










Business Overview

RE: Placement Firm with Executive Recruiting

Specifications

 Price \$617,000	 Cash Flow \$173,062	 Revenue \$761,298
 Location Midwest	 Down Payment 10%	 Reason for Sale Retirement planning
 Intangible Assets Decades-old reputation and 95% repeat clientele	 Employees 6	 Equipment Standard office furniture, fixtures, hardware and software



SUMMARY OF THE BUSINESS –

Specializing in management-level and professional candidates, this recruiting and placement company is located in the Midwest and has a decades-old reputation for excellence. Not a staffing or temp-to-hire organization, this business seeks out individuals with 3 or more years' experience to fill skilled professional roles. Employees are sought for positions in accounting, IT, HR, sales management and more.

As its Midwest location is an ideal spot for many insurance and finance-related organizations, there is always a need for professional employees. Recruiting is handled by full-time recruiters paid by commission. While the

seller does some minimal recruiting, his focus is mostly on the administrative side of the company.

This company has a strong, decades-old reputation, but a buyer could grow the company by expanding the business's footprint into larger markets. Opening up services to contract workers is another lucrative avenue, as well as seeking out more high-level IT contract work.

A buyer paying 10% down would recoup \$87,076 in the first year after debts, representing a 141% return on investment.

Business Highlights

- Years in Business: 30+
- Location/Service Area: Midwest
- Demographics: Candidates are management and executive-level individuals
- Reason for Selling: Retirement planning
- Employees: 6
- Seller Training Period: 90 days
- Growth Opportunities: Expand into contract work; build relationships with employers in larger markets; seek out high-level IT contract work
- Current Owner's Responsibilities: Seller focuses mostly on administrative work with some minimal recruitment

Financial Highlights

- List Price: \$617,000
- Gross Sales
 - 2017 - \$761,298
 - 2016 - \$779,621
 - 2015 - \$983,432
- Cash Flow
 - 2017 - \$173,062
 - 2016 - \$204,768
- Profit Margin: 23%
- Assets Included in Purchase:
 - Equipment – standard office furniture, fixtures, hardware and software

- Intangibles – decades-old reputation for excellence; 95% repeat clientele

Please note that 2016 was an anomaly due to a recruiter leaving and the owner not having a replacement to immediately step in. This position has since been filled.

Cash Flow Analysis

Description of Financial Statement	P&L Statement	Tax Return	Tax Return	Tax Return	Notes
	2017	2016	2015	2014	
GROSS SALES	\$761,298	\$983,432	\$1,573,402	\$779,621	
Net Income Shown on Financial Statement	\$45,107	\$311,651	\$216,590	\$46,789	
ADDBACKS					
Compensation to Owner	\$71,999	\$49,300	\$45,558	\$99,385	
11% Tax on total W2 Salaries	\$7,920	\$5,423	\$5,011	\$10,932	
Depreciation	\$0	\$99	\$227	\$8	Non-cash item
Interest	\$9,516	\$6,425	\$17,515	\$7,425	Non-onward going expense
Amortization	\$37,455	\$37,455	\$37,455	\$37,455	Non-onward going expense
401K for Owner	\$1,000	\$1,812	\$1,680	\$2,520	
Meals & Entertainment	\$65	\$258	\$399	\$254	Personal expenses run through the business
TOTAL ADDBACKS	\$127,955	\$100,772	\$107,845	\$157,979	
Seller's Cash Flow = Total Addbacks + Net Income	\$173,062	\$412,423	\$324,435	\$204,768	
Profit Margin	22.73 %	41.94 %	20.62 %	26.27 %	

- 23% profit margin in 2017
- Sales dropped in 2016 due to the loss of a recruiter who has since been replaced
 - A buyer focusing on recruiting could easily bring the numbers back up into the \$1M range
 - On that same note, a buyer adding more recruiters would increase sales

Growth Opportunities

- Expand into contract work
 - The current business model does not focus on temp or temp-to-hire placement, but breaking into this area is a lucrative path and could be easily achieved
- Increase footprint in larger markets
 - These larger markets offer more employers seeking executive-level candidates
 - Furthermore, many medium to large companies find a recruiter they like and return again and again for services

- Seek out more high-level IT contract work
 - IT jobs tend to be higher in pay and recruiting and placement of more high-level IT contract work would increase commissions

Valuation Details

The Firm Business Brokerage used a Cash Flow Valuation methodology to determine the Purchase Price of the business. The formula used is as follows:

$$\text{Cash Flow} \times \text{Multiplier} = \text{Price}$$

“Cash Flow” is the sum of net income plus any owner perks and non-onward going expenses.

“Multiplier” is a prescribed number between 1 and 5 determined by a 100-point, 20-question rating system used to determine the business valuation (average is 3).

The 2017 Cash Flow is \$173,062. The prescribed multiplier is 3.5

With this information, the computation result follows:

$$\$173,062 \times 3.5 = \$616,234$$

The List Price for the business is set at \$617,000.

Funding Example, based on the following:

- Buyer down payment of 10% (\$61,700)
- Seller carry of 10% (\$1,700) at a rate of 4.5% for 7 years
- Bank loan of 80% (\$493,600) at a rate of 5.25% for 8 years
- After loan payments, a buyer with a down payment of \$61,700 would receive a return on investment of 141% in the first year.

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.