

Business Overview

RE: Concrete Polishing & Staining with 25% Profit Margin

Average job bills at \$15k-\$20k!

Specifications

 Price \$375,000	 Revenue \$729,874	 Cash Flow \$185,163
 Down Payment 10%	 Multiplier 2.10	 Location Kansas City Metro
 Service Area 85% in Kansas City, 15% within 3-5 hours of KC	 Employees 4 FT Laborers, plus subcontractors as needed	 Valuation \$388,842



SUMMARY OF THE BUSINESS –

The average job bills at \$15k-\$20k for this concrete polishing & staining business! Selling at a low 2.1 multiple with a 25% profit margin, this company in Kansas City has a fully trained staff already on board and has accomplished huge growth over the past 3 years. With concentration on commercial projects, their name and reputation has grown dramatically – General Contractors request bids with great regularity. Services include concrete polishing, acid staining, decorative overlays, and methyl methacrylate (MMA) of which 95-97% are for interior projects. With 4 FT laborers on staff year-round and subcontractors as needed, this

company completes around 4 jobs per month ranging from remodels (60%) to new construction (40%). Two owners currently handle administration, sales, orders, and training; both of their positions could easily be absorbed into one, as each is working less than full time.

Based in the Kansas City Metro, 85% of jobs are completed in the local area and 15% out of town. Currently operated remotely; an office space is not necessary to operate this business; a new owner would simply need a storage space to house the equipment and supplies. Assets include over \$62k worth of construction equipment and tools, 3 trailers, and \$51k worth of vehicles. The current owners have a flexible training time frame of 3-6 months, if desired, to ensure a smooth transition.

Priced at **\$375,000**, this company is in a prime position for growth. Expanding residential services would be an excellent opportunity for increased revenue. The sellers have not fully immersed into that demographic as there is more demand than they can currently meet. A buyer could also consider offering additional services such as concrete pouring and pressure washing. A 10% down payment of \$37,500 returns \$136,806 in the first year after debt payments – a **365% return on investment!**

Business Highlights

Year Established:2007

Location and Service Area: Kansas City Metro

Services: Concrete polishing, acid staining, coating, decorative overlays, methyl methacrylate (MMA)

- 60% remodel / 40% new
- 95 – 97% interior / 3 – 5% exterior
- Average job bills at \$15k-\$20k
- 85% in town / 15% out of town

Building: Storage space for supplies and equipment would be needed. Low overhead

Reason for Selling: Partnership dividing

Employees:4 FT Laborers, plus subcontractors as needed

Seller Training Period:3-6 months

Growth Opportunities: Expand residential services, offer additional concrete services

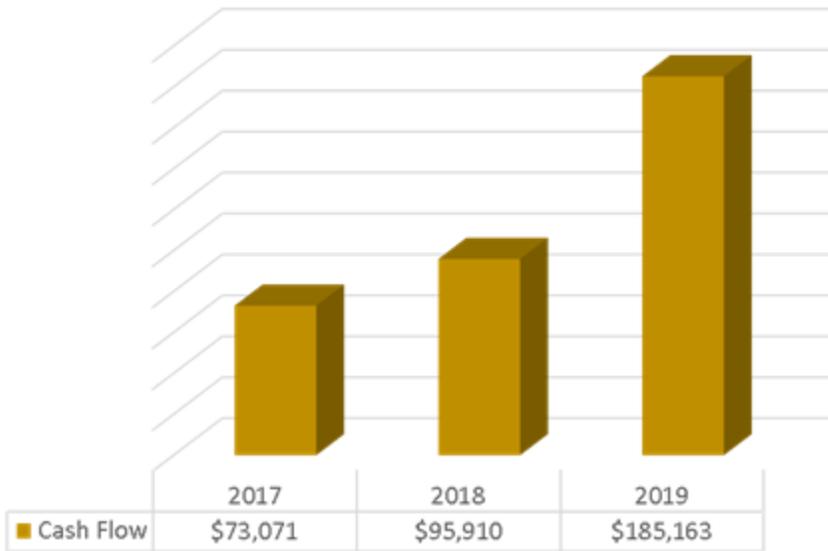
Current Owner's Responsibilities: Sales, training, scheduling, and ordering. There are 2 owners, but both of their positions could be handled by one.

Financial Highlights

- List Price: **\$375,000**

- Gross Sales
 - 2019: \$729,874
- Owner Profit/Cash Flow
 - 2019: \$185,163

Owner Profit / Cash Flows



Cash Flow Analysis

Description of Financial Statement	Tax Return Cash	Tax Return Cash	Tax Return Cash	Tax Return Cash	Notes
	2019	2018	2017	2016	
GROSS SALES	\$729,874	\$958,587	\$684,896	\$576,528	
Net Income Shown on Financial Statement	\$16,213	\$-5,169	\$-4,298	\$49,659	
ADDBACKS					
Compensation to Owner	\$83,180	\$57,880	\$28,964	\$35,445	
11% Tax on total W2 Salaries	\$9,150	\$6,367	\$3,186	\$3,899	
Depreciation	\$38,253	\$19,360	\$8,664	\$2,850	<i>Non-cash item</i>
Interest	\$13,589	\$17,382	\$21,057	\$3,357	<i>non-onward going expense</i>
Non-Business Telephone	\$2,940	\$0	\$3,573	\$3,674	<i>Personal cell phone expense</i>
Legal Expense	\$21,782	\$0	\$0	\$0	<i>Non-onward going expense</i>
Meals & Entertainment	\$56	\$90	\$1,986	\$0	
Bank Charges	\$0	\$0	\$9,939	\$0	<i>One-time expense</i>
TOTAL ADDBACKS	\$168,950	\$101,079	\$77,369	\$49,225	
Seller's Cash Flow = Total Addbacks + Net Income	\$185,163	\$95,910	\$73,071	\$98,884	
Profit Margin	25.37 %	10.01 %	10.67 %	17.14 %	

- Lower cash flow in 2017 is attributed to lack of organization, unproductive employees, excessive OT, increased insurance premiums and material costs.
- Cash flow almost doubled from 2018 to 2019 because the company stopped taking low profit jobs, which allowed them to focus on more profitable work.
- In 2018, profit increased from better management, consolidating, removing unproductive employees, limiting the number of jobs they took on and increasing their prices on bids.

Services

Acid staining	Decorative overlays	Polished concrete
Leveling	Hand grinding	MMA (methyl methacrylate)
Microtoppings	Stamped concrete	Pressure washing
Chip & Quartz	Concrete countertops	Epoxy floors

Employees

- Currently, Sub Q has 4 FT Laborers, with wages ranging from \$15-\$19/hour
- They have been subbing out work lately because they've been so busy

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 2019 cash flow was used with a prescribed multiple is 1.9. With this information, the computation is as follows:

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

With this information, the computation is as follows:

$$\text{\$185,163} \quad \times \quad 2.1 \quad = \quad \text{\$388,842}$$

Funding Example

Purchase Price: \$375,000

10% Buyer Down Payment \$37,500 *Must be unborrowed funds*

10% Seller Financing or Equity Roll	\$37,500	<i>5-year term at a rate of 4.50% = a monthly loan payment of \$699</i>
80% Bank Loan	\$300,000	<i>10-year term at a rate of 6% = a monthly loan payment of \$3,331</i>

- **Cash Flow:** \$185,163
- **Annual Payment:**
 - **To Seller:** \$8,389
 - **To Bank:** \$39,967
- **Net Profit (after expenses and loan payment):** \$136,806

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.