

# The Gazette

## OF POLITICS AND BUSINESS

WWW.GAZETTE.NET • FRIDAY, JANUARY 14, 2011 • 50 CENTS

## COLLARD TO THE RESCUE

■ Turnaround Specialist Pulls No Punches

Talking With Steve Monroe

As a new year dawns with many businesses and organizations hoping to take advantage of the economic recovery many see under way, John M. Collard is primed to talk to those needing a jump start.

That's because Collard is an award-winning turnaround specialist, acclaimed for helping private-sector companies and government agencies, serving on advisory councils for Presidents George H.W. and George W. Bush and President Bill Clinton, and advising companies and governments overseas.

"I go into companies when they're in trouble and turn them around or I serve on boards of directors of companies," said Collard, 64, chairman of Strategic Management Partners of Annapolis. "If I parachute in as a CEO, then I replace the CEO who was there before. Whether I replace and say, 'Sir, you are no longer here,' or whether somebody does it just before I arrive, we've done it both ways. If I'm on a board, perhaps we take the existing management team and we advise them and we direct them in a variety of ways."

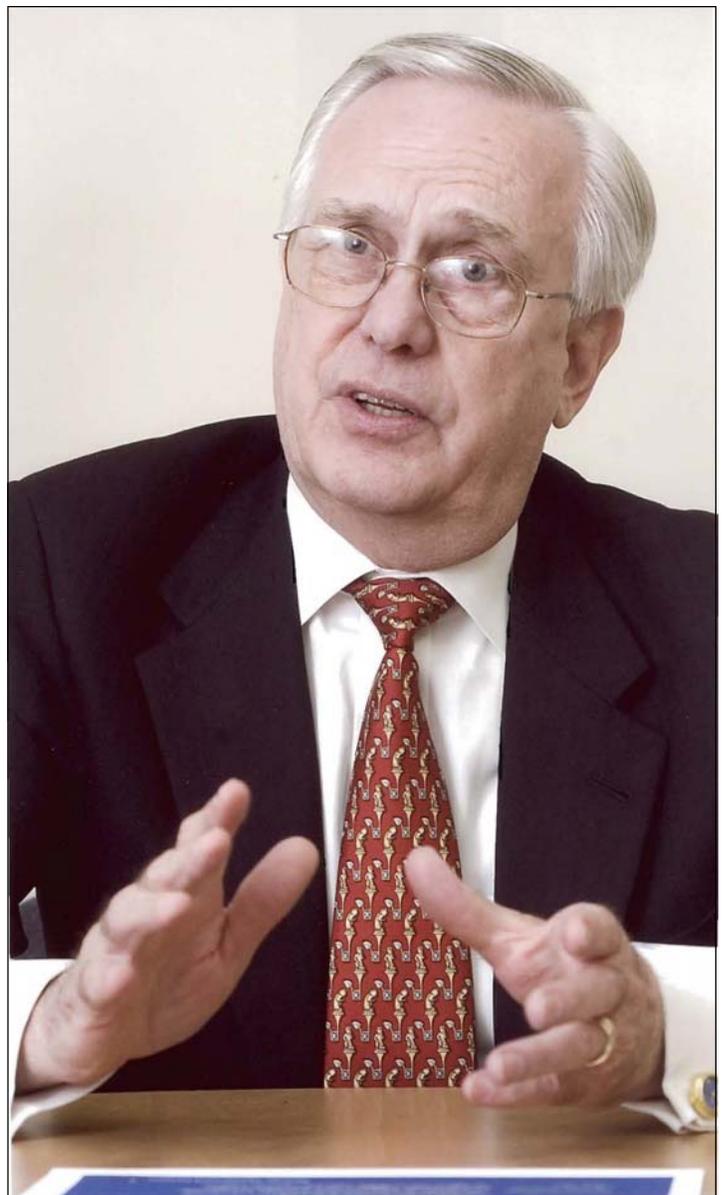
His résumé includes a \$59 million Montgomery County federal government contractor that was losing money and hadn't won a major contract in years. He became the CEO, implemented a plan for the company to operate in a competitive commercial and

international market, and put it on course for \$120 million in revenues in five years.

Then there was a Columbia company providing computer and telecommunications products and services that was down to \$18 million in annual revenue. Collard says he came in and helped turn around its sales strategy and it went back up to \$25 million before being sold.

Then there was another Montgomery company, a \$33 million weapons system development contractor that had lost \$13 million in annual revenue and became desperate for cash. Collard, an executive for 10 years with former aerospace giant Martin Marietta of Bethesda [before it became Lockheed Martin], developed a plan to reposition the company's market from the military to environmental air quality improvement and it grew its contract backlog to more than \$200 million and sales to \$100 million before it was sold.

Those are only a few examples from his 23 years with Strategic Management, totaling almost a billion dollars in revenue growth for clients, in addition to his involvement in more than 40 merger, acquisition and divestiture transactions totaling almost another billion dollars. He says he has earned "millions of dollars in fees and salary and bonuses," while declining to reveal actual Strategic Management revenues.



"I go into companies when they're in trouble and turn them around or I serve on boards of directors of companies," says John M. Collard, 64, chairman of Strategic Management Partners, Inc. of Annapolis.

So Collard, who grew up near Chicago and at one point was headed for a career in architecture, now has an overflowing trophy cabinet for being a turnaround guru. Most recently he was honored in November by the Prince George's Chamber of Commerce as its Business Leader of the Year, and he's a member of the Turnaround Management Association's hall of fame.

The Business Gazette recently talked to Collard about his career.

**You've been talking to some possible new clients this week?**

Yes, three different companies ... one is a bank who wants me to run a portfolio of investments, company investments ... ones that they've either foreclosed on or are in the process of doing it. In many cases, it means they have already written them off their books, but they now say, well, we can liquidate or put an expert in there who knows how to do these things and maybe recover part of [the] investment. It's a \$60 million recovery fund. That one sounds like a lot of fun.

Another one is a construction and development organization, based in this area but with international operations and looking to expand in the U.S. And the third is a manufacturer in a troubled state and needs somebody to run it as CEO, and the board is trying to determine, with private investors, whether it needs some new money, or what to do.

**How many different sectors have you been involved in?**

My specialty is job shop manufacturing ... that includes federal contractors, government integrators, but also commercial printers for instance, the construction industry, real estate development ... places where you go from project to project. Retail, for example, I typically don't do; I might advise in retail but that's a fickle business. You've either got the right stuff in inventory or you don't ... the only issue is if you have the right product at the right time and the right amounts of inventory to sell it.

**And it doesn't matter what sector, or types of problems, whether it's personnel or strategy or something else?**

No, and it's rarely what they're telling you. In this particular [Columbia] company, they weren't selling anything ... they had manufacturing capacity, had too many people, costs were going up, but they didn't have any sales. I was introduced to the vice president of sales, and introduced by telephone. I said, "Excuse me, why aren't you here?" And he said he lives in California. I said, "Not under my watch" [laughs].

I said, "If you want to be vice president of sales, that job is in Columbia, OK? So you get to Columbia, and if you don't want it you can run the region, and you can only run the region, by the way, so long as you make your numbers."

One [client] was a contractor who had a lot of stuff with the government ... they were studying how aircraft moves through the air and how to redo the wing design and they were doing simulation analysis of rockets. And I said, "So you study how particles move?" and they said, yes. That was when there was a lot of news about problems with acid rain, and the [Environmental Protection Agency] was coming out with all kinds of contracts about how do we make the environment better. And I said, "Why don't you study these emanations coming from smokestacks, figure out what we can do about acid rain?" First they laughed, but that company when I was done was doing about \$120 million.

In all cases, my goal when I go in is to get control of the situation, stop the bleeding, jump start the organization and hire my replacement. I've found one of my strong points in marketing is, if I can utilize resources within the company, take them to the next level and get them organized, bring people on in a permanent structure, I can minimize the interim. That's in contrast to the consulting firms that want to bring in teams and teams and teams, and keep going. I can keep my fees very low and economical to the organization, but more importantly, when I leave, when my team leaves, then the value that we have imparted resides within the company.

**Has the recession been a gold mine for your services?**

While it should have been, it hasn't ... and that's for a couple of reasons. To do a turnaround, you need good management, and you need to jump start sales and sell the business, and with the economy cut back as much as it is, it is very difficult to do. And you need financing to reorganize and finance the company and the banks aren't lending any money. One thing with the stimulus funding, there was one thing Congress forgot when they lent money to the banks — and they needed to do that and the banks needed to be stabilized — but what they forgot was [to stipulate] "and you shall lend money to small business."

Well, they didn't do that, and in my view had they been lending money to small businesses and had there been a structure and stability and sense of stability for small business, I don't think the

unemployment rate would be anywhere near as high as it is today.

Now I have done a lot of work for the private equity community. That's the distressed investors, you have private equity firms saying there are deals to be had, a company is depressed, and we might buy them, for 10 or 20 cents on the dollar, hoping they'll stabilize and restructure and sell them at some point. They'll ask me to advise them on the restructure or in some cases run them for a period of time until they sell them. And if you buy them for 10 or 20 cents on the dollar, you don't have to bring them back to complete health. Let's assume you only get halfway there and restructure, you'll more than double your money ... so there's an industry going on there today and some of them are doing quite well.

**You got to this area after working for Trans Union Corp. in financial analysis and then went to Martin Marietta?**

Yes ... with Trans Union I traveled all over and did a lot of audit work and a lot of acquisitions work. Then I joined Martin Marietta in Orlando [Fla.] and did a couple years down there, then transferred to headquarters in Bethesda. I was director of a computer and telecommunications services unit. After that I went with Computer Sciences Corp. in Falls Church [Va.] for a couple of years, and then I decided to go out on my own.

**How do you get paid?**

The cute answer is I get paid handsomely [smiles]. I work generally quoting at \$350 an hour. If I parachute in as the CEO, then we might put something on a monthly or annual basis. Depending on the situation there could be incentive plans, a bonus or whatever, if I meet certain milestones within an organization or it meets certain milestones. Or I might take a piece of the company. But those [plans] are very difficult to structure until you've been inside and understand what their problems are. The last thing I want to do is take a piece of something when I don't understand what we're really turning.

**If you had your choice of any other career, what would it be?**

Don't think I'd change a thing — I'm having a ball. I like the challenge of new engagements, challenges, assignments all the time. I like the fact that while I think I know and I've seen everything there is to see in a turnaround, every time I go on one, I'm surprised by something new.



**John M. Collard**

**Age:** 64.

**Position:** Chairman, Strategic Management Partners of Annapolis, which specializes in turnaround management, interim executive and bankruptcy services, equity capital management and investing, mergers, acquisitions and divestitures and business development, and board advisory services.

**Education:** Bachelor's degrees in financial management and architectural engineering, Southern Illinois University, where he studied design with R. Buckminster Fuller; certified turnaround professional. Advanced work at Northeastern and Northwestern universities.

**Organizations:** Turnaround Management Association, National Association of Corporate Directors, Interim-CEO Network.

**Selected Awards:** Business Leader of the Year, Prince George's Chamber of Commerce, 2010; Global M&A Network Turnaround Atlas Award for Turnaround Consultant of the Year, 2009; Small Business of the Year, Maryland Chamber of Commerce, 2007; Turnaround Management, Restructuring, Distressed Investing Industry Hall of Fame, 2008; Governor's Citation, Gov. Martin O'Malley, State of Maryland., Turnarounds & Workouts Top 12 Outstanding Turnaround Management Firms.

**Articles:** Written for many publications. Titles include "A Primer for Corporate Renewal," "A Director's Guide to Defense Conversion: How to Avoid Minefields in the Marketplace" and "Managing Turnarounds Requires Clear Thinking, Quick Action, and a Plan."

**Residence:** Annapolis.

**Hobbies:** Sailboating, motorcycling, skiing, golf.