










Business Overview

RE: Creative Agency with Political & Financial Industry Focus

Strategic add-on for marketing or publishing firms looking to grow!

Specifications

 <p>Price \$589,000</p>	 <p>Revenue \$614,428</p>	 <p>Profit Margin 24%</p>
 <p>Location Eastern Kansas</p>	 <p>Service Area Kansas and the Midwest</p>	 <p>Reason for Sale New business opportunities</p>
<p>Intangible Assets</p>  <p>Strong brand; industry and client contacts; numerous industry awards and recognitions</p>	<p>Employees</p>  <p>1 FT Agency Principal, 1 PT Account Coordinator, and 10 – 15 contracted employees for creative work</p>	<p>Lease</p>  <p>1,500 sq. ft. for offices, conference rooms and work rooms</p>



SUMMARY OF THE BUSINESS – Strategic add-on for marketing or publishing firms looking to grow! This creative agency in Kansas has been growing in a niche market over the past 15+ years. Having branded hundreds of businesses both internally and externally, the agency primarily focuses on the policy, advocacy/associations and financial sectors. Due to its special expertise, this would be a great strategic add-on for a marketing or publishing business wanting an arm in policy communications.

The team includes an agency principal, an account coordinator and several contract creatives. Most client meetings and interfacing are handled by the agency principal and account coordinator, with the seller focusing on business development and high-level client coaching.

While each year brings new clients, there is a steady revenue stream from clients paying for on-going creative needs. Outfitted with a strong name and industry recognition, a strategic buyer could step in and work toward getting more regional and national work. With a great team in place, the agency should profit a buyer in the first year after debt payments.

Business Highlights

- **Years in Business:**15+
- **Location and Service Area:** Central Kansas
- **Type of Clients:**Recurring clients with on-going creative needs for small businesses, the financial sector and a niche in the political arena
- **Creative Agency Services:**Providing advertising, branding and strategy
- **Lease:**1,500 sq. ft. for offices, conference rooms and work rooms
- **Reason for Selling:**New business opportunities
- **Employees:**12: 1 FT agency principal, 1 PT account coordinator, and 10 – 15 contracted employees for creative work
- **Seller Training Period:**6 months-1 year
- **Growth Opportunities:**More regional and national work in legislation and advocacy.
- **Current Owner's Responsibilities:**Employee direction, A/R, and A/P. Most client meetings are handled by the agency principal and account coordinator.

Financial Highlights

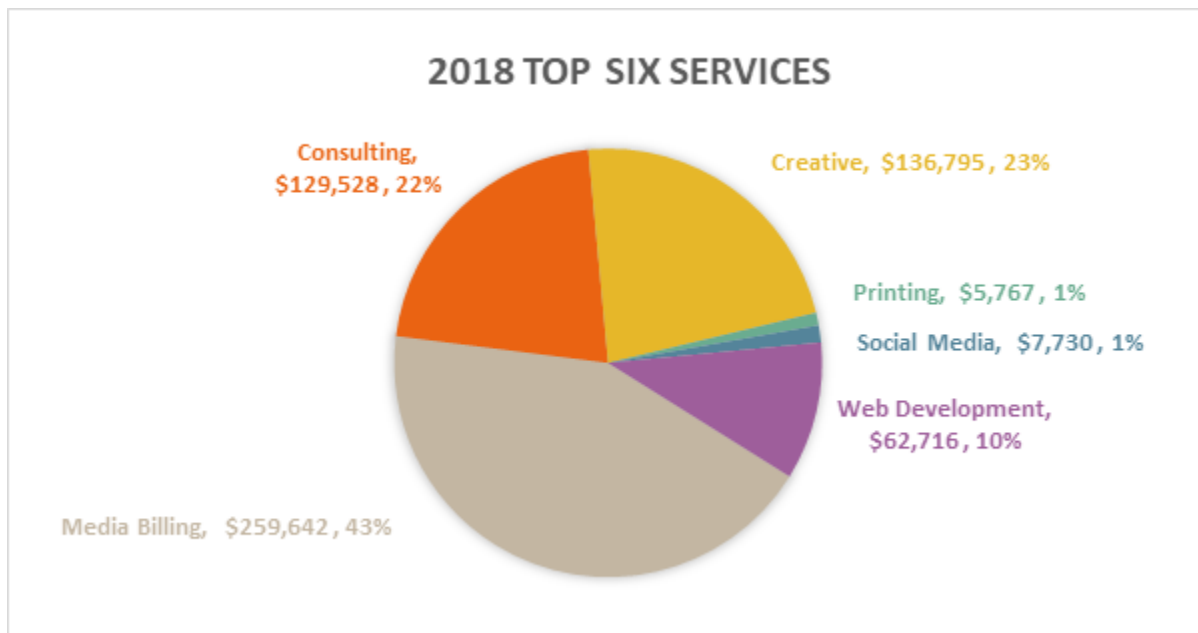
- List Price: \$589,000
- Gross Sales:
 - 2018: \$614,428
 - 2017: \$599,875
 - 2016: \$425,040
- Assets Included in Purchase*
 - Equipment: Office furniture, fixtures and equipment

- Intangible Assets: Strong brand; industry and client contacts; numerous industry awards and recognitions

**amounts may vary*

Services

- Media planning
- Strategic branding
- Internal brand development
- Sales process training
- Advertising
- Market research
- E-marketing
- Video
- Public relations
- Strategic social media
- And more!



Media Buying

Web Development

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In-house ad buying

Client websites

For national broadcast placement and planning, there is a key partner

Digital campaigns

Research

Creative

Printing

-

Secret shopping

Magazine design

Direct mail

Focus groups

Ad design

Brochures

Market Research

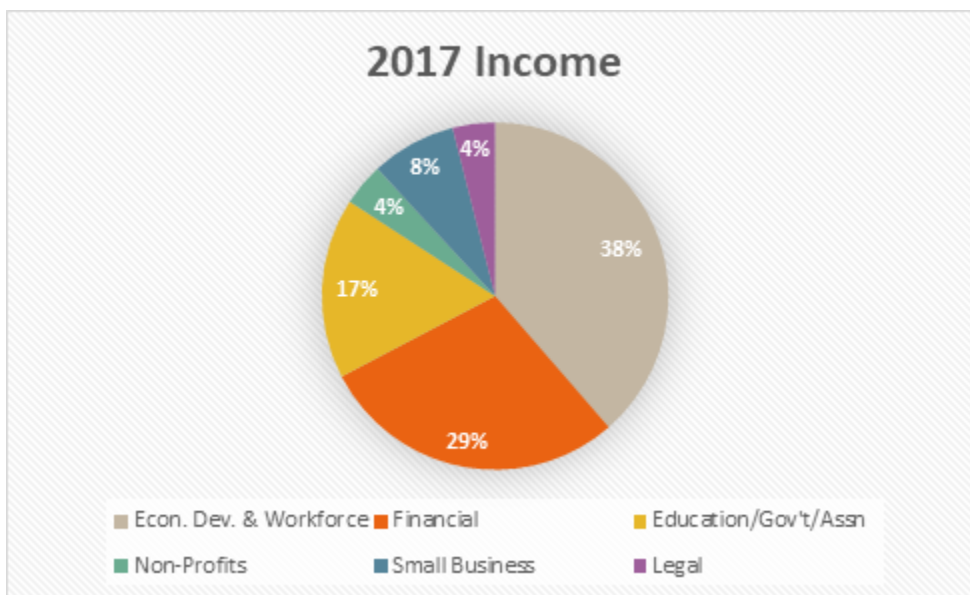
Direct mail & e-newsletter design

Posters

Content creation

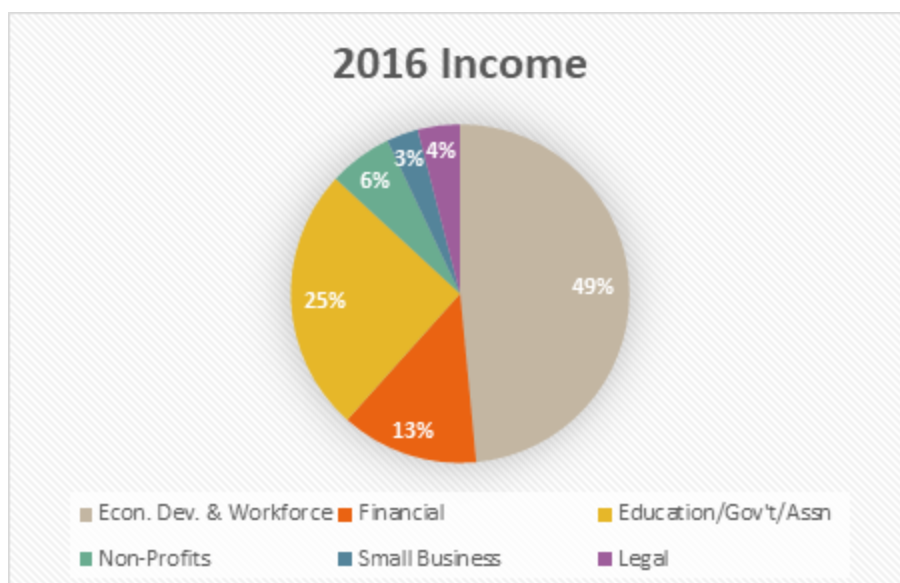
Client Base & Information

- Financial brands
 - Banks, accounting firms and other financial companies
- Policy and government organizations
 - Agencies, associations and nonprofits
- Special projects
 - Small business and legal
- Economic development & workforce, includes manufacturing



- The industry break out to the left is spread out over 24 accounts
- Some are projects, and some are full-service
- 6 of these clients have contracts for monthly recurring fees*
- The seller expects to have 2 to 3 more on the monthly program before the end of 2017

- One-off's are avoided unless there is a preexisting relationship with the client, or there is a good-sized budget
- Monthly clients range from law firms and banks to small businesses



**More information regarding clients partaking in the monthly program is available upon receipt of a signed Non-Disclosure Agreement*

Employees

- Agency Principal
 - Develops marketing plans
 - Leads research projects
 - Brand re-imaging
 - Business development
- Account Coordinator
 - Project management
 - Administrative and business support
 - Promotional support
 - Social media and marketing research
- 10 – 15 contracted creatives
 - Most help with graphic design, content creation and web work
 - For clients needing photography, illustrations, or other special creative, the company does have a larger circle of subcontractors to work with
 - Many of these creatives are located in Kansas, but the company does work with others across the country

Most client meetings and project management are handled by the Agency Principal and Account Coordinator.

The seller is responsible for employee direction and leadership, A/R, A/P, company blogs and new business development.

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:

$$\text{Cash Flow} \quad \times \quad \text{Prescribed Multiple} \quad = \quad \text{Fair Market Value}$$

Cash flow is the sum of business net income plus any owner perks and any non-onward going expenses.

A multiple is prescribed by a 20 question, 100-point parameter ranking system that is used to analyze the current business health. Each question is based on a scale from 1 to 5: 1 being low, 2 below average, 3 average, 4 above average, 5 high. The average of the responses sum is the business' prescribed multiple.

For this business, a 4-year average cash flow was used with a prescribed multiple is 2.99. With this information, the computation is as follows:

$$\$186,488 \quad \times \quad 2.99 \quad = \quad \$557,599$$

The *fair market value* found above positions the business list price at **\$589,000**.

Funding Example

Purchase Price:	\$558,000
12.5% Buyer Down Payment:	\$73,625
12.5% Seller Financing:	\$73,625
70% Bank Loan:	\$441,750

Seller financing 5-year term at a rate of 4.50% equals a monthly loan payment of \$1,373.

Bank loan 7-year term at a rate of 6% equals a monthly loan payment of \$6,453.

After business expenses and loan payments, a buyer with a 12.5% down payment of \$73,625 would retain a profit of \$53,262, which results in an 72% 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 \$589,000 with the terms listed above, the coverage ratio is 1.57.

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.

****The Firm Business Brokerage is not a real estate brokerage and therefore the staff will not handle any aspect of the lease, sale or purchase of real estate.****

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.