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Tilton Flaunts Her Style at Patriarch

By ROBERT FRANK

Earlier this year, private-equity chief Lynn Tilton flew to Detroit to try to improve sales at one of her auto-parts companies. She got a cool reception from Ford Motor Co.'s purchasing chief, Tony Brown, who asked if she was like other private-equity chiefs that "strip and flip" their companies.

"You must be mistaken," she shot back. "It's only men that I strip and flip. My companies I hold long and close to my heart."

With her platinum blond hair, tight leather skirts and penchant for racy remarks, Ms. Tilton has a talent for getting people's attention. Yet behind the glam facade is a sophisticated distressed-debt investor and manufacturing tycoon who has quickly become one of the richest self-made women in America.

Through her New York-based holding company, **Patriarch Partners**, Ms. Tilton owns all or parts of 74 companies with revenues of more than \$8 billion and 120,000 employees. By most measures, Patriarch is now the largest woman-owned business in America.

Ms. Tilton, 52 years old, built her fortune from an unlikely corner of the economy: down-and-out industrial firms. Her strategy is to buy manufacturers headed for the scrap heap and bring them back to life with new management teams and products. In the process, she's become an unlikely crusader for America's rust-belt.

"The key to America's future is manufacturing," she says. "We simply have to become a country that can make things again."

She has revived a defunct paper mill in Maine by turning it into a maker of alternative fuels. She took a money-losing helicopter maker founded by Howard Hughes and made it profitable



Bill Denver for The Wall Street Journal

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through exports and sales to U.S. rescue workers and the military. During the depths of the auto-maker crisis, she bought up auto-parts companies that now have more than \$1.7 billion in sales.

Ms. Tilton also has had her share of mistakes. After buying American LaFrance, the firetruck maker, she drove down revenue

by more than 50% in an effort to improve profits. Four years later, she still is trying to turn the company around.

"That was a purchase I made more with my heart than my head," she said.

Ms. Tilton has the added distraction of her personality. Her office uniform usually includes five-inch stilettos, an eight-carat

diamond necklace and the occasional black leather jumpsuit. Her office walls are filled with whips and handcuffs sent to her by friends, Hashemite daggers given to her by Middle Eastern royals, New Age paintings and a portrait of her stretched across the hood of a black Mercedes. Ms. Tilton makes no apologies for her unconventional look.

"I am all woman," she says. "Sometimes it makes men uncomfortable, sure. But in business and in life, I have to remain faithful to my inner truth. In the end, I'd hope people judge me on my accomplishments and intelligence."

Ms. Tilton started on Wall Street as a single mother, working 15-hour days and putting herself through Columbia's business school. She had graduated from Yale as a nationally ranked college tennis player and aspiring poet, and married her college sweetheart. Soon after starting work on Wall Street, she got divorced and plunged into her work.

She rose through the ranks of Morgan Stanley, Merrill Lynch, Goldman Sachs, Kidder Peabody and Amroc. She had a talent for quickly dissecting balance sheets and distilling complex financial information into simple forms. She won a rare patent for a portfolio-construction model that continues to serve as the foundation for Patriarch.

In 2000, she founded Patriarch, named after her late father. Her plan was to trade debt with her own money. Yet after buying two giant portfolios of distressed debt, she realized the only way to succeed was to take control of the companies in the portfolio. Suddenly, Ms. Tilton had gone from a debt investor to the accidental chief executive of dozens of failed companies. Her turnarounds were so profitable that she went on to buy more

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companies.

She commutes most mornings by helicopter from her New Jersey home to Manhattan, and she owns homes in Florida and Arizona, Hawaii, and a Italian villa on Lake Como, just up the mountain from George Clooney. Ms. Tilton remains close to her 28-year-old daughter, who is one of her deputies. She sleeps only a few hours a night and sips a homemade concoction of clay, salt and chlorophyll. She often stays up late reading science fiction on her Kindle.

Walking down the manufacturing line at her MD Helicopter plant in Arizona on a recent afternoon, Ms. Tilton looked out of place in her shimmering dress

and heels. Yet she quickly bonded with workers with her earthy jokes and detailed knowledge of metal alloys and machine-tools.

"Workers really take to Lynn," said Duane Lugdon, a United Steelworkers union staffer who led tense negotiations with Ms. Tilton at the Maine paper plant. "She's just human and honest with people. I don't say that about many CEOs."

Her personal involvement in each company—she's still CEO of MD—can cause friction, former employees say. They say employee churn at Patriarch is high in part because of Ms. Tilton's tough personality.

"I'm a benevolent dictator," Ms. Tilton says. "I like to control

things. What we do, the distressed area, is not for the faint of heart."

Her real mission, however, is pushing the U.S. to adopt a more coordinated government policy that better supports the country's manufacturers.

She is doing her own part by preserving jobs at her own firms as best she can, she says. Yet she also is pressing Washington to better enforce antidumping rules and to require companies that sell in the U.S. to manufacture in the U.S.

"If we don't become a country that makes things again, we won't have enough jobs for our people," she said. "Without jobs, we could have social unrest. And that's not science fiction."