AMICUS MANAGEMENT

REALISTIC | RELIABLE | RESULTS

Case Study
Gas Station

Since many Americans buy gasoline on a regular basis, one would think that operating a fuel station would be both lucrative and recession proof. But in truth, it's a business that runs on razor-thin margins and, sometimes, at the mercy of public opinion. One miscalculation on the part of management or a tragic accident leading to an oil spill can throw that precarious balance into a death spiral.

A commonly used rule of thumb in the industry says that a fuel station loses 40% of its value in two weeks if it shuts its doors. Amicus Management has specialized expertise as a court appointed receiver in keeping troubled fuel stations operating so they can maintain their market value until new buyers can be found. Maintaining an operating station is critical since the properties are difficult to sell for other uses due to environmental regulations regarding underground fuel tanks. The fuel tanks themselves have to be recertified if the station remains unused for too long.

In one recent case, Amicus Management was able to stabilize the operations of a BP fuel station in metropolitan Grand Rapids. This station was near closure when its owners were plagued by the rising cost of fuel inventory squeezing very slim profit margins. They were forced to make the weekly choice between putting convenience product on the shelves or gasoline in the ground. They weren't able to sell the fuel at a higher profit margin because of the market and they didn't have the product on the shelves that would have provided those margins. So the customers went elsewhere to buy their gas and soda and tobacco.

Squeezed on both the buy and sell sides of the equation, the station owners couldn't service the debt on the property that they had purchased years earlier at a price higher than the current market value. But the debt holder knew that closing the station would spell disaster.

As a court-appointed receiver, Amicus Management stepped in acting as the owner of the business. Amicus Management was able to retain the licenses required by the state of Michigan to sell beer, wine and lottery tickets -- crucial elements that keep a fuel station profitable. Further, because of the firm's reputation as a solid business partner, Amicus Management was able to negotiate favorable credit terms with jobbers and beverage vendors. That same reputation allowed Amicus Management to gain favorable credit terms from major direct store delivery vendors for candy, tobacco products, gum and other high profit sundries.

But it's not enough to know what product to put on the shelf or when to buy gasoline inventory. The most valuable asset of any gas station is customer loyalty, earned by a station's sales staff when they serve patrons in a helpful and friendly manner. In this BP case, the Amicus Management team found appropriate sales help and conducted customer service training that built the fuel station's repeat business at a time when other BP stations nationwide suffered from negative public opinion following the Gulf oil spill. The result: Amicus Management was able to negotiate a sale price of the fuel station that was 40% higher than the first bid submitted when the business fell on hard times.

- 40% Loss If Unoccupied
- Amicus Managed Operations
- Negotiated With Creditors
- Higher Sales Disposition

Amicus Management has both the experience and the relationships necessary to maintain the value of a fuel station business until new owners can be found.