

business
for sale



Date: **27th September 2024**

Business Reference: **36701**

About the Business:

Remote Business Opportunity: Global Exporter of Patented Handmade Hair Clips

Established in 2000, this business is a globally recognized supplier of patented, handmade hair accessories with a presence on every continent. Committed to Fair Trade, it has revolutionized the industry with durable, innovative designs. The high-quality, patented hair clips come with a one-year guarantee and are versatile for all hair types. Each purchase supports job creation and poverty reduction in Africa,

Remote Business Opportunity: Global Exporter of Patented Handmade Hair Clips



Sector: **Manufacturing**

Asking Price:

R 2,750,000

Monthly Profit:

R 64,496

Asset Value:

R 1,217,556

Stock Value:

R 100,000

Yearly Net Profit :

R 773,955



Business Report

Fully describe the business's activities?

African Butterfly South Africa is a Fair-Trade company based in the Gauteng region of South Africa. The company specializes in the manufacturing, wholesale & distribution of hair products to the international market.

These products also hold global patent rights for the product line. The company had secured long standing relationships with their international distributors which act as the retailers.

How long has the business been established?

The Family owned Company was established in 2004. The CC African Butterfly Trading was established in 2007.

How long has the owner had the business?

Twenty Years.

What steps are in place to solve 'load shedding' problems?

The product is manufactured and constructed by hand. The other components are manufactured by a third party.

How does the business operate on a daily basis?

Two staff members come in on a daily basis to keep stock levels in check and to prepare customer orders accordingly for shipping and distributions.

The current owner oversees and performs the following;

1. Processing of orders received through emails, whatsapp messages and other social media platforms.
2. Client engagement also through various social media platforms on a weekly basis.
3. Issuing of materials to staff for product manufacturing on a weekly basis.
4. Weekly and monthly stock checks on production materials.
5. Ordering of production materials as required through supplier engagement.
6. Quality control checks of all products and invoicing prior to dispatch.
7. General administrative duties including staff month end wages.

How are the clients attracted to the business?

By successfully executing an aggressive marketing strategy since 2004, utilising renowned trade and exhibition shows as platforms in South Africa, Europe, Canada, and the USA, the company cemented and secured its brand and product range, resulting in worldwide open market awareness. The company's international agents sell products through their respective e-commerce websites.

What Advertising/Marketing is carried out?

The company has a website as well as social media pages. The company is not doing any online or retail sales in South Africa currently; however, they do have independent agents operating in South Africa.

The company's niche market is the international market and they are concentrating more on the overseas market which has been proven to be very lucrative year on year.

What competition exists?

1. A company in SA known as Hairmagic is under our licence and solely trade in the USA.
2. The company's current wire comb supplier Designer Minds exclusively sells just the wire combs. This product line is not available on the company website or the social media platforms.
3. Chinese counterfeit products appearing on the market is a reality of this line of business.

What are the seasonal trends?

There are now seasonal trends, however there are some agents that submit special order requests through from different countries based on their individual client's taste preferences.

Is the business VAT Registered?

No, the business was deregistered in 2020.

What VAT documentation is on file?

Documentation is on file that the current owner will provide.

Are there up-to-date Management Accounts available?

Yes up-to-date management accounts are available, the current owner has requested this through her accountants that manages the business books annually.

What Balance Sheet and Income Statements are available?

Balance sheets and income statements are available through the current owner's accountants.

What percentage of the business is cash/credit?

1. Only retail or walk in clients pay cash.
2. Some local agents will upon request pay cash.
3. The business does not operate on credit with 2/3 agents in South Africa that takes stock on consignment.

What is the age analysis of the debtors book?

The business does not have any debtors.

How could the profitability of the business be improved?

1. With a renewed online sales strategy, exhibition shows both local and international. There is also huge potential in utilizing the business social media platforms in a more effective manner through influencers etc.
2. Key partnerships with Takealot and or similar E-commerce platforms.
3. Key Partnerships with groups like Proudly SA and Fair Trade groups could prove most beneficial.
4. New product development.

Is Seller finance available and for what amount?

Seller finance is not available.

What is the total staff complement?

The total staff complement is four, including the current owner. The preferred buyer will be based in the Randburg area, as the skilled staff stays there. The skill is unique

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

The current staff compliment are as follows;

1. Two staff members for weaving and packaging.
2. Assistant manager acting as quality control checker, order management as well as local client and agent liason.
3. Owner/ Manager
4. Casual staff may be called in if required.

Do any receive special perks or incentives?

1. Annual Christmass bonnuses allocated at current owners discretion.
2. The two weaving ladies receive R22.50 per day towards transport.
3. Order packers and temp staff recieve R180 per day.

Are they on contract?

Yes

Do any have management potential?

Yes, the current owner's son is the assistant manager that is currently in training to potentially take over the role as manager.

How involved is the Owner in running the business?

The current owner is very hand's on and involved with the daily running of the business with an average of five hours per day.

When does the current lease end?

There is no lease in place, as the current owner works from her home. The required area is +- 40-60m2.

What are the trading hours?

The current trading hours are from Monday to Friday - 8am to 4pm.

What are the main assets of the business?

There are four injection moulds and various raw materials like beads, combs and elastics.

Strengths?

1. Long standing and successful.
2. Unique patented products.
3. International footprint with a proven track record of well over ten years.
4. Easy to run business with huge upscaling potential.
5. Established Brand with "easy to add" new innovative product lines.
6. Low running costs
7. Export licenses and shipping accounts in place with UPS and FEDEX as preferred partners.

Weaknesses?

1. The new owner must be ready to file new patents in South Africa by early 2025
2. The new owner should ideally have existing premises to accommodate the business and daily operations.
3. The new owner must be ready to file new patents in South Africa by early 2025.
4. The cost of local and international PCT filing applications could be expensive.
5. The new owner should approach the DTI for funding to absorb the costs for patents, etc.
6. New product moulds must be manufactured by late 2025 to develop new products.

Opportunities?

1. The alternative for the new owner could be to rent a suitable premises that could accommodate for upscaling and future expansion. New and exiting products can be added regularly or based on trends and client demand.

Threats?

As with all successful product lines in the global market this business has also encounter Chinese counterfeiters in the markets since 2007, our original products reputation for its quality and durability has stood the test of time against these substandard badly imitated counterfeit versions. The owner does take legal action via reporting such products in the relevant territories from time to time.

What is the reason for the sale?

The current owner has a medical condition that wil leave her unable to continue managing the business in due course.