



BUSINESS REPORT

Date: **17th May 2024**

Business Reference: **35989**

About the Business:

Unique Franchised Vehicle Service Centre

This business is located in Jhb North. They services and repair all types of vehicles. Part of a nationwide franchise and well known, busy and profitable All reasonable offers will be considered

Unique Franchised Vehicle Service Centre



Sector: **Services**

Asking Price:

R **2,095,000**

Monthly Profit:

R **80,355**

Asset Value:

R **313,185**

Stock Value:

R **5,000**

Yearly Net Profit :

R **964,259**



Business Report

Fully describe the business's activities?

This business is part of a strong and well known franchise group that provides affordable services and repairs to all types of cars and bakkies.

How does the business operate on a daily basis?

Clients will come/phone in and receive a quote, the client will instruct which services should be performed and drop off the car, and payment will be made when the car is picked up.

What Advertising/Marketing is carried out?

Advertising is done by the franchisor and each franchisee pays 2.5% of turnover towards this on a monthly basis. Each franchisee is strongly advised to also advertise in their own area via pamphlets, etc.

There is a very strong online strategy driven by the franchisor. The franchisor often runs billboard campaigns as well as in store campaigns such as Women's day, youth month, Easter specials, etc. and these are marketed and supported by online and social media campaigns.

The franchisee also markets by handing out flyers at traffic intersections, local newspaper ads etc.

What competition exists?

There is competition in the area but the business is not affected by it due to their good prices.

How could the profitability of the business be improved?

The parts ratio i.e. cost of sales (parts) as a percentage of turn over needs to be looked at. The average for the group is 30% and according to the financials, this business is at 42%.

Due to problems experienced by changing accountants this issue has not been investigated and there should be a substantial benefit once this cost have been corrected and brought in line.

What is the franchise fees?

Royalty = 5% of turnover
Marketing = 2,5% of turnover
TOTAL = 7,5% of turnover

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

Position Start Date Contract Start Date

Manager 21-Feb-2022 01-Jul-22
Secretary 11-May-2015
Jr Assistant Mechanic 28-Jan-21 11-Apr-2022
Assistant Mechanic Feb-22 11-Apr-2022
Assistant Mechanic 18-Mar-2014
Mechanic 03-Apr-2023
Driver (to remain with the current owner) 19-Sep-2011

Do any have management potential?

Yes, manager in place

How involved is the Owner in running the business?

The owner oversees the financial side of the business and has operational oversight but the team is responsible for the day-to-day running of the business.

There are process, systems, and reporting in place that allows the owner to have full oversight of the business.

When does the current lease end?

Lease is now month-to-month and a new lease will be signed with the buyer

What are the trading hours?

Weekdays: 07:00 – 17:30
Saturdays: 08:00- 13:00

What are the main assets of the business?

Diagnostic machine, tools, Spray booth.

Strengths?

Managers in place.

Well Established.

This is a top franchised group with excellent support from Head Office that provides full training and great advertising.

The business is situated in a good location.

Good database of clients with repeat business

Additional income from Car Wash and Auto body business

Weaknesses?

None identified other than market factors

Opportunities?

Source more work via partnerships with dealers in the area

Threats?

Cars are an essential service but rising fuel costs will impact distances driven and services required

What is the reason for the sale?

The owner is taking on a new business opportunity. He will retain another exact business in a different location and needs to free up time to focus on new opportunities