



# The Plight of Small and Midsize Companies:

## *Getting the Right Assistance at an Affordable Price*

It's a fact: There are far more small and midsize companies than larger ones. In Ontario, Canada's largest and most commercially developed province, for example, there are approximately 372,000 companies. Only 467 - less than one percent - have 500 or more employees.

In the state of Texas, there are just over 366,000 companies, and the statistics are similar. Some 360,000 of them employ less than 500, while just 6,000 have more than 500 employees.

Multiply those numbers by all the states and provinces in North America and the result is a staggering number of small and midsize companies.

With their vast numbers, you'd think that there would be more than ample consulting resources available to meet their needs because, though smaller, these companies face the same basic issues as their larger counterparts. They want to increase productivity, eliminate waste, reduce inventories, and leverage existing assets in some

way to improve return on investment.

To attain these goals, they also want to tap the same resources available to larger, more established firms, including the brand name consulting firms.

*“When it comes to process improvement, bigger is not always better. It is, however, almost always more expensive.”*

But, while larger companies have the financial wherewithal to hire consultants who can help them show favorable bottom line improvement, small and midsize firms find it virtually impossible to afford

the same type of assistance. Complicating the situation is the fact that most big-name consulting firms cater to the elite Fortune 1000 companies.

But would those consulting firms be appropriate for small and midsize companies anyway?

“It's awfully tempting to hire the best known consultant in the field,” says Lou Schmitt, director of operations for USC Consulting Group, “but it's not always wise, or even possible. The fact of the matter is, when it comes to process improvement, bigger is not always better. It is, however, almost always more expensive.”

So, what can those thousands and thousands of smaller companies do to climb to the next rung? “Pick on someone their own size!” says Schmitt.

USCCG is just one of many reputable midsize consulting firms with extensive Fortune 1000 experience that can be a good fit for similar size companies in need of an outside resource.

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“There’s no need to hire a billion-dollar consultant in most situations,” reiterates Schmitt. “The right fit – both in terms of business philosophy and size – is far more important. You want to feel as valued as a client as I do as a solution provider. A good fit ensures proper attention, and that increased focus provides benefits for client and consultant alike.”

“The secret to serving this market lies in offering a series of delivery options that enable a client to select and pay for only the expertise they need, when they need it,” according to David W. Shouldice, partner and senior operations manager for USCCG. “By using technology, we can deliver, very quickly and economically, proven business solutions developed during four decades of hands-on experience.”

Ironically, these automated business solutions, as they are known, are the very same ones USCCG uses in the course of its engagements with the Fortune 1000 companies that today monopolize the services of the “big few” consulting firms.

“For some time we’ve felt the need to offer our clients – small, medium and large – more choice in content and delivery options,” says George Coffey, USCCG SVP for business development. “What began years ago as a response to our clients’ growing needs for greater flexibility,” he explains, “today allows us to serve the needs of small, medium and large-size businesses equally cost-effectively. That’s why we’re prepared to do everything from train, certify and facilitate, to fully implement our recommendations. Our clients seem to like this totally customized approach because they keep coming back.”

It’s also the key reason that USCCG maintains a flexible approach that enables

it to draw on the best of all available methodologies, proven business solutions and advanced technology to provide remedies that are not only appropriate, but affordable, for its clients.

That’s where some of the more doctrinaire consulting firms come up short, says Schmitt. “They want to impose their proprietary methodology on every client, regardless the circumstances. And, while the management ‘best seller’ of the month

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may sound good in theory, the client may need something entirely different for a particular situation.”

It’s not at all unusual for someone to request a particular approach, but, “It’s not unlike replacing a battery in a car that’s run out of gas,” says Jack Korpela, USCCG senior business development executive and executive partner, Canada. “It’s going to turn over but go nowhere fast. We sometimes have to save clients from themselves by telling them exactly that.”

The starting point for any successful engagement, agree Schmitt and Shouldice, is to accurately and honestly diagnose the client’s situation from the outset. This is why USCCG uses a feasibility study to pinpoint and rank the importance of a company’s problems and opportunities. This sets the stage for the next step, which can include one or more approaches, depending on the client’s preference.

For a client who prefers that his employees take ownership of the improvement process, this might mean training personnel in Lean Manufacturing techniques or Six Sigma disciplines; providing the tools; and then facilitating the application on-site. For another, lacking the requisite skill sets, time, or both, the solution could mean a full-blown intervention with several USCCG professionals on-site for as long as it takes to get the job done. For a third client, the best approach may lie somewhere between the first two.

The key for small and midsize companies is to recognize that changes are needed, and then to embark on a search for the professional help that will help them gain competitive advantage. Size and reputation should be considerations, but the proper fit is what really counts.

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**Did you know that** more than 5.5 million U.S. firms have less than 500 employees, while only 32,750 employ more than 500 people?

California leads the nation in small and midsize businesses with more than 51,000 firms employing fewer than 500. The state of Alaska has the fewest firms – just over 15,000 – reporting less than 500 employees.



# In Their Own Words

## USCCG Clients on Their Relationships with the Consulting Firm



*"If anyone asks me whether I'd hire USC again, my answer would be a resounding 'yes.' It's great to save money. It's great to improve the operation. But the most*

*important benefit that comes out of the experience with USC is that your company is moved to a higher plane, a higher level after the engagement. If you can sustain that, then you've got a lasting benefit that you couldn't have attained otherwise. And the care that USC takes in getting that lasting benefit goes a long way toward ensuring its long-term effect."*

*- Jim Smith, Chairman/CEO,  
Aurora Foods*



*"One of the best things we got out of [USC] was not that they came in and we cut some costs out of our organization and maintained our quality. It's that we're continuing*

*to do that. We haven't lost the gains that we made and we're continuing to make gains using the same methods that they left us with. So, as nurse managers turn over and new people come into the organization, we're able to share and pass on what we've learned and maintain that to this day. That's probably one of the best things we got out of working with USC."*

*- Jana Stonestreet, Chief Nursing  
Officer, Methodist Healthcare System*



*"Why did we select USC over other companies and bigger names? I needed a group to come in here and help us implement. I needed a team to*

*work on the floor with the guys and not sit in the front office with the director and the vice president. I think that is what impressed me the most about the USC team and the USC concept. I needed a team to work with us on the floor and not to just tell us to go do this and go do that."*

*- Gary Failler, VP Engine Maintenance  
Center, Air Canada*

## USCCG Offers Expertise at Future Food Summit

USC Consulting Group was selected to participate as a "solution provider," along with such companies as 3M, Monsanto, Dupont, and Rockwell Automation, in The Future Food Summit, held February 10 – 12 at Amelia Island, Florida. George Coffey, SVP/business development, and David Gustovich, EVP/senior operations manager, represented the firm, one of only two consultants invited to the summit.

Hosted by Marcus Evans, the event was designed to provide senior food executives with the information they need to confront the extremely complex issue of consumer demand. Over the course of the event, delegates

and solution providers discussed the latest in food services, solutions and technologies. Keynote speakers included Sergio Zyman, former chief marketing officer for Coca-Cola, and Peter Van Stolk, founder and CEO of Jones Soda Company. Dennis O'Connor, COO, Qualtrac; Paul Jacobs, director of manufacturing for Nestle USA; and other notables moderated sessions on such topics as "Implementing Good Automated Manufacturing Practices" and "Quality Improvement and Process Control."

"There isn't a single food company out there that wouldn't like to operate more effectively," commented Mr. Coffey.

"This was a great opportunity to relate our experiences to senior food industry executives, as well as describe how we've gone about delivering important financial and operational benefits to dozens of well-known companies that have retained us."

Unlike many consulting firms, USCCG tailors its methodology and approach to productivity improvement to each client's individual needs. This means results will vary but Mr. Coffey says his firm has been able to improve yields by as much as 27 percent, throughput by 30 percent and labor productivity by 20 percent.



# Progress Report



## Bruno to Lead Healthcare Sales Initiative in Northeast

John M. Bruno has been named Business Development Executive for USCCG's healthcare sales effort in the northeastern U.S. He will be focusing his efforts on larger acute-care and extended-stay hospitals.

Mr. Bruno has more than 20 years of experience in senior sales capacities with such companies as American Compliance, Honeywell Corporation

and Holy Redeemer Hospital and Medical Center. He is currently based in the Philadelphia area, where he was most recently a business development executive with Certiphi Screening, a healthcare human resources firm. His in-depth knowledge of administrative management, organizational structures, purchasing procedures and budget management complements USCCG's

own operational expertise in the healthcare field.

He attended Trenton State College and the IBM Institute of Technology. Mr. Bruno's professional memberships include the American Hospital Association, Environmental Management Association, Catholic Hospital Association, the Delaware Valley Hospital Council and the American Management Association.

## The Site Stuff

Companies now can rank their maintenance operations against world class practices and their competitors by completing the World Class Comparative Maintenance Audit available on USCCG's web site ([www.usccg.com](http://www.usccg.com)). It's available free of charge and all information provided will be kept completely confidential. Simply answer the questions and return them to USCCG to receive a report showing how your company ranks.

The audit is also available via the firm's first-ever banner ads, currently running on the *Canadian Mining Journal's* web site ([www.canadianminingjournal.com](http://www.canadianminingjournal.com)). Based on the firm's two-year-old trade advertising campaign, the four ads feature headlines that address key industry problems, then link to USCCG's free, confidential maintenance audit.



USCCG's web site is also sporting a new look. The firm's home page now features animated icons representing the company's primary areas of expertise, from chemicals and refining to food processing to healthcare and pulp and paper (above). A scrolling

"ticker" at the bottom of the page allows easy access to the latest information. For example, just click on the highlighted word to be instantly transported to the video library of client testimonials, recent press releases and marketing materials.



# More FDA Intervention in Pharmaceuticals Could Be a Bitter Pill to Swallow



By **J. Michael Spratt**

Up to now the FDA has focused on the manufacturing side of the drug business, making sure that prescription and over-the-counter

medications are as safe as they are effective. But with the growing practice of global sourcing, it is beginning to turn its attention to the ingredient side of the business to ensure that raw materials, regardless of their origins, are pharmaceutical grade.

This could have far reaching implications for producers and consumers alike, if drug companies are forced to add staff to conform to new regulations regarding ingredient strength and purity. Indeed, it is rumored that one company is currently adding 100 quality people to rewrite and validate their procedures to ensure that raw materials conform to “higher FDA standards.” Another is said to be leaving some areas short-handed in order to increase staff to handle new regulations.

Already the target of consumer advocacy and political action groups because of lengthy and costly development and approval processes, drug companies may have to incur additional time and expense to make their front-end processes pharmaceutical grade sterile. This will further hinder their ability to go to market in a timely fashion with competitively priced products. And they will no doubt be subjected to even more pressure from activists and regulators who will expect them to maintain prices of patented medicines despite rising ingredient costs.

So what can these companies do, in the face of these new hurdles, to stay competitive, both from a time-to-market and an expense point of view?

The first thing is to wring every last bit of waste out of existing processes, from logistics and formulation to crystallization

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and packaging, and all areas in between. The optimization of these processes by adopting and implementing better business practices can potentially yield large returns that will make it easier to accommodate any regulatory changes, both from a financial and an operational perspective. Equally importantly, it will allow them to go to market faster than less proactive competitors.

This process should begin with an objective analysis of existing systems

and process flows. It should apply appropriate methodologies like Six Sigma, Lean Manufacturing and Employee Involvement Prototyping to achieve short-term process improvements. And it should culminate in a cultural change that promotes continuous improvement.

Some companies will be able to do this internally, but others may need outside resources like USC Consulting Group to help. Both approaches have merit and no one approach is right for every circumstance. Suffice it to say that USCCG is very experienced in process optimization (it has been our passion and profession for over thirty years) and at tying operating improvements directly to the bottom line.

Once a drug company’s own house is in order, it needs to put its supply chain on notice to make similar preparations. This will ensure that, once the regulations are promulgated, an acceptable level and quality of raw materials will be available on the most favorable terms.

The key to coping with the unknown is to be as prepared as possible so that, when it does come time to adjust, it can be done without undue disruption to operations. Knowing their processes inside and out, and determining in advance where they can be flexible will go a long way toward helping leading drug companies avoid regulatory indigestion.

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