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GROWTH STRATEGIES

In transition, institutional knowledge never hurts

By ADINA GENN

Acquiring a healthy business can bring a windfall of resources: robust client rosters, capital assets and, sometimes, institutional knowledge that allows for further growth, if you know where to find it.

Jonathan White saw that kind of potential in December 2006 when his firm – third-generation coffee importer White Coffee of Long Island City – acquired Lindenhurst-based J&C Distributors, a wholesale distributor in the Latino market headed by Juan Rameriz. White recognized an opportunity to create new relationships in the Latino community, and to that end invited Rameriz to stay on in a key sales role.

WHITE COFFEE
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Though some of his employees spoke Spanish, they lacked Rameriz's built-in knowledge and contacts. "We were not doing a great job," White said of White Coffee's previous efforts to expand into growing Hispanic markets. "We didn't know the players."

With Rameriz on the team, White could not only learn the Latino players he could tap supermarkets and beverage distributors in a way J&C couldn't on its own, offering a new array of private label and packaging resources.

A post-acquisition company can typically use a previous owner's expertise for at least a year, according to John Harrison, a principal at Rockville Centre-based merger and acquisitions consultancy Miller + Harrison, which specializes in the advertising and public relations sectors. A year "is necessary for effective transition," said Harrison, who has acquired nine different firms as an advertising executive.

MILLER & HARRISON
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Aside from ensuring the satisfaction of long-term clients, the new team must also foster a sense of leadership – retaining old leaders can help, he added. And a seller typically wants to stay on to see the transition succeed, said Harrison, who considers it a warning sign if a seller is too eager to move on.

"If it's cut-and-run," he said, "something is wrong with the deal."

Harrison recommends renewable annual contracts, although some former owners may want to play an active senior-level role. This can also be critical to the management of a newly expanded firm, he said, depending on the circumstances.

When Lessing's – an Oakdale-based company that owns and manages restaurants, catering halls and country club dining facilities – added Stony Brook-based Three Village Inn to its mix in March 2006, the company retained Lou Miaritis, the previous Three Village owner, and appointed him to the Lessing's executive committee.

"He's had great experience," said Development Director Kevin Lessing. "When you have a family business that's over 100 years old, it's good to have different views."

LESSING'S
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For continuity, Jim Miaritis – Lou's father and "the personality of the place," Lessing noted – also stayed on in a greet-and-seat capacity. The Three Village Inn includes a 26-room hotel, the first Lessing's property to feature lodging; the Lessing clan learned that business through Miaritis and his father.

But even extra layers of continuity cannot always ensure a smooth or foolproof transition. Looking back, White now wishes his company had "tried to get a better handle on product mix" during the transition. Not wanting to be caught unprepared, "we loaded up with too much inventory," he said.

But on the plus side, of the 100 accounts White Coffee gained through the acquisition, "we didn't lose any business," he added.

COFFEE MATES: Sensing expanded opportunities, Jonathan (left) and Gregory White kept on Juan Ramirez (right) when their White Coffee acquired Ramirez's J&C Distributors.