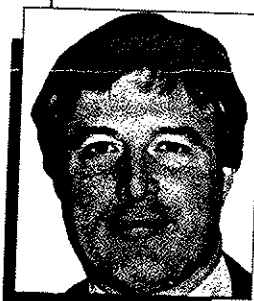


# BOARD ROOM

## Who benefits from acquisitions?

by Blair Labatt, Jr.



Given the latest round of mergers, it may strike a balance to hear from someone who does not willingly take those calls.

An independent ought to reaffirm the value of what he is doing. There is a value in creating an environment where every person plays a significant part in the company's future. There is a value in the synergy whereby, because of other people, each individual becomes actually smarter, stronger—and therefore safer. There is a value in what Faulkner calls "the pleasure of the shrewd dealing which far transcends mere gross profit."

Above all, entrepreneurship has to do with the urge to make institutions, to build something lasting, greater than one man's energy or his life—something a little like Shakespeare's dream of immortality through poetry: "Not marble, nor the gilded monuments/Of princes, shall outlive this powerful rhyme."

But institutions, unlike poems, must be nurtured and continually rebuilt. Through the cultural values we build, the stories we tell, we must constantly define and redefine who we want to be. Through the way we repeople the institution, we choose whether we really want to perpetuate what we are.

Faced with all this gobbling-up, perhaps we should ask: Since institutions are hard to build, isn't it

also true that sudden false moves can ruin them overnight? The players of the acquisition game may in fact have hard times in trying to benefit from their purchases.

Experience shows that the temptation is great to impose new purchasing practices, lines, methods of costing, compensation plans, even item numbering systems.

Salespeople become miserable. Customers are confronted with inflexibility, new rules, and an erosion of old services. Chain customers, who are led to expect homogeneous item selections and consistent pricing, find that one warehouse does not actually conform to another, and that the urge to impose uniformity has in fact broken what was already there. One conglomerate recently acquired a "Top 50" company and one year later had retained only three of 30 salespeople, only half the sales volume.

An entrepreneur committed to building should see this instability in his marketplace as a benefit to himself. Of all the key cultural values, surely one of the foremost is that change is opportunity. My own company would certainly still be a minnow but that somebody else mismanaged a good salesman, somebody else bullied a supplier, somebody else took a customer for granted.

Our job is to be ready when somebody else does all these things. Ready to restore stability, ready to offer people a home. Ready to build.

*Blair Labatt, Jr., is president of Labatt Institutional Supply Co., San Antonio, Tex.*

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**EDITORIAL OFFICES**

833 Third Ave.  
New York, N.Y. 10017 (212) 986-4800

**SALES OFFICES**

**EASTERN:** 633 Third Ave., New York, N.Y. 10017  
986-4800. Stanley J. Romaine, Executive Vice President, Benson A. Briggs, Middle Atlantic Marketing Representative.

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