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## **COMPANY DOCTOR: MERLE H. BANTA - *NEW YORK TIMES*,**

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### **COMPANY DOCTOR: MERLE H. BANTA; NURSING AM INTERNATIONAL BACK TO HEALTH**

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CHICAGO - Shortly after Merle H. Banta was elected chairman of the financially troubled AM International Inc. in January, he received a present from one of the company's creditors: a poster of a baby chick that has just pecked its way out of the shell, asking, "Now what do I do?"

Mr. Banta, who has the poster taped to his office wall, does not yet have the answer to that question. But for AM, it is an old refrain. The darling of Wall Street analysts back when it was known as the Addressograph-Multigraph Corporation, AM has now come full circle.

The cycle began when former chairman Roy L. Ash tried to make AM grow by expanding from outdated office machines into high technology. That decision led to the staggering losses that the next two chairmen, Richard Black and Joe B. Freeman Jr., stanchd only by selling the high-tech acquisitions and going back to the old core businesses: offset duplicators, photo-typesetters and engineering graphics products.

Now, with AM struggling out of Chapter 11 bankruptcy proceedings, Mr. Banta, the fourth chairman in three years, is confronting the same dilemma Mr. Ash faced, namely, finding new growth markets for AM.

Mr. Banta, at 51, is not exactly a newly hatched chick. As founder and former president of the Leisure Group Inc., he went through a high-flying acquisition binge - and crash - reminiscent of Mr. Ash's experience at AM. Still, he has no experience running a large corporation.

"It is true I have not managed a Fortune 500 company, and if that's the criteria, I don't meet that," said Mr. Banta, a Harvard M.B.A. and former management consultant who served as a director of AM for two years before becoming chairman. "But in some ways it's like I've been preparing for this job all my life. I have experience working in a difficult financial situation and I have learned from my mistakes."

Indeed, one of Mr. Banta's major qualifications for the job seems to be the experience with creditors he gained after making a mess of the Leisure Group Inc., which he and a partner built to sales of \$66 million before it became overextended and collapsed. Mr. Banta turned the company around - it now has annual sales of \$10 million - without resorting to bankruptcy.

AM's expansion problems were more serious, although the company now has an agreement in principle with its creditors, and hopes to emerge from Chapter 11 later this year. According to the disclosure plan issued last week, AM will pay \$170 million in cash toward its \$255 million to \$265 million in unsecured debt, and will issue 40 million new shares at an estimated \$3 a share,