

Are You Still Here?

By James A. Russell | *Partner, New Direction Partners*



At New Direction Partners, we often advise selling owners of printing businesses to be prepared to stay on in one role or another after the transaction closes. Because keeping a hand in the business at the new owner's request is a given in so many deals, it's helpful to have some idea of what the responsibility is going to entail and what psychological adjustments are going to be needed along the way.

The first thing a seller wants to know is, how long will the post-sale commitment have to last? The general answer is, long enough to leave the new owner feeling confident that sales will be retained and that key personnel will stay at their posts. If you, as the seller, have been deeply involved in sales and client relationships, you should count on continuing to do these things for at least six months to perhaps three years or more. This is an especially likely outcome for owners handling books of business in small printing companies.

The nature of the transaction also determines the seller's ongoing role. If the acquisition was a financial play by a private-equity investor with no prior experience in the printing industry, then the selling owner's leadership profile probably will not change much during the transition period. In a tuck-in, on the other hand, the seller becomes redundant as the CEO and may have to accept a different set of duties.

But, the seller's intentions have a bearing as well, and buyers usually are willing to accommodate them. We recently managed the sale of a company whose owner wanted to get out of the day-to-day chores of running the business. However, he was still relatively young and wanted to remain engaged in some other way. The new owner's solution was to return him to sales, where he's doing nicely and feeling good about the way things worked out.

In another deal, the sellers were two family members: one in charge, the other in a mid-level position. The buyer gave the boss the exit he was looking for, enabling the other seller to move into the top spot during the handover—the move he wanted to make.

There are no hard and fast rules for the transition process, and initial plans can be subject to change. What often happens is that within the first few months, the new owner realizes that the seller's presence isn't as essential as first believed. Then the seller may switch from active consulting to a standby role, compensated in both cases as per the terms of the original agreement with the buyer.

The reality is that new ownership brings new perspectives that may not square with the seller's way of doing things—or may never have occurred to the seller in the first place. For example, employees valued by the seller may appear mediocre at best in the eyes of the buyer, who may have legitimate reasons for viewing them this way.

Sellers usually find that in the long run, the buyers' decisions turn out to be wise ones. As a seller who's staying on, you can help to bring about a smooth, productive transition by:

- remembering that it's no longer your company and that as a result, the final say isn't yours any more, either;
- supporting the new ownership team to help them succeed;
- for the good of the company, giving them the benefit of the doubt even when you don't agree with steps they have taken.

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Thinking and acting in this way is as much in your interest as it is in the new owner's. When the transition is done, you'll move on to whatever comes next with all the satisfaction that a job well done can give you.

New Direction Partners is an investment banking and financial advisory services formed by Peter Schaefer, Paul Reilly, Jim Russell and Tom Williams to serve the printing and related industries. Services include merger advisory services through the representation of selling shareholders as well as buy side representation, valuation services, financing and refinancing efforts, turnaround and restructuring services, and temporary/interim management consulting. To learn more about New Direction Partners, visit New Direction Partners' website at www.newdirectionpartners.com.