



Date: **3rd July 2024**

Business Reference: **34451**

About the Business:

High Turnover Courier Business based in the Western Cape

This is a unique opportunity to acquire a well- established Courier business based in the Breedevalley. This highly successfully courier business, operating for over 23 years, provide comprehensive courier services.

High Turnover Courier Business based in the Western Cape



Sector: **Services**

Asking Price:

R 6,188,711

Monthly Profit:

R 165,147

Asset Value:

R 4,500,000

Stock Value:

R 0

Yearly Net Profit :

R 1,981,766



Business Report

Fully describe the business's activities?

Customers will book a courier service with one of the 9 office staff. The courier will collect the parcel that is booked either from a specific address - that could be your place of work or your home - or from a drop-off location.

From there, the courier will take the parcel (along with hundreds of others collected that same day) to the nearest depot.

At the depot the parcel is sorted with others that are addressed to a similar area.

Parcels will often be sent to another depot closer to the delivery location, where it will be assigned to a driver based on their area of coverage.

The next driver takes the parcel from the depot and delivers it to the recipient on his or her next delivery.

How long has the business been established?

During 1998 the current owner and founder of the business identified a need for an effective courier service based in the Breederiver geographical area. The business started off with an overnight courier service to Cape Town with one vehicle and two staff members.

Today, 23 years later, the fleet consists of 32 vehicles and 34 permanent drivers.

How long has the owner had the business?

The current owner started the business 23 years ago

How does the business operate on a daily basis?

Being a structured and disciplined person the owner, over the years adopted a service company synonymous with delivering excellent service. The adoption of this service orientated culture was fundamental to the long term success of "the business" as a service organization with established loyal customers.

The Business also has a good and mutual beneficial working relationship with competitors in the courier industry. When making use of the services of a competitor it is referred to as "sub-contracting" of services. It allows the business to extend its service to a market which is not economical viable to service on its own. The company's extensive market coverage and domination of the Breërivier geographical courier market, which cannot easily be duplicated, is what makes the business such a valuable and sought-after asset.

Running the day to day operations of the business is a self-sufficient management team who consists of a manager and 9 (nine) competent office staff.

The business collect and deliver in the following areas/routes:

Worcester and surrounding towns;

Bonnievale, Ashton, Robertson

Touwsrivier, Lainsburg, Sutherland

De Doorns, Rawsonville

Ceres, Tulbach, Wolsely

Paarl, Wellington

Cape Town district (Southern- en Northen suburbs)

By making use of sub-contractors the following areas are also serviced;

Stellenbosch, Strand, Somerset-Wes, Gansbaai, Bettysbaai, Kleinmond, Grabouw, Caledon, Onrus, Hermanus, Moorreesburg, Malmesbury, Porterville, Riebeeck-wes, Riebeeck Kasteel, Eendekuil,

Bredasdorp, Hopefield, Napier,

Piketberg, Swellendam, Darling, Riviersonderend, Laaiplek,

Velddrif, Vredenburg, Saldanha,

Mosselbaai, George, Heidelberg, Knysna, Struisbaai, Stilbaai, Plettenbergbaai, Oudtshoorn, Barrydale, Ladismith,

Springbok, Bitterfontein, Beaufort-Wes, Calvinia, Carnarvon, Victoria-Wes, Kenhardt, Keimoes, Kakamas,

Upington, De Aar, Hanover, Stanford, Citrusdal, Graafwater, Gouda, Hermon, Lambertsbaai, Clanwilliam,

Klawer, Lutzville, Vredendal, Trawal, Riversdal, Albertinia.

The company has its overnight distribution depot in the Breederivier district where parcels/ goods, delivered at the depot before 16H30, will be delivered to

Springbok / Plettenbergbaai / Oudtshoorn / Upington etc, the very next morning.

How are the clients attracted to the business?

The owner believes that customer satisfaction will lead to an increase in sales and that satisfied clients lead to reciprocal business from loyal customers

The company has a proper and functional web-site.

The business enjoys a visual presence with the 32 branded and well maintained delivery vehicles, creating a good impression and company image.

The company is actively contributing and participating, through non-profit service organizations, to alleviate the needs in the community.

What Advertising/Marketing is carried out?

- * All vehicles is branded with company logo's and services offered by the company.
- * The company's website is not too long, have a user friendly design and contains all essential information about the company and its services.
- * The company is active on facebook.
- * The company sponsor the Mega Oval Kleinplasia stock car hosted in Worcester. Visible branding at the venue, participating cars and Mega Oval Kleinplasia website.
- * The company is a yearly sponsor of the golf day in aid of Pioneer School for the visually impaired situated in Worcester.
- * The company is grateful to be priveleged to participate in the annual Pioneer Rally

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- * The company is privileged to participate in the annual Pioneer Rally, to raise funds for the visually impaired, as a sponsor and host at proceedings.
- * Proud sponsor of school sports teams at HTS Drostdy high school in Worcester.
- * Addressing the company's social responsibility by contributing and participating in the efforts of Nonprofit organizations (NPO,s)

How did the Covid-19 pandemic impact the business turnover / daily operations?

Covid-19 also affected the turnover and operations of the business. After a few structural changes the company remarkably managed to maintain profit margins achieved before the pandemic.

What steps / actions have been taken to combat the effect of Covid-19 pandemic?

As a reputable and responsible company all necessary protocols and procedures have been put in place to ensure the safety of the employees of the company, the community and its customers.

Is the business VAT Registered?

The business is Vat registered and all documentation is on file. All vat payments are up to date.

What VAT documentation is on file?

Yes

Are there up-to-date Management Accounts available?

Yes. Management accounts up to February 2024

Is Seller finance available and for what amount?

No Seller finance available

Give a breakdown of staff/ functions/ length of service?

To be provided during due-diligence phase

Do any have management potential?

The business is currently manager driven. The owner is still involved in management. Proper "checks and balances" developed over the years allows the owner to be semi-retired whilst still having control over the day to day running of the business. The current manager indicated the he/she will stay on with the company after a sale.

How involved is the Owner in running the business?

Owner to visit the business once a week.

When does the current lease end?

The company rents two premises, in the Breede Valley (head-office) and a depot in Parow.

Breede valley offices;

*R27 000.00 per month

*Deposit R23 000.00

*523 square meters

*Contract indefinite, 60 day cancellation notice period

Parow Depot;

*R33 793.00 per month

*Deposit R23 000.00

*750 square meters

*Expires 30 June 2021. Option to renew contract.

Storage in Paarl;

*R1250.00 per month

*Deposit R0

*Month to month basis

Is there an option of renewal & what period?

To be negotiated with the landlord. The Seller and Landlord have a longstanding relationship.

What is the annual escalation %?

To be negotiated yearly.

What are the trading hours?

Trading hours; Monday to Friday 07H30 to 17H00

What is the square meters of the business?

There is two properties. Both is about 600 squares.

Is a copy of the lease available?

Yes

Do you require a licence?

No

What lease deposit and/or other surety is required?

One months rental as a deposit

What are the main assets of the business?

The main assets consist of office equipment and a well-maintained fleet of vehicles and trailers valued at a depreciated value of R4 500 000. All vehicles are bought out of the business's cashflow. No lease or HP's. The overall condition of the vehicles are good. Vehicles under factory warranty are serviced at the appropriate dealer. Vehicle out of warranty is serviced at a service-center.

Coming from a disciplined working career the owner believes in a robust program to carefully maintain and manage the vehicle fleet in order to avoid unforeseen and expensive downtime as well as disruptions in service levels.

Are any items not included in the sale?

No

What is their overall condition?

To be determined during due-diligence.

Which assets are on lease/HP and with whom?

All assets is paid for.

Strengths?

- * Strong and effective management team attending to the day to day running of the business
- * Effective and happy employees
- * The business culture is about delivering exceptional service to its customers.
- * The latest vehicle tracking and monitoring devices are used in daily operations.
- * During the past 23 years the business established a good name and reputation, associated with reliability and service excellence, in the market.
- * Visible branding of vehicles. The professionally designed logo with its black and orange colours is very effective.
- * New clients are referred to the company by "word of mouth"
- * Mutual beneficial working relationship with other courier companies. This relationship enables the company to deliver a service to almost the whole of South Africa.

Weaknesses?

Need a marketing and sales strategy

Opportunities?

More potential can be unlocked by expanding / developing the working relationship with other bigger courier companies.

Threats?

Competition in the market is intense.
The local and international economies pose a threat to the business.

What is the reason for the sale?

The owner is semi retired

Why is this a good business?

Although the courier, express and parcel services sector faces weak economic conditions, it is benefitting from the growth in e-commerce sales, increasing demand for just-in-time deliveries and from the poor service provided by the post office. Increasing customer demand for speedy and flexible deliveries and the growth of disruptive startups and innovative delivery options are forcing traditional operators to review their distribution strategies and in some cases partner with or invest in new disruptive on-demand delivery companies to provide innovative and alternative delivery options.

The Bredevalley district still has functional municipalities and its economy is driven by farming activities which brings foreign money into the region. Despite the covid-19 pandemic, and other economic set-backs the Bredevalley district's economy is still performing well.

It is very difficult for any outside business to establish a profitable footprint in the Bredevalley area due to the geographical area (With Worcester in the middle of surrounded by 10 smaller towns) as well as the loyal client base. It is always better to buy an existing business in the area than starting one.