

Highflier rebuilds broken companies

Profile

Lynn Tilton

Liz Moscrop talks to the chief executive of MD Helicopters

Well-behaved women seldom make history. At least according to Lynn Tilton they don't.

The outspoken founder of global investment firm Patriarch Partners has ruffled more than a few feathers in her time. She fearlessly charges in where others do not, championing broken companies. This has paid off – her firm manages \$7bn in assets and invests in more than 70 mid-market enterprises.

The path to success has been tough. A single parent at 23, at the start of her career she worked 100-hour weeks at Morgan Stanley, juggling motherhood and spreadsheets.

Like many working mothers she feels she did not give enough to either. "I was constantly pacing back and forth between responsibilities, trying to be perfect at both," she says. She has not stopped moving since.

She prospered on Wall Street for two decades until 2000, when she founded Patriarch, which specialises in rescuing ailing businesses. She admits there are easier ways to make money, but is drawn to aiding the distressed.

A key motivator was her father's death when she was young, which shattered her and now drives her to save

companies destined for the scrapheap. She says she derives "incredible satisfaction" from changing the lives of families who would otherwise be devastated by the loss of a parent's work.

Although Ms Tilton's business acumen is genderless, her language is definitely feminine, frequently focusing on the passion behind her decisions – a trait that has jarred with some, as such talk is seldom heard in the financial world. She says it is her life's mission to rebuild broken companies.

However, she silences critics by putting her money where her mouth is. The most famous rescue in her portfolio of emergency-room bailouts is MD Helicopters (MDH) – Howard Hughes's baby.

Her involvement in MDH is also the first time she publicly exploited her gender to commercial advantage. This month the manufacturer received a US diversity award as a Women's Business Enterprise, which should give it a vendor advantage with national corporations and government agencies.

Since buying the company in 2005, Ms Tilton has raised revenues by more than \$200m, mainly by selling more aircraft internationally and adding repairs to its portfolio.

Aerospace has been a steep learning curve. For someone who is constantly on the go, the procrastination and paralysis she saw when she acquired the manufacturer was a shock. "I was too naive to know what I didn't know," she says, "and too

stubborn to accept advice."

The acquisition was to prove a turning point, propelling her from passive investor to active industrialist. As chief executive, she has hired talent and pitched in to revive MDH's flagging fortunes, flying around the world meeting customers and suppliers who had given it up for dead. Wooing the angry supply chain was necessary too, as Ms Tilton had not realised that every helicopter part had to be certified as airworthy by the Federal Aviation Administration, so simply switching suppliers was not an option.

She attributes MDH's subsequent turnaround to being one of her own customers – she commutes to work in her VIP twin-engine MD 902 – and says every business that looks at itself from the customer backward is closer to understanding its clients' needs.

Her first task five years ago was to get MDH's fleet of grounded helicopters flying again. She coaxed parts manufacturers back into the fold and bought a house in Arizona, where the company is headquartered. Unlike many in the sector, she treats the aviation industry as just another market and believes vertical integration is the way forward. With 500 suppliers scattered worldwide, she elected to bring much of the production in-house to the company facility in Mexico, which saved 30 per cent in costs.

In 2008, the company delivered 53 aircraft – up from zero in 2005. Last year saw



Raised revenues: MD Helicopters is the most famous of Lynn Tilton's bailouts

Patriarch Partners

several cancellations, so Ms Tilton turned her attention to foreign government contracts, which she hints will bear fruit in 2011 with several announcements to come.

She advocates manufacturing as the way out of recession for the US, and points to the great emerging economies, such as

Brazil and China, which are based on a solid industrial base. She has frequently criticised the Obama government's bail-out of banks while seeming to ignore lending to small and midsized companies. Over the past decade, the US has lost 6.4m manufacturing jobs, and Ms

Tilton believes liquidation means the loss of technology, knowledge and the impossible task of restarting production.

She approached the White House with plans for a public-private partnership to offer loans to small companies that are outlined on her website.

Ms Tilton is likely to upset

those in high places for years to come. But she can take comfort from the fact she is making her mark among thousands who would be without employment but for her intervention.

Liz Moscrop is a journalist specialising in private aviation.