Client Profile: Take 5 Oil Change

Founded in 1984, Take 5 Oil Change is a drive-through lube-change chain that began as a family-owned business in Metairie, Louisiana, and has since grown to a major franchisor, with 500 stores in 19 states.

Take 5 is renowned for its speed and customer experience, as those receiving service are able to remain in their vehicles during an oil change that is typically completed in five minutes of in-bay time, less than one-third the industry average.

Take 5's daily car counts are 45 percent above the industry average and repeat customer rates are in excess of 70 percent. As recently as 2011 the company featured just 25 stores, mostly in the Southeastern U.S., before undergoing exponential growth.

THE CHALLENGE
Between 2006 and 2011 Take 5 had more than doubled its footprint, from 13 to 25 stores, and was looking to expand even more.

THE SOLUTION
Saratoga Investment Corp. supported the sale of Take 5 to a private equity firm, Trivest, in December 2011, by making a $710,000 equity investment on May 31, 2012. Saratoga would remain an equity investor, even as its co-lender and co-investor, Capital South, sold its shares to Trivest in 2014.

OUTCOMES
By 2014 Take 5 had added 12 more stores, raising its total to 37, and seen year-over-year increases of 20.1 percent in revenue and 19.5 percent in EBITDA. By 2016, the chain featured 70 stores. It now has 500 as a result of its franchising efforts.

TAKE 5 OIL CHANGE

Seeing a Family-Owned Oil Change Business Go Into Overdrive, as a Result of Fueling by Saratoga Investment Corporation

Saratoga supported Take 5's sale to a private equity firm, setting the stage for the company's exponential growth.

In 2011 Take 5 Oil Change, a drive-through lube-change business known for its speed and customer experience, was looking to emerge from the pack. A family-owned company with roots in Metairie, Louisiana, it had doubled its footprint, from 13 to 25 stores, in the previous five years.

It was, however, seeking more. Much more.

Saratoga Investment Corporation, fully aware of Take 5's tried-and-true business model, supported the December 2011 sale of the company to a private equity firm, Trivest, by making a $710,000 equity investment of its own in May 2012.

Take 5 reaped the benefits, expanding its footprint to 37 stores by 2014, 70 by 2016 and 500 by 2019, after it began franchising. Outlets can now be found in no fewer than 19 states.

"This was a business we helped transform from family-owned to institutionalized," said Joe Burkhart, Saratoga's managing director and head of business development. "They grew tremendously."

And there are no signs of stopping.

“The momentum behind Take 5 is unmatched,” Ted Rippey, then the company’s vice president of franchising, told Franchising.com in 2019. “New and repeat customers alike love Take 5. ... Our concept is a game-changer. There are no other brands in the oil-change industry that offer the same level of speed, quality and convenience as Take 5, which has made us the most competitive concept in the space.”

RESOURCEFUL FOUNDER

Levere Cooley “Monty” Montgomery Jr. certainly had a business sense -- you had to give him that. He opened a Time Saver convenience store in New Orleans in 1951, then saw that expand into a chain featuring 97 outlets before he sold it for $10 million, some 27 years later.

Then, in 1984, he conjured up a new idea -- an oil-change business that would allow customers to drive into the garage’s bay, remain in their cars as the service was performed and drive off minutes later. So it was that Take 5 was born; the company even had a catchy slogan: “Change your oil, not your schedule.”

Before Montgomery knew it, he had three shops, but the chain’s initial growth was slow; he had added just 10 more outlets by 2006. He had a sound approach, though, and always seemed to surround himself with the right people.

“I had so many great managers, and that’s the reason our businesses did well,” he told Tammanywest.com in 2015. “Having good employees, and keeping them around, is probably the most important thing you can do with a business.”

A man named Pete Frey joined him early on, in 1987, becoming the company’s general manager and later its president. And much later, in 2017, Rippey came aboard to head the franchising efforts, having previously helped his family build the 1-800 Radiator chain, then serving in an executive capacity for Take 5’s parent company, Driven Brands.

> *By that point there were 70 Take 5 outlets, each averaging $1.2 million in volume and each promising franchisees a $300,000 return.”*

By that point there were 70 Take 5 outlets, each averaging $1.2 million in volume and each promising franchisees a $300,000 return, according to a 2018 report in Franchise Times.

“The ops model is incredibly simple,” Rippey told that outlet. “We’re just doing oil ... gravity does most of it.”

Rippey, now Driven Brands’ senior vice president of franchise development, told Searchautoparts.com in 2019 that potential franchisees (whose numbers included Frey, as of December 2018) must have a net worth of at least $750,000, and that they need $300,000 to open a store. Take 5 provides training, as well as guidelines for equipment and staffing.

HOW SARATOGA HELPED

In Saratoga’s view, Take 5 offered a solid foundation to build upon, from a leverage multiple and enterprise value perspective. So it was that in May 2012 Saratoga followed up Trivest’s November 2011 purchase with an investment of its own.

Some 14 months later, in July 2013, the debt was fully refinanced, leaving Saratoga holding only equity in Take 5. And in October 2014, Capital South, Saratoga’s original co-lender and co-equity investor, sold its shares to Trivest at six to seven times their original worth -- a deal Saratoga declined, believing that Take 5 was destined for even greater things.

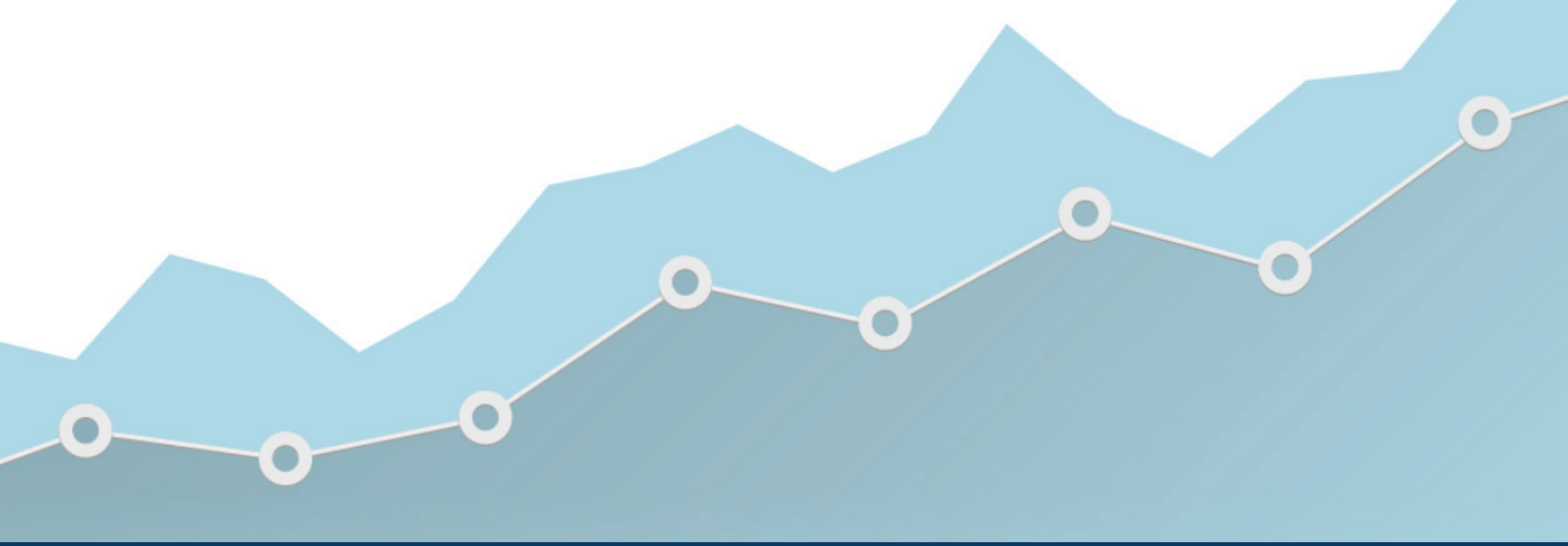
That did in fact prove to be the case. By the end of 2014 its revenues had increased to $32.4 million, a 20.1 percent increase from the previous year. Its EBITDA grew from $6.6 million to $7.8 million over that same time period, a 19.5 percent hike.

The only stumbling block was a small one -- documentation. Because of its roots as a French and Spanish colony, Louisiana still operates according to the Napoleonic Code -- i.e., civil law -- while the other 49 U.S. states follow common law. That primarily results in procedural differences, meaning Saratoga had to dot some different i’s and cross some different t’s than usual.

When that was done, Take 5 was poised to take off.

"There are over 260 million registered vehicles in the U.S., and 99.9 percent of those need regular oil changes," Rippey told Searchautoparts.com. "And 100 percent of these drivers hate long, drawn-out repairs. Take 5 is the model for everyone and anyone wanting a fast and friendly service in 10 minutes or less."

Saratoga was among those offering a push.



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