

business
for sale



Date: **24th November 2024**
Business Reference: **36549**

About the Business:

Paving Contractor Business - Buy an existing operation as part of a well known franchise.

An opportunity to buy an existing paving operation. The Paving Business is part of a paving franchise which was established in 2005. This franchise, combine conventional paving services for paving and garden borders. Turnkey operation with on-site training.

Paving Contractor Business - Buy an existing operation as part of a well known franchise.



Sector: **New Franchise Opportunities**

Asking Price:

R 1,350,000

Monthly Profit:

R 50,077

Asset Value:

R 300,000

Stock Value:

R 0

Yearly Net Profit :

R 600,928



Business Report

Fully describe the business's activities?

KwikPave (SA) - Head Office based in George, the Franchisor, offers the following franchise packages:

1. KwikPave Residential - focus on residential paving (George franchise is the leading residential franchise nationwide)
2. KwikPave Super - a combination of Residential & Industrial divisions
3. KwikStone - natural stone cladding / Glow-in-the-dark select paving

The George franchise is focused on the booming residential paving market and offers the following professional services:

- a. Conventional domestic paving up to 500m²
- b. Decorative paving up to 500m²
- c. Road & pavement maintenance in the estates in and around George
- d. Unique raised garden edging
- e. Design & construction of stormwater management systems
- f. Design & construction of soil retention systems

How long has the business been established?

George Franchise established in 2020

How long has the owner had the business?

Since Inception

What is the Franchise opportunity about?

National brand paving contractor / Specialist

How long has the Franchise group been established for?

Since 2012

How many existing franchisees are there in the group and for how long have they been operating?

5 - since 2012

How does the business operate on a daily basis?

Hands on owner / manager
Team leader + 3 team members (x2 teams)

What Advertising/Marketing is carried out?

Social media marketing - monthly video production in house
Word of mouth
Estate WhatsApp groups
Website

Does the business have any contract work?

No - not at this stage

What competition exists?

There are the normal independent paving contractors

How is income derived?

Income is generally derived, in the form of a 60% up front project deposit and the balance on completion, from supplying clients with the following services:

- a) Paving - conventional / decorative
- b) Raised garden edging
- c) Design & construction of storm water management systems
- d) Design & construction of soil retention systems

How does the franchise operate on a daily basis?

Franchise Owner is contacted either through the website, telephonically, or advertising to request quotations for paving or other services.

They will respond to the enquiry, asses the site and confer with the potential client, and provide the client with an accurate quotation after measurements have been taken etc and the client having been advised on the service and product they would like.

Once the quotation is accepted a deposit is paid by the client.

The project is then placed on the project schedule and the client advised of the start date.

They will then send a team to start with the paving project according to the clients specific instructions.

Does the Head Office assist in securing contracts (if applicable) or is it up to the individual franchisee's to do this?

KwikPave (SA) Head Office will send referrals to local franchisees for projects in their operating area.

A KwikPave (SA) offers the following backup services:

- * Comprehensive management training
- * Skilling and upskilling of team leaders and staff
- * Regional and national marketing and brand promotion.

What advertising and marketing is undertaken on a group basis and what is the individual franchisee expected to do?

Each franchisee contributes 2% of turnover to a regional marketing fund used at the discretion of the franchisees in that particular area. KwikPave (SA) has their own website and all referrals will be sent to the relevant franchisee. Each franchisee is also provided with a brightly branded KwikPave (SA) trailer. Additional marketing initiatives locally should be done by the franchisee.

Is the business VAT Registered?

No

Are there up-to-date Management Accounts available?

Yes

What percentage of the business is cash/credit?

No credit is offered

How could the profitability of the business be improved?

Profitability can be improved by adding an industrial division to the business.

Is Seller finance available and for what amount?

No

What is the total staff complement?

Permanent staff complement is currently 5
Young learner staff = 3 (referred to as assistants and work on larger projects)

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

Four permanent staff per project on average
One permanent team leader
No employment contracts
Owner involved operationally on day to day basis

Do any receive special perks or incentives?

No

Are they on contract?

None of the current employees are on contract

Do any have management potential?

Yes

How involved is the Owner in running the business?

On a daily basis

When does the current lease end?

There is no specific requirement to operate from a premise. Can be operated from home (Residential business only)

What are the trading hours?

Trading hours from 08H00 to 16H00 week days or as required.

What are the main assets of the business?

The following equipment is included in the purchase price:

* One ton RED CUSTOM BUILT KwikPave (SA) Trailer (4-wheel)

* Petrol powered Plate compactor

* Custom built wheelbarrows (2)

* Specialised edging hand tools & accessories

* General paving tools:

- Rakes (2)

- Spades & Shovels (3)

- Compactor implement

- Line & pegs

- Plaster trowels (4)

- Electric 230mm grinder

- Power extension lead

- Rubber mallets (2)

- Straight edge (2)

- Level (2)

- Builders square

- Tape measure

- Buckets (20 litre x4)

- General toolkit

- Petrol can

Optional Equipment (at additional cost)

* 1 Ton 4 x wheel open trailer (Red) - POA

PROMOTIONAL MATERIAL

* KwikPave Branded Clothing

* 3G Tablet

* Advertising & branch promotional material (including a banner and vehicle signage)

What is their overall condition?

Good

Strengths?

Brand awareness
Proven business systems
Franchise backup & related benefits
Innovative business concept
Ongoing product development
Ongoing value added business concepts
Market leader
Can be operated from Home
Risk averse - 60% upfront deposit for all projects

- Turn key business system
- Comprehensive Franchisee profile screening & selection system

Weaknesses?

There are not any specific weaknesses and a strong Franchisee will be able to address all normal business issues.

Opportunities?

Expansion of project capability with added trailers & crews
Entry into the industrial paving market
Introduction of Lumiglo in Garden Route

Threats?

Other similar new 'copycat' businesses in the area
Establishment of a similar national franchise operation in the Garden Route

What is the reason for the sale?

Current owner is the CEO of KwikPave SA and needs to refocus on the National franchise development

Why is this a good business?

KwikPave George has established itself as the leader in quality and service for paving in George. The business is well established and has gained a sterling reputation for excellent service and project management throughout the Garden Route and throughout the Eastern and Western Cape.

How are Projected turnovers and profits calculated?

This will be discussed in detail with the Franchisor. However, the income and expense for George have been compiled based on actual results from the existing operation.

What is the Franchise joining Fee?

There is no joining fee for this franchise.

What is the monthly royalty, management and marketing fees? Are these fees based on turnover or a flat rate?

3% of turnover is payable monthly for ongoing technical and brand support and access to all new market developments done by KwikPave (SA).

2% of turnover is payable for regional advertising by the Franchisees in each respective region.

What extra marketing and advertising should a franchise budget for?

The Franchisee can only budget for local advertising and marketing which they would like to do for their own franchise. The franchisor will attend to national marketing and send all relevant referrals to the franchisee in the specific area.

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Is the franchisor supplying all assets or can the franchisee source these items himself?

The Franchisor will supply all the necessary equipment, tools and trailer

Is stock supplied with the initial franchise setup (if applicable?)

All necessary equipment will be provided by the Franchisor any other consumables can be sourced individually by the franchisee. However if the stock/consumables are not purchased through the franchisor it needs to be on the same level of quality and service that the franchisor approved.

Will stock purchases be solely from franchisor in the future or can the franchisee purchase from other suppliers?

Franchisees may purchase all materials from local suppliers approved by KwikPave (SA)

How many staff members are required to successfully operate the franchise?

The owner and one team leader per team that will assist the franchisee in managing the teams. You will be able to start the business with existing team(s) constituted of 4 staff members and as soon as you grow your business you can employ further teams for additional sites.

You will need the existing team of 4 skilled employees to assist you in delivering quality service to clients.

What training is provided for new franchisees and staff members? Is there a cost associated with this?

The cost is included in the Franchise fee.

The owner and one nominated employee will be required to participate in a KwikPave (SA) management program.

Where will training take place and for how long?

The KwikPave management & staff training program will be conducted in the respective franchise area. All operational staff members will be trained on site by KwikPave (SA) trainers as soon as the franchisees first project has been secured. (NB Only for start-up franchises)

Does the franchise have to be owner operated?

The owner must be hands on, dedicated and 100% involved in the operation of the franchise, however they are allowed to appoint a manager to assist them.

What support and backup is offered to the franchisee?

The KwikPave (SA) franchisor will assist and support franchisees with the following:

- Management & Staff training;
- National and Regional Brand advertising;
- Kwikpave (SA) specialised materials;
- Update workshops & ongoing technical support.

Can the franchise be operated from home?

Yes

How many franchises will be allocated to each Area/ Province?

The Franchisor has a list of possible franchise areas in the Western and Eastern Cape. Franchise areas are clearly demarcated and franchisees refer projects outside of their specific area to the relevant franchisee. Franchisee's in a specific area can be assured that no other KwikPave (SA) franchise will be permitted to operate in that area.

What premises are required to operate the franchise?

The business can be operated from home and this is one of the greatest benefits in keeping the overhead costs as low as possible.

What skills and background is the franchisor looking for in a prospective franchisee?

Entrepreneurial spirit, a passion for business and the willingness to work hard and achieve success, are desirable attributes.

Is there any industry regulations or licenses needed to operate the franchise?

No, KwikPave (SA) will approve potential franchisee. The Franchisee needs to comply with certain legislation and familiarise themselves with it

Strengths?

1. Brand awareness nationwide
2. Established management training program
3. Established staff training programs
4. Client Service Satisfaction Program - thousands of client references in Eastern and Western Cape

Weaknesses?

1. Owner / manager is the sole face of the business unless a second manager is appointed.

Opportunities?

Franchise expansion into the Western Cape in 2025
Franchise expansion into Gauteng in 2026

Threats?

None at present