

# CASE STUDY: S&S SERVICE

Husband and Wife Team Chronicle Their Journey to Retirement, Working Closely With Business Broker For Best Possible Exit Strategy

When interviewed shortly after the successful sale of his tire and auto service business, Steven Weber exhibited a combination of relief, pride and sheer happiness in the tone of his voice. Over the span of five years in which I worked with him and his wife, their emotions ran the gamut; from initially being nervous, fearful and feeling guilty about selling and leaving long-term employees with a new boss, to concern about how they would spend all their free time once a sale had been accomplished,

to contentment and delight in being able to sleep-in for a change without stressing over business matters. I always enjoy sharing case studies of clients I have been able to assist in my role as an aftermarket business broker/consultant and provider of intermediary and advisory services. New insights into the process may be discovered by shop owners in similar circumstances who are considering a business sale.

**A Thriving Business From Modest Beginnings**  
At only 20 years old, Steven and Sandra Weber decided to get into the automotive service business in 1979. Steven shared, "As a young kid, I went to see a real estate agent friend of mine about possibly becoming a real estate agent...and he sold me a gas station instead. That was the beginning." The couple operated S & S Sunoco in south suburban Buffalo, NY, with Steven repairing vehicles and Sandra pumping gasoline. Two years later, they took over a closed two-bay Esso station nearby and changed the name to S & S Service. "Those early years were really a tough struggle for a long time," continued Steven. "I remember my wife and I actually once digging in the car seats for change so we could buy bologna for a sandwich. Whew, those were tough times. But what a great opportunity the aftermarket offered us! To own your own business and your own destiny is the American dream." In 1995, they constructed a beautiful

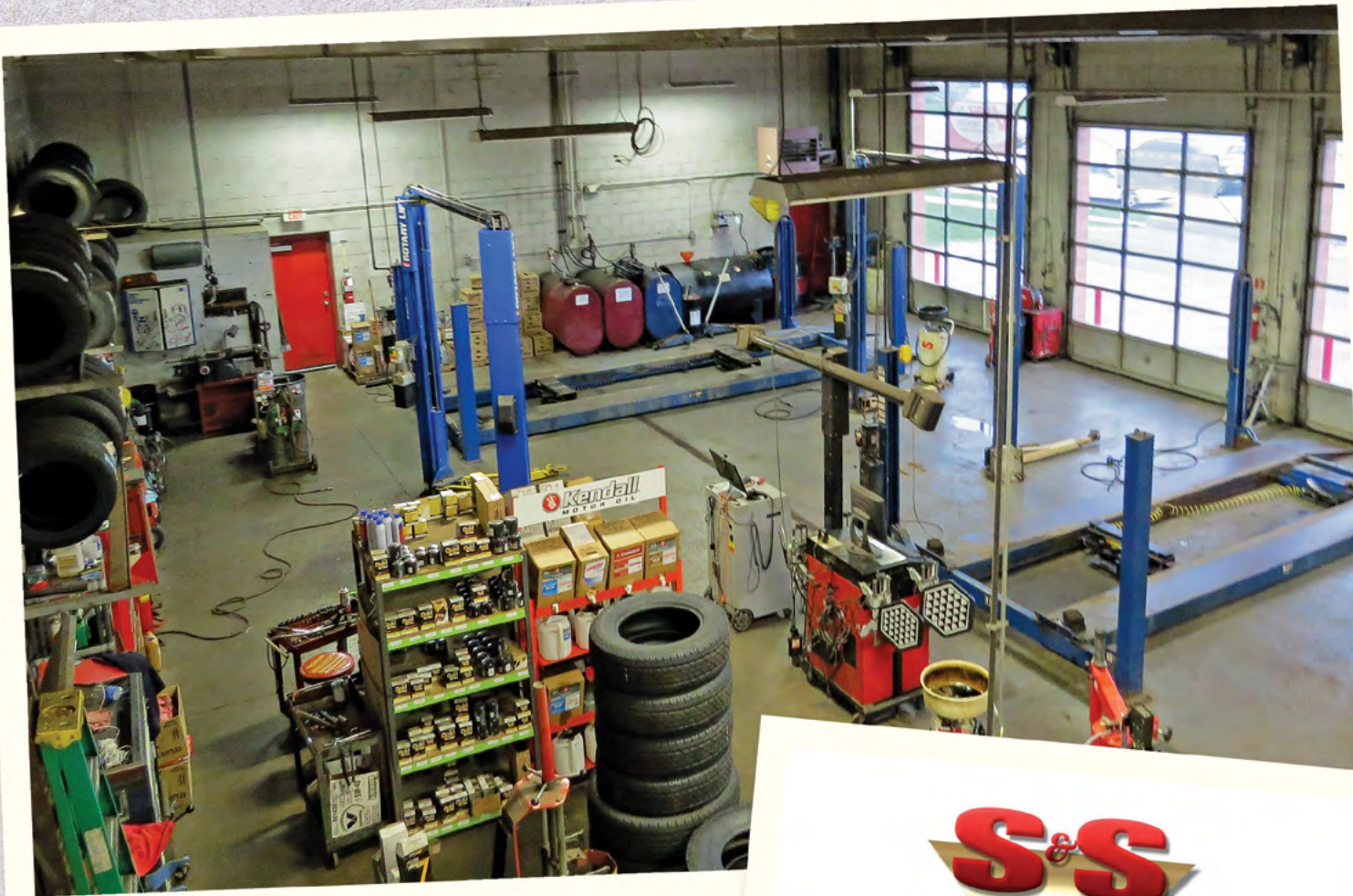
S & S Service: The Early Years and Now



Steven and Sandra Weber of S & S Service in Hamburg, NY







**Celebrating 38 Years in Business!**

and functional new building on the same lot, directly behind the old building. The old building was then demolished.

Over nearly four decades, S & S Service has built a solid reputation and brand based upon fair pricing, quality repairs and excellent customer service. As a testament to their enduring legacy, some of their original customers still frequent the business, as do their children.

Steven shared, "The business has over 3,500 customers who have been with us for over 20 years."

Their loyal customer base also takes comfort in seeing that three of the four staff members have decades of experience working together as a team and fixing their vehicles right

the first time.

The Weber's created a trust-worthy and friendly environment, putting customers first, promoting ongoing training and certification of the technicians, and selling needed services to properly maintain the vehicles of their customers. Consistent execution of these principles led to high customer retention levels and excellent internet reviews to attract new and younger customers.

#### A 5-Year Journey

Steven Weber made his first contact with me after he read one of my articles in *Shop Owner* magazine and went to my

website and requested my shop owner's reference report entitled "10 Mistakes to Avoid When Selling Your Business." My notes from the initial conversation with Steve on Dec. 7, 2012 reflected that he and Sandy had done well financially and built a retirement nest egg, but was apprehensive about what he would do with his life if he didn't have the business to go to each day. I periodically reviewed the financial statements for S & S Service,

## Business Sale Outlook for 2018

This year is bringing major changes to the SBA/Bank financing guidelines that will make it far easier for buyers to purchase profitable businesses — more buyers mean more competition, which will likely drive up offer prices and make it a seller's market. Not only are you likely to get a higher sale price, but changes to the tax laws are expected to result in a smaller slice of the pie going to Uncle Sam and more of it into your pocket for retirement.

Effective Jan. 1, 2018, the SBA has reduced the buyer down payment requirements from 25% to only 10% on deals more than \$500,000. As an example of the dramatic impact of this change, I have listed a high-volume tire and auto center in Solano County, CA with revenues of \$1,748,000 and cash flow of \$316,000. The asking price is \$925,000 and the valuable real estate is available for sale for \$1,900,000. In the past, a buyer would need a down payment of more than \$700,000 to purchase both the business and the real estate. Now, however, many more buyers would be able to afford the 10% down payment of \$280,000 for the turnkey purchase, and there is less likelihood of an owner having to provide partial seller financing.

Potential sellers are encouraged to speak with their accountants about the recent federal tax reforms and how the changes may reduce the taxes that would be due on a sale of your business. Also, now is the time to speak with your accountant about preparing your 2017 tax return. Since buyers primarily value your business based upon a multiple of cash flow, having a clean and financially attractive tax return is key to maximizing your sales proceeds.

### 2018 New Years Resolutions

- talk to broker about free valuation of my business
- talk to my accountant about 2017 tax return to maximize "Sellability"
- ponder retirement





which were always clean and positive, and we discussed the results of the Sellability Score after they completed the on-line questionnaires.

Steven said, "Five years ago, I was just touching base with Art and kicking some ideas back and forth. We didn't know if we were ready to sell yet and we were just feeling out what the process would be. In the years since, much interaction and many discussions occurred as we made the journey from initial interest to the final close. When I finally realized that, without listing the business for sale nobody ever approached us or was banging our door down to buy the place, I called him this year to tell him I think I'm ready. He was coincidentally going to be in my area, so we arranged to meet. My wife

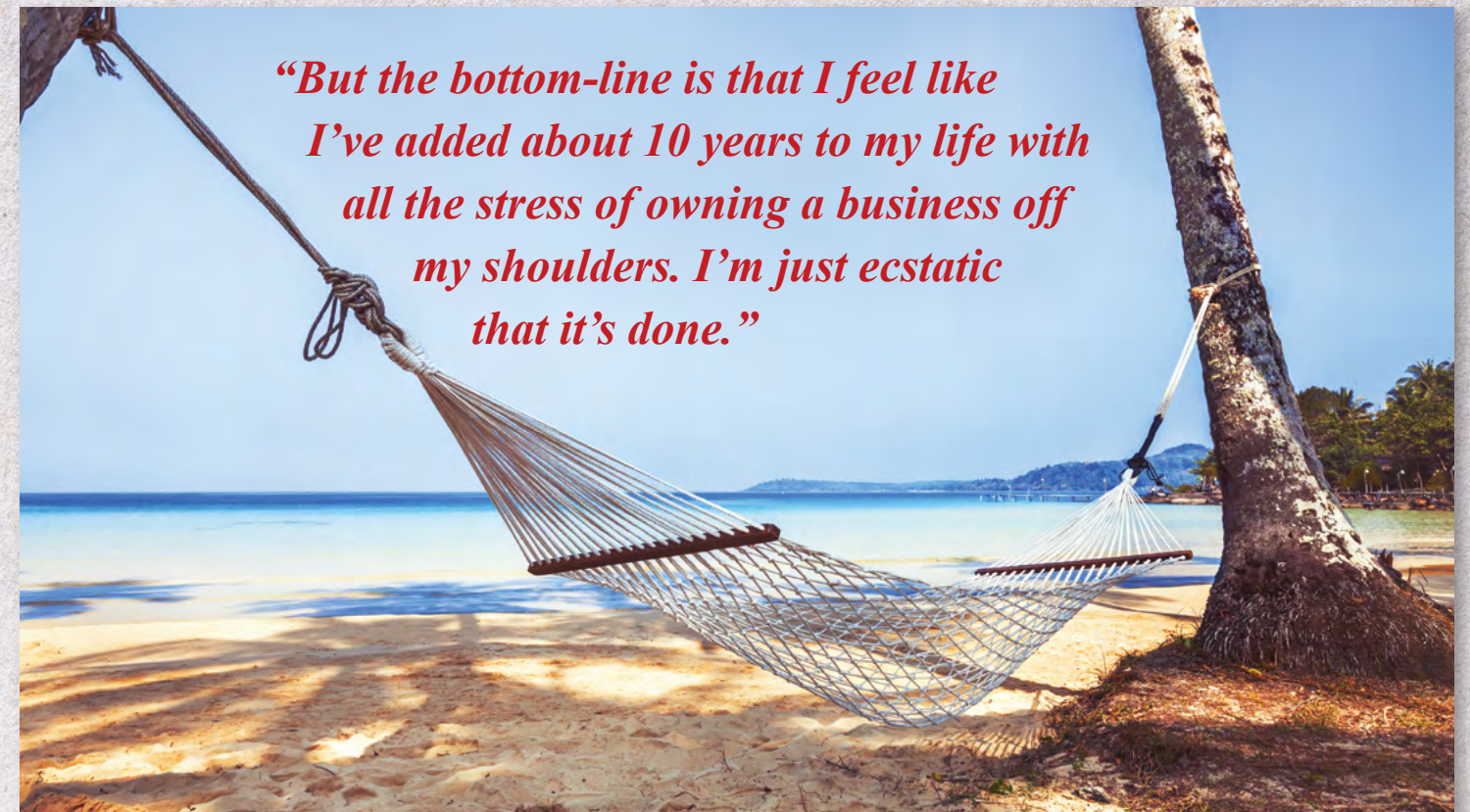
and I had a 4-hour conversation with him and we were really impressed by the plan he laid out."

Steven continued, "The combination of being a Type-A personality and building my business literally from scratch made for a very highly charged, emotional period in making the decision to sell and then pondering all the steps of the process. Five years ago I didn't even know where to start and now after two months since our transition from shop owners to retired shop owners, I don't know how I ever had the time to do all the things I'm doing. I just went back to the shop to get the mail today and I sat in the waiting room for a while and thought how glad I was that I didn't have to deal with this anymore."

Steven added, "But the bottom-line is that I feel like I've added about 10 years to my life with all the stress of owning a business off my shoulders. I'm just ecstatic that it's done."

Not being able to come to grips with understandable fears actually keeps some shop owners from selling. But after a successful, mutually beneficial sale, Steven now sees that his fears were unfounded and hopes that other shop owners can learn from his story.

He also said, "It was my business, my baby. I grew it from nothing. A major concern with me were my long-term employees. I had two guys with me for over 30 years, a third for 27 years, and I recognize that it's very unusual to have employees for that long. What will happen to these guys? It was so



important to me that something was in place for them before I made the final decision. Fortunately, that all worked out better than expected when the buyer, Pep Boys, gave them all raises and tenure with the company. They were all so happy. What a relief!"

Steven also said, "At first, like many shop owners I suppose, I was sticker shocked when Art shared what the brokerage fees would be. But, then I realized that I've always lived by the motto that if you need plumbing work, hire a good plumber and get the job done right. He seemed to be the best plumber for our job and he was. As tough a business man that I think I am, he figuratively held my hand through difficult emotional times and the whole process."

#### Brokering the Deal

"The process took its twists and turns that really required an expert,"

continued Steven. "I had always thought that I wanted to sell both the business and the real estate together, but the final deal involved full price cash payment for the business assets and a long-term lease of the property to a substantial national chain. I took that to my attorney for review and he told me I would be out of my mind to NOT sign the contract because it was such a good deal. It provided us with an ongoing annuity for our retirement that we had previously never considered. That is an opportunity that I am 100% sure would never have come along without Art."

Steven had hired both a business consultant and a real estate appraiser and had done his homework before hiring Art. He pretty much knew what his business was worth and what his property was worth. The successful sale of S & S Service to Pep Boys came after negotiations with several major national and regional chains

that competed for the acquisition. The negotiations rewarded the sellers with more than their initial expectations, thanks to an improving business climate for individual entrepreneurs looking to be their own boss, combined with the competition among national chains looking to grow by acquisition of existing centers. ✕

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