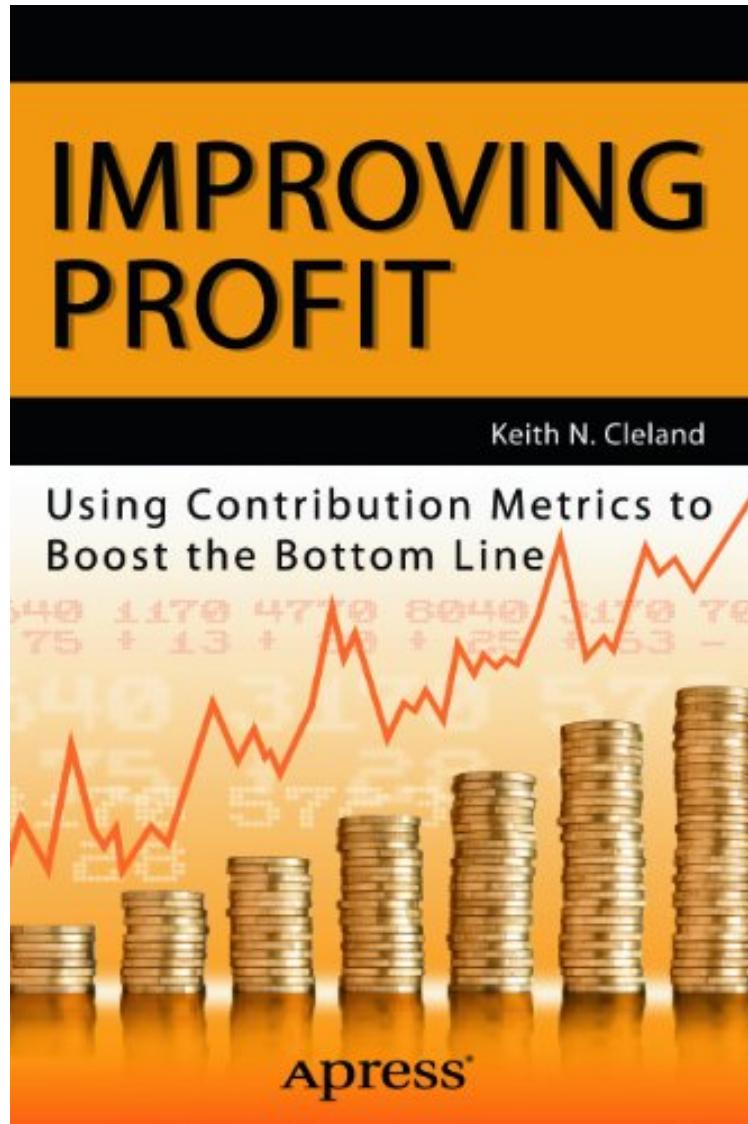


[FREE] Improving Profit: Using Contribution Metrics to Boost the Bottom Line

# Improving Profit: Using Contribution Metrics to Boost the Bottom Line

Keith N. Cleland

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**Keith N. Cleland : Improving Profit: Using Contribution Metrics to Boost the Bottom Line** before purchasing it in order to gauge whether or not it would be worth my time, and all praised Improving Profit: Using Contribution Metrics to Boost the Bottom Line:

0 of 0 people found the following review helpful. Clarity and Insight via Simplicity - a Touch of GeniusBy David HartleyIn the days of big data and ever more complex systems it is so refreshing to find a simple approach to clarifying business issues to permit clear and effective decisions to be made, in businesses from the smallest to the

largest. Reading this book brings many quotes about simplicity to mind such as: "Simplicity is the purest form of genius." -- Albert Einstein "Any intelligent fool can make things bigger, more complex, and more violent. It takes a touch of genius --and a lot of courage-- to move in the opposite direction." -- E. F. Schumacher, CBA (Contribution Based Activity), TARI (Target Average Rate Index) and Professor Keith Cleland fit these quotes perfectly. Keith is that very rare academic who is in touch with the basics of life and business, who can write about them in "common words" as in "One should use common words to say uncommon things" ? Arthur Schopenhauer Keith has certainly shown courage too, the courage to withstand ridicule by those who dismiss CBA/TARI as trivial or simplistic. Plus the strength to persist. In "Improving Profit" Keith explains CBA and TARI clearly and simply, then uses 21 business case studies and 14 more business examples to show how they work by identifying the key drivers or activities of a business and then measuring and monitoring the average return of those activities via TARI (a benchmark calculated as the average gross profit or contribution per unit of output activity) which can help keep a business focused on the right things to deliver success. Lots of detail and nth degree pseudo accuracy are not needed for CBA/TARI to work their magic. Averages from sampling a small percentage of invoices are sufficient for the starting insights. Keith's book comes alive with real people in real business reacting to TARI - "I've got it. Damn it, I've got it!". The struggles of business person immersed in the daily grind shine through. The informal, often humorous style, entices one to keep reading. That is unusual in a business book! There is little economics or accountancy jargon in this book, yet its message and implications run deep. People who produce or provide services, and their businesses, build a nation, and allow all that we call civilization including arts, science, sport, health advances, and philosophy, to exist and flourish. When businesses struggle and die, everyone suffers. Keith knows that and expresses it well. TARI and this book is his "contribution to the success of business." Despite the criticism by some that TARI is too simple to ever possibly work, it is that simplicity, understandable by all business people once they "get it", that is TARI's greatest strength - with TARI a business can avoid the trap of complexity and the need for expensive guidance from so called experts. Though advisors who really have the best interests of their clients at heart will embrace TARI, and in turn be thanked by those clients for bringing them a tool that works and which they can relate to day after day as they build success. "Improving Profit" goes beyond Keith's previous book "TARI: The Key to Hidden Profit" that I also read and reviewed similarly, by giving more background to CBA, and greater depth in the examples, especially the 14 extra business examples. I commend this book to all people in business, no matter the type or size of business. Disclosure: I have known Keith for 40 years, and have witnessed the development of TARI. I would love to see TARI use spread far and wide, helping build a better life for many in the process, and thus helping improve our world. All kudos to Keith, CBA, and TARI!

0 of 0 people found the following review helpful. A COMPULSORY BOOK FOR ALL MANAGERS By Syd Morgan Following an extensive career which included hands-on roles in various senior executive, financial and general management it was interesting to read this new book and reflect on how useful it would have been had it been available earlier. I found it to be an absorbing book that offered more than just the usual scenarios of increasing revenue and cutting costs to improve profit. Each chapter quickly introduced an interesting but real situation and compellingly demonstrated and confirmed reality through a simple-to-understand process the author calls Contribution-Based Activity. It is well written and easy to understand. It not only offered an expedient honest way to identify stark reality but a genuine short cut to improving profits and a time proven way to manage it forward. Syd Morgan FCPA, FGIA.

0 of 0 people found the following review helpful. Very Useful By Greg Sheridan I am an accountant in public practice and have followed Keith Cleland for many years and have found his contribution based method for measuring and targeting profit to be the most useful and practical tool in advising clients. I use it for my own accounting business and it can be applied to any type of business. The business owner can understand it and it takes minimal time to report each week. His book is the most useful business consulting/coaching book I've read. Most books tell you why you need to measure performance but don't get to the detail of how to actually measure performance, Professor Cleland's does.

Business of all sizes have a problem: How do you know; in real time; whether you are earning the profit you need to grow or even just stay in business? And which products or services are doing the "heavy lifting"; in contributing to profit? Financial statements tell only part of the story. They are backward looking, for one thing, and they generally show results only in the aggregate. Worse, they never seem to reflect the hard work you're doing on a daily basis. As one manager said, "If I'm adding 25% profit to every job, why am I getting barely 5% net profit at the end of the year?" Improving Profit: Using Contribution Metrics to Boost the Bottom Line solves this dilemma. As this book shows, Contribution-Based Activity (CBA) measures focus on two key levers that are fundamental to the operation of any business: financial contribution and units of activity. Knowing how to use these levers gets your company off the treadmill and on your way to stellar profitability. And as the 21 case studies show, CBA is surprisingly easy to apply to businesses of all types and all sizes. What is "financial contribution"? Simply the amount above and beyond the cost of goods or materials sold that contributes to covering overhead and creating profit. As entrepreneur, business consultant, and professor Keith Cleland shows, few managers actually know the financial contribution their products and services make, nor how to amplify that contribution by incremental adjustments to one or both levers. As you'll learn, the financial tool Cleland

created, TARI (Target Average Rate Index), provides insight into each product's value. You'll not only learn which products are contributing the most to the bottom line, but how to unlock the profit potential in run-of-the-mill products or services. Improving Profit will help you: Restore and boost profit levels for your entire operation Relate your daily efforts to a transaction's actual profitability Focus on the two key performance indicators that can help you identify and solve problems affecting finance and productivity Help everyone in the company—from CEO to janitor—understand how their activities help or hinder the company's fortunes Make effective financial decisions If you've ever wondered why your results don't match your hard work, hopes, and dreams, read this book. As the case studies make clear, identifying and applying TARI results in a significant—and often dramatic—boost to the bottom-line. What you'll learn Readers will learn to: Improve the profitability of a job, product, service, or department Price products and services correctly Conserve cash and avoid financial crunches Win desirable quotes and tenders Identify and track productivity Who this book is for This book is for business managers, directors, consultants, students, professors, CPAs, and business advisers of all types.

About the Author The author of two books and a dozen articles, Keith N. Cleland is currently professor and head of the Financial Management Department, IBR School of Executive Management, at Steinbeis University in Berlin. Dr. Cleland's background includes seagoing as a cadet and navigating officer, consulting with an international consulting group, full professor and head of departments of accounting and business studies at three universities, chairman of private and public companies, member of the United Nations Small Business Committee on South East Asia, and co-founder of the International Christian Chambers of Commerce. For the past twenty-five years, he has actively consulted with the accounting profession and their business clients, helping identify and provide solutions for underlying business problems, which led to the crystallization of the concept underlying contribution-based activity, adopted in varying degree by numerous businesses, small and large, with turnovers ranging from \$250,000 to \$12,000,000,000+.