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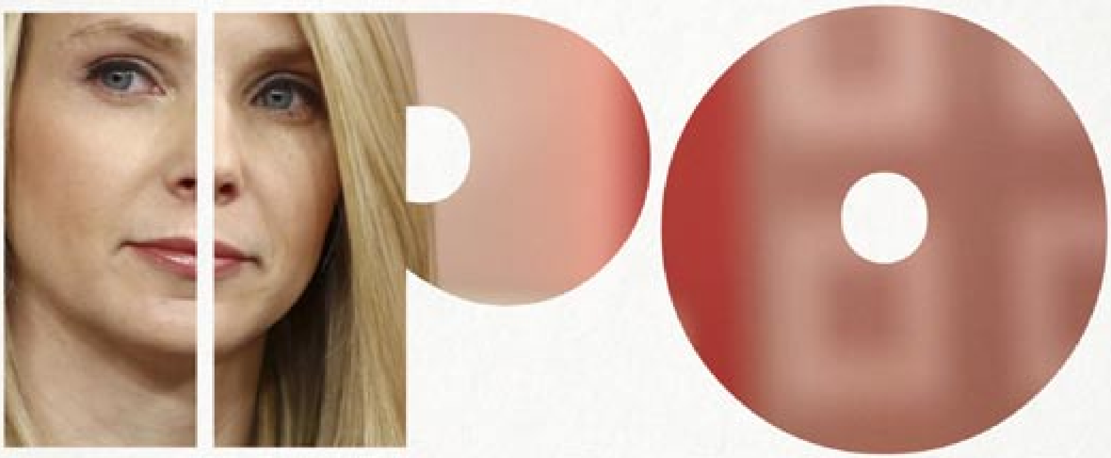

A BLESSING OR A CURSE?

CEO MARISSA MAYER WILL HAVE TO DECIDE ON KEEPING A GROWTH VEHICLE OR CASHING IN ON A BIG PAYDAY

BY CHRIS NOLTER

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Smaller is better for turnaround expert

Lawrence Perkins leverages an 'on the ground' restructuring approach to open Sierra Constellation

BY AVIVA GAT

When Fuller Brush Co. filed for Chapter 11 on Feb. 21, 2012, it had an outdated door-to-door business model and faced mounting liabilities that were outpacing its revenue.

Just over a year later, the maker of cleaning solutions completed its bankruptcy by selling its assets to prepetition and debtor-in-possession lender **Victory Park Capital Advisors LLC** and to local **Innovative Livestock Services Inc.**, which continue to operate Fuller Brush's household and commercial businesses, respectively.

While the case does not seem too out of the ordinary, Fuller Brush sticks out among other retailers, such as Borders Group Inc. or Linens Holding Co.—better known as Linens 'n Things—that filed for bankruptcy in the past several years with hopes to emerge only to see their brands disappear when they had wanted to sell.

The success of the Fuller Brush bankruptcy is often attributed to the chief restructuring officer hired to oversee it, Lawrence Perkins, then at **Conway MacKenzie Inc.**, who was able to navigate the company's business culture and find buyers that would continue to back the iconic brand.

"Not many people could come into a specialty chemical company and run the business successfully," Andrew Gold of **Herrick, Feinstein LLP** said about Perkins. "He was instrumental in keeping the company alive," said the attorney, who was Fuller Brush's debtor counsel.

Gold's colleague at Herrick, Hanh Huynh, also attributed the bankruptcy success to Perkins' actions. "He was out there in Great Bend, Kan., learning to understand the business culture and was able to find a local buyer," Huynh said.

Perkins' "on-the-ground approach" to restructuring has given him quite the reputation and helped him to open turnaround advisory firm **Sierra Constellation Partners LLC** in April. The Los Angeles firm offers interim C-level management, advisory and strategic investment advisory services to middle market companies facing financial restructurings or operational and ownership transitions. It also pursues direct investments.

"We want to do things differently," said Perkins, 35, who decided to start the firm after leaving Conway MacKenzie in December because he likes the small-firm feel.

Sierra represents Perkins' return to the boutique space. In January 2007, he founded El Molino Advisors Inc., a boutique turnaround and restructuring firm that merged into Conway MacKenzie in October 2010.

"We were too big to be small and too small to be big," Perkins said of El Molino when it merged with Conway MacKenzie.

After spending almost two years with the firm, Perkins, who called himself "hopelessly entrepreneurial," decided it was again time to break out.

Perkins attributed his desire to start his own business to his upbringing in Pasadena, Calif., where he attended Polytechnic School, a classical prep school attended by many children of California Institute of Technology professors.

Perkins called attending the school a humbling experience, going to class every day with "children of rocket scientists."

"You need to find a way to differentiate yourself," he said. "I learned that when I was 8 years old and my multiplication tables weren't as good as other kids'."

Perkins remains very active at the school: He is president of the school's alumni board and can sometimes be found discussing entrepreneurship at lunches that connect alumni with students or passing out breakfast to students before their finals.

Polytechnic annual fund chair Aliya Coher, who graduated the same year as Perkins (1995) and now is a **Newmark Grubb Knight Frank** managing director, said Perkins is always inspiring other alumni to get involved. She said that whenever the school needs something, Perkins is the first to get involved, whether it be calling donors during a phonathon or planning networking events for alumni.

Of course, not all his business experience came from his K-12 schooling. He also learned about entrepreneurship from his parents, who ran a small dentistry business in Pasadena.

Perkins said his father, the dentist, and his mother, who ran the business, often turned the dinner table into business lessons, which he absorbed and has since used in his own career.

And while restructuring isn't exactly pulling teeth, he was able to use their experience to help him launch his own career.

The University of Southern California graduate started his career at accounting firm Arthur Andersen LLP, which closed in 2002 after being found guilty of criminal charges relating to its auditing of Enron Corp. About a year before the Enron scandal, Perkins moved to Trenwith Group LLC, a boutique distressed investment firm that introduced him to the world of restructuring. Perkins said he made the move because he wanted to be with a small firm and get on the deal side of business rather than just consulting.

He then worked for a few years at Nightingale & Associates LLC and **Alvarez & Marsal LLC** before he started El Molino.

Only 29 at the time, Perkins opened the doors at El Molino on Jan. 5, 2007. He told himself that if he didn't get any projects in six months he would have to close up

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shop and get a job at an established firm. He didn't even cut it close to his deadline, however.

Just two days into business, his first customer, **Tect Aerospace**, came knocking. Tect, which had purchased Neuvant Aerospace Corp. in 2004 in a deal orchestrated by Perkins, came to him again due to its previous success in the Neuvant deal, which so happened to be the first transaction on which Perkins was the lead chair.

"People usually get into restructuring by mistake," Perkins said. While he didn't always believe he would become a turnaround adviser, he found himself drawn to the "need to" type of environment, where the life of a company depends on its next actions, making decisions more urgent than if the company just "wanted" to take a certain path.

In 2007, Tect needed some help, and Perkins was the man for the job.

Walter Bowser, the then-CFO of Tect, said Perkins was able to get Tect what it needed and was able to "keep his cool" when others at Tect were frustrated.

Bowser said one of the tough parts of the 2007 Tect project was convincing one of the company's customers that Tect needed to increase its prices. The customer, not surprisingly, was having none of it.

"Larry spent a tremendous amount of time with [the customer's] team," Bowser said, attributing the success of the deal to Perkins' personality and ability to win people over.

Many people who have worked with Perkins said his ability to build relationships is what makes him so successful.

Alex Stevenson, the investment banker for Fuller Brush, now at **Lincoln International Investment Bank** but at **FocalPoint Partners LLC** during the case, called Perkins the "consummate networker," noting he values maintaining relationships in the market.

Not only does he work to keep those relationships, but he is also known for his attention to every constituent at his clients.

Hamid Rafatjoo of **Venable LLP**, who has worked with Perkins on several out-of-court restructurings that he declined to name, said Perkins is one of the few CROs with a heart.

Rafatjoo recalls a time when a restructuring company sought to cut a certain employee's salary. The employee was distraught because she needed the money for personal reasons. Always one to put people before the bottom line, Perkins spent extra hours to find a solution so that the company could save money elsewhere and the employee could keep her salary, Rafatjoo said.

"He is very responsive," Rafatjoo added, noting that Perkins can quickly get up to speed and react to different situations.

That attribute is something very important in the turnaround industry, especially when Perkins needs to go from working for a retailer one day to an aerospace company the next.

For Perkins, one of his most challenging projects was learning about the defense industry in the wake of 9/11.

SIERRA CONSTELLATION PARTNERS' LAWRENCE PERKINS

Condor Systems Inc., which filed for Chapter 11 on Nov. 8, 2001, was a signal intelligence and electronics warfare systems company that hired Nightingale & Associates as its financial adviser. In the bankruptcy, EDO Corp. of New York purchased Condor for about \$112.3 million.

Perkins said the deal was "eye-opening" especially due to the turmoil in the defense industry in late 2001.

The adviser said he gets satisfaction working with others on deals, and the feeling appears to be mutual, as many of the employees at Sierra have been with Perkins since their days at El Molino, including Timothy Hassenger, Reece Fulgham and Karl Pearson. Perkins said he is most proud of the people around him in his life.

With Sierra, Perkins' goal is to keep the small-firm feel. The company has 13 professionals right now, just about half of Perkins' envisioned cap for the firm. He wants to keep Sierra focused on California middle-market companies so that he can really understand the business culture in his location. Sierra is working on 12 different projects, seven in California.

Long term, Perkins hopes to recreate the small-firm model in another location such as Seattle, Portland or maybe somewhere in the Southeast. To expand, though, Perkins said he first wants to build a team that will understand the market in that location.

Perkins' biggest project, meanwhile, is just beginning: His wife, Nichole, gave birth to their daughter, Dagny Mae Perkins, on Aug. 5.

With Dagny's birth, Perkins has promised to take a break from work, something he has not done in quite a while.

"I know we're in great hands," he said. "It will be a good barometer to see where we are at." ■