

# Los Angeles Times

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## Work Is Getting Bigger Than the Both of Them REO Nationwide has improved its position, but the co-owners still want to sell the company. They are struggling to find the right broker.

### Business Make-Over

*A Year Later*

By Cydia Zwahlen  
SPECIAL TO THE TIMES

If she had her way, business owner Carol Jean "CJ" Gehlke would slow down, sell her profitable real estate services company and spend her time cooking, gardening and entertaining friends.

Instead, she's trying to hang on as her industry changes at what feels like warp speed, blasting toward globalization.

Many competitors of the small, Newport Beach-based **REO Nationwide** have been acquired or sold in the last year. Consolidation among clients, mostly banks and other financial companies, has made it tougher for Gehlke and co-owner Cindy Podosin to provide the intensive customer service for which they strive to be known.

Their customers simply have grown too big for them to keep up. A case in point: One of their original clients was recently bought by a Florida lender that was then acquired by the biggest bank in Australia.

"We don't have the resources to grow this fast," said Gehlke, who

founded the company 13 years ago to handle residential real estate appraisals, sales and marketing.

It's the same problem she struggled with a year ago when she contacted The Times for a Business Make-Over. At the time, Gehlke and Podosin were caught in a classic entrepreneur dilemma. They had reached the point where they wanted to sell their company, but realized that they comprised most of its assets.

The women wanted help creating a corporate infrastructure from the ground up and finding quality independent contractors to handle property marketing and sales, in order to ensure the company's future health with or without the owners.

REO Nationwide had been approached by a few interested buyers, but Gehlke and Podosin felt the company wasn't ready.

Business consultant Lynn Marie Hoopingarner agreed. Hoopingarner, now president of **Profitable Solutions Institute, Inc.**

of Los Angeles, was asked by The Times to review REO's operations. Her recommendations focused on creating the internal systems that entrepreneurs often let fall by the wayside as they rush toward growth. Without proper infrastructure, eventually that growth will come to a halt, she said.

"We learned a lot," Gehlke said. We have referred to the article many times."

She and Podosin tackled the staffing problem with new employee screening and training programs. They were also enthusiastic about Hoopingarner's suggestion to offer the services of a personal financial planner as an employee benefit for the commission-only sales agents. Surprisingly, the new benefit didn't catch on, despite most agents' paycheck-to-paycheck lifestyle.

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"They were initially interested, but their follow-through wasn't real good," Gehlke said. Since then, the labor markets have tightened further and the company gets only a few responses to its employment ads. "We end up begging them to start," Gehlke said.

The owners also took to heart the consultant's point that effective marketing can help sell the company to potential buyers, as well as customers. Gehlke and Podosin have developed a better "elevator talk"—the three-minute version of a company sales pitch—at Hoopingarner's urging. They've also rewritten their promotional materials, avoiding industry lingo as much as possible. Now they're

looking for a design professional to carry out their ideas.

They're also still looking for a potential buyer. In the tumultuous year since they appeared in the fall 1997 Business Make-Over article, many possible suitors have themselves been acquired or sold as part of the consolidation and globalization of the industry.

Efforts to find a suitable business broker to help sell REO Nationwide have failed. A referral provided by the consultant didn't pan out. When the owners turned to industry colleagues for suggestions, they were disheartened to learn that none were happy enough with the service they had received to recommend a broker.

"We've had a rude awakening as to how difficult it's going to be," Gehlke said.

They're not ready to give up yet. In part that's because Gehlke is really looking forward to that garden, and Podosin, who was married last year, would like "to start my married life." But also, Gehlke knows what a struggle lies ahead if the owners continue to try to survive on their own.

"We don't have the resources or expertise to take it international," Gehlke said. "it's getting bigger than we are."

## Business Make-Over in Review

- **Name:** REO Nationwide
- **Headquarters:** Newport Beach
- **Type of business:** Real estate services
- **Owners:** Carol Jean "C.J." Gehlke and Cindy Podosin
- **Sales:** \$21 million in 1997; \$20 million in 1998
- **Employees:** 10 independent contractors in 1997; nine in 1998

### Main Business Problem a Year Ago

REO Nationwide's owners were trying to get the real estate services company into shape to sell it but were having trouble finding good workers and implementing a new computer system.

### A Year Later

Internal operations are under control, but the owners, now reeling from client mergers and the globalization of their markets, can't find a qualified business broker to help sell the company.