










## Business Overview

### RE: Profitable Online Retail with Passive Owner

## Specifications

 Price \$1,700,000	 Revenue \$3,798,405	 Cash Flow \$355,431
 Equipment \$69,095	 Inventory \$316,208	 Down Payment 20%
 Valuation \$1,706,068	 Reason for Sale Devote time to main business	 Employees 8



### SUMMARY OF THE BUSINESS –

Warehoused in Omaha, this stylish online children's clothing retail has a huge social media following and a newly redesigned website to help bring in the over \$3.7M in sales. Established in 2005 by a young couple looking for better clothing options for their daughter, what began as a closet-based business has grown to an international success. Partnered with online retailers like Amazon, Buy.com, Sears, Newegg.com and Walmart, this online store offers girls' and boys' clothing and accessories, as well as baby apparel, and maternity clothing.

Part of the website redesign in 2016 involved streamlining a Marketplace model for manufacturers, with 10-20% of each sale grossed to this online retailer. Manufacturers are able to upload and sell their items of the company's website. In the first three weeks of January 2017, this system has already created \$59,335 in sales,

which is a 47% increase from the same period in 2016.

This business' own website has great traffic, with an average of 5,500 visits per day and 170,000 per month. The average ticket size is \$50, and 32.2% of customers are repeat business. Currently over 65% of orders are drop-shipped from the vendor, with 35% distributed directly from the Omaha warehouse. All 8 employees (7PT, 1 FT) handle shipping, inventory, returns and purchasing.

Marketing is put to good use, with most of it going toward Google AdWords and email marketing. Costs in marketing were cut in 2016, but sales still rose by 4%. Top sales in the US is split among California, Texas, New York, Florida and 6 others.

Included in the purchase is over \$400,000 in assets, including over \$300,000 in inventory that rotates up to 33 times each year. At a purchase price of \$1,700,000, a bank loan would be 35% collateralized.

## Business Highlights

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- Established 2005
- Passively-owned – runs sales & income reports remotely
- Employees: 7 FT, 1 PT – handling orders, purchasing, inventory and shipping
- Hours: Mon – Fri, 8am – 4pm
- Currently located in Omaha, but relocatable anywhere
- Sales generated from proprietary website and partnerships with Amazon, Sears and eBay
- 32% repeat customers
- Popular and up-to-date social media sites:
  - Facebook – over 30,000 likes and 28,000 follows
  - Twitter – over 3,000 followers and 12,500 tweets
  - Pinterest – 2,700 followers, 104 boards and 15,000 pins

## Financial Highlights

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- Inventory on hand: \$316,208
- 2016 Gross Sales: \$3,798,405
  - Over \$660,000 in sales from Amazon alone
- 2016 Cash Flow: \$355,431
- Marketplace Sales:
  - 2017 - \$59,335
  - 2016 (during same period) - \$31,172

- Website sales increased by 4.38% in January 2017 as compared to the same time period in 2016
  - \$88,069 compared to \$84,371
  - Website traffic increased by 21%
- Average Ticket Price: \$50
- 2017 – \$59,335

# Cash Flow Analysis

Description of Financial Statement	P&L Statement	Tax Return	Tax Return	Tax Return	Tax Return	Notes
	2016	2015	2014	2013	2012	
<b>GROSS SALES</b>	\$3,798,405	\$3,647,635	\$3,169,641	\$3,314,135	\$3,488,254	
% Change Over Prev. Year	4.12 %	15.08 %	-4.36 %	-4.99 %		
<b>Net Income Shown on Financial Statement</b>	\$359,473	\$14,320	-\$20,941	\$66,816	\$17,660	
<b>ADDBACKS</b>						
Depreciation	\$0	\$14,563	\$15,452	\$18,761	\$21,589	
Interest	\$0	\$18,235	\$21,074	\$37,807	\$6,506	
Amortization	\$0	\$7,203	\$7,203	\$7,207	\$7,205	
Non-Business Telephone	\$0	\$1,800	\$1,800	\$1,800	\$1,800	2 personal cells - \$150/month
Miscellaneous	\$0	\$20,784	\$0	\$0	\$0	Personal expenses ran through Company
Travel	\$0	\$31,971	\$18,693	\$23,848	\$19,779	
Meals & Entertainment	\$0	\$8,836	\$5,969	\$5,836	\$7,615	
Auto-Personal Use	\$0	\$15,393	\$16,465	\$16,943	\$7,657	All for personal vehicles
Cleaning Service	\$0	\$1,500	\$3,500	\$5,010	\$4,220	For personal residence
Onward Going Rent	-\$4,042	\$47,299	\$30,833	\$67,236	\$114,936	Onward going rent to be \$3,300/mo or \$39,600 annually
Repairs & Maintenance	\$0	\$0	\$31,476	\$34,680	\$6,232	For building owned by Seller
Ecomotize Repay	\$0	\$0	\$28,368	\$0	\$0	
Professional Fees	\$0	\$164,605	\$44,664	\$18,513	\$8,368	Executive Fee to Owner
<b>TOTAL ADDBACKS</b>	-\$4,042	\$332,189	\$225,497	\$237,641	\$205,907	
<b>Seller's Cash Flow = Total Addbacks + Net Income</b>	\$355,431	\$346,509	\$204,556	\$304,457	\$223,567	
Profit Margin	9.36 %	9.50 %	6.45 %	9.19 %	6.41 %	

- 3.96% increase in sales between 2015 and 2016, with a 16% increase between 2014 and 2016
- 2014 affected by changes from Amazon – this was corrected and sales began to stabilize in July

## Online Vendors

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- Amazon – over 25% of sales come from all three Amazon websites
  - UK, Canada and US
- Buy.com
- Sears – roughly 11% - 15% of sales
- Newegg.com
- Pricfalls.com
- Walmart
- Jet.com
- eBay
- Company's website – around 40% - 45% of sales

Currently this business uses 100+ manufacturers for drop shipping, which is currently 65%+ of sales. The remainder of sales come from items stored in the Omaha warehouse.

The Services Team is always looking for new brands and vendors, and contacting them to see if they want to drop ship their items on the company's website. As an established brand/name, there is no trouble in getting vendors willing to do this.

New Marketplace Model!

*Vendors are also invited to participate in the company's marketplace, allowing them the ability to upload their own items and sell them off the company's website. This setup is similar to Amazon.com, and the marketplace grosses this company 10-20% of each sale. Vendors using this model are responsible for their own listings and any items that are returned.*

## Website Traffic Details

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- 5,500 average visitors per day
- 170,000 average visitors per month
- 32.2% of customers are repeat business
- Average ticket size is \$50
- Core demographic consists of mothers and grandmothers
  - Demographic found using PPC, SEO, email marketing, and social media marketing on Facebook, Twitter and Pinterest

California – 10%    Pennsylvania – 4%  
Texas – 10%        New Jersey – 4%  
New York – 9%     Georgia – 3%  
Florida – 5%        Ohio – 3%  
Illinois – 5%        North Carolina – 3%

## Marketing & Advertising Costs in 2016 - \$166,383

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- CPC - \$109,091
  - Google AdWords
- Email Marketing - \$17,132
  - Monthly fees to send large amounts of emails
- Graphic Design for Marketing - \$664
- Marketing Software - \$2,239
  - Random Software
- SEO Marketing - \$2,049
  - Fees to sites for backlinks
- Social Media - \$7,998
  - Facebook ads
- Professional Fees - \$27,208
  - Staff services for marketing, Marketplace management, customer service and inventory uploading/editing

Marketing costs were cut down nearly \$70,000 in 2016 compared to 2015 marketing expenses of \$235,519. Even so, gross sales increased by \$150,000 in 2016, representing a 4% increase in sales.

## Product Brands Sampling – 100s Available

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American Princess	Lito	Princess Linens
BinxKids	Little Things Mean a Lot	Cinderella Couture
Petite Adele	Pinc	Princess Diaries

Tobby's Angels	Rare Editions	Kiki Kids USA
Angel's Garment	RMLA	Richie House
Biscotti	Swea Pea and Lilli	Mia Juliana
Bonnie Jean	Sweet Kids	Bebe Oh La La
Chic Baby	The Rain Kids	My Best Kids
Crayon Kids	S. Square	Kosse Designs
Good Girl	Growing Up Company	Freckles + Kitty
Good Lad	Counting Daisies	Z by Yoon
Growin Up	Tween Diva	Calla Collection USA
Isobella & Chloe	Luli & Me	Wonderland
Kids Dream	Shanil Inc.	Woombie

## Products

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- **Girls' Clothing – sizes from Premie to 22.5+**

Dresses – by style or occasion	Sleepwear
Outfits	Undergarments
Tops	Figure skating
Bottoms	Dance
Outerwear	Cheerleading
Swimwear	School uniforms

- **Girls' Accessories**

Hair – headbands, veils, etc.	Flower girl baskets
Socks and tights	Belts
Hats, gloves and scarves	Sleep masks
Sunglasses	makeup
Jewelry	Luggage
Backpacks & purses	Umbrellas

- **Girls' Shoes – sizes from 0 to 7 Kids**

Dress shoes	Casual
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Flower Girl shoes	Soft soles
Wedding shoes	Dance shoes
Pageant shoes	Ballet shoes
Glitter shoes	High heels and platforms
First Communion shoes	Fashion boots
Christening shoes	Rain boots
Sandals and flip flops	Western boots
Sneakers	Winter boots
Summer sandals & shoes	Toddler shoes

- **Baby – sizes from 0-3 months to 4T**

Girls' dresses, outfits & shoes	Boys' clothing, shoes & accessories
Newborn clothing & essentials	Baby gear
Furniture	Bedding
Luggage	

- **Women's Clothing – sizes from S to XXL**

Tops	Dance
Dresses	Bags and purses
Shorts & skirts	Shoes
Pants	Maternity
Coats and jackets	Accessories

## Employees

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This online site has a small in-house staff that handles receiving and shipping of local items. It uses offsite contractors as a contracted team that has been doing customer service, management of market places, email marketing, and PPC marketing for several years with great success.

The cost of this team is roughly \$6,000 to \$7,000 monthly depending on the work load

- Employee N - \$15.50/hour: new orders, reorders, merchandise purchasing, monitors customer service team – employed since 8/27/10
- Employee C - \$18/hour: manages warehouse staff, works with drop ship vendors & knows all systems – employed since 6/20/08

- Employee A - \$14/hour: handles shipping and works with team to ship products – employed since 12/18/07
- Employee M - \$9/hour: ships goods – employed since 9/21/05
- Employee J - \$12,000/year: works one day per week and helps wherever needed – employed since 10/24/08
- Employee AD - \$10/hour: ships goods – employed since 7/30/15
- Employee R - \$9/hour: ships goods – employed since 1/1/15
- Employee L - \$11/hour: ships goods – employed since 4/24/14

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](mailto: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.

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