



T&G Staff/MARK C. IDE

Expert Laser Services Inc. CEO Luke J. Carpentier, right, sits in the foreground as Production Manager Richard L'Heureux and technician Judith E. Tryba work at the Southbridge company earlier this week.

'A win all around'

ESOP gives Southbridge firm's employee-owners a bigger stake

by John Dignam
TELEGRAM & GAZETTE STAFF

SOUTHBRIDGE—As he began thinking about the future of his company without him, Luke J. Carpentier remembers, he was hearing news reports about company buy-outs and lost jobs, new management and ruinous changes.

"I didn't want it to happen here," said Mr. Carpentier, 50, owner of Expert Laser Services Inc. "I couldn't let it go to somebody who could possibly destroy it, to a new management that would change the rules."

On March 12, he finalized the sale of the company to people he is confident will keep it moving forward—his employees.

Expert Laser Services, with 22 employees, has become one of an estimated 10,000 companies in the country with employee stock ownership plans, or ESOPs, which allow workers to become the owners of their companies.

Under the plan, a trust was set up to buy the company, holding 51 percent of the stock, which will be appor-

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tioned among the employees.

The debt will be paid off in seven years and all the stock will be assigned to employees. The workers’ ownership of the stock becomes their retirement fund. When they retire, they sell their shares to the trust.

Mr. Carpentier will serve as chief executive officer until the debt is paid off in seven years. At that time, he could serve as a trustee “if the employees want me to,” he said.

“This is a win all around. Now, everybody’s involved. Everybody has a piece of the action,” he said.

“Nobody just does this for his employees, but Luke did,” said Robert P. Chernisky, an applications specialist who has been with the company five years.

“To see what an owner has done here is remarkable. He has enabled his employees to buy this company. This has always been a very positive place to come to work. Now, the company has put people in a position to have a say in their future,” Mr. Chernisky said.

Michael Keeling, president of The ESOP Association in Washington, B.C., said ESOP plans at companies as small as Expert Laser Services are unusual, but not unique.

“Companies with 20 to 50 employees probably make up 10 percent of the ESOP companies worldwide,” he said.

More than half the country’s ESOPs have fewer than 250 employees and sales averaging \$5 million to \$50 million per year, according to ESOP Association figures from 2000, the most recent available.

Expert Laser Services’ sales last year were \$2 million, according to Mr. Carpentier.

Coincidentally, Southbridge also is home to a branch of what may be the world’s largest ESOP company, Science Applications International Corp. of Seattle, which has 45,000 employees worldwide. SAIC heads a consortium that trains Department of Defense employees at the DOD training center here.

The company is privately held, and stock is set annually by a management firm, according to Mr. Carpentier.

Mr. Chernisky is one of four employees serving as trustees for Expert Laser Services, which he likened to a board of directors. He said an ESOP committee will soon be formed to explain the program to employees.

“That committee takes responsibility for the program and really makes it happen. We’ve really just gotten the ball rolling,” he said.

Mr. Carpentier said he believed the employees would thrive knowing that how well they do their jobs would directly impact the company’s fortunes, its stock value and, thus, their retirement savings. “We have a very good nucleus of employees for long-term growth,” he said.

Chief Financial Officer Eric Willard was hired last May. He said he took the job in part because of the prospect of the ESOP.

“If you have a 401(k) retirement plan, you really know nothing about the fund. But in an ESOP, we know the business and we can maximize what we get in retirement. The risk is in our own hands,” he said.

Mr. Carpentier began Expert Laser Services 15 years ago in the basement of his home on Oak Street by rebuilding the three types of toner cartridges that, at that time, were used in laser printers, photocopiers and fax machines.

He would visit area companies to solicit business during the day and bring home empty cartridges to clean, rebuild and refill at night. “I saw an opportunity,” he said.

He had earlier owned a printing company and stationer here that failed, then worked a year in construction before realizing that the increasing use of copiers and printers offered growing opportunities to service the industry.

“When you fall down, you get back up,” he said of his earlier business, “and you can learn a lot, although maybe you don’t realize it at the time.”

After two years, Expert Laser Services moved from Mr. Carpentier’s house to 3,000 square feet of space at One North Street. It expanded to 7,000 square feet four years ago, and by September will add another 5,000 square feet of space at that site.

Also, the company within the past two years bought existing businesses in West Boylston and Webster that now serve as copy, sales and service centers.

Today, the company sells new and used laser printers, copiers, fax and multifunction machines; offers more than 40 types of toner cartridges that it remanufactures; and offers service and supply plans to businesses and organizations throughout Central and Eastern Massachusetts, as well as

New Hampshire and Connecticut.

The company currently has 2,500 laser printers and 200 copiers under service and supply contracts, and this month added its seventh van to its fleet.

Mr. Carpentier said the company has steadily grown since he started it and the new owners—the employees—have expanding opportunities for business growth through such things as the increased use of scanners for keeping documents and color for in-house printing.

Amidst that growth, though, Mr. Carpentier began thinking about the company’s future two years ago because a progressive hearing loss he has, had worsened. “I was looking for a succession plan. I could have sold the company and taken a nice profit, but that was short-term and I was looking long-term,” he said.

He said he read about ESOPs “and I fell in love with the concept.”

Over 18 months he attended trade shows and conferences, hired companies to do feasibility studies, analyses and assessments and, finally, worked with another company to plan the myriad details to tailor a program to his company.

He said he personally paid the costs of those efforts, which he estimated at \$40,000, to date, “and all the bills aren’t in.”

Mr. Carpentier said special provisions were set up so that no individual can garner a concentration of stocks; a situation Mr. Keeling said is one of the major pitfalls for smaller companies establishing ESOPs.

“It’s all signed,” Mr. Carpentier said of the ESOP. “Now the employees have a high financial stake in how the company does. Now I’m asking for more input. I want to get more people involved in the company. I want them to feel like owners.”

“We appreciate it,” said production manager Richard L’Heureux, who was Mr. Carpentier’s first employee, hired in 1992 to help remanufacture toner cartridges.

“He always allowed employees to have input. If we had a better idea, we discussed it with him. I always worked as if I were an owner anyway,” he said.

And Mr. Carpentier has always been an employee. He said he comes to work between 3 and 4 a.m. to do bookwork and typically doesn’t leave until 6:30 p.m. He also regularly goes on the road to service customers, still carries tools in his van and still does repair work.

“I love what I do,” he said.