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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.



*This is not tax or legal advice. Always consult qualified tax, legal, and financial professionals. Always conduct your own thorough due diligence. Sky Tower Counsel, LLC is not responsible for any of your decisions.

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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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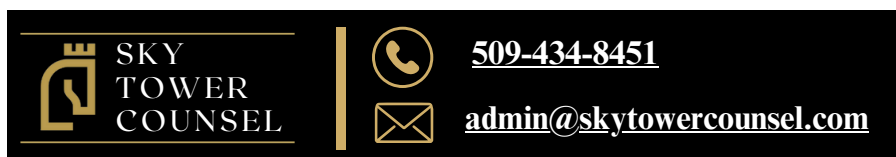
THE RESULTS

- **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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