



# CONFIDENTIAL INFORMATION MEMORANDUM

## ALL-STARS Cleaning and Janitorial Supplies

**Price: US\$1,950,000.00**  
plus inventory  
(estimated at US\$2,500,000)



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*This Confidential Information Memorandum is provided to prospective Buyers subject to the terms and conditions of the Disclaimers and Notices contained herein. This document has been prepared by the Marketing Department of The Business Brokerage Agency under the supervision of the Brokerage Principal, Ms. Jane Doe. CONFIDENTIAL AND COMMERCIALY SENSITIVE.*



“





**THE SECRET  
TO SUCCESS  
IS HAVING  
THE COURAGE  
TO EMBRACE  
OPPORTUNITY**

”

# WELCOME MESSAGE



**Mr. John Doe** CBB, CBI, M&AMI  
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**CBB:** Certified Business Broker  
**CBI:** Certified Business Intermediary  
**M&AMI:** Mergers & Acquisitions  
Master Intermediary

Hello -

My name is John Doe and I am a Business Broker at The Business Brokerage Agency.

On behalf of the entire team, I am pleased to introduce Prospective Buyers to a truly outstanding opportunity: the acquisition of “*All-Stars Cleaning and Janitorial Supplies*”, situated at 4847 Sandy Glen Way, Wimauma, FL 33598, USA.

We have prepared this Confidential Information Memorandum with the purpose of providing the reader with a good general understanding of what is on offer.

However, it is important to point out that the purpose of this document is not to provide the reader with absolutely everything that he/she must know. This will come in two additional stages: the first being the “Business Inspection”, when the reader will have the opportunity to see the business and have an informal meeting with the owners to ask further questions.

Following this, if a “Conditional Offer” is forthcoming, the reader will be able to conduct Due Diligence with the assistance of a qualified professional to review all relevant financial information.

In any event, we hope you will find this document both informative and comprehensive. After reading it, we invite you to contact us to discuss it further and schedule a Business Inspection.

Sincerely,

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# 1.1 GENERAL DISCLAIMER

The information presented in this Confidential Information Memorandum is highly sensitive and confidential and is for use only by those who have signed a Confidentiality Agreement for the purpose of considering the business described herein as an acquisition.

This Confidential Information Memorandum and the information presented shall be treated as secret and confidential and no part of it shall be disclosed to others, except as provided in the Confidentiality Agreement, nor shall it be reproduced, duplicated, or revealed, in whole or in part, or used in any other manner without prior written permission.

Should there be no interest in the business as an acquisition, the Confidential Information Memorandum and all information shall be promptly destroyed or returned to The Business Brokerage Agency.

The statements and financial information related to the subject business set forth in this Confidential Information Memorandum are based solely on information supplied by the Seller(s) of the business to The Business Brokerage Agency - and The Business Brokerage Agency, its directors, officers, contractors and employees hold no belief as to the accuracy or otherwise of such information supplied.

The statements and financial information are passed on by The Business Brokerage Agency via this Confidential Information Memorandum on behalf of the Seller(s) for whom The Business Brokerage Agency acts solely as an agent.

Accordingly, The Business Brokerage Agency, its directors, officers, contractors and employees do not and cannot warrant or guarantee the accuracy of such statements and financial information relating to the business, and they accept no responsibility in any way whatsoever in respect to any errors or omissions in respect to such statements and financial information howsoever

caused. The Business Brokerage Agency strongly recommends that prospective Buyers of the business seek their own independent legal, accounting, technical and financial advice and make their own enquiries and conduct their own due diligence of the business.

Each and every opinion or recommendation that The Business Brokerage Agency has set forth in this profile is held by The Business Brokerage Agency, its directors, officers, contractors and employees in good faith and on the basis the information supplied by the Seller(s) of this business is accurate at the time of writing this profile, and each and every opinion and recommendation set forth in this profile is held, made or stated on the following conditions:

- The Business Brokerage Agency makes no invitations to any person to rely on any such opinion or recommendation;
- The Business Brokerage Agency accepts no responsibility should The Business Brokerage Agency its directors, officers, contractors or employees become aware of any change to or accuracy in the information supplied by the Seller on which the opinion or recommendation is based;
- The Business Brokerage Agency shall not be under any liability for loss or damage howsoever occasioned as a result of any reliance by any person on any such opinion or recommendation, whether or not such loss or damage was due to any negligence, default, or lack of care by The Business Brokerage Agency its directors, officers, contractors or employees.

**By accepting this Confidential Information Memorandum and proceeding with its reading and analysis, the recipient acknowledges being in agreement with all terms and conditions set forth in the General Disclaimer above.**

## 1.2 FINANCIAL DISCLAIMER

The Financial Information contained herein and in the document "Profit & Loss Analysis" has been reproduced using information provided to The Business Brokerage Agency by the Seller(s). The Business Brokerage Agency has not verified the accuracy of these records and therefore cannot and do not make any representation as to their accuracy. The Buyer(s) and/or their accountant/financial advisers should make their own enquiries.

In the event that a Buyer is told or otherwise led to believe by any parties that the takings in the business exceed those records lodged with the Internal Revenue Service, The Business Brokerage Agency expressly dissociates ourselves with any such representation and would strongly suggest that the Buyer and/or their accountant or financial advisers disregard any such representation and have regard only to the records disclosed to the Internal Revenue Service - subject to our previous warning that we cannot and do not vouch for them.

Add-Back Adjustments presented in this Confidential Information Memorandum are estimations only and are neither comprehensive nor complete - further investigation on these is necessary.

These numbers should serve as a guide only during the Enquiry Process and should not be used in the Due Diligence process - rather, the Financial Statements produced by their Accountants should, in conjunction with:

- Company Tax Returns;

- Quarterly Statements;
- IRS Portals;
- Invoices and Receipts and;
- Any other supporting documentation that the Buyer and/or their accountants or financial advisers deem appropriate and relevant.

All financial figures and Information have been provided in good faith, and while it is our belief these are true & accurate, it is the responsibility of any Potential Buyer to verify all information provided with the assistance of a qualified professional. The Agency strongly recommends all Potential Buyers take this course of action.

Important Note:

**By accepting this Confidential Information Memorandum and proceeding with its reading and analysis, the recipient acknowledges being in agreement with all terms and conditions set forth in the Financial Disclaimer above.**

# 1.3 NON-DISCLOSURE AGREEMENT

In consideration of the Seller providing to The Business Brokerage Agency, this Confidential Information Memorandum containing financial and any other information relating to the business, ("Confidential Information") to the Recipient, the Recipient acknowledges the Confidentiality of the Information and the potential damage to the Seller and the business of a breach of confidentiality and undertakes:

- I. To treat the Confidential Information as private and confidential;
- II. To use the Confidential Information solely for the purpose of evaluating the opportunity to purchase the business from the Seller, and for no other purpose;
- III. Not to use or allow the use of the Confidential Information to be used to gain any advantage over the Recipient or any other party;
- IV. Not to allow the use of the Confidential Information to disadvantage the Seller or the business;
- V. Not to disclose the Confidential Information other than to professional advisors, directors or employees of the Recipient who have agreed to be bound by this Confidentiality Agreement, and who undertake to maintain strict security over the Confidential Information, and where the Recipient is acting on behalf of its client, the client also agrees to be bound by this Confidential Agreement;
- VI. To return all Confidential Agreement and related notes or copies thereof upon request by the Seller or The Business Brokerage Agency;

- VII. Not to communicate directly or indirectly the Recipient's interest in the business offered by the Seller with customers, suppliers or employees of the business or the Seller;
- VIII. Not to disclose to any party (other than those mentioned above), that discussions have been held in relation to the Seller, the business or the opportunity to purchase the business;

The Recipient makes this undertaking in favor of The Business Brokerage Agency and the Seller, and both parties undertake to keep the Recipient's interests confidential.

In the event that the Recipient eventually purchases the said business, whether as an individual, company or partnership privately, through another agent or any other source, the Recipient undertakes to compensate The Business Brokerage Agency for any damages and/or loss of commission.

The Confidential Information Memorandum and other information is provided by The Business Brokerage Agency on the instructions of the Seller(s) of this business and has been prepared from information supplied by the Seller(s) and their Accountants. The Recipient acknowledges that this information is further provided on the basis that the contents are accurate and correct. However, The Business Brokerage Agency and its management and officers disclaim any express or implied warranty thereto.

**By accepting this Confidential Information Memorandum and proceeding with its reading and analysis, the recipient acknowledges being in agreement with all terms and conditions set forth in the Non-Disclosure Agreement above.**



# 1.4 ACKNOWLEDGMENT **BY SELLER**

I, Mr Joseph Smith, Owner and Seller of "All-Stars Cleaning and Janitorial Supplies" located at 4847 SANDY GLEN WAY, WIMAUMA, FL 33598, USA, hereby state and declare that I have instructed The Business Brokerage Agency to prepare this Confidential Information Memorandum.

Furthermore, I hereby confirm that all the information contained herein is true and accurate, at the time of the writing of this document, to the very best of my knowledge and has been provided to The Business Brokerage Agency by myself in good faith.

Should any significant changes to the business and/or its operation and/or financials occur during the sale process, that may contradict or change any of the information contained herein, I commit myself to promptly advise The Business Brokerage Agency in writing accordingly.

I would expect any Prospective Buyer to seek professional advice prior to making a decision in regards to the purchase of this business.

Signed & Dated:

*Joseph Smith*

*01/08/2020*

## 2.1 OUR AGENCY



The Business Brokerage Agency is a Mid-Market fully-licensed agency specializing in the sale of businesses between US\$1M and US\$10M.

The Business Brokerage Agency's trajectory began in October 1984 when it was established by Ms. Jane Doe - an experienced entrepreneur with a background in Manufacturing and Wholesaling.

Over the last 34 years, The Business Brokerage Agency has grown to become a reference in enabling commercial transactions in the most diverse segments of the US economy.

With increasingly comprehensive solutions and partnerships with Accounting, Legal, Financial and Migrations firms, The Business Brokerage Agency assists sellers by marketing their businesses for sale through their business brokers, networks and marketing platforms in order to attract and profile prospective buyers so as to effectively sell their businesses.

Our team is comprised of professionals with extensive experience in intermediation, with first-hand market knowledge and a true passion for delivering exceptional outcomes to Sellers and Buyers alike.

Our agency is built on the following 6 pillars:

**Professionalism:**

We are professionals and conduct ourselves accordingly at all times.

**Passion:**

We are passionate about helping Sellers and Buyers realize their dreams.

**Integrity:**

We pride ourselves in being able to confidently say no if ever confronted with a situation that challenges our values.

**Customer Satisfaction:**

Whether you are a Seller or a Buyer, we view you as a Customer and your satisfaction is our end-goal.

**Continuous Improvement:**

We believe that stagnation is not an option – if we are not moving forward, we would be moving backwards.

**Success:**

We believe that success in Business Sales is directly correlated with our joint efforts – as such, we apply full dedication to each sale.

# 2.2 BUYER EDUCATION

The purchase of a business is one of the most daunting and complex endeavors that an investor can undertake.

It is a multifaceted process that presents a number of challenges, even to the most experienced Buyer.

Unprepared or hasty decision-making can lead to capital loss. Therefore, it is imperative to have a support system set up to advise and guide you throughout the process. The Business Brokerage Agency acts in

a responsible fashion in order to assure the legitimacy of each purchase and the satisfaction of the Seller and Buyer alike. Our Brokers have extensive industry knowledge and are not interested in leading Buyers towards any investment that they do not believe to be adequate.

As such, we always advise Buyers to carefully consider their options and always act on the side of caution by taking the points below into careful consideration:



## RESEARCH & ANALYSIS

Buyers are urged to take their time and undertake careful research and analysis of different aspects of the business - not solely financial. Businesses tend to be multi-layered and layers tend to have their own set of particularities to be analyzed.



## SKILLS & EXPERTISE

Considering realistically one's set of skills and expertise is another crucial factor when reviewing the compatibility of a business - it is important to acknowledge one's limitations and to consider whether or not these can be detrimental to the running of the business and whether they can be overcome through training.



## FINANCIAL CRITERIA

This is generally the primary factor that guides investment decisions. Buyers must consider more than just numbers on a page, but also analyze trends and other external factors such as dependency on any single customer or supplier, among others.



## INDUSTRY SECTOR

Buyers ought to take into consideration whether this Industry is one that has presented growth, decline or stability and whether this industry is at risk of any destabilizing influence that may affect overall performance.



## ADDITIONAL CONSIDERATIONS

There are a myriad of additional factors that must be taken into consideration - including geographic location, the history of the business, competition, security of lease, reason for sale as well as whether the pricing is justifiable.

# 2.3 EXECUTIVE SUMMARY



**Business Name:**

All-Stars Cleaning and Janitorial Supplies



**Location:**

4847 Sandy Glen Way,  
Wimauma, FL 33598,  
USA



**Industry:**

Wholesale, Cleaning Products



**History:**

Established in 2000, only 2 owners including Seller



**Lease:**

Commenced Aug 1st 2011 for 3x5 year terms



**Trading Hours:**

Monday to Friday 8.00am to 5.00pm, No Weekends



**Structure:**

7 Full-Time Staff, 2 Part-Time, 2 Casuals and 1 Working Owner



**Reason For Sale:**

Seller wishes to retire



**Turnover:**

\$6,555,732 Annual (2020)



**Gross Profit:**

\$1,737,752 Annual (2020)



**Net Profit (EBIT):**

\$641,331 Annual (2020)



**SDE:**

\$833,425 Annual (2020)



**FF&E Value:**

\$188,300 approximate Furniture, Fixtures and Equipment value



**Price:**

\$1,950,000 plus Inventory



**Inventory:**

\$2,500,000 Approximate Value



**ROI Rate:**

42.73% Return on Owner's Investment Rate

## 2.4 KEY ACQUISITION **HIGHLIGHTS**

**1**

### **POSITIVE FINANCIAL PERFORMANCE**

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All-Stars Cleaning and Janitorial Supplies has had a steadily increasing financial performance - both in terms of revenue and SDE, while at the same time managing to maintain overheads and cost of goods sold stable.

**2**

### **LONG AND STABLE BUSINESS HISTORY**

---

Established in 2000, All-Stars can safely be deemed a well-established business. Moreover, it has only had two owners including the Seller, who has owned and operated the business for the last seventeen (17) years.

**3**

### **RECESSION-PROOF PRODUCT RANGE**

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The product range, being Fast-Moving Consumer Goods (FMCG) for the Hygiene and Food & Beverage Industries are Essential Goods, being protected from major fluctuations in the economy to a very large extent.

**4**

### **WELL-DEVELOPED SYSTEMS & PROCESSES**

---

Having operated for the last eighteen years, the business has developed and perfected systems and procedures to maximize outcomes and ensure efficiency positively influences profitability.

**5**

### **EXCEPTIONAL GROWTH OPPORTUNITIES**

---

There are boundless opportunities for further development - both through diversification, expansion into new markets and segments as well as increasing growth in the core business by exploiting the strength of the brand portfolio.

**6**

### **BUOYANT AND DIVERSE TARGET MARKETS**

---

The target markets for the business are limitless considering that any establishment - from a private residence to a large institution (Hospital, College, etc) - would require Cleaning, Janitorial and Consumable products.

**7**

### **LOW CONCENTRATION IN CLIENT BASE**

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All-Stars Cleaning and Janitorial Supplies has a well-spread client base and is not dependent on any single client, the largest of whom accounted for only 11% of the total sales in the last financial year.

**8**

### **STRONG BRAND NAME & MARKET REPUTATION**

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As evidenced by its stellar online reviews and high rate of repeat business, All-Stars has grown to become a leading name in its market. The business is renowned for reliability as well as their subject expertise in the product range.

## 3.1 BUSINESS OVERVIEW

**The Business Brokerage Agency is pleased to introduce Prospective Buyers to an outstanding acquisition opportunity: All-Stars Cleaning and Janitorial Supplies.**

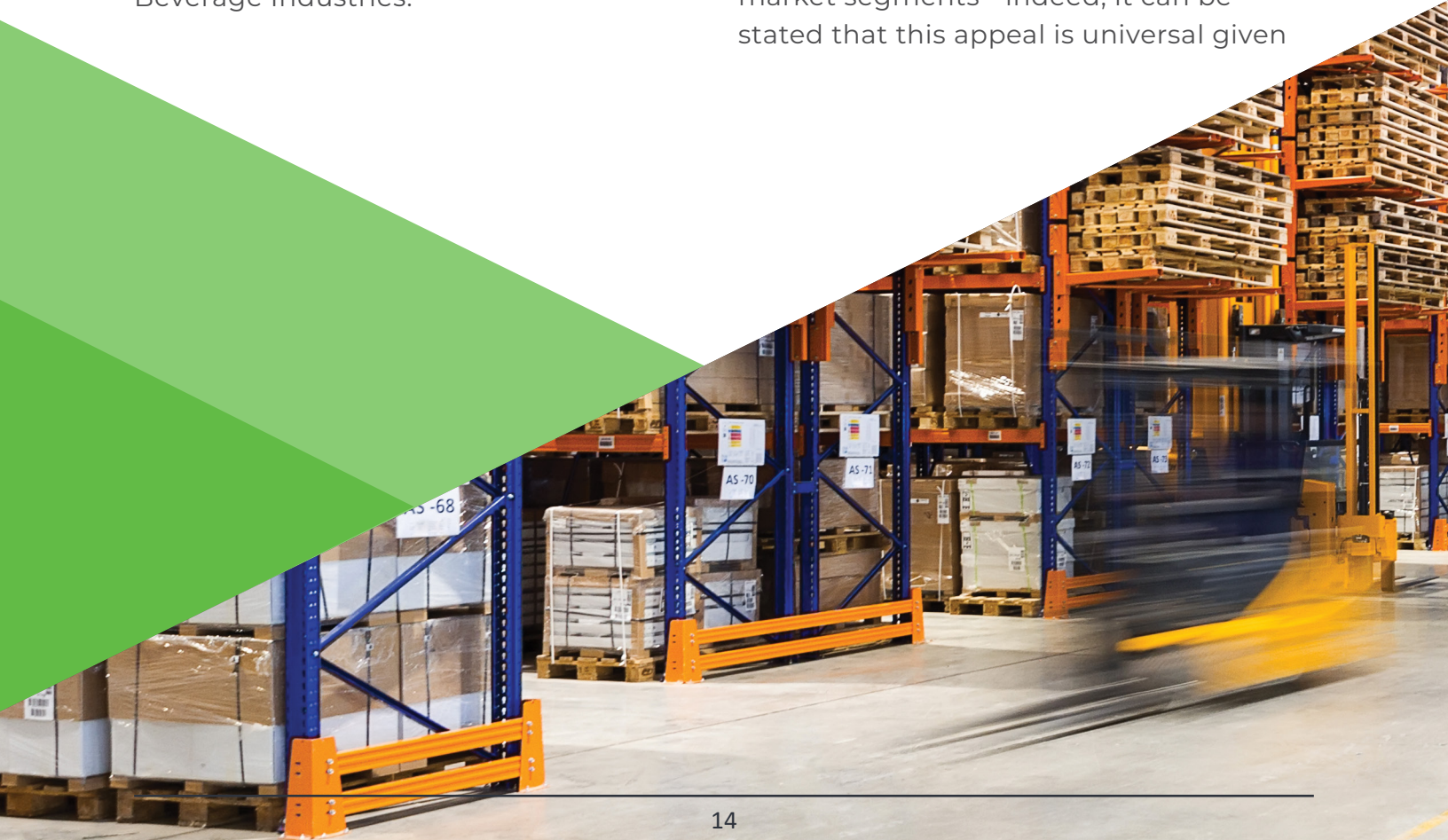
Situated at 4847 Sandy Glen Way, Wimauma FL, this business was established in July of 2000 and was taken over by the current owner in October of 2004.

The business' core activity is the supply of cleaning, janitorial and consumable goods for the Hygiene and Food & Beverage Industries.

Over its twenty-one year history, the business has nurtured strong relationships with a number of distinctive suppliers whose products are regarded as being the very best in the industry.

As will be noted further ahead in this Confidential Information Memorandum, this has been a large part of what has driven the exceptional growth that the business has experienced.

Cleaning and Hygiene Consumable Products have broad appeal across a number of developed and emerging market segments - indeed, it can be stated that this appeal is universal given



the fact that there is no entity that does not require them.

While operating in a mature and over-saturated industry, All-Stars considers that the business model it adopted following the current owner's takeover in 2004 has been the primary driving force behind the business growth.

All-Stars has a focus on consumer satisfaction through the provision of comprehensive solutions coupled with what has been described by the business' largest client as 'flawless and impeccable customer service'.

While the business has placed a great deal of emphasis in strategic relationships with the core target market (cleaning companies) the ownership chose to diversify its folio by expanding towards the Food & Beverage Industry as well as

providing to large End-Users, who are reached through a Tender process.

In doing so, the business has broadened its client base massively, as will be explored in Section 3.5, and it has positioned itself for continued and sustained growth.

Furthermore, the owner believes that the business will continue growing in pace with the growth of the greater Tampa area.

All-Stars sees its role as educating the consumers as to the advantages of its product range and offering a service that meets its customers' needs.

With a well-built internal structure and effective operational systems and procedures in place, it is believed that the transfer of ownership ought to be simple and straight-forward.





**All-Stars Cleaning and  
Janitorial Supplies' long  
history is a testament to the  
resilience of its business model**



## 3.2 BUSINESS HISTORY



*“All-Stars Cleaning and Janitorial Supplies’ long history is a testament to the resilience of its business model.”*

All-Stars Cleaning and Janitorial Supplies was established in July 2000 by Mr Jim Kazakis - a cleaning industry professional who identified that most cleaning contractors were traveling to cities such as Spring Hill as there was no presence in and around Wimauma, even though a number of customers lived near the area. The business was originally set up in his residence but as it expanded, premises were rented in a commercial street.

Around mid-2004, Jim was approached by Mr Joseph Smith, an entrepreneur with a corporate background as a FMCG Executive who wanted to transition into small business ownership.

In October 2004, Joseph took over the business and expanded it greatly through aggressive marketing and via the acquisition of smaller local competitors.

As the business continued to grow from strength to strength, Joseph relocated the business to its current premises in January 2011 in order to support increased demand and to budget for future growth while taking into consideration the space required to support it.

## 3.3 BUSINESS TIMELINE

All-Stars Cleaning and Janitorial Supplies is established by Mr Jim Kazakis after he identifies a need in the local area for such a business catering to cleaning contractors - first trading from home with no staff.

July  
2000

As the business expands, thanks to Jim's contacts in the local industry, the business relocates to a commercial position on FL-674 in Wimauma, with the intent of building retail sales and to support inventory. Around this time, the business begins to employ staff members for deliveries.

After being approached by Mr Joseph Smith, an FMCG executive transitioning into small business ownership, All-Stars Cleaning and Janitorial Supplies is sold.

Sept  
2003

Oct  
2004

Following aggressive marketing and a re-structuring of the operations, a focus is shifted from retail operations back to wholesale. Sales at this stage have essentially doubled since the take-over.

Nov  
2006

All-Stars acquires a small local competitor in Apollo Beach, absorbing all the clientele but none of the overheads. Simultaneously, it gains distributorship of Kimberly-Clark products and it opens a Paper Consumable range in its product portfolio .

Jan  
2007

Following continued rapid growth, All-Stars relocated to larger premises at a cheaper rent at 4847 Sandy Glen Way, Wimauma. The business also acquires another small competitor in St. Petersburg and again, absorbs clientele only and no overheads. Around this time it gains distributorship of Polivac range of machinery.

Aug  
2011

Mr Joseph Smith employs two Managers to assist him with the daily activities of the business. As he slowly approached retirement age and plans for a transition.

May  
2014

## 3.4 PRODUCT RANGE

*ALL-STARS CLEANING AND JANITORIAL SUPPLIES SOURCES PRODUCTS OF THE HIGHEST QUALITY FROM TRUSTWORTHY SUPPLIERS, SIMULTANEOUSLY ASSURING THEY CAN BE PRICED AT COMPETITIVE RATES WHILE STILL ALLOWING FOR STRONG PROFIT MARGINS FOR THE BUSINESS.*



### Cleaning Chemicals

A full range of cleaning chemicals for all applications is available in 16 oz., 1.5 gallons and 4 gallons containers. Brands include: Alpine Chemicals, Johnson-Diversey and Research by Oates.



### Toilet Paper Rolls

Toilet Paper Rolls, Jumbo Rolls and Interleaved Toilet Paper in multiple ply's and packaging. Brands include: Sunrise Tissues, Mel, Kimberley-Clark, ABC, Livi and Tork.



### Paper Hand Towels

Hand Towel Rolls and Interleaved Hand Towels available in different sizes to fit different dispenses. Brands include: Sunrise Tissues, Mel, Kimberley-Clark, ABC and Tork.



### Garbage Bags and Bin Liners

A variety of garbage bags and bin liners varying in size from 4.8 gallons to 63 gallons in Black, Clear and White. Brands include Mel and Maxpak.



### Cleaning Machinery

A range of new machinery from backpack vacuum cleaners for commercial/industrial use to large floor scrubbers. Brands include PacVac and Polivac.



### Spare Parts

A full range of parts available to suit different types of machines, especially vacuum cleaners, including Heads, Hoses, Bags and others. Brands include CleanStar.



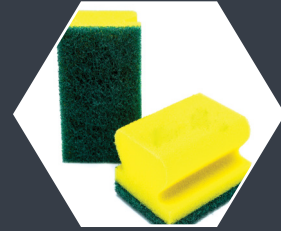
## Buckets, Baskets & Bin

A full range of durable Cleaning Buckets, as well as cleaning baskets and bins. Brands include: Sabco, ED Oates and NAB-Clean.



## Cloths and Wipes

A full range of cleaning cloths and wipes in various fabrics, color-coded for OH&S. Brands include: Sabco, ED Oates and NAB-Clean.



## Sponges and Scourers

A full range of sponges and scourers in various fabrics, color-coded for OH&S. Brands include: Sabco, ED Oates and NAB-Clean.



## Brooms and Floor Brushes

A full range of brooms, floor brushes and floor scrubs for different applications and in varying sizes. Brands include Sabco, ED Oates and NAB-Clean.



## Cleaning Gloves

Gloves in different sizes and different fabrics (powder, vinyl or latex) for cleaning applications. Brands include MaxValu and Mel.



## Mops and Mop Heads

A full range of mops and handles for different applications, color coded for OH&S. Brands include Mel and ED Oates



## Washroom Dispensers

A variety of soap and hand towel dispenses in metal and stainless steel for different washrooms. Brands include NAB-Clean



## Window Cleaning Gear

A full range of commercial window cleaning equipment in varying sizes. Brands include Sabco, ED Oates and NAB-Clean.



## Disposable Supplies

A limited range of disposable supplies for the Hospitality Industry. Brands include Tailored Packaging.

# 3.5 CUSTOMER BASE

Initially, the target market for All-Stars Cleaning and Janitorial Supplies was limited to Cleaning Contractors who were located near the Wimauma region.

As the business expanded, so did its clientele and the current owner, Mr Joseph Smith, sought to diversify the types of clients in addition to ensuring that no single client would hold too much of a prominent position in the sales share of the business.

The three major target markets of the business are as follows:

## 1. CLEANING CONTRACTORS

Accounting for an estimated 60% of the total sales, this client segment is certainly the most important.

In terms of its purchase of Consumable Products (Paper Products, Soap and Bin Liners) they serve as re-sellers of the products.

This is a secure and steady stream of revenue as Cleaning Contractors need material - a number of items (for example, mops) can only be used

so many times before needing to be disposed of.

The majority of Cleaning Contractors whom the business deals with are Commercial Cleaners, offering their services to Schools, Colleges, Individual Offices, Office Buildings, Hospitals and Medical Clinics.

The Sellers estimate the business has approximately 500 Cleaning Contractors who can be deemed as Regular Clients.

## 2. FOOD & BEVERAGE

Accounting for an estimated 25% of the total sales, this client segment began to be explored by the owner around 2006.

This includes Pubs, Bars, Restaurants and Coffee Shops that purchase goods (primarily Consumable Products) on a regular basis.

The Sellers estimate the business has approximately 200 Food & Beverage establishments who can be deemed as Regular Clients.

### 3. END-USERS

The third and final segment comprises around 15% of the total sales.

This client category encompasses end-users such as Councils, Offices or Schools who purchase their cleaning supplies privately - rather than through their Cleaning Contractors.

The larger clients are won by Tender - while smaller ones are open to standard marketing.

The Sellers estimates the business has approximately 20 End-Users who can be deemed as Regular Clients.

*The owner of the business has consciously made an effort to dilute the concentration and importance of any single client in order to minimize the risk component in the event of any issue such as bad debts and/or the loss of the client.*



#### CLIENT #3

**CATERING GROUP**  
**4.5% OF TOTAL SALES (2020)**

This Catering Group focuses on large events and on corporate catering and has been a loyal client of the business since 2011.

The relationship between both businesses is excellent and purchases flow in through the Purchasing Manager on a weekly basis. There is tremendous scope for growth here with a range of Disposable Supplies.



#### CLIENT #2

**END-USER: TECHNICAL COLLEGE**  
**6.4% OF TOTAL SALES (2020)**

This is one of the business' most recent clients as the Seller submitted a Tender for the supply in 2007 and won a 5 year supply contract (which is performance-based).

This Technical College has six different campuses in Florida and orders come in through the Purchasing Office once a month. They have, thus far, been prompt payers.



#### CLIENT #1

**COMMERCIAL CLEANERS**  
**11.2% OF TOTAL SALES (2020)**

This is the longest-standing client of the business - having traded with them since 2002 and having experienced extraordinary organic growth over this period, becoming one of the most prominent commercial cleaning companies in the State of Florida.

The relationship between both businesses is excellent and all area managers are familiar with Purchasing Procedures. They are also prompt payers.

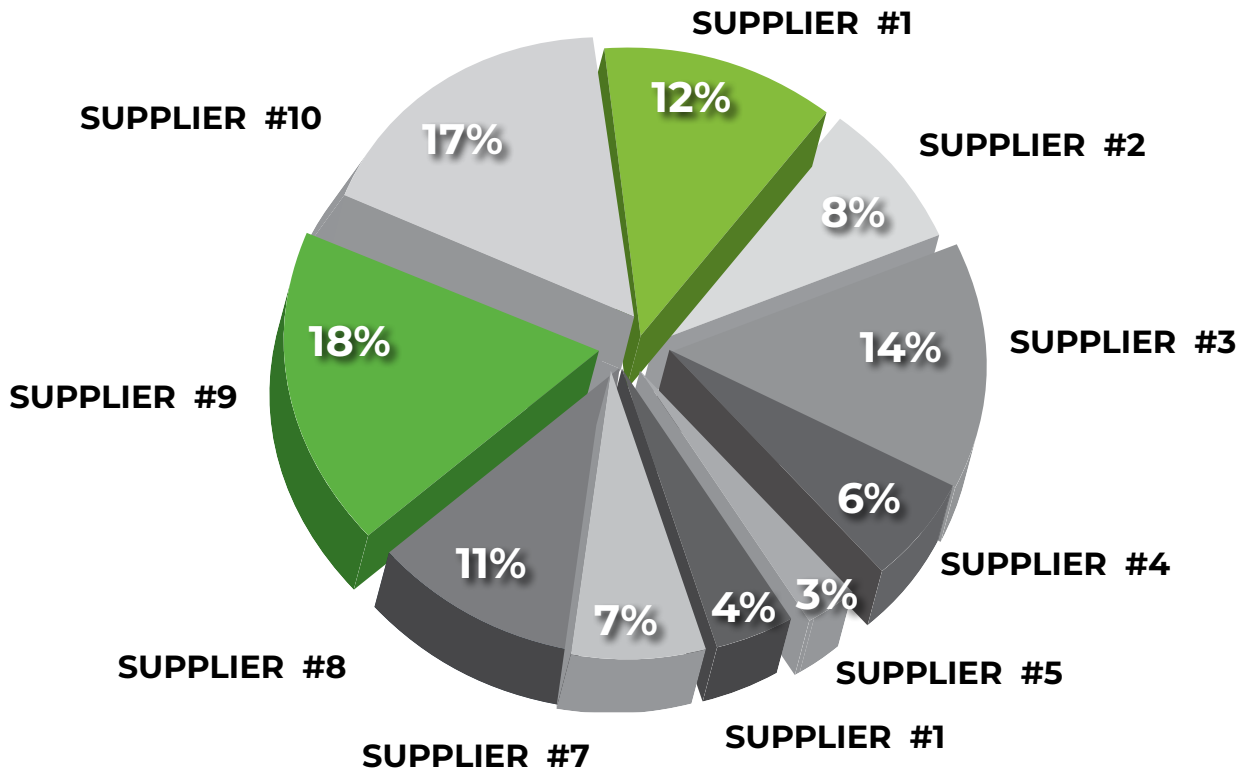
# 3.6 SUPPLIER BASE

**All-Stars Cleaning and Janitorial Supplies works with a wide range of Suppliers for its many products.**

A number of clients award a high degree of importance to the brand - particularly in terms of Consumable Products (paper products) and Cleaning Chemicals, although a large section of clients are far more concerned with quality and product efficiency than they are with brand naming.

This has created an advantageous situation for All-Stars as it pits competitors against each other and does not afford them leverage to price their goods at whatever level they deem appropriate.

Below is a breakdown of expenditure per supplier for the 2020 year:



# 3.7 SYSTEMS & **PROCESSES**

All-Stars has instituted a straight forward process and has been able to educate most clients and suppliers accordingly.

The process begins in the first week of the month when the business has all merchandise delivered to its warehouse. Orders from customers begin to flow in towards the end of this week.

On the second week of the month, orders continue coming in and goods are separated and order contents are double-checked by two separate staff members - including the warehouse manager whose job it is to assure that mistakes do not occur.

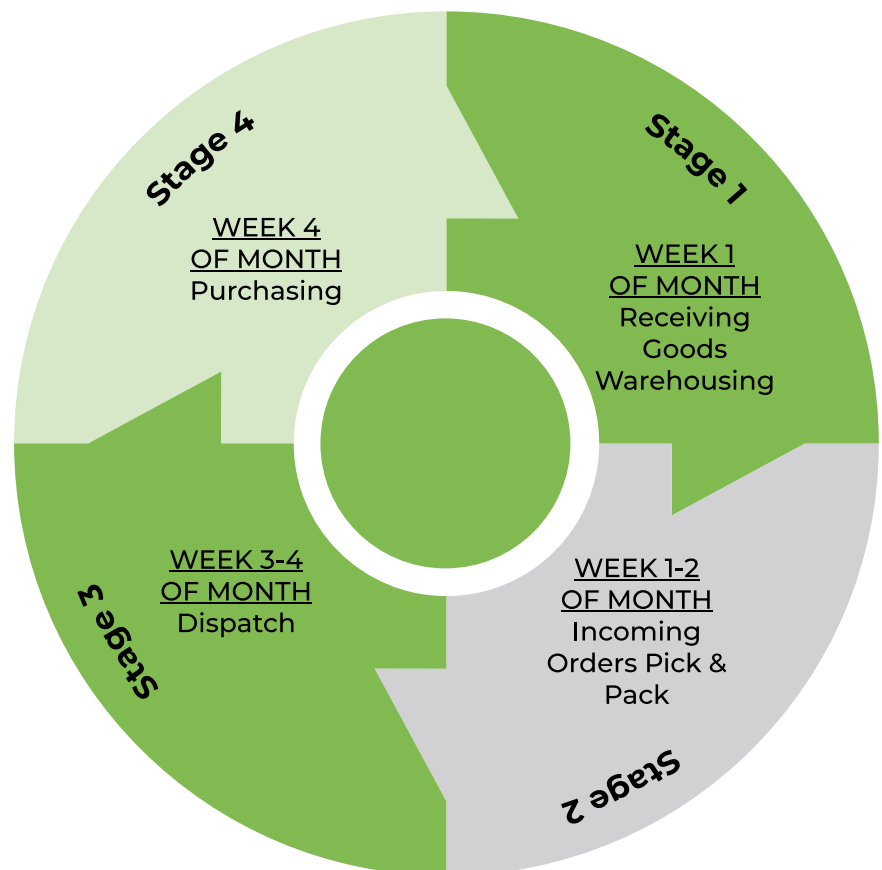
On the third and fourth week of the month, orders continue to flow in, though in a lesser intensity than in the first and second weeks of the month.

During this time, the focus is given to ensure deliveries are made in a timely fashion and meeting each clients' special instructions in regards to delivery.

During the fourth week of the month, as the

monthly orders finish being dispatched, Purchasing begins by the Purchasing manager in consultation with both the warehousing and sales departments.

Simultaneous to all of these activities, the Accounts Payable and Receivable staff member follows up and freezes credit, if necessary, throughout the month to any client that may be overdue in payment.





## 3.8 STRATEGIC **DIRECTION**

*All-Stars' overall strategic direction is to spearhead the trend towards increased service efficiency and price-effectiveness with a product-driven offering centered on the customer.*

*The strategic action plan to increase its market presence has been focused on the following three key areas:*

---

### **I. EXPLOITING THE STRENGTH OF THE PRODUCT PORTFOLIO**

All-Stars carries most of the industry's strongest brands. To achieve optimal leverage, the product range is being consolidated parallel to market and customer segmentation.

These brands represent expertise and quality in products for the Cleaning Servicing and Food & Beverage industries.

The high quality and brand power complement the service delivery method, aiming to solidify All-Star's position with its clients and increase growth in the core business.

### **II. EXPANDING INTO NEW MARKETS AND SEGMENTS**

Since the ownership transition in 2004, All Stars has expanded into new markets and segments - both by geographical expansion, utilising its sales team and by exploiting market opportunities.

This has been exemplified when the business moved from its focus solely on cleaning contractors, towards the Food & Beverage Industry, which was at the time mostly being serviced by suppliers offering sub-standard products.

### **III. GROWTH THROUGH ACQUISITION**

A large part of the business' historical growth has been due to an acquisition strategy. In 2007, it absorbed an Apollo Beach-based competitor and in 2011 it absorbed a St Petersburg-based competitor.

The business has focused its acquisition strategy in three areas: (i) increasing geographical market presence, (ii) complementing the product range, and (iii) adding new markets in key areas.

# 3.9 BUSINESS OWNERSHIP

*“The last seventeen years at the helm of All-Stars have been a blessing - they have given me the resources to comfortably retire, and the knowledge that I helped build something that will outlast me”*

*(Mr Joseph Smith - Owner)*



## OWNER'S ROLE AND HOURS

The Owner's primary role is that of President - overseeing the work of the Sales Manager, the Warehousing Manager and the Accounts.

Moreover, the Owner presently undertakes all purchases and has some Human Resources duties.

His hours are 9.00am to 06.00pm from Monday to Friday.



## OWNER'S PROFILE

Mr Joseph Smith had a background in the corporate world, working with Fast-Moving Consumer Goods (FMCG) to pharmacies and supermarkets - with an academic background in Business Management, specializing in Supply Chain Management.



## REASON FOR SALE

After successfully running the business for the last seventeen years and transforming into the powerhouse it is today, Mr Joseph Smith now wishes to retire and enjoy some well-earned rest together with his grandchildren.

## 3.10 INTERNAL STRUCTURE

### Staff #1

**Position:** President  
**Role:** General Management, Purchasing and Human Resources  
**Status:** Full-Time  
**Length of Service:** 14 Years  
**Hours:** Mon-Fri 9am-6pm  
**Gross Wages:** \$80,000 P.A.

### Staff #2

**Position:** Warehousing Manager  
**Role:** Storage, Pick & Pack, Dispatch, Supervision of Drivers & Warehouse  
**Status:** Full-Time  
**Length of Service:** 7 Years  
**Hours:** Mon-Fri 7am-3pm  
**Gross Wages:** \$65,000 P.A.

### Staff #3

**Position:** Sales Manager  
**Role:** Sales, Key Account Management, Supervision of Customer Service and Sales  
**Status:** Full-Time  
**Length of Service:** 4 Years  
**Hours:** Mon-Fri 9am-5pm  
**Gross Wages:** \$70,000 P.A.

### Staff #4

**Position:** Warehousing Assistant  
**Role:** Storage, Pick & Pack, Dispatch  
**Status:** Full-Time  
**Length of Service:** 6 Years  
**Hours:** Mon-Fri 7am-3pm  
**Gross Wages:** \$48,000 P.A.

### Staff #5

**Position:** Warehousing Assistant  
**Role:** Storage, Pick & Pack, Dispatch,  
**Status:** Full-Time  
**Length of Service:** 6 Years  
**Hours:** Mon-Fri 7am-3pm  
**Gross Wages:** \$48,000 P.A.

### Staff #6

**Position:** Driver  
**Role:** Deliveries, Warehousing Duties  
**Status:** Full-Time  
**Length of Service:** 6 Years  
**Hours:** Mon-Fri 9am-5pm  
**Gross Wages:** \$52,000 P.A.

### Staff #7

**Position:** Driver  
**Role:** Deliveries, Warehousing Duties  
**Status:** Full-Time  
**Length of Service:** 14 Years  
**Hours:** Mon-Fri 9am-5pm  
**Gross Wages:** \$52,000 P.A.

### Staff #8

**Position:** Customer Service  
**Role:** Enquiries, Order Processing, Complaints Handling  
**Status:** Full-Time  
**Length of Service:** 2 Years  
**Hours:** Mon-Fri 8am-4pm  
**Gross Wages:** \$55,000 P.A.

**Staff #9**

**Position:** Sales Representative  
**Role:** Key Account Management and New Sales  
**Status:** Part-Time  
**Length of Service:** 5 Years  
**Hours:** Mon-Fri 9am-1pm  
**Gross Wages:** \$32,000 P.A.

**Staff #11**

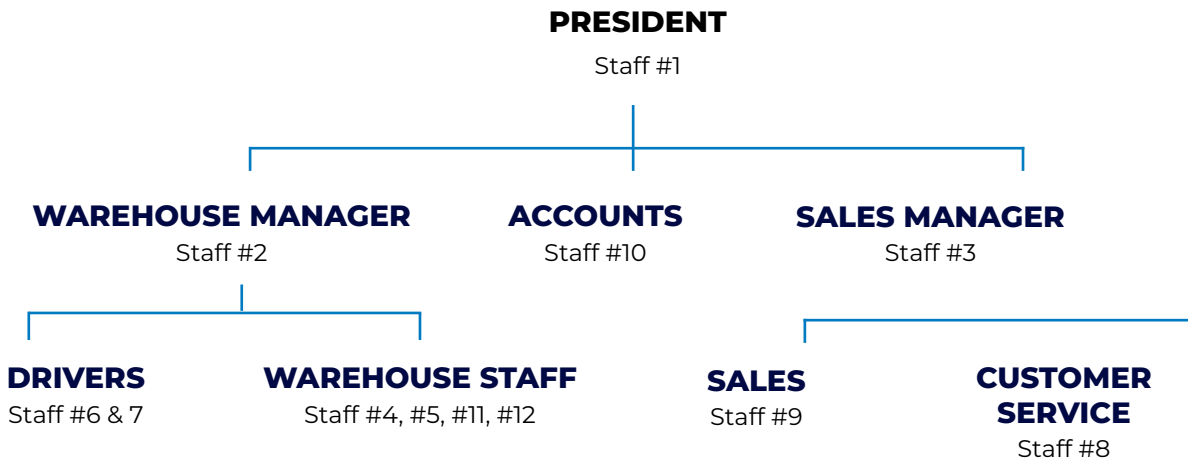
**Position:** Warehouse Assistant  
**Role:** Storage, Warehousing Duties, Pick & Pack  
**Status:** Casual  
**Length of Service:** 2 Years  
**Hours:** As Required  
**Gross Wages:** \$22 per hour

**Staff #10**

**Position:** Accounts  
**Role:** Invoicing, Payments, Wages and BAS  
**Status:** Part-Time  
**Length of Service:** 8 Years  
**Hours:** Mon-Fri 9am-1pm  
**Gross Wages:** \$29,000 P.A.

**Staff #12**

**Position:** Storage, Warehousing Duties, Pick & Pack  
**Status:** Casual  
**Length of Service:** 6 Months  
**Hours:** As Required  
**Gross Wages:** \$22 per hour



## 4.1 STRATEGIC POSITION

The geographic positioning of the business in the Hillsborough County has awarded it a prominent position in the Industry as it quickly grew to dominate this segment of the market - but it also positioned it for further growth as this area drives much of the growth seen in the Tampa Metropolitan region.

All-Stars Cleaning and Janitorial Supplies is situated at 4847 Sandy Glen Way, Wimauma, FL 33598.

The business was originally established having in mind that cleaning contractors who resided around the Sun City and were forced to travel to Spring Hill or Hudson for their Cleaning Supplies.

The business eventually transitioned to Shell Point Road in Ruskin where it was at a prime commercial location, though accordingly the Rent was quite high. Under the new ownership, the business transitioned one final time as a commercial location was deemed not

to be a priority as the sales focus were re-shifted towards Trade Customers, and the business efforts turned towards a Delivery Model, with little attention to Retail. Moreover, parking at Shell Point Road was difficult for clients, suppliers and staff members - while parking at the current location is plentiful.

While the business could potentially be relocated to another locality as far as Suppliers are concerned, a number of clients (an estimated 15%) still pick-up their goods rather than having them delivered.

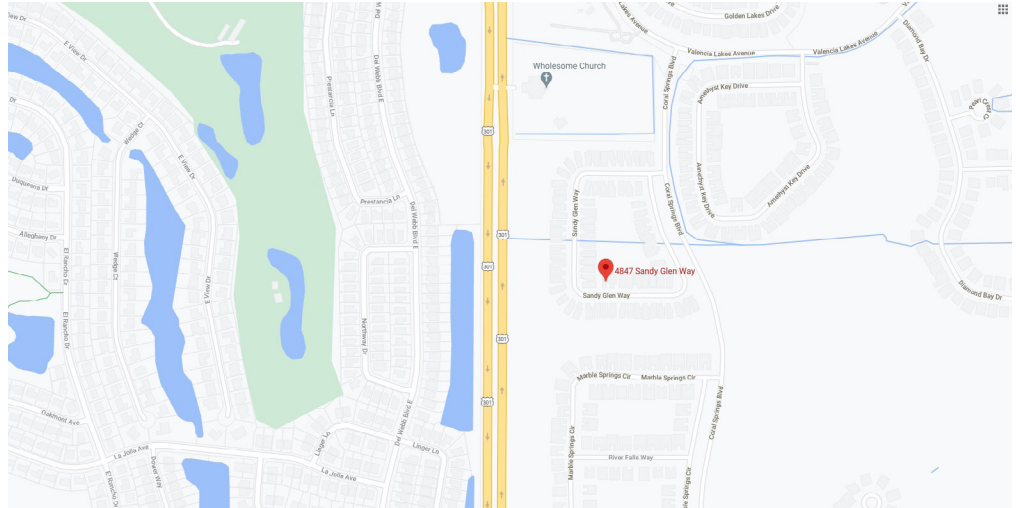
In addition, most staff members live around Wimauma. As such, a shift towards a farther area could prove to be problematic in this regard.



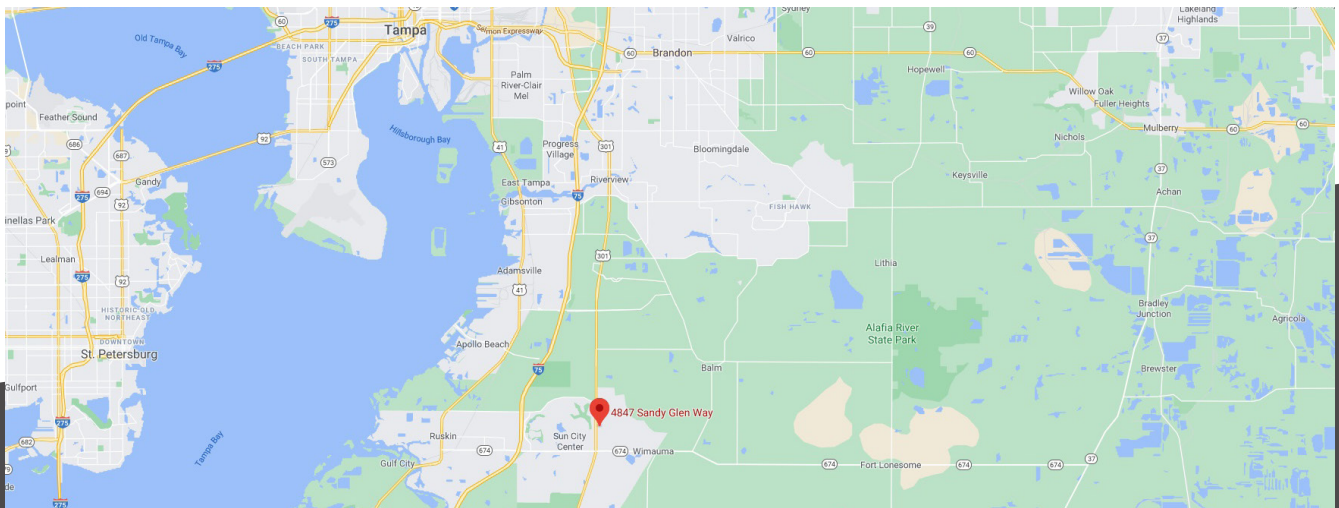
# 4.2 MAPS & **DISTANCES**

Sandy Glen Way is a purely industrial street, accessible from Coral Springs Boulevard and runs parallel to Route 301.

The following are the distances of Wimauma to other major locations with high concentrations of clients:



- **Sun City Center:** 7 minutes (2 miles)
- **Willow:** 13 minutes (7 miles)
- **Balm:** 16 minutes (8.7 miles)
- **Gulf City:** 21 minutes (7 miles)
- **Parrish:** 17 minutes (12 miles)
- **Fort Lonsome:** 19 minutes (13 miles)
- **Lithia:** 28 minutes (21 miles)
- **Fish Hawk:** 35 minutes (18 miles)
- **Keysville:** 39 minutes (29 miles)
- **Bloomington:** 32 minutes (17 miles)
- **Apollo Beach:** 21 minutes (12 miles)



## 4.3 COUNTY PROFILE

Hillsborough County is a county located in the west central portion of the U.S. state of Florida. A 2019 estimate has the population of Hillsborough County at 1,471,968 people, which itself is greater than the populations of 12 states according to their 2019 population estimates. Its county seat and largest city is Tampa.

### Economy

The economy of Hillsborough County, FL employs 701k people. The largest industries in Hillsborough County, FL are Health Care & Social Assistance (93,014 people), Retail Trade (82,167 people), and Professional, Scientific, & Technical Services (63,236 people), and the highest paying industries are Utilities (\$75,431), Management of Companies & Enterprises (\$61,691), and Professional, Scientific, & Technical Services (\$57,802).

### Median Household Income

Households in Hillsborough County, FL have a median annual income of \$58,480, which is less than the median annual income of \$61,937 across the entire United States. This

is in comparison to a median income of \$54,731 in 2017, which represents a 6.85% annual growth

### Employment by Occupations

The most common job groups, by number of people living in Hillsborough County, FL, are Office & Administrative Support Occupations (92,555 people), Sales & Related Occupations (83,488 people), and Management Occupations (72,145 people).

### Domestic Trade Growth

In 2020, total outbound Florida trade was \$497B. This is expected to increase 43.6% to \$714B by 2045.

### Interstate Trade

In 2015, the top outbound Florida domestic partner for goods and services (by dollars) was Georgia with \$19.5B, followed by Texas with \$16.6B and California and \$11.5B.

Source: <https://datausa.io/profile/geo/hillsborough-county-fl>



## Population

1,471,968



## Business

124,188



## Top 3 Industries

Health Care & Social Assistance (93,014 people), Retail Trade (82,167 people), and Professional, Scientific, & Technical Services (63,236 people).



## Staffing

Total Employment:  
601,133  
Total Annual Payroll:  
\$30,391,827



## Education

High school graduate or higher: 88%  
Bachelor's degree or higher: 32.7%



## Housing

Housing Units: 590,779  
Owner-occupied housing unit rate: 58.1%



## Families

Households: 516,478  
Persons per household:  
2.6



## Employment

In civilian labor force:  
64%



## Income

Median Household Income: \$56,137  
Per Capita Income:  
\$31,173



## 4.4 BUSINESS PREMISES

The business operates out of spacious and modern premises at 4847 Sandy Glen Way, Wimauma FL - zoned as Industrial 1.

The total land area is 11,775 sqft approximately and the total building area is 9,461 sqft approximately divided as follows:

- ☑ Showroom (Upstairs)
- ☑ Warehouse
- ☑ 5 x Offices
- ☑ 1 x Boardroom
- ☑ 1 Kitchenette
- ☑ 1 x Staff Room
- ☑ 3 x Loading Bays
- ☑ 20 x Car Spaces
- ☑ 2 x Male Toilets
- ☑ 2 x Female Toilets
- ☑ 1 x Reception



# 4.5 LEASE AGREEMENT

## PARTIES

The Lease Agreement commenced on 1 November 2016 between LG Nominees LLC (Landlord) and Gold Lion Inc. (Tenant).

## RENTAL

The Rent, after the renewal in 2016 was fixed at the following rates:

Year 1: \$152,800 P.A.

Year 2: \$154,912 P.A.

Year 3: \$157,108.48 P.A.

Year 4: \$159,392.82 P.A.

Year 5: \$161,768.53 P.A.

## TERMS

The present Lease Agreement commenced on 1 August 2011 for an initial term of Five (5) Years with Two (2) Renewal option of Five (5) Year each. The Lease was renewed on 15 March 2016 with One (1) additional renewal option to be exercised by 15 March 2021.

## MISCELLANEOUS

The landlord has stated there are no alteration/demolition works, or other matters planned or known to the landlord during the renewal of lease that would affect the Tenant's business.



# FF&E SCHEDULE

All-Stars Cleaning and Janitorial Supplies will be sold with all Furniture, Fixtures and Equipment used in the business – except for any private property of the Sellers that may be registered under the business as follows:

- BMW Black Sportivo ABC-123
- Owner's iPhone 8X
- Owner's Laptop Computer

On the day of Settlement, all equipment will be transferred to the Buyer free of any debt and in good working order and condition (subject to fair wear and tear).

A list of equipment can be found in the next page containing all major items included.

The estimated total value of the equipment is **\$188,300** – and this value is inclusive in the Asking Price of the Business.



ITEM	NOTES	ESTIMATED VALUE
Isuzu Truck 2009	50,000 miles	\$78,000
Hyundai 2 Tonne Van 2012	67,000 miles	\$35,000
Holden Barina 2007	155,000 miles	\$5,000
Nissan Pulsar 2012	78,000 miles	\$12,000
Forklift Gas	--	\$10,000
Director Computer System	--	\$2,000
Warehouse Manager Computer System	--	\$2,000
Sales Manager Computer System		\$2,000
Sales Representative Laptop	Surface Pro	\$1,500
Accounts Dept Computer System	--	\$2,000
Xero Accounting Software	--	N/a
Office Furniture	--	\$1,000
Banner, Signage and Others for Trade Fairs	--	\$2,000
Shelves & Baskets at Showroom	--	\$8,000
Pallet Racks	--	\$20,000
Television	--	\$300
FujiXerox Printer	--	\$5,000

## 5.2 INTELLECTUAL PROPERTY



All-Stars Cleaning and Janitorial Supplies will be sold with all intellectual property associated with the business.

This includes the business name, websites and any associated domains it has secured.

These will be transferred to the Buyer on the day of Settlement.

Moreover, as part of this deal, the Sellers will provide a total of 4 weeks of training, at no cost, during which they must

introduce the Buyers to customers, suppliers, employees of the Business and provide details of all contracts utilized by the business and provide all intellectual property relating to the conduct, methodology and trade secrets of the business.

## 5.3 LICENSES AND PERMITS



One of the many positive features of this business is that it does not necessarily require the Buyer to have previous experience in the industry as the learning curve is relatively short.

The Sellers have informed us that the Buyer does not need any special qualification, permit or license to operate the business, except for the following which would be beneficial but, according to the Seller, not essential at this time:

- Forklift Driving License
- Heavy Vehicle Driving License

Having said that, it is imperative that the Buyer conducts his/her own investigation in this regard, with the assistance of a qualified professional.



The Buyer does not need to have any specific skill other than that related to the following areas – which would be beneficial but not essential:

- Management
- Customer Service
- Sales & Marketing



The Buyer does not need any specific qualification, but should undertake a course on:

- Workplace Health & Safety



The Buyer does not need to have experience in the cleaning supplier industry as the Seller will provide full training on the job.



**All-Stars Cleaning  
and Janitorial  
Supplies occupies  
a commanding  
industry position  
and is well-placed  
for further growth**

## 6.1 FINANCIAL SUMMARY

The Financial Performance of a business is one of the strongest factors that drive decision-making.

While All-Stars Cleaning and Janitorial Supplies' financial performance is excellent, as the reader will see in the next few pages, we kindly remind the reader that this should not be the only factor at play.

Having said that, we have compiled the information from the business' Profit & Loss Statements for the last three financial years.

A copy of the full Financial Statements, including Balance Sheets and Depreciation Schedules are enclosed to this profile on Appendix #1.

In addition, as part of the Due Diligence process - should the reader choose to proceed - the reader will be provided with copies of the business' Quarterly Statements, Company Tax Returns, IRS Portals, Receipts/Invoices, Management Accounts from its Xero Accounting Software and any other information that the reader and/or his financial advisers deem relevant.



# 6.1 FINANCIAL SUMMARY



## INCOME

(2020)

\$6,555,732



## GROSS PROFIT

(2020)

\$1,737,752



## EXPENSES

(2020)

\$1,096,421



## SDE

(2020)

\$192,094



## ASKING PRICE

plus ~\$2.5M Inventory

\$1,950,000



## COST OF GOODS SOLD

(2020)

\$4,817,890



## GROSS MARGIN

(2020)

26.51%



## NET PROFIT (EBIT)

(2020)

\$641,331



## SDE MARGIN

(2020)

9.78%



## R.O.I. RATE

(2020)

42.73%

# 6.2 TRADING **STATEMENT**

	2020	2019	2018
<b>INCOME</b>			
Total Sales	\$6,555,732	\$6,031,273	\$5,688,991
<b>TOTAL INCOME</b>	<b>\$6,555,732</b>	<b>\$6,031,273</b>	<b>\$5,688,991</b>
<b>COST OF GOODS SOLD</b>			
Opening Inventory	\$2,366,402	\$2,210,122	\$2,065,556
Purchases	\$4,901,700	\$4,454,663	\$4,180,551
Closing Inventory	\$2,450,122	\$2,366,402	\$2,210,122
<b>TOTAL COST OF GOODS SOLD</b>	<b>\$4,817,980</b>	<b>\$4,298,383</b>	<b>\$4,035,985</b>
<b>GROSS PROFIT</b>	<b>\$1,737,752</b>	<b>\$1,732,890</b>	<b>\$1,653,006</b>
<b>GROSS MARGIN</b>	<b>26.51%</b>	<b>28.73%</b>	<b>29.06%</b>

# 6.3 PROFIT & LOSS STATEMENT

	2020	2019	2018
<b>OPERATING EXPENSES</b>			
<b>SALARIES &amp; WAGES EXPENSES</b>			
Directors Wages	\$80,000	\$80,000	\$80,000
Salaries - Permanent Staff	\$451,000	\$451,000	\$462,000
Salaries - Casual Staff	\$8,008	\$15,977	\$6,977
Freight Charges	\$49,855	\$69,855	\$22,855
Benefits - Staff	\$42,845	\$42,845	\$43,890
Benefits - Director	\$7,600	\$7,600	\$7,600
Long Service Leave - Admin	\$7,600	\$12,775	\$0
Car Allowance	\$12,000	\$8,000	\$8,000
Work cover	\$7,744	\$7,744	\$7,744
<b>TOTAL WAGES EXPENSES</b>	<b>\$666,652</b>	<b>\$695,796</b>	<b>\$639,066</b>
<b>RENT &amp; UTILITIES EXPENSES</b>			
Rent	\$154,912	\$152,800	\$152,800
Rates & Taxes	\$23,550	\$22,726	\$21,930
Electricity	\$12,096	\$11,673	\$17,665
Water	\$6,775	\$7,665	\$7,397
Gas	\$451	\$435	\$556
Cleaning	\$1,988	\$2,899	\$2,798
Contents Insurance	\$4,500	\$4,343	\$6,770
Rubbish Removal	\$2,000	\$3,500	\$3,378
Security	\$1,400	\$1,870	\$1,805
<b>TOTAL RENT &amp; UTILITIES EXPENSES</b>	<b>\$207,672</b>	<b>\$207,910</b>	<b>\$215,098</b>

# 6.3 PROFIT & LOSS STATEMENT

	2020	2019	2018
<b>ADMINISTRATIVE EXPENSES</b>			
Registration Fees	\$350	\$350	\$350
Computer Expenses	\$899	\$1,744	\$2,000
E-mail & Internet	\$2,330	\$1,000	\$309
Accountancy	\$7,500	\$8,000	\$8,000
Legal Fees	\$7,500	\$0	\$0
Printing & Stationery	\$12,771	\$22,177	\$10,996
Depreciation	\$48,907	\$77,542	\$66,144
Interest Paid	\$38,887	\$28,886	\$22,764
Other Insurance	\$10,775	\$10,775	\$10,775
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>\$129,919</b>	<b>\$150,474</b>	<b>\$121,338</b>
<b>OPERATIONAL EXPENSES</b>			
Packaging Supplies	\$1,887	\$1,821	\$1,757
Petrol	\$15,002	\$14,477	\$17,554
Motor Vehicle Insurances	\$14,667	\$14,154	\$16,778
Motor Vehicle Repairs & Reg	\$10,888	\$10,507	\$10,139
Telephone Expenses	\$19,726	\$17,088	\$27,886
Uniforms	\$288	\$288	\$576
Advertising	\$12,334	\$11,902	\$17,665
Sponsorship	\$4,500	\$4,500	\$4,500
Travel & Conference	\$12,886	\$12,435	\$12,000
<b>TOTAL OPERATIONAL EXPENSES</b>	<b>\$92,178</b>	<b>\$87,172</b>	<b>\$108,855</b>
<b>TOTAL EXPENSES</b>	<b>\$1,096,421</b>	<b>\$1,141,352</b>	<b>\$1,084,357</b>
<b>NET EARNINGS (E.B.I.T.) Earnings Before Income Tax</b>	<b>\$641,331</b>	<b>\$591,538</b>	<b>\$568,649</b>
<b>NET MARGIN</b>	<b>9.78%</b>	<b>9.81%</b>	<b>10.00%</b>

## 6.4 NORMALIZATIONS **EXPLAINED**

This part of the Confidential Information Memorandum may require some clarification as a number of readers are not familiar with the concept of Adjustments – also referred to as “Normalizations” or more popularly, as “Add-Backs”.

In a nutshell, an “add-back” is an expense from the Profit & Loss Statement that is added back into the Net Profit of the business to present the Buyer a more accurate picture of what the business is truly generating to a single working owner.

The “Net Profit” figure is relevant for Accounting and Taxation purposes - this is the figure the IRS (Internal Revenue Service) is interested in. However, it does not present a full picture of the business for a Potential Buyer.

What Business Brokers aim to do, is to present the Buyer with an accurate picture of what the business is truly producing while how that is being distributed is a separate matter.

For this purpose, a number of expenses are reverted back into the Net Profit, leading to the final figure of SDE (Sellers’ Discretionary Earnings) which is what is truly relevant to the Buyer and what he/she must take into account when assessing the business.

This figure of S.D.E. is more commonly referred to as “Adjusted Net Profit”. The main types of add-backs are laid out below and on the next page

**1**

### **ABSTRACT ACCOUNTING EXPENSES**

This generally refers to Depreciation and Amortization - expenses that show up on the Profit & Loss Statement but never really occurred. For example, the P&L might show an expense of \$10,000 in Depreciation, and while completely valid from an accounting perspective, at no point the business owner wrote a cheque for \$10,000 to anyone.

### **INTEREST EXPENSES**

**2**

If a business owner takes out a loan, or incurs interest over late payments, those expenses are reverted back into the Net Profit. The rationale behind is that this was his/her decision - if he/she does not have capital invested into the business to avoid these charges, that is his/her prerogative, not the business’.

**3**

**SELLER’S PERSONAL EXPENSES**

Business Owners frequently throw into the business personal expenses of theirs (or their family members) - be it purchases, phone charges, motor vehicle expenses, subscriptions, donations, personal accounting charges, etc. The rationale behind reverting these back into the Net Profit is that the business does not need them in order to exist/operate.

**REMUNERATION TO SELLER**

**4**

Another expense that is added back into the Net Profit are payments that the owner makes to himself (or his/her spouse) in the form of Wages, Director’s Fees or Benefits. The rationale behind is that the business is producing this money, he/she is simply distributing it to him/herself in the form of remuneration, rather than the dividends.

**5**

**EXCESSIVE/UNNECESSARY EXPENSES**

Occasionally Business Owners have both unnecessary expenses or excessive expenses - that is his/her prerogative, not the business’. The rationale behind it is that a new owner does not need to continue paying more than necessary for a certain item in order for the business to maintain its operations at the current pace.

**INCOME REVERSAL**

**6**

This is, in many ways, the opposite of an add-back. This refers to income that is removed from the profit in order to provide a clearer picture. This usually refers to interest received, insurance recoveries, profit on sale of assets, etc.



# 6.5 RECASTING STATEMENT

	2020	2019	2018
<b>NET EARNINGS (E.B.I.T.)</b> Earnings Before Income Tax	<b>\$641,331</b>	<b>\$591,538</b>	<b>\$568,649</b>
<b>NET MARGIN</b>	<b>9.78%</b>	<b>9.81%</b>	<b>10.00%</b>
Depreciation	\$48,907	\$77,542	\$66,144
Interest Paid	\$38,887	\$28,886	\$22,764
Legal Fees	\$7,500	\$0	\$0
Remuneration to Owner	\$80,000	\$80,000	\$80,000
Benefits to Owner	\$7,600	\$7,600	\$7,600
Motor Vehicle Expenses (Owner)	\$5,200	\$5,200	\$5,200
Telephone Expenses (Owner)	\$4,000	\$4,000	\$4,000
<b>TOTAL ADJUSTMENTS</b>	<b>\$192,094</b>	<b>\$203,228</b>	<b>\$185,708</b>
<b>ADJUSTED NET PROFIT (SDE)</b>	<b>\$833,425</b>	<b>\$794,766</b>	<b>\$754,357</b>
<b>SDE MARGIN</b>	<b>12.71%</b>	<b>13.18%</b>	<b>13.26%</b>
<b>ASKING PRICE:</b>	\$1,950,000 plus Inventory		
<b>INVENTORY:</b>	\$2,500,000 (estimated)		
<b>SDE MARGIN 3 YEAR TOTAL INCOME:</b>	\$18,275,996		
<b>3 YEAR AVERAGE INCOME:</b>	\$6,091,998		
<b>3 YEAR TOTAL SELLER'S DISCRETIONARY EARNINGS (SDE):</b>	\$2,382,548		
<b>3 YEAR AVERAGE SELLER'S DISCRETIONARY EARNINGS (SDE) / FUTURE MAINTAINABLE EARNINGS:</b>	\$794,182		

# 6.6 FINANCIAL ANALYSIS

Sales for the business have been growing at a steady rate for the last three financial years.

They grew 6.01% from 2018 to 2019 and a further 8.69% from 2019 to 2020. Overall, the increase was 15.23%.

The Seller has explained this increase due to the new focus in trying to win over end-user clients through Tenders, as well as organic growth over the last three years.

The Cost of Goods Sold also appears to have increased over the same period: It grew 6.5% from 2018 to 2019 and a further

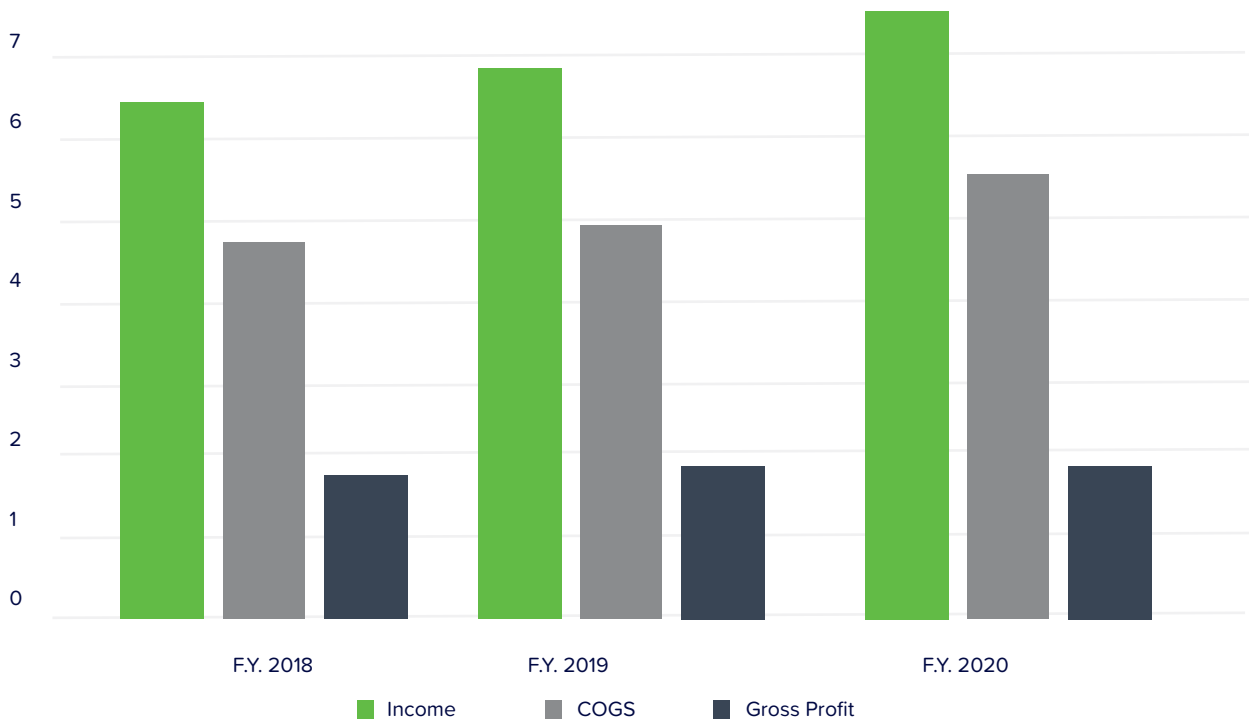
12% from 2019 to 2020. Overall, the increase was 19.37%.

The Seller has stated the reasons are two-fold: (i) an increase in costs that have not been met by an increase in pricing and (ii) the Seller has purchased inventory that is not turning over fast enough.

In turn, the Gross Profitability increased at an overall rate of 5.1% and the Gross Margin dropped as a % from 29.06 to 26.51% - though Net Profitability increased as will be demonstrated ahead.

**CONCLUSION:**

**TRADING STATEMENT TRENDS (IN US\$ MILLIONS)**





# 6.6 FINANCIAL ANALYSIS

While sales have grown exponentially over the same period, All-Stars has managed to maintain its overheads essentially at the same level - with very minimal fluctuations.

When analyzing the four expenditure categories separately, we see that:

Wage Expenses increased 8.8% from 2018 to 2019 and then decreased approximately 4% from 2019 to 2020. Overall, the increase was only 4%.

The Seller has explained that as the processes have become more efficient, there has been less need for overtime payments.

Rent and Utilities have decreased overall during the three year period - the Seller attributes this to being able to source better deals for its utility usage and for contracted services.

Administrative Costs have increased by 7% over this period - with a sharp increase between 2018 and 2019 of 24% followed by a drop of around 8% the year after.

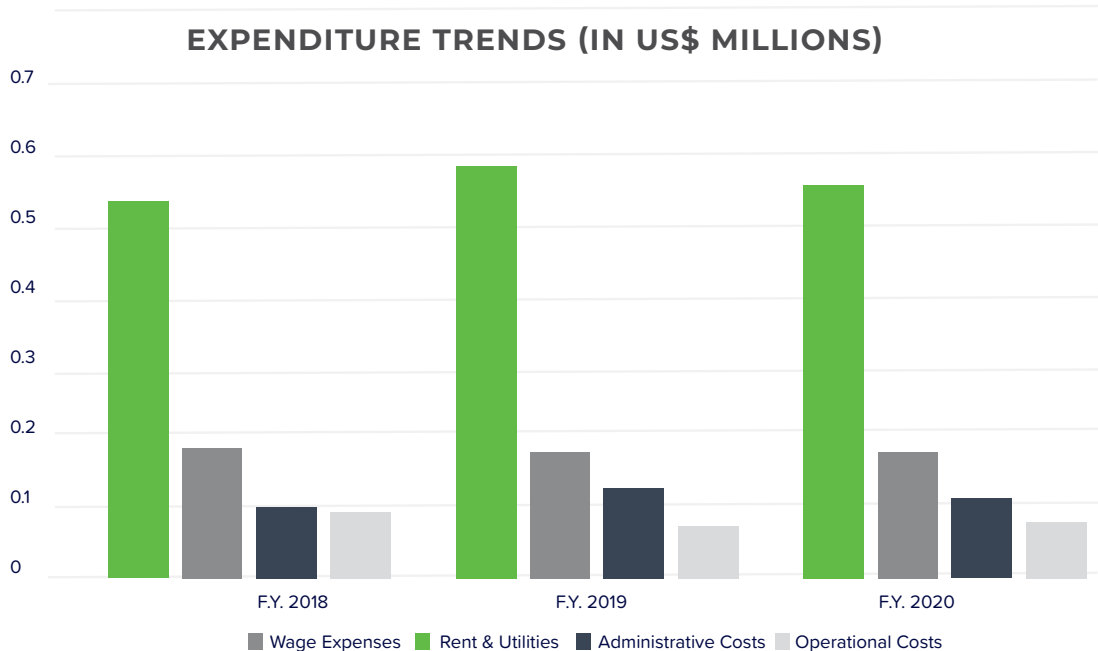
The Seller attributes these fluctuations particularly to a large expenditure in printing (purchases for office) mostly.

Finally - Operational Expenses dropped over this period by 18%. This is attributed to the owner sourcing better packages for phones, as well as for Motor Vehicle expenses.

When analyzing the whole - expenses have indeed remained quite steady:

2018: \$1,084,357  
2019: \$1,141,352  
2020: \$1,096,421

**CONCLUSION 2:**



# 6.6 FINANCIAL ANALYSIS

The Final Conclusion we may draw is that the business is clearly displaying an upward trend in its profitability.

The S.D.E., or Adjusted Net Profit, increased by around 10% over this period.

This corroborates what this profile aimed to apprise the reader:

The combination of excellent supplier relationships, the diversifications of its client base and the strict control of overheads have translated into higher profits for the business.

When adding the profits of these three years and dividing - we arrive at a figure of \$794,183.

This is what is termed “Future Maintainable Earnings”.

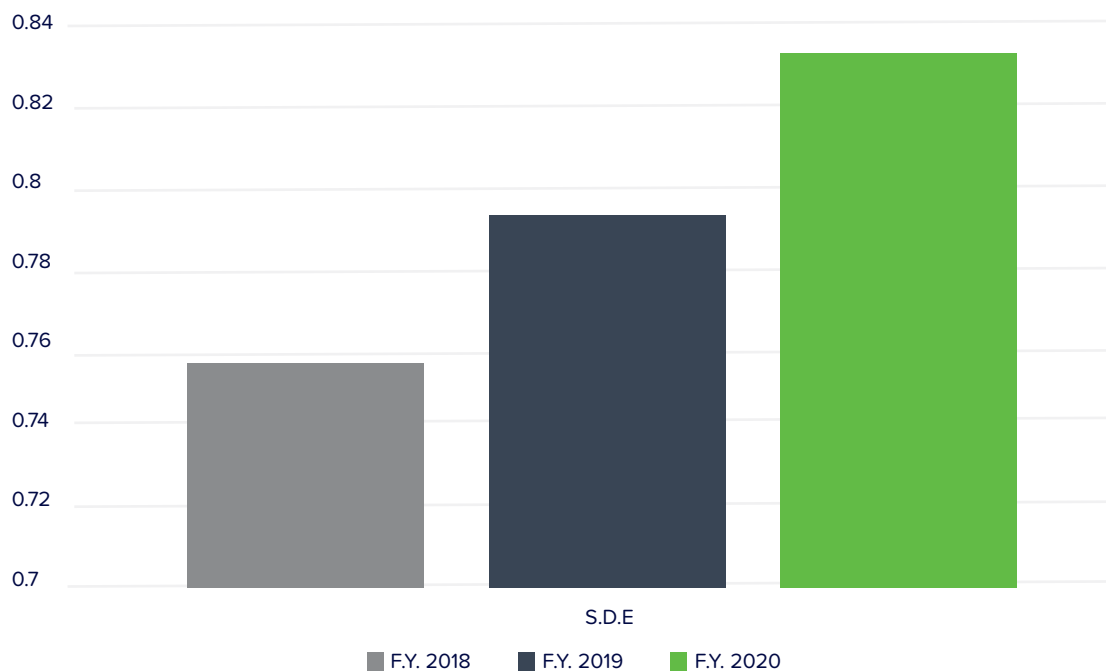
When considering an Asking Price of \$1,950,000 - we arrive at an R.O.I. (Return on Owner’s Investment) of 40.73% by using the Future Maintainable Earnings

And when using the most recent Adjusted Net Profit Figure - \$833,425, we arrive at an R.O.I. Rate of 42.74%.

In either scenario, this is an excellent rate given the magnitude of the business and its turnover which is slowly approaching the seven million dollar mark.

**CONCLUSION 3:**

**SELLER’S DISCRETIONARY EARNINGS (SDE) IN US\$ MILLIONS**



# 7.1 COMPETITIVE ANALYSIS

Brief research undertaken has identified a total of 88 Cleaning Supply Distributors in the Tampa Metropolitan areas.

According to the Seller, the largest ones are as follows:

## **CENTRAL CLEANING SUPPLIES**

Located in Wesley Chapel

## **HUDSON CLEANING SUPPLIES**

Located in Hudson

## **ORLANDO TRADE SUPPLY**

Located in Port Richey

## **APEX CLEANING SUPPLIES**

Located in Tarpon Springs

## **FLORIDA CLEANING SUPPLIES**

Located in Lutz

Moreover, **GODFREY'S CLEANING SUPPLIES** is another prominent industry player - although their focus is known to be more towards individual consumers, with a strong emphasis on the sale of domestic vacuum cleaners.

In addition to these, there are a large number of businesses who do not specialize in cleaning supplies but that offer cleaning products, as well as Consumable Products, as peripheral products.

These are:

- Office Supplies
- Catering & Disposable Supplies
- Food Supplies

Furthermore, supermarkets, hardware stores and general retailers also carry cleaning supplies, but at a very high mark-up.

## **ANALYSIS:**

All-Stars clearly operates within a highly competitive mature market, with an over-saturation of players.

This forces the business to consider its pricing position as well as having to develop key competencies that allow it to stand out from others.

## 7.2 INDUSTRY REPORT

**In order to assist the reader with further background information, the following report has been purchased by the The Business Brokerage Agency from IBISWorld.**

**What follows is the executive summary and key statistics. The full report is enclosed to this Confidential Information Memorandum.**

### **Report: 42385 (“Janitorial Equipment Supply Wholesaling in the US”), July 2020**

Operators in the Janitorial Equipment Supply Wholesaling industry sell specialized equipment and supplies used by service establishments such as carpet and floor-cleaning equipment, vacuuming systems and floor-sanding equipment.

The industry also includes beauty parlor and barbershop products, in addition to laundry and dry-cleaning products and equipment. Over the five years to 2020, the industry has benefited from a higher number of businesses and growth in per capita disposable income. However, the industry is expected to take a hard hit by the COVID-19 (coronavirus) outbreak in 2020, deteriorating the overall revenue growth during the five-year period. As a result, over the five years to 2020, IBISWorld estimates that industry revenue will increase at an annualized rate of 0.3% to \$22.4 billion, driven by an unprecedented decline of 5.4% in 2020 alone.

The Tax Cuts & Jobs Act passed in 2017 has boosted household income, enabling them to spend extra dollars on services such as beauty, barbers, laundry and car washes. Further, declining office vacancy rates and growth in the number of businesses during the period have also been supporting the industry. However, the coronavirus pandemic is expected to have a mixed effect on the industry demand. While declining corporate profit resulting from the crisis will likely dampen demand for janitorial equipment and supplies as businesses cut discretionary spending, increased demand for more thorough cleaning at establishments that remain open somewhat counterbalances this incident. To the industry’s detriment, the outbreak is expected to hurt industry demand overall as the government imposed the closure of nonessential businesses and a shelter-in-place order, directly diminishing demand from the industry’s downstream customer and causing industry profit to suffer in the year.

IBISWorld forecasts industry revenue will recover at an annualized rate of 2.2% to \$25.0 billion over the five years to 2025. Demand for health and senior services is expected to grow as the baby-boomer generation enters retirement and experiences declining health. Higher hospital visit rates and lower vacancy rates in eldercare institutions will bolster demand for laundry and linen supply services and janitorial services, benefiting industry operators. Moreover, stronger growths in household income levels and corporate profit will ultimately drive demand for downstream service establishments.

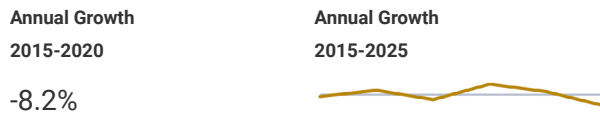
# Industry at a Glance

## Key Statistics

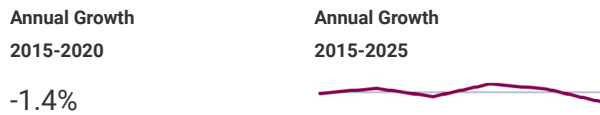
**\$22.4bn**  
Revenue



**\$561.0m**  
Profit



**2.5%**  
Profit Margin



**4,744**  
Businesses



**53,429**  
Employment

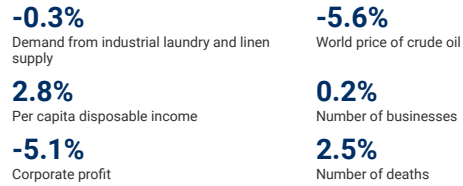


**\$2.9bn**  
Wages



## Key External Drivers

% = 2015-2020 Annual Growth



## Industry Structure

### POSITIVE IMPACT

Capital Intensity Low	Concentration Low
Regulation Light	Technology Change Low
Globalization Low	

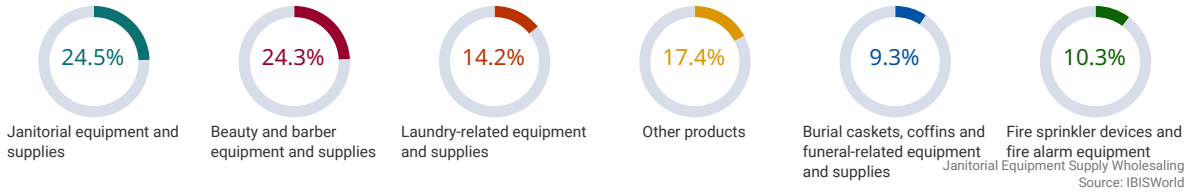
### MIXED IMPACT

Life Cycle Mature	Revenue Volatility Medium
Barriers to Entry Medium	Competition Medium

### NEGATIVE IMPACT

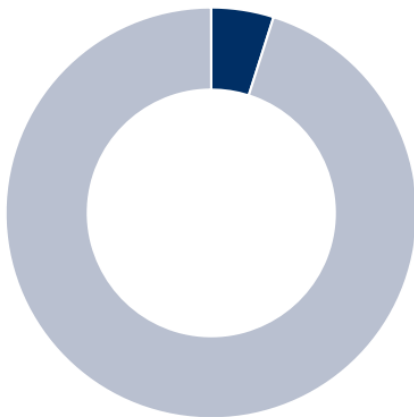
Industry Assistance Low
----------------------------

**Products & Services Segmentation**



**Major Players**

% = share of industry revenue



- 4.9% Sally Beauty Holdings Inc.
- 95.1% Other

Janitorial Equipment Supply Wholesaling  
Source: IBISWorld

**SWOT**

**S STRENGTHS**

- Low & Increasing Level of Assistance
- Low Imports
- Low Customer Class Concentration
- Low Product/Service Concentration
- Low Capital Requirements

**W WEAKNESSES**

- Low Profit vs. Sector Average
- Low Revenue per Employee

**O OPPORTUNITIES**

- High Revenue Growth (2020-2025)
- World price of crude oil

**T THREATS**

- Low Revenue Growth (2005-2020)
- Low Revenue Growth (2015-2020)
- Low Outlier Growth
- Low Performance Drivers
- Demand from industrial laundry and linen supply

# 8.1 SWOT ANALYSIS **EXPLAINED**

For readers not familiar with the concept, “SWOT Analysis” is a highly regarded and useful tool in business management for strategic planning, originated by Albert S. Humphrey in the 1960’s,

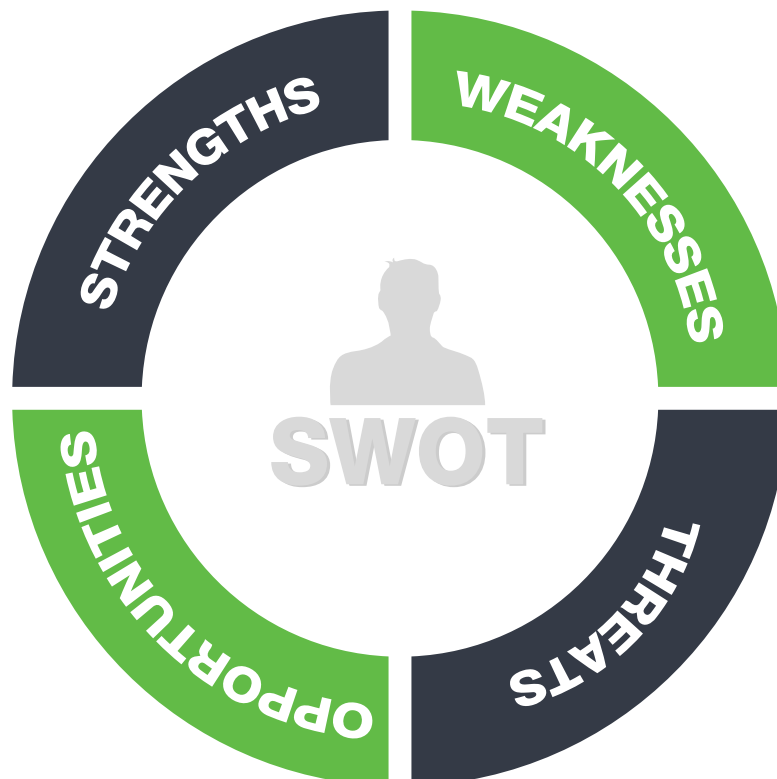
“Business Florida” defines SWOT Analysis as a structured and detailed way to develop strategies, but, for the purpose of Purchasing a Business, it serves as clear and concise outline of the business as it currently stands and in the market it currently operates in.

SWOT is an acronym for Strengths, Weaknesses, Opportunities and Threats, as outlined in the following page.

The Business Brokerage Agency has a very clear policy of never omitting Weaknesses that any business may have - nor of omitting any Threats it may face.

We believe that Transparency and Integrity are absolutely necessary for any business transaction.

Having said that, we urge Buyers to scrutinize whether or not Weaknesses and/or Threats may be overcome by a New Owner or by actions being taken under new management.



**STRENGTHS** are analyzed in the context of assisting Buyers with identifying areas where the business is performing well. Identifying these strengths is necessary so the Buyer knows what can be maintained so this advantage is not lost. Growing the business further will involve finding ways of using and building on these strengths.

**WEAKNESSES** are analyzed in the context of assisting Buyers with identifying disadvantageous characteristics of the business. The first step to minimizing or eliminating weaknesses is being aware of their existence. Every business has its weaknesses so you needn't be taken aback by the fact that they exist – the question is whether you as a new owner will have what it takes to turn them around from weaknesses into opportunities.

**OPPORTUNITIES** are analyzed in the context of assisting Buyers with identifying opportunities that the business could take advantage of in order to make greater profits. Opportunities are created by external factors such as market trends. But by taking into consideration Strengths and Weaknesses (Internal Factors) one understands the business' ability to seize an opportunity at the appropriate time.

**THREATS** are analyzed in the context of assisting Buyers with identifying external factors that could adversely affect the business. Such as regulatory changes, market trends or actions by competitors. By identifying a threat, the new owner will be able to plan accordingly to counteract it, depending on the business' strengths and weaknesses.



## 8.2 BUSINESS **STRENGTHS**

**1**

### **MARKET PRESENCE AND BRAND AWARENESS**

---

Given its longevity and its work with major customers, All-Stars has developed a very positive image in the market and cultivated a reputation for quality of service/advice and reliability.

**2**

### **CLIENT-BASE SPREAD AND RELATIONSHIPS**

---

All-Stars has diversified its client base and ensured that no single customer holds too high a percent age of sales. They have also cultivated excellent relationships with decision-makers.

**3**

### **STRATEGIC LOCATION**

---

The business' position in Wimauma is advantageous given the relative lack of local competition and the closeness of Wimauma to major thoroughways leading to local neighborhoods/cities.

**4**

### **SOLID INTERNAL STRUCTURE**

---

The business has built a solid internal structure, not solely relying on any single staff member who could not be substituted if need be. Moreover, staff are skilled, competent and loyal.

**5**

### **SYSTEMS AND PROCEDURES**

---

All-Stars has developed and perfected a series of systems and procedures to ensure service quality standards are met and mistakes seldom occur.

**6**

### **INVENTORY LEVELS**

---

In an industry notorious for "back-orders", All-Stars has gained a reputation for carrying inventory levels that meet regular clients' demands.

**7**

### **PRODUCT AND SUPPLY CHAIN**

---

All-Stars endeavors to only carry products whose labels assure its quality and market satisfaction. Relationships with Suppliers are excellent given All-Stars record of prompt payments.

**8**

### **ESSENTIAL AND FAST- MOVING GOODS**

---

The product range the business sells is deemed essential and recession-proof. In addition, the market for these products is essentially universal given there is no single entity that would not need cleaning products.

## 8.3 BUSINESS **WEAKNESSES**

1

### **ONLINE AND SOCIAL MEDIA PRESENCE**

All-Stars acknowledges having somewhat lagged behind with its online presence - with a website that has not been updated in a year and nonexistent Social Media presence.

2

### **CAPITAL CONVERSION TO INVENTORY**

Inventory levels must remain high, as such much capital profit is converted into inventory. As the business grows, so must inventory levels.

3

### **MOQ (MINIMUM ORDER QUANTITIES)**

Goods are sold, in their vast majority by pallet load or carton load -while the business sells goods per unit, allowing for remaining inventory to become obsolete over time or simply slow-moving.

4

### **RECRUITING AND TRAINING NEW STAFF**

Recruiting reliable staff is always challenging but training them to understand the vast product range is time-consuming.

5

### **COMPETITION LEVELS**

All-Stars operates within an overly saturated industry, with extremely high levels of competition and a handful of major players with whom All-Stars must constantly compete.

6

### **RIGIDITY OF RULES AND PROCESSES**

As it grew, All-Stars stopped allowing for urgent deliveries or weekend openings to satisfy last-minute demands. This rigidity caused some dissatisfaction among area managers.

7

### **WORKING CAPITAL**

While All-Stars has endeavored to balance supplier and client trading terms, this has not always been the case as some clients pay 30-45 Days EOM while some suppliers only offer 30 Days from Invoice Trading Terms.

8

### **BUDGET RANGE**

All-Stars does not presently offer a budget range of products - which can be complicated given that a number of customers are unsophisticated towards understanding the benefits of expensive/durable products vs cheap ones which may break or be ineffective.

# 8.4 BUSINESS OPPORTUNITIES

1

## DIVERSIFICATION: DISPOSABLE SUPPLIES

---

While All-Stars has a small range of disposable supplies for the hospitality industry, the reality is that it does not cover even 5% of what is available and many of its customers do require these goods and presently buy elsewhere.

3

## ONLINE PRESENCE

---

The business can expand on its web presence by undertaking Search Engine Optimization as well as paid advertising through GoogleAds.

5

## EXPANSION INTO NEW MARKETS & SEGMENTS

---

Just as it successfully moved onto the Hospitality sector - All-Stars may wish to begin marketing to new segments such as Laundries, Car Washes or Mechanics with specialty products.

7

## BUDGET RANGE

---

All-Stars may develop a range of products in a lower price bracket to satisfy the lower end of the market - which it presently rejects altogether.

2

## DIVERSIFICATION: SAFETY SUPPLIES

---

All-Stars only sells safety supplies relevant to cleaning such as A-Frames or Gloves - but there is huge synergy between both product ranges and an expansion could see increased sales.

4

## SOCIAL MEDIA MARKETING

---

The business can develop a comprehensive Social Media strategy to target the existing markets, or new ones, via LinkedIn, Facebook, Twitter, Instagram, YouTube or Others.

6

## FRANCHISING

---

The business can consider a Franchising set-up whereby it undertakes expansion by selling operational know-how, while allowing for supply channels not easily accessible.

8

## VERTICAL INTEGRATION

---

As it builds sufficient turnover, All-Stars may begin to consider sourcing its own products directly from manufacturers overseas and buying container loads in order to reduce costs.

# 8.5 BUSINESS **THREATS**

**1**

## **CURRENCY FLUCTUATIONS**

Most goods are imported from overseas markets, as such currency fluctuations can have a strong impact on gross profit margins.

**2**

## **COMPETITOR MARKET**

While there is a barrier of entry in terms of the high capital investment required, there are few other ones - allowing for disruptions by new entrants.

**3**

## **ONLINE REVIEWS**

As is the trend nowadays, this business is also susceptible to negative online reviews - particularly through Google Reviews which may discourage new purchases.

**4**

## **GREEN MARKET TRENDS**

While the 'green wave' has already occurred, a number of products such as Bleach or Virgin-Pulp toilet paper remain tainted with a negative environmental rating.

**5**

## **GOVERNMENT LEGISLATION**

While it operated within a relatively deregulated space, as with many industries in the USA, the risk of Government legislation and punitive measures is always looming.

**6**

## **LOSS OF TOP 3 CLIENTS**

While the relationship with major clients is excellent, the top three customers together account for 22.1% of total sales. A loss of all three, while highly unlikely, would be adversely felt.

**7**

## **PAYMENT DEFAULTS**

Most clients work with credit - accumulating debts over a 30-60 day period. Commercial Cleaners are generally asset-poor and money cannot be recovered through insolvency.

**8**

## **SUPPLIER CONTRACTS**

While relationships with suppliers are excellent, there are no contracts in place nor exclusivity. Should a supplier stop trading with All-Star or cut its credit, the effects would be felt.

## 9.1 CONCLUDING MESSAGE

**We live in a global economy that has been driven by monumental changes - the emergence of Cryptocurrency and the prolific influence of Social Media have shaken the very foundations of how business is conducted. Moreover, events such as the Global Financial Crisis, Brexit and the looming tariff wars between the United States and China present major challenges.**

In this context, investors can be reassured of putting their money into a stable industry that distributes basic and essential recession-proof Fast-Moving Consumer Goods to the most diverse markets.

While the industry has moved with the times, the need for basic cleaning and janitorial goods, as well as Paper Consumable Products remains high and

steady - driven by organic growth as Tampa is poised to continue growing as one of the most populous cities in Florida as well driven by the business' product and service leadership - achieved through innovation and continuous improvement.

The acquisition of All-Stars Cleaning and Janitorial Products presents a remarkable opportunity for any savvy investor to acquire a well-established business that has, over eighteen years, forged long-standing relationships with customers and suppliers alike and has cemented its market presence and its position as a leader in its field.

It is our sincere hope that this Confidential Information Memorandum has been able to present the reader with an image of All Stars Cleaning and Janitorial Supplies as a business of outstanding reputation, proven track-record and successful operational model.

## 9.2 WHAT HAPPENS NEXT?

1

### Initial Review of Business

This is the step you have just undertaken by reading this Confidential Information Memorandum, coupled with any follow-up questions you may have for the Business Broker.

2

### Business Inspection

The next step is to organize a visit to the business and an informal meeting with the Seller - during which you will have the opportunity to understand the business better.

3

### Negotiations and Offer

Once you are satisfied with the information provided and are ready to move forward, you can negotiate a Conditional Offer with the Business Broker.

4

### Due Diligence

Once the Offer is accepted by the Seller, and a Deposit is paid into a Escrow Account, you will be able to undertake a Due Diligence investigation to verify the accuracy of all relevant business information.

5

### Contracts and Other Matters

You will need to engage a Lawyer to review the Contract of Sale prepared by the Buyers' Lawyer and to assure you are protected in the transaction.

6

### Settlement and Possession

Once both parties have signed the Contract of Sale, you can move on to Settlement and take possession of the business, enabling you to now drive the business in whatever direction you choose.



## 9.3 GET IN TOUCH

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### Thank you for reading this Confidential Information Memorandum

On behalf of the entire team at The Business Brokerage Agency, I want to thank you again for giving us the opportunity to assist you with your next Business Purchase.

Please get in touch with myself, or any member of the team, so we may either help you further on this business enquiry or so we can assist you in finding an alternative investment option.

#### CONTACT US

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