

## **R.G. BARRY UNVEILS BUSINESS PLAN**

Company to streamline operations to reverse losses

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**By Mark Niquette**

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R.G. Barry Corp. has launched a business plan as questions build about the Pickerington company's ability to survive. The company will close its manufacturing plants in Mexico by the end of the year and begin importing all of its slippers from suppliers in Asia. It also will reduce product offerings and streamline distribution. The moves are designed to cut costs and reverse losses that have been growing since 2001.

R.G. Barry's auditors have questioned the company's viability, and although company officials don't expect to make money this year, they believe R.G. Barry can be profitable in 2005. "We anticipate that R.G. Barry will be leaner, our expenses lower and we will benefit from the lower cost of goods," interim President and Chief Executive Thomas M. Von Lehman said.

R.G. Barry announced the new business plan along with its year-end results, which show the company lost \$21.7 million last year -- including \$19.6 million in charges -- compared with a loss of \$11.9 million in 2002. Von Lehman told analysts yesterday that the company plans to reduce worldwide employment from 1,900 to about 200, eliminate two-thirds of the styles of footwear it offers and reduce the customers it supplies from 800 to about 25. That will allow R.G. Barry to focus on its core business and major customers, he said. Seventeen jobs have been cut from the Pickerington headquarters, leaving 77. But employment should increase there when the company closes a support office in Texas this year and some functions are relocated.

R.G. Barry, which was founded in Columbus in 1947, once employed 3,400 people at several plants in central Ohio.

Analysts said it is too soon to judge the plan but praised the initial steps. "I think they had some tough times, but it looks like they can start to concentrate on the business ahead," said Michael Atmore, editorial director of Footwear News in New York.

The company's stock closed at \$2.37 yesterday in trading on the New York Stock Exchange, down 22 cents, or 8.5 percent. Last year was supposed to conclude a three-year plan to return the company to profitability. That didn't happen.

Global competition and retail consolidation "has created a very competitive marketplace in which more and more suppliers are chasing fewer and fewer customers," the company