BUSINESS FIRST

Keller selling furniture unit, changing business

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After two tough years of declining sales, increasing competition from foreign markets, decreasing employment and the closure of its manufacturing facilities, The Keller Manufacturing Co. Inc. is getting out of the furniture business.

The company announced Tuesday that its board of directors has opted to sell the company's remaining assets and use the proceeds to acquire a business in another industry.

As part of that plan, President and CEO Keith Williams is resigning from those positions and is withdrawing from day-to-day management to focus on identifying possible acquisition targets, the release said. Williams will remain on the company's board of directors.

He is been replaced by David Richardson, the company's chief operating officer, who will become president and CEO effective Feb. 15.

Keller Manufacturing will maintain its corporate identity and seek to buy a business in the services, light manufacturing or distribution industries, Richardson said during an interview. He said the likely acquisition, which should occur during 2005, will be a growth services industry. He declined to be more specific.

Richardson, who said the company has begun negotiating a sale with an undisclosed investment banking firm, declined to estimate a sale price.

Lots of changes for Keller in 2004

The decision by Keller's board of directors to sell its assets -- which include the Keller Furniture name, marketing materials, customer lists, 10 furniture designs, inventory, Web site and a design center in High Point, N.C. -- comes shortly after Keller sold its manufacturing plant in New Salisbury, Ind., to Child Craft Industries.

That decision was the latest in a series of moves designed to cut costs and return the company to profitability.

In the past two years, Keller has replaced its longtime president and CEO, Steven W. Robertson; laid off hundreds of workers in Southern Indiana; gone private; closed plants in Culpeper, Va., and Corydon and New Salisbury, Ind.; and moved to Louisville.

According to a Business First report in November, the company also ceased manufacturing of furniture and began building its core business around the distribution of products imported from three factories in China. (For more, **click here**.)

Richardson said the final change in strategy failed because Keller was slow in changing its business model. The company's larger competitors began outsourcing their manufacturing to China about five years before Keller.

Contact the writer via e-mail ategreen@bizjournals.com.