

Automotive Parts Manufacturer Slashes HR Service Costs by 66% in Just Seven Months

Industry: Automotive

Services Provided: Program & Portfolio Management, Project Management, Project Recovery, Resource Management, Business Strategic Planning & Consulting, and PMO Advisory services.

Company: As a multi-billion-dollar world leader in manufacturing automotive components, this company's customer base includes virtually every major manufacturer in the global automotive, commercial vehicle, and off-highway markets.

Challenge: As the company emerged from bankruptcy protection, its Human Resources (HR) executives wanted to reduce service costs, which were averaging US \$20 million annually.

They developed a strategy to "right-source" key HR functions that had been outsourced to a single contractor. By bringing the majority of services back in-house, and partnering with an array of best-in-class service providers for select elements of the program, the company expected to both improve HR services and cut costs dramatically. Overall, there were 15 discrete projects included in the HR Transformation Program, encompassing all aspects of HR service delivery, such as Payroll, Benefits, Health and Welfare, and Pensions.

After eight months, however, the entire program was in jeopardy. Key milestones and deliverables were not being met for any of the projects, and critical cost overruns were adding up. With just four months remaining to complete the entire HR Transformation Program, the CIO realized that the organization did not have the program management expertise to achieve the expected results.

Solution: On a Thursday evening, the CIO asked PM Solutions to assume program management oversight for the HR Transformation Program. The following Monday morning, PM Solutions provided the first of two world-class Program Managers to turn around and recover the troubled initiative. This effort required masterful interface management between the client, the outgoing service provider, and multiple new service providers. Tensions between the stakeholders were high and expectations management was a critical element to success. Applying PM Solutions' proprietary Project Review and Recovery techniques, the veteran consultants reset client/vendor requirements, milestones, resource projections, estimates, and delivery targets.



VALUE DELIVERED

Within seven months of program completion, HR expenses were reduced from US \$20 million to \$6.8 million per year.

results

All 15 projects within the program were completed on schedule and on budget, with no service disruptions or outages during the pilot, transition, or go-live phases. Within seven months of program completion, the client had reduced HR expenses from US \$20 million to \$6.8 million per year, and is targeted for a \$5 million per year run rate.

Because of the success on this initiative, PM Solutions continued to work with this client to build an organizational project management methodology, mature portfolio management practices, and help improve project execution across the organization.