

Conway Team Strikes Out to Form Sierra Constellation

By Jacqueline Palank

A team of turnaround professionals has struck out from advisory firm Conway MacKenzie to launch a new firm that will not only advise and lead troubled companies but may also invest in some of those businesses.

Larry Perkins, a former Conway senior managing director, is leading the eight-person team behind Sierra Constellation Partners LLC, which he says offers a new way of helping troubled middle-market companies and their stakeholders.

“Our industry...has matured a lot,” Mr. Perkins told *Daily Bankruptcy Review* Thursday. “I think the market is searching for a new model.”

Los Angeles-based Sierra Constellation, named in part for the strength and stability evoked by the California mountain range, plans to work with middle-market companies in a variety of industries as well as various stakeholders. The firm can provide interim-management services, restructuring advice and assistance on deals, among other services.

The firm also has the option to invest in the companies it has turned around, which its members say helps it stand apart from other consulting firms.

“So many of the companies that we work on in the end need money,” said Sierra Constellation’s Timothy Hassenger. “The fact that we’re operating the business and know where all the skeletons are in the closet...can help us get through the underwriting process a lot faster.”

Speed is crucial to a company whose survival is on the line, and Mr. Perkins said he and his colleagues’ years of operating experience equip them to quickly assess a situation and figure out a solution that draws the most value for their clients.

It’s “getting bang for your buck with respect to speed and efficiency and quick results,” he said.

That mentality reflects the growing involvement of hedge funds and private equity firms in the turnaround game, a huge shift from the early days of restructuring when the main creditors were traditional banks. Consultants also weren’t as

common as they are today, with lawyers largely running the plays.

“In this environment now, it’s overwhelmingly dictated by hedge funds, private equity firms, private investors,” Mr. Perkins said. “The things that motivate them and get them excited are different than what motivates a bank or a law firm.”

Sierra Constellation had its “soft launch” at the beginning of the year. But Mr. Perkins, who has worked in restructuring for nearly 15 years, said the firm waited to get its name out until it got its original clients through their tough times. One of those was Fuller Brush Co., the maker of cleaning products known for its door-to-door salespeople.

Fuller Brush sought Chapter 11 bankruptcy protection in February 2012 with Mr. Perkins, then at Conway, as its chief restructuring officer. He helped the company sell its assets to several investors throughout a Chapter 11 case that allowed Fuller Brush to not only preserve jobs but hire more people.

“I think we got a really good result for all our stakeholders and client,” he said.

Sierra Constellation had three clients at its start and has signed six more contracts since the beginning of the year, Mr. Perkins said. Among the industries that Mr. Hassenger said should yield opportunities are manufacturing and aerospace.

The goal, Mr. Hassenger said, is to remain busy managing troubled companies as well as to close at least two investment transactions by the end of the year. It’s a big goal for a brand-new firm, but he said it’s achievable.

“We’re off to the races,” he said.

Mr. Perkins said that regardless of who hires Sierra Constellation and what role it plays, the firm’s goal is to “participate in their success” as a partner.

“We think we’re really easy to work with and want to be known as people who are good partners,” he said.

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