

later, and by late August, had found a house, moved his family, and registered his children in school. A lifelong resident of California, Inouye says every person he encountered when looking for a house gave him "the high-beamed, doc-eyed look" as he explained that he'd not experienced a Minnesota winter.

Asked for the reaction of Good Guys

"We got market

research on all of our

competitors. Every

time we did that,

Best Buy would win."

management to his decision, he replies, "I didn't wait around to find out."

There's no mystery why Best Buy needed him, he says. At the end of the February 1994 fiscal year, Best Buy had 151 stores in 18 states, and as of October, it had 231 stores in 27 states. It needs more people to run its growing business.

There are no pressing problems for Inouye to fix, he says, because Best Buy is doing fine in the computer category. In the last month before he joined the company, August, Best Buy's comparable store sales of home office products, which include computers and related equipment, were up 45 percent. He says he's still trying to define his role a bit, by walking around and finding out what needs to be done.

Inouye, 43, is in his third year of merchandising computers, work he describes as "very fun, because you get to see the evolution of the first-and-second and third-time buyers in a very compressed time frame." An owner of a videocassette recorder, he says, may use one 10 years before buying another. Computer users might go 10 months with a product.

"We have to stay very close to the manufacturers, and very close to the consumer groups," he says. "And because we have a business, we have to figure out how to make money at it." Margins in basic hard-

ware, he adds, "are thin and getting thinner."

Best Buy's primary customer has been the first-time user, and Inouye says the company will continue to look for ways to attract the more sophisticated users of computers. One goal for the company is to become the No. 1 retailer of computer peripherals.

The rapidly evolving technology also means that Best Buy has many more vendors to see than in electronics, in which

companies like Sony are clear leaders.

Best Buy is much larger than the Good Guys, but to Inouye it feels like a smaller company. "The definition of a big company is one with an environment where people feel that they can no longer make a difference," he says. "At a small company, you can have an hourly person who sees a problem walk into the owner's office and tell him that something's screwed up, and we have got to get it fixed. Those are real things that happen at Best Buy."

Thomas J. Flynn,

Larkin, Hoffman, Daly & Lindgren, Ltd.

The cup of reality

Tom Flynn of Larkin, Hoffman, Daly & Lindgren is known as a debtors' lawyer, mostly working for the owners and managers of small companies in some sort of financial trouble. Since 1983, he guesses that he's been involved in more than 750 bankruptcies or work-out situations. His clients have been as small as a proprietor of a single restaurant to companies with more than \$150 million in annual sales.

"I spend a lot of my time trying to get everyone involved in the situation to realize what we are really in," he says. "I have got to get people to drink from the cup of reality."

Flynn, 43, calls himself a negotiator and work-out specialist, and rarely does he take a



Flynn has been involved with more than 750 bankruptcies or work-out situations.

client to the point of filing for bankruptcy protection under either Chapter 11 or Chapter 7 of the code. In most cases, he says, he considers that outcome a flop. He likens it to heart surgery—"preferable only to death."

both sides, the result is almost always negotiable," he says. "It's only when you have ignorance or misunderstanding, on either side, do you actually have to file."

On the other hand, he says that he is reasonable. Some companies, he points

"Many of them don't understand the leverage that Chapter 11 provides them, even if they never intend to file."

Another is that stubborn business owners hang tough in bad situations, mortgaging personal assets and perhaps trying to find a fire-sale buyer when they should have phoned him. He once received a call from a restaurant company that had its leasing company on the premises dragging out the kitchen equipment. That was too late, obviously, for him to do much other than prepare a bankruptcy filing.

He doesn't consider himself expert in any industry, although in the past few years many of his cases have come out of commercial real estate and printing. Printers, he says, have enormous capital needs and thin margins, and a strategic mistake can quickly put them in difficulty.

And although the economy has been strong and credit markets reasonably healthy, so is his practice. "Good times bring the expansions that can lead to difficulty. Companies go one mall too many with a store, that kind of thing," he says. "And in good economic times, there's just as many financial problems; they are just easier to work out." □

Flynn once received a call from a restaurant company that had its leasing company on the premises dragging out the kitchen equipment.

The business might not survive the process, tossing employees out of work and leaving customers in the lurch. And unsecured trade creditors, he says, pay attorneys' fees to likely end up with cents on the dollar for their claims, and they may lose a customer besides.

"If people are reasonable, and most are, and if you can sit down and explain it to

out, "don't deserve to survive."

To do well in this subset of the profession, he believes that a lawyer first needs to have enough business sense to quickly grasp a business's real condition. Then comes the legal experience and knowledge.

"One of my biggest problems is dealing with general corporate lawyers," he says.

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