



Peter Tunkey, president of Buffalo Materials Handling, demonstrates a Crown Walkie Pallet truck.

Charles Lewis / Buffalo News

Taking ownership

Buyers of businesses set their own courses to guide careers

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Published: October 17, 2010, 12:00 AM

Updated: October 17, 2010, 09:49 AM

Peter R. Tunkey missed being his own boss.

So he made a rather audacious move in an uncertain economy. He left the security of a good job to buy Buffalo Materials Handling, which had been losing money for 10 years.

Tunkey knew what he was getting into, but he believed he could rejuvenate the Cheektowaga company. He saw growth opportunity in the markets it served, with its forklifts and warehouse materials. He liked its team of employees. And though the industry was new to him, Tunkey was eager to learn it and be a hands-on leader.

Four months into his new role as president, he is glad he made the move.

“I think I’m an entrepreneur by nature,” Tunkey said. “It’s so comforting to be able to have an idea and implement it. And I think it’s good for these (employees), because I come in and I’m very receptive to their ideas.”

For someone like Tunkey, buying a business can be a path to a new career. Business brokers, who match sellers and buyers of companies, say not everyone who acquires a business is walking away from a stable job. Some of them were downsized from the corporate world, while others feared their job was at risk and decide not to wait around.

It could be seen as “buying a job,” but business owners and brokers say the reality is not that simple. Buying an existing company, with a customer base and work force in place, has some advantages over starting one from scratch. But the new owner still has to be effective and take on administrative duties that might be new territory.

Scott Radin, owner of A. S. Radin & Associates, a business brokerage, said many prospective buyers know they want to purchase a business, but not specifically what kind. Radin gets together with them to see if they meet his criteria. They need to have experience in the type of field they want to buy a business in — something lenders will look for—a minimum of 20 percent liquid capital to put down for a deal, and a relatively good credit rating. If they qualify, Radin works on connecting them with opportunities. Radin said his pool of “motivated buyers” has been growing.

A fixer upper

Tunkey had run a business before, owning and operating National Car Rental’s franchise for Buffalo and Niagara Falls before selling it back to the corporation in the 1990s.

He worked for Employer Services Corp., helping the employee leasing firm become a fast-growing business. When Tunkey got the itch to become an owner again, he talked to business brokers about what was out there. He wasn’t interested in restaurants but he was open to other ideas.

“I was looking for a business that was a fixer-upper,” Tunkey said.

Buffalo Materials Handling, founded in 1955, intrigued him. The previous owner had bought it in

1999 but died three years later. The owner’s widow eventually decided to sell the business.

Some of Tunkey’s friends had qualms about his idea to buy it, since the industry would be new to him. And he would be switching careers at a time when he had two children in college and two still at home.

But Tunkey was determined to learn the business and grow it. His wife was understandably nervous about his career change but backed his decision.

Tunkey declined to reveal the purchase price. He used a loan from a private funder, rather than a bank, to help finance the deal. He remortgaged his home to generate a backup supply of funds that he has not yet tapped into.

Tunkey said Buffalo Materials Handling has been profitable for each of his four months there. The 20-employee business generates about \$5 million a year, and he is aiming to double its revenues in two or three years.

Around the country, the downbeat economy and tight lending policies have slowed the pace of businesses being sold, said Michael Handelsman, general manager of BizBuy-Sell.com, a San Francisco-based Web site that lists businesses for sale.

The site includes about two dozen businesses for sale in Erie and Niagara counties, from a specialized packaging manufacturer with an asking price of \$12.5 million, to a salon/day spa in East Amherst asking for less than \$80,000. In between are everything from restaurants and hardware stores to gas stations and a child care center.

Nationally, the number of businesses on the Web site is down half from prerecession levels, Handelsman said. The reasons vary.

Many owners who might have been planning to put their businesses up for sale might be waiting for things to bounce back so they can fetch a higher price, Handelsman said.

The economy also impacts the pool of potential buyers, he said. Some might be “risk averse” about becoming an owner right now, or have less money to put down than they did a couple of years ago.

But even some who are prepared to buy are having difficulty obtaining loans to make deals, which Handelsman said is one reason the economy is “stalled.” Prospective buyers, who are likely to bring in fresh ideas and be more willing to invest and hire, are inhibited from moving forward, he said.

Finding the deals

Michael Deakin, who has experience buying and selling local businesses, feels this is a good time of year to buy. Some owners might want to exit now in case their capital gains taxes rise next year, he said.

“I think as we close in on the end of the year, you’ll see a lot of transactions,” he said.

Deakin, who is also a CPA, and a partner acquired Val-Kro, a metal finishing company, in the late 1970s, and he later bought out his partner. Deakin and his son bought distributor Mighty Auto Parts in 2002, then sold it to a bigger company, Super Lubricants, a few years later. Six years ago, he acquired Pellets LLC, which makes pellets to strengthen and clean metals in manufacturing processes.

Like Tunkey, Deakin believes the key to a good acquisition is finding a business that is not doing particularly well but has potential.

Deakin also likes businesses that complement what he owns and could be expanded. And he analyzes whether a business is “running lean or running fat,” to see how its expenses can be controlled.

Back at Buffalo Materials Handling’s location on Broadway, Tunkey is talking about adding rental vehicles and demonstration models to bolster his business. The two lines of forklifts he sells, Crown and Nissan, are cornerstones of the company, and he sees Crown’s all-electric units as an answer to tougher emissions standards.

Tunkey has sent a letter and flier to 200 of his contacts, informing them about the company he bought. He says he feels “blessed” to have found the business, and says his new career as owner is going “better than I thought.”

“I’ve gone home frustrated sometimes because there’s so many things to change,” he said. “I have to remind myself that’s a good thing, because there are so many opportunities.”

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