

**business**  
for sale



Date: **3rd July 2024**

Business Reference: **32688**

About the Business:

## **This successful business hires out construction machinery**

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This 19 year old business is successful and profitable in the hiring and sales of a range of machinery used in the construction industry. It also runs a very successful hire to buy division. The business imports most of its stock and spares, giving it the edge over competitors. The owner is prepared to remain in the business for an extended period of time to ensure a proper hand over.

# This successful business hires out construction machinery



Sector: **Services**

Asking Price:

**R 2,000,000**

Monthly Profit:

**R 259,230**

Asset Value:

**R 7,205,391**

Stock Value:

**R 6,400,000**

Yearly Net Profit :

**R 3,110,762**



# Business Report

## Fully describe the business's activities?

This 19 year old business is successful and profitable in the hiring and sales of a range of machinery used in the construction industry. It also runs a very successful hire to buy division. The business imports most of its stock and spares, giving it the edge over competitors. The owner is prepared to remain in the business for an extended period of time to ensure a proper hand over.

## How does the business operate on a daily basis?

The business hires out construction equipment for varying lengths of time. It also sells new equipment, spare parts and consumables all which get imported from Canada, Italy, China and UK. They also enter into very lucrative rent-to-buy agreements with customers where the customers pays off/ hires the machine over a year and takes ownership on payment of the last installment

## What Advertising/Marketing is carried out?

Sales and Marketing is done by a full-time representative, as well as sending out regular emails via their substantial database collected over the years.

## What competition exists?

There is competition but because they import the majority of their equipment it gives them a big advantage on capital costs as well as maintenance costs and also affords them to be very competitive in the market place for sales of new equipment.

## How could the profitability of the business be improved?

Increased turnovers and profitability can be greatly improved via diversification - the sky's the limit as to what types of equipment you would want to add to your offering. The owner already has a substantial amount of data for additions and has just recently launched 4 different products as new offerings. The mix of products available at the right price would suit someone wanting to open or add to other branches country wide, as well as opening a second or third branch in the Western Cape.

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

3 Key staff members have over 40 years of service between them. The current owner will reward them with a substantial bonus, payable after one years service with the new owner. . The business is managed for the owner who spends little time in it. The other 11 members are involved in sales, the workshop and administration. There is a part time bookkeeper who has been involved for many years.

## Do any have management potential?

The business is run day to day by a Branch Manager with 13 years service with the owner merely overseeing everything and making strategic decisions.

3 Members are already in management positions, one with 30 years service.

There is an Admin lady with 9 years service..

## How involved is the Owner in running the business?

30 % of his time.

The current owner will assist the new owner for a period of 12 months, without remuneration, and after that will always be around to offer assistance and advice.

## When does the current lease end?

The owner owns the building so any length of lease can be negotiated at a rental of R 28 000/month exc VAT.

## What are the trading hours?

7.30 to 5.00 weekdays  
Closed weekends

## What are the main assets of the business?

The main assets in the business are various motor vehicles and all the hire equipment. A full asset list is on file.

## Strengths?

This business imports all its equipment from Canada, Italy, UK and China which gives it a big advantage over competition on capital costs as well as maintenance costs.

The business has built up an excellent reputation in the market and a lot of its business comes from repeat business - 90 %.

The business is well managed by a Branch Manager and 3 other managers who virtually run the business.

The business is very profitable and easy to run.

## Weaknesses?

None perceived

## Opportunities?

Huge opportunity for an energetic person to expand the business by introducing other lines that have already been identified by the owner and by opening a second or third branch in the Western Cape or by expansion nationally...

## Threats?

The only perceived threat is the economy but the business has continued to do well throughout the poor conditions over the last period

## What is the reason for the sale?

Semi - retirement but the owner needs to keep a small business for his son and for certain tax benefits.