

Texoil Buyer- Vice president gas station operations

Your role in this negotiation is to be the VP operations manager from Texoil. You are in charge of setting up, staffing, hiring managers, training and creating successful retail gas outlets. You have flown in from the head office to make an offer to buy a franchised Texoil gas station from its current owner. Your job is to expand the number of corporate owned and operated Texoil stations. Some key points about your position are:

The station is on a busy corner with a competitor station across the street.

You are authorized to pay a **maximum of \$500K** for this station (from your capital budget) and would then upgrade it to meet current station needs including adding a 24 hr convenience store. (for an additional \$50k in upgrades)

A (Greenfield) new station would cost you \$650K including land and station and store and add more completion to the area.

YOUR GOAL: Maximize the profitability by getting a good deal for the station, strengthen the reputation of Texoil as being a good company to work with.

Some additional information you should know.

You believe the station owner is a very good manager and that this is considered a very well run station. Competition for this station is real and you believe the owner has received other offers. This would be a great station to own due to its location and loyal customers.

You are not sure why the owner is selling but these kinds of buyouts are common for your company and help in building franchise loyalty. It is one of the reasons franchisers join the Texoil group.