

# DELAWARE Business

## BUSINESS CALENDAR

Saturday

Historic Properties Tax Credits. Hosted by Milton Historical Society. 10-11:30 a.m. Lydia Black Cannon Museum, 210 Union St. Milton. Free. Registration requested. 684-1010 or info@historicismilton.org.

# The 'go-to' guys for troubled businesses

By TED GRIFFITH  
The News Journal

Thomas J. Beane and his colleagues think of themselves as emergency-room doctors for other businesses.

"We're sort of a M.A.S.H. unit," Beane said. "We try to bolt you back together and, hopefully, allow you to recover."

For more than two decades, Brandywine Hundred-based Beane Associates Inc. has specialized in helping financially struggling businesses get out of intensive care. The turnaround firm recommends cost cuts, management shake-ups and changes in strategy for businesses running in the red. Sometimes, though, the patient can't be saved and the business ends up getting sold off.

Beane Associates, which has seven employees and satellite offices in Charlotte, N.C., and Atlanta, works with businesses all over the country in industries including construction, high-tech, manufacturing and retail, said Beane, whose father, Charles A. Beane, founded the business in 1984. The elder Beane, now 75 and semi-retired, had worked for a Philadelphia-based turnaround firm before starting his own business in 1984. Tom Beane, 45, has taken over as president and his younger brother, Christopher J. Beane, 41, also works in the business. The firm provides consulting services to small and midsize businesses with annual revenue up to \$100 million.

Beane Associates is the only firm based in Delaware that specializes in turnaround consulting, although competitors are nearby, including Phoenix Management Services Inc. in Chadds Ford, Pa.

Tom Beane said the business is expected to generate about \$1.5 million in revenue this year. Annual revenue can be as high as \$3 million, Beane said, but business has slowed somewhat in recent years, as low interest rates have helped struggling companies stay afloat. Beane said the business remains profitable, but he declined to discuss specific figures.

Cecilia Green, spokeswoman for the Chicago-based Turnaround Management Association, said



The News Journal/CARLA VARISCO

Thomas J. Beane (left) meets in Beane Associates' Brandywine Hundred offices with associates Joe Mauro (center) and Larry Nagengast.

other members have reported that demand for their services has been down, but they are anticipating business will pick up as rising interest rates push companies into default on their debt, a trigger for turnaround consulting firms to get involved.

"Companies have been just infusing cash into the business to stay afloat, but they're not fixing the underlying problems and it eventually will catch up with them," Green said.

Turnaround firms typically end up working with a struggling business at the insistence of a lender worried its loan might not get repaid, Beane said. The lender gives the company a list of turnaround firms and the company decides which one to hire.

Beane said his firm generally meets with resistance, at least initially, from owners and managers at the struggling business.

"If you're a business owner, you wouldn't want to see me come through your door," said Beane. "The response is, 'What are you here for?'" But the best thing for an owner or management to do is come to accept-

## STAYING OUT OF TROUBLE

After years of helping struggling businesses turn themselves around, Beane Associates Inc. President Thomas J. Beane said he's developed some recommendations for businesses on how to stay out of trouble in the first place:

- Develop a flexible business plan, and review it as your market changes.
- Build stronger relationships with your customers and suppliers. It's always easier to keep your current customers than to find new ones. You'll get even more cooperation from your suppliers when you let them know they're essential to your success.
- Watch your competition – its quality, pricing and services. Stay ahead – and make clear the reasons your company is better than, and different from, the competition.
- Plan expansions and diversifications carefully. Be certain that your employees can handle the demands that growth brings, and that you've got the cash to finance the expansion.

ance as quickly as possible that problems exist. Then the company can make the changes that are really needed. That's where we as consultants can help in coming to that acceptance."

Robert J. Froeber Jr., chief executive officer of Henderson, N.C.-based Americal Corp., said he had reservations at first when he started working with Beane Associates in early 2002. Americal's lender had insisted on turnaround help because the family-owned textile business was burdened with a heavy debt load and losing money.

Froeber said he quickly came to respect Beane and his staff for their expertise and honesty. Under Beane's guidance, Americal implemented deep cost cuts, including painful but necessary layoffs. Beane also helped arrange new financing for Americal.

Today, Americal is profitable and continues to use Beane Associates as an adviser.

"They saved our company," Froeber said.

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