













Business Overview

RE: Allstate Agency Located in Top Tier Zip Code

Specifications

 Price \$240,000	 Cash Flow \$99,022	 Revenue \$152,265
 Profit Margin 65%	 Equipment \$7,500	 Lease \$1,089
 Down Payment 12.5%	 Employees 2 - 1099 employees	 Multiplier 2.10
 Reason for Sale More time with family	 Location Omaha, Nebraska	 Industry Professional: Financial/Office Services



SUMMARY OF THE BUSINESS –

Serving Allstate clients for over 45 years, this agency is an extremely lucrative business. In the Top 2 zip codes for Nebraska Allstate rates, the business is growing continuously. Many benefits are available to a new Allstate Agent including an Executive Advantage Program, covering 50-75% of direct mailing marketing cost and giving the owner an additional \$7,000 for marketing. One further opportunity is an enhanced commission program,

giving a new owner a bonus starting at 35% for the first 4 years to help offset debt payments.

This Allstate Agency serves a prime market in Omaha which is expecting major growth in the next 5-10 years. The insurance policies are split 90% Home and Auto, 5% Business, and 5% Life/Retirement. With two qualified 1099 employees, clients know that they will be taken care of. One employee is an insurance agent with 45 years of experience. The other employee is primarily responsible for sales. Of 2016's \$152,265 in sales, 65% (\$98,972) were annual renewals of previously held policies.

The seller is looking to devote more time to his family and wishes to use this money to invest in other areas. He currently runs this agency from a distance, only investing time in an administrative capacity and when policy holders require his assistance. Growth opportunities are present for a new owner by adding agents to take advantage of the enhanced commission by expanding the business.

A down payment of \$30,000 will yield a buyer a \$61,527 in the first year after debts, which is a 205% return on the initial investment. With the generous programs from Allstate, there is potential for profits to be greater

Location

The business has been under the current ownership since 2012. The location has served Allstate Clients for 45 Years.

It is located in the Top 2 Zip Codes for Allstate Rates. The walk-ins and call-ins that the business receives are highly qualified prospects and are usually home owners. It is also in a very busy shopping center located next to Tiburon Golf course so there is a lot of traffic. This area is growing; there are a lot of schools and neighborhoods being built surrounding the location. The master plans show a lot of growth in this area of Omaha in the next 5-10 years.

They are currently operating Monday – Friday: 9AM – 6PM, Saturday: 9AM – 1PM and closed on Sundays. The facility is fully furnished with desks, chairs, and computers.

This Agency is able to service both Nebraska and Iowa. The business is occupying a space that is 822 sq. ft. at \$1,089/month; there is enough space for 5-6 staff should a buyer look to expand.

Allstate's Roles in Marketing

Allstate helps tremendously with Marketing. A new agent will have the opportunity to enroll in a Marketing plan that provides a great cost share program. Most of the time Allstate will help cost share 50-75% of total marketing costs for direct mailings, etc., a great program for the agent.

Allstate also has an Executive Advantage Program which essentially a pre-loaded credit card to help with marketing. For example, this current location's 2016 allocation was over \$7,000, needless to say the owner did not spend a dollar of their own money on marketing. This is the biggest advantage of being a captive agent vs. being independent. By adding in local and national advertising as well as a social media team keeps the phones ringing with prospects.

Financials Highlights

- List Price: \$240,000

Industry standards dictate that valuations of Allstate agencies use revenue and a multiple of 2.1 to determine the list price. This is due to consistently high profit margins for Allstate agencies in comparison to independent agencies. **However, the owner is motivated to sell and the price has been reduced by \$97,000!**

- 2016 Gross Sales of \$152,265
- 2016 Cash Flow of \$99,022
- 65% Profit Margin
- \$7,500 worth of assets included in the purchase
 - Desks, chairs (desk and client), laptops, printers and other office supplies

Business Highlights

- Year Established: Under current owner since 2012, Location has served Allstate clients for 45 years
- Location: Omaha, Nebraska – located in top 2 zip code for Allstate Rates
- Service Area: Nebraska and Iowa
- Demographics: Policy holders span a range of age groups – 498 active clients
- Policy Portfolio: 90% Home and Auto, 5% Business, 5% Life and Retirement
- Lease: 822 sq. ft. at \$1,089/month
- Reason for Selling: Spend more time with family
- Employees: 2 - 1099 Employees; Agent with 45 years of experience handles operations and all service inquiries, Sales employee handles quotes and sale of new policies
- Hours: Monday – Friday: 9AM – 6PM, Saturday: 9AM – 1PM
- Growth Opportunities: Hire callers to expand client base; expand agency to take advantage of enhanced commission
- Current Owner's Responsibilities: Administrative role, handles client concerns the staff cannot address

Services & Clients

This Allstate Agency has a policy portfolio that is 90% home & auto, 5% business, and 5% life & retirement. They are servicing clients in Nebraska and Iowa. They have a demographic that spans in a large range of age groups as they are able to offer and provide a multitude of policy coverages.

Cash Flow Analysis

Description of Financial Statement	P&L Statement	P&L Statement	P&L Statement	Notes
	2016	2015	2014	
GROSS SALES	\$152,265	\$141,404	\$165,636	
Net Income Shown on Financial Statement	\$99,022	\$88,260	\$112,431	
ADDBACKS				
TOTAL ADDBACKS	\$0	\$0	\$0	
Seller's Cash Flow = Total Addbacks + Net Income	\$99,022	\$88,260	\$112,431	

Profit Margin	65.03 %	62.42 %	67.88 %
---------------	---------	---------	---------

- 65% profit margin in 2016
- 2017 has grossed \$50,794 as of April 30th, putting this year on track with 2016
- A buyer actively selling insurance would most likely see sales and profits increase

A word from the Seller on Allstate's enhanced commission: "It is on a 4-year decreasing scale. I have participated in this 3 times in my 8-year agent career (I have purchased 3 books). In my opinion this is the best enhanced scale in the industry and can allow an agent to pay off all debt within 4 years and have positive cash flow starting in the first year.

Staff Information

There are 2 - 1099 Employees currently at the business.

- The Agent, which is the previous owner is employed and has 45 years of experience handles operations and all service inquiries
- The second employee is a Sales employee which handles quotes and sales of new policies.

The current owner is responsible for administrative items and handling client concerns when the staff cannot address them.

The business could grow by hiring callers to seek new clients. The business also could expand by taking advantage of enhanced commission which is readily available to be done.

Valuation Details

The Firm Business Brokerage used an Industry Standard Valuation methodology to determine the Purchase Price of the business.

The formula used is as follows:

$$\text{Revenue} \quad \times \quad \text{Prescribed Multiple}^* \quad = \quad \text{Fair Market Value}$$

With this information, the computation is as follows:

$$\$152,265 \quad \times \quad 2.1 \quad = \quad \$319,756$$

The Fair Market Value found above positions the business for a List Price at \$319,000. List Price has been set at \$240,000.

*Industry standards dictate that valuations of Allstate agencies use revenue and a multiple of 2.1 to determine the list price. This is due to consistently high profit margins for Allstate agencies in comparison to independent agencies. **However, the owner is motivated to sell and the price has been reduced by \$97,000!**

Funding Example

Purchase Price: \$240,000

12.5% Buyer Down Payment: \$30,000

12.5% Seller Financing: \$30,000

75% Bank Loan: \$180,000

Seller Financing 5-year term at a rate of 4.50% equals a monthly loan payment of \$559.

Bank Loan 7-year term at a rate of 5.25% equals a monthly loan payment of \$2,565.

After business expenses and annual loan payments of \$37,495, a buyer would retain a net operating income (profit) of \$61,527. A 12.5% down payment of \$30,000 results in a 205% return on investment in the first year!

A lender is required to have a minimum 1.5 coverage ratio for any business loans extended. At a proposed Purchase Price of \$240,000 with the terms listed above, the coverage ratio is 2.64.

Please note that the decision of whether to extend a loan on any sale belongs to the bank, and this document does not guarantee specific terms or verify that financing is available.

To receive a full financial package and specific information regarding this business:

1. Complete the Qualified Buyer Documents (Non-Disclosure Agreement and Buyer Questionnaire) [on our website](#) or print, scan and return the attachments to info@TheFirmB2B.com
2. Call The Firm Business Brokerage at 402.998.5288 to schedule an appointment or conference call with a Broker.

The Firm currently has over 90 cash flowing businesses available. If you find that this is not a fit for you, please let us know and we would be happy to provide you with other opportunities.

The Firm makes no warranties or representation in consideration to the information provided above. All communication regarding this business must occur directly with The Firm Brokerage, LLC.