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Attention to Detail Helped Upper Montclair Exec Build Career in Industry

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As a young college graduate, Kate Logan was thrilled to land a job with a New York City company. When that company landed in bankruptcy six weeks after she took the job, it turned out to be the event that made her career. Logan, a paralegal, was put in charge of gathering documents and reconciling claims for the Chapter 11 filing reorganization, a process that took five years. She discovered she was pretty good at the detail work, organization, and technology needed for bankruptcy administration, and after working for a New York-based bankruptcy consulting firm, she started her own company in 1990.



DON SMITH/STAFF PHOTOGRAPHER

Kate Logan took an opportunity from working for a company that filed for bankruptcy protection and built it into a career. Today she runs Logan & Co., a bankruptcy administration firm based in Upper Montclair.

Bankruptcy courts generally require that large companies — those with 200 or more creditors — hire bankruptcy administration firms. Over the past 20 years, Logan, 50, has built her business into one of the leading companies in the field, handling complex cases such as U.S. Gypsum, Kaiser Aluminum and Herman's Sporting Goods. The Upper Montclair company has 30 employees and annual revenue in the \$10 million to \$15 million range. (Interview condensed for space.)

Q. What kinds of work do you do for your clients who have filed for bankruptcy?

Typically we work with large corporations where they have lots of creditors. We take their data — vendors, employees, parties in litigation — and we integrated it into one seamless system that allows us to get financial reports and do mass mailings. Some of the mailings require creditors to file documentation with us — a proof of claim form, or a questionnaire. In the case of large grocery store chains, where there are a lot of slip-and-fall claims, we send questionnaires to the injured parties to get a summary of their injuries. All of the information comes back to us in Montclair and we process it into a database.

Q. How long are you typically involved in a bankruptcy proceeding?

I have cases that are still active that filed in the late 1990s. I have other cases that filed in September 2009 that are done and don't need me anymore. The nature of the case dictates how long you are in. It also depends on how the negotiations go with the various constituencies, because in a reorganization, pretty much everybody's asked to take a haircut. Is the bank group being asked to take a larger haircut than the general vendors? There are all kinds of negotiations that go on. If that goes smoothly, the case is done faster.

Q. What's happening in the bankruptcy business? Is it booming?

It is booming; 2009 was huge. Most industries have peaks and valleys. We were very busy in 2001, 2002, 2003, and then it slowed down in 2004, 2005, 2006. Then, it went on an uptick and 2009 was incredible. There were many billion-dollar companies filing. In 2010, it's taken a slight downturn in terms of the larger filings. I read an article the other day that said the tsunami has ended, but we're still in the rainstorm. It's true. I'm sure we haven't seen the end of it. There are lots of companies that are still in trouble. Money is still tight. But I think it will be more of a steady pace over the next couple of years, as opposed to frantic filings.

Q. Is it a pretty safe bet that there are always going to be some bankruptcies — enough to keep you in business?

Always. Good times and bad, I've never not had new clients every year. We've continued to grow every year. There have been leaner times than others. And there are other applications that we have gotten involved in — class-action settlements, any application that requires a housing of data, or names and addresses, financial information. We have a new client now — a trust. The trust came to use and said 'Would you help me cut some checks? Oh and by the way we haven't dealt with some of these vendors for 10 years. Could you find where they are first before we mail the checks?'

Q. Over the years, have you developed a theory about what causes companies to end up in bankruptcy?

I think it's that perfect storm situation.

Q. Where everything that can go wrong does?

Right. You open 30, 40 50, new stores at \$1 million a store, you renovate, and all of a sudden nobody wants to buy clogs anymore. That's a problem. And systems could be an issue, if you don't have good systems and they're not automated. And in companies that are run by humans, there's an ego influence. If I'm a family-run business, and I'm in trouble, and my grandfather started the company, I don't want to be the one to pull the plug. In a public company, you never want to be the leader that says, 'You know what folks, we're going to file for bankruptcy.'

Q. How many companies that go into bankruptcy come back out healthy?

Not 100 percent but probably close to 80 percent. Eighty percent of the cases we worked with are healthy, or have been acquired, or are ongoing. There have to be changes in terms of the way you manage. If you've cried for help, and you've gotten the help, and then you don't change your style, you're in trouble, because then you go in again. And then you probably shut your doors.

Q. What makes someone a good candidate for this kind of work?

Detail-oriented. Accurate. Team player. Doesn't need much sleep. We really are team players. Everybody does everything. That means everybody takes out the garbage when the garbage needs to be taken out. Including me.