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Turnaround Specialist Says His 'Product Is Me'

Annapolis, MD 21403

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The Baltimore Sun published a Feature Story of Interest about John M. Collard, turnaround specialist and equity investor.

Turnaround Specialist Says His 'Product Is Me'

Specialist: John M. Collard's job, which he has done around the world, is to turn around distressed companies, but Network Technologies presented a difficult challenge.

By Stacey Hirsh
Sun Staff

When John M. Collard arrived at Network Technologies Group Inc., an empty desk and chair were all that filled his office.

There was no computer. The file drawers were empty. The walls were bare.

"There was nothing here," Collard recalled.

Normal, perhaps, for a new company.

But this Baltimore business was 6 years old, and Collard had been called in to save it.

A turnaround specialist whose job is to rescue troubled companies, Collard had been hired by the board of Network Technologies Group to figure out what was going on inside, to stabilize the company, and to find and hire his replacement.

"What didn't surprise me was that when I walked in it was worse than I was led to believe," said Collard, 56, who owns [Strategic Management Partners Inc.](#) of Annapolis, Maryland and has been involved in more than 40 mergers and acquisitions. "It's always worse than I'm led to believe."

This time was different. The job wasn't just hard. It was impossible.

From the vacant office of NTG's former chief executive, Collard discovered something even more vacant: the numbers in company's books.

Within hours of Collard's arrival July 1, the story unraveled of a small Baltimore company suspected of being fraught with deceit and accounting schemes.

"Let's face it, this thing just imploded," Collard said.

Distressed companies are his specialty. A 1969 graduate of Southern Illinois University, Collard grew up north of Chicago. He began his career as a financial analyst and went on to work for nearly a decade at Martin Marietta Corp., long before it merged with Lockheed Corp. in 1995.

But it wasn't until after he was recruited to help Delta Data Systems of Columbia that Collard found his calling.

He shrank the company, sold its assets and took it into bankruptcy in 1990.

"That was my first client," Collard recalled. "I just said to myself, 'My product is me and my ability to run companies.'"

Collard's other clients have been around the globe, from San Diego to Pennsylvania to Eastern Europe to Baltimore. He typically comes into a company as a chief executive, deputy chief executive or as a consultant for equity capital investors, though in the future he hopes to work for a company on the investment side.

Patrick Jewel met Collard about two years ago when he was interviewing candidates to take over Xcellent Ventures LLC, a troubled sportswear company in Largo in which Jewel was a major investor.

From a fishbowl-like conference room, Jewel was running late interviewing someone when Collard arrived for his 5:30 p.m. appointment. As he looked outside the glass room, Jewel saw Collard standing in front of an open door with the sun setting behind him. He had his hands on his hips and a look on his face that said, "It's my turn," Jewel recalled.

"It was sort of like a Wild West picture with a gunslinger there," Jewel said.

Jewel said Collard was aggressive and reminded him of Ross Perot. Even though he had interviewed 10 candidates for the job, Jewel said, he selected Collard right away.

"There was no question," Jewel said. "There really wasn't even another group of people that I felt like could do the job that he was preparing to do for me."

Collard also helped run the Turnaround Management Association, a Chicago group of which he was chairman of in 1995.

Members of the association said Collard was instrumental in developing a communications program within the organization, bringing discipline to it and keeping it growing. TMA had about 1,500 members when Collard took office there in 1995 and now has more than 5,000.

'One of the key people'

"John was really one of the key people, in my opinion, in terms of really energizing the group," said Martin J. McKinley, a past association chairman who is president of Wells Fargo Business Credit Inc. in Minneapolis.

"He's thorough, he pays attention to detail, identifies good talent in people and gives people a clear direction and then lets them have enough free rein to accomplish what needs to be accomplished," said Tom Hays, a turnaround specialist from outside Philadelphia who is a member of the TMA and president of its sister organization, the Association of Certified Turnaround Professionals.

But for a struggling company in need, Collard's help doesn't come cheap - about \$250 to \$500 an hour. For that price, Collard will take control of a company and stop the bleeding, put in a new plan for running the business and hire his replacement.

"I'm always working myself out of a job," Collard joked.

Office is in his home

He spends much of his working hours behind the desks of other chief executives, but Collard's desk is in the basement of his Annapolis home, where the office overlooks a garden and a small fishpond. The office is adorned with a boat wheel, a pillow that reads "A man's place is on his boat," and a miniature Wilson character from the Tom Hanks movie Cast Away.

So it's no surprise that Collard likes to spend his spare time on his 33-foot sailboat or on his Harley-Davidson motorcycle, which also is evident in Collard's decorative office, where a Harley clock that vroooms every hour on the hour hangs on the wall.

But riding a Harley might be the last place to look for this gray-haired businessman who can be seen during the week in dark suits, crisp shirts and wire-rimmed glasses.

Recently, Collard has spent his days at 911 South Ann Street in Fells Point at Network Technologies Group.

A privately held company, NTG installed cable for utility and telecommunications companies, including Comcast Corp., AT&T Corp. and MCI.

When Collard arrived in July, he replaced Michele Tobin, NTG's former chief executive and co-founder. She could not be reached for comment for this article.

Collard said that after he began asking questions but wasn't getting the answers he thought he should, he discovered that NTG had toyed with its books. When he called Comcast, the company said it owed NTG about a third of what Collard thought he would be receiving.

"Pretty soon, one thing starts coming after another," Collard said.

At 10 a.m. on his second day on the job, Collard was in a conference room with an accounts receivable clerk and his supervisor going over paperwork. Again, Collard's questions weren't getting answered.

Finally, the nervous clerk asked his supervisor, "'Can I tell him?'" Collard recalled.

Collard forcefully told the clerk, "You better tell me."

NTG had overstated profits by \$4 million by creating \$2 million in phony receivables invoices and by failing to list \$2 million in accounts payable, Collard was told. He said the company inflated its numbers to increase its line of credit with Mercantile-Safe Deposit and Trust Co.

He confirmed that before he arrived, the company had deducted money from workers paychecks for their 401(k)s but hadn't sent the money to the firm handling the accounts. Checks that NTG had written for employee health insurance in June bounced, so the workers were not covered, he said.

"When I asked them, 'Why did you do this?' they said, 'We were told to,'" Collard said.

Collard called NTG's accountants, Ellin & Tucker, Chartered of Baltimore, to double-check his findings, and the story continued to unfold.

Collard had seen troubled companies before, but he said he had never uncovered fraud to this extent.

Though the situation at companies is typically worse than he is led to believe, "the fact that it was this bad was a surprise," Collard said.

NTG closed July 12, and its 125 workers lost their jobs.

Possible investigations

The FBI and the state attorney general's criminal investigation division are thought to be

investigating the company.

Collard said he could have saved the company had NTG's board hired him sooner.

By the time he got there in July, it was too late, he said. So Collard closed the company and auctioned off its assets late last month, raising more than \$750,000 to go to the bank.

That money won't cover the bank's losses, Collard said. And NTG's former employees will never see their last three weeks of pay.

"Imagine when you go home Thursday night and you don't know how you can make that payroll for 125 people," Collard said. "And unless there's a miracle you can't, and at NTG you couldn't."

About the Principal

John M. Collard, is Chairman of Annapolis, Maryland-based Strategic Management Partners, Inc. (410-263-9100, www.StrategicMgtPartners.com), a nationally recognized turnaround management firm specializing in interim executive leadership, asset recovery, and investing in underperforming companies. He is Past Chairman of the Turnaround Management Association, a Certified Turnaround Professional, and brings 35 years senior operating leadership, \$85M asset recovery, 40+ transactions worth \$780M+, and \$80M fund management expertise to run troubled companies, and advise company boards, litigators, institutional and private equity investors.

Reference:

[Turnaround Specialist Says His 'Product Is Me'](#)

[Saga of NTG's Demise as covered in the Press](#)

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