

Nose to the grindstone

Forty-four percent of nearly 2,000 global executives surveyed say they plan to continue working past the age of 64, with 15 percent planning to work past 70, according to the latest Executive Quiz from Korn/Ferry International.

Buntin pitches for Goodyear

The Buntin Group has launched for Goodyear Tire & Rubber Co. an extensive communications initiative that will include analyzing brand positioning opportunities for various customer segments.

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BioDtech unveils products

By M.B. Owens
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Furthering the reputation of the region as a biotech center, Nashville-based BioDtech Inc. (BDI) is unveiling this week three new products designed to detect, neutralize and remove endotoxins.

BDI will introduce the products, the company's first, at the Annual Experimental Biology Conference in San Diego. BioDtech was founded in September 2003.

Endotoxins are molecules associated with gram-negative bacteria. Some of the world's deadliest bacteria, such as E. coli, salmonella, and those that cause the black plague, have endotoxins.

The new products are EndoDtec-F, which can be used to locate bacteria on surfaces, in environmental samples, and in injectable drugs or medical devices; EndoZap-R, which is a nontoxic antimicrobial capable of destroying or inhibiting the growth of microorganisms' pathogenic actions; and EndoBind-R, which removes endotoxins from aqueous samples.

"Our products provide a big advantage over the alternatives," said Mike Pepe, president and chief executive of BioDtech. "For instance, they don't require the use of live animals in applications."

In recent years, Nashville-based academic, business and civic leaders have promoted the region as a biotech center. Facilities that have been established locally to accomplish this goal include the Williamson County-based Cool Springs Life Science Center and the Cumberland Emerging Technology's Life Science Center in Nashville.

"This is very promising to have new biotechnology being marketed out of Nashville," said Sid Chambless, executive director of the nonprofit Nashville Capital Network, which connects fledgling businesses with angel investors. CP

Residential a risin'



Photo by William Williams

Construction is fully underway on 807 18th Avenue, a \$7 million contemporary condominium building M2H Group is developing in Midtown. Nashville-based Everton Oglesby Architects has designed the structure, with Solomon Builders Inc. the general contractor. Scott Troxel of Keller Williams Realty is marketing and selling the 46 flats and townhouses, with 40 under contract. Regions Bank has provided financing.

Companies redo financials

By Chris Lewis
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Several public companies in the Nashville area, primarily those in the retail and restaurant industries, are having to redo years of financial statements.

Dollar General Corp., CBRL Group Inc. (Cracker Barrel), Genesco Inc. and O'Charley's Inc. are among the corporations recently announcing restatements to incorporate new accounting procedures for their leased properties.

Though the restatements are not affecting shareholder earnings significantly, they are costing millions of dollars in administrative work — all part of doing business in an environment of heightened regulatory oversight.

"We're seeing the direct costs for a number of our clients being at least a million dollars of hard cash costs a year, and significantly higher when you factor in the time and the resources the companies have to go through, the amount of time it takes away from other things, like running your day-to-day business," said Jeff Nahley, head of investment banking for Avondale Partners.

The Nashville-based investment bank is sponsoring a free seminar April 6 at Loews Vanderbilt that will touch on the financial, legal and accounting ramifications of taking a private company public.

Since the Sarbanes-Oxley Act was passed in 2002 in response to high-profile scandals, public companies are having to comply with numerous changes designed to make their books and business activities more transparent to shareholders.

The most recent restatements were prompted by a Feb. 7 letter from the Securities and Exchange Commission establishing a uniform term over which companies should be depreciating and amortizing leases and leasehold improvements. In addition, companies now are having to stretch lease expenses over grace periods when they didn't actually pay rent.

The impact to shareholders has generally amounted to pennies per share. O'Charley's, for instance, reported that its earnings will be lowered in 2004 by 4 cents per diluted share.

"It's really a book entry; it's not

changing the fundamentals of the company, the operations, the cash flows, the revenues, the same-store sales," said Sue Perram, an Avondale research analyst.

But redoing balance sheets and earnings statements is a costly process. For instance, Dollar General said the lease-accounting changes would cost \$30 million to \$40 million in administrative expenses.

Despite the headaches of compliance, there is no shortage of companies undertaking initial public offerings, Nahley said.

"I don't think it's quite at the peak levels we saw four or five years ago, but the sheer number of companies going public even in today's higher, more scrutinized regulatory environment is not slowing down," he said.

During the seminar, Nahley and other Avondale partners will explain the process of underwriting and valuing an IPO. In addition, attorneys from Bass Berry & Sims PLC will talk about legal ramifications, and an Ernst & Young official will be on hand to discuss accounting.

For more information, see www.avondaleonline.com. CP

PACE, USWA hold solidarity event

The United Steelworkers of America and the Nashville-based Paper, Allied-Industrial, Chemical and Energy Workers (PACE) International will hold a joint solidarity event today at more than 60 facilities across North America. The two unions contend forestry related companies, such as Weyerhaeuser, are engaging in practices harmful to workers.

Saks, Penney shares rise on deal talk

Shares of department store operators J.C. Penney Co. and Saks Inc. jumped on media reports



and market speculation that both could be selling their businesses. Saks has been considering the separation of its upscale Saks Fifth Avenue stores from its moderate department store division, retail investment bankers have said.

AIG officials admit improper accounting

American International Group Inc. has acknowledged accounting errors that could stretch back 14 years, including its treatment of a deal with Berkshire Hathaway that is at the center of federal and state investigations. AIG's sweeping disclosures — which included the possibility that it may be forced to reduce the value of the company by \$1.7 billion, or 2 percent — were part of an effort to regain investor confidence.

EU clears sale of MGM to Sony

European regulators approved the \$3 billion cash acquisition of film studio Metro-Goldwyn-Mayer Inc., clearing a final hurdle for investors led by Sony Corp. of America to close the MGM deal by mid-April.

— Staff reports, Reuters