

# HAWAI'I SBDC SUCCESS STORY

## Autoworks-Autosports



Matt Hodges founded Autoworks-Autosports in Honolulu, and had been in business for about 10 years when he came to the Hawai'i Small Business Development Center (SBDC). As an independent automotive repair shop focusing on imported cars, the business was operating on leased land. Matt's challenge: Eliminate the risk of being forced to move from the location that has served his customers well, and realize a good return on his investment in shop expansion and improvements.

The SBDC began with an in-depth analysis of his existing financial statements, and developed a model for evaluating strategic alternatives for increasing revenue and to bring clarity to his overhead and direct costs. Setting shop rates and parts markup accordingly assured his being able to cover all expenses. The SBDC encouraged him to think of profit as a cost to be covered, not something that is left over at the end of the work process.

Matt followed our advice, and as a result was in a favorable position to acquire the property he had been renting when it fortuitously came up for sale. He applied for and received a U.S. Small Business Administration guaranteed 504 loan. Strengthening and clarifying his financial statements helped the bank see the value-producing processes in his company, along with a means of assessing his financial strength.

"The biggest challenge in acquiring the property was coming up with the money," Hodges reports. "I had to liquidate my investment and retirement accounts, [but] I reasoned that the property was more likely to allow me to retire than my retirement accounts were."

The SBDC worked with Matt to address the challenges of SBA qualifications and bank underwriting standards.

Hodges has since completed the shop expansion and improvement plans, and construction has begun. His stronger and more agile financial position has set the stage for increased opportunity and broader horizons.