

# CLIENT STORIES

NAVIGATING THE SALE OF A FAMILY BUSINESS





This white paper is a transcript of an interview between Tenney Group CEO Spencer Tenney and former client Matt Rhoads, the President and owner of Central Penn Transportation. A full version of the interview can be found by clicking the button below.

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### **What is the story behind Central Penn Transportation?**

My father founded CPT in 1985 with three trucks and just a second mortgage on our house and a little bit of savings. I grew up in the business and moved away out of college. My father had double-digit growth for the first 15 years of the business. I came back in the fall of 2000. He started transitioning out in 2005. Our succession plan got derailed by the recession, but we ultimately decided to explore a sale for a number of different factors and it's been a good transition. We grew the business to just around 100 trucks based in Lancaster, PA, but servicing the northeast and mid-Atlantic areas.

### **You were a second-generation family business owner.**

### **What factors become clear to you over the last few years that made you think a change was necessary?**

I didn't set out to sell the business. I was initially going to continue. Most of my staff was 8 to 10, maybe 12 years older than me. So, I was going to give it another 5 to 8 years and try and wind things down when they were closer to retirement. But as I looked at the year, and I looked at the imminent retirement of my CFO, I knew the fleet value was high.

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One thing that kept me up at night was the risk of nuclear lawsuits. We're still involved in one, I would call it a frivolous lawsuit in Philadelphia, in excess of \$10 million where we really did nothing wrong. But all those factors, when I listed every reason to explore a sale versus remaining, it just really, there were fewer reasons to remain in the business and many more to exit. But in fact, my accountant, who we're very close with, kind of laid it out to me and said, even if you don't do it now, Matt, at least explore. And that's what led me to Tenney Group.

### **What are some things that surprised you during the sales process?**

Well, frankly, I was quite surprised. Our process went relatively fast, as you know. I was kind of surprised the first visit we had, how quickly an offer came. And I kind of felt like they really didn't spend a lot of time here at the facility seeing our operation in depth, but they liked what they saw and they made a pretty strong offer out of the gates, really just in the exchange of information and one brief lunch visit. So that surprised me.

I had to force myself to be patient at many, many steps through the process and let things, you know, you guys had a deep staff and many folks involved, but I kind of had to let you guys guide me and say, hey, that's not important at this stage of the game. You know, we'll get there. Just be patient.

### **What's some advice that you would give to someone who was selling a similar size business?**

We had about 70 company trucks and about 30 or 35 owner-operators . . . pretty heavy on the trailers. We had about 550 trailers, in two locations.

You know, the old advice is to run your business as if you're going to sell it at any point in time. My CFO really prided himself on the organization. In fact, the buyer said we had to clean his balance sheet.

You know, it's going to be a full-time job and it really was, but many times we get a list of, you know, 10, 12 things that we had to exchange and my CFO prided himself in doing that within the next couple of days. Oftentimes he had it the next morning. One of the reasons our sale process happened so fast is we had our ducks in a row and everything was clean.

### **What has your involvement been with the business post-sale?**

I'm in a transition period. The first two months were about not just working with the customers, but in large part, keeping the employees comfortable, making them at ease, working through the transition, and keeping everybody on board.

Now that it's been transitioned, I've been focused mostly on the customer side, contracts, rates, and just transitioning customers over. They've talked to me about staying on and that sort of role. So we're still kind of figuring out what, where it makes sense, where they see me, but we'll see. I'm in a good place.

### **What advice would you share with someone who is uncertain about what life would be like after they sell their business?**

Everyone talks about the culture of a buyer and making sure the cultures match. One thing I took for granted is that we had quite a few employees that I feel were kind of more loyal to me and wanted to work for a small company. And I took that for granted. So it was kind of impossible to ask, you know, from a seller perspective, to ask every single question upfront.

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I felt good about our buyer and what they were, you know, one of the things they told me at the onset I really liked was, you know, we don't tell our employees or folks, we don't treat them like family because we know dysfunctional families. But we like to treat people like we want to be treated. And that meant a lot to me.

So, number one is culture. But again, it was just impossible to ask every scenario up front as to how things would look in the operation post-sale. We did the best we could. And we did lose a few employees. And that hurt me a little bit because I guess I was probably a little naive. I thought everyone would give them a chance and everyone would be happy but we did lose a handful of employees through the transition.

### **What do you see out ahead for yourself in the coming years?**

Well, I wish I knew. I feel a little bit young to retire, certainly financially. Need to do something for a few more years. But again, I rest a lot easier in a snowstorm. And I still care for the drivers. I worry about their safety, but I'm not going to be the one out there on a Saturday morning, you know, scraping trailer top snow and helping the shop.

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My immediate goal is just to kind of maybe take a little bit better care of myself, enjoy life a little bit, maybe be a little bit more pleasant to be around for the family but I'm still kind of figuring that out, to be honest.

### **Would you recommend Tenney Group based on your experience?**

You guys did everything you said you would. I watched your video when I was learning a little bit about Tenney before I even reached out to you. I think your message was, "We'll leave you in a better place after the transaction." I've truly felt that. I did some due diligence and talked to some folks. Again, the KSM folks spoke very highly of you, just the integrity of your team. Everyone did what they said they would do. So I had nothing negative at all to say.

### **What advice would you give to future buyers who are looking to grow through acquisition?**

You know we were fortunate. My father always said you can tell a lot about a business just by walking through and seeing if the people are happy and how clean the office is and so forth.



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But one thing the chairman of the buyer said is, he said, you know, I drove through your lot. The trucks were parked in a neat and orderly fashion. The shop was tidy. Parts were on the shelf in an organized fashion. That spoke a lot. But again, their message at the start was, here's the spirit of the deal. And we want it to work for both parties. And I think they truly meant that.

### WATCH THE FULL INTERVIEW



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# READY TO EXPLORE A SALE?



## Our Proven Process

Our sales process has been proven to be the most effective sales process in the transportation industry for over 50 years. When it comes to deal-making, the T&L industry is not like other industries. Our industry-specialized sales process is designed to address the many unique pitfalls that limit what transportation business owners can accomplish at the closing table.

## Industries We Serve

### Trucking:

- Dry Van
- Refrigerated
- Flatbed/Heavy Haul
- LTL
- Intermodal/Drayage
- Liquid Bulk
- Dry Bulk
- Specialized Carriers

### Logistics / Other:

- 3rd Party Logistics
- Final Mile
- Warehousing

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## A WORD FROM OUR FOUNDER

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**This is a wonderful industry, but also very unforgiving. One of most significant things I have observed over the past 50 years of doing M&A in transportation is this: The key to building and protecting business value in any freight market is staying informed and agile.**



*Charles Tenney*  
**Charles Tenney**  
Founder, Tenney Group

# TENNEY

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