

RENAISSANCE

The Newsletter for the Middle-Market Turnaround Management Industry

NOVEMBER 2003

INJECTION-MOLDING INDUSTRY REPORT Breaking the Mold

By John Sprovieri

U.S. injection molders face stiff competition from abroad, but good opportunities exist for agile companies willing to offer extra services and explore new markets and technologies.

OVERVIEW

Plastics processing remains the nation's fourth largest manufacturing industry. According to the Society of the Plastics Industry, the U.S. plastics industry and its suppliers employed some 2.4 million workers in 2000. Nearly 21,000 plastics-related businesses operated in 2000 and generated more than \$300 billion in shipments.

That said, it has thus far been a dismal decade for suppliers of injection-molded plastic products. The economic recession and stiff foreign competition combined to force many molding companies out of business. According to a survey by the Michigan Manufacturing Technology Center, a state-supported consulting group, molding companies saw their sales decrease by an average of 3.2 percent during 2000 and 2001. In comparison, between 1998 and 2000, those sales increased by an average of 17 percent.

	Injection-Molded Plastics Demand			% growth
	(million pounds)			
Resin	1989	1998	2003	
Total thermoplastics	8495	12114	14115	3.1
Polypropylene	2030	3490	4200	3.8
Polystyrene	1925	2380	2690	2.5
High-density polypropylene	1570	2310	2655	2.8
Other thermoplastics	2970	3934	4570	3
Total thermosets	392	411	435	1.1
Total, all injection-molded plastics	8887	12525	14550	3

Source: The Freedonia Group

Further evidence for the declining health of the plastics molding industry can be seen in the sales of molding machinery. Orders for all types of molding equipment in 2001 decreased by 60 percent, compared with orders in 2000. The dollar value of those orders decreased by 40 percent. Sales of injection-molding machines, specifically, decreased 44 percent, from 6,420 units in 2000 to 3,585 units in 2001.

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THE INFORMATION TECHNOLOGY PARADOX FOR UNDERPERFORMING COMPANIES

By James Ross

Simply put, information technology problems have become a key element that contributes to the decline of many underperforming companies. Since Y2K, we have seen a significant rise in the number of clients who are not adequately managing their IT investments or getting the results they need from company systems. Some of the common problems we encounter include:

- IT projects (even small to moderately sized projects) are running over budget and taking much needed cash out of the company.
- The anticipated improvements in productivity due to IT projects are never achieved. In many cases, related overhead, which is added to maintain new systems, represents added cost to the company with no real benefits. Companies are not getting the ROI they expected.
- New systems often reduce efficiency and performance in a company. Confusion and frustration are common among employees of companies that install new systems, and it often takes months—even years—to overcome these obstacles.
- Frequently, new systems are never installed completely. Cash limitations, budget overruns, poor project management and extended implementation times cause companies to settle for much less than expected. This generally means some portion of the operations is not "connected," reducing the effectiveness of the system.

IT has caused critical problems for many underperforming companies. Management and their systems professionals often feel that with limited cash and time, these systems problems cannot be "fixed." We have found, however, that the seemingly limited cash and time system "fix" in many instances is one of the critical components of a turnaround strategy. Here are some reasons why:

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The most recent data suggest that the injection molding industry is recovering modestly. According to Federal Reserve Board statistics, injection-molders operated, on average, at only 76 percent of their total capacity during 2001. (In comparison, during the 1991 recession, molders operated at an average of 77 percent of capacity.) Data for 2002 indicate that molders operated at an average of 82 percent of capacity. Conventional wisdom dictates that molders must operate at or above 85 percent capacity to produce sustained growth in spending on new plants and equipment.

Year	% of Total Capacity
1998	88%
1999	85%
2000	84%
2001	76%
2002	78%

Source: Federal Reserve Board

Further evidence of a recovery can be seen in the Injection Molding Business Index, an industry barometer maintained by the American Plastics Council (APC). Through the first three quarters of 2002, the index gained 8 percent compared with the same period in 2001. Moreover, the APC predicts that the total output of injection-molded products will increase by 7 percent to 8 percent in 2003. While this is not record-setting growth, it is a steady, healthy rate of increase that can be sustained for a while.

The biggest obstacle in the way of this growth is foreign competition. Although most U.S. injection-molding companies already have the most modern automated equipment, they still have difficulty competing with low-cost foreign imports, particularly from Asia. Asian molders can pay as little as \$0.50 per hour, while U.S. workers earn an average of \$19 per hour, including benefits.

If plastic molders did not have enough to worry about with foreign competition, the rising cost of raw materials is a real concern. The strike by Venezuelan oil workers and the military conflict in Iraq have increased the price of oil and natural gas, and thus, the price of resins—and the energy to process and mold them—is also increasing.

Options for Survival

Diversification will be critical. To be successful in today's highly competitive market, molders must be able to serve multiple industries, master multiple molding processes, and offer a range of secondary operations.

By some estimates, only one in three injection molders has diversified their processes. Most of these have added related processes, such as structural foam molding, co-injection, insert molding, gas- and water-assisted molding, and thermoset injection. A few molders have also

added different molding processes, such as thermoforming, blow molding, extrusion, reaction rejection molding and rotational molding.

Diversification also means being able to meet a range of customer needs. OEMs are outsourcing tasks that they once handled themselves. More and more OEMs require molders to take responsibility for product design and assembly. This trend has long been a way of life in the automotive industry, but other industries are starting to practice it as well. To help their customers reduce time to market, molders must be willing to work not just with the OEM's engineers, but with the toolmaker, the material supplier and assembly machine builders. This trend will require molders to invest in design engineers, as well as equipment for rapid prototyping, assembly, quality testing, printing, packaging and distribution.

Finally, molders must have a diverse customer base. More often than not, a molder's success is tied to one important customer. If that customer suddenly decides to produce its product overseas, the molder is left high and dry. For example, Trend Technologies Inc., an injection molder based in Chino, Calif., received a lot of business from Dell Computer Corp. When Dell shifted production to China and Mexico, Trend was hit hard and the company filed for bankruptcy in November 2002.

To reduce labor costs, molders must invest in automation, including new molding machines, robots to remove parts from molds, statistical process controls, and automated assembly equipment. "We run our graveyard shift with nobody here," says Bart Alcomo, president of RBK Tool & Die Co. in Modesto, Calif. "We're not a huge facility, but we had to do that to be competitive.

"A lot of molders haven't automated, and they can't afford not to. You need to eliminate employees. That's a terrible thing to say, but look at the cost of an employee. Our worker's compensation costs doubled this year! And robots show up on Monday."

United States, Canada & Mexico			
Industry	Nov. 2001-Nov. 2002	Nov. 2002-Nov. 2003	Projected annual rate, 2004-2007
Industrial & machinery	1.20%	1.80%	3.90%
Furniture & furnishings	3.00%	3.10%	3.70%
Electronics	3.70%	5.50%	8.00%
Transportation equipment	1.80%	2.00%	2.00%
Toys	-3.00%	1.00%	0.40%
Medical devices	9.00%	9.70%	9.84%
Consumer products	2.80%	2.20%	5.60%
Packaging	3.00%	2.90%	2.75%
Building & construction	3.00%	2.90%	3.10%
Electrical goods	2.40%	3.10%	6.10%

Source: The Repton Group

Successful companies will be willing to take on difficult processes and do them well. Top-notch molders can produce parts with 10-micron tolerances, parts with walls only 0.5 millimeter thick, and parts weighing less

than 1 gram. Another process worth exploring is the production of large parts. Products that must be molded in presses of at least 1,000 tons are simply too costly to ship from low-cost labor markets. Another plus will be the ability to mold difficult materials, such as "special-effects" plastics containing glitter or opalescent pigments. Of course, mastering difficult processes will require investment in machinery and employee training.

A more difficult survival strategy is to develop a proprietary product. Molders can present new products to their OEM customers, or they can try to market the products themselves. Ideas for new products are everywhere. For example, molders can take apart products made by other companies and find ways to use special processes, such as two-shot molding or in-mold decorating, to make those products better.

Developing proprietary products can be valuable, but it often requires a lot of investment in marketing to entice buyers, something smaller companies cannot afford. "A lot of companies can come up with ideas for new products, but getting them on the market and actually selling

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them is damn near impossible, especially in a depressed economy," says RBK's Alcomo. "It's scary, because it can be very expensive and produce nothing."

Another survival option reflects the old adage: If you can't beat 'em, join 'em. If they have the resources, molding companies can try to open foreign operations. For example, in July 2002, United Plastics Group Inc. (UPG), based in Westmont, Ill., opened a new injection-molding plant near Shanghai in Suzhou, China. As a wholly owned foreign enterprise, UPG's operations group in Suzhou will avoid the time-consuming conflicts inherent in a joint venture. The plant is 23,000 square feet and includes 20 presses, state-of-the-art painting systems, and a Class 10,000 clean room. It will make parts for automotive, electronic, consumer and medical products. With export processing centers on-site and Shanghai International Airport 50 minutes away, UPG's exports can be out of the factory and into the air to customers within two days.

Status and Trends of Industry Segments

U.S. demand for injection-molded plastics will reach 16.1 billion pounds in 2005. Advances will result from the versatility and cost-efficiency of injection molding, coupled with broad opportunities in packaging, consumer goods, motor vehicles, electronic products and medical devices.

Automotive. The amount of plastic used in cars and trucks has increased four-fold in the past 20 years, and that trend will continue. Regulatory pressure, combined with the demand for everything from soft-touch interiors to molded-in-color body panels, is leading automakers and their suppliers to push for more use of plastics in every part of the car. The APC predicts that the market for plastic automotive parts will grow by 4 percent to 6 percent over the next several years. In fact, the APC predicts that total plastic consumption in the automotive industry will increase from 4.19 billion pounds in 2001 to 5.63 billion pounds in 2011.

Use of Plastics in Motor Vehicles (Average Pounds of Plastic per Vehicle)	
1995	246
2000	260
2005	280
2010	315
<i>Source: American Plastics Council</i>	

The biggest growth will be in body applications. The Jeep Liberty uses molded-in-color thermoplastic olefins on its front and rear fascias, wheel frames, mud flaps and other body panels. Nearly 50 percent of the exterior body surface of the Chevrolet Avalanche is thermoplastic olefins. Thermoset composites make up 60 percent of the Ford Thunderbird's exterior body panels, and its entire roof module is manufactured with the sheet-molding composite process.

The use of plastics will also increase under the hood. For example, injection-molded plastic manifolds offer several advantages over cast-metal versions. They are lighter in weight and lower in cost. Injection-molded manifolds don't require honing or polishing, and they can be molded in more complex geometries than metal manifolds, thereby improving airflow. Plastic manifold components can be friction-welded after they are molded, eliminating the need for later assembly on the engine production line.

Automotive molders are taking advantage of the plastics trend to

supply larger and larger parts. Many are offering to integrate parts that are currently separate, a concept called "modular marketing." For example, one molder supplies DaimlerChrysler with a single plastic part that consolidates five parts, including the fan shroud, coolant reservoir and windshield washer reservoir. Another molder is experimenting with a part that combines the oil pan, filter and pump housing.

This is not to say that supplying the automotive industry is easy. In 2002, an average of 69 percent of the parts in U.S.-made vehicles were made in this country, and that percentage will likely get lower in the years to come. Indeed, starting in June 2003, DaimlerChrysler and Mitsubishi Motors plan to buy \$13 billion in auto parts from South Korea.

With their tremendous buying power, automotive OEMs can extract severe price concessions from their suppliers. Moreover, OEMs let their suppliers assume much of the cost for R&D. According to one study, the average profit margin for Tier 1 automotive suppliers was 3.4 percent in 2001. Lower tier suppliers fared slightly better, with an average profit margin of 4.7 percent.

Electronics. Because of tremendous pressure to reduce costs, electronics manufacturers have shifted production from the United States to low-cost labor markets.

Virtually all consumer electronics are imported. Some 95 percent of radios are made in China, Taiwan and South Korea, and more than 50 percent of television sets are made outside North America. Almost all cameras and camcorders are imported from Japan, and most VCRs are made in Pacific Rim countries.

Computer manufacturers are the latest member of the electronics industry to depart the United States. Hewlett-Packard, for example, has migrated most of its North American production from Washington state to Mexico.

Injection molders supplying the electronics industry must rethink their business strategies and adjust their operations to combat the worldwide slowdown. Molders that expanded aggressively in the late 1990s are now burdened by excess capacity and overhead. Molders that followed

Market Segments for Injection-Molded Parts in the Electronics Industry	
Computers & Business Machines	42%
Telecommunications Equipment	21%
Consumer Audio & Video	37%
<i>Source: Mastio & Co.</i>	

more conservative plans are in better position to weather the downturn. Computers, printers, copiers and other business machines represent approximately 42 percent of the North American market for injection-molded plastic parts. Unfortunately, this market has decreased the most in the past few years. For example, sales of computers in 2001 decreased almost 5 percent worldwide and 11 percent in the United States, compared with sales in 2000.

Nevertheless, business machine manufacturers offer molders the greatest opportunity for sales. This is especially true for molders that can handle niche applications, such as molding large parts for high-end servers.

Telecommunications equipment represents 21 percent of the North American market for injection-molded plastic parts. Although sales of wireless phones decreased by 300,000 units in 2002, the telecommunications equipment industry could be turning the corner. New products, such as cell phones with color screens, cameras and video games, are persuading consumers to upgrade their phones. Indeed, the product life of cell phones has decreased from 32 months to 18 months,

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and sales of cell phones could reach 70 million units in 2006. Personal communication gadgets, such as personal digital assistants and deluxe pagers that send and receive e-mail, will be the fastest growing market for injection-molded parts.

Overall, the market for injection-molded parts for electronic products could grow 7 percent annually through 2006, by some estimates. Resin consumption will grow from 556 million pounds in 2001 to 785 million pounds in 2006.

Toys. The United States is the largest market for toys in the world, but that doesn't necessarily translate into business for U.S. injection-molding companies. Indeed, 85 percent of toys sold in this country are partially or entirely manufactured outside the United States. There are still many U.S. companies that make toys, but the four biggest producers (Fisher-Price Inc., Ritvick Toy Corp., Little Tykes Co., and American Plastic Toys) accounted for 67 percent of the domestic market for injection-molded toys in 2001.

Business opportunities will exist for molders that can offer rapid production cycles, help with product design and testing, and additional services, such as assembly.

The market for injection-molded toys is greatly influenced by the latest eye-catching design, innovative line extensions, creative marketing, in-store exposure, availability, positive word-of-mouth, and

Plastics Used in Injection-Molded Medical Devices, 2001		
Plastic	Millions of Pounds	Annual Growth, 2001-2006 (%)
Polypropylene	299.4	11
Polyethylene	127.2	10.7
Polystyrene	113	9.9
Polycarbonate	61	6.7
PVC	40.3	10
<i>Source: Mastio & Co.</i>		

perceived value. Consumers will be interested in new toys that reflect the latest technological advances or have become part of a fad.

Electronic toys and games always sell well. Swing sets, large backyard toys and educational toys are also expected to sell.

Medical products. Spending on disposable and reusable medical products is growing at an annual rate of more than 8 percent—that's 2.5 times more than the overall U.S. gross domestic product!

Because of quality control issues—medical devices are typically assembled to exacting tolerances in clean rooms—there is little pressure to make these products outside this country. By 2006, North American injection molders will be consuming a whopping 1.2 billion pounds of plastic per year for medical products.

The aging population is a major factor fueling this dramatic growth. In addition, new point-of-care products, microsurgery techniques and pharmaceutical delivery systems make plastics the preferred material for medical products.

Medical molding is dominated by OEMs. The top five are Becton-Dickinson, Tyco Healthcare-Kendall, Abbott Laboratories, Baxter Health Care and Courtesy Corp. However, this industry is evolving much like the automotive industry did in the 1990s, when it split into OEMs and a series of Tier 1, Tier 2 and Tier 3 suppliers. The more than 75 molding companies that serve the medical plastics market will have to learn how to handle consolidations, mergers and acquisitions, as companies seek to dominate this lucrative business.

Packaging. Because of the sheer volumes involved, packaging should be a fairly stable market for U.S. injection-molding companies. This market should grow by 2.3 percent in 2003. One bright spot is cases for DVDs. Consumer spending on DVDs exceeded \$5.4 billion in 2001. Sales of VHS tapes and boxes declined some, but remained very strong at \$4.9 billion.

Other markets. Thanks to low interest rates, the housing market has been surprisingly strong in this economy. Some 1.6 million homes will be built in 2003, which means there will be plenty of demand for injection-molded parts for plumbing, windows, electrical hardware, and other products. This market is expected to increase by 2.9 percent in 2003.

New homes often give consumers an excuse to buy new furniture and appliances, and the market for plastic parts for these products should grow approximately 3 percent in 2003. ■



John Sprovieri, who has a bachelor's degree in journalism from Northwestern University, has been a senior editor for ASSEMBLY magazine since February 1997. He has also written for medical news magazines, NorthShore Magazine and the Green Bay Press-Gazette. He can be reached at jmsprovi@aol.com.

TIPS FOR SMALL MOLDERS

Regardless of size, every injection molder must offer high quality, fast delivery and excellent customer service. However, large molding companies can gain competitive advantage by getting discounts from resin suppliers or by opening plants overseas. The following suggestions may help small molding companies compete with larger ones.

- Work closely with existing customers to anticipate their future needs, not just secure their next order.
- Be able to process a wide range of materials. The more resins a molder can handle, the better.
- Diversify molding capabilities. Ironically, now is a good time to invest in equipment. With the large amount of high-quality used equipment available today, it's a buyers market for molding machines.
- Invest in employees. Take advantage of training offered by material suppliers, equipment makers, associations and schools.

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- Key decisions, which require access to accurate and detailed data, have to be made during the turnaround. Company systems are of course the primary source of this data.
- Systems projects, which are draining critical cash from the company, have to be curtailed in most turnarounds without serious impact to the company.
- Ineffective and poorly managed operations have to be brought under control. Costs have to be reduced and operating efficiency improved. In most cases, systems play a major role in achieving these objectives.
- Systems that are partially installed or poorly understood by users have to be quickly and cheaply brought to an acceptable level of effectiveness. Improvements in efficiency and productivity in many cases will depend on getting company systems operational.

So a paradox arises when underperforming companies, which are short on cash and time, have IT problems that need to be addressed. This is similar to the liquidity paradox we typically encounter (i.e., we're almost out of cash, so how do we pay for consulting help?). The traditional method of fixing these problems is generally too costly and time consuming, but the systems "fix" may be a critical element of the turnaround that must be addressed. Attacking the IT problems of an underperforming company requires new and innovative strategies. These strategies must be closely aligned with all the problems that the turnaround has to address.

Thanks to our experiences with these situations, we have developed an effective in-house capability for assessing the effect of IT problems on the turnaround and for creating innovative strategies for attacking these problems. There are several key elements of our strategy:

- Do it quickly: in general, we ask ourselves what can we accomplish quickly (30-60 days) within a no-surprises budget that will significantly improve profitability, liquidity or control.
- Alignment with the turnaround plan: the actions taken to address IT issues and problems must be developed within the overall turnaround plan. The availability of cash and other resources, along with the time in which the turnaround must be initiated, will all be important factors in setting the action steps for addressing IT problems.
- Simple solutions: *the simple approach is always preferable in distressed companies.* Introduction of new technologies or systems takes time and money—both of which are in short

supply. The solutions that are simple generally are the ones that get the best results for the turnaround.

- High-impact areas first: in the traditional IT project approach, the high-impact areas are often not the first to be addressed. In a turnaround environment, you need to prioritize and attack these high-impact areas right away. The business and/or operational impact generally drives where the corrective actions need to start.
- Data integrity: one of the first steps is to objectively evaluate the accuracy of the data that is available. In some cases, steps will be taken to correct data errors. Decisions will be made on how to structure reporting around inaccurate data and/or at what level of detail data can be used subject to accuracy concerns. Database cleansing may be done as an initial step.
- Trained users: the failure of information systems is more frequently linked to poorly trained users than to any other single cause. An assessment of the user's knowledge and capability on the systems must be done very early in the project. Deficiencies have to be quickly evaluated and addressed to achieve optimum results.
- Key business processes: some companies appear to have IT problems—but the organization may have simply developed business processes that don't work well for the company. In these cases, the system is not be the core issue; instead, poorly defined processes are creating the problem. The evaluation of these key business processes should be completed in an early stage of the project. Re-engineering of business processes may have to be considered in the turnaround.

The traditional method of fixing IT problems is generally too costly and time consuming, but the systems fix may be a critical element of the turnaround that must be addressed.

- Data reporting tools: reporting capabilities can be enhanced significantly with a variety of tools that are inexpensive and easy to use. The time needed to rewrite complicated report programs may not be the best approach. When additional reporting capability is required, the use of alternative tools must be considered.
- Reversing course may be the right direction: companies struggling through a complicated implementation project may have to stop or reverse the process if they become financial distressed. The financial and resource drain caused by a major systems implementation can become a chief cause of financial distress. Stopping or reversing an implementation project takes careful planning and execution.

Attacking the IT problems of an underperforming company requires new and innovative strategies that must be closely aligned with all the problems that the turnaround has to address overall. The IT strategy also has to be aligned with the financial and operational strategies in the plan, and fit within the resources available to the company. We have found that combining our turnaround and IT skills has been essential to getting the best result for an underperforming company. ■



James P. Ross is an M&A Principal with more than 25 years of operations management, information technology, finance, accounting and project management experience. He can be reached at ross@morris-anderson.com.

MORRIS-ANDERSON & ASSOCIATES' IT TURNAROUND DIVISION

Morris-Anderson & Associates has combined the knowledge and skills of the turnaround consultant with that of the systems consultant. The approaches and methodologies we use are structured to complement turnaround activities and priorities, and the capabilities have been key components of many successful turnarounds. Looking for some examples? We . . .

- reversed course on an out-of-control implementation project that was 100% over budget, draining \$100k in monthly operating expenses and had been solely responsible for dramatically increasing warehouse fulfillment delinquencies. In 120 days, we brought the company to a stable systems environment, stopped the cash drain and improved operating efficiency to a level that met competitive standards, and most importantly, quickly restored fulfillment levels to prior norms.
- created the entire systems infrastructure for a new company coming out of bankruptcy at 10% the cost of traditional methods and had the company fully operational in only 60 days.
- developed targeted systems solutions for the key operating processes of a transportation management company that allowed resource scheduling to be handled with a fraction of the personnel previously needed.

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- Fast Food Franchisee (South) – Lender Representation – Cash and Financial Management, Business Brokerage
- Metal Components Manufacturer (Southeast) – Debtor Representation – Cash Management, Assessment, Financial Projections, Business Brokerage
- Mining and Shipping Company (Midwest) – Debtor Representation – Operations and Business Assessment, Turnaround Planning, Cost and Liquidity Improvements, Asset Sales, Creditor Negotiations, Interim Management (VP Operations and Operations Controller)
- Agricultural Manufacturer (Southeast) – Debtor Representation – Business Assessment, Restructuring.
- Trucking and Truck Leasing Company (Midwest) – Debtor Representation – Operations and Business Assessment, Strategic Alternative Analysis, Financial Modeling, Creditor Negotiations
- Electronics Assembly (West) – Debtor Representation – Liquidation and Business Wind-Down, Asset Sales, Collateral Marshaling, Cost Minimization and Value Maximization
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- High-End Travel Industry Retailer (Southeast) – Debtor Representation – Business Assessment, Refinancing
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- Agricultural Conglomerate (Southeast) – Debtor Representation – Business Assessment, Debt Restructuring
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- Chicken Processor (Southeast) – Debtor Representation – Financial Modeling, Cash Management, Financial Projection Review and Collateral Monitoring

News Desk . . .

- Our firm is happy to announce **new offices in Houston and Washington, D.C.** Please help us welcome our new **Managing Directors, Steve Fodo and Eric Murray!**
- **NYC-based Partner Alan Glazer** spoke to TMA's fledgling Las Vegas chapter on September 24th. His topic? Turnarounds in the gaming industry, of course.
- **Consultant David Bagley**, who is based out of our Chicagoland office, has been promoted to Consulting Manager. Congratulations, Dave!
- **Atlanta-based Baker Smith**, Morris-Anderson & Associates' President, is on the lecture circuit.

Baker, who has been nominated to the CFA Governing Board, was a panelist discussing "Turnaround is Fair Play" at the 77th Annual National Conference of Bankruptcy Judges in San Diego on October 17th.

He also moderated the panel discussion "Fraud Workouts: Recovering Losses from Internal and External Fraud" at SRI's Corporate Fraud, Non-Compliance & Debt/Equity Capital Markets conference that ran November 17-18 in Washington, DC.

His upcoming engagements include participation in a panel discussion on December 3rd. The panel, "Buying and Selling Distressed Companies," is part of the 7th Annual Mergers & Acquisitions Advisor Conference and Awards Program in NYC.

- **Chicago's Managing Director Bob Morris** participated in a panel discussion covering "How to Sell a Distressed Company" at SRI's 5th Annual Distressed Debt Investing Forum, which ran November 13-14 in Las Vegas.

He also spoke at TMA Chicago/Midwest's "Troubled Loan Workout in Bankruptcy" on November 20th.

- **Welcome to Rick Kazmier**, our newest **Managing Director in Atlanta**, who hit the ground running when he participated in a panel discussion about succession planning in family businesses to the Atlanta chapter of the TMA on October 17th. Welcome, Rick!
- **David Weinstein**, our **Connecticut-based principal**, has accepted the position of Committee Vice Chair for TMA's 2004 Annual Conference, which is scheduled to run in New York City next October.

- **Midwest Managing Partner Dan Dooley, CTP**, is also on the lecture circuit:

He spoke to the Pikes Peak, Colorado chapter of the Institute of Management Accountants on September 16th.

He moderated a September 24th panel discussion on reducing corporate underperformance at Assembly Technology Expo in Rosemont, IL. The show, which covers all aspects of assembly and manufacturing, averages more than 12,000 attendees from 17 countries each year. **Partner Jim Ross** also participated in the panel, along with **Consulting Managers Larry Hennessy, CTP**, and **Bob Wanat**.

Dan also spoke at the joint meeting of IMA's Silicon Valley and Peninsula-Palo Alto chapters on October 21st, and at TMA Chicago/Midwest's "Troubled Loan Workout in Bankruptcy" on November 20th.

- **Quick-sale guru Jacques Hopkins** taught his popular 8-hour class titled "Working with Distressed Companies" at the IBBA/M&A Source Fall Conference in Las Vegas November 2nd.



NYC-based Partner Alan Glazer spoke to TMA's fledgling Las Vegas chapter on September 24th. His topic? Turnarounds in the gaming industry, of course.

TOSS OUT THOSE EXCUSES THAT ARE ROADBLOCKS TO CHANGE

Corporate change is inevitable. A good company needs to change with the times, but often it runs into roadblocks because management doesn't always want to change. There's a certain comfort in maintaining the status quo. There are several excuses that often get in the way of change, even though they can be overcome.

- "We don't have enough time." If that's the reality, then make time. Manufacture it if you have to. People need flexibility to pull off change. It's mandatory.
- "We have no help." Well, get it then. People initiating change need coaching and guidance and moral support.
- "This stuff isn't relevant." People need to understand why it is relevant. Like the politician who sticks to his platform and promises, keep repeating why the change is relevant. It should become a mantra around the office.
- "This stuff is a waste of time." Fear and anxiety are apt to escalate if trust is low among team members. Try to keep these emotions at a minimum. Make sure everyone trusts everyone else.

—adapted from *The Dance of Change* by Peter Senge, et al

Have a topic or suggestion for a future issue of Renaissance?
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