

Case Study

HB McClure

Location: Harrisburg, Pennsylvania

2015 Revenues: \$80 million

Employees: 460

Industry: Plumbing, Heating & Air Contractor

Highlights



Challenge

Giving employees ownership in their company wasn't enough; they needed a system to help them think and act like owners.



Solution

Implement the GGOB as a way to drive ownership thinking all the way to the front lines of the business.



Results

The company has grown like wildfire in recent years: revenues are up from \$29 million in 2008 to \$80 million today while the number of employees has nearly doubled during that time.

“Employee engagement, client satisfaction, and profit scores are all up since implementing the GGOB.”

EMPLOYEE OWNED

HBMcCLURE

TRUST. QUALITY. VALUE... SINCE 1914.

Offers a diverse range of service offerings including: heating, cooling, plumbing, electrical, geothermal, propane and fuel oil.

Company Background

Since 1914, HB McClure has been helping Central Pennsylvanians in and around the cities of Harrisburg, Carlisle, and Hershey stay warm in the winter and cool in the summer by offering automatic fuel oil delivery and 24-hour emergency service. In 2008, Bob McClure, the third generation owner of the business, sold the company to Bob Whalen. In 2010, Whalen then sold 100% of the company to an ESOP. The company, which operates out of three locations, has since used the tax advantages of being an ESOP to make several acquisitions as a way to continue to diversify its service and geographic mix.

Playing the Game Together

When Bob Whalen bought his business in 2008, he didn't realize that the economy had already begun its slide into recession. Fortunately, the seller was willing to be patient in being made whole. But the effects of the economic slowdown didn't really affect HB McClure until a few years later – which put cash flow pressure on the business to pay back McClure and pay its operating bills. Whalen went looking for a solution to help speed up the payout and to give his employees a greater stake in the outcome of their business.

In 2010, the company changed its ownership structure so that it was 100% employee-owned through its ESOP, or employee stock ownership plan. “We believe there is a pride and engagement that comes with ownership that is difficult or even impossible to duplicate,” says Whalen.

But just giving ownership to employees wasn't enough. “We needed another tool to get us all the way there,” says Whalen. “I grew up playing sports and the one big lesson I learned was that if you get everyone running the same direction and working as a team, you can produce great things even against more talented competition. The GGOB became the tool we used to educate our employees to work together on what it really meant to think and act like owners.”

Regular departmental huddles help get everyone in the company's three locations on the same page – including an all-company huddle conducted from headquarters in Harrisburg that associates from the other locations use video technology to dial into.

“The trust we show in opening up our books, sharing in our successes, both through game sharing and ESOP value, has been invaluable in building trust with our employee owners.”

Rapid Financial Results; Lasting Cultural Change

While the company began implementing the GGOB in 2014, the lion's share of the work occurred in 2015. That meant rolling out a series of mini-games and even the first steps in the High Involvement Planning process. All that hard work paid off as year-end profits were up 40% from the prior year – which were already impressive. “The GGOB led to a culture change in our business that led to those results,” says Whalen. “We are accomplishing more as a business and engagement and satisfaction among our employee-owners is skyrocketing. What can be better than that?”

The company's engaged employee-owned culture is also helping it address the number one bane in its industry: attracting talent. “It's our biggest challenge,” says Whalen. “But now we have the tools we need to differentiate ourselves from the competition. We are only going to get stronger over time.”

“When you combine an ESOP with the GGOB you make the pie bigger, which means we all do better by working together. I frankly believe we have the company structure for the future.”