

Successful outcomes

THREE KEY STEPS WHEN THINKING ABOUT SELLING YOUR BUSINESS

find when speaking to industry members who are considering selling their propane company, one of the first questions typically asked is “What’s my company worth?”

Of course, price is always important, but it’s not the only thing to consider when the time comes for a transition. Several non-monetary factors are also extremely important and can vary greatly, depending on the individual seller and buyer.

Here are three key steps you should take if you’re thinking about selling your business.



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► ASK THE RIGHT QUESTIONS

Start addressing key issues early in the process before deciding to sell your business. “Early” means months, if not years, in advance of a transaction. The sooner you start planning, the better your company will be positioned for sale, and the

better chance your legacy will be maintained.

Non-monetary questions to ask yourself:

- Do you want to stay involved in the business?
- Are you concerned about how your customers will be treated?
- Do you want to ensure your employees will be treated fairly?
- Will your company’s name – and your legacy – be retained?

As for the financial aspect, the best way to secure a maximum sale price is to ensure your business fundamentals are sound. Take an objective look at your operations and practices, and improve any areas of weakness.

Do you have good books and historical records that provide detailed data, including financial statements, propane gallons sold and margin by category in addition to operational metrics with regard to tank control, signed customer agreements and “Gas System Checks”? Do you employ and document safe work practices consistent with industry standards?

► THE HUMAN FACTOR

We all love our propane tanks, bobtails and other “hard” assets, but the No. 1 determinant of long-term success is

people. Pay attention to the people you hire and develop, their attitudes and collective culture, and the way they treat your customers. Companies interested in acquiring your operation will care a great deal about the human factor.

Start by investing in the best talent. Hire the most experienced and talented professionals you can find – managers, drivers, service technicians and customer service reps. These people are the face of your business, and their daily interaction with your customers determines your success.

In fact, as you consider a possible transition in ownership, look forward: Will your team members thrive if the business becomes part of a larger, more complex organization?

► FIND THE RIGHT BUYER

Even before you seek a bid or start negotiations with a potential new owner, you need to find the right buyer to ensure a successful transition. Start by considering the universe of possible buyers. Factors to consider include:

- Is the prospect a reputable company?
- Do they have the financial wherewithal to buy and run your operation for the long term?
- Do they take good care of their current customers?
- How do they treat employees in their existing operations?
- Do they support active involvement in their local communities?

Reaching out to industry colleagues you trust will help you gather firsthand perspectives on the experience of propane distributors who have sold their businesses. Call one or more former propane marketers who have sold and ask them to share their experience. Have things gone as planned since the transaction was completed? Were there any surprises or “lessons learned”? Did they carry through on what they said they would do? Also, consider talking to a few employees who have lived through a transaction. See if they are happy with the new company’s culture and if management is treating them fairly.

► IN SUMMARY

You’ve worked hard on your business and want to ensure a successful transition. By taking these steps now, you’ll be well on your way to ensuring a positive outcome for you, your employees and your customers. **LPG**

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