

## Professional Profile.....

### Natural Fit

#### Frishberg Moves to KCC

Michael Frishberg always knew he would be a lawyer, and worked his way up to a partner in the restructuring group at Kirkland & Ellis. But when the opportunity to expand his horizons arose, Frishberg jumped at the chance.

Looking back, it seemed natural that Michael Frishberg would become a lawyer. The son of an attorney, he followed in his father's footsteps, earning a bachelor's degree in history from the University of Michigan then a law degree from Chicago-Kent College of Law. From there, his career trajectory was fairly typical: He joined a firm, chose a specialty, and went to work. Over his years at Kirkland & Ellis, Frishberg represented debtors and official committees in a number of notable Chapter 11 restructurings, including Solutia, Allegiance Telecom, Teligent, Newcor, and Quality Stores.

#### Career Moves

It was clearly the right career choice, says Frishberg. "The work itself has always been interesting and unique because it varies considerably on each engagement, which keeps things fresh and interesting," he says. "More importantly, the restructuring community is comprised of a close-knit group of professionals that have mutual respect for one another and legitimately enjoy working together on a regular basis."

Eventually, however, Frishberg began looking for



Michael Frishberg

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## Innovative Solutions.....

### New Lease on Life

#### MorrisAnderson Helps Resuscitate Three Mid-West Labs

Analytics, Inc. began as the quintessential American success story. The company's CEO, Shri Thanedar, was born in a dirt-floored hut in India. He came to this country, put himself through school, earned a doctorate, and bought his first company in 1990. That company, Chemir Analytical Services, was a laboratory based in St. Louis, Missouri, that specialized in solving problems that other labs could not. Other acquisitions followed, including Cyanta Analytical Services, a laboratory located next door to Chemir that focused on pharmaceutical analytical work, and CAS-MI, a laboratory specializing in paints and other coatings and located in Ypsilanti, Michigan.

However, it was a lab far from the mid-West that led to the demise of Thanedar's company, Analytics, Inc., and the eventual hiring of MorrisAnderson, with Terry Bartz, managing Director, and Aaron Gillum, Director, leading the engagement.

#### Out of Control

Azopharma, located in south Florida, was Thanedar's first foray into contract pharmaceutical manufacturing. The lab was wildly successful at first. Drug companies, riding high during the early 2000s, in part due to an enormous new federal drug benefit program, were in a mad dash to develop new drugs. To expedite things,



Terry Bartz

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## Frishberg.....

entrepreneurial opportunities outside the firm. "I enjoyed working as a corporate restructuring attorney at Kirkland & Ellis and the fundamental skills that I learned there have proven to be invaluable," he says. "As my career progressed, however, I began looking for entrepreneurial opportunities outside the firm, which would take advantage of both my restructuring skill set and my relationships within the restructuring community."

### A Natural Fit

Frishberg says Kurtzman Carson Consultants LLC (KCC) was a natural fit. The firm – one of the leading providers of administrative-support services and technology solutions for the legal and financial industries – is well known to restructuring professionals, and Frishberg was impressed with its work. "At Kirkland, I worked with KCC on Chapter 11 cases, and was impressed with their service and technology capabilities as well as their growth potential within the claims and noticing market," he says. "In addition, I felt that KCC's unique approach to claims administration could be replicated within other industries, providing exciting expansion opportunities."

The attraction was mutual, with Frishberg's background also appealing to KCC. According to Frishberg, being a successful attorney requires dedication, responsiveness, judgment, attention to detail, and quality control, in addition to legal expertise, and those skills, which he cultivated at Kirkland & Ellis, are also fundamental to the work KCC does. Moreover, his experience as a restructuring attorney provided

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a detailed understanding of the corporate restructuring process and the needs of restructuring professionals at each stage of a Chapter 11 case, which, in a role at KCC, would give him credibility with clients and allow him to bring unique perspective and efficiency to case administration.

Today, as executive vice president of corporate restructuring services for claims and noticing agent KCC, Frishberg enjoys more business-oriented responsibilities. He leads both the business development team and the consulting group for KCC's restructuring business, which includes managing the firm's consulting team, developing new clients, strategizing with the executive team, and exploring growth opportunities. "I work very hard to align our business development strategies with client service strategies to ensure that all our clients have a seamless experience working with KCC from start to finish," Frishberg says. "In addition, I constantly strive to improve our clients' experience through innovation, increased capabilities and improved efficiency."

The transition, says Frishberg, has been the most interesting challenge of his career because of "the process of evolving from a practicing restructuring attorney into a business executive position and examining new business opportunities from a business standpoint versus a legal standpoint."

Ultimately, however, Frishberg's approach and attitude haven't changed, as evidenced by his ongoing belief that you have to challenge the status quo. "At KCC, we're always aiming to go beyond our client needs and focus on creating an entrepreneurial and team-oriented company culture," he says. "I always raise questions with the team to inspire innovative ideas and creative thinking, which force us to improve upon our successes and not be content with the status quo."

### Expecting the Unexpected

In his new role, Frishberg is also always preparing for the unexpected, which he considers important in the restructuring industry, regardless of one's job. "Restructuring is an ever-changing environment and it's difficult to predict market trends moving forward," he says. "When I entered the corporate restructuring market 10 years ago, it was much different than today. While we planned for market fluctuations, we also anticipated business obstacles and growth opportunities. Planning ahead and constant improvements in our services have helped us to weather the cycles and maintain our market share leadership."

Today's environment is no exception. Frishberg notes that the trend continues towards more transaction-based filings, such as prepackaged or prearranged bankruptcies and Section 363 asset sales, in an effort to more quickly shed non-performing assets versus undergoing a traditional corporate restructuring. But today's climate is challenging because credit markets are more flexible and distressed companies can finance debt more easily through covenant-lite loans. "With the wall of debt continuing to be extended out, the number of

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Chapter 11 filings, especially large public company filings, has decreased dramatically,” he says.

Still, he’s excited about the future, particular about the opportunities that have stemmed from KCC’s

acquisition by Computershare in 2009. “We have expanded our business into class-action settlement administration, developed global call center support services and increased document-production capabilities,”

he says. “With the support of this partnership, I intend to explore further growth opportunities with an eye toward diversifying KCC’s brand and continuing to meet the increased demands of our clients.” □

## Analytics.....

they outsourced many of the steps involved in testing and bringing new drugs to the market. Azopharma served that niche and enjoyed a meteoric rise as a result.

Revenue grew at an astounding rate, but there wasn’t a counterbalance. “Senior management put together a plan that only rewarded revenue growth. There was no real discipline,” Bartz observes. “When the crash came in 2008, the bottom fell out and they couldn’t cut costs fast enough. They had this infrastructure that was only built to grow one way. They were unable to concede that their whole business model had changed, and so they just went month to month and borrowed against the future.”

Bleeding money in south Florida, Thanedar began to leverage his mid-West labs. Everything became cross collateralized; cash was pulled out of Chemir, Cyanta, and CAS-MI to prop up Azopharma’s foundering operations.

Azopharma’s downward spiral continued until one day its lender, Bank of America, decided to pull the plug. “Employees had no warning – the company just abruptly closed its doors,” recounts Bartz.

It was also a disaster for the drug companies: “Drug development is linear. If a process is interrupted, the drug trial has to start over. It was a real mess.” Meanwhile, the other labs were left holding the bag – an entire company saddled with angry customers, an unhappy lender, and a damaged reputation.

### Receivership

For an enterprise once valued north of \$150 million, Bank of America was offered \$5 million by a

distressed investor. The lender opted instead to put the company into receivership, pinning its hopes on MorrisAnderson’s ability to effectuate a turnaround.

“The reason Bank of America selected receivership was that it thought the other labs were viable apart from Azopharma,” says Bartz. “The stigma of bankruptcy would have been game over for the pharmaceutical-based Cyanta. That would have voided all its contracts and lost all its customers.”

“It was very smart to take the calculated risk of a receivership,” Bartz continues. “It kept the businesses operating and gave us tremendous flexibility to keep things moving in order to maximize return on assets.”

The risk of receivership is that it is less predictable, Bartz says. The team had to work fast. Unlike with a bankruptcy filing, creditors, suppliers, taxing authorities, and others are not kept at bay.

### A Unique Business

Upon tackling the engagement, Bartz and Gillum quickly concluded, as had Bank of America, that the three mid-West labs were valuable. They had carved out a niche in a commodity business where all the other laboratories were doing the same thing with the same instruments. “They had a solid national reputation as leaders in their industry and had a proven record of profitability,” Gillum says.

The way for a traditional lab to make money was through automation and instrumentation – for example, by processing samples faster or more efficiently. Chemir and CAS-MI were different. They were making money taking on projects that required problem solving. As Bartz explains: “If there was a chemical process that didn’t work they way it was supposed to – for example, black specks in aspirin tablets or a product that produced an off-odor – the scientists in these labs would figure out what had happened and how to fix it.”

“A lot of businesses tell us they’re unique, but this one was,” he continues. “We only found one other company that offered the same line of services, but they did it on a much smaller scale. For a national footprint for the kinds of things that they did, they were pretty unique.”

### The Right Formula

Bartz and Gillum brought their own set of skills to Analytics. Bartz ran the project and Gillum was brought in as financial advisor and investment banker. One of the first things Bartz did was call all of the customers and assure them that the labs weren’t going bankrupt. “With the exception of the first 72 hours when the customers were kind of wondering what was going on, there were no major customer hiccups.”

The team also assured suppliers, telling them that from that point forward they would be paid cash,

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