

Midsouth Consulting buys Brentwood benefits consulting firm

BY STEPHANIE HARDIMAN
Staff Writer

Midsouth Consulting Group has bought the retirement and payroll administration divisions of Brentwood-based Walker Benefits Consulting.

Company officials would not release details of the deal but say the acquisition means a 6 percent growth in revenue and a 5 percent increase in clients, bringing the firm to more than 1,000 customers. Owner Rob Walker is keeping the tax consulting portion of his business.

Midsouth, also based in Brentwood, is a third party administrator for payroll processing, human resources and retirement plan administration for companies with less than 100 employees.

Walker says he sold off the divisions because they were not as profitable as other parts of his firm.

"It's a low profit margin business, and you need a certain critical mass to do that kind of work," Walker says.

The deal comes after Midsouth acquired the retirement plan division of Jack B. Turner & Associates, a Clarksville insurance and financial services company, in April 2008. That deal helped Midsouth



Carpenter

grow by 17 percent, grow its client base to 800 and add three employees.

In January 2007, Midsouth opened a Jacksonville, Fla., office with one employee and signed 40 customers the first year of operation.

While acquisition is not a top priority, Midsouth CEO Jason Carpenter says it is a driving force in the company's growth into other markets.

Carpenter says his company continues to look at expansion into Louisville, Ky., or Birmingham, Ala. — plans he said in an interview last year would happen in 2009.

There are two reasons for the delay, Carpenter says, one being that acquisitions have opened up in the area and, while more convenient, can take years to complete.

"At the time we were thinking that we would move into those markets organically, but since then some purchase opportunities have shown themselves," he says.

The stormy financial climate also has played a role.

"We're just being a lot more conservative," Carpenter says.

But considering the recession, Carpenter says the market that Midsouth works in, dealing with small companies, has not been as affected as the overall business community.

The payroll and human resource sectors of the business have seen growth, as companies have downsized their in-house departments and turned to outside services such as Midsouth, Carpenter says. The most expensive package from his company, Carpenter says, is less than half of an in-house employee's salary.

Some companies have ended their retirement plans, but that division of Midsouth's business has remained flat, he says.

"People just aren't making decisions," Carpenter says.

Bob McKown, president of the Middle Tennessee Society for Human Resource Management, says more companies have invested in third party human resource administration in the past few years, especially in the past nine months as the economy has soured.

"You can utilize this type of service to save your company money," and businesses are looking to do that whether they are in a recession or not, McKown says.