

Business Overview

**RE: Upscale Bridal Boutique**

This business has a passive owner and 8 well-trained employees including stylists, coordinators, and assistants! The highly qualified team creates a memorable shopping experience for brides at this Connecticut boutique. The selection of designer offerings includes wedding gowns (72%), bridesmaid dresses (6%), as well as veils (4%), shoes and accessories (8%). Additional ancillary services are offered to create a truly full-service experience. This boutique is very well regarded in the region, with brides coming from the surrounding areas such as New York and Massachusetts. Social media reviews are exceptional and engagement on multiple platforms has been endearing for brides and impactful on revenues. All orders are paid up front, reducing the need to bill customers and reducing financial risk. The owner drives the vision and experience at the store and oversees the marketing and financial tasks. This is a part-time focus and the role could be replaced by an on-site or off-site owner. Included in the purchase is $375,000 worth of assets!

One great feature of the company is the effective sales team. The boutique is overseen by a store manager who expertly tends the day-to-day operations while stylists help customers select the gown of their dreams. The full-service shop allows for luxurious privacy in selecting and fitting gowns in addition to storage and workspaces. The 2,500 square feet is a dreamscape, exquisitely furnished featuring large fitting rooms and plenty of space for friends and family. Though earning over $1,000,000 annually for the past ten years, further growth can be found in expanding dresses for women with curves and seeking inventive methods for liquidating inventory.

**Business Highlights**

* **Year Established:** 2004
* **Location:** Middlesex County, Connecticut
* **Service Area:** Regional
* **Merchandise:** Wedding gowns, bridesmaid dresses, veils, shoes, accessories
* **Clients:** Upscale brides and maids looking for a refined style aesthetic and a memorable experience
* **Lease:** 2,500 sq. ft.: Boutique with fitting rooms, storage, kitchenette
* **Reason for Selling:** Non-competing new ventures
* **Employees:** 8: Store manager, lead stylist, 2 stylists, 2 coordinators, 2 sales assistants
* **Seller Training Period:** 6 months
* **Growth Opportunities:** Expand curvy options, explore new ways to liquidate inventory
* **Current Owners’ Responsibilities:** Oversight of marketing and financials – Part time hours only

**Financial Highlights**

* List Price: $430,000
* Gross Sales:
  + 2019: 984,756
* Cash Flow:
  + 2019: $154,202
* Assets Included in Purchase\*
  + Equipment: $75,000: Furniture, fixtures, equipment, software
  + Inventory: $300,000: Wedding gowns, bridesmaids gowns, shoes, accessories
  + Intangible Assets: Excellent social media reviews, positive reputation, great atmosphere, unique offerings, refined style

*\*amounts may vary*

**Cash Flow Analysis**



* Solid revenues year-over-year.

**Merchandise**

Wedding attire for upscale brides and maids looking for a refined style aesthetic and a memorable shopping experience.

* Wedding gowns
* Bridesmaids gowns
* Veils
* Shoes
* Accessories

**Employees**

Total Employees: 8

* Store manager
* Lead stylist
* 2 Stylists
* 2 Coordinators
* 2 Sales assistants

**Growth Opportunities**

* Expand curvy options
* Explore new ways to liquidate inventory

**Valuation Details**

The Firm used a *cash flow valuation* methodology to determine the purchase price of the business.

The formula used is as follows:

Cash Flow x Prescribed Multiple = Fair Market Value

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

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

For this business, the 2019 cash flow was used with a prescribed multiple of 2.8. With this information, the computation is as follows:

$154,202 x 2.8 = $431,766

The *fair market value* found above positions the business list price at **$430,000**.

**Funding Example**

**Purchase Price: $430,000**

*10%* **Buyer Down Payment:** $43,000

*10%* **Seller Financing:** $43,000

*80%* **Bank Loan:** $344,000

Seller financing 5-year term at a rate of 4.50% equals a monthly loan payment of $802.

Bank loan 8-year term at a rate of 6% equals a monthly loan payment of $4,521.

After business expenses and loan payments, a buyer with a 10% down payment of $43,00 would retain a profit of $90,334, which results in a 210% return on investment in the first year.

A lender is required to have a minimum 1.5 coverage ratio for any business loans extended. At a proposed purchase price of $430,000 with the terms listed above, the coverage ratio is 2.41.

***Please note that the decision of whether to extend a loan on any sale belongs to the bank, and this document does not guarantee specific terms or verify that financing is available.***

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

**Attachments**

* Business Summary
  + - Identifies important business information in an organized, quick-reference format
* Cash Flow Analysis
  + - The owner’s profit is the sum of business net income, any owner’s perks, & any non-onward going expenses (cash flow)