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Uniform success

Lion Apparel going strong after selling oldest uniform division

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by [Tim Tresslar](#)

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During the autumn of 2003, the owners and management of **Lion Apparel** knew they needed to make a decision.

When they assessed the Vandalia company's future, they found that two of its three divisions were growing fast and dominated their respective industries. But the third, while successful, was competing against giants.

The Lion Apparel unit that sells coats, pants, helmets and other protective gear to firefighters, police, military and other emergency responders commanded about 35 percent of its market. Its logistics business, **LG2**, also was growing.

Conversely, the third division -- which made uniforms for airline workers, security guards, gas-station workers and others -- found itself slugging it out with billion-dollar businesses. Even when it landed a contract to supply uniforms to **Delta Airlines**, Lion executives knew it "still was an uphill battle," said Andrew Schwartz, corporate counsel.

Founded in 1898 by William Lapedes, the private-sector uniform business had been the company's foundation. In fiscal 2004, it generated \$27 million in revenue. But senior

management didn't believe it could capture a big enough slice of a crowded market to justify staying in the business. They realized they needed to sell the business.

Lion hired **Goldsmith Agio Helms**, a Minneapolis-based investment-banking firm, to market the business, Lion sold the operation in December 2004 to **G&K Services Inc.**, a Minnesota-based provider of uniforms and janitorial, restroom and linen supplies. Terms of the deal were not released.

But acquisition activity by G&K during 2004 and 2005 gives a good picture of how many players dominated the private-sector apparel industry. During that period, G&K purchased more than a half dozen uniform and textile suppliers as well as processing facilities.

The sale freed up Lion Apparel's resources and allowed management to focus on the sectors with the most growth potential, Lion executives say.

Companies with multiple segments should regularly weigh whether the time and money they sink into one operation wouldn't yield a better return if dedicated to other, stronger operations, said Chris Mills, executive vice president of Centerville-based mergers and acquisitions firm, **Mills & Associates**.

Mills said companies with multiple divisions should keep taxes, accounting and other parts of each operation separate from the others. This not only makes it easier to track performance by division, but also easier for them to sell off a particular operation when the time comes to do so.

In 2005, for example, Lion bought a warehouse in Hazel Green, Ky., with plans to invest about \$5 million in software and equipment in it. The new facility sits close to Lion's two factories in Kentucky.

Chief Executive Officer Steve Schwartz said that the decision to sell Lion's original business was difficult, but gave them a chance to focus on the segments that now made up their core businesses. The company, for example, is bidding for a \$40 million contract to provide firefighting equipment for the United Kingdom, and expects a decision next year. Tightening its focus on firefighting equipment made it easier to pursue a contract of this size, Andrew

Schwartz said.

In the meantime, Lion Apparel continues to work with its former division. For example, Lion Apparel still provides the information-technology support for the divested company and will continue to do so until 2007. This arrangement gave G&K time to understand the newly acquired businesses and build the computer systems necessary to run it.

"We wanted the transition to be done well," Steve Schwartz said.

When that's behind them, though, the Schwartz's will begin looking for other acquisitions and investments to grow the business. Brothers Steve and Andrew Schwartz are the fourth generation to run the Vandalia-based company. Steve Schwartz stepped into the CEO role in January, succeeding his uncle, Richard Lapedes.

The company's prospects remain strong. Within the last year, it has renewed contracts with fire departments in Houston, Chicago and Seattle and others. The contracts call for the company to provide pants, coats and helmets to these departments and to service whatever equipment it sells.

In July, for example, the company secured a \$10 million contract to provide 4,700 turnout coats and 9,400 pants to Chicago's fire department, as well as clean, inspect and repair the equipment.

The company employs 800, including 110 in Dayton.

In addition, the company provides logistics help to the United States Marine Corp. It ships fatigues, backpacks and other gear for the Marines, tracks shipments and repairs or replaces any necessary items. It also cleans and repairs ballistic helmets, body armor and other items for deployed soldiers.

The company provides similar services to the German Bundeswehr, a force of about 935,000 who receive their uniforms through 116 different facilities. The company has offices in Canada, United Kingdom, Germany, France, Italy and Australia.

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