

Breaking the Chains

A 30-something entrepreneur was looking to take things up a notch. A home security expert with his own business, he was enticed by the restaurant game. He opened a sports bar and quickly fell in love with the industry.

He turned a healthy profit within his first year of operation and through a friend of a friend, learned of an amazing franchise opportunity. All he'd have to do is buy a second sports bar, which was selling for a relatively low price, change the name of his existing establishment so the two businesses had the same name, and bang.

He'd be on his way to becoming the next Ray Kroc, but with beer and wings rather than burgers and fries.

"I was on my way," said the entrepreneur. "There wasn't a doubt in my mind this was the golden ticket. But then I called Ethos Risk Services."

Food Poisoning- The entrepreneur's plan was basic. He would sell his security business and use the proceeds to buy the second sports bar. He had a trusted staff who could help with the expansion project, so as far as he could tell, it was onward and upward.

Unbeknownst to the entrepreneur, there was a fly or two in the proverbial soup. The entrepreneur had meticulously gone through the books of the bar to be purchased and even checked competitors' prices within the area to ensure he could provide more affordable food and drink items.

Everything sounded great—until the results of Ethos' due diligence came through.

Revealing the Secret Recipe- Ethos Risk Services ensured the entrepreneur that our services would provide him with the required information needed to make intelligent business and fiscal decisions.

We weren't lying.

- Despite what the "books" said, Ethos determined that this sports bar had been operating in the red on a quarterly basis for the past year-and-a-half. It was amazing that the current owner could afford to stay open.

- The sports bar owner was found to have a history of running businesses into the ground.

Unlike the entrepreneur, this man did not have the Midas touch. He'd opened three previous businesses, all of which declared bankruptcy. Ethos even ran an employment check on the guy and learned that he'd been fired by each of his employers since he began working at age 17.

"It's no wonder this guy kept opening businesses," said Ethos founder and president Ed Cotilla. "No one else would hire him."

- Finally, Ethos learned that the sports bar had received subpar scores by the city health inspector. In fact, the business was on probation and was in jeopardy of being closed. The cost to improve the facility to local codes was astronomical.

In fact, the money the entrepreneur was planning to make from the sale of his security business would not have covered the purchase price plus the necessary improvements. The entrepreneur would therefore have forfeited a profitable business and surrendered valuable capital in a losing venture.

Home Cooking Wins Again – Needless to say, the entrepreneur was extremely satisfied with Ethos Risk Services’ due diligence efforts. In fact, a few months down the road, another investment opportunity came down the pike.

Again, the entrepreneur enlisted Ethos. This time, though, the business was legitimate. The entrepreneur sold his security company, purchased his second bar, and has already secured investors for a third franchise, this one to be opened out of state.

“You can’t put a price tag on what a due diligence investigation is worth in a scenario like this,” said the entrepreneur. “If it hadn’t been for Ethos, in all honesty I could’ve lost everything. I cannot overstate how instrumental they were in preserving my success story.”

At Ethos Risk Services, we sell piece of mind. It’s what we do, and we do it well.