

Savvy Strategies for Business Exit Planning: Entrepreneur Lessons Learned

Posted: March 24th, 2023

Are you planning to sell your business? Contemplating a merger or acquisition? OCCF recently gathered leading expert advisors and entrepreneurs to share lessons learned and best practices when planning for the sale of a privately held business and the role charitable giving can play in the process.

In **Part 3** of our three-part series, we bring you some lessons learned from our panel of entrepreneurs for planning and executing the business transaction.

On Advisors

- “Key advisors (lawyers, accountants) who have been through similar business transactions are so important. Selling your business is not like selling real estate as it’s so specific.”- Doug Circle
- “We did a really good job of not overselling ourselves and relied highly on professionals to do that for us. We started to find the right advisors early and I think it’s the thing that people tend to think about and maybe skimp on. In the end, I think our deal value was almost double due to our advisors.” – Larry Green

On Selling a Company

- “We had an outside advisory board who brought objectivity to running the business. They helped me think about things differently and view organizational issues and value from both the seller and buyer side. The Board recognized what the buyer was buying and it includes the management team that needed to be strong and capable to run the business without the founder or CEO.” – Doug Circle
- “Vern Law said ‘Experience is a hard teacher because she gives us the test first’. People don’t talk about finding advisors to represent you and dealing with all the groundwork to sell and you are still running a company. Having two jobs is exhausting.” – Jan Steiner
- “One of the things I think played so well into our sale is that I brought on a CEO to replace me 18 months before the transaction closed. They had past experience selling a business and they were respected by staff and leadership. There comes a time as a founder where you want to

hand things over and you know somebody else can do it, somebody else who's been there before. But, I had almost no disruption in my life whatsoever." – Larry Green

On Timing The Sale

- "We owned a little over 50% of the strawberry market share and food safety was just starting to raise its head. I didn't even recognize that risk was possible, and I should consider diversifying in order to protect myself from long-term food safety issues." - Larry Green
- "Sometimes luck and timing play a big piece in when you sell. There was a lot of market consolidation going on in the remodeling industry and that helped boost valuations. It was a perfect time to sell." - Larry Green

On Value

- "Most buyers are buying the business for what it offers them in the future and what they might sell it for five years from now. Invest in the business for what it will be worth five years after the transaction – it will help you maximize value." -Doug Circle
- "Most employees believe that once you sell the business, they're going to get fired. Almost always, the contrary is true -- the buyer is buying your management team, your leadership, your great employees. So, we had to be very thoughtful to communicate that message and not only the fact that they were valuable, but that they have opportunities going forward, which they did and continue to have." -Larry Green

On Charitable Giving

- "Sometimes luck and timing play a big piece in when you sell. There was a lot of market consolidation going on in the remodeling industry and that helped boost valuation. That is an area where I really did not do what I could have. When the deal closed, I called my CPA and said I wanted to get involved in charitable giving. I realized I made a mistake by not researching that during the transaction although I did interview different financial advisors to invest my earnings post-transaction. I ended up writing a check to the IRS vs. charity. It was a perfect time to sell." – Jan Steiner
- "When I sold my business in my 40s, I was at a different stage of life. Recognizing how I felt differently in my mid-50s, I would have given a larger amount to charity before the transaction especially when you think about compounding of money over time. That's my lesson." – Doug Circle

- “What I would do differently now if I were able is to give more thought to philanthropy. I wanted to set up a donor-advised fund, but I realized that I was stuck because of the structure of my S-corporation and the pass-through nature. I wish I could have prepared for that earlier.”
– Larry Green

On Grief After the Sale

- “Two weeks after the close, I thought I was going to have a nervous breakdown. I didn’t even want to be in my own skin. Fortunately, I have a home in San Diego, and I went down there and was able to take a lot of walks and chill out. I gathered myself again and reinvented myself. In the end, I didn’t grieve at all, I pulled myself up and contemplated how I can continue to add value and help others.” – Jan Steiner
- “When I sold my business in my 40s, I was at a different stage of life. Recognizing how I felt differently in my mid-50s, I would have given a larger amount to charity before the transaction especially when you think about compounding of money over time. That’s my lesson.” – Doug Circle
- “It’s important to have other interests in your life. We all know people who see their entire life around their business. It can be very unhealthy in many ways – going from having significance to feeling a sense of insignificance. I’ve seen this and people age very quickly. So, I think it is so important to have other interests and know what that's going to be like going forward.” – Larry Green

Special thanks to our panel of entrepreneurs:

Larry Green is a native of South Africa who immigrated to the U.S. in 1992 when he founded System Pavers in OC – the largest residential outdoor living specialty firm in the U.S. After 30 years as CEO, Larry sold a majority of his interest in 2022 to an investment firm based in London and New York. Larry served as a trustee of The African Wildlife Foundation, a non-profit based in Nairobi and Washington DC, for 10 years and is now the incoming Chair of The Board of Trustees.

Janet Steiner was the CEO of Thoro Packaging For thirty-six years. Under Jan’s leadership, Thoro became an industry leading packaging solutions company for medical, pharmaceutical, health and beauty, and specialty product markets. In 2018, Jan sold Thoro Packaging, located in Corona, CA, to the Global Packaging Company, Autajon, headquartered in Paris, France. Jan has been the recipient of several awards and now spends much of her time advising entrepreneurs.

Douglas Circle's lifelong entrepreneurial pursuit began with him selling strawberries from his own roadside stands, at age 14. From 1978 – 2005, he acquired and consolidated 20 companies and ultimately operated as Sunrise Growers, Inc., the largest processor of frozen strawberries in the U.S. In 2003 he sold that entity to private equity investors. Presently, he is the President and CEO of Circle Vision, LLC, the investment vehicle that manages his ongoing business enterprises, which include agriculture, finance, and commercial real estate.

Please reach out to **Margita Blattner**, Senior Director of Philanthropic Strategy at the Orange County Community Foundation with any questions.

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