

business
for sale



Date: **21st November 2024**
Business Reference: **35433**

About the Business:

Solid Manufacturer of Specialised Equipment

This company produces equipment for material handling in factories. It has a strong reputation as a solution provider and attracts constant orders. There is however large scope for growth.

Solid Manufacturer of Specialised Equipment



Sector: **Manufacturing**

Asking Price:

R 9,500,000

Monthly Profit:

R 380,511

Asset Value:

R 107,880

Stock Value:

R 0

Yearly Net Profit :

R 4,566,127



Business Report

Fully describe the business's activities?

The business is involved in the manufacture and installation of specialized equipment for large factories.

How does the business operate on a daily basis?

Large customers email or phone enquiries into the business. Quotations are done and emailed back to the clients. Orders are then sent for those quotations that are accepted. The design team will then produce drawings for the manufacturing team to produce. Once the item is complete, it is delivered to site where the installation crew will install the equipment.

What Advertising/Marketing is carried out?

While the company does have a website, very little marketing is carried out.

What competition exists?

There is competition from larger manufacturing companies however they are generally more expensive and not preferred by the customers. Some competitors have recently disappeared from the market.

How could the profitability of the business be improved?

The business offers significant opportunities for growth. The introduction of a Rep to canvas for more business would increase turnover while a diversification of products produced would increase the offerings the company made to its clients. The owners are however reluctant to change the current formula which has served them well.

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

Management staff include:
Design and drawing staff.
Workshop supervisor
Site Supervisor

Do any have management potential?

There is an individual with management potential who could be trained to run the company.

How involved is the Owner in running the business?

The owners are involved on a full-time basis with quoting and some buying of raw materials.

When does the current lease end?

The current premises are owned by the current owners of the business and so not lease is in place.

What are the trading hours?

The company operates Monday to Friday 7:15 - 4:15 with an early close at 1:15 on a Friday.

What are the main assets of the business?

The business owns substantial engineering equipment in the workshop. A full asset list is available to a prospective buyer.

Strengths?

The business dominates in a niche where it is able to offer its products with little competition at its price. Coupled with the reputation the business has for providing the solutions that customers seek, should offer a healthy outlook for work into the future. The business currently supplies 60% of its products to locations outside of South Africa (although through South African companies) and so is less exposed to the South African economic climate.

Weaknesses?

The owners have run this business in its niche very successfully and are reluctant to look for new opportunities to grow or expand.

Opportunities?

More aggressive marketing will increase turnover. More face to face marketing with their clients will provide opportunities to produce products outside of their niche market and so leverage, with the same clients, off their reputation.

Threats?

The company is exposed to a particular industry for 40% of its turnover and threats to that industry would influence this share of the turnover.

What is the reason for the sale?

The owners wish to emigrate in the medium term to be closer to their extended families. They would however be available for an extended handover period before leaving and wish to make themselves available to help electronically afterwards.