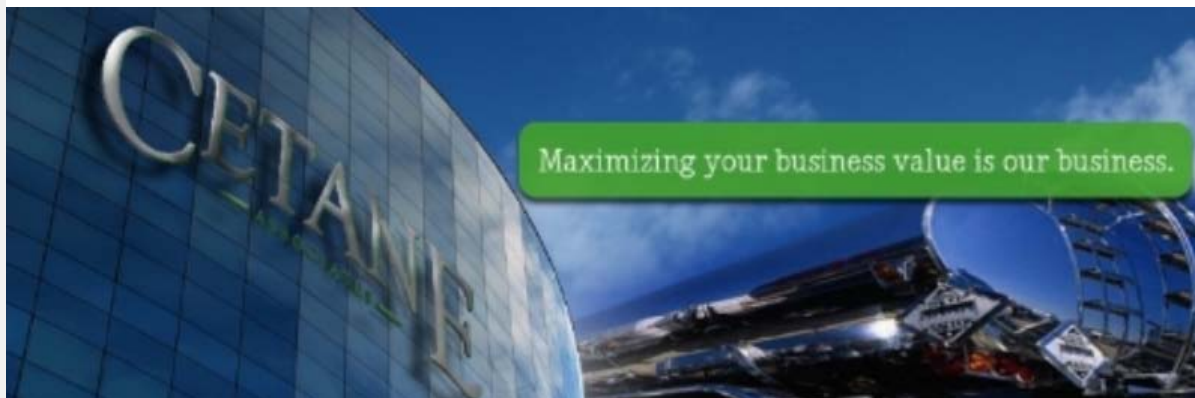


# CETANE

— ASSOCIATES —



*M&A Advisors • Business Valuations • Strategic Planning*

## Profits or Failure: Christmas to President's Day Critical Decisions

**The reason why in heating fuels that Christmas to President's day is so critical.**

We are just entering the most critical time of the year for the heating fuel industry. These next 55 days will determine whether your business has a very successful year, or just gets by. Here is a clue of how you can give your company a Christmas present that will help all year long.

**What your business is about to experience...**



### It's Cold.

Degree Days: Typically the month and a half from Christmas to President's day is about 28% to 30% of cold and 30% to 40% of gallon sales. These degree days are different. If you've been around long enough, you know that consumers conserve when prices are high, and the temperature is mild. When the temperature goes below 20°F to 15°F and colder, consumers just want to stay warm. With a little wind, consumption increases significantly for this relatively short period of time.



### You're busy.

At this time your company should be running on a busy autopilot. Everyone knows what to do, how to do it, and they are doing it. A retail heating fuel company owner, needs to focus on supply, wholesale trade lines, banking letters of credit, and keeping team moral high. They often forget the most

important part of their job. ...But I'll get back to that in a second.

### **You're customers are at the stickiest.**

Your customer's priority is spending time with their families. They are shopped out from the holiday season. Unless they are will-call accounts, or on credit hold. They are not going anywhere. It's cold and they want to be warm. Help them to stay warm.

## **The Christmas present you have to give yourself.**

### **Gallonaage is Vanity. Margin is Sanity.**

Adjust your margins for this peak season. Make it significant. Do it now. You may not know how much cold you will have. You do not know when energy prices will go back to where they were just a few months ago. Its my opinion that this price decline is temporary. Prices will likely go back to the ranges of the last few years when the circumstances that caused them to decline reverse.

While you may pick up an occasion new account in this period from a company that can't provide the customer's needs, be careful. Most customers that change now, are changing because they've been shut off somewhere else. When consumers talk about prices, they do it when its warm. When they do, its in warmer weather, and if they remember a price, its either their budget payment, or its their last fuel delivery. It's that last delivery that you need to worry about both for pricing and for for credit. You'll have time to worry about that later. Worry about your margin now.

## **This is a seasonal business. If you miss the season, you can't make it up.**

### **Nobody expects a discount on flowers the week before Valentines Day.**

Your customers expect you to make money when its cold. They know you provide exceptional service that a utility can never provide. They want you to be there for them. Make profits enough now to carry you though warmer weather, and the unplanned downturns that inevitably happen.

### **If you are planning to retire, or sell your business, you need this season.**

The value of your business is based on the profit it generates. You need to show that you be profitable and that profits are repeatable. The industry is shrinking. Your best bet is to build profits when you can. Build for your future. The alternatives of years of declining profits is not pleasant. We see it repeatedly.

## **Help us to help you.**

You want to take care of your employees, your company, your customers. Do it. Significantly target higher margins as long as you can. The downsides to doing so until President's day are small. The next 55 days will be the difference between putting your future in question, and your business making money while increasing it's value for a great future.

Merry Christmas, Happy Chanukah, and have a profitable New Year!

-Sean Cota



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## **We can help. Here are some of the tools.**

### **Cetane Associates**

- *Selling Your Business*

One of the most important decisions an owner will make is the decision to sell their business. The sale of a business is often complicated by variables such as timing, tax implications, partnerships and market conditions to name a few. What we bring to the table is the ability to help guide you to a decision you feel good about in the long term. We have navigated the process many times and we guarantee 100% trust and confidence in the advice we provide. We have built a network of qualified buyers and we know how to keep the transaction confidential. We also provide our clients with a foolproof valuation and our unique marketing strategy delivers higher values. Most importantly we get the deal done. Please contact us for a confidential discussion to learn additional details about our process.

- *Buying a business*

The purchase of a business is an exciting time for an owner and their company. Growth is good! But remember, buyer beware. Exploring the purchase of a business has many facets. How do I find the right business? How do I value the business knowing there are most likely other suitors? How much cash will be needed to complete the purchase? Will my bank support the purchase with a loan? What happens to my working capital needs? How do I protect myself from legal pitfalls?

The Cetane buyers program is tailored to get you through the process and helps you make the right decision, even if the decision is not to buy.

The program can take you from soup to nuts or help with a single aspect of the purchase. We will work with you to show you how to find a company. We will then work with you to value the assets, negotiate an offer, perform due diligence, close the transaction and transition the business successfully.

- *Business Valuations*

Business valuations are required in many instances such as estate planning, acquisition funding, bankruptcies, litigation, divorce, and for other financial reasons. Our detailed valuations examine the entire business and have been used by many owners as budgeting and process improvement tools. Our "Valuation Plus" program will also supply benchmark data to compare your results to other businesses in your industry.

### **Sean Cota, Managing Director**



Sean Cota began in the home energy business working for and eventually becoming a co-owner of his family business Cota & Cota in Bellows Falls, Vermont. Sean Cota is a third generation energy marketer and his passion of the industry soon led him toward being an advocate for other home energy marketers throughout the industry. Sean has held several major positions throughout the energy industry including chairman of the Petroleum Marketers Association of America (PMAA) and the President of the New England Fuel Institute (NEFI). Mr. Cota is well known for his work representing the industry for commodity trading transparency and reform where he has testified before the United States Senate and the U.S. House of Representatives.

Since divesting his retail energy business, Mr. Cota has been advising clients on a multitude of related business activities including strategic planning, diversification project planning, market analysis and M&A advisory. Mr. Cota is a hands on expert on retail fuel operations and transition planning.

Contact Sean at [sean.cota@seancota.com](mailto:sean.cota@seancota.com), or [sean.cota@cetane.net](mailto:sean.cota@cetane.net)

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## SeanCota.com Consulting

- *Business Diversification Planning*

Small businesses often have been built in a geography where they have made a reputation of quality and value for their local community. As your business succeeds, you need to diversify. How do you maintain your growth and continued success, maximizing on your locale, reputation, and skills in new products and services are key. We will help you to build for future success.

- *Acquisition Implementation*

You've successfully acquired a new company. You've paid value for a business you want to grow as part of your expanding business. The transition is key. Your new business' employees, and customers will judge you on the transition. Do it well. This will make the difference between success and failure. I can help.

- *Propane Gas Business Startup and Implementation*

In retail energy diversification, propane gas is an excellent addition as part of a long-term business investment. It is a capital-intensive business whose differences with other retail energy services are significant. Implemented well, it will dramatically increase the value of your company. Implemented poorly, and it may be the diversification that causes your business to fail. Do it right.

- *Professional Testimony*

Sometimes you need an expert with legal disputes who is knowledgeable in the industry, and can present to a Judge or Jury well. We can help.

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