

The Viscusi Guide For What To Do If Your Company is Sold: Ask For a Stay Bonus or Leave

Dear Stephen:

It seems like every time you turn around another furniture company is being bought or sold. Sometimes the entire company is snatched up by a venture capital firm, and other times it is just a portion of the company that gets bought by another manufacturer.

Some of these acquisitions are ancient history, like Spinneybeck and Edelman which were bought by Knoll years ago, and others are newer, like Holly Hunt and Dates/Weiser, which were bought by Knoll more recently. Haworth invested in Luminaire and JANUS et Cie, and they keep buying Italian companies. HNI bought Allsteel and HBF, and Herman Miller bought Geiger, Maharam and Design Within Reach. And even more companies have been involved in these sorts of deals. The venture capital deals started a couple of years ago out of nowhere when VC companies we never heard of bought companies like Clarus, and now other VC companies are adding textiles convertors to their

portfolios right and left. Carnegie is the latest investment of a VC company.

Ultimately, this all affects me because I am nervous my company is in the process of being shopped or may soon be sold. There has been a lot of chatter around the office and everyone is on edge. I have been here 10 years and love both the product and my job. I just want to know if I should be nervous about losing it. I hear different stories and rumors whenever this stuff happens.

Friends of mine at DWR said it let a lot of people go as Herman Miller re-organized the DWR division, and that the same thing happened at Clarus. So many people were fired. But I also have a friend who is a VP at Holly Hunt and allegedly got a six figure “stay bonus” after Knoll acquired the company, since she was considered a valuable resource. Yet another friend of mine in sales told me when Knoll bought Dates/Wieser they took a “haircut,” and



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Questions selected to be answered, will appear in this column. Please use the Subject: Stephen Says for all emails. Stephen Viscusi is a bestselling author, television personality, and CEO of The Viscusi Group, global executive recruiters located in New York. Follow Stephen on Twitter @WorkplaceGuru, Like Stephen on Facebook; and follow him on LinkedIn.

this person supposedly was not offered a stay bonus. It just seems like there is so much that could happen.

I work in outside sales for a small manufacturer. What should my strategy be if my company is acquired by a VC company or is sold to another furniture manufacturer in our industry? Do I ask for something specific, or do I start looking for another job right away? Some of these companies acquiring other companies are publicly traded, and I understand their obligation is to their shareholders not their employees, but it's so ruthless. I think their hearts are as black as one of the showroom colors I saw during NeoCon. This all terrifies me. Please help!

Hanging On By A Thread

Dear Hanging On,

The protocol is as follows: There is no protocol. This world of acquisitions and mergers is like the Wild West. Your options vary tremendously depending on your title and even where you live. I'm going to respond directly to you as a sales rep because you were smart enough to ask the question and also because those C-suite people have a better grasp on how to deal with all this business flux.

The bottom line is it is not usually a bad thing for sales reps when their companies are sold. Most of the boutique companies are being sold because they were started by creative geniuses who found a niche market — but didn't have the business acumen or cash flow to grow their business. There are also a fair number of cases — including, I suspect, the recent acquisitions that you mentioned — where the owners are just getting old. My point is these companies are usually (not always, mind you, but usually) bought because the purchaser sees the opportunity to build the company and generate profit. This is the main reason salespeople tend to do alright in this process — these companies need salespeople who know the customers. Customer contacts are key to making yourself valuable when the company is sold.

I am not privy to any of the specific deals you mention your friends getting or not getting, but they are all

classic examples of things that can and do happen. A lot of what you hear may be rumor — people are always counting other people's money — but at least some of it is likely true. It can often, however, feel like there is no rhyme or reason to the way these deals pan out. One VP of sales may get a stay bonus, which essentially says stay for two years during the transition, and we will give you \$X, but another high-level employee might be let go. On the other hand, if you are a key salesperson in a major market like NYC and control a lot of your company's customers, no matter how hot the product is, there is a pretty good chance you will either be offered a stay bonus, or they'll give you one if you ask for it. Which is to say, sometimes, as a salesperson, you have to ask.

Smaller companies like yours tend to pay better, so yeah, it might be preferential to jump to a different company if you're thinking of being there for the next 20 years and a major company with a strong brand just bought your smaller company. Before you make that decision, though, you should recognize if you are in a market where you helped build the brand you can ask for a stay bonus that could be worth as much as \$50K or \$100K, whatever seems appropriate relative to your necessity during the transitional period.

Let's be candid: These tech bros walking into the furniture industry are as clueless as seventh-grade boys at a middle school dance. For

these companies to succeed, they will need experienced salespeople to keep the ship sailing straight. Now, if you are — to put it in terms some of these VC types might use — inessential to the continued success of the company (meaning you have a job that can easily be done by someone else), you will want to get your resume ready and start looking. These companies like to clear house and bring in their own people, so if you are replaceable, it is fair to assume you will be replaced.

So what does this all mean? Our industry is in the midst of a seismic shift. Remember what I said before, “residential” is the new “contract.” More acquisitions will come because major manufacturers have run out of ideas about how to build their own brands, and it is easier to buy someone else's brand and market share than create your own. And it isn't only a Russian doll of furniture companies, there is also a lot of VC money coming into the industry and shaking things up. My point is this chaotic environment can be great for good sales reps. Either a VC company will pay you a massive stay bonus, or you will be able to find a job because of all the movement happening across the industry.

I know it can be scary to be immersed in an unstable situation, but do not be afraid of being acquired. Embrace it armed with this new information. I always tell salespeople to be more concerned about a new boss than a new owner!

Stephen