

Massachusetts AUTO DEALER

The official publication of the Massachusetts State Automobile Dealers Association, Inc.



It's Highway Robbery

(and it's perfectly legal)

INSIDE

How to sell a car without getting sued

Boost Your Image

Annual Meeting: Don't Miss it!



Have You Planned Your Exit Strategy?

by Nancy Phillips

Preparing your exit strategy isn't just essential - it's inevitable. Consider these important factors as you explore the right time to sell your dealership or acquire a new one.

WHO SHOULD SELL NOW?

You, if you wish to retire within the next several years.

Why? Prices are as good as they have been in recent years and for the next foreseeable few.

You, if you are not currently making a profit.

Why? Because loss of cash reserves is a financial and emotional roller coaster. You will suffer psychological stress, interspersed with rays of hope, during the months you are on the plus side. When your overall quotient begins trending on the minus side, it's wisest to get out before you have to. You'll achieve a higher sale price and avoid losing control over the direction of your business.

You, if you hold a premium franchise like Honda, Toyota, Mercedes or BMW.

Why? Top dollars are being paid by major players - consolidators, key independent dealers and other dealer groups looking to strengthen their organizations with the best franchises. Multiples for these franchises are more than twice as high as others and you can, in fact, retire well on what you'll receive when you sell.

WHO SHOULD NOT SELL NOW?

You, if you own a mainstream franchise and are making an average of two percent or better as a return on sales.

Why? Sale prices on franchises of average value remain, for the most part, relatively constant, commanding multiples of two to four times your net profit potential in primary market areas. Whatever this amount may be, after expenses and taxes, is not going to be comparable to your earning potential when combined with ownership benefits over the next five years.

You, if you own a severely impaired franchise (and there are a few of those in the secondary import market today.)

Why? Whether you are profitable or not, you will barely receive a multiple of anything for franchises in this category. If your goal is to recover your investment or minimize future risk, then sell. However, if you are also expecting a high amount of goodwill, it's probably not the best time to sell.

Nancy Phillips, president of Nancy Phillips Associates, provides professional brokerage and valuation services for franchised automobile dealerships throughout the Northeast.

Top dollars are being paid by major players looking to strengthen their organizations with the best franchises.



MSADA BOARD

Barnstable County

Rodney K. Corson, Everett H. Corson, Inc.

Berkshire County

Joanne Quattrochi, Pete's Ford, Inc.

Bristol County

Richard A. Mastria, Jr.,
Mastria Pontiac Buick GMC.

Essex County

Michael R. O'Keefe, Chevrolet
Chevrolet-Cadillac-Buick-Saab, Inc.
Ann Regan Flynn, Regan Ford, Inc.

Franklin County

Steven Lorenz, Don Lorenz, Inc.

Hampden County

Jack Sarat, Jr., Sarat Ford

Hampshire County

Dana S. Goodfield, Dana Automotive

Middlesex County

James Boyle, Tuck's Trucks
Thomas R. Keery II, Frost Motors, Inc
Steve Lannan, Chevrolet of Lowell

Norfolk County

Scott Clay, Clay Nissan
David Spiegel, Gallery Group

Plymouth County

John Santilli, Sr., The Cadillac Oldsmobile
Nissan Dodge Center

Suffolk County

Robert Boch, Expressway Toyota

Worcester County

Larry Glick, Bancroft Motors
Mark Ragsdale, Ragsdale Motor Group

Immediate Past President

William P. DeLuca III, Woodworth Chevrolet-
Cadillac-Buick-Saab, Inc.

NADA Director

Raymond Ciccolo, Boston Volvo Village

Executive Vice President

David L. Williams

Officers

President, Richard A. Mastria Jr
Vice President, Dana S. Goodfield
Treasurer, Steven Lorenz
Clerk, John Santilli Sr.