



**NCM ASSOCIATES'** president and CEO Paul Faletti consults with VP of human resources/operations Jill Hobbie. Being employee owned creates a collaborative environment among NCM's staff.

# Employee-owned management consultancy NCM Associates, Inc. serves the auto industry and weathers the economy. Recession? What recession?

by Chris Allsop

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Management consultancy NCM Associates, Inc. is a part of history. Following World War II, NCM was approached by a group of Ford dealers anxious to meet the forthcoming torrent of demand. They asked NCM to compile a common reporting statement to be used as a benchmark, allowing these businesses to compare against one another.

From this evolved the model for NCM's core business, 20 Groups. Twenty like-sized, non-competing dealers meet several times a year to create a benchmark out of their financial and performance data and to discuss best practices. NCM processes and packages the dealers' data and is present at meetings to moderate and drive discussions among the group. The original group of dealers is still in existence; some participants are fourth-generation de-

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scendants of original members. The 20 Group division comprises 75 percent of NCM's overall business, and the company has branched out to offer additional services to auto dealers, such as retail-operations consulting services and management-training programs.

But perhaps one of the most important business developments for NCM began in 1988 and was completed by 1999—NCM staff purchased all assets from its original founding partners. "We love being employee owned for a number of reasons," says Paul Faletti, NCM president and CEO. "You have that confidence that when people walk in the door each morning, they are there to build wealth for themselves and their coworkers. This setup changes a person's approach to their job. Every dollar the company saves and every new client that walks in the door has the possibility to directly affect the personal wealth of everyone at NCM. It creates an incredible camaraderie.

"If someone isn't pulling their weight," Faletti continues, "they're more likely to be called out by their coworker. Conversely, when someone is doing a great job, other people are going to encourage that person sitting next to them." NCM also fully funds its retirement plan on behalf of its associates and doesn't ask or allow its employees to contribute financially. "We are very transparent about the financials behind the plan," Faletti says. "And we spend a lot of time forecasting when people are going to retire so that we can ensure they receive their payment when they leave the company. It's a substantial amount of money that we dedicate from our profitability to give back to our employees."

That profitability was challenged by the recession and its impact on the auto industry (which went from selling 17 million cars per year down to 10 million). NCM reacted by diversifying internally and getting closer to its clients,

focusing on specific needs and working inside their premises. The company also broadened its product range, with an increased emphasis on online tools and mobile accessibility for clients. "The recession brought out the best in the car business," Faletti says. "It also brought us new clients, who, without that downturn, would not have turned to us to help them out." [P]

#### BY THE NUMBERS

**100%**

percentage of the company that is employee owned

**90**

approximate number of employees

**3,000+**

number of clients throughout the United States and Canada

**\$0**

amount NCM employees pay into their retirement plan

**75%**

percentage of NCM business comprised by 20 Group

#### WHY AN ESOP?



**KEVIN CUNNINGHAM**  
DIRECTOR OF 20 GROUP OPERATIONS

"Through the ESOP [Employee Stock Ownership Plan], everyone's efforts are as important as mine. We are all in this together. Knowing our collective performance moves the profits that fund our ESOP and enhances our retirement options, I am constantly motivated to improve my efforts."



**JILL HOBBIE**  
VP OF HUMAN RESOURCES/OPERATIONS

"Knowing that everything we do is contributing to our share value is a great motivator. This is a large portion of my retirement savings. I only contribute with my hard work. The company contributes the funds. How can you beat that?"



**JEFF BETHEL**  
DIRECTOR OF RESEARCH & DEVELOPMENT

"As a member of NCM's board of directors, I like that it keeps the employees more engaged, committed, and focused on the customer while helping us all maintain a long-term focus on company profitability. I consider it a privilege to participate in the ownership culture of the company."