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## Leading TriMas back from the brink

*BY TOM WALSH  
FREE PRESS COLUMNIST*

What a difference a few months and a new quarterback have made at Michigan-based TriMas Corp.

The manufacturer was in free fall as 2009 began, its stock skidding below \$1 a share in early March from a peak of \$16 in October 2007, a few months after it went public for a second time.

Wall Street analysts and ratings agencies were zinging its board of directors for coddling ineffective top management and warning that TriMas might soon default on loan covenants.

After the stock price plunged from around \$8 last summer to below \$1.50 by mid-November, the TriMas board took action, recruiting David Wathen to replace Grant Beard as president and CEO.

Wathen, 56, a veteran manufacturing executive who had run big divisions at Eaton Corp. and Emerson Electric, took over Jan. 14. The stock hit its low point at 97 cents six weeks later, but since then it's been on a steady trajectory upward.

TriMas stock closed at \$5.12 a share Tuesday, up 20 cents. Barrington Research of Chicago rated TriMas stock as "outperform" earlier this month, with a share price target of \$8 this year.

The firm made a \$9-million profit on sales of \$209 million in the quarter ended June 30, after two straight quarterly losses.

"The recession has hit TriMas hard," a Barclays Capital Research report said last week, calling the firm's high-yield debt attractive because "Wathen has TriMas focused on running leaner, generating cash and reducing debt."

On Monday, I sat down with Wathen to ask how he turned things around when major TriMas customers are still being battered in a brutal economy.

### Focus on inventory

"In the first half of 2009," he said, "we generated more cash than in all of 2008. The single change that affected that was a move to run with less inventory and more turns of inventory."

TriMas employs slightly more than 4,000 people today, down from 5,000 eighteen months ago. The cuts would have been deeper, but Wathen instituted four-day workweeks and unpaid furloughs at many plants where workers agreed.

"In a recession," he said, "you've got to resize for conditions, but you don't downsize every business. The easy thing to do is cut, cut, cut, and that is almost never the solution.

"What's been good for TriMas," he said, "is four-day workweeks because you keep more people around, rather than cutting deeper with layoffs. Because things will get better and come back, and then people are still around and you're not out having to retrain so many."

Wathen made few changes in top leadership, replacing only two of 10 division heads, in both cases by promoting from within.

He did eliminate one layer by having division presidents report directly to him.

One of six key principles in the TriMas corporate vision is "being a great place to work." How can you do that, I asked Wathen, when you're cutting budgets and asking people to take furloughs?

"You communicate clearly, broadly and more," he said. "Everybody has a neighbor or relative whose company went bust. And one key message is that we are doing things to invest. To let people know, hey, we are here for the long haul, not just cut, cut, cutting."

There's been nothing easy about TriMas' second-go-round as a public company, but at least Wathen has pulled it back from the brink of collapse.

Contact TOM WALSH: 313-223-4430 or [twalsh@freepress.com](mailto:twalsh@freepress.com)

## Additional Facts

TriMas Corp. at a glance

**History:** Spun off by Masco Industries in 1988, merged with another Masco spinoff in 1998 and taken private in 2000, then public again in 2007.

**Headquarters:** Bloomfield Hills.

**Products:** Fasteners and other parts for aircraft, oil drilling, medical and recreational vehicle industries, plus packaging devices.

**Employment:** More than 4,000 at 70 global locations.

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