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QUARTERLY REVIEW

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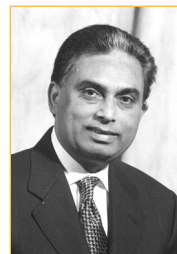
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LETTER FROM THE CHAIRMAN

Welcome again to the BBK Quarterly Review.

We have passed through many "ages" in the evolving economy of modern times. The Machine Age. The Service Age. The Information or Computer Age. One could even speak of the Creative Age, where intellectual and creative property has had an ascendancy.



The point being that, today, many different sectors can—and must—make a solid contribution if we are to achieve increased productivity and growth in our national and global economies. To support this realization, BBK, Ltd. is working hard to intelligently and properly apply our expertise in business restructuring and profit enhancement in the uncompromising automotive supplier and manufacturing arenas to other sectors of our economy.

This month I would like to highlight our newly organized Retail Services Group, led by Gary Ruffing. *{See contact information below.}* Retailers of all sizes face unrelenting competitive pressure in today's value-driven market place, as formats rapidly evolve and disposable incomes expand and shrink. Perhaps in no other area of business can "the numbers" deteriorate so quickly, which places a premium on BBK's proven ability to quickly assess existing conditions and help ownership make the hard—and right—decisions. Our retail team is comprised of proven retail executives in varying retail disciplines, including those with a history of success in retail improvement and turnaround situations.

We invite our audience to learn more about the methodologies, perspective and contributions our Retail Services Group can make to their retail business strategy and operations.

For more information regarding the above, please don't hesitate to call your BBK contact, any Principal, Tim Skillman or Gary Ruffing at (248) 356-0800.

B.N. Bahadur
Chairman & CEO, BBK, Ltd.

Appointments:

Timothy G. Skillman, Timothy Monahan

Non-automotive Practice Lead and Principal, Tim Skillman and Director, Tim Monahan, were recently appointed to the Barbara Ann Karmanos Cancer Foundation Board of Directors.

John H. Hale, III

Consultant John Hale, III was recently elected to the United Way Community Services Community Leaders Council.

Michael P. Thomas

Mike Thomas, Principal, was recently appointed to serve on the Business Advisory Council (BAC) of the National Republican Congressional Committee.

BBK UPDATE CENTER

New Hire Spotlight: Roger Buchanan



BBK, Ltd. is proud to introduce its newest Senior Director, Roger Buchanan Sr., who joined us this Fall.

As a Senior Director, Buchanan is responsible for helping BBK develop new business strategies, as well as provide executive-level management of BBK client relationships and team activities in the areas of turnaround engagements, profit enhancement, debt restructuring, and operational performance valuations.

Buchanan joins BBK, Ltd with more than 40 years experience in automotive engineering and manufacturing, and has extensive executive-level business experience.

Most recently, Buchanan served as Vice President of Technical Services at Kelly Services, and in a number of Product Engineering and Manufacturing Systems executive level positions with Modern Engineering.

Buchanan is a member of the Society of Automotive Engineers, the Engineering Society of Detroit, and the National Technical Services Association.

He received his formal education from North West University in Los Angeles, Calif. and the University of Michigan in Ann Arbor. Buchanan resides in Rochester Hills, Mich.

BBK is also pleased to announce the following promotions/firm addition:

- William J. Byrne,
from Senior Consultant to Director
- Kurt Knipp,
from Senior Consultant to Director
- Sean McGee,
from Analyst to Consultant
- James Fleming,
Joins BBK as Analyst

Q&A on Launch Readiness with Michael P. Thomas, Principal

Getting new models to market on-time and at the highest possible quality are essentials for success in the modern vehicle industry. BBK Principal Michael P. Thomas, who has more than 20 years experience in the management and turn-around of distressed companies, and who works closely with the auto supplier network, explains the importance of Launch Readiness to achieving those goals.

Q: Define "Launch Readiness?"

A: Launch readiness is the systematic review of an auto supplier's operational, staffing and financial capabilities and programs to make sure that the supplier can meet assigned target dates for its given contribution to a new vehicle assembly.

Q: Why is this so important?

A: Suppliers must deliver all purchased components to the assembly plant in appropriate volume and quality in order to ensure a smooth and trouble-free launch. Only then can OEMs hit the market fast with the right products, sustaining new product excitement on the part of customers and, to a certain extent, for the automotive press that reviews vehicles for consumers.

Q: What are the basic components of Launch Readiness?

A: Launch Readiness naturally divides itself into a Pre-assessment or advanced Phase, where we review the tasks that are expected to be executed, time lines, staffing and financing; In-Process Monitoring, as the manufacturing process is being readied for full volume production; and, if necessary, an Intervention Phase.

Q: What are some of the alarms or bottlenecks that might trigger intervention?

A: It's wide-ranging. Issues can include the need for technical support to complete the design and prototyping and manufacturing feasibility of a component; help with staffing because a company is running too lean; or not enough cash in hand to order equipment, raw materials or pay the proverbial light bill. The warning signal is most often a missed deadline, although sometimes deteriorating quality of pre-launch submissions, whether for design checks, physical testing or pre-assembly run-throughs, can be the tip-off to difficulties.

Q: How does BBK go about working with suppliers as Intervention specialists? How do you "right the ship?"

A: BBK will typically provide a team of specialists with experience in manufacturing, quality and project management to work with the suppliers launch team. The objectives are to identify and eliminate all obstacles that might impair a successful launch.

Q: Does BBK provide Launch Readiness services to other businesses?

A: Yes, the concept, and practice of launch readiness, as we have refined it in the auto supplier industry, can be applied to a broad range of industries like retail, publishing, health care and pharmaceuticals, or transportation, even professional services. A new physical platform for a retail chain; a new medicine being introduced to the public; a new cable television service. These are all examples of products being launched. By its disciplined approach to the allocation of resources, timed targets, assessment and intervention, launch readiness is proving its competitive worth in many business arenas.

BBK hosts series of Chicago Skyline Cruises

BBK played host to several Friends of the Firm aboard a stunning 53-foot sailboat, "Aerie," August 4-7 in Chicago, Illinois. Departing from Burnham Harbor, guests sampled great cuisine from Phil Stefani's Catering and enjoyed the spectacular panoramic views of the Windy City. Fortunately, none of our guest Captains "turned a blind eye" and did a stellar job of navigating the ship. Even Wednesday evening's rain shower did not spoil the festivities, as guest Sandra Sanders from Harris Bank put it best, "sailing is not something you get to do that often and just don't want to miss." BBK would like to thank all of its "mates" for joining in the fun.



Sandra Sanders of Harris Bank, enjoys a seaside view of the Windy City aboard the "Aerie," during the Chicago Skyline Cruise in August.



B.N. Bahadur is characteristically comfortable at the helm, as he steers Aerie along Lake Michigan.



(Captain) Dave Weislogel (right) joined BBK, including Tim Skillman, for a relaxing sail.

BBK, Ltd. Case Study: COMPANY X (Confidential)

Background Information:

Company X is a manufacturer of extrusions and an operator of machining and piercing. The extrusions typically produced by Company X are simplistic in nature and low in volume. Company X was awarded a contract to produce an aluminum engine cradle assembly.

The requested process was unprecedented and complex in nature. It required 15 component parts to be manufactured and assembled, utilization of 40 different welding robots, and 200+ inches of aluminum welding. The daily production ramps up at 20 and increases to 1230.

Situation Analysis and Assessment (1 month):

Company X's management team had made significant progress in preparing for Job 1 of the engine cradle's production process, however, there were still significant unresolved issues that required immediate attention, which included: **1)** severe manpower shortages, **2)** an unclear and undefined management structure, **3)** lack of a comprehensive action plan, **4)** a deficit of capable technical expertise, **5)** an unproven extrusion process for production rate and/or tolerance, **6)** absence of an integrated production scheduling system, and **7)** no established product cost system.

The parameters and production process was not capable, and the maximum daily run rate was 200/day, with a first time quality rate of 60%, and a scrap rate of 30%.

Emergency Action/Steps Taken (3 months):

BBK, Ltd. immediately assigned a Senior Program Manager, acquired and organized the appropriate technical personnel to staff the management team, and provided additional support staff for Company X's Human Resources, Engineering, Scheduling and Costing implementations.

Restructuring/Facilitating the Organizational Change (14 months):

In a joint effort, BBK, Ltd. and Company X developed a detailed action plan for the project. Next, the appropriate technical and operational expertise was acquired for Engineering, Scheduling, Quality and Welding systems, in order to ensure that the process was capable.

BBK, Ltd. provided additional operational expertise to assist Company X's management team improve productivity rates for gauging, welding, welding repair, inspection and shipping. Also, BBK, Ltd. enlisted technical process design and build experts to review the capability and reliability of the machining work centers. Finally, BBK, Ltd. ensured that the procedures and systems were documented for all work cells of the project, and mentored functional departments to effectively train managers to implement processes, systems and data collection.

The Results:

BBK, Ltd., and Company X were successful in defining and designing a capable production process for the engine cradle assembly. The daily run rate increased to 1200/day, with a first time quality rating of 95+% and a scrap rate of 2-5%.

BBK, Ltd. has broad and deep expertise in all areas of manufacturing.
For more information, please contact Principal Michael Thomas at (248) 603-6335.

CALENDAR 2003

Upcoming Calendar of Events 4th Quarter 2003

September 21-23
INSOL – Las Vegas, NV

September 30
MMBDC 20th Annual Awards Dinner
Detroit, MI*

September 30
Turnaround Management Association Senior
Lender's Event – Chicago, IL

October 8-11
Turnaround Management Association
Annual Conference – San Francisco, CA*

October 15-18
National Conference Bankruptcy Judges
San Diego, CA*

October 22-24
CFA Annual Conference – Chicago, IL*

November 3
Turnaround Management Association Fall
Education Program – Illinois*

November 11-13
2003 Auto Parts Industry Mergers &
Acquisitions Institute – Pontiac, MI

November 18-19
Strategic Research Institute Premier Forum
on Corporate Fraud and Non-Compliance –
Washington D.C.

* BBK-sponsored events

Industry Spotlight: Gary Ruffing on Retail



Gary Ruffing, Practice Director of BBK's new Retail Services Group, is truly a "Man for all Seasons" in regard to the retail sector of our economy.

Ruffing's 30 plus years of retail experience covers the full gamut of one of America's most "every day" industries, including store design, new store rollout and store operations; price strategy; brand development and marketing; capital improvements; and financial and operational planning and analysis.

Before joining BBK, Ltd., Mr. Ruffing had a long and distinguished career with KMART Corporation, culminating in several executive level positions, including Vice President of Sales and Vice President of Store Operations. Key accomplishments at KMART include the implementation of a chain-wide store redesign and refurbishment program, the rollout of in-store brands, marketing and direct communications programs that generated record sales, and the elimination of more than \$800 million in direct expense. Most recently, Mr. Ruffing was President and Chief Executive Officer of BTV Systems, a \$30 million audio and video communications company.

"We joke that retail is detail—and it is, but the essential element remains understanding your customer and delivering on the promises made to those customers; retailers need to pay attention to their competitors without getting distracted by them," says Ruffing, a graduate of Pennsylvania State University's program in Business Management.

As the Retail Services Group lead, Ruffing will apply BBK's proven methodology and experience in turnaround consulting and business enhancement to the specific competitive, operational and financial dynamics faced today by both national and regional retailers.

"I joined BBK because I was impressed with this organization's professionalism, and I know we can improve the performance and strategic direction of the retailers we work with by taking advantage of BBK's astute understanding of financial and operational management, as well as many of its existing relationships," Ruffing adds.



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