



Pay Me Now or Pay Me Later

Make necessary capital improvements now and get paid later with a better return on investment

When the time comes to make capital improvements, more convenience store operators are making the smart decision to remodel now, rather than wait to take care of the maintenance when it's too late. Recent trends indicate this shift is a positive direction for owners who understand the importance of operational maintenance. In addition, industry figures show the gap between remodeling years is narrowing (9.8 years), while the percentage of stores that have been remodeled in the last five years is growing (33-plus percent), according to NACS.

When defining capital improvements, or operational maintenance, we're really defining curb appeal. When assessing the quality of a store's assets, c-store owners must determine if there needs to be maintenance done for issues including cracks in the parking lot; peeling or faded paint on the exterior; plumbing leaks or clogs; interior design; and any other issue related to the overall look and functionality of the store.

I often suggest to my clients that it's better to take care of operational maintenance immediately when there's an opportunity to earn a return on investment. The "pay me now or pay me later" theory suggests that store owners who put off making capital improvements are those who want to be "paid now." The best scenario, however, is getting "paid later," because that involves a return on investment, which usually yields financial gains. For example, during a sale

process, a buyer will assess the assets of the store or stores for sale. If one is in need of capital improvements and maintenance, the buyer will deduct the cost of the improvements from his or her offer. In those cases, if the store owner paid for the maintenance when it was needed, he would have reaped



the benefits — which many times include an increased store value — from the improvements. Unfortunately, however, not making the improvements when needed will lead to the store owner ultimately losing money at the time of the sale.

While making capital improvements is most often associated with preparing to sell a store, it's also vitally important to the overall business function. Store own-

ers that suffer from declining assets are often those who operate highly successful businesses. In actuality, the stores that are most successful are the ones that suffer the most wear-and-tear. The highs that come from consistent consumer traffic usually bring the lows caused by the overuse of gas pumps, restrooms, soda fountains and coolers. A new store becomes a well-worn store in a matter of years. The key is keeping the well-worn store from becoming worn-out.

Store owners should always keep in mind the idea of maintaining a positive public image. Think of the image a business is sending to its customers when the parking lot is full of potholes, the restroom is closed because of plumbing problems or a pump is bagged because it's out of order. It is no coincidence stores that maintain their curb appeal also maintain a healthy business. Just like customers are drawn to new stores because of the cleanliness, shine and polish, they're also drawn to old stores that are constantly maintaining the look and feel of a new one. ■

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Editor's Note: The opinions expressed in this column are the author's, and do not necessarily reflect the views of *Convenience Store News*.