

by Larry Jefferies

Should I Stay, **Go, or Grow?**

It can be a significant investment to upgrade your facility, but are there other choices?

Change remains a constant in the collision repair industry. Today, this can be the technology that purports to reduce the number of accidents, consolidation of insurance companies, or the ever-increasing costs of keeping up to date with the equipment and training necessary to properly repair the vehicles that arrive at your facility.

On top of all of that, it continues to be increasingly difficult to find qualified staff.

For many owner/operators the question they are constantly asking themselves is, "What do I do next? Do I keep investing, do I plan my exit, or do I look to acquisitions and gain economies of scale?"

These can be characterized into a single question: stay, go or grow?

STAY:

It can be a significant investment to upgrade your facility with the newest equipment and training. Such investments can give you a distinct advantage over the local competition, until they too make those investments.

Often times, deciding to reinvest in equipment and training can also involve joining a collision network, earning OEM certifications, or reorganizing the businesses by adding senior managers so the owner/operator has more control over his/her work-life balance.

It is important to note, that even if you decide to stay in the business for another five to 10 years, you should give some thought to your eventual exit plan so that when the time comes, you exit on *your terms*.

GO:

The decision to move on from the business is often life-changing. Sometimes the decision to exit is at retirement. Sometimes it is to move on to other opportunities. Other times the decision to sell the business is a response to a cyclical trend when the market is hot and there are interested buyers looking to grow.

Today, and into the near term (one to

three years), the collision industry is trendy in this respect. There are a number of buyers looking to grow inside the industry and there are even a number of buyers looking in from outside the industry. When there are many buyers for good shops, the prices paid are often attractive for sellers.

“It is important to take the time now to plan for your eventual exit.”

However, we have seen that this interest does not last forever. For example, the new car dealership world has recently peaked and is now entering a downward trend in buyers looking to acquire, and also a downward trend in the multiples of earnings paid. It is difficult to say how long the downward trend will last. Likewise, it is difficult to say how long the collision industry will enjoy sustained buying interest.

GROW:

The decision to acquire your second, third, or fourth shop is an exciting one. Sometimes you are buying a shop from a peer that you have known and trusted for many years. Other times you are looking to expand and you have to buy from a competitor you may not entirely know or trust.

Buying with confidence is a challenge and you will certainly need strong financial and legal counsel to be a sophisticated acquirer.

For those who plan to STAY:

You have spent much of your professional life focused on building a sustainable collision repair business that provides you with a comfortable living. As time passes you start to think about the next phase of your business-life and your thoughts evolve into concepts for ensuring you reap the benefits of decades of hard work.

On the surface, it may seem relatively

simple to think about selling or finding someone to take over and continue the business while ensuring you maximize the value of it, but it is important to take the time now to plan for your eventual exit.

If your plan is to **STAY** and continue operating your business, but you also want support to make sure your exit strategy is under *your control*, a consulting firm such as Collision Builders, who are specialized in the collision repair industry, can help keep your financial performance on the right track.

For repairers thinking about the options to **GO** or **GROW**, there is help available to better understand your business options. Experienced advisors can simplify the process for collision centre operators to sell the business, or for buyers to find the right location to expand intelligently.

Engaging with industry experts to grow your business is a proven method in the collision industry, whether it is through engagement with collision networks, performance groups, key suppliers, industry events, other shop operators or other trusted advisors of various types.

Understandably, the exit or transition process can be a very emotional one. It can simply become too personal to attempt to represent yourself in what will be among the most important business transactions of your life.

Invest in a strategy to ensure your business is represented properly and to only those that are qualified and interested, allowing you to continue to do what you do best—operate the business.

For more information, visit: collisionbuilders.com



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