer and save $200 that is money they can put elsewhere in the budget."

Another upside is these programs can indirectly boost productivity and reduce absenteeism.

"You, as an employer, feel an impact from the decisions your employees make," Carrano said. "Many employer groups understand that there is a linkage between an employee purchasing program and lost productivity."

Employers often believe their employee's consumerism habits don't affect their performance.

Tips for implementing a program

- Make sure to educate employees about the program so it is a benefit that is used and has more value to the work force while showing that the company is concerned with their worker's bottom line.
- Remind the staff that when they make a purchase, they are using their after-tax money and their paycheck will be lower than they are used to.
- Tie an employee purchase program into other HR strategies. For example, if the company offers a wellness program, promote fitness equipment purchases.

"The reality is that their employees often head down paths to acquire big-ticket items that aren't good and can results in a vicious cycle of drawing debt and defaulting. All of that activity does come back to the employer through lost productivity and absenteeism. These programs can take stress out of an employee's life and they can perhaps be more productive at work," Carrano said.

Employees who have access to the Purchasing Power program can purchase big-ticket items, including electronics and computers, furniture, fitness equipment and appliances, by installment payments automatically deducted from a payroll check for 12 months.

The convenience of payroll deduction helps buyers make their payments. Rather than forgetting the bill is due, the money is automatically deducted. By not forgetting a payment, a consumer will avoid the stress of a forgotten payment, Carrano said.

Part of Purchasing Power's success has been to boost offerings to include services, such as educational opportunities like tutoring, test preparation, continuing education courses and online degree programs.

"Tuition reimbursement programs historically offered by employers have decreased and are less funded, yet employers are highly supportive of education for either the employee or their family," Carrano said, adding this allows an employee to pursue this purchase through installment payments.

Carrano believes this purchase plan is simply less stressful than pulling out the plastic, plus it is an interest-free option.

"You can purchase a refrigerator or a washer or dryer with this plan and not eat up your entire credit limit on your credit cards. This frees up available credit for emergencies. You can use the credit when your car breaks down. If your credit card is maxed out then the options to dip into financial resources are limited and that creates a debt spiral," he said.

Purchasing Power's new investment partner, **Rockbridge Growth Equity LLC**, is bringing additional value to the company and helping them navigate sizable growth.

"We have always been private-equity owned but at some point investors look for liquidity so last October we brought in new equity sponsors to bring in new liquidity for those original sponsors. These are great partners who are certainly experienced with rapid growth in technology-enabled businesses."

La Rhonda Edwards, former employee relations expertise panelist for the **Society of Human Resource Management**, said many companies are engaging employees through internal purchasing programs. For instance, a company can offer their goods and services at a discounted rate for associates.

"That is absolutely a benefit," she said. "Some applicants look for programs like this when they are looking to be hired on. These programs can also be used to retain employees."

Anytime these companies can offer these items through payroll deductions, associates see that as a benefit, she added.

Additionally, Edwards said more companies are partnering with third-party companies that offer discounted goods and services such as movie tickets, spa services or travel packages.

"These types of programs allow vendors to get in front of companies' associates and potentially save them money," she said.