
BUILDING ON SUCCESS

**AFTER FIVE YEARS AS AN INDEPENDENT MONEY MANAGER,
JIMMY REISS IS BACK AT WORK, BUILDING UP THE VALUE OF NEW COMPANIES.**

By Mark Miester

Jimmy Reiss is going back to work. Not that Reiss (BBA '60) ever stopped working, but after selling TANO Corp.—the automation and control systems manufacturer he ran for 30 years in 1997—the life of the independent money manager in the freewheeling late '90s was, as they say, easy money. “Managing money from 1997 through the beginning of 2000 was a job anyone could have done blindfolded,” Reiss says with customary self-deprecation.

In the fall of 2000, however, Reiss began to notice a trend he had seen before: Big companies were selling off subsidiaries to bolster their bottom lines. It was a trend Reiss had first noticed in the mid-1980s and one he leveraged to great advantage. Now, 15 years later, Reiss again saw the opportunity before him. He decided to go back to work.

“Companies whose earnings and revenues had begun to soften were attempting to hold their earnings steady or to find a way to increase their earnings by reducing their operating costs by getting rid of less productive pieces of their business,” Reiss explains. “The trend is one that

appeals to me because in the past we have made our money principally by buying businesses that are no longer a strategic fit between the corporate parent and the subsidiary.”

In the spring of 2001, Reiss hired an associate and began once again to look seriously at business acquisition as a strategy to supplement his work as a money manager. “At the moment we’re actively involved in the potential acquisition of two manufacturing and distribution businesses,” Reiss says. “We’ve looked at and turned down another eight or 10. Some you might look at for five minutes, other ones you might look at for a month or two.”

If Reiss sounds like he knows what he’s doing, it’s because he does. He’s been through it before. In 1984, after 15 years at the helm of TANO, Reiss sold the company to Rexnord, a manufacturing conglomerate based in Milwaukee. Not long after, Jeffrey Steiner purchased Rexnord in a hostile leveraged buyout. To pay for his acquisition, Steiner began selling off bits and pieces of Rexnord. One of those pieces

was TANO. The buyer was Jimmy Reiss, and the price was a steal.

“I realized that other businesses were going through the same thing that Rexnord went through,” Reiss says. “I figured that if I could buy other businesses that were similar to TANO at the same bargain-basement price I was able to repurchase TANO for myself, then we ought to do that.”

From 1989 to 1991, Reiss bought three more technology companies at bargain prices. He operated those companies, built up their value and sold them for a profit between 1994 and 1997.

Now, in the wake of an economic downturn that’s trimmed trillions off the stock market, Reiss again sees not adversity but opportunity. According to friends, that confidence and unfailingly positive outlook are quintessential traits of Jimmy Reiss. More than one colleague has described him as the consummate salesman.

“He’s not afraid to ask for the order,” says John Koerner, Reiss’ colleague, neighbor, and close, personal friend, of his salesmanship. “He

can speak on almost any topic. He has a good working knowledge of almost anything, whether it's wines or cigars or skiing or football. Whatever subject you want to talk about.

"On top of everything else, he's funny," Koerner adds. "He tells a wonderful joke. He's just a fun guy to be around."

A native of New Orleans, Reiss is the product of an olive-and-blue upbringing. His father, the late James J. Reiss ('26), was founder and president of James J. Reiss Co., a regional candy wholesaler. His mother, the former Mary Alice Peak (N '30), earned a bachelor of design degree from Newcomb.

Like his father, Reiss planned to go into business. Exactly what business that might be, however, remained a mystery. After earning his bachelor's degree in business administration from Tulane in 1960, Reiss found himself in need of a job. A fishing and hunting buddy of Reiss' happened to be a manufacturing sales rep for a company that sold fire alarms and extinguishing systems to the offshore oil industry. "I had just gotten out of school and didn't have anything to do, so we set up shop together," Reiss recalls.

Despite his nontechnical background, Reiss learned the basics of how the systems operated. From fire alarms and extinguishing systems, he branched out into a wider variety of products associated with fire prevention, everything from hand-held fire extinguishers to automation and control systems, which he saw as a natural adjunct to the remote fire alarm systems the company had been selling. "I used classmates of mine who were in engineering at the same time that I was in B-school to help us design equipment," he says.

To manufacture the equipment, Reiss contracted a New Orleans firm that had been started by two Tulane graduates in 1960, Technical Associates of New Orleans. In 1969, after several years of partnership, Reiss merged his company with Technical Associates of New Orleans and TANO was born.

Under Reiss' leadership, the company grew to employ 500 people and generate revenues in excess of \$100 million. "In addition to general management, I was the chief salesman in the business," Reiss says. "I had a lot of fun doing that and that's probably what I miss most—getting out and talking to my customers. Now, when we're investigating a potential acquisition, the first thing I do after talking to management is talk to the company's customers. I want to find out what the customers think about the people,

what they think about the products, what they think about the service. If you don't get good vibes in that area, you don't touch that business. Some businesses might be going through a hard time either because their parent is going through a hard time or they themselves are having problems, but if their customers are loyal to them, then you've got something good on your hands."



THE IMPORTANCE OF EDUCATION

Most of Reiss' employees at TANO were natives of Louisiana. Many were graduates of Tulane, LSU or UNO. While cities like Austin and Houston became hubs of the electronics and computer industries in the 1980s, Reiss was determined to remain in his and his employees' hometown. Finding people willing to relocate to New Orleans, however, posed a problem. "Recruiting people to come here was somewhat problematic," Reiss says, "given the condition of our public schools in the '80s and early '90s."

In 1991, Reiss was one of the people responsible for founding the New Orleans Public School Scholarship Foundation, more commonly known as Dollars for Scholars. In its 10-year existence, the organization has raised more than \$3 million to send graduates of New Orleans public schools to college. "Most of them wind up either in medical school, law school, getting a CPA, or a master's or a doctorate in engineering," Reiss says. "Some of them end up working in the biochem industry, so most of these people wind up being super achievers."

Reiss' strong belief in the importance of education carries over to his involvement with

Tulane. As a member of the university's board of administrators and chairman of the Business School Council, Reiss is among the university's most active, involved supporters. "The work ethic that I learned at Tulane's business school and particularly the management courses I had there were of great use to me when I went into business for myself," Reiss says. "Organization,

attention to detail and working with and managing people were the skills that I learned there, and they've been a tremendous help."

And Reiss hasn't shrunk from the challenge to help the Freeman School whenever and however possible. As chairman of the Business School Council, Reiss has made fund raising for the new building a personal crusade. "When somebody asks me if the Freeman School were my business, would I consider it to be a successful business, I tell them, 'You're damn right I do,'" Reiss says emphatically. "It's easy."

A new building, Reiss argues, is more than justified given student demand and a sound investment that any smart business would make. "We have a factory that's out of space," he says. "We cannot schedule any more classroom time in the classrooms we have. If you want to have more students, you have to have more space. To me, the new building is a slam-dunk. It makes absolutely good business sense. I think our return on invested capital in the new building will show itself over the next 10 to 12 years in spades. You run the spreadsheets and all the numbers look good. This is not a hard decision for me to make. It's pretty simple stuff."