

In 1981, Mr. Banta was asked to become chairman of the bankrupt Pacific Homes, a nursing- and retirement-home company with assets of about \$100 million. He got it out of bankruptcy by cutting costs, raising rates and attracting more clients.

AT AM International thus far, Mr. Banta's impact has been more a matter of style than of substance. In contrast to his predecessor, Joe B. Freeman Jr. - an accountant who was considered more numbers- oriented than people-oriented - Mr. Banta is described as accessible and congenial. And he has been playing to that strength, spending countless hours on the road, delivering pep talks to employees and customers throughout the United States and in Mexico, Europe and Canada.

"There has been a tremendous amount of change at AM and people feel that they are holding their positions at the whim of whomever happens to be at the top," said Mr. Banta, who talks in the "corporate culture" language of his consulting background. "They need to feel that this is a stable company and we want to hear their ideas."

While Mr. Banta was able to turn his failure at Leisure Group into the success that got him named chairman at AM, Mr. Freeman was a victim of his own success at AM: Although Mr. Freeman is widely given credit for returning AM to profitability, that very success led to his ouster, when the board of directors decided that a different manager should plan AM's post-bankruptcy future.

"Joe kept very much to himself," one AM executive said. "He was a loner and often didn't consult with others." Another added: "Joe is an astute financial man, but he does not have a warm, engaging personality."

Still, Mr. Freeman's financial abilities were the key to saving AM.

"Joe did an outstanding job," said Deiter Tannenbergh, president of AM's largest operating division, Multigraphics, whose duplicators account for about half the company's revenues. "For the last two years numbers have been a priority around here and that has gotten us out of our mess. Merle's specific areas of interest are strategic planning and marketing, which have received less attention. It's a refreshing approach."

Mr. Freeman, who took over the company only a few weeks before its April 14, 1982, bankruptcy filing, was recruited to AM by his predecessor, Richard Black, who quit the chairmanship after only a year, calling the company's financial state "an industrial Watergate" - and who promptly sued AM to try to recover the money lost on \$3 million of AM stock he said he was misled into buying. That suit was recently settled for \$1.7 million. (Mr. Black was also the one who recruited Mr. Banta to serve on AM's board, when few people were attracted to the failing company and Mr. Banta's background made him a prime candidate.)

AM's troubles actually go back to Mr. Black's predecessor, Roy L. Ash, a co-founder of Litton Industries and former Nixon Administration budget director. Mr. Ash, who took over AM in 1976, wanted to move the company into what he saw as the fast track of high technology, and