



POSITIONING FOR SALE

Presented by:

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Thinking about selling your salvage operation?

Typical reasons are -

- Retirement
- Cash in on your efforts and investment
- Selling because you need to



What types of recyclers are successfully selling?

- Full-Service yards that are profitable, or those with facilities that can become strong
- Self-Service yards of good size in populated areas
- Catalytic converter collection networks
- Scrap yards
- Some hybrids



Whatever your reasons, smart positioning will make you more money

1. Organize the yard and inventory
2. Make adjustments to your business model if needed
3. Understand the buyers
4. Make a strong pitch



1. Organize the yard and inventory

- Curb appeal matters for a recycling facility too
- Fresh inventory will be appreciated
- Do the simple things that show you take pride in your operation



2. Adjustments to your model

- Is your model one of the popular types that sell?
- Buyers are tough. How will they critique your yard?
- Can you add or subtract something that would be helpful?



Adjustments to your model (continued)

- Be your own toughest critic
- Get input from qualified 3rd parties
- Evaluate your sales, profit, methods, inventory, territory
- What features are subpar and may result in deductions from prospective buyers?



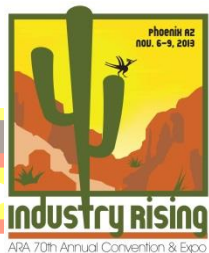
3. Understand the buyers

- Which buyers make logical sense?
- Research which companies have been buying recently
- Have specific companies shown an interest?
- Which of them have the money?
- Buyer attitudes when metal margins are low, or cars are not plentiful?



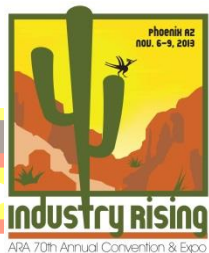
4. Make a strong pitch

- A. Professional summary
- B. Know your business / talk the language
- C. Who will do the selling?



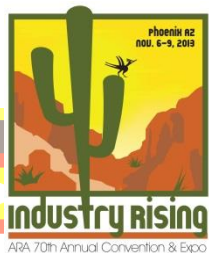
A. Professional summary

- Pictures tell a story
- Why should a buyer be interested?
- Include as much information as you're comfortable sharing
- Permits, taxes, profit and loss statements, environmental reports, inventory, equipment
- Electronic and printed presentation



B. Know your business / speak the language

- Your metrics
- Your methods
- Compare your yard to your competitors
- Understand your current zoning and any expected changes from your jurisdiction



C. Who will do the selling?

- Owner
- Business broker
- Family member
- Attorney



Additional business issues

- Get input from your financial advisor. Are there ways to minimize your taxes?
- If confidentiality is important to you, how will you handle it?
- Will the land be sold as part of the deal, or will it be leased?



Additional business issues (continued)

- Are you looking to maximize value, or is speed of the sale more important?
- Which personnel would prefer to stay on with the new owners?
- Get legal advice from your attorney.
- Who would write the agreement that may result from the sale or lease?



Assess the value and set a sales price

- Land, buildings, improvements
- Inventory
- Equipment
- Intangibles
- Proven profit



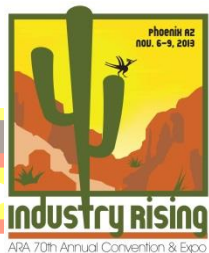
Stress test your valuation results

- Comrades who have sold yards
- Your attorney, financial planner and accountant
- Business broker
- Real estate experts



Get out and sell the yard

- Visit with buyers, whether on the phone or in person
- There are 15 ARA shows annually, and several metal recycling shows, all with potential buyers
- Keep working the business (good for your mental health)
- Let buyers chase you while you're increasing the value



Comments & Questions ?

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