

As CEO changes, experts say clock is ticking for Rite Aid: Analysts say Standley will face challenging decisions as Sammons' successor and the chain could face restructuring without a rebound in a year or so.

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Jan. 22--The next 18 months could be make-or-break for Rite Aid.

That was the warning from analysts in the wake of Thursday's announcement that Rite Aid President and CEO Mary Sammons would step aside in June.

One analyst said that if the pharmacy giant based in East Pennsboro Twp.

doesn't pull itself up soon, it could face major restructuring -- either in or out of court.

"If they don't perform in the next year or so, the clock may run out," said Howard Davidowitz, of the retail consulting and investment firm Davidowitz & Associates.

In June, Sammons, 63, one of the region's few female CEOs, will step down. Chief operating officer John Standley, 46, of Mechanicsburg, will take over. Sammons will remain as Rite Aid's chairman until 2012.

Rite Aid spokeswoman Karen Rugen said the move was part of the company's regular succession planning.

Analysts said other forces might have been at work.

"Something had to give," Davidowitz said. "Rite Aid has been in a downward spiral. It's a company at risk because of its debt structure. [If someone is in her position] and then nothing happens and results don't come, what do you do? [Sammons] has not delivered results."

Davidowitz said the company must find its unique market and then attack it.

"At the core, their stores didn't work," he said. "That was the real problem, and that was Mary Sammons' job."

Bob Gorland of Matthew P. Casey & Associates, a supermarket and pharmacy consultant in Harrisburg, said the change is good. He said Standley, who recently returned to Rite Aid after a stint at Pathmark, is a strategist who knows how to promote a company.

Standley has challenging decisions in the months ahead, analysts said.

Gorland said he wouldn't be surprised if Standley jumped at the chance to sell stores in some markets or close stores as their leases come up for renewal.

Thursday's announcement came after a tumultuous year at the company.

In 2009, Rite Aid saw its stock price plummet to 20 cents a share, causing the New York Stock Exchange to threaten to de-list it. That was avoided, but the company registered seven consecutive months of sliding same-store sales, including December.

On Thursday, Rite Aid stock was trading up, closing at 1.52 per share.