










Business Overview

RE: Kitchen Remodeling and Cabinet Refinishing

Franchise and non-franchise options available!

Specifications

 Price \$615,000	 Revenue \$1,459,295	 Location Omaha
 Profit Margin 16%	 Reason for Sale Owner is franchising	 Employees 8 Laborers, 1 Project Manager, 1 Office Support, 1 Bookkeeping, 1 PT Sales. Company also uses 6 – 7 subcontractors for carpentry, countertops, electrical and plumbing needs
 Lease 2 offices, 3 cabinet refinishing rooms, 2 spray booth rooms, shared bathrooms, use of a showroom, conference room, and kitchen	 Intangible Assets Franchise: \$325,000 Franchise Fee: 8% Franchise 2017 Cash Flow: \$117,492	 Down Payment 15%



SUMMARY OF THE BUSINESS –

Averaging year-over-year growth of 20% with roughly 12 projects per month has helped this designer kitchen & cabinet remodeling company gather a good share of the Omaha market. In 3 years' time, the company has seen a 66% increase in Gross Sales and a 196% increase in Cash Flow. Focusing on re-facing, refinishing, and repainting existing kitchen cabinetry, the average project ranges from \$4,000 - \$15,000.

The client base is made up of 30 to 60-year-olds with some wealth. Most projects are cabinet re-facing and re-dooring, with many being upsold to include extras such as new countertops. Between 50 – 75% of projects require carpentry and countertop work

The company employs 8 Laborers who each handle their own project. Also on staff is a full-time Project Manager, a Bookkeeper, one Office Support person, and one-part-time Salesperson. The seller focuses on bids and sales, and also aggressively markets the company.

Growth exists in working with new builds, which continue to be a good share of the Omaha housing market. The seller has rights to two prefabricated cabinet lines, which are not currently being utilized and are a great asset for new builds. This is a perfect opportunity for a business-minded individual to take a growing company to the next level.

Business Highlights

- **Years in Business:** 5
- **Location and Service Area:** Omaha
- **Services:** Cabinet refinishing, repainting, re-dooring, replacement, and reconstruct elements. Kitchen backsplashes, granite & quartz countertops, minor remodeling, and designer kitchen finishes.
- **Projects:** About 12/month ranging from \$4,000 to \$15,000
- **Building:** 2 offices, 3 cabinet refinishing rooms, 2 spray booth rooms, shared bathrooms, use of a showroom, conference room, and kitchen
- **Employees:** 8 Laborers, 1 Project Manager, 1 Office Support, 1 Bookkeeping, 1 PT Sales. Company also uses 6 – 7 subcontractors for carpentry, countertops, electrical and plumbing needs
- **Seller Training Period:** 3 – 6 months
- **Growth Opportunities:** New builds. Cabinet shop finishes. Prefabricated cabinets. Hire interior designers.
- **Current Owner's Responsibilities:** Bids and sales.

Financial Highlights

- Non-Franchise List Price: \$615,000
- Franchise List Price: \$325,000

- Gross Sales
 - 2017: \$1,459,295
 - 2016: \$1,317,645
 - 2015: \$909,547
 - 2014: \$869,042
- Owner Profit/Cash Flow
 - 2017: \$234,236
 - 2016: \$138,004
 - 2015: \$97,535
 - 2014: \$76,555
- Franchise Fee: 8%
- Franchise Cash Flow 2017: \$117,492
- YOY Growth Trends: 66% increase in Gross Sales between 2014 – 2017
- Assets Included in Purchase:
 - Office Equipment: Desks, laptops, catalogs, and more
 - Shop/Field Equipment: Exhaust systems, rack shelves, shop vacs, paint sprayers, and more
 - Vehicles: 2 cargo vans

Cash Flow Analysis

Description of Financial Statement	Tax Return	Tax Return	Tax Return	Tax Return	Notes
	2017	2016	2015	2014	
GROSS SALES	\$1,459,295	\$1,317,645	\$909,547	\$869,042	
Net Income Shown on Financial Statement	\$159,961	\$67,528	\$32,307	\$16,360	
ADDBACKS					
Compensation to Owner	\$36,000	\$36,000	\$36,000	\$0	
11% Tax on total W2 Salaries	\$3,960	\$3,960	\$3,960	\$0	
Depreciation	\$407	\$714	\$1,331	\$0	Non-cash item
Interest	\$10,339	\$7,138	\$1,276	\$0	Non-onward going expense
Health Insurance	\$9,261	\$9,261	\$9,261	\$0	Personal health insurance for owner
Auto Insurance	\$3,451	\$3,451	\$3,451	\$0	Personal auto insurance for owner
Meals & Entertainment	\$1,417	\$512	\$509	\$0	50% of meals are personal
401K for Owner	\$1,260	\$1,260	\$1,260	\$0	
Auto-Personal Use	\$8,180	\$8,180	\$8,180	\$0	Auto lease and fuel for owner
TOTAL ADDBACKS	\$74,275	\$70,476	\$65,228	\$0	
Seller's Cash Flow = Total Addbacks + Net Income	\$234,236	\$138,004	\$97,535	\$16,360	

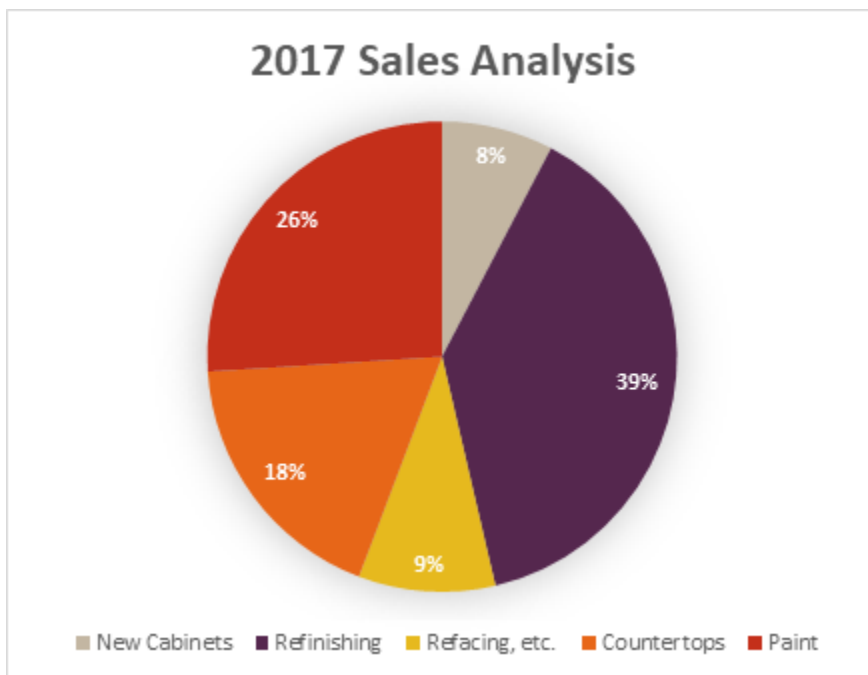
Profit Margin	16.05 %	10.47 %	10.72 %	1.88 %
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- Non-Franchise Cash Flow Shown (Franchise Cash Flow located in Business Introductory Document)
- YOY, the average increase in Gross Sales is 20%
- Seller attributes the great increase in sales to more countertop sales, cabinet refinishing, and more reconstruction/remodeling of kitchens

Services

- Re-facing & re-dooring
 - New cabinet door and drawer faces
 - Application of solid wood facing over existing boxes
 - Install new hardware, hinges, and crown molding
- Refinishing & repainting

- Changing the stain of existing cabinetry or woodwork
- Painting over existing woodwork or cabinetry
- Cabinet replacement
- Granite & quartz countertops
- Kitchen backsplashes
- Designer kitchen finishes
 - Antique Glazed, Contemporary and Modern Glazed, Transitional Finished, Metallic and Metallic Glazed, Distressed, Country French, Old World, Antique Chipped, Shabby Chic, Rustic, Clay Composition Applied Moldings, Gilded, and more!
- Kitchen remodeling



- Refinishing and repainting (a combined 65% of sales) are the biggest earners
- Countertop sales (\$218,041) are 28% higher in 2017 than in 2016 (\$169,677)

Job Process

- First, the customer's kitchen is measured for a free estimate
 - Finish consultations are offered
- Work with design styles, fabrics, tile, hard surfaces, etc. to determine the possibilities

- Then, the customer is invited to the showroom to learn about the process
 - Includes finish options, pricing, and timeline
- For refinishing and refacing, the doors and drawers are removed and brought to the studio
- The remainder of the cabinetry will be finished in the customer's home, including the reinstallation of doors, drawers, and any hardware changes

Client Demographics & Projects

- Typical client is 30 to 60-years old with some wealth
- Projects range from \$4,000 - \$15,000 in general
 - Cabinet refinishing projects are on the lower end, but many clients can be upsold
- About 12 projects can be completed each month
- The number of projects per year range between 100 – 120
- Projects are single-worker (i.e., 1 Laborer will handle a project on his/her own)
- Between 50 – 75% of jobs require countertop and/or carpentry work

Employees

- 8 FT Laborers
 - 6 do field work
 - 1 does field and shop work
 - 1 is a floater
 - Laborers fluctuate between 6 – 10, with a steady number of 8 – 9 Laborers at any one time
 - 1 Laborer is assigned to 1 project
- 1 FT Project Management Lead
- 1 FT Office Support
- 1 FT Bookkeeper
- 1 PT Sales
- Company also works with 6 – 7 subcontractors for carpentry, countertops installations, electrical, and plumbing needs

Seller handles bids and some sales. A typical week consists of bidding on Tuesdays and Thursdays (about 8 kitchens can be bid in a day), and presenting bids on Wednesdays in the company office.

Growth Opportunities

- New builds
 - Current client base is kitchen remodels of existing homes
 - Omaha and the larger metro area is still in the midst of a large housing boom with many new builds constantly occurring, opening up a great opportunity to work with General Contractors on new home builds
- Remodels
 - Many homes built in Omaha over the last 25 years have outdated oak and arched door styles, leaving a massive opportunity for growth simply in the refinish sector.
 - With most new builds being done in a more modern style, designer finishes are imperative for changing outdated finishes and updating them with modern finishes to bring older homes in line with new home styles
 - It's less expensive to offer new custom door styles to replace existing doors without tearing out existing cabinets. This leaves a very wide-open marketing in Omaha, as most real estate agents are faced with buyers wanting existing homes to have modern looks.
- Prefabricated cabinets
 - The company has rights to 2 prefabricated lines that could be advertised
 - Would fit nicely into new home builds

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:

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

“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).

Non-Franchise:

The Cash Flow for 2017 is \$235,128 and the prescribed multiplier is 2.63.

With this information, the computation result follows:

$$\$234,236 \quad \times \quad 2.63 \quad = \quad \$616,041$$

The List Price for the business is set at **\$635,000**.

Franchise:

The Cash Flow for 2017 is \$117,492 and the prescribed multiplier is 2.77.

With this information, the computation result follows:

$$\$117,492 \quad \times \quad 2.77 \quad = \quad \$325,45.$$

The List Price for the business is set at **\$325,000**.

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.