



JOHN STANCAVAGE
Business editor

Should you sell your small business?

I have a friend who bought a small business a few years ago in another state. For a short time, I envied him.

He had been a longtime customer of the company, which sold high-end audio equipment. He owned another venture, a communications business, but it wasn't his passion.

When the stereo store went up for sale, he sold his own company and jumped on the opportunity.

How wonderful, I thought. To turn your hobby into your career. To be your own boss. To be responsible for your own future.

But, soon came some sour notes. He was hit with a lawsuit. He got divorced. And, the kicker: Thanks to the emergence of music downloading and iPods, the market for his products changed dramatically.

At one point, he told me in a hushed tone that he was worried. It might be time to face the music. Literally.

I'm sure he could have put the store up for sale, and probably it crossed his mind. Whether he could have recovered his investment, however — with the market slumping — might have been questionable.

He hung on, though, and today is on an upswing. In fact, he just opened a second store, which focuses more on "lifestyle" applications of music and video than hobbyist items such as tube amplifiers and towering speakers.

Persistence seems to have worked for my friend, but in other cases it might be better to sell.

And, right now may be the best opportunity to do just that, a Tulsa-based business broker says.

David L. Perkins Jr., whose Vercor firm has 10 offices in the United States, Canada and Europe, says business owners have a better chance of making a sale and getting top value when the economy is fairly strong. "If they wait, and we go into the bottom of a business cycle, it's much harder," he says.

Perkins is a University of Oklahoma graduate who also holds an MBA from Notre Dame. He recently completed the second edition of "Concise Overview of Business Valuation of Small and Midsize Private Companies." The 105-page book is available for \$34.95 at www.thebusinessowner.com or amazon.com

For any business owner thinking about selling, Perkins offers the following advice:

► **Figure out why you want to sell.** "Is the problem with a partner? Are you tired of dealing with employees? Are you worried about the future?"

Once you decide what's making you unhappy, you can look at all the possible solutions. A sale may not be the best one, Perkins says.

► **Realize that no one likely will love your company the way you do.**

"Business buyers just want to make a lot of money," Perkins says. "So quit trying to find a buyer who shares your love for your business. . . . Sell what they are buying."

► **Understand that selling your company is not always the best financial move.** Small businesses usually sell for just a few times their annual cash flow, Perkins observes.

"If you make \$100,000 a year and net \$200,000 on the sale, the annual interest off of that — say, \$12,000 — isn't going to be nearly as much as you were earning from the company."

For some business owners, though, less income may be preferable to working 60 hours a week or other headaches. That's where a specialist like Perkins comes in — an outsider who can determine the value of the company from an unbiased viewpoint and market it aggressively.

It can be an emotional time. Still, even Perkins admits that on rare occasions you might be lucky enough to find someone like my friend who not only wants to buy the company but is completely enamored with it.

That would create a more satisfying end for the business owner. The buyer's adventure, however, will be just beginning.

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BUSINESS FOCUS | SOUTHWEST UNITED INDUSTRIES



Photos by STEPHEN HOLMAN / Tulsa World

James Jasper cleans up a super finish coating on an Airbus A380 landing gear assembly at Southwest United Industries' Tulsa plant.

Firm keeps world flying

By JOHN DOBBERSTEIN
World Staff Writer

It would be easy to overlook Southwest United Industries, a family-run business crammed into a scruffy neighborhood just east of downtown.

But there is hardly an airplane or helicopter flown in North America that hasn't been touched by SUI, a \$27 million company that finishes parts for commercial and military aviation.

Employment and sales have nearly doubled at SUI since 2003 as commercial and military aerospace projects began multiplying.

The 53-year-old company boasts major customers such as Boeing Co., Lockheed Martin Corp., Airbus SAS, Honeywell International Inc. and Bell Helicopter.

SUI employs 210 people in Tulsa and an additional 44 at smaller plants in Oklahoma City, Los Angeles and Toronto. The company is certified by the Federal Aviation Administration as a repair station, and 95 percent of its work involves the aerospace industry.

SUI's owners, the Emery family of Tulsa, plan to continue capitalizing on a resurgent aerospace industry — but not at a euphoric pace.

"I do not want astronomical growth. I don't know how to manage astronomical growth," SUI President W.A. "Bill" Emery said recently in the company's conference room in Tulsa.



Southwest United Industries President Bill Emery talks about his company at the plant near downtown Tulsa.

"I do want growth, but I want us to be able to do it and maintain a reasonable job for our customers," he said. "I think that's more important to me than growing or getting additional sales, or getting new customers."

SUI is among the Tulsa aerospace companies that have grown from humble beginnings. It was founded in 1953 as Southwest Metal Finishing Co. by Emery's grandfather, Willard,

Southwest United Industries

Address: 422 S. St. Louis Ave.

Services: Finishes and repairs aerospace parts for commercial and military aircraft and helicopters, as well as the oil industry.

Company structure: Privately held

Officers: W.A. "Bill" Emery, president; James M. "Jim" Emery, executive vice president; Rick Holder, vice president finance/administration; Blake Atkins, secretary.

Employees: 210 in Tulsa; 44 in Oklahoma City, Los Angeles, Toronto

2005 revenue: \$27 million

Web site: www.swunited.com

who came here from the East Coast. Because of the presence of American Airlines, Rockwell International and other companies, SUI became focused on aerospace work in 1960.

Manufacturing of helicopters for the Vietnam War helped SUI grow to 170 employees by 1967. But employment dwindled to just 50 in 1970 when war production slowed and the U.S. economy fell into a recession.

SUI survived by doing work for remaining aviation customers and oil companies through the 1970s. In

SEE SUI E-3

TSA carry-on rule enforcement confusing

By SCOTT MCCARTNEY
The Wall Street Journal

An airport security screener sat at a Dallas-Fort Worth International Airport checkpoint beside a plastic tub filled with small cans of shaving cream and tiny tubes of toothpaste.

Were they contraband items that ran afoul of safety rules?

"No, people didn't have quart-size plastic bags," the Transportation Security Administration official said.

Where's Seinfeld when you need him? In a quintessential bureaucratic bedevilment, the TSA allows small bottles and tubes of liquids to be car-

ried aboard airplanes only if they are enclosed in a quart-size, zip-top plastic bag. No gallon bags. No fold-over sandwich bags. Screeners confiscate any nonconforming items or send travelers to ticket counters to check luggage.

That's just one of the frustrations travelers have found as TSA began implementing new rules on liquids last month and, in the eyes of some travelers, seemingly prohibited common sense.

TSA says the rules are the result of specific core security issues — three-

SEE TSA E-3



A Transportation Security Administration employee holds a bottle belonging to a passenger as the traveler goes through security at Denver International Airport.

MATTHEW STAVIER / Bloomberg Press

FYIBUSINESS

NEWS, TRENDS AND EVENTS IN TULSA BUSINESS

Sloppy Dog Wash to hold benefit Saturday

Sloppy Dog Wash will hold a grand opening celebration Saturday from 8 a.m. to 6 p.m., with a portion of the sales to benefit Animal Aid of Tulsa.

Located at 4316 S. Peoria Ave., the business offers self-serve and full-service dog washes, dog grooming and a unique selection of dog-related products, including dog food and gifts.

The self-service wash, which

starts at \$15, includes elevated work stations with specially-designed washing tubs. Waterproof aprons, shampoo, towels, dryers, brushes, combs, toenail clippers, ear wash — even cologne and a blueberry facial — are provided, along with a bow or bandana, and a treat.

Optional services include the Hydrosurge Animal Bathing System, which penetrates thick fur

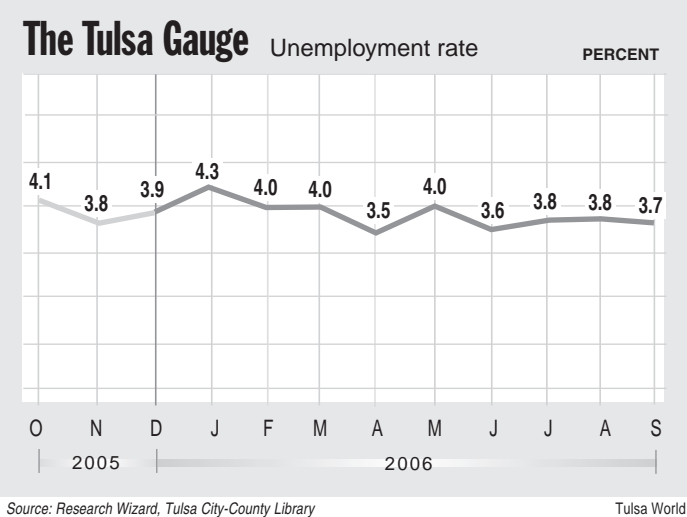
for deep cleansing and conditioning, and the Furminator, which gently removes the thick, loose undercoat.

Owners Eric Brown and Sean Boles visited 14 self-service dog washes around the country, and "got a good idea about what works and what doesn't," Boles said.

Sloppy Dog Wash is not part of a franchise, and while Boles

said they may expand in the future, "Let's get this first one open and operating," he added.

Sloppy Dog Wash will be open from 7 a.m. to 6 p.m. Monday-Friday, 8 a.m. to 6 p.m. Saturday, and 10 a.m. to 5 p.m. Sunday. For more information call 742-WASH (742-9274), or go to their Web site at www.sloppycarwash.com.



Ponca City sets conference

The first Ponca City Economic Development Conference to discuss the city's economy will be from 8 a.m. to 2:30 p.m. Nov. 17th at Pioneer Technology Center in Ponca City. The conference, sponsored by the Ponca City Development Authority, is expected to become an annual event with a goal of creating awareness of Ponca City's economic progress and to promote the north central Oklahoma city as a prime location for businesses and a destination for individuals.

The conference will feature nationally known experts in economics, rural economic development and the alignment of education with economic opportunities, and will begin with an economic report

and forecast from Oklahoma State University's Mark Snead. There will also be a panel reviewing developments at OSU's MultiSpectral Lab in Ponca City.

The keynote luncheon speaker will be best-selling "Boomtown USA" author Jack Schultz, who will discuss the steps taken by successful communities in building a strong economy.

Cost of the event is \$30 and includes lunch. For information or to register, call (508) 765-7070, or e-mail klong@goponca.com.

A complete agenda on the conference and information on the Ponca City economy and the Ponca City Development Authority is at goponca.com.

McAlister's Deli opens fourth Tulsa location Monday

The fourth Tulsa-area McAlister's Deli opens Monday in the Plaza Shopping Center at 81st Street and Lewis Avenue. The deli is in space previously occupied by the Tulsa Teacher's Credit Union and Liberty Mutual.

"We were attracted to the long-term stability of The Plaza as one of Tulsa's best shopping and dining destinations," said Adam Saxton, director of development for Dallas-based Saxton

Pierce Restaurant Corp. "Additionally, we wanted a restaurant to serve Tulsa's growing Riverside Marketplace and the town of Jenks."

The latest McAlister's is more than 4,000 square feet and seats 158.

Saxton Pierce Restaurant Corp., which owns 26 McAlister's Deli franchises in Oklahoma and Texas, opened a location in Bartlesville in August.

Kool Storage expands Tulsa business

When people think of personal storage units, they envision boxes of keepsakes, grandma's antique furniture and kids' toys.

A new climate-controlled storage facility at 11th Street and Peoria Avenue can accommodate larger antiques and toys, such as cars and car collections.

Kool Storage, 1125 S. Peoria Ave., recently completed its second construction phase. The facility, which opened in April 2004, has expanded to nearly 77,000 square feet and offers 505 climate-controlled spaces.

The business is owned by local businessmen Danny Mitchell and Mark Agee. It is managed by Universal Management Co. of Smyrna, Ga. The local manager is Drew Cain.

Unit sizes range from 10 feet by 18 feet to 12 feet by 50 feet. Access is computer controlled, and the facility is under surveillance.

For more information, visit the company's Web site at www.koolstorage.com, or call 584-7000.

Paying for college? Do your homework

Parents may need a crash course in the ABCs of paying for college. New data indicate that the cost of higher education is becoming increasingly crushing, leaving students more indebted than ever before.

And yet, the value of a college education has never been greater. The median income of college graduates is now 62 percent higher than that of high school graduates.

In the 1970s, a male college graduate earned 19 percent more than a high school graduate; in the '80s, he earned 37 percent more. The median income of adults ages 25 to 34 with a bachelor's degree is now \$13,900 higher than for a high school graduate — and that difference widens with age.

So what are parents to do? **Recognize the differences.** There are vast disparities in what it costs to go to school.

The average annual cost of attending a four-year private university is now \$30,367, according to a study by the College Board. The average cost of attending a public university is almost two-thirds less: \$12,796. And the price of a two-year public college is only \$2,272. These include books, tuition, room and board.

Want to know the cost of attending a particular school? Check out the College Board's Web site at www.collegeboard.com.

Watch "net," not "gross." College sticker prices rarely reflect the prices that students pay, said Catharine B. Hill, president of Vassar College in Poughkeepsie, N.Y. Scholarships, grants, aid and tax benefits are likely to reduce the cost substantially. The average net cost is \$3,100 less at public universities and \$9,000 less at private universities than the sticker price would indicate, according to the College Board.

Moreover, aid can make a private school affordable. Don't assume you can't afford a school based on sticker price, Hill said. Wait to see what the college's aid office offers.

Prepare your student. One



troubling fact that the College Board's study uncovered is that the average student in a public college spends 6.2 years getting a four-year degree, Baum said.

Also, more than one-third of first- and second-year college students now take a remedial course. Those courses do not count for graduation credit and would increase the time it takes for students to graduate.

On the other hand, highly prepared students can take Advanced Placement courses in high school that can count for college credit at some schools. It currently costs \$83 to take an AP exam. Comparatively, USC charges more than \$1,100 per course unit.

Investigate tax breaks. There are a number of tax breaks available to those who pay for college — or pay off loans that financed education.

For those financing higher education, it pays to ask a tax accountant whether your college costs qualify for a tax deduction or credit.

Save. There are dozens of tax-favored ways to save. One of the best options are so-called 529 plans, which allow individuals to set up investment accounts for the future benefit of a student.

For more information about 529 plans, check out Joseph Hurley's college saving book, "The Best Way to Save for College," or visit his Web site, www.savingforcollege.com. Hurley is an accountant who has opened about two dozen 529 accounts to save for his own children and to test the plans for his book.

Los Angeles Times staff writer Kathy M. Kristof welcomes your comments and suggestions but regrets that she cannot respond individually to letters or phone calls. Write to Personal Finance, Business Section, Los Angeles Times, 202 W. 1st St. 90012, or e-mail kathy.kristof@latimes.com.

SUI:

The company employs 210 people in Tulsa and an additional 44 people at smaller plants elsewhere.

FROM E-1

1982, the bottom fell out again as Oklahoma reeled from the oil bust.

When Rockwell's production of the B-1B Lancer was approved during the 1980s, the outlook brightened again for SUI. The company became involved in a wide variety of coating processes for airplane and helicopter parts.

SUI now offers more than 80 types of processes to finish aerospace parts, including plating, thermal spraying, anodizing, grinding, painting, shot peening, non-destructive testing and fluorescent penetrant inspection.

Southwest has also done work on flight controls, airframes, thrust reversers, engines and components for other aerospace companies.

A big factor in SUI's growth, executives said, has been its experience with a cutting-edge process called high-velocity oxy-fuel (HVOF) thermal spraying, which is taking the place of older, dirtier coating processes.

In HVOF thermal spraying, metal powder is combusted and continually fed into a gun that propels the coating material toward the part at speeds of 3,000 to 4,000 feet per second. That produces a dense metal coating that is as good or better than hard chrome plating.

Dean Stewart, director of military programs, said SUI's early expertise in using HVOF technology won the attention of a variety of contractors, including manufacturers Goodrich, Smiths, Heroux-Devtek and Messier-Dowty.

Southwest's HVOF booth sprays a variety of flight controls, including Boeing 737 flap tracks and Boeing C-17 Globe-master slat tracks.

With more than 1,000 customers served, the company has remained diverse.

"We strive to create a healthy business by having a lot of military and commercial, and not just fixed-wing and not just rotorcraft, but across the board," Stewart said.

SUI is finishing landing gear parts for the Airbus A380, a gigantic new commercial plane, and the company provides a variety of services for Boeing 737s, 777s and 787s. Southwest is also



STEPHEN HOLMAN / Tulsa World

Thermal spray master Colton Wilks takes down Boeing 737 flap tracks after they have been exposed to the high-velocity oxy-fuel (HVOF) thermal spraying machine at Southwest United Industries.

getting contracts for new business jets.

SUI is doing intricate plating work on the avionics area of the F-22 Raptor, a stealthy, supersonic air superiority fighter under production. And the company is finishing parts for emerging unmanned aircraft like the X-45 and X-47.

In 2008, Southwest will begin finishing landing gear parts for the F-35 Joint Strike Fighter, which will replace about 4,000 F-16s in use around the world over the next 20 years.

SUI is still finishing parts for military staples like the B-52 Stratofortress, F-15 Eagle and F/A-18 Hornet. About 700 main landing-gear posts for the C-17 have been coated or repaired in the past two years.

SUI recently built a \$1 million processing line for a new contract to plate or process Boeing 777 landing gear pistons. The parts are being made by Heroux Devtek.

Emery said there are enough new contracts to offset the older ones.

"I think we're doing a little better job than we used to on looking out on the horizon and seeing what's being built, and who's building it, and what coating technologies are on this aircraft and what we need to add," he said.

While not merger-crazy, SUI has taken advantage of some expansion opportunities.

In 1999, it purchased a Plasma Coating Corp. in Gardena, Calif., and moved those operations into a new building a few years later.

The plant, with 20 employees, offers thermal spray coating, grinding, painting and Teflon and dry-film lube services. Emery's brother, Jim, is president.

Early this year, SUI bought Brampton, Ontario-based Ceel Ltd. to better serve several of SUI's major clients in southern Ontario, Bill Emery said. Ceel offered only chrome and nickel plating, but HVOF coating was introduced there after the purchase.

In 2002, SUI began leasing a mothballed machine shop in Oklahoma City so it could anodize aluminum parts for Boeing and Lockheed Martin.

Progress has been slow getting the necessary certifications at that plant, but recently completed audits will allow Boeing work to begin there soon, Emery said. Employment could jump to 25 or 30 early next year. "It's just taken us a lot longer to get aerospace approvals than we anticipated," Emery said of the plant.

In spite of its successes, Southwest faces big challenges.

Major aerospace companies are shedding some in-house work and handing it off to smaller outfits like Southwest, who must do the work amid strict time lines and oversight.

Aerospace processors like Southwest must also cooperate closely with NADCAP, formerly the National Aerospace and Defense Contractors Accreditation Program. Created in 1990, NADCAP is an independent global cooperative that sets standards for aerospace engineering, de-

fense and related industries. SUI has two employees dedicated to working with NADCAP.

Emery said he's proud of SUI's quality of work, but the company is constantly challenged to meet the demands of major customers.

"If you can deliver 1,000 parts to them, perfect and on time, but your last delivery was late and they had some issue with it, now you're the devil for a long period of time," Emery said.

"The level of oversight we have with our customers is greater now than it ever has been. And in certain instances, it's made us better because it makes us slow down sometimes and really reread the specifications to make sure we're covering every base."

Next year, SUI could add as many as 50 employees, and negotiations are ongoing for SUI to purchase another aerospace company outside the U.S. that does coating, Emery said. An expansion of SUI's paint shop in Tulsa is being designed.

Emery wants a methodical approach to growth for Southwest, not a breakneck race for the top.

"I don't want to go out and try to buy 20 different companies like ours and triple our sales overnight," Emery said. "I have no desire to do that."

"To build on the business we have, and to add businesses over the next several years — I can understand that. We can do that."

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TSA:

Bottles and tubes must be carried in a quart-size, zip-top plastic bag.

FROM E-1

ounce bottles make it extremely difficult to handle and mix liquid explosives, and the one quart-size bag limits the total volume of liquids anyone can bring aboard a plane without too much slowdown at security lanes.

But there's confusion on both sides of the X-ray machine. And the agency is now in a position to "give our screeners some discretion," said TSA chief Kip Hawley.

To travelers, some of the regulations are bewildering. You can buy a filled water bottle at an airport shop inside security, for example, but you can't carry your own empty water bottle through security and fill it at a water fountain inside security.

Hawley says there's a classified security reason for that related to the characteristics of liquid explosives.

In addition, X-ray machines can detect containers, just not what's inside. So getting all containers out of carry-on bags speeds up security screening.

"As stupid as we may look, we didn't miss that one," Hawley said.

The previous total ban on liquids, imposed Aug. 10 after police in London uncovered a plot to blow up passenger jets with liquid explosives, had upset travel significantly. The volume of checked baggage jumped substantially, and trips took longer as hurried fliers waited at luggage carousels.

The Sept. 26 relaxation helped greatly, travelers say. Still, TSA has enforced some rules so strictly that actions have bordered on silliness, they claim, and have undermined sagging confidence in the efficacy of airport security.

Ann Hanson, a frequent flier from Ann Arbor, Mich., carries asthma inhalers with expensive medicines, and on two recent trips, screeners dropped the in-

halers, which Hanson must put in her mouth when she uses them.

One screener "popped off that I shouldn't worry, the floor was clean enough to eat from," she said.

Either frustrated or confused by the new rules, or unable to squeeze all they need into a quart-size bag, passengers continue to check baggage at elevated rates, airlines say.

AMR Corp.'s American Airlines says that before the liquids ban, 1.1 bags were checked for every passenger. When the total liquids ban went into effect in August, the rate jumped to 1.3 bags per passenger. Now it's down to 1.2 bags per passenger.

Frontier Airlines Inc. says baggage volume is about 33 percent higher than last year.

"There's still some confusion from people who don't travel every week about exactly what you can carry on, what you can't carry on, what you can buy behind security," Continental Airlines Chief Executive Larry Kellner said last month, noting checked baggage volume is still up 28 percent at his airline.

Continental now provides quart-size zip-top bags to customers at its ticket counters — but you have to ask. Southwest Airlines also said it provides quart-size plastic bags at its ticket counters, but American, UAL Corp.'s United Airlines, Delta Air Lines Inc., Northwest Airlines Inc., JetBlue Airways Corp. and Frontier said they don't.

Frequent traveler Harold Sogard has begun carrying extra quart-size bags himself to rescue people before items are confiscated.

"Heaven forbid that the TSA actually kept a supply of bags on hand to give to people," he said.

TSA's Hawley said there actually is a method in the apparent madness of requiring everything to be in a specific bag and strictly limiting the size of containers, not the volume of liquid or gel.

Containers larger than three ounces could pose a threat — a place to mix enough liquid explosives to create a bomb.

"It's not the ounces. It's the container we're after," he said.