Personal Buy-out Preparation

By Paperitalo Staff

I spend a lot of my time these days talking to investment bankers. Their interest is buying into deals, looking at bankrupt companies for possible purchase and so forth. In short, they are looking for nuggets in the pulp and paper industry. Such are the fortunes of a mature industry.

If you have been located in a mill or headquarters for some period of time, you may have already seen company names and logos come and go, while you personally occupied the same space.

Observing colleagues up close and personal, I have noticed a number of behaviors that could use some improvement, to the benefit of the person whose career may be affected.

Fallacy 1. This is the global concept that the new owners are not knowledgeable of the industry and intend to be “caretakers” leaving the business alone to run as it has been run in the past. Now, why would they do that? First off, they are the owners—they get to make the decisions. Secondly, if the business was so great before, why was it for sale or why was it in bankruptcy? There are going to be changes.

Fallacy 2. Many people seem to think they have some sort of implied contract. It goes something like this: “Well, when I came here they told me this position is indispensable and vital to the operation of the business.” This is an implied contract. It means nothing to the new owners. The position you hold may really be indispensable in some scheme of things, but that does not keep them from making a mistake and eliminating it (and you) anyway.

Fallacy 3. You have such a big ego that you think the place cannot run without you. You have been there so long, know so much of the details of the inner workings, that not your position, but you in particular are indispensable. Wake up—no one is indispensable.

Fallacy 4. “It is a relief that XYZ Company is going to buy us. Their executive vice president is a good friend of mine.” If the executive vice president is doing their fiduciary duty, they will evaluate everything in cold hard business terms. It could be that your friendship with this person only means they will call you up personally to fire you instead of having some underling do it.

Fallacy 5. The first couple of years of new ownership have gone by with little change. Things must be stable. Consider this: the new owners may be taking a longer view, gathering data and then

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deciding what to do. I would be surprised if stability, if it ever comes, occurs less than five years after a change in ownership.

Fallacy 6. “We’ve gone through three owners here in my career, nothing ever changes.” It just may be that owner number 4 is the one to make changes. Owners are not alike. The behavior of one has nothing to do with the behavior of another.

Fallacy 7. You are so clueless as to the culture problems, technical problems and marketing problems at your facility that it never occurs to you that anything could change. You are in for a rude awakening.

So, how do you get ready for an ownership change? Be brutally honest with yourself as to the viability of your facility, your position and yourself. Always keep your résumé up to date.

When should you start preparing for an ownership change? The day you started to work at the facility currently employing you. You should always be prepared for an ownership change.

There is one area that should never change, and you know what it is: safety. Safety is worth standing up for and defending, regardless of the owner of your company.

Be safe and we will talk next week. ##

