

# Exit strategies urged for entrepreneurs

Planning well especially vital, expert advises

By Ryan Carter  
Staff Writer

Royce Stutzman knew several years ago that as baby boomers began retiring, they would need advice on how to unload their businesses.

As an accountant, his clients kept asking about it. Stutzman is president and founder of Exit Transition Strategies LLC in Glendora.

The problem was, his clients were asking others, too, and getting different answers from accountants, lawyers and bankers.

"They would end up sitting there and doing nothing," he said.

But the stakes of doing nothing are high, said Stutzman, an accountant who ultimately made business exiting strategy — the logistics of turning over a business — his business.

Business owners who don't plan well for exiting their business could find themselves losing it and getting nothing for it. Or, having a chance to save it, they lose the attraction from buyers because bad planning led the firm to near bankruptcy.

As the economy slogs through a deep recession, planning is vital, Stutzman said.

"It's a tough market out there — buyers are more demanding than ever before," he said.

He offered a few tips for business owners looking to exit their companies with something to show for years of hard work. His advice is designed to enable exiting owners "to build the story" of the business and ensure they can get maximum value for it.

■ **Plan.** Research shows that 25 percent of business owners have planned or researched how to unload their business — or whether the business is even viable in a new market.

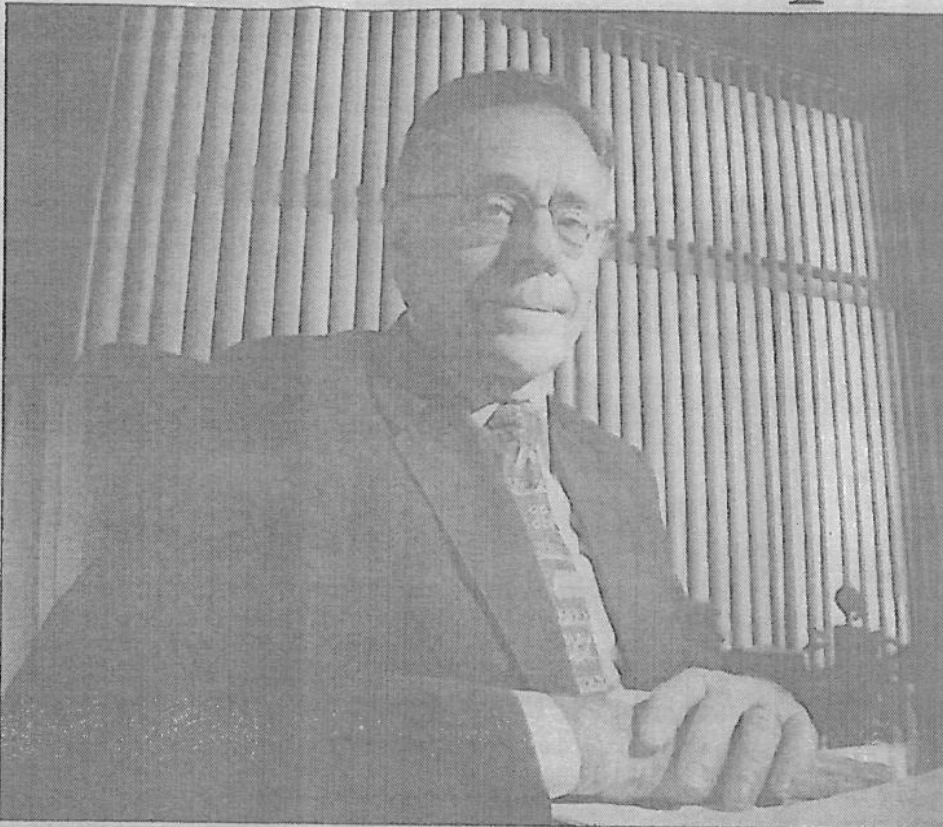
■ **Use this time.** In the current economic climate, many business owners, uncertain about their futures, decide to wait before they unload the enterprise, Stutzman said. You may have to work a little longer, he added.

"But that's the time when I think those owners who have not done anything have an excellent opportunity to get their shop in shape," he said.

■ **Ask questions of yourself,** to look good for a potential buyer.

"Owners almost carry marginal employees too long," Stutzman said.

"Do I really need to have this cadre of people? What's the culture of the business?"



Royce Stutzman, president of Exit Transition Strategies, is pictured at his Glendora office earlier this month.

Leo Jarzomb/Staff Photographer

■ **Plan for afterward.**

"What are you going to do when you don't have the business anymore?" Stutzman said.

That's the most difficult issue for entrepreneurs, he said.

What to do with the business was something Bill Hughes, 80, and his wife Lydia grappled with before high rent forced them to either move their Morrissey's Catholic Gifts business from Uptown Whittier or close.

Faced with the prospect of having to move the business, the couple, who bought it in 1989, could have retired. They could have sold it.

Instead, they decided to

move to another location on east Whittier Boulevard, which was easier to get to, Hughes said.

Their idea was that it ultimately would be more attractive to a potential buyer in about a year.

There were other issues.

"This is not the kind of business every Tom, Dick and Harry can walk into," he said, adding that religious background plays a role in its operation. "You can't be out for the money. There's more lows than highs in this type of business."

Not only that, but selling immediately or just going out of business would not be fair to the employees or to a community of loyal customers, he said.

Hughes agreed with Stutzman that planning is vital.

"It's very important to plan ahead," he said. "When opportunity strikes, you can take advantage of it."

These days, many people are holding on and waiting for that better opportunity, Stutzman said.

"We're in an economy that's on the skids ... and (business owners) are looking at that and saying 'I'm not sure I can move out when I expected to,'" he said.

The key is to be ready.

"Make tough decisions now and be ready in a year or two," he said.