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Getting firms on their feet

Roy Ryniker was touring the cathedral in the Swiss city of Bern on a vacation when a guide pointed out what it took to build the soaring structure.

Started in 1421, the construction of the Münster lasted more than 175 years. It took three more centuries before the tip of its 328-foot spire, the tallest in Switzerland, was completed, in 1893.

Ryniker refers to the famous story of the two stone masons who were asked what they were doing. One says, "I'm cutting stone," while the other says, "I'm building a cathedral."

Bern's city fathers, he says, "had to convince the workers, forget about what you were doing, it was a greater vision — you were going to build a cathedral that's going to be around for a thousand years."

Company owners and executives today face a similar challenge: Can they rally their team around a greater vision? Or do the workers think they're merely cutting stone?

That's one of the questions Ryniker asks when he looks under the hood of distressed Long Island businesses that hire him to try to diagnose and fix their problems.

Through his company, Reorganization Alternatives Group Ltd., Ryniker acts as a consultant and, at times, investment banker, to small- and medium-sized companies, many of them owned by families.

Their struggles tell the story of an increasingly competitive economy, one in which Long Island's small companies find it's harder and harder to raise prices to make up for their growing cost. One of his

clients is a wholesale baker whose flour costs have gone up by \$50,000 a month.

At 6 feet, 5 inches and with a voice that can fill a room, Ryniker is a commanding presence. The 50-year-old

See RYNIKER on A45

Roy Ryniker, head of Reorganization Alternatives Group Ltd., says he tries to get his clients to have greater vision.



Finding the root of company's woes

RYNIKER from A41

graduate of Harvard and Columbia pronounces his thoughts on business with an air of certainty that comes from 18 years of running his own company and dealing with scores of troubled firms.

In his view, companies should be constantly recruiting new talent, not limiting their recruiting to times of expansion.

Former General Electric chairman Jack Welch would say companies should regularly weed out lesser talent to make room for stronger performers. Ryniker doesn't go that far, but says hiring better performers can pay for itself.

"People always say: Well, people are your most important asset," he says. "I don't agree with that. Good people are. But all of your people in many cases aren't contributing to the growth of the business. Are they logging hours? Or are they actually contributing?"

Whether or not a company fires employees, Ryniker believes a firm should consider getting rid of some customers. "I think effective companies should fire customers every year because it mandates management to understand the profitability of the products or the services that they offer. And if you do that, you say

which customers am I making money on? Because you're not in business to make sales, you're in business to make profit."

Ryniker's approach is to work with the owners and managers of the troubled company to figure out what's going wrong. Is it a financial problem? In that case, he tries to find new sources of capital or negotiate new terms with the company's lenders.

There's often an urgent need to act. "People will say what's my five-year plan? If the company's losing money, you don't need a five-year plan, you need a five-day plan."

Other times, the company's operations are the problem. "I deal with owners that spend \$50,000 on a car to drive themselves to work. They don't want to spend \$25,000 on a new computer that will drive their business." Without a system to provide a deep level of information about operations, managers can't make informed decisions about dropping unproductive activities and pursuing promising opportunities.

In 2005, Ryniker was hired to help a Woodbury-based company that was mired in a long-running dispute with the state Department of Environmental Conservation over its

Steuben County propane and butane storage facility.

Robert Weinberg, the owner of the company, Bath Petroleum Storage, says the company had decided to sell the property, which stores fuel in salt caverns. But it didn't get a good response from potential buyers.

"We brought Roy in," Weinberg says. "He put together a great presentation for us." Ryniker served a 15-month stint as president of Bath Petroleum. The company settled its dispute with the state and sold the facility to Inergy, a Kansas City, Mo.-based public company, for \$31 million.

Ryniker says Bath had the engineering reports to show that the facility could be converted to storing natural gas, a more lucrative operation than storing propane. "I was successful in selling that company for what it could be," Ryniker says, "not for what it is, and that's why we got a dramatic premium for it."

Ryniker has ample incentive to succeed. He can be paid on an hourly basis or through a "success fee," or a combination of the two. One thing he won't do is work for someone who won't agree to

pay something upfront. "Unless they're willing to pay me some type of upfront fee, they don't value what I'm doing," he says.

Ryniker grew up in Brooklyn and was attending Nazareth Regional High School when his father died. He worked a variety of jobs to put himself through college, shelving books in a library, tending bar and working in a rug warehouse.

After graduating, he worked for MetLife in a training program before going to Columbia for his MBA. He worked for a British merchant bank and a large accounting firm before starting his own business to cut down on travel away from his family. Ryniker and his wife, a school nurse, have four kids, and he's coached soccer, baseball, volleyball and basketball.

One of his sidelines has involved creating and heading an advisory budget review committee for the Village of Garden City, where he lives. Ryniker doesn't pull his punches there either. In one of the monthly columns he writes for the weekly Garden City News, he questioned why per-capita

spending is higher than in other villages.

Just like business managers who don't have enough information to properly run their business, taxpayers often don't know where their tax money goes, he says. Although his columns and his committee have prompted dozens of responses from interested residents, others have said, "you're just causing trouble," according to Ryniker.

"I honestly don't think I'm doing anything wrong," he says. "I'm just getting people informed about what's being spent."

He began one column with a line from Thomas Jefferson. It could well be Ryniker's motto for his approach to business as well as government: "Though the people may acquiesce, they cannot approve what they do not understand."

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