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Case Study : Excellence through ESOP (Employee Stock Ownership Plan)

How one business owner used an ESOP to slash a \$22 million tax bill, acquire competitors, and inspire his workforce

Case Study: Excellence through ESOP

How one business owner used an ESOP to slash a \$5 million tax bill, acquire competitors, and inspire his workforce

BACKGROUND

Jeremy, a 52-year-old entrepreneur, grew up in the trades and started out with a single fabrication shop. Over three decades, he built his company into a national leader in steel fabrication, industrial supply, and on-site maintenance services.

Today, his company runs:

- Fabrication yards building custom steel components, piping systems, and industrial fittings.
- Supply warehouses stocking tools, parts, and consumables for contractors and manufacturers.
- Mobile service crews handling welding, maintenance, and emergency repairs for factories and utilities.

With \$120M+ in revenue and nearly 400 employees, Jeremy had created a powerhouse. But with success came a steep price: his annual tax bill was nearing \$22 million — cash that could have been reinvested in growth.

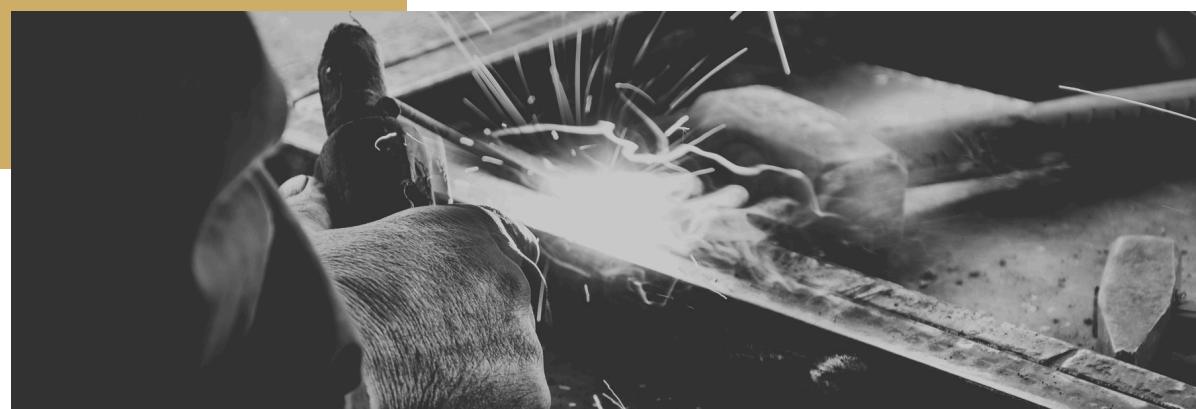


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THE PROBLEM

Despite strong profits, the owner was stuck with:

- *\$22M annual tax bill draining margins and limiting growth.*
- *Intense competition from national chains and private equity-backed roll-ups.*
- *Employee turnover in a tough skilled-labor market.*
- *Succession risk — all decision-making and ownership still rested on Jeremy.*



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THE GAME PLAN: BLUE-COLLAR ADVANCED TAX STRATEGY

We restructured Jeremy's company as a 100% S-Corp ESOP, turning taxes and turnover into his greatest advantages:

1. Tax-Exempt Structure

- Jeremy sold shares into the ESOP trust.
- As a 100% ESOP-owned S-Corp, all income became federal and (in most states) state tax-exempt.
- Freed nearly \$5M annually to fuel acquisitions and reinvestment.

2. Acquisitions of Competitors

- Tax-free cash flow gave Jeremy's company a bidding edge and resources to buy smaller competitors.
- Consolidated regional market share while protecting local family-run shops from being swallowed by outsiders.

3. Employee Retention & Attraction

- Crews became employee-owners through the ESOP.
- Retirement accounts grew automatically with company success.
- Recruiting improved — workers preferred a shop where their sweat equity turned into ownership.



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4. *Culture of Blue-Collar Excellence*

- Jeremy rolled out an ownership culture: “Every weld, every shift, every delivery makes your account bigger.”
- Employees shifted from “just a job” to building their own retirement wealth.

5. *Owner’s Control & Liquidity*

- Jeremy diversified his personal wealth with ESOP sale proceeds.
- He retained leadership and long-term strategy, but reduced personal risk and created a perpetual succession plan.



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THE RESULTS

- **Income Tax Savings:** **\$22M** annual tax savings redirected into growth, acquisitions, and modernization.
- **3 Competitor Acquisitions** in the first 5 years, expanding market dominance.
- **Employee Owners:** 400 workers now **building retirement wealth**, not just collecting paychecks.
- **Culture Shift:** productivity and retention soared as employees took pride in ownership.
- **Legacy Built:** Jeremy's business transitioned from a one-man legacy to a perpetual **ESOP-owned enterprise**.

“ This shop runs on sweat, steel, and pride. Before, it felt like all that hard work just fed the IRS. Now my guys are owners, we’re buying up competitors, and **every weld we make builds our retirement.**”

~Jeremy

WANT RESULTS LIKE THIS?

Want to see how an ESOP can reduce taxes, fund acquisitions, and build a culture of ownership? Schedule a strategy call today.



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