

Business Overview

RE: Floral Boutique with 22% Profit Margin in Omaha

Specifications



SUMMARY OF THE BUSINESS –

Established floral studio and store with over \$500,000 in gross sales. Situated in a well-trafficked strip mall in Omaha, this anchor store has become a staple since its opening in 2003. Delivering within the Omaha metro, this store has a customer retention rate of 80%. Sales have been at a steady clip over the last few years, bolstered by daily orders and contracts. The current owner has recently been signed for a large event that is expected to invoice over \$6,000, and any ownership transition should not interrupt this deal.

All staff are well-trained and capable, working within set hours and with the understood need for some seasonal flexibility. Currently there are three full-timers and one part-timer employed in the studio, in addition to two alternating delivery drivers. Employees are encouraged to help in the creation of custom floral designs that are then featured for sale. The seller is also assisted by a part-time bookkeeper who logs invoices into ShopKeep Point of Sale software.

The 2,000-square foot building is leased at \$11.25 per square foot, which is half of what most stores pay in this particular development. Leasing is all inclusive, covering the shop's common area as well. Included in the sale is a delivery vehicle with around 50,000 in mileage.

With the right buyer, this already successful business could increase sales through improving web traffic and revamping marketing materials. Seller is willing to finance 20%, and with a down payment of \$24,000, a new owner may expect to see a three-fold return and a profit of \$95,749 the first year.

Business Highlights

- Gross sales over \$500,000 in 2015 and 2014, and annualized at \$531,336 in 2016
- Anchor location in high traffic strip mall with 80% customer retention
- Lease at \$3,200/month, which is roughly half that of the rest of the development
- Current owner invests 40 hours per week and is supported by well-trained staff
- Seller is unable to continue as owner due to back injuries that hinder long periods of standing

Financial Highlights

- List Price: \$120,000
- 2016 Gross Sales: \$514,759
- 2015 Gross Sales: \$518,613
- 2016 Cash Flow: \$113,432
- 2015 Cash Flow: \$36,002
- 22% profit margin
- \$46,498 worth of assets included in the purchase:
 - Equipment: \$27,998 – floral cooler, design tables, wall and cabinet displays
 - Inventory: \$18,500 – gift merchandise, event and storage inventory
 - Intangibles – membership in Flower Shop Network

**amounts may vary*

Cash Flow Analysis

Description of Financial Statement	P&L Statement	Tax Return	Tax Return	Tax Return	Notes
	2016	2015	2014	2013	
GROSS SALES	\$514,759	\$518,613	\$507,482	\$441,003	
Net Income Shown on Financial Statement	\$51,333	\$-31,048	\$-341	\$-16,714	
ADDBACKS					
Compensation to Owner	\$41,600	\$41,600	\$41,600	\$41,600	
11% Tax on total W2 Salaries	\$4,576	\$4,576	\$4,576	\$4,576	
Depreciation	\$4,591	\$6,857	\$5,719	\$3,165	Non-cash item
Interest	\$765	\$834	\$99	\$0	Non-onward going expense
Amortization	\$0	\$0	\$0	\$465	Non-cash item
Insurance Premiums for Owners: Health, Life, Auto	\$0	\$5,292	\$0	\$0	Non-onward going expense
Travel	\$7,837	\$891	\$0	\$0	Travel unrelated to business
Auto-Personal Use	\$2,730	\$7,000	\$0	\$0	Personal use of auto unrelated to business
TOTAL ADDBACKS	\$62,099	\$67,050	\$51,994	\$49,806	
Seller's Cash Flow = Total Addbacks + Net Income	\$113,432	\$36,002	\$51,653	\$33,092	

Profit Margin	22.03 %	6.94 %	10.18 %	7.50 %
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- Profit margin of 22% in 2016
- 68% increase in cash flow during 2016

Assets & Inventory Sampling

- Floral cooler - \$5,500
- Signs - \$2,500
- Display cabinets - \$3,850
- Back room shelving - \$1,830
- Storage inventory - \$5,000
- Gift merchandise - \$10,000
- Event Inventory - \$3,500



Employees

- The store runs with 3 full-time personnel and 1 part-time associate, as well as 2 delivery drivers that rotate schedules
- Employees design and complete orders
- The store owner mostly supervises employees and order completion, but has a background in design and will still create when needed or desired
 - Current employees would be capable of floral design, so a new owner need not be already in the industry

Products

- Bouquets & Corsages
 - Traditional roses, custom, and more!
- Gourmet gift baskets
 - Honey Lover
 - Gardeners Delight
 - Spa Indulgence
- Goodies
 - Natural Handmade Soap
 - Local Raw Honey
- Indoor plants

- Potted palms
- Chinese Evergreen
- many more!



Growth Opportunities

- Website overhaul could increase online traffic
 - The current design is functional, but is not visually appealing
- Current owner has not done much in marketing
 - Add radio ads as part of this effort
 - Attend bridal/event trade shows
 - Distribute flyers to businesses and homeowners
 - Work with wedding planners and event planners

Valuation Details

The Firm Business Brokerage used a Cost-to-Create Valuation methodology to determine the Purchase Price of the business.

Due to the time, money and energy involved, it would take more than the List Price of \$120,000 to recreate and build the reputation of this business.

Funding Example

Purchase Price:	\$120,000
20%Buyer Down Payment:	\$24,000
20%Seller Financing:	\$24,000
60%Bank Loan:	\$72,000

Since the bank loan would be under \$150,000, this business would be a perfect opportunity for an Express Loan!

Seller Financing 5-year term at a rate of 4.5% equals a monthly loan payment of \$447.

Bank Loan 7-year term at a rate of 5.25% equals a monthly loan payment of \$1,026.

After business expenses and annual loan payments of \$17,683, a buyer would retain a profit of \$95,749. A down payment of \$24,000 results in a three-fold 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 \$120,000 with the terms listed above, the coverage ratio is 6.41. Please note that the decision of whether to extend a loan on any particular sale belongs to the bank, and this document does not guarantee specific terms or verify that financing is available.

To receive a full financial package and specific information regarding this business:

1. Complete the Qualified Buyer Documents (Non-Disclosure Agreement and Buyer Questionnaire) [on our website](#) or print, scan and return the attachments to info@TheFirmB2B.com
2. Call The Firm Business Brokerage at 402.998.5288 to schedule an appointment or conference call with a Broker.

The Firm currently has over 90 cash flowing businesses available. If you find that this is not a fit for you, please let us know and we would be happy to provide you with other opportunities.

The Firm makes no warranties or representation in consideration to the information provided above. All communication regarding this business must occur directly with The Firm Brokerage, LLC.