

Digging Foxholes with Bayonets...Marketers Prepare to Hunker Down. By Mark Radosevich

I'm now convinced that our country is becoming increasingly populated with superficial lamebrains, given the preoccupation with Facebook, YouTube and Farmerama. That's the website where the truly moronic actually pay to buy (and raise) virtual farm animals on their own virtual farm. The owners of that web-business have clearly found an easier way to make a buck versus dispatching tank wagons to far flung, credit risky ag accounts.

The idiots are now running the asylum:

Prior to the election, I gave these people the benefit of the doubt on their mental state, and simply considered them distracted and out of touch with the realities of life. Beyond the blocks of beholden voters who were never going to disrupt the government gravy train of largess, paybacks and promises, one would have expected sufficient fiscal logic to prevail with enough people to redirect our country back to some semblance of sound economic footing. Wrong! The election indisputably highlighted the emergence of a new and previously undiscovered voter block; the *Spectacularly Ignorant*. Considering the long term economic damage that this group unwittingly embraced, they'll surely be remembered as America's lost generation; the first to be relegated to a standard of living below that of their parents.

One unfortunate consequence of this election debacle is that petroleum marketers now find themselves in the cross hairs of a rejuvenated group of zealots that think our industry is evil and needs to be regulated, taxed and oppressed for the greater good of the nation and the world. They never liked us and now feel they have a mandate to reshape America's energy policy at our expense. Fuel marketers of all sizes and configurations must hunker down to weather the storm that is surely coming. Like troops under a sudden mortar attack, it's time to grab the bayonets and start digging fox holes to preserve business viability and future relevance. Although there are many potential issues on the horizon that could negatively impact our industry, following are a few immediate considerations for your business as we enter the New Year.

The unfortunate reality of ObamaCare:

The stark reality is that ObamaCare is here to stay and preparations must be made to reshape the business to cope with the resultant costs and regulations. This program represents the third leg of the entitlement stool with Social Security and Medicare, guaranteeing a future of governmental interference and business disruption. Marketers should take a hard and pragmatic look at their respective businesses to determine their core competencies. Multi-faceted companies that own and operate stores, while also distributing to dealers or commercial accounts, need to determine if one side of the business really generates enough income to warrant its continued commitment.

Given the added expense and regulation from ObamaCare, many marketers will be financially better off to stop operating stores. Unless a marketer has a top notch operation, running very good stores with few marginal sites, supplying fuel and collecting rent usually yields greater returns and less headaches. We recommend conducting annual network rationalization assessments to determine true value and optimum disposition of each retail asset.

You didn't build that, but we'll tax you anyway:

The clueless career politicians in Washington have successfully demonized marketers and other small businesses as rich bad guys in need of greater taxation and redistribution. Like ObamaCare, the "Death Tax" also seems to be a fact of life for the foreseeable future and the amount of taxes that it will levy is sure to increase above the current rates. Family businesses need to take steps to insure that the hard work devoted to creating valuable equity from one generation to the next is not misappropriated. They should seek qualified estate planning consultation and put in place appropriate programs to mitigate the tax consequences of a business transfer. Other taxes such as capital gains rates will also increase through ObamaCare funding or through higher mandated rates. Consideration must be made to the timing of planned store divestures to try and minimize the resultant tax consequences.

One thing is for sure; when they're shooting at you from all sides it's best to keep your head down. Business success in these trying times requires pragmatic planning and deliberate execution. Determine the core competencies of your business and then focus on growing in that direction, because counting on a mass wakeup call to the Spectacularly Ignorant segment of our population may be more than we can hope for.

On a happier note, the entire PetroActive Services team sincerely wishes that all of our Petro-industry friends from across the country have a blessed New Year for your family and employees. Feel free to give us a call at any time if we can be of assistance or to commiserate on our mutual woes.

Possessing over thirty years of petro experience, Mark Radosevich is a strong petroleum industry advocate. In addition to serving on various industry association boards and committees, Mark is president of PetroActive Real Estate Services, LLC, offering confidential mergers & acquisition representation and growth financing services exclusively to the wholesale petroleum sector. Contact him at 423-442-1327, by cell at 423-210-0992 or at mark@petroactive.net