



---

# Key Insights into Propane Mergers & Acquisitions

  
**BLUE PEAK**  
RESOURCES  
[www.bluepeakresources.com](http://www.bluepeakresources.com)



---

# Let's focus on your future!

---

Selling a family business can be an emotional and life-changing experience. We connect the right businesses with the right people at the right time. Our team of industry professionals has compiled decades of experience into this free ebook. If you're looking for a trustworthy partner to help you navigate the complexity of the energy industry, you've found one.

Whether you need a few more years to get things in order or are ready now, our team will be your partner for the long haul. Each phase brings about different needs and challenges. We will take you through the entire process from organizing documents to negotiating the most effective terms, so you can enjoy maximum earning potential. Think of us as your bridge to help you move toward the possibilities of your next path ahead.

## **Let's get started!**

- Page 3:           Is now the right time to sell?  
                      Will my information be confidential?  
                      How should I prepare my documents?  
                      What can I expect during due diligence?
- Page 5:           What information will a buyer request?
- Page 7:           How can I achieve higher multiples?
- Page 8:           How long is the process?
- Page 10:          Can I manage the process?

---

## Is now the right time to sell your propane gas or fuel oil business?

First, ask yourself if you are ready to retire or if there are other factors that are making things more difficult to run the business. Do you have a succession plan, or is there a family member you would entrust to continue the legacy you have worked so hard to build? Now you have the opportunity to really think about your options. If you are ready to move on with an exit plan, then what? Ask yourself if you have the time to manage this process on your own or if you need some guidance. Before you decide which path is best for you, speak with a few consultants/business brokers who specialize in this industry and understand the value they could bring to this process.

## How will my information remain confidential?

Keeping things confidential is very important. Be sure the consultant or business broker you have selected has signed a non-disclosure agreement before they begin to dive into the details of your business.

## What is involved in the due diligence process?

- Verification that the estimates and assumptions used to value the business were reasonable and there is data and paperwork to back it up
- Buyers get a sneak peak at the assets and their condition
- Plant and field inspections



# How do I prepare my business for sale?



A critical component of the M&A process is the value of the business. In order to determine that, you need to have accurate and good record keeping. So be sure you can find all the documents that will be needed. If you happen to have any pending or threatening litigation or safety concerns, its best to resolve those. As the price of gas rises, be sure you are monitoring your margins since that is what a buyer will be looking at. Are your staffing levels where they should be or could you use more help? This is a concern all across the industry and is where the consultant or business broker brings great value. They will market your business to the company that will not only continue your legacy, but also have the resources in place to continue providing the quality service your customers are used to.



“We can’t thank the Blue Peak Resources team enough for all they did to prepare us for the best possible outcome. They truly cared and found us the perfect match in DCC. Knowing that our customers and employees are in such good hands is a relief. Now Tina and I can enjoy traveling, our family and whatever comes next.”

- Dave & Tina McKay, Affordable Propane

---

# What information may a buyer request from me?

We discussed how important it is to have good records – this phase is where it all comes together. At a minimum, you will need three years' worth of:

- Profit and loss statements by month – breaking out gallons, revenues, margins by category, non-propane revenues by category and expenses
- Balance sheets
- Tax returns

Other reports that could be requested are:

- Customer aging reports and customers by category
- Percentage of tanks by size, owned versus customer owned
- Percentage of gallons that represent your top 10 customers
- Percentage of gallons on automatic delivery vs. will-call
- List of vehicles, tanks and equipment included in the sale
- Employee list by position, salary, benefits and tenure

Lastly, a prospective buyer will want to understand what growth opportunities the business has. That will be one factor that is considered when applying the multiples to determine the value of the business.





“John, Mike and Andy went above and beyond to ensure that we had the right company to continue our legacy and take great care of our customers and employees. Blue Peak Resources was instrumental in helping us to achieve our goals and worked side by side every step of the way.”

- John DiBiasi, StarLite Propane

---

# What leads to higher multiples?

Documents, documents, documents. The key to higher multiples is a combination of factors with the most critical being the size of the business (gallons/revenue/EBITDA). If you don't have good records, this will be a challenge to prove to the prospective buyer. Every business is unique, and the strategy with which to promote will be specific to that business. Be sure to have the following data in your documents to provide when the time is right:

- High percentage of company-owned tanks
- Size of the business (gallons/revenue/EBITDA)
- Historical gallon and margin growth
- Age and condition of physical assets
- Safety history
- Sustainable margins
- High-quality of financial and operating data and records
- Market potential

Choose to do what you know and let the consultants handle what you don't. A commitment is needed from you as well as from your consultant.



---

# What are the steps in the M&A process?

In a nutshell, from the time data is received by the consultant/business broker, closing takes approximately six months. Of course there are a number of steps to the process, and here again is where your consultant/business broker provides great value navigating you through the process so it's simplified and not a stressful time. It's easy to be stuck in your own ways and habits – a consultant or business broker will assist you to break this pattern and guide you to maximum results.



Here is a typical timeline:

- A consulting agreement is signed between the seller and the consultant or business broker (“C/BB”)
- Data and information are provided to the C/BB to value and market the business
- An on-site visit is made by the C/BB
- A value range is determined by the C/BB, and discussed with the seller
- A marketing book and one-page teaser are drafted by the C/BB
- NDAs are sent to potential buyers
- A secure data room is open to potential buyers
- Bids are due three to four weeks after NDAs
- Your C/BB meet with sellers to review and compare bids
- A buyer is selected to go forward with due diligence
- Due diligence phase
- Contract negotiation phase
- Closing is approximately six months from the time the data is received by the C/BB



“Working with John, Mike and Andy at Blue Peak was an exceptional experience during a very emotional time for my family. They walked us through the process from start to finish and found us the right buyer. Now I can start the next chapter of my life, knowing that our employees and customers are in great hands.”

- Vince Malzahn, Malzahn Gas Company

---

### Do I have the time to manage this process?

This can be tricky, since you may want to keep things close to the vest, but the reality is the process is complicated and is much like applying for a mortgage. As you go through the application process, the bank is constantly asking you for more information in a variety of ways. Will you have the time or tools to provide these documents to a potential buyer? Ask yourself these questions:

- Do you have the computer systems in place to provide the necessary documentation needed for both a marketing package and the due diligence process?
- Will you be able to make the time to answer all the questions a buyer will ask and gather information as it's needed?
- Do you have a key employee who can run the day-to-day operations while you spend your time managing the process of selling your business?

If your answer is “no” to any of these questions, this is where a consultant or business broker will be your trusted guide to ensure everything is addressed and all the “I’s are dotted and “T’s” are crossed.



## Are you ready to discuss your options?

Change thoughts, change behaviors. Be grateful for what you have created and let the consultant help you maximize your value so you can enjoy what's next.

Blue Peak Resources is a full-service consulting firm specializing in propane gas and fuel oil mergers and acquisitions. Clients engage Blue Peak Resources to sell their business or advise them on increasing the value of the business they have worked so many years to build. John Armentano and Mike Gioffre began this new venture to help family-owned propane and fuel oil businesses plan for their exit, gain maximum value and continue their legacy for generations.

Contact John Armentano for a no-cost, confidential conversation and explore your possibilities.



[ja@bpeakr.com](mailto:ja@bpeakr.com)  
c: 914-420-2933