

# The Star-Ledger

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COFFEE BREAK

## The key to profitability is to keep a sharp focus

Head of consulting firm explains how to do it

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Paul Newman, the late actor, created Newman's Own, which makes chips, salsa and fruit drinks.

He had the right idea, according to Chris Carey, an adviser to small and mid-sized businesses. Companies have to decide what their mission is, he said.

"Is it to make money or provide jobs for family members?" he said. "Paul Newman created a company that distributes profits to charity. That sets a very clear purpose."

Carey is president of Chris Carey Advisors, a consulting firm with offices in Mendham and New York. He spoke to Your Business about how companies can become more focused and more profitable:

### TAKING STEPS

**Q: You say there are five steps to profitability. What are they?**

A. Measure current performance. Establish daily forecasting. Assess customer profitability. Create forecasting for business units. Examine pricing.

**Q: What are some of the mistakes some companies make?**

A. Companies need to eliminate wasteful steps in their processes and make sure their organizational chart is appropriate. Most small companies have a management structure shaped like a wagon wheel with the boss in the middle. That wastes the boss's time because he has to make every decision. You are not tapping into the abilities of other people in the organization.

**Q. Do you have an example of a company that improved its cash**

**flow?**

A. Distribution Solutions in Clifton provides logistics services to retailers and manufacturers, including Macy's and Bed Bath & Beyond. The company, which had 450 employees, suffered from low profitability and poor cash flow. I started as a consultant there and after a few months became president. The first thing we did was measure the performance of the work force. We took \$1 million out of labor costs in the first year. We increased revenue without adding staff. I could tell you how many hours of work you needed to fulfill a customer's order. Prior to that, they would guess.

**Q. Can you provide an example of a company that turned around a bad situation?**

A. Motivated Security Services in Somerville lost 33 percent of its revenue in 2007, turning profit to a loss.



Chris Carey is president of Chris Carey Advisors.

The company provides security guard services. By the end of 2008, the company regained sales growth and had a significant turnaround. We created a program to empower the guards to improve service and how they do their jobs. Employee turnover dropped from 140 percent to 67 percent in one year, saving \$235,000 in recruiting and training costs.

**Q: How should companies view their work force?**

A. The work force in the United States has been beaten up. They haven't been recognized for their abilities. We created teams at Motivated Security Services to make the guards responsible for recruiting people and firing people. If somebody didn't show up on time, they would terminate them, if necessary. We recognized them in front of their peers for doing a good job.