

business
for sale



Date: **1st September 2024**
Business Reference: **36860**

About the Business:

Electrical contracting North Durban R1.8m NP

Servicing builders (5-6 providing some 10 projects), businesses, body corporates & indiv homeowners, re-new builds & existing buildings, re- instillations, repairs, maintenance, compliance. Av turnover of R5.5m pa. Seller plus 1 manager & 10 staff.

Electrical contracting North Durban R1.8m NP



Sector: **Services**

Asking Price:

R 1,800,000

Monthly Profit:

R 157,639

Asset Value:

R 500,000

Stock Value:

R 0

Yearly Net Profit :

R 1,891,670



Business Report

How long has the business been established?

13 yrs by the owner

Business Operations

Electrical contracting business to builders (av of 5-6 providing some 10 projects), businesses, body corporates & individual homeowners, re- new builds & existing buildings, re- instillations, repairs, maintenance, & compliance.

Are there up-to-date Management Accounts available?

Yes, monthly in arrears.

The accounting package ensures that the MA's mirror the Bank account, providing proof of each other.

The Turnover of R5.5m produces a NP (incl owners benefits) of R1.8m.

The average order book for new builds, which runs over some 18 months, is some R4.5 million for approximately 10 houses. The ad hoc maintenance and compliance work for existing houses/businesses is some R2.5 million over 12 months.

What percentage of the business is cash/credit?

New builders are normally 30-45 days in arrears, while other business is immediate to 30 days.

What is the total staff complement?

The owner does the quoting (in a very simple process) & controls the Dr's & finances.

11 staff: A manager (12 yrs) liaises with customers and schedules work, passing such down to the 6 foreman, (2-10 yrs) who then manage their 4 assistants (2-6 yrs)) and student employees as / when required (government funded, but sent by colleges).

Do any have management potential?

The manager literally runs everything except quoting & the finances

Do you require a licence?

Some installations are required to be signed off by a qualified (licenced) person. However, this does not mean that the owner of the company has to hold a license. Any staff member who has a valid license can sign off on these installations and the seller is also willing to help with the sign-off process for a year if needed. The manager has also already expressed his interest in getting his license and just needs to write a test to obtain such.

Premises Detail

42m2 site office @ some R7 000 pm, with 8% escalation, although it is on a month to month basis, while the landlord is willing to enter into a long term lease.

What are the main assets of the business?

4 bakkies & various tools of the trade all in good condition, bought for some R900 000, but worth some R500 000.

Strengths?

Well known Company with 13 years of good service to the community & builders.
Good manager & staff in place.
High returning customer base.

Weaknesses?

The owner has had a new vocational interest over the last 2 years & has reduced his involvement in this business to some 1-2 hours a day, with literally no business development efforts & no direct involvement in the external side of the business.

Opportunities?

A better website
An owner willing do some business development & marketing
Enter the solar market

Threats?

That more electrical contractors enter the local market, but they will be starting from a zero level, with no history of service delivery or referrals to be adjudged by.

What is the reason for the sale?

The seller is entering a new vocational choice

Why is this a good business?

Steady R5.5m turnover pa, that generates R1.8m NP (incl owners benefits, at a sale price of only R1.8m, as the seller is already involved in a new venture that aligns more to his interests. The owner is only slightly involved as the Manager & staff are experienced & reliable.