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A recession takes no prisoners

It seems Paul Gordon of the Peoria *Journal Star* hit a chord last week.

Two metal fabricators in Morton, Ill., southeast of Peoria, changed ownership on the same day: Friday, June 26. **Morton Welding,** previously owned by Michigan-based **BHM Technologies,** was brought back under local ownership by a group of small investors. Another firm—**Morton Metalcraft,** currently undergoing bankruptcy reorganization—was sold to a Canadian company.

There's more to it than that—much more, judging by the **reader comments** posted under Gordon's stories. I always read these kinds of comments with a grain of salt. The Internet has had the unfortunate (or fortunate, depending on your point of view) effect of making a company's water-cooler chatter a matter of public record. I haven't fact-checked or verified any of these comments, so I won't repeat them here, but they at least give an inkling of some general attitudes.

Much of the angst probably comes from a general unease about being bought and sold, in Morton Metalcraft's case especially. In 2006 the company's majority owner, Brazos Private Equity Partners, took an 80 percent stake in the public company and made it private. Late last month the company changed hands again. The new owner, Ontario-based Matcor Metal Fabrication Inc., is part of the **Matsu Group,** which operates metal fabricators and stampers in Ontario, Kansas, Alabama, and, now, Illinois.

Meanwhile, several miles away, Morton Welding went back under local ownership after being sold to Thayer Capital Partners (yet another private equity firm) in 2004 and then to BHM Technologies, the same company that owns Heckethorn, an auto stamping supplier in Tennessee, as well as Michigan-based stamper Brown Company of America, with plants in the U.S., Mexico, and Eastern Europe.

Today the owners of Morton Welding (now called Morton Industries) live within driving distance of the plant. "There was still quite a bit of affection for this company locally," company President Chris Ober told the ***Journal Star.*** "So when the opportunity arose, a group of about a dozen major investors and other, smaller investors decided to return it to local ownership."

That's some feel-good news. Local ownership gives a sense of pride and control, foreign ownership the opposite. But reading these two articles, I couldn't help but think about one, perhaps somewhat bitter silver lining to this whole recession. As I've stated previously in **this blog,** the recession seems to be taking no prisoners, and it's revealing weaknesses in numerous firms, whether they're locally owned or part of global conglomerates. If managers decided to grow a company aggressively and took on hefty debt loads to do it, they're now paying the price.

The successful companies I've visited over the years seem to have several things in common: They have a diverse customer base. They grew when they could, but didn't overleverage. And, as always, quality and on-time delivery reigned supreme. It's simple to type, hard to do, but I've been lucky enough to see some of those shops in action. It's my hope that more such fabricators emerge from this downturn stronger than ever.

Posted At : 8:13 AM. | Posted By : Tim Heston