



BUSINESS REPORT

Date: **3rd July 2024**

Business Reference: **35876**

About the Business:

Commercial and residential electrical business on the Dolphin Coast

Commercial, industrial and residential electrical business on the Dolphin Coast

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Sector: **Services**

Asking Price:

R 1,950,000

Monthly Profit:

R 157,553

Asset Value:

R 1,939,275

Stock Value:

R 20,000

Yearly Net Profit :

R 1,890,638



Business Report

Fully describe the business's activities?

This is an electrical supply and contracting business. Its activities are listed below.

INSTALLATIONS

- Reticulation
- Prepaid metering & smart metering
- Industrial installations
- Commercial installations
- Residential installations
- Low-cost housing installations
- Back-up power systems
- Television, telephone & data tubing
- Alterations to the above installations.

MAINTENANCE & REPAIRS

- 24 Hour Reactive and emergency callout services
- Maintenance and repair services
- Scheduled preventative maintenance visits
- 5 Year Periodic testing & certification (condition report)
- Fault finding and repairs
- Maintenance Contracts
- Cable Fault Finding

LIGHTING AND POWER REQUIREMENTS

- Domestic, commercial & industrial design, supply & installation
- Advanced Lighting control systems
- Sport & Stadium flood lighting
- Emergency lighting, testing, certification & repairs
- Street lighting installation, repairs & maintenance
- Security lighting
- External lighting installation & maintenance
- Voltage regulation
- Surge protection
- Lightning protection
- Advice on safety standards.

COMPLIANCE, DESIGNS & CIRCUITS

- Electrical Certificates of Compliance (COC)
- Electrical system design and verification
- Tailor made load shedding solutions.

How does the business operate on a daily basis?

The management and staff meet every morning, assess the work on hand and execute accordingly.

What Advertising/Marketing is carried out?

The business has a website that drives business their way, otherwise no other advertising or marketing is carried out.

What competition exists?

They are of course not the only ones in the market who provide these services, but they have an edge over their rivals because they operate more efficiently and employ more skilled and expert personnel. Their competitors often lose customers to them because of their superior performance, management and quality of work.

How could the profitability of the business be improved?

A major way to grow the business would be by breaking into other sectors such as solar. You could also open a shop that sells and installs solar panels, batteries, and other electrical accessories for residential and commercial customers. This would increase market awareness and attract new clients who are interested in green solutions. Marketing could also be done to promote the business and reach new audiences to boost sales.

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

They have a maintenance teams' manager and a construction teams' manager who liaise with customers and schedule in work. They then pass messages down to their foreman/s who then manage their assistants and student employees (government funded). A complete breakdown of the construction/maintenance teams is available.

Do any have management potential?

Yes. To be discussed.

How involved is the Owner in running the business?

The owner of the business has been instrumental in its growth and success over the years. However, he has recently decided to reduce his involvement and delegate more responsibilities to his management team and staff. He still oversees the overall direction and strategy of the business, but he allows more autonomy and flexibility for his employees.

When does the current lease end?

The lease has expired, and they are currently on a month-to-month basis. The new owner can negotiate a lease renewal with the landlord or relocate to other premises.

What are the trading hours?

Monday to Friday 07:30 - 16:30. Also available for 24/7 emergency calls.

What are the main assets of the business?

The main assets are the vehicles and various electrical testing equipment.

Strengths?

Good management in place. Skilled staff. High returning customer base. Well established. Good market knowledge and trade secrets. Highly respected in the industry.

Weaknesses?

One of the challenges of selling this business is that the owner is currently the only one with a license. However, the seller has a solution for this issue. The existing Maintenance Manager is very experienced and is qualified to obtain his license. He has expressed his willingness to do so and to work with the new owner. He can also take over the current management responsibilities of the owner, but he would require additional compensation for this extra role. We believe this is a reasonable and feasible option for ensuring a smooth transition of ownership.

Opportunities?

Solar. This is a fast-growing market with good margins. The business currently does inverters but have yet to get into installing solar panels which is not difficult to do.
Retail store. This could be used to sell material to the public and it will also generate more business.
Purchase a Wall Chaser. This is a special machine used to chase bricks and concrete. This will reduce labour costs and mess. In fact, the new owner could open a separate cutting division and offer cutting services to other companies as the traditional way of chasing is very messy.
The current website is not very user friendly. However, the current owner has invested in a new and improved website that just needs to be activated.

Threats?

They don't have too many threats as people are always going to need electricity and maintenance of their infrastructure.

What is the reason for the sale?

The current owner has decided to sell the company after several years of successful operation. He wants to explore new opportunities and undertake some traveling. He believes that the company needs a fresh vision and a passionate leader to reach its full potential.