

RENAISSANCE

The Newsletter for the North American Corporate Renewal Industry

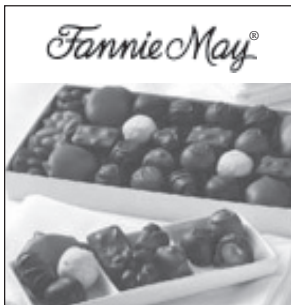
First Quarter 2005

How Sweet it is: Fannie May in Good Taste

By Cheri Anderson, Daniel Dooley and Jim Ross
Compiled from *Crain's Chicago Business*,
Chicago Tribune and other sources

Archibald Candy Corp. (ACC), a Chicago icon with a decades-long history in the North American confectionery industry, faced a failed rollup strategy that had been started in the mid-nineties. The rollup had drained resources and burdened the balance sheet with an estimated \$170 million in debt—its pre-pack bankruptcy in 2002 had only restructured the balance sheet—and there had been no attempt to address the underlying operational and marketing issues that had been the root causes of the first bankruptcy. The same management team that led ACC into its first bankruptcy had developed a business plan showing sales growth and cost reduction to provide an exit from bankruptcy; unfortunately, the plan lacked concrete, actionable steps and its execution failed. The numbers were way off out of the gate...and the lenders were unhappy.

On top of that, ACC faced other challenges. As part of the rollup, the candy production for both the



Canadian and U.S. divisions had been moved into a single facility in Chicago. This large, old facility suffered high costs and low productivity, thanks to dated equipment and layout, as well as expensive unionized labor. The company's approximately 250 retail stores in the U.S. had been neglected for years and were in drastic need of refurbishment. The

Canadian division, Laura Secord, was generating positive EBITDA but was hurt by the high U.S. production costs. And as every candy lover knows, the business was extremely seasonal, so the timing of any asset disposition, liquidation or sale was an important consideration.

Despite a decade of neglected brand marketing, ACC's brand value was still extremely high. Fannie May and Fanny Farmer's value was in the brand names and real estate but not as a stand-alone going concern, while Laura Secord still retained going-concern value. With that in mind, post-bankruptcy sale attempts by the post-Chapter 11 owners began in late 2002, but met with no initial success: buyers were offering a nominal premium

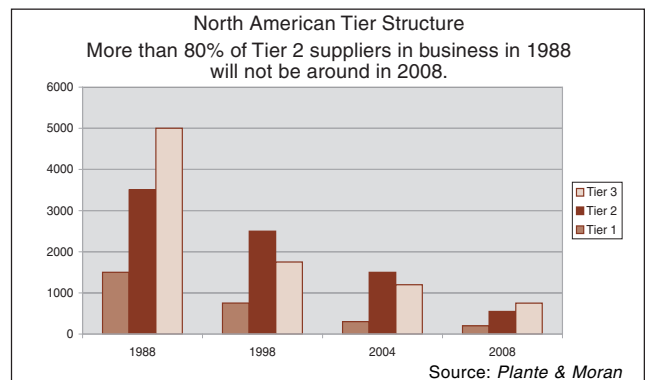
Relationships and Innovation Key Success for Tier 2 Suppliers

By John Sprovieri

To get an idea of the primary challenge facing Tier 2 automotive suppliers, picture the old Looney Tunes gag involving a round, black bomb with a lit fuse. As the fuse gets shorter and shorter, the bomb gets passed from one character to another until, inevitably, it winds up in the hands of Daffy Duck, who watches it blow up in his face. Despicable!

The same thing is happening throughout the automotive supply chain. The OEMs tell their Tier 1 suppliers to reduce their prices by 3% to 7% annually, or the OEMs will take their business elsewhere. The Tier 1s, in turn, seek the same concession from their suppliers, the Tier 2 companies. However, when the Tier 2s turn to their suppliers—large steel and plastics producers, for example—they have little or no leverage with which to exact price cuts of their own. Instead, the price cuts come directly off the bottom line.

Unlike the bomb gag, the results of the pass-the-price-cut game in the automotive supply chain aren't very funny. According to a 2004 survey conducted by *Ward's Auto World*, 59% of Tier 1 and Tier 2 suppliers say they have no more room to cut prices and still be profitable. By one estimate, half of today's Tier 1 and Tier 2 suppliers likely will be out of business in 10 years.



The anxieties of Tier 2 suppliers don't stop with price pressure, however. Just as the OEMs have decreased the number of suppliers they do business with, Tier 1s are reducing the number of suppliers they buy from. For example, in 2003, Faurecia had 2,800 suppliers. One year later, that number had been trimmed to 2,400, and the

Recent Engagements

Automotive Stamper – Debtor Representation – CRO, Assessment, Operations Improvement, Financial Plan, Cash Management

Manufacturer and Retailer of Boxed Chocolates – Debtor Representation – CRO, Business Assessment, Lender Negotiations, Refinancing, Exit Strategy Analysis, Sale Negotiations and Bankruptcy Management

Semiconductor Manufacturer – Lender Representation – Operations Due Diligence, Plan and Industry/Market Assessment

Receivables Factor – Lender Representation – Internal Control Assessment, Cost Reduction Identification, Borrowing Base/Collateral Monitoring Improvements

Aerospace Forging Manufacturer – Debtor Representation – Cash Management, Financial Modeling, Bankruptcy Preparation

Manufacturer of Refuse, Collection Equipment – Receiver Representation – Asset Sale of Distressed Business

Licensors of Mattresses and Bedding – Debtor Representation – Business Assessment, Due Diligence and Strategic Analysis of Financial Alternatives

Manufacturer of Backyard Storage Sheds – Equity Fund Representation – Due Diligence and Business Assessment Services, Sourced Debt, and Interim CFO and CIO Management Consulting Services

Manufacturer of Cosmetic Packaging – Debtor Representation – Risk Assessment Analysis, Cost Minimization and Value Maximization Models

Automotive Aftermarket Distributor – Debtor Representation – Financial/Cash Modeling, Asset Sales, Bankruptcy Management

Aerospace Metals Manufacturer – Debtor Representation – CEO, Business Assessment, Cost Reductions, Financial/Cash Modeling, Business Brokerage, Value Maximization Strategy

Convenience Store Retailer and Gas Wholesaler – Lender Representation – Business Assessment, Financial/Cash Modeling, Development of Risk Reduction Alternatives, Debtor/Collateral Monitoring

Marketing Communications Services Provider – Debtor Representation – Business Plan and Operations Assessment, Cost and Liquidity Improvements, Exit Strategy Analysis

Commercial Electrical Contractor – Debtor Representation – Business Assessment, Operations Analysis, Refinancing

Wholesale Distributor – Debtor Representation – CRO, Cash Management, Lender Negotiations, Exit Strategy Analysis and Sale Negotiations

Cabinet Hardware Manufacturer – Debtor Representation – Crisis Management, Cash Controls

Steel Fabrication and Erection Company – Debtor Representation – CRO, Plan Validation and Operating Improvements, Cash Forecasting

Apparel Retailer – Debtor Representation – Business Assessment, Financial Modeling, Business Planning, Lender Negotiations

Injection Molder – Debtor Representation – Cash Management, Cost Reductions, Exit Strategy Analysis, Creditor Management

Fast Food Franchisee – Lender Representation – Cash and Financial Management, Business Brokerage

Metal Components Manufacturer – Debtor Representation – Cash Management, Assessment, Financial Projections, Business Brokerage

Trucking and Truck Leasing Company – Debtor Representation – Operations and Business Assessment, Strategic Alternative Analysis, Financial Modeling, Creditor Negotiations

RENAISSANCE

Renaissance is distributed seasonally to more than 20,000 industry professionals throughout North America. If you have comments or ideas, contact Editor Cheri Anderson at canderson@morris-anderson.com.



Since 1980, Morris-Anderson & Associates has been working with stakeholders to stabilize more than 1,400 underperforming companies, protecting their assets, and steering them toward operational and financial success.

With an average of 25 years of real-world, line-management success, executives in finance, manufacturing, distribution and logistics, marketing and information systems are working in virtually every economic sector to maximize enterprise value.

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over liquidation value for the assets as significant ongoing operating losses made future operations problematic.

The fatigued exit lenders refused to finance the late 2003 seasonal inventory build...a decision that would push the company into liquidation fast.

Could the candy maker be saved?

Morris-Anderson & Associates (MA&A) was retained as CRO in May 2003. After analyzing the operations, marketing and financial issues, the team, led by Chicago-based Principal Jim Ross, realized that the company could be sold in several pieces to maximize value but only after the upcoming holiday season, and that a bridge lender would allow increased seasonal funding to avoid the value destruction of a quick liquidation. The answer was in negotiating a financing package that included LaSalle Business Credit and Delaware Street Capital, one of the company's major bondholders. The lenders and bondholders, once convinced that the restructuring plan had a clean and timely exit with manageable risks, supported the MA&A plan; a funding package was put in place that provided the working capital and seasonal credit line that would allow the company to continue operations through the end of the year, and allow the time necessary to position both divisions and their key assets for sale.

The team began to prioritize and attack long lead-time tasks. One of the first was to separate the two operating divisions. A key to realizing value of the Canadian business was to decouple it from its U.S. parent, and outsource the production of Canadian candy to a supplier that could

The fatigued exit lenders refused to finance the late 2003 seasonal inventory build . . .

produce the candy at a competitive price. The production processes that had to be transferred were extremely complex, with the best of suppliers requiring 15 months to fully ramp up their capabilities. The team did not have that much time, so the team developed a strategy that included the production of a transition inventory that would bridge the gap for a new supplier. With financing in place to cover the company's needs only through December 2003 (end of the primary holiday season), the company began execution of its aggressive plan for a planned orderly wind-down of manufacturing operations, buildup of its normal seasonal inventory and manufacture of the transition inventory for Laura Secord.

The team recognized that going-concern buyers would be interested only in selected Fannie May and Fanny Farmer assets: namely, brands, IP and retail properties. The current plant operation was not economically viable, so the fixed assets and inventory would need to be sold separately, likely in a §363 process. The team arranged the sale,

which consisted of an aggressive process of reaching out to both financial and strategic buyers. While there was significant interest expressed by potential buyers, the size and complexity of ACC made the long-term transition of the stand-alone business to a new business model too risky for most financial buyers. In essence, ACC needed to find a buyer with existing production capability or one that could outsource all manufacturing, and concentrate on leveraging the brands through distribution and retail. And the transition of production capacity became a major issue that financial buyers had to overcome. However, the strategic buyers realized that brand value was incremental to and supportive of existing channels, making overall value potential greater. Additionally, organizational synergy could improve pro forma results for many, and the additional pounds could add value to existing production capability, provided they could attain relatively quick transition.

Amid public scrutiny, political posturing and a lawsuit from the Teamsters, intense negotiations with the unions helped provide a "soft-landing" to employees.

But...initial bids from this group did not reflect the added value potential!

How did the team save the company through sell-off?

Disposition strategies were developed for each of the major asset groups. The U.S. and Canadian divisions were staged for separate sale activities. The team, which included MA&A's Jim Ross; Jenner & Block's Mark Thomas and John Sieger; Neil White of McDermott Will and Emery; and Michael Levy from the investment-banking firm Paragon Capital Partners, coordinated the sale activities with the wind-down of the U.S. operations facilitated through a Chapter 11 bankruptcy filing.

The signing of an Asset Purchase Agreement concluded at the end of the primary holiday season for the Fannie May and Fanny Farmer brands, and initiated the process of closing the U.S. manufacturing facilities and retail stores, worker lay-offs, and Chapter 11 filing. Amid public scrutiny, political posturing and a lawsuit from the Teamsters, intense negotiations with the unions helped provide a "soft-landing" to employees while fixed assets were sold.

As word spread of the events (thanks to a shut-down memo that was leaked to the press), Fannie May's inventory liquidation began. Initial demand was very strong and held steady as daily news broadcasts provided free advertising of impending store closures to the public.

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The team reacted very quickly to the high demand: the closure schedule for low-volume and geographically remote stores was condensed, remaining inventory was consolidated into high-volume retail stores primarily in the Midwest, and planned price discounting to fully sell out inventory was cancelled. The ability to leverage the Fannie May brand to capitalize on the perceived scarcity of final production allowed ACC to quickly close its 245 American stores and realize a 100% gain on liquidation value over pre-closure estimates.

While liquidating the inventory and fixed assets, the team concentrated on completing the sale of the brand and retail properties. The goal was to identify at least two strategic buyers who could obtain incremental value from the brand, IP and retail real estate, and bring them into the auction process.

How can Fannie May's value increase at auction?

The first step was taken when the stalking horse was selected: ACC entered into a stalking horse asset-purchase agreement with Utah-based Alpine Confections, Inc. in which, among other things, Alpine agreed to buy the brand, IP and the company-owned real estate for \$18 million. The bid was subject to higher or better bids at the auction, but gave the privately held company an interim license to manufacture Fannie May. The license allowed them to immediately begin producing product and provide a bridge supply of product to the mass market channel while helping to retain the value of that channel for the eventual buyer at the \$363 auction. Alpine's significant investment in developing production and product-distribution capability also carried over to the auction as added incentive to be the highest and best bidder.

The bid deadline was March 30 at 11:00 am. However, due to the extraordinary interest by numerous parties in purchasing individual parcels of real estate, a pre-bid deadline of March 23 was set for submission of non-binding expressions of interest. A lengthy conference call was held with those parties on March 26 to answer

questions, enabling them to submit qualified bids by the deadline. A form asset-purchase agreement for the real estate was submitted to the qualified parties. This preliminary process enabled the team to gauge the ultimate value that could be realized if the real estate was sold on a parcel-by-parcel basis. Once bids were received on the March 30 deadline, the team had 48 hours to review the asset-purchase agreements that comprised the bids and evaluate the financial wherewithal of potential bidders. More than 55 bids were submitted by way of written asset-purchase agreements.

During the 2 days between receipt of the bids and the actual auction, each contract submitted by each potential bidder was reviewed for consistency with "standardized" real estate and IP purchase contracts. Deviations from the "standard" contract were identified and assigned a monetary value that quantified whether the changed contract provision was a benefit or detriment to ACC. This process adjusted each gross bid for specific, unique contractual provisions, resulting in an adjusted bid value that enabled the team to compare more than 40 different contracts on an "apples to apples" basis.

Using the calculated adjusted value, the team decided how it would package the assets for bidding at the auction, and minimum bids for each lot were set. By breaking the assets into the four lots and offering the assets in order, the team established "floor" values that built up the ultimate value of the final lot.

- (1) IP only
- (2) 31 parcels of real estate offered on an individual basis
- (3) 31 parcels of real estate offered as one single group
- (4) IP and the real estate offered as one single group

With more than 100 people in attendance, representing more than 40 qualified bidders, Mark Thomas conducted the April 1, 2004 auction at Jenner & Block's

<p>1913</p> <p>Laura Secord is founded in Canada</p>	<p>1915</p> <p>H. Teller Archibald begins selling candy in Chicago grocery stores</p>	<p>1920</p> <p>Fannie May opens a shop on Chicago's LaSalle St.</p>	<p>1991</p> <p>Private equity firm Jordan Co. acquires Archibald Candy from founding family</p>	<p>1994</p> <p>Jordan adds Boston's Fanny Farmer to the Archibald line, followed by acquisitions of Sweet Factory in 1998 and Laura Secord in 2000</p>	<p>2001</p> <p>Sweet Factory files for bankruptcy and is sold</p>	<p>2002</p> <p>By June, Archibald's debt balloons to \$170, the company seeks bankruptcy protection</p>
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offices. All told, more than 300 bids were made during the auction. In addition to bidding on price, several bidders made increased bids by eliminating contractual provisions that had led to negative adjustments to a gross bid's adjusted value. After more than eight hours, Alpine—which also makes Mrs. Field's, Maxfield's, Hallmark Chocolatier and other brands from its facilities in Utah, Ohio and Vancouver—won the Fannie May and Fanny Farmer IP and 31 real-estate parcels for a cash sale price of \$38.9 million, *more than double the amount of the original stalking horse bid*. On April 2, 2004, bankruptcy court approved the results.

What about Laura Secord, the Canadian division?

An aggressive sales process was launched for the Laura Secord (LS) division in the spring of 2004. Significant changes were put into effect at LS as the U.S. operations were wound down. Senior management positions were filled at LS as comparable positions at ACC were terminated. All LS inventory was moved to Canada, and new transportation and warehouse facilities were established. Accounting and data processing systems were moved to LS's corporate office in Toronto as well. While LS was moving quickly to become a stand-alone operation, the team was working constantly with century-old Ganong Chocolates of Canada to develop the outsourcing capability. Key to the smooth, timely transition was knowledge transfer and hands-on technical support—something any new buyer would look at under a microscope before completing the acquisition.

The LS transaction represented cross-border problems as well, as it involved assets in both the U.S. and Canada. With the parent in U.S. Chapter 11 proceedings, the team had to orchestrate a complementary legal process in Canada to ensure free and clear title to the buyer. With the assistance of Tracy Sandler of Osler, Hoskin & Harcourt LLP, a joint U.S./Canada sales hearing was conducted that resulted in a joint approval of the sale motion by both U.S. and Canadian courts.

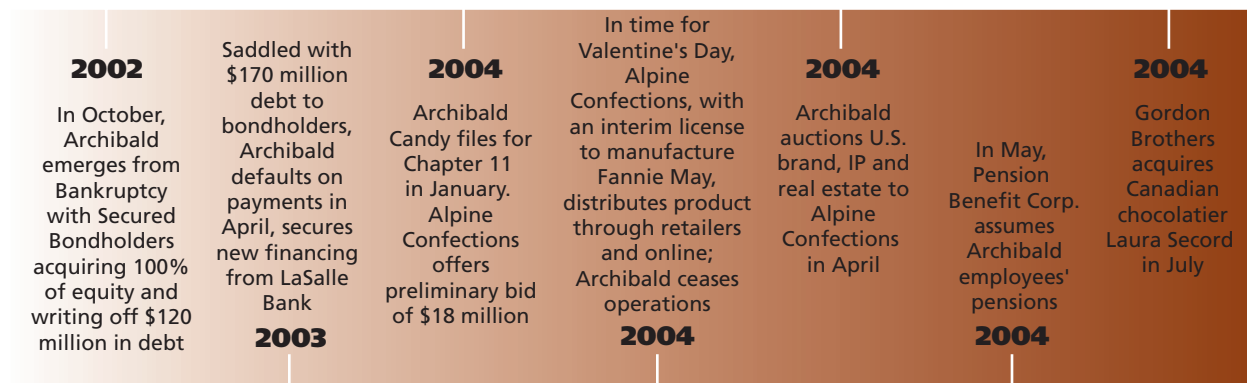
Though several other interested buyers aggressively pursued the stalking horse roll, by June 2004 the team

selected at \$22.5 million (CAD) M&M Meat Shops, a specialty frozen-foods franchise operator in Canada looking to diversify. In preparation for the July auction, the team met with interested bidders and again used the formula described earlier for the bidding process; at the auction, bidders actively mixed both cash and contract-adjustment bids to establish the net value bid. The winning bidder was GB Palladin Capital, a division of Gordon Brothers Group, with a gross cash bid in excess of \$27 million (CAD), and contract adjustments valued at an additional \$3.5 million (CAD).

What's the short version?

ACC represents a classic case in which MA&A was able to turn a troubled company that was in serious danger of a crash and burn liquidation. However, MA&A was able to quickly understand where the pockets of primary value were, and develop a coherent strategy that paved the way for new funding that allowed time to execute the strategy. The stakeholders funded the practical plan, and MA&A and the other case professionals improved stakeholder recoveries by \$45 million while preserving hundreds of jobs.

- Total recovery on sale of assets exceeded \$82 million (USD); this compared very favorably to the estimated \$37 million that might have been recovered if the company had gone through a forced liquidation.
- The company was able to successfully operate through the key December holiday season and generate more than \$27 million net cash.
- Laura Secord retained its going-concern business value and continues to be a strong retailer in the Canadian market.
- Fannie May and Fanny Farmer brands have returned to the retail market in the Midwest, where many loyal customers again have access to the candy they grew up with.
- Nearly 2,600 employees were provided a soft landing with severance benefits that amounted to approximately 75% of ACC's obligations.
- The company's manufacturing facility was sold and is expected to be transformed into a retail center that will provide a large number of new jobs to the Chicago community.



Relationships and Innovation Key Success for Tier 2 Suppliers

Continued from cover

French Tier 1 supplier hopes to reduce that amount even further, to 1,500, by 2006. Visteon Corp. hopes to thin the ranks of its suppliers from 2,500 in 2003 to 500 in 2007. And Delphi Corp. plans to cut its global supply base by 75%, from approximately 4,000 suppliers today to 1,000 suppliers by 2008.

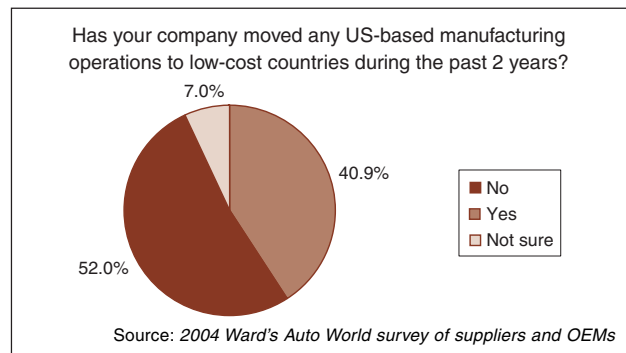
By working with fewer suppliers, Tier 1 companies hope to develop better relationships with those that remain. For example, when designing a new module, Faurecia often selects a few Tier 2s and codesigns certain critical parts with them, even before it awards a production contract.

The challenge of meeting price demands is all the more difficult when suppliers also have to meet strict quality standards. In 2003, GM issued 27 recalls, DaimlerChrysler 19, and Ford 16, according to the National Highway Traffic Safety Administration. In contrast, Toyota had just seven recalls. To a large extent, the Big Three have blamed that problem on their suppliers. According to the *Ward's Auto World survey*, 59% of OEMs say their suppliers still ship too much defective product.

Many OEMs have begun taking action to solve that problem. In October, for example, GM dispatched 244 quality engineers to its Tier 1 and Tier 2 suppliers to ward off quality problems during the launch of the Chevrolet Cobalt, the Buick LaCrosse and four other vehicles. It was the first time that GM sent quality engineers to monitor key suppliers before a vehicle launch.

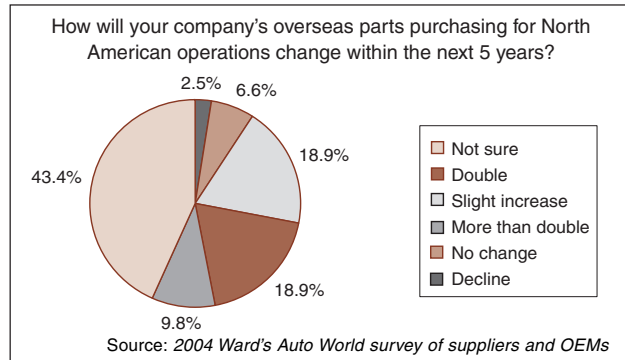
The China Syndrome

If price cuts, consolidation and strict quality requirements weren't enough problems, Tier 2 suppliers also face the threat of foreign competition. OEMs are pressuring Tier 1 suppliers to source parts from low-cost countries, such as China and South Korea. For example, Faurecia wants to source 25% of its total purchases from low-cost countries by 2006. In 2002, the company obtained 8% of its parts and supplies from low-cost countries. In 2003, that figure jumped to 14%.



That pressure is starting to have an impact. According to the U.S. Census Bureau, the value of auto parts exported to the United States by Chinese companies totaled \$344 million in 2002, a 33.5% increase from 2001. At that rate, exports could easily exceed \$1 billion by 2006.

According to *Ward's Auto World survey*, 22% of Tier 1 and Tier 2 suppliers have been pressured by their customers to build manufacturing operations in China, and 29% of OEMs expect their parts purchases from China to at least double within five years. Some 41% of Tier 1 and Tier 2 suppliers have already moved U.S. manufacturing operations to low-cost countries during the past two years.



Build Relationships to Build Product

Ironically, OEMs have never been more dependent on their suppliers. During the past few years, Tier 1 suppliers have been taking on larger portions of automotive production. Instead of providing seats, Tier 1s are providing the entire vehicle interior. Instead of supplying axles, they're assembling nearly the entire chassis and drivetrain.

For Tier 2 manufacturers, this trend is an opportunity to boost their share of the automotive pie, while creating stronger relationships with their customers. In 2003, for example, Lextron Corp., a Tier 2 supplier of automotive wire harnesses, formed a joint venture with Visteon to supply modules to Nissan's assembly plant in Canton, MS. The new company, Lextron Visteon Assembly Systems, will assemble cockpit modules for Nissan's Quest minivan, and front-end modules for the Titan pickup and Pathfinder SUV. Lextron owns 51% of the venture. Eventually, the venture will employ 175 people and handle approximately \$1 billion in parts annually.

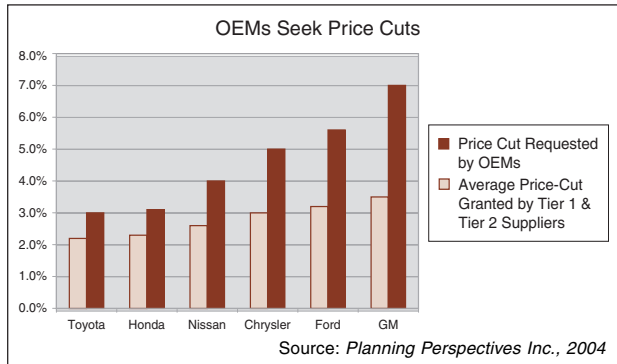
Just Say No

One way Tier 2 suppliers can win the supply chain war is to pick their battles more carefully. Though it may take a bit of courage, suppliers don't have to accept every opportunity that comes down the road. That's what Tower Automotive Inc. did. In December 2002, the Tier 1 supplier announced that it would not manufacture frames for the next generation Ford Explorer, even though it was supplying frames for the current model. The company had been active in the early design and bid process for the new model, but in the end, passed on the project.

"Our decision not to support this particular product renewal is based strictly on the fact that the expected returns at the targeted pricing levels did not meet our

Relationships and Innovation Key Success for Tier 2 Suppliers

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requirements," said Dug Campbell, then president and CEO of Tower. "This decision, though a difficult one in light of our strong Ford relationship and the long supply history of this product, is consistent with our commitment to increase shareholder value by investing our capital resources more selectively."

Tower isn't alone. Indeed, according to the *Ward's Auto World* survey, 20% of Tier 1 and Tier 2 suppliers believe there will come a time when they don't do business with the Big Three at all.

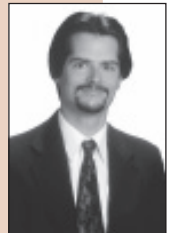
That prediction underscores an important survival strategy for Tier 2 suppliers: diversify your customer base. "If more than 50% of your business comes from the Big Three, you should be worried," said Kim Korth, president and CEO of consulting firm IRN Inc.

By maintaining relationships with multiple OEMs and Tier 1 suppliers, Tier 2s can avoid sudden swings in business if a particular model doesn't sell as well as expected.

Moreover, the "new domestic" automakers—Honda, Nissan, Toyota and Hyundai—are winning the battle for market share. In 1999, the Big Three accounted for 71% of the U.S. auto market. By the end of 2003, Ford, GM and Chrysler held just 62% of the market. At that rate, the Big Three could have less than 50% of the market by 2010. If Detroit can't beat the New Domestic, there's no reason Tier 2 suppliers have to go down with the ship.

The number of automotive suppliers has decreased significantly during the past few years. To succeed in the 21st century, the manufacturing operations of the remaining suppliers must be global, modern, flexible, quality-driven, cost-competitive and technology-focused. They must develop innovative products, and manufacture them with state-of-the-art processes and a well-trained, well-educated workforce. Those that don't adapt won't last.

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.



More on Manufacturing

How to counter employee concerns about outsourcing

The decision to outsource work is a major one for any organization. It will also be significant to the employees. As with every major change, communicate openly and honestly with the staff so they understand the decision and how it will affect them. In particular, emphasize the benefits of the decision. The following topics will be of interest to everyone, not just those whose jobs are directly affected:

- *The work to be outsourced.* Employees want to know exactly what and who will be affected, so communicate this early on to limit rumors and anxiety.
- *The reason for outsourcing.* Outsourcing can provoke as much fear in employees as layoffs do, yet outsourcing doesn't necessarily eliminate employment. For example, a company may outsource work to enable employees to concentrate on core activities or key objectives. If this is true, publicize it.
- *Loss of jobs.* If jobs will be eliminated, employees will want to know how the organization will help laid-off workers land on their feet. For example, displaced employees may be able to transfer their skills to the outsourcing company, and your organization may be able to help them do so.
- *Impact on the remaining employees.* Employees may fear that they'll end up with more work and less support. Clarify how their jobs will be affected—duties, workload, training, etc. For example, there may be opportunities to move to other areas, or to supervise or inspect outsourced work.

—Adapted from the American Assoc. of Motor Vehicle Administrators Web site, as reported in *The Manager's Intelligence Report*

News Desk . . .

Morris-Anderson & Associates is celebrating its 25th anniversary! (Gifts of silver are of course appreciated.) Since its founding in 1980 by Daniel Morris and David Anderson, CTP, the firm has helped more than 1,400 companies through insolvency, turnaround and performance improvement. Please visit www.morris-anderson.com for a full list of the services offered.

Atlanta-based **Baker Smith**, Morris-Anderson & Associates' newly elected Managing Principal, is still on the lecture circuit. He spoke at the *Tennessee TMA* September 16, when he participated in a panel discussion "The Future of Critical Vendor Motions." He also spoke at *CFA's MidSouth Holiday Party* on December 2, and at the 10th *M&A Advisor conference*, which was held in NYC December 13-14.

Next, he speaks at the January 25th Babush, Neiman, Kornman & Johnson luncheon in Atlanta, and then chairs a panel at *Institutional Investor's 3rd Annual U.S. Turnaround Management & Distressed Investing Forum* on February 15.

The New York City office continues to expand. **James M. Gallagher** is the most recent addition to the team, bringing 3 decades of high-level, complex financial experience to his new role as managing director. Join us in welcoming Jim to the team!

Chicago-based Principal **Daniel F. Dooley** is President-Elect of the *Chicago/Midwest chapter of the TMA*, but the CTP still found time to co-present "The Business Framework for the Negotiations" at *Colorado TMA's Corporate Restructuring* event on October 1. On October 18, he moderated a panel discussion covering "Issues Affecting Firm Management" at the *TMA 2004 Annual Convention* held in NYC. And he spoke about selling distressed businesses at *TMA Pittsburgh* on November 16.

Not to be outdone, Chicago-based Managing Director **Bob Morris**, CTP, has been appointed co-Chair of the *TMA Annual Conference*, which will be held in Chicago next October.

Finally, Morris-Anderson & Associates is pleased to open a Cleveland office, enabling the team to better concentrate on the unique needs of Ohio businesses. Please join us in welcoming Managing Director **Francesco O. DiGiannantonio** to the firm!



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