

After Selling the Company, Remorse

By **ABBY ELLIN**

Christopher A. Baker had two goals when he started his company, MailCode, in 1989: to build a successful business and to sell it one day. He achieved both.

But what he had not taken into consideration were the challenges he would face as he stopped being the head of a small start-up and became a cog in the wheel of a major corporation. In his case, it was **Pitney Bowes**, the producer of postal meters and other mailing equipment, that acquired MailCode, a maker of large automated postal sorting machines, in 2001 for more than \$20 million.

As part of the deal, Mr. Baker, now 41, continued to run MailCode for 18 months out of his hometown, West Lafayette, Ind. Then he moved to the Pitney Bowes headquarters in Stamford, Conn.

Some who sell their businesses find it hard not being boss.

Although he said he was thrilled with the sale, he worried about what lay ahead — especially since he decided to take a position with the new owner. “Any time you sell you have mixed emotions,” said Mr. Baker, who was until recently the president of Pitney Bowes Group I Software, in Lanham, Md. “You’re about to get a huge payday, but you have no idea what the future holds for you.”

Most entrepreneurs share the same vision: to sell their darling for big money and watch it flourish in its next incarnation. According to Mitchell Schlimer, the founder and chief executive of the Let’s Talk Business Network, a support community for chief executives and entrepreneurs in the New York area, about 90 percent of small business owners who sell their companies remain with the acquiring company, at least for a few years.

“They often don’t stay longer than that because most entrepreneurs are not good soldiers,” Mr. Schlimer said. “Not to say that some can’t be, but most entrepreneurs are all about the initial journey — that’s where their strengths are, making something from nothing and all the creativity that goes along with it.”

Indeed, like stepfamilies trying to blend together, the transition from single household to Brady Bunch is often harder than most entrepreneurs anticipate. Either the former owners have trouble giving up control, or they find the new office culture radically different from what they were used to, or they simply cannot bear to see what the new owners are doing to their creations. It can be wrenching even in the best of circumstances.

“It’s like giving up a child,” said Tova Borgnine, the founder and chief executive of the Tova Corporation, a cosmetics and fragrance company now owned by the televised home shopping company QVC. In March 1977, Ms. Borgnine, who is married to the actor Ernest Borgnine, started a mail-order company in Los Angeles selling a perfume called Tova Signature.

By 1987, she had 65 skincare products and 80 employees. In 1990, she began selling her wares on QVC, and 12 years later QVC bought the Tova brand for a seven-figure sum. Tova Signature is QVC’s top-selling perfume.

It was, she said, an accomplishment she was proud of, but still an adjustment. “In a massive corporate structure you have bureaucracy that you must be able to get through,” said Ms. Borgnine, who divides her time between Beverly Hills and Malvern, Pa., near QVC’s headquarters. “All of the products are the same as when I created my company; I’m in on every strategy meeting, but now there’s a collective voice. That’s a luxury, but you’ve also got to be able to let go.”

Jerry L. Mills, the founder and chief executive of **B2B CFO**, with headquarters in Phoenix that of-

fers business advisory services, has helped hundreds of clients through the business acquisition process. Most wrestle with the fact that they still have the responsibility, but not the authority. “They make decisions that are sometimes reversed by their boss. It’s embarrassing,” Mr. Mills said.

It can also be upsetting, especially when the new owners drive the business into the ground and the founder has to watch. In 1995, for example, Christopher J. Asterino, the co-owner of Asterino Associates, a medical billing management firm in Albany, sold his 10-year-old company for more than \$1 million and moved to Scottsdale, Ariz., to be vice president for acquisitions for the new owner, National Medical Financial Services.

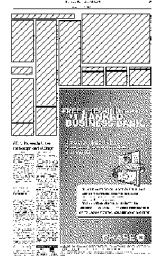
He had a terrible time of it. For starters, he said he found the relationship with his new boss “weird.”

“The person who became my boss was the man I was negotiating with when I was selling my company,” said Mr. Asterino, 46. “You’re trying to maximize the value of your company when you’re selling it — and then when the transaction closes, that individual is your boss. It was very difficult.”

Mr. Asterino said he was disappointed at how the new owners ran the business and dealt with clients. Eventually, he said, he could no longer bear to watch it and left the business in 2000, and started another medical billing firm, Asterino & Associates. “The great lesson that came out of that five-year period was how not to do it,” he said. “It was a very expensive lesson to learn.”

Mr. Baker, who is currently taking a leave of absence from Pitney Bowes, also has a failed merger under his belt. In 1996, he sold MailCode to Postal Soft, a privately held company in La Crosse, Wis.

At first it seemed ideal, but soon the new owner ran into financial difficulties. “They needed us to stop spending on R&D and



focus all of our energies on existing products,” he said. He refused, and bought the company back a year later for the same price for which he had sold it. Three years later, he sold it to Pitney Bowes, where he is happy, although he, too, had an adjustment period.

“The culture shift wasn’t hard, but every one of my peers wondered why I wasn’t on the beach

drinking a Mai Tai,” he said. “They knew I had the money in the bank. I wasn’t one of them. I had to work as hard as everyone else. If an entrepreneur joins a company with an open mind to learning, there’s an incredibly valuable experience there with powerful rewards. But if you don’t have that mindset, you won’t make it a year.”

As for Mr. Asterino, he has no intention of selling until he is ready to retire. “It would take an extraordinary unique set of circumstances to allow me to change my quality of life, my entrepreneurial business thinking and my ability to make decisions based off of relationships and not profits,” he said.



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Tova Borgnine said she had to adjust to work within the large corporate bureaucracy at QVC.