

business
for sale



Date: **4th December 2024**
Business Reference: **35873**

About the Business:

Manufacturer of quality caskets and coffins

Overall, the coffin manufacturing business is an important and thriving industry in South Africa, providing employment opportunities and essential funeral products to meet the needs of the country's diverse population.

Manufacturer of quality caskets and coffins



Sector: **Manufacturing**

Asking Price:

R 6,500,000

Monthly Profit:

R 242,962

Asset Value:

R 3,161,598

Stock Value:

R 1,730,000

Yearly Net Profit :

R 2,915,547



Business Report

Fully describe the business's activities?

This business manufactures quality coffins and caskets. They also customize coffins to specific needs of the client and family.

How does the business operate on a daily basis?

The coffin manufacturing business is an important part of the funeral industry in South Africa. The country has a high death rate, and as a result, there is a steady demand for coffins and caskets. This business produce a wide range of coffins and caskets

The business employs skilled craftsmen and use modern manufacturing techniques to produce high-quality coffins and caskets.

What Advertising/Marketing is carried out?

The business does not spend a cent on paid advertising. Their only online presence is a fairly inactive Facebook page that showcase some of their products. Advertising cost in the financial report is actual costs incurred in customer meetings and door to door physical marketing.

What competition exists?

The coffin manufacturing industry in South Africa is highly competitive, with numerous companies operating in the sector. This business ranks among the biggest coffin and casket manufacturers in the country.

How could the profitability of the business be improved?

There are several ways to improve the profitability of the business, here are some strategies that can be considered:

Marketing and Sales: Increasing the visibility of the business can help to attract more customers and generate more sales. This can be achieved through targeted marketing campaigns and building strong relationships with other industry players.

Innovation and Product Development: Developing new, innovative products and services that meet the changing needs of customers can help to differentiate the business from competitors and increase profitability. This can include introducing new coffin designs, materials, and features.

Diversification: Diversifying the product and service offerings of the business can help to increase revenue streams and improve profitability.

Partnership and Collaboration: Building strategic partnerships and collaborations with other businesses in the funeral industry can help to improve profitability. This can include partnering with funeral homes, insurance companies, and other industry players to generate more business and referrals.

How involved is the Owner in running the business?

The owner oversees the factory, does production planning and procurement, whilst his wife oversees the finance and admin functions in the business.

When does the current lease end?

The owner also owns the building. He is willing to enter into a lease agreement with a Buyer or to sell the property to the Buyer. The building measures 1 250 sqm and is constructed with face brick and IBR roof sheeting. The asking selling price of the building is R5 million (R4 000/sqm), this is not included in the asking selling price of the business. A market related rental in the area ranges from R30/sqm to R33/sqm. Provision for rental has been made at R30/sqm in the financial report.

What are the trading hours?

Trading hours are Monday to Friday 8am to 5pm.

What are the main assets of the business?

The main assets of the business include, CNC machine, wood working plant and equipment, 5 delivery vehicles, a trailer, a generator, 2 compressors, spray painting equipment, power tools, small loose tools as well as 2 industrial sewing machines.

A detail asset list is on file.

Strengths?

High demand: Unfortunately, South Africa has a high rate of crime, poverty, and disease, all of which add to the high demand for coffins and caskets.

Skilled labour: South Africa has a well-established furniture and woodworking industry, which provided access to skilled labour and manufacturing resources.

Cultural and religious practices: South Africa has a diverse population with different cultural and religious practices, which drives the need for different types of coffins to accommodate these practices.

Weaknesses?

Seasonality: The demand for coffins fluctuate seasonally, with the winter months tending to have higher demand than the summer months.

Price sensitivity: Funeral expenses are often a significant financial burden for families, which results in price sensitivity and the need for cost-effective options.

Dependence on funeral homes: Coffin manufacturers generally rely heavily on funeral homes for orders, which limits their ability to sell directly to customers and negotiate pricing.

Competition: There are other coffin manufacturers competing for market share.

Opportunities?

Online sales: E-commerce is growing rapidly in South Africa, leveraging online sales channels to reach a wider customer base and increase sales.

Customization: Offering customized coffins to meet the unique needs of customers, such as those with specific cultural or religious practices.

Corporate social responsibility: Explore initiatives that give back to the community, such as providing training and employment opportunities for disadvantaged individuals or supporting local charities.

Threats?

Economic instability: South Africa's economy is volatile, which could impact the ability of consumers to afford funeral expenses, and result in reduced demand for coffins.

Health crises: Outbreaks of disease or pandemics, such as the COVID-19 pandemic, can impact the coffin manufacturing industry by increasing demand for coffins, but may also result in disruptions to the supply chain and increased costs.

What is the reason for the sale?

The owner is at retirement age and would like to focus on his farming interests.