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Firm Helps Owners Make Transition to Retirement

By GEORGE MESTHOS:

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It was time.

Brothers Alan and Mike Libove were nearing retirement and thinking about what to do with their business, Hitcharama Recreational Vehicles of Turnersville. In November 2005, the Liboves sold their dealership to Pret-Mose I LLC.

"We both decided that we had grown the business nicely and that we wanted to do other things with the remainders of our lives," said Mike Libove, 65. "We wanted to move on. Financially, the sale of the business left us comfortable enough to have some options in retirement."

The Liboves contacted Everingham & Kerr, Inc. of Haddon Heights to assist in the sale of their business.

For 22 years, Robert Everingham has been helping entrepreneurs and companies buy and sell businesses. The Liboves' scenario was hardly unfamiliar to Everingham.

"Traditionally there are a number of reasons why people sell their businesses," said Everingham.

"Obviously one of them is retirement. Unlike a job, you can't quit it. You need to find a way to exit the business.

"Ideally you want to sell your business before you have to sell your business, before there's a medical crisis, before you're burned out and the business isn't doing well and it's going in the wrong direction."

Hitcharama's RV sales were heading in the right direction -- \$20 million annually -- at the time of the sale. But the Liboves have not left the business -- at least not yet. Mike remains chairman of the board while Alan has stayed on as a marketing consultant.



Robert Everingham

Reprint

How a business is marketed or perceived before its sale can affect the number and enthusiasm of buyers. Hitcharama was no exception. When the leveraged buyout was completed this past January, Pret-Mose President and COO Theodore C. LeBow said in a press release, "Hitcharama's commitment to customer service and its reputation in the marketplace give us a great place to start."

Everingham agreed that a company's intangibles help make a company attractive beyond its annual sales. "Intangibles can be very important," Everingham said. "For instance if you have a patented product, then you are protected from competition to a great extent. A very strong management team is something that would be very valuable."

In Hitcharama's case, the new owners, less familiar with the ins and outs of the RV industry, continue to benefit from the Liboves' more than 40 combined years' of experience.

While Mike Libove declined to discuss the financial terms of the deal, he understood his company's value going in.

Knowing exactly what a business is worth is the cornerstone to a solid sale or acquisition. "Many times this is the largest asset that a person will have in their portfolio," Everingham said. "We do business valuations on an annual basis for some companies so they know where they are headed.

"Is this a good time to sell, or do you need to go back to work and make the business more valuable?"

Even when it is the right time to sell, there are obstacles to overcome before a deal can be consummated. Tensions can boil over during the due diligence period as buyers probe for holes in their potential investment, poking and questioning the pride and joy of a business owner. If the due diligence period passes uneventfully there is still legal wrangling to be dealt with.

In fact, an earlier deal for Hitcharama fell through at the last minute even with the guidance of Everingham & Kerr. One factor, however, that did not affect either deal was confidentiality. Hitcharama and Everingham & Kerr kept both deals firmly under wraps until they were announced.

"Everyone is afraid of change," Everingham said. "Change is scary unless you can put a face on it. We consider it imperative that things stay confidential until the transaction is consummated."

Even if employees and customers are kept in the dark to ensure a smooth transition and integration of the new ownership, communication of intentions between buyers and sellers stands paramount. "In order to have a deal that works for all parties, there has to be a lot of good intent on the part of all parties," Mike Libove said. "There is a need for open, reasonable, direct, honest communication."

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Everingham & Kerr, Inc.