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SUNDAY FOCUS ON LOCAL INDUSTRY & DEVELOPMENT

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## Business

Upclose Richard Carrano

# Purchasing Power's business is beneficial

Atlanta-based retailer sees its services pay off.

By Bill Hendrick  
For the AJC

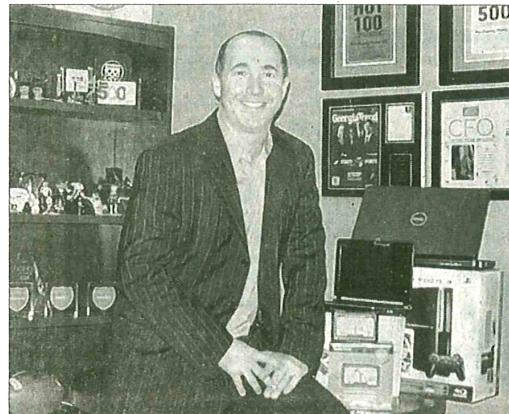
In a teetering economy, with corporate America cutting back on health care and other benefits, an Atlanta-based retailer is offering a new kind of "bennie" to companies for free.

And it's paying off big-time for Purchasing Power, which doesn't have a store and doesn't sell online, but whose revenues have grown from \$50 million in 2007 to an expected \$140 million this year. Its payroll has risen from 46 in 2006 to 115 now.

The AJC spoke with the company's president, Richard "Ritt" Carrano, to get some perspective on the company's success.

**Q.** The economy has been in the tank and unemployment has been rising, yet your company seems to be doing well. How come? What kind of retailing company are you if you don't have a store or sell goods on the Internet?

**A.** We buy products from a manufacturer or distributor and simply resell



Richard "Ritt" Carrano's company, Purchasing Power, offers companies an employee benefit service that doesn't cost the businesses anything to use.

them to the end consumer. We make it possible for companies to offer a line of popular consumer products and [for us] to collect from buyers by deducting money from their paychecks.

**Q.** Who are your clients?  
**A.** It's big companies with a lot of employees. We sign them up and then we help them make this payroll deduction purchasing possible to their employees, without cost to the companies.

**Q.** How many companies do you buy products from?

**A.** Thirteen. We call these vendor partners.

**Q.** Doesn't sound like a retail company to me.  
**A.** We operate as an employee benefit company. We provide a service, and [clients] can provide a service to employees.

**Q.** Companies are cutting back or even eliminating fringe benefits. Doesn't your service require client companies to devote staff time to sell products?

**A.** There is no cost to the company. The cost is borne by the employees who buy products. If the

### Richard "Ritt" Carrano

**Job:** President and chief financial officer of Atlanta-based Purchasing Power

**Age:** 40

**Home:** Morningside neighborhood; born in Wilmington, Del., grew up in Storrs, Conn.

**Education:** B.S. in business administration, University of Richmond; MBA, Goizueta Business School, Emory University

**Wife:** Angie, met in college, been married 11 years (married in '98)  
**Kids:** Sophia, 8, Nicholas, 5

**Hobbies:** Soccer (coaching and playing), golf and travel

**Favorite way to relax:**

Running

**Favorite restaurant:**

Bone's

**Favorite movie:** "Star Wars"

it risk?

**A.** There are minimum tenure requirements [for employees who sign up for payroll deduction purchases]. In some companies, it's as low as six months. For some, it's a three-year tenure requirement.

**Q.** Do you make deals with companies whose products you sell to get a piece of the action?

**A.** No. We buy the products from companies and then there's a markup to cover the cost of the product, the debt risk we take. That's where we make our profits.

**Q.** Why should employees want to buy products from you when they can go into stores or online and purchase the items themselves? And how long do they have to pay off their purchases?

**A.** Convenience. The maximum term now is 12 to 18 months. They order a product and the cost is deducted from their checks. There are no credit checks. Relative to a cash price, the product we sell would be at a premium. But if you evaluate it from an installment perspective, our program would come in a good bit cheaper.

**Q.** What sorts of products do you offer?

**A.** We currently offer four product lines – computers, consumer electronics, home appliances, and we just added a new category for furniture.

**Q.** What's in it for employees? Aren't they paying more?

**A.** There is a premium, but they get the convenience of paying over time, in installments. Credit has been constricting. Credit is tougher to get.

**Q.** How many items have you sold?

**A.** Inception to date, we've had 360,000 transactions. The average sales price is about \$1,200.

**Q.** Could you give me a breakdown on products you sell?

**A.** In 2009, computers accounted for 52 percent of sales, electronics 43 percent and home and appliance products 5 percent.

**Q.** Can you quantify your success in terms of revenues?

**A.** Revenues in 2009 exceeded \$107 million. That was 42 percent more than the \$77 million in 2008. Revenues totaled \$50 million in 2007.