



## Bloomberg Profile: Kazarian Play for Borden

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Anyone who thinks Borden Inc.'s \$2 billion agreement to sell itself to Kohlberg Kravis Roberts & Co. would scare off takeover artist Paul Kazarian probably never saw him play football.

The diminutive Kazarian, who counts legendary Green Bay Packers coach Vince Lombardi among his heroes, remembers covering a receiver in college who dwarfed him by a foot.

"I'd hit him in the back of the helmet to jolt his head," Kazarian recalled with relish. "Then I'd smash his knees to cut him down."

After bombarding Borden with letters for months, Kazarian, the former chairman of Sunbeam-Oster Co., was granted a meeting with company officials last night to discuss his interest in bidding against KKR for the troubled food giant.

True to form, he presented Borden with a "letter of continuing interest" that people close to Borden described as odd, if not unique. The letter presents a wide variety of possible structures for a transaction that could give Kazarian's group 20% to 90% control.

"I refer to it as kind of a Wal-Mart approach to teamwork business," Kazarian told Bloomberg Business News. "We basically offered the company a menu of options." The letter also refers to Kazarian's "positive operating philosophy of Dynamic Tension."

### Working-Class Roots

Kazarian, a slender man with wire-rimmed glasses, grew up in a gritty, working-class neighborhood in Pawtucket, R.I. His father, who spoke Armenian at home, forbade him from joining the back-breaking family business, an oil-delivery firm.

Instead, Kazarian graduated from tiny Bates College in Maine and graduate schools at Brown University and Columbia University. After his stretch as an investment banker at Goldman, his father sold his business and gave his son \$500,000. In 1987 Kazarian founded Japonica, named after the street where he grew up.

Kazarian used the \$500,000 as seed money to help bring Sunbeam out of bankruptcy court for \$660 million in 1990. Kazarian's intellect and financial acumen attracted his former Goldman

clients, Michael Steinhardt and Michael Price, who were among the limited partners in Kazarian's partnership to buy a 97% stake in the Fortune 300 diversified conglomerate.

## **No Velvet Gloves**

Not one for gentle diplomacy, the brash Kazarian made top executives like Setrakian take basic math quizzes, excoriated them in front of co-workers, and called them at home after midnight to brainstorm.

His zeal to stoke competition surfaced at management meetings, where he asked underlings to disclose their salaries and value their stock options, believing it would spur harder work among those who made less money.

"He is incredibly smart, intense and focused on the bottom line," said Scott Anderson, a former sales manager at Sunbeam who now works at Windmere Corp. "But he is not big on common courtesies."

## **Education, Education, Education**

Kazarian, in an interview last year, looked back at his conduct as a necessary shock treatment for a dying company.

Indeed, the company struggled when it was Allegheny International Inc., losing \$95.3 million in 1990, the year Kazarian and his two partners bought a majority stake. By 1992, Kazarian's last full year at the helm, Sunbeam posted a \$48.3 million profit.

Much of Kazarian's success stemmed from educating employees at all level on global benchmarking and best practice. He said he set out to create an "air of humility" among employees at Allegheny, whose extravagance had included a fleet of five jets dubbed the "Allegheny Air Force" and a lavish guesthouse near its Pittsburgh headquarters.

"There was an entire floor of the office building for six executives," Kazarian said. "There was a Matisse on the wall and bullet-proof glass in automated doors. It was disgusting."

Kazarian sees the same sort of opportunity in Borden, a loss-plagued company that is trying to rebound from a series of failed acquisitions in the 1980s.

"I think he sees in Borden what he saw in Sunbeam -- a company that has stumbled," said Richard Nicolazzo, a spokesman for Kazarian.

## Successful Playbook

While his tactical maneuvers with Borden may seem strange, off-beat techniques have worked for Kazarian before.

Lew Davis, a Pittsburgh bankruptcy attorney who represented Allegheny in negotiations with Japonica, recalls Kazarian wearing a T-shirt and baseball cap to a deposition filled with pin-striped lawyers and executives. At one point, Davis said, Kazarian bit off the tip of a cigar and spit it on the floor.

"I'm convinced he did that stuff to disarm people," Davis said. "He is definitely one of the most brilliant people I've ever met."

And reports of bizarre conduct don't surprise Webb Harrison, Kazarian's football coach at Bates College. Harrison still remembers Kazarian as one of the hardest-working, driven athletes he ever coached.

"He hit so hard," Harrison recalled. "When he came after you, you knew it."

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(Story illustration: For a three-month graph of Borden's stock price changes, see BN US <Equity> GP Go. For a graph of the stock's movement today, see BN US <Equity> GIP Go.

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**Abridged and corrected.**

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