



HOW TO STRATEGICALLY BUILD TRANSFERRABLE VALUE IN YOUR BUSINESS

Walter Conner Jr. began Waterloo Washrooms in 2015 to fill the need for luxury portable sanitation services and washroom trailers for events and construction projects in Florida. In 2016, Waterloo Washrooms acquired its competitor, Handy Can Sanitation Services. As a result of this acquisition, he grew the business from being his sole employee to managing a team of 15.

The Situation

As Walter's business continued to grow he asked himself, "What are the next steps for the business in terms of growth? Am I willing to give up equity or do I want to sign more guarantees and make more acquisitions myself?"

At the point of acquiring Handy Can Sanitation Services, Walter had already made investments in the 7 figure range.

The Goal

Walter's goal was to create an unbelievable impact on his business value. He aimed to do this by de-risking the business in all aspects to limit daily business struggles and increase long-term value.



COMPANY

2015

Founded Waterloo Washrooms

2016

Acquired Handy Can Sanitation Services

2020

Acquired by a large National Strategic Buyer

INDUSTRY

Portable Sanitation Services

NUMBER OF EMPLOYEES

15 employees at the time of exit

The Strategy

Walter utilized the Five Stages of Value Maturity to understand the risks in his business, mitigate those risks, and build transferable value in the company.

Identify:

Walter was faced with challenges when acquiring Handy Can Sanitation Services in 2016. His challenges focused on Structural, Customer, and Human Capital.

Structural Capital:

Equipment

Handy Can Sanitation Services had repair costs in the millions to their equipment and lost revenue due to rundown trucks and trailers. This not only negatively impacted his profit and loss statement but the value of his company as well.

Customer Capital:

Pandemic and Diversification

His customer base was 25% special events and 75% long-term rental for construction projects. This is in line with the targeted industry standard. Walter shared that his customer base was diverse in the size of his customer's organizations and amount of customers in each industry. He credits his success to his customer base. "I wanted to make sure that if a customer was lost, our business would not be severely negatively impacted."

Social Capital:

Building Company Culture

Walter worked to improve the team culture and morale by highlighting the professional level of expertise all his employees must have to complete their work safely. This mindset shift from "hourly employee" to "skilled professional" helped with employee retention as well.

Human Capital:

Employee Attraction and Retention

Given Walter's clientele, he needed to attract and retain great people and be able to transition the people from Handy Can into his current model and culture. You cannot run any business successfully without great people.

Protect:

Once Handy Can Sanitation Services integrated into Waterloo Washrooms, Walter focused on mitigating immediate risk in Structural, Customer, and Human capital.

Walter invested in a new fleet of trucks and trailers in 2019. Additionally, he made improvements to his human capital by providing his team with raises and offering higher base pay for new hires. One area in which Walter excelled was the organization of his company's financials. The company had well-organized and clean financial reporting and documented other critical standard operating procedures and strategies. This allowed his business to be prepared for a sale and a due diligence process whenever an offer was made.



Build:

The improvements Walter made to his structural, customer, and human capital in the Protect Stage resulted in extensive business growth. Handy Can Sanitation Services doubled EBITDA in one year and long-term construction jobs increased. With new and maintained equipment, good people, clean financials, and a strong strategy, Walter was able to land many new clients with an impressive and unique operation. All these efforts in both the Protect and Build Stages in part resulted in a very attractive company to potential buyers.

The Results:

Harvest:

In November of 2020, Walter was presented with an offer from a large National Strategic Buyer to acquire Handy Can Sanitation Services. Walter credits his company's exceptional structural capital for the sale's quick close. The transition took only six weeks to complete and occurred over the holiday season between Thanksgiving and Christmas in 2020.

Manage:

Walter shared, "As a young exited owner, I was not looking to retire, but looking to move on to the next act in a different business than my last." The Strategic Buyer offered a fair price and gave Walter the ability to meet his balanced business, personal, and financial goals.

"I now know to begin the business preparing to sell. Always be ready to sell. As an owner, you should ask yourself daily: 'Am I building an enterprise that is ready to sell? Is everything I am doing building value in this business?'"

WALTER CONNER JR.

What's Next?:

Since selling his company, Walter has partnered with a family-owned private capital firm as he looks to purchase and run a new venture. The firm is backing Walter with a \$100 million investment. He has taken the strategies and successes from his previous venture to heart as he searches for a blue-collar company with a minimum EBITDA of 2 million and minimum revenue of \$10 million.

As an exited owner himself, Walter prefers to preserve the legacy through a transition of ownership, not a transaction as the continuity of the business will lead to its success.

