

CINCINNATI Gentlemen

CINCINNATI'S ONLY MAGAZINE WORTH READING



Chuck Hellman

CEO of Robert Graham

At the Helm of a Burgeoning Luxury Apparel Brand

Successful & 15 Single Women

Why it is Good to be a
Single Guy in Cincinnati

plus...
The Chef's Kitchen
Function Makes a Comeback

Proper Formal Fashion
Picking the Right Tax

Inside... THE BUSINESS REPORT

EXECUTIVE PROFILE

LEONARD EPEL

The Man Who Can Help
Save Your Business

STRATEGIC VISION

DR. JAMES VOTRUBA

Leading NKU into the Future

YOUNG PROFESSIONAL

TODD HENRY

Creator of The Accidental Creative

PERSONAL FINANCE

The Basics of Long-Term
Care Insurance

INVESTING

Opportunities in a
Struggling Economy

NEW VENTURES

New Motorsports Park
Racing Ahead

WWW.CINCYGENTLEMEN.COM

\$3.50

FEBRUARY/MARCH 2009

0 1 >



0 74470 07986 6

TO TELL THE TRUTH

It's a Hard Business

BY JEFF WADDLE | PHOTO BY JONATHAN WILLIS

TELLING SOMEONE what he or she really doesn't want to hear can be one of life's most unpleasant moments. Whether it's informing a co-worker the garlic bread he ate for lunch is making him the office pariah or admitting to the lovely lady in your life her outfit does indeed make her look fat, being completely honest is often awkward and uncomfortable.

So imagine your job was telling the unvarnished truth to business owners who are often in denial about the depth of their problems. Meet Leonard Eppel, president of Blue Ash-based Financial Resource Associates, Inc., a corporate turnaround consulting firm that's hired to tell the truth. For the past 25 years, Eppel has helped struggling small and mid-sized businesses objectively evaluate their circumstances and then create and implement a plan to return the company to profitability, position it for acquisition or consider options including bankruptcy or liquidation. In a quarter-century, Eppel has had to deliver a lot of dire and decidedly unpleasant news, like telling closely held companies that a member of the family or even the owner's spouse is the root of the problem at the business.

But, he's never seen business conditions as difficult as they are today, nor has he seen CEOs in a more serious state of denial. "Right now, we're seeing fear and uncertainty driving people to avoid the reality of their situation, so the denial issue is serious and pervasive today," says Eppel. "Business owners are usually dealing with the fire burning in front of them and in many cases, they don't see beyond that immediate horizon. These are bright, hard-working people but they just sometimes will not make the hard and necessary decisions. Some of those decisions, particularly in this current environment, need to be very dramatic in order to salvage the business or assets of the principals. If the option to continue just isn't practical, then getting out of business is an art. It's not done by simply turning the key and walking away."

Making the hard decisions is what Eppel does, and he's very good at it. Among his high-profile projects were assisting long-time local icons Steinberg's Appliances and Baldwin Piano as they went out of business or were sold. He also was honored by the Turnaround Management Association with its national "turnaround of the year" award for helping a local business services firm pay all of its creditors and become profitable just three months after filing bankruptcy. He even stepped in to run the company for 18 months as chief restructuring officer, something he and others



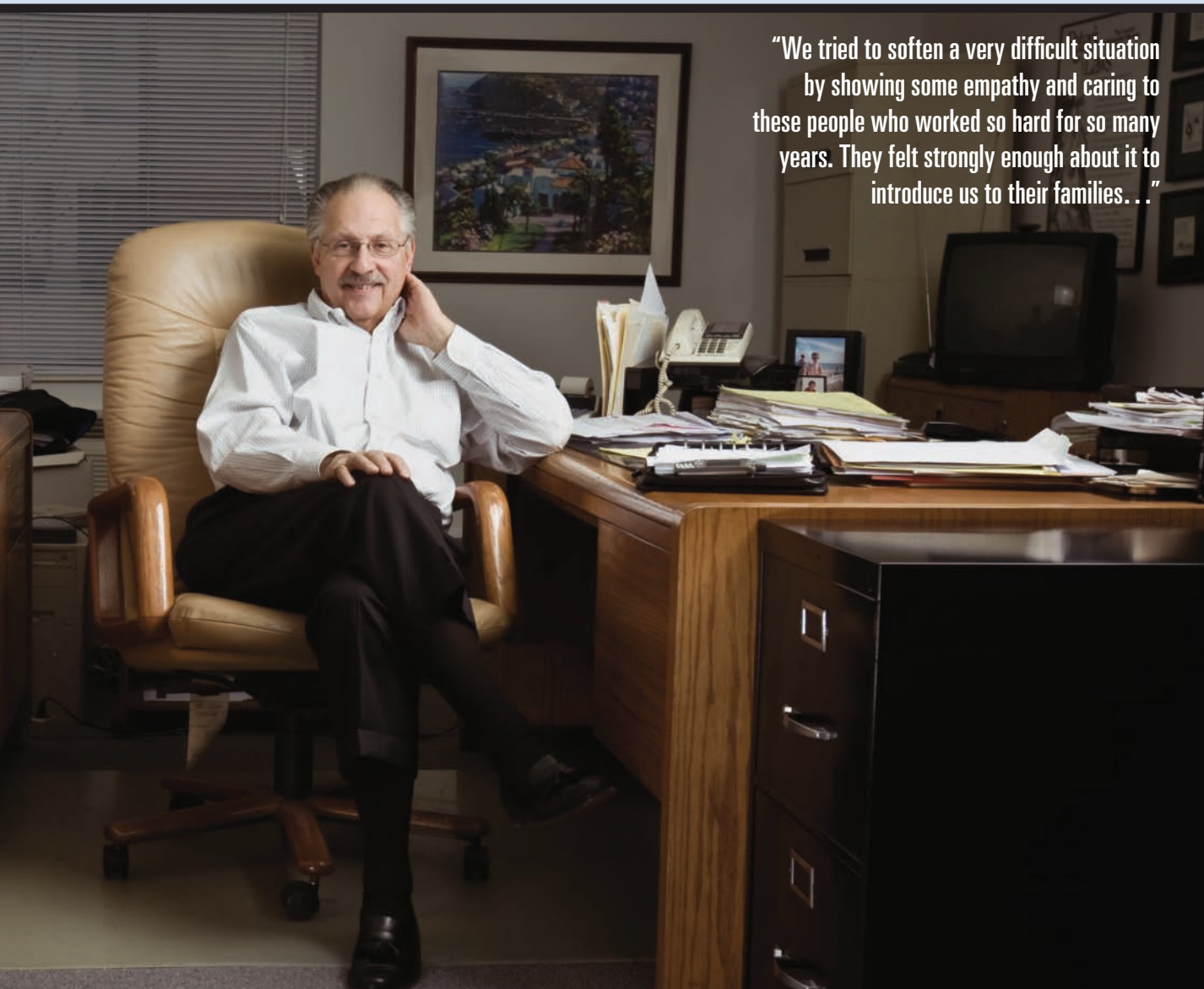
on his staff have done repeatedly over the years as the situation warranted. Eppel says his firm and others like it can help struggling companies in many ways, but it frustrates him that they often are not brought in until the 11th hour.

"The problem is how long does a company wait to get help and at what point is it so difficult that we can't do anything but stop the bleeding," says Eppel, who has seen small business owners put up their house as collateral or rack up over \$100,000 in credit card debt trying to keep their business afloat. "Unfortunately, clients don't typically come to us very early so we don't have the luxury of months or years to evaluate their circumstances and set a course to repair it. We've got to make evaluations and implement plans quickly because the difficulties are usually severe. We bring a dose of reality and we not only have to evaluate the situation but we've got to sift through the bias of who's giving us the information."

DON'T IGNORE THESE SIGNS

As you might suspect, Eppel has strong opinions on what gets companies in trouble and how to avoid it. While it sounds incredibly simplistic, he emphasizes that most companies' problems can be boiled down to two words—cash flow. "Some people have bad cash management practices and it should be watched very carefully," says Eppel. "Warning signs are when a company is not managing accounts receivable and continuing to ship to companies that aren't paying them. Stretching accounts payable, which is essentially borrowing money from your creditors to operate your business because you don't have adequate capital, always is a red flag as well. Above all, borrowing money from the government by not paying your taxes is the worst thing you can do because the government may be considered a very easy lender but is in reality a very hard collector."

Additionally, Eppel believes that many companies get themselves in trouble by being



“We tried to soften a very difficult situation by showing some empathy and caring to these people who worked so hard for so many years. They felt strongly enough about it to introduce us to their families...”

too optimistic and trusting. “I don’t mean to be callous, but you’ve got to make a profit on every job. You shouldn’t do a job at a loss just because someone promises you more work in the future. You can’t assume that all people out there in the customer world are good and honest because they’re all concerned about their own profitability and future,” he says. “Similarly, you shouldn’t expand or buy equipment until you’re really pushed to do so. Don’t expand it based on someone telling you they’re going to give you business because in many cases, they don’t. You also can’t act emotionally when you make business decisions, and you’ve got to evaluate your cash and needs based on specific issues, not only on hopes and dreams.”

IT’S STILL A PEOPLE BUSINESS

As bottom-line oriented as his business can be, Eppel emphasizes that he’s sensitive to the emotions involved in tough situations that affect the entire company. “In all

circumstances that we see, there are jobs, families, futures and histories at stake, especially in a company that has been in the same family for two, three or four generations,” he says. “We’re hard hitting, no question, but we try to deal not only with the fiscal matters but with the emotional aspects and after effects of our actions. Even in the most difficult and unattractive circumstances like a significant downsizing or closing, we try to leave everyone with some feeling of dignity and self-worth. We make a concerted effort to work with the company’s employees, keep them informed and help them get to a situation where they can be employed again and that’s not always easy.”

Eppel explains that one of his “greatest joys” was being invited to a farewell party the employees of a factory he’d worked with were having. “We tried to soften a very difficult situation by showing some empathy and caring to these people who worked so hard for so many years. They felt strongly enough about

it to introduce us to their families as they were walking out the door and collecting their final paychecks,” he says, adding that the company’s owners were not invited to the party.

Helping people solve their problems, however difficult, is his life’s calling, says Eppel. “I really enjoy not just creating a plan but being very hands-on through the implementation. I’m always dealing with new circumstances, new faces and new problems and that energizes me a great deal. We’ve produced some very creative and positive results for clients, and I’m very proud of that because we helped their business survive and in many cases, thrive.”

And that’s the kind of truth people want to hear. **CG**