

Hand cream company leaving Sisters for Ohio

By David Holley / *The Bulletin*

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The owner of a Sisters-based manufacturer of hand and foot creams, O'Keeffe's Co., inked a deal this week to sell her company for an undisclosed amount to The Gorilla Glue Co., a well-known manufacturer of glue and tape products in Cincinnati.

Calling the purchase price "a very comfortable number," Tara O'Keeffe said she signed paperwork with Gorilla Glue representatives Monday. She said the final payment for her company — which she has operated since its inception 16 years ago — was transferred from Gorilla Glue on Wednesday.

"They're going to have the opportunity to grow this product," O'Keeffe, 55, said about Gorilla Glue, adding that the Ohio company sells numerous other products. "I do believe they are the perfect match for where we want to go."

O'Keeffe's moisturizing hand and foot creams began gaining widespread attention after multistate retailer Lowe's, among other stores, began carrying the product, and later began displaying it more prominently near checkouts.

O'Keeffe herself gained recognition in 2009 when she was selected by the U.S. Small Business Administration as Oregon's Small Business Person of the Year.

But O'Keeffe's notoriety wasn't the only thing that led to her selling the company. O'Keeffe said Gorilla Glue was attracted to her company's sizable profit margins and her unique formula for her products.

Officials from Gorilla Glue could not be reached for comment. As a pharmacist, O'Keeffe started her company in her kitchen, where she worked to create a cream that would alleviate cracked, dry hands.

Because she developed the formulas on her own, O'Keeffe said she's been able to keep them secret.



Photos by Ryan Brennecke / The Bulletin

Gorilla Glue employees, from left, Dave Kumpf, Nik Kostopoulos and Mark Kramer work on removing a conveyor belt Thursday afternoon at O'Keeffe's Co., located in Sisters. Tara O'Keeffe sold her company to Cincinnati-based Gorilla Glue for an undisclosed amount.



Photos by Ryan Brennecke / The Bulletin

Gorilla Glue employees, from left, Dave Kumpf, Nik Kostopoulos and Mark Kramer work on removing a conveyor belt Thursday afternoon at O'Keeffe's Co., located in Sisters. Tara O'Keeffe sold her company to Cincinnati-based Gorilla Glue for an undisclosed amount.

She never applied for a patent, which would create a public record of how she makes her product to ensure that others cannot copy her formula, because she believed there were low odds of someone else figuring out her process. If she had obtained a patent, O'Keeffe said it would have expired next year. Thus, the formula would be in the public realm, with little time remaining on the patent, she said.

"It would have been quite a bit less valuable," said O'Keeffe, who also will receive ongoing royalties.

Most of O'Keeffe's 20 employees will lose their jobs, as Gorilla Glue plans to move production of O'Keeffe's Working Hands and Healthy Feet creams to Ohio, O'Keeffe said. One person will stay on with Gorilla Glue, which plans to maintain the O'Keeffe's brand on the product, she said.

O'Keeffe said she is paying for an employment training and placement service to aid her former employees in their search for new jobs. She said each of her workers, many of whom had their final day Wednesday, also will receive a bonus.

It may have been more than merely the distance from Gorilla Glue's headquarters that kept the operation from staying in Sisters. Keeping the manufacturing in Central Oregon would have been possible for these buyers, or others who were interested in O'Keeffe's products, she said, if not for the tax impact of the recently passed Measures 66 and 67. Measure 66 raised the personal income tax on joint filers with taxable income of at least \$250,000 and single filers with taxable income of at least \$125,000, while 67 raised corporate taxes.

"The business climate in Oregon just does not provide an incentive for people to move businesses to Oregon," she said. "Quite the opposite."

O'Keeffe said the passage of Measure 67 had a financial impact on her operations, which she said produced about \$2 million a year in revenue. She said the new taxes force employers to consider what they can cut in order to stay in business. Often the only things available are jobs, she said.

"That kind of taxation ... will ultimately result in a continued loss of jobs," O'Keeffe said.

The two measures have already impacted Central Oregon's economy in other ways, said Roger Lee, executive director of Economic Development for Central Oregon.

He said one technology firm, which was considering locating in Central Oregon, decided to relocate out of state after the measures passed. Another company, the name of which Lee said he could not disclose, has plans to move out of the state in hopes of saving \$10,000 a year on taxes, Lee said.



Mathew Hanna, left, and Dave Rimel remove office furniture from O'Keeffe's Co. in Sisters on Thursday afternoon.



Tara O'Keeffe

Even if they aren't leaving for tax reasons, there are instances of businesses leaving Central Oregon after being sold to a company in another state.

"It's especially hard for Sisters because this is a story that has been replayed here several times," Lee said. "There's a frustration about that."

Still, Lee said it's important to keep in mind that the goal for many small-business owners is to do just what O'Keeffe did: sell.

Sisters Mayor Lon Kellstrom said people understand the opportunity presented to O'Keeffe, but it's still disappointing for people to lose jobs.

"It's a good thing/bad thing kind of deal," he said.

With other companies having left before, Kellstrom said the city is anxious and looking for business owners to move there. He said additional taxes on businesses are proving to be a problem for economic development in Sisters, as well as every other city in Oregon.

"There's only so much we can do," however, Kellstrom said. "We'll just have to grit our teeth."

O'Keeffe said it was difficult, but necessary, to sell the company and the formula she invented. She said she informed employees last week after she realized the deal with Gorilla Glue was a possibility.

"They understand why I need to do this at this time, personally, but also for the brand," said O'Keeffe, who plans to keep working as a pharmacist and giving presentations to young people about owning a business. "It's a little bit like sending your child off to college. You need to take this next step."

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