



Private & Confidential

# Confidential Business Review

All-Stars  
Cleaning and  
Janitorial Supplies

 **LINK** *we sell businesses.*

ABC00123

Know you're in safe hands when you choose to buy with LINK. Find the business for you. **Could this be the one?**

### Vendor Contact

Under no circumstances should prospective purchasers make contact with management, employees, suppliers, agents, customers without prior consent of LINK who will then seek the Authority of the Vendor.

### GLOSSARY OF TERMS

EBPITDA (SDE): Defined as net income before deducting the primary owner's compensation and benefits, other discretionary, non-operating, or non-recurring income or expense, taxes, depreciation, and interest. If there are additional owners working in the business, their compensation needs to be adjusted to market rates.

EBITDA: Earnings before interest, tax, depreciation, and amortisation after management costs.

EBIT: Earnings before interest and tax.

Normalisation: The process of adjusting net profit to accurately reflect real expenses attributable to the operation of the business.

Add-Backs: Non-business expenses that are added to net profit as part of normalisation.

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**NOTE:** Some stock photo Images may be used to represent the business.

### INFORMATION MEMORANDUM

## **All-Stars Cleaning and Janitorial Supplies**

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The Owners of All-Stars Cleaning and Janitorial Supplies have retained Serdar Kabul of **Link Business Broking Limited (Licensed REA08) T/A LINK Auckland, Ellerslie** to seek interested parties to purchase all of the assets of the business as a going concern.

This memorandum has been compiled for inspection by persons who are interested in the purchase of the operation trading under the name of All-Stars Cleaning and Janitorial Supplies. Its purpose is to provide a description of the trade and assets offered for sale and the information contained has been provided under the terms and conditions of the Confidentiality Agreement signed by an approved interested party.

The information contained herein has been provided by All-Stars Cleaning and Janitorial Supplies in verbal form and in the form of books, records and accounts relating to the business. Such information has been accepted in good faith and this memorandum has been based on that information. However no warranty is given as to its accuracy or otherwise and the onus lies with any prospective purchaser to verify the accuracy of the information contained herein.

**Interested parties should address all enquiries to:**

**Serdar Kabul**  
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Chairman's Club Member



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Find the business for you.  
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## Confidentiality & Disclaimer

**Link Business Broking Pty Ltd T/A LINK New Zealand provides this Confidential Business Review at the request of the recipient with the authority of the Owners of All-Stars Cleaning and Janitorial Supplies (the Vendor). It is provided for preliminary information purposes only to a limited number of parties solely to enable recipients to acquaint themselves with the Vendor's business.**

The business review is confidential and is made available to the recipient on the basis of the confidentiality undertakings that have already been given by the recipient. Accordingly, this business review and the information which is contained in it (together with any information made available in connection with further investigation, if any) and the fact that the Vendors or LINK New Zealand are holding discussions with the recipient concerning the Vendor must be held in complete confidence. Furthermore, this confidential business review may not be, disclosed or distributed to any other person without the prior written consent of LINK New Zealand.

In keeping with the terms of the confidentiality undertakings provided by the recipient this Confidential Business Review must be returned together with all copies of it immediately at the request of LINK New Zealand. Any copies created, in a media in which return of the Confidential Business Review's content is not possible, must be destroyed upon request of the business review's return.

The Confidential Business Review has been prepared by LINK New Zealand on the basis of information supplied by the Vendors. All forecasts, projections, estimates or opinions contained in the Confidential Business Review represent the views held by the Vendors as of the date of the Confidential Business Review's preparation. No representation or warranty is made as to the accuracy or completeness of such forecasts, projections, estimates or opinions, or as to the basis upon which they are formulated, nor do the Vendors accept any responsibility or LINK New Zealand with regard thereto.

Neither the delivery of the Confidential Business Review nor

any contractual agreement concluded on the basis thereof shall under any circumstances create any implication that there has been no change in the affairs of the Vendors since the date of the Confidential Business Review or since the date as at which any information contained in the Confidential Business Review is expressed to be applicable.

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# Why you should work with LINK

We're highly trained experts at leveraging value and buying smarter.

We're candid, honest, and ethical to the core.

We're strong on results and we can prove it.

Link values:

# Truth.

# Proof.

# Know-how.

Accuracy and thoroughness are paramount to us.

# Detail.

## **Specialist sector knowledge:**

It makes sense to work with trained professionals who have a thorough knowledge your industry and can provide sound advice based on facts, not guesswork. Many LINK brokers are sector specialists and previous owners themselves, while others bring invaluable financial, management, legal and accounting expertise to the table.

## **Protecting your privacy:**

Most businesses have commercially sensitive information which must be safeguarded from competitors, staff, customers and suppliers. LINK ensures that every enquiry about your business is carefully vetted. No information that could identify your business is released to potential purchasers without your approval and a signed Confidentiality Agreement.

## **With you at every step:**

Your LINK broker will ensure you understand all facets of selling a business and will facilitate the process between you and potential buyers, as well as your other professional advisers. Statistics show that many business sales fail during due diligence. Our brokers work with you throughout this challenging stage, managing issues as they arise and facilitating negotiations for a successful sale.

## **You're always in the loop:**

Gain valuable progress insights throughout the sales process. LINK's sophisticated research and analysis software lets us measure and track marketing activity, level of enquiry, prospect profiles and comment, webpage traffic and more. It helps us fine-tune your marketing campaign to maximise effectiveness, while keeping you up to date with its progress. LINK's exceptional level of service includes regular detailed reports, as well as meetings and telephone updates.

# Buyer Education

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

It is a multi-faceted process that presents a number of challenges, even to the most experienced Purchaser.

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.

LINK Business acts in a responsible fashion in order to assure the legitimacy of each purchase and the satisfaction of Vendor and Purchaser alike.

Our Brokers have wide-ranging industry knowledge and are not interested in leading Purchasers towards any investment that they do not believe to be adequate.

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

## 01.

### Research & Analysis

Purchasers 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 analysed.



## 02.

### 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.

We're highly trained experts at leveraging value and buying smarter.

## 03.

### Financial Criteria

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



## 04.

### Industry Sector

Purchasers 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.



## 05.

### 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.

# Executive Summary

## Business Name

ALL-STARS CLEANING AND JANITORIAL SUPPLIES

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## Address

26 Fourth Ave, Tauranga 3110, New Zealand

.....

## History

Established July 2000, 2 owners including Vendor

.....

## Trading Hours

Monday to Friday 8.00am to 5.00pm, No Weekends

.....

## Staff

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

.....

## Reason For Sale

Vendor wished to enter into retirement

.....

## Turnover

\$6,555,732 Annual (F.Y. 2017-2018)

.....

## Adjusted Net Profit

\$833,425 Annual (F.Y. 2017-2018)

.....

## Asking Price

\$1,950,000 plus Stock At Valuation

.....

## Estimated Stock Value

\$2,500,000 Approximately

.....

## Estimated Equipment Value

\$188,300 Approximately

.....

# 42.73%

RETURN ON OWNER'S INVESTMENT

.....

# Key Acquisition Highlights

## Upwards Financial Performance

All-Stars Cleaning and Janitorial Supplies has had a steadily crescent financial performance - both in terms of revenue and net profitability, while managing to maintain overheads and cost of goods stable.

## Buoyant and diverse target markets

The target markets for the business are limitless considering that from a private residence to a large institution (eg, Hospital or University) would require Cleaning, Janitorial and Consumable products.

## Low concentration in client base

All-Stars Cleaning and Janitorial Supplies has a well-spread clientele 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.

## Reputable brand excellent reputation

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.

## 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 Vendor, who has owned and operated the business for the last fourteen years.

## Recession-proof product range

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

## Well-established systems & processes

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

## Exceptional growth opportunities

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

# Business Overview

**LINK Business is pleased to introduce prospective purchasers to an outstanding acquisition opportunity: All-Stars Cleaning and Janitorial Supplies.**

Situated at 26 Fourth Ave, Tauranga, this business was established in July of 2000 and 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 Hospitality Industries.

Over its eighteen year history, the business has nurtured relationships with a number of distinctive suppliers whose products are regarded as the best in the industry.

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

Cleaning Products and Hygiene Consumables 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 ownership'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 for its needs coupled with what has been described by the business' largest customer as 'flawless service'.

While the business has placed a great deal of emphasis in strategic relationships with the core target market - cleaning contractors - the ownership chose to diversify its folio by expanding towards the Hospitality 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 ownership believes that the business will continue growing in pace with the growth of Tauranga. All-Stars sees its role as educating the consumers as to the advantages of its product range and offering a service that both meets the customers' needs as well as being consistent.

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

# History of

## ALL-STARS CLEANING AND JANITORIAL SUPPLIES

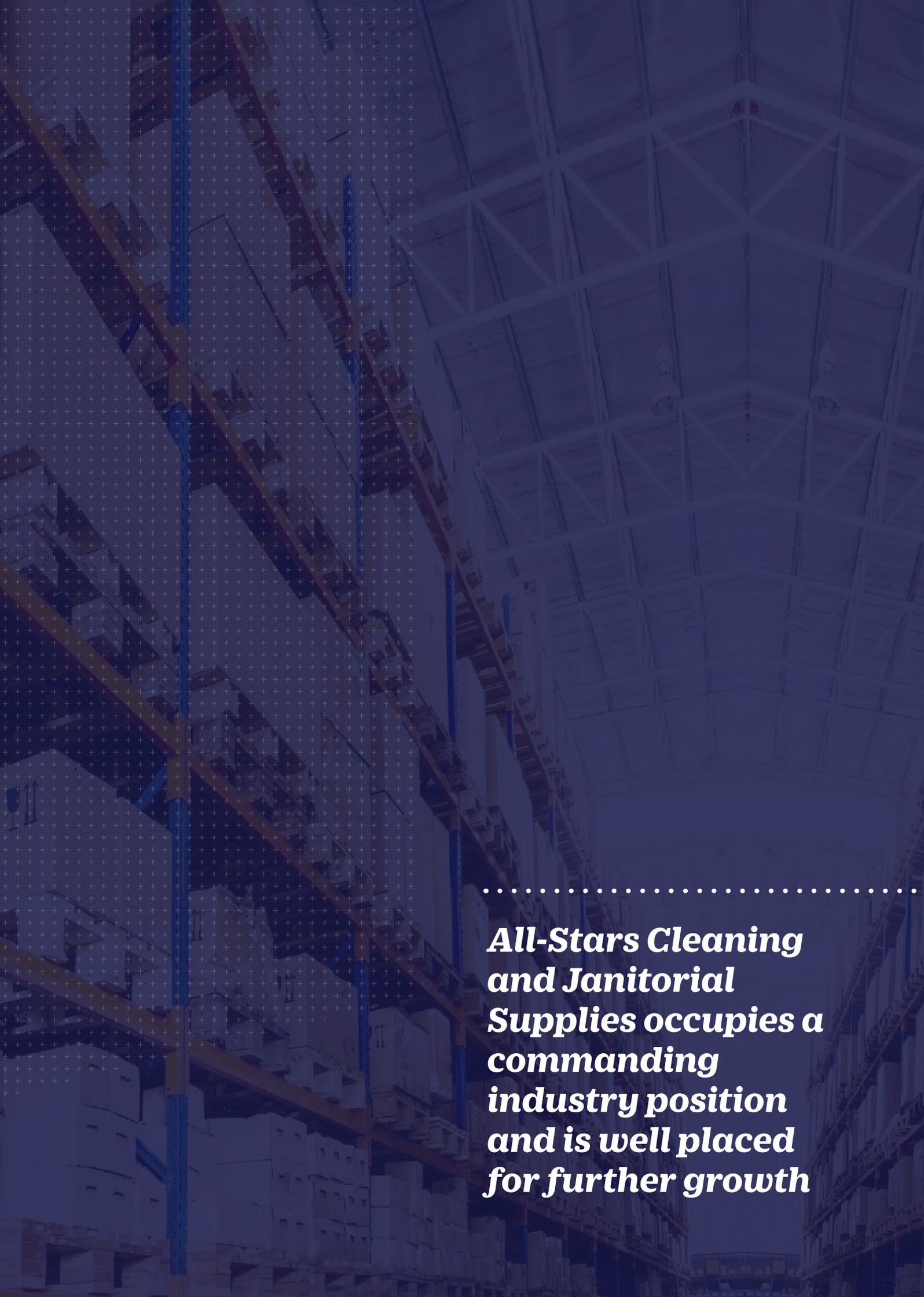
**“All-Stars Cleaning and Janitorial Supplies history is a testament to the resilience of its business model.”**

*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 suburbs such as Preston and Carlton as there was no presence in and around Woolston, even though a number of customer actually lived in close proximity to this region. 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, through organic growth as well as acquisitions of smaller local competitors.*

*As the business continued to growth from strength to strength, Joseph relocated the business to its current premises in January 2011 in order to support current demands as well as budgeting for future growth and taking into consideration the space required to support it.*



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

# Business Timeline

## July 2000

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 to cater for local cleaning contractors - first trading from home with no staff.



## Oct 2004

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

As the business expands, thanks to Jim's contacts in the local industry, the business relocates to a commercial position on 3 Waterman Pl, Woolston, with the intent of building retail sales and to support stock. Around this time, the business begins to employ staff members for deliveries.

## Nov 2006

Following aggressive marketing and a restructuring of the operations, a focus is shifted from retail operations back to wholesale to trade contractors in Cleaning and to end-users in Hospitality. Sales at this stage have essentially doubled since the take-over.

## Jan 2007

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



## Aug 2011

Following continued rapid growth, All-Stars relocated to larger premises at a cheaper rent rate at 3 Waterman Pl, Woolston. The business also acquires another small competitor in Keilor Park and again, absorbs clientele only and no overheads. Around this time it gains distributorship of Polivac range of machinery.

## May 2014

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.

# 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 available in 500ml, 5Lt and 15Lt 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.

# 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.



## 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 18Lt to 240Lt in Black, Clear and White. Brands include Mel and Maxpak.

# 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 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..

# Business Clientele

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

As the business expanded, so did its clientele and the owner, Mr. Joseph Smith, sought to diversify the types of clients dealt with 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:

## 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 Consumables (Paper Products, Soap and Bin Liners) they serve as re-sellers of the products towards their clients.

This is a secure and steady stream of revenue as Cleaning Contractors need material - a number of items (eg, Mops) can only be used so many items before needing to be disposed of.

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

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

## Hospitality

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 Cafes that purchase goods (primarily Consumables) on a regular basis.

The Vendors estimates the business has approximately 200 establishments who can be deemed as Regular Clients.



In short **All Star has achieved healthy diversification** with no great over-reliance on any one customer or sector within it.

# Business Clientele

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

The ownership 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 issues such as bad debts and/or the loss of the client.

## Client #1

### Commercial cleaners

**11.2% of total sales (FY 17/18)**

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 Tauranga.

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

## Client #2

### End-user: TAFE

**6.4% of total sales (FY 17/18)**

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

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

## Client #3

### Catering Group

**4.5% of total sales (FY 17/18)**

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.



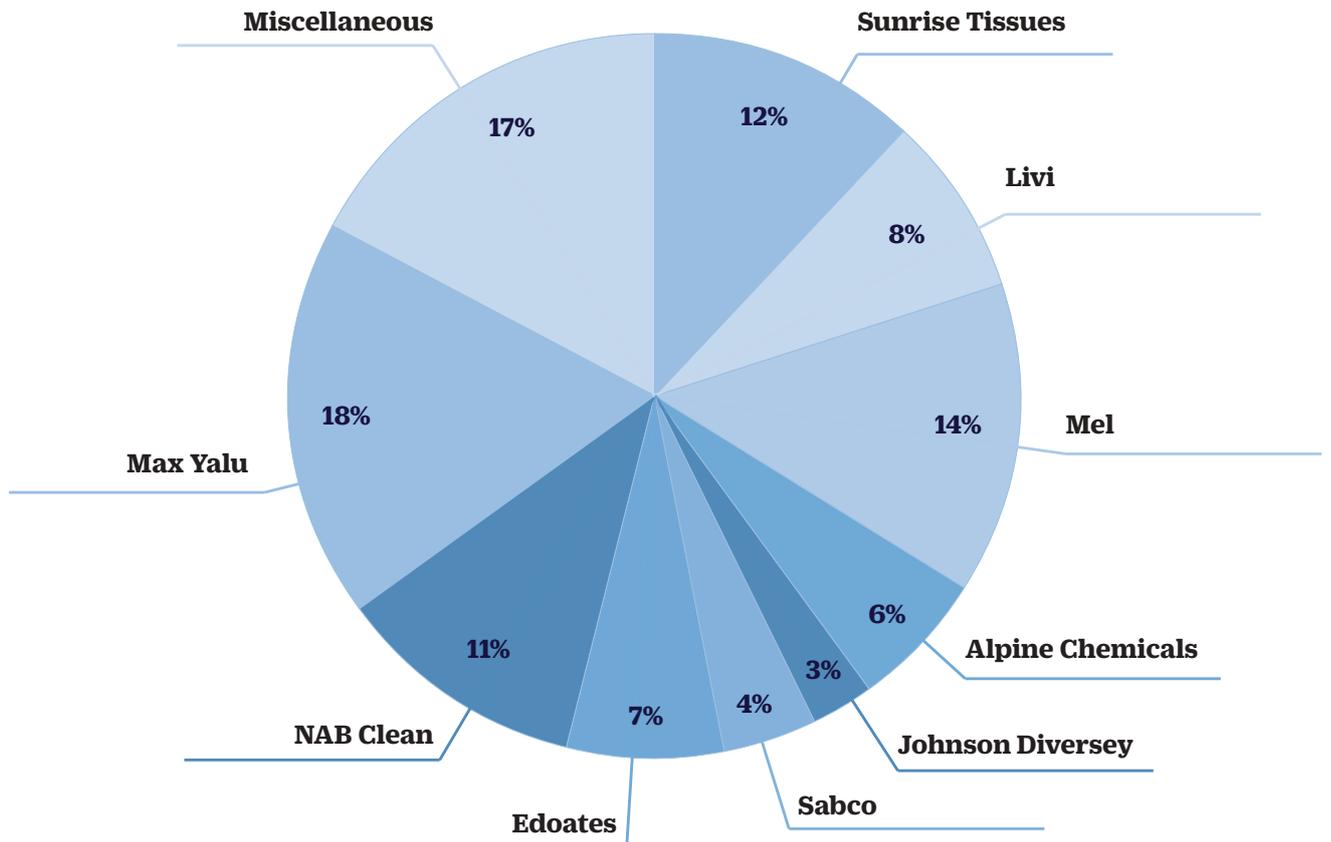
# Business Suppliers

**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 Consumables (paper products) and Cleaning Chemicals though a large section of clients are far more concerned with quality consistency as well as product efficiency than they are with brand naming.

This 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:

## Major Suppliers



# Business Process

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

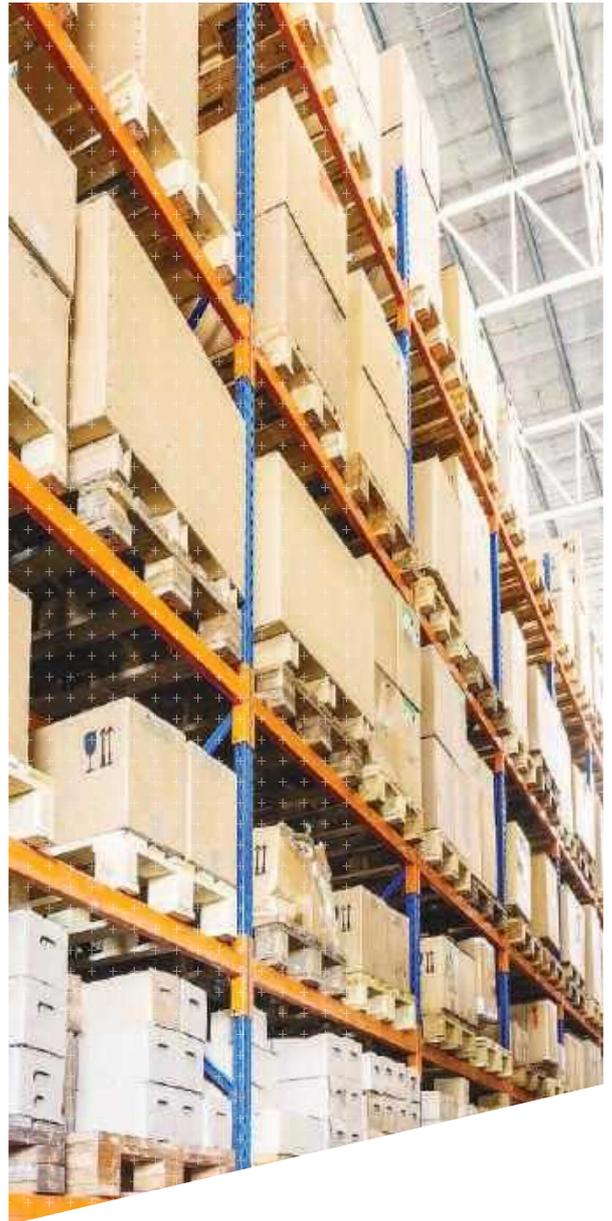
The process begins in the first week of the month when the business has all merchandise delivered to its warehouse. During this week the drivers double as warehouse attendants for this purpose. Orders from customers begin to flow in towards the end of this week.

On the second week of the month order 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 he first and second weeks of the month. During this time, focus is given to ensure deliveries are made in a timely fashion and meeting each individual clients' special instructions in regards to delivery.

During the fourth week of the month, as he 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.



# Business Strategy

**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:**

## 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 and hospitality industries.

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

## 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, utilizing 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 Hospitality Industry, who were at the time mostly being serviced by suppliers offering sub-standard products.

## Growth through acquisition

A large part of the business' historical growth and present size is explained by acquisitions. In 2007 it absorbed a Moonee Ponds-based competitor and in 2011 it absorbed a Keilor Park-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.



# Business

## OWNERSHIP

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

### **Reason for sale**

*After successfully running the business for the last fourteen 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.*

### **Owner profile**

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

### **Owner’s role and hours**

*The Owner’s primary role is that of Managing Director - overseeing the work of the Sales Manager, the Warehousing Manager and the Accounts. Moreover, the Owner presently undertakes the Purchasing as well as Human Resources duties. His hours are 9.00am to 06.00pm from Monday to Friday.*



# Internal Structure



**Staff #1: Joseph Smith**

Position: Managing Director  
Role: General Management, Purchasing and Human Resources  
Status: Full-Time  
Length of Service: 14 Years  
Hours: Mon-Fri 9am-6pm  
Gross Wages: \$80,000.00 P.A.

**Staff #2: Omar**

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: \$65,000.00 P.A.

**Staff #3: Joshua**

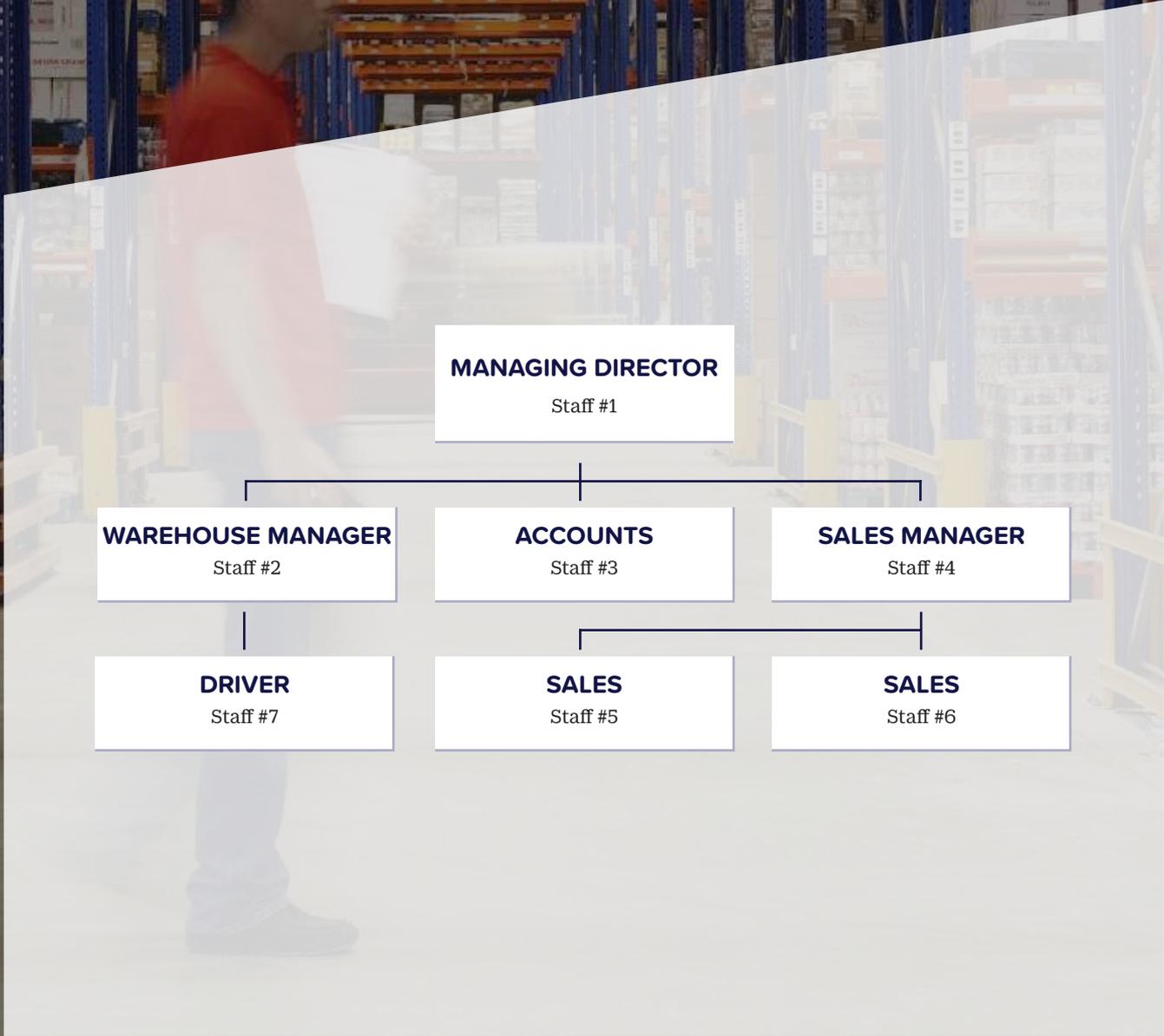
Position: Sales Manager  
Role: Sales, Key Account Management, Supervision of Customer Service and Sales  
Status: Full-Time  
Length of Service: 4 Years  
Hours: Mon-Fri 9am-5pm  
Gross Wages: \$70,000.00 P.A.

**Staff #4: Emily**

Position: Warehousing Assistant  
Role: Storage, Pick & Pack, Dispatch  
Status: Full-Time  
Length of Service: 6 Years  
Hours: Mon-Fri 7am-3pm  
Gross Wages: \$48,000.00 P.A.

**Staff #5: Nick**

Position: Warehousing Assistant  
Role: Storage, Pick & Pack, Dispatch,  
Status: Full-Time  
Length of Service: 6 Years  
Hours: Mon-Fri 7am-3pm  
Gross Wages: \$48,000.00 P.A.



# Suburb Profile

## Tauranga is the most populous city in the Bay of Plenty region of the North Island of New Zealand.

It was settled by Māori late in the 13th century and by Europeans in the early 19th century and was constituted as a city in 1963. Tauranga City is the centre of the fifth largest urban area in New Zealand, with an urban population of 141,600 (June 2018).

The city lies in the north-western corner of the Bay of Plenty, on the south-eastern edge of Tauranga Harbour. The city extends over an area of 168 square kilometres (65 sq mi), and encompasses the communities of Bethlehem, on the south-western outskirts of the city; Greerton, on the southern outskirts of the city; Matua, west of the central city overlooking Tauranga Harbour; Maungatapu; Mount Maunganui, located north of the central city across the harbour facing the Bay of Plenty; Otumoetai; Papamoa, Tauranga's largest suburb, located on the Bay of Plenty; Tauranga City; Tauranga South; and Welcome Bay.

Tauranga is one of New Zealand's main centres for business, international trade, culture, fashion and horticultural science. The Port of Tauranga is New Zealand's largest port in terms of gross export tonnage and efficiency. Tauranga is one of New Zealand's fastest growing cities, with a 14 percent increase in population between the 2001 census and the 2006 census, and 11% between the 2006 census and the 2013 census. This rapid population growth has seen Tauranga overtake Dunedin and the Napier-Hastings urban areas to become New Zealand's fifth-largest city.

Tauranga is located around a large harbour that extends along the western Bay of Plenty, and is protected by Matakana Island and the extinct volcano of Mauao (Mount Maunganui). Ngamuwahine River is located 19 kilometres southwest of Tauranga.

Tauranga became legally a city for a second time, from **March 1st, 2004.**

In August 2011, Tauranga received Ultra-Fast Broadband as part of the New Zealand Government's rollout.

.....

# 200 km

from Auckland's Business District.

# Demographics

## Population

6,605 People / 49.6% Male / 50.4% Female /  
Media Age 38

.....

## Business

693 Total Number of Businesses

.....

## Top 3 Industries

17.6% in 'Transport, Postal and Warehouse' /  
13.7% in 'Construction' / 9.9% in 'Wholesale Trade'

.....

## Staffing

52% Non-Employing Businesses / 27.5% 1-4 Employees /  
16.3% 5-19 Employees / 3.8% 20+ Employees

.....

## Entry / Exit

89 Business Entries / 76 Business Exits

.....

## Dwellings

6,605 People / 49.6% Male / 50.4% Female /  
Media Age 38

.....

## Families

1,769 Families, with average / 1.7 children per family

.....

## Employment

60.8% Working Full-Time / 25.9% Working Part-time /  
6.1% Away From Work

.....

## Median Weekly Income

\$624 - Personal / \$1,439 - Family /  
\$1,192 Household



# List of Assets

All-Stars Cleaning and Janitorial Supplies will be sold with all equipment fittings and fixtures used in the business – with the exception of any private property of the Vendors that may be registered under the business 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 Purchaser free of any debts or encumbrances and in good working order and condition (subject to fair wear and tear).

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

ITEM	ESTIMATED VALUE
Isuzu Truck 2009	\$78,000
Hyundai 2 Tonne Van 2012	\$35,000
Holden Barina 2007	\$5,000
Nissan Pulsar 2012	\$12,000
Forklift Gas	\$10,000
Computer System	\$10,000
Sales Laptop	\$1,500
Office Furniture	\$2,000
Shelves & Baskets at Showroom	\$1,000
Pallet Racks	\$2,000
Reception	N/a
POS System	\$8,000
Outside Signage	\$20,000
Television	\$500
Fuji Xerox Printer	\$5,000
Banner, Signage and Others for Trade Fairs	\$300

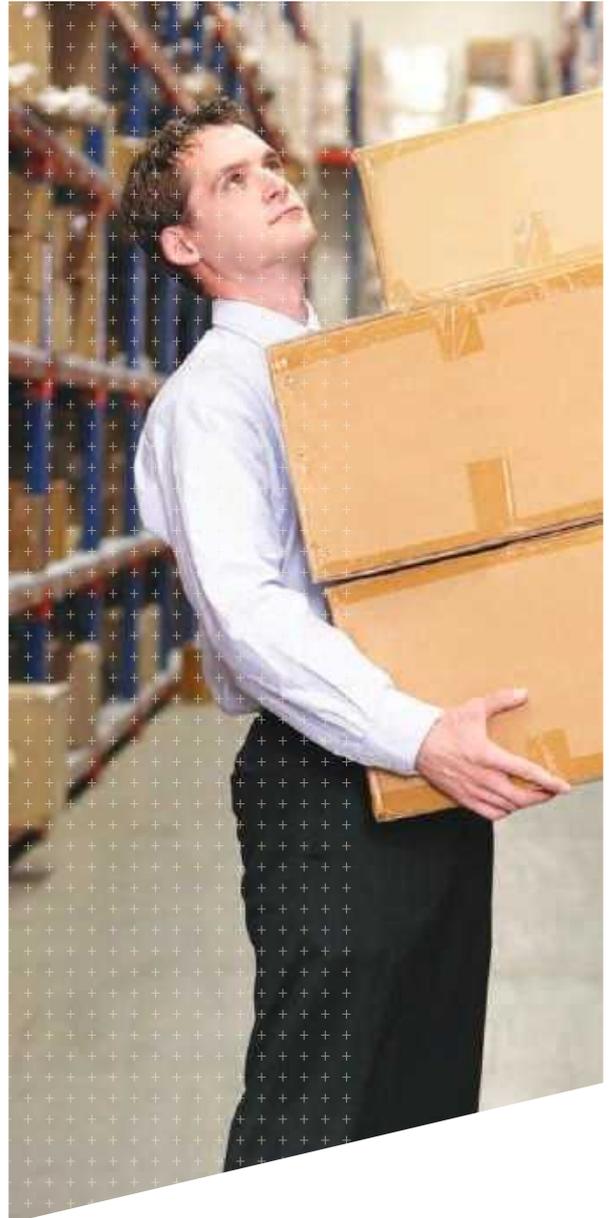
# Intellectual Property

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 ownership of the Purchaser on the day of Settlement.

Moreover, as part of this deal, the Vendors will provide a total of 4 weeks of training, at no cost, during which they must introduce the Purchasers to customers, suppliers, employees of the Business and provide details of all contracts utilised by the business and provide all intellectual property relating to the conduct, methodology and trade secrets of the business.



# Licenses and Permits

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

The Vendors have informed us that the Buyer does not need any special qualifications, permits or licenses for operating this business, except for the following which would be beneficial but, according to the Vendor, not essential at this time:

Forklift Driving License

Heavy Vehicle Driving License

Having said that, it is imperative that the Purchaser make their own investigations in this regard, with the assistance of a qualified professional. The Purchaser need not have any specific Skills other than skills in the following areas – which would be beneficial but not essential:

- Management
- Customer Service
- Sales & Marketing

The Purchaser need not have any specific Qualifications, but should undertake courses on:

- Workplace Health & Safety

The Purchaser need not have Experience in the cleaning supplier industry, as the Vendor will provide full training on the job.



# *Financial Summary*

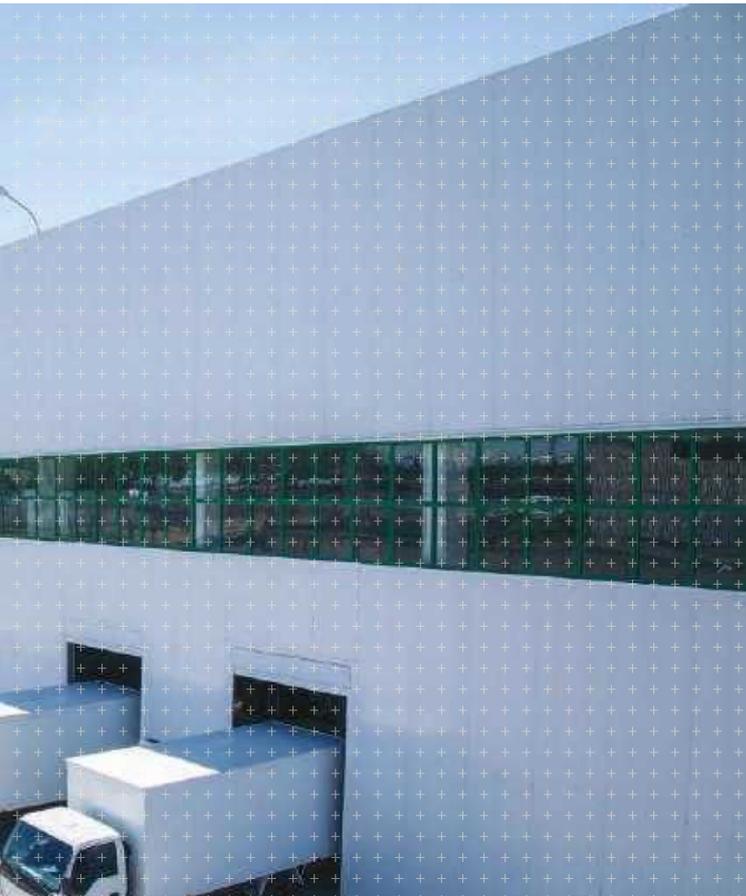
The Financial Performance of a business is one of the strongest factors that drive decision-making.

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 in order to allow the reader to see its trends.

A copy of the full Financial Statements, including Balance Sheets and Depreciation Schedules are enclosed to this profile as 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 Company Tax Returns, IRD, Portals, Receipts/ Invoices, Management Accounts from its Xero Accounting Software and any other information that the reader and/or his financial advisers deem relevant.



# Financial Summary

FOR YEAR ENDING 2017/18

**Turnover**

\$6,555,732

.....

**Gross Profit**

\$1,737,752

.....

**Gross Margin**

26.5%

.....

**Expenditure**

\$1,096,421

.....

**Adjusted Net Profit**

\$833,425

.....

**Future Maintainable Earnings**

\$794,418

.....

**Asking Price**

\$1,950,000

.....

**Return on Owner's Investment**

40.73/42.74%

.....

# Trading Statement

	F.Y. 2017-2018	F.Y. 2016-2017	F.Y. 2015-2016
<b>INCOME</b>			
Total Income	\$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 Stock	\$2,366,402	\$2,210,122	\$2,065,556
Purchases	\$4,901,700	\$4,454,663	\$4,180,551
Closing Stock	\$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>

# Profit & Loss Statement

	F.Y. 2017-2018	F.Y. 2016-2017	F.Y. 2015-2016
<b>OPERATING EXPENSES</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>
<b>ADMINISTRATIVE EXPENSES</b>			
ASIC 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>

# Profit & Loss Statement (Continued)

	F.Y. 2017-2018	F.Y. 2016-2017	F.Y. 2015-2016
<b>OPERATING EXPENSES</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 PROFIT (E.B.I.T.)</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>

# Add-Back Adjustments Explained

**This part of the Confidential Business Review will 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 expenses from the Profit & Loss Statement that is added back into the Net Profit of the business to present the Purchaser a more accurate picture of what the business is truly generating to a single owner.

The “Net Profit” figure is relevant for Accounting and Taxation purposes - this is the figure the ATO is interested in. However, it does not present a full picture of the business for a Potential Purchaser.

What Business Brokers aim to do, is to present the Purchaser with an accurate picture of what the business is truly producing - 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 “S.D.E.” (Seller’s Discretionary Earnings) which is what is truly relevant to the Purchaser 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 as follows:

You can prepare a “wish list” of attributes some which are essential and others which at the end of the day become unimportant to the big picture. This list would

include such headings as:

Close to home - Well established - Easy to manage - Short working hours - Low staffing levels - Cash business High turnover - Little competition - Industry specialist - Good profits - Security of lease - Specialist Industry .

There may be other factors that are worthy to include, everyone’s wish list would be quite different. Once you ascertain what those essential items are unless the business that you examine has most, if not all of those essential items, be wary. That business is probably not suited to you.

## 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 point of view, but at no point did the business owner actually write a cheque for \$10,000 to anyone.

## VENDOR’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 VENDOR

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 Superannuation. The rationale behind it 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.

## INTEREST EXPENSES

If a business owner takes out a loan, or incurs interest over late payments, or anything like this - those expenses are reverted back into the Net Profit. The rationale behind it 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'.

## 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

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.



# Add-Back Adjustments

	F.Y. 2017-2018	F.Y. 2016-2017	F.Y. 2015-2016
<b>FINANCIAL ADJUSTMENTS</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
Superannuation 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</b>	<b>\$833,425</b>	<b>\$794,766</b>	<b>\$754,357</b>
<b>ADJUSTED NET MARGIN</b>	<b>12.71%</b>	<b>13.18%</b>	<b>13.26%</b>
<b>ASKING PRICE</b>	<b>\$1,950,000</b>		

# Financial Analysis

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

They grew 6.01% from 2015-16 to 2016-17 and grew a further 8.69% from 2016-17 to 2017-18. Overall, the increase was 15.23%.

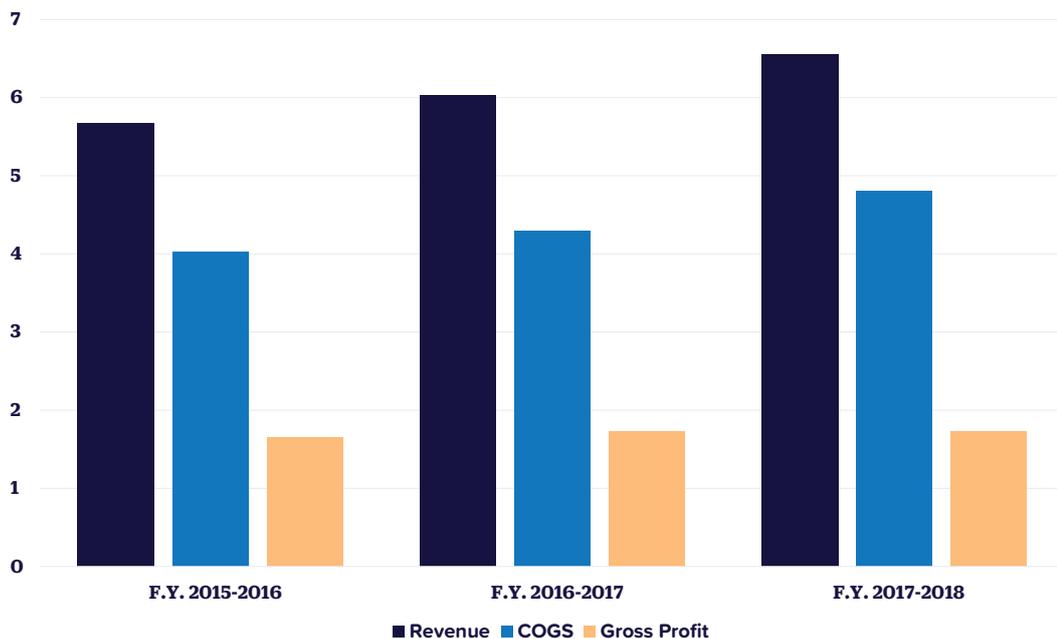
The Vendor has explained this increase due to the new focus in trying to win over end-user clients through Tenders, as well as organic growth over the last three years.

The Cost of Goods Sold also appears to have increased over the same period: It grew 6.5% from 2015-16 to 2016-17 and grew a further 12% from 2016-17 to 2017-18. Overall, the increase was 19.37%.

The Vendor has explained the reasons are two-fold: (i) an increase in costs that have not been met by an increase in pricing and (ii) the Vendor has purchased stock 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.

## Trading Statement Trends (NZ\$ Millions)



# 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 analysing the four expenditure categories separately, we see that: Wage Expenses increased 8.8% from 2015-16 to 2016-17 and then decreased around 4% from 2016-17 to 2017-18. Overall, the increase was only 4%.

The Vendor has explained this as the processes have become more efficient and there has been less need for overtime payments.

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

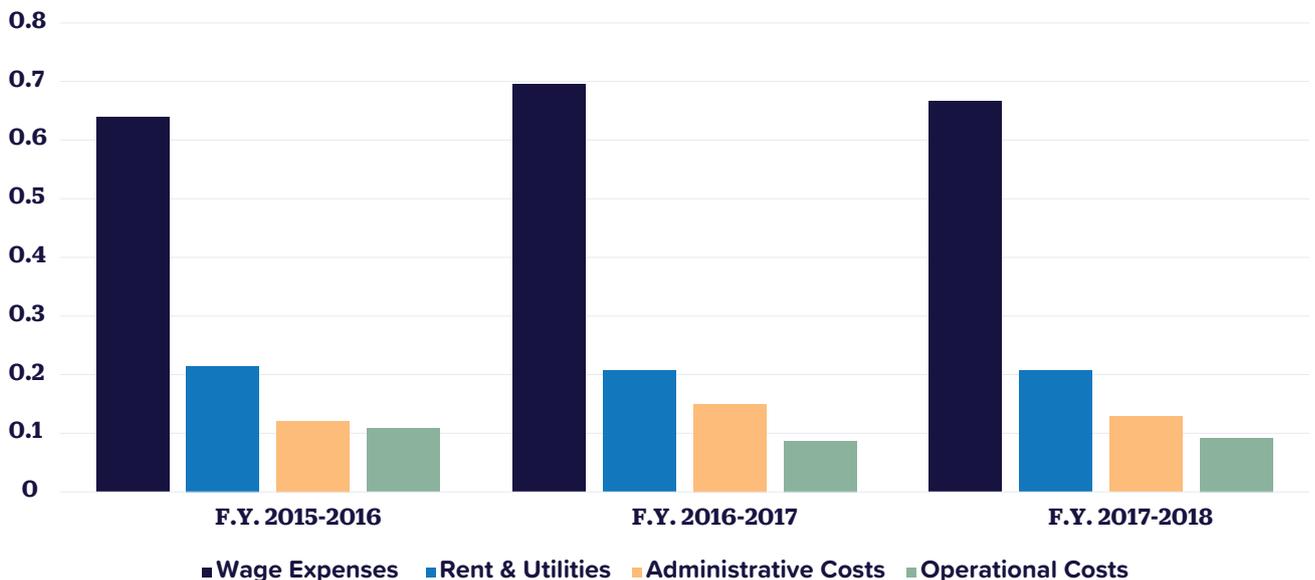
Administrative Costs have increased by 7% over this period - with a sharp increase between 2015-16 and 2016-17 of 24% followed by a drop of around 8% the year after.

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

Finally - Operational Expenses dropped markedly over this period by 18%. This is attributed to the owner sourcing better packages for phones, as well as for Motor Vehicle expenses. When analysing the whole - expenses have indeed remained quite steady:

2015-16: \$1,084,357  
 2016-17: \$1,141,352  
 2017-18: \$1,096,421

## Expenditure trends (NZ\$ Millions)



# Financial Analysis

The Final Conclusion we may draw is that the business is clearly displaying an upwards 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 controlling of overheads have translated into higher profits for the business.

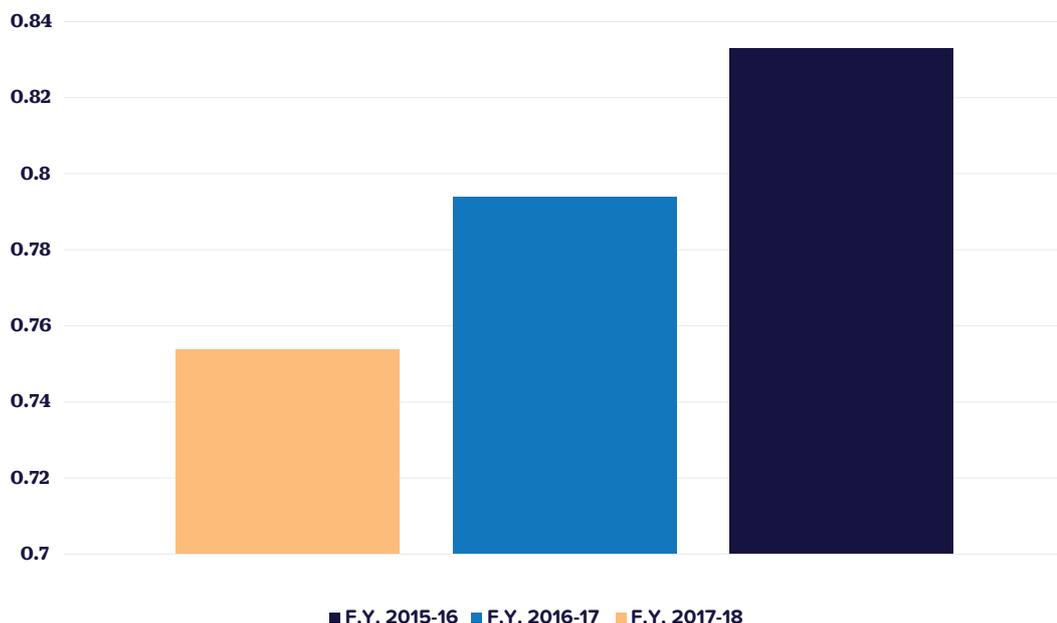
When adding the profits of these three years and dividing - we arrive at a figure of \$794,183. This is

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, hat is slowly approaching the seven million dollar mark.

## Adjusted Net Profit Trends (NZ\$ Millions)



# Competition Overview

**Brief research undertaken has identified a total of 88 Cleaning Supply Distributors in the Tauranga Metropolitan areas. According to the Vendor, the largest ones are as follows:**

**CENTRAL CLEANING SUPPLIES**

Gate Pa, Greerton, Hairini, Maungatapu and Merivale

**Tauranga CLEANING SUPPLIES**

Located in Adington

**HANNAFORDS TRADE SUPPLY**

Located in Wigram

**APEX CLEANING SUPPLIES**

Located in Riccarton

**Tauranga CLEANING SUPPLIES**

Located in fendalton

Moreover, GODFREY'S CLEANING SUPPLIES is another prominent industry player - though their focus is known to be more towards an end-use being 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 offers cleaning products, as well as Consumables, 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.

# Financial Analysis

## CLEANING INDUSTRY

Commercial Cleaning Services in New Zealand has performed reasonably well over the past five years as demand for cleaning services remains steady.

The primary driving factor appears to be outsourcing trends as well as growth in the number of businesses operating across the economy. A rise in demand for residential cleaning services from high- and dual-income households, especially ageing residents, has also aided the industry's performance.

### KEY STATISTICS:

Revenue: \$8.6bn  
 Profit: \$1.0bn  
 Businesses: 26,811  
 Annual Growth: 2012-17: 2.9%  
 Annual Growth: 2017-22: 2.7%  
 VIC Market Share: 26.2%  
 NSW Market Share: 34.3%  
 QLD Market Share: 18.6%

### ANALYSIS

While initially the primary target market of the business, the new ownership chose to diversify by targeting to Hospitality Industry. Given the cleaning Industry's growth and resilience, perhaps a focus back onto it may be advantageous. However, given the high competitiveness of the industry - cleaning contractors are under tremendous pressure to cut costs, therefore it would behoove the ownership to consider its pricing position to assure it can gain new clients and maintain existing ones.

## CAFE INDUSTRY

The Cafes and Coffee Shops industry has grown strongly over the past five years, owing much of its

success to New Zealand's love of quality coffee and vibrant coffee culture.

Industry revenue is expected to grow by an annualised 7.2% over the five years through 2016-17, boosted by a large spike in 2013-14 caused by rising consumer sentiment and growing incomes. Industry revenue is expected to increase by 6.9% in 2016-17, to total \$5.5 billion.

Despite this strong performance, competitive pressures have pushed profitability down slightly over the past five years.

### KEY STATISTICS:

Revenue: \$5.5bn  
 Profit: \$236.7m  
 Businesses: 14,411  
 Annual Growth 2012-17: 7.2%  
 Annual Growth 2017-22: 2.4%  
 VIC Market Share: 28.6%  
 NSW Market Share: 34.9%  
 QLD Market Share: 17.7%

### ANALYSIS

This is the main sub-segment of the Hospitality businesses targeted by All-Stars. Cafes require regular cleaning and use of a number of products such as Dishwashing Detergents, Hand Soap, Disinfectants and Floor Cleaners maintain a regular flow. The major growth of this segment, particularly in South Island, ought to be leveraged in favour of the business. However, the relatively small consumption of each individual establishment requires a very high turnover with a high number of clients.

# SWOT Analysis

## Strengths

### 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.

### Client-base spread and relationships

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

### Strategic location

The business position in Tauranga is advantageous given the relative lack of local competition and the closeness of Tauranga to major thoroughways leading to all suburbs.

### 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.

### Systems and procedures

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

### Stock levels

In an industry notorious for “back-orders”, All-Stars has gained a reputation for carrying stock levels that meet regular clients’ demands.

### Product and supplier chain

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

### Essential and fast-moving goods

The product range the business sell 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.

# SWOT Analysis

## Weaknesses

### 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 non-existent Social Media presence.

### 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 stock to become obsolete over time or simply slow-moving.

### 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.

### 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.

### Capital conversion to stock

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

### Recruiting and training new staff

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

### 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 causes some dissatisfaction among area managers in Cleaning Co's.

### 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.

# SWOT Analysis Opportunities

## Diversification: disposable supplies

While All-Stars has a small range of disposable supplies for the hospitality industries, 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.

## Online presence

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

## 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.

## 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.

## 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.

## 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.

## 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.

## 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.

# SWOT Analysis

## Threats

### Currency fluctuations

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

### 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.

### Government legislation

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

### 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.

### 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.

### 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.

### 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.

### 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.

# Final Thoughts

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 Consumables remains high and steady.

The acquisition of All-Stars Cleaning and Janitorial Products presents a remarkable opportunity to any savvy investor to acquire a well-established business that has over an eighteen year period developed deep 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 Business Review has been able to clearly 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.

# Sale Process

## YOUR NEXT BIG OPPORTUNITY

Further detailed information and access to the business and management team will be provided only to parties who demonstrate a strong and genuine interest and financial capacity to proceed with this acquisition. To that end the sale process will involve:

1. Interview with the LINK broker Serdar Kabul, provision of further information as required/appropriate, under confidentiality agreement.
2. Introduction to the Vendor and inspection of business premises if appropriate.
3. Submission of conditional offers (subject to due diligence) with a deposit payable through **LINK**.
4. Conclusion of due diligence by purchasers and their accountants/solicitors.

**Under no circumstances** may prospective purchasers make contact with management, employees, suppliers, agents, or customers of All-Stars Cleaning and Janitorial Supplies without prior consent of **LINK** who will then seek the Authority of the Vendor.

### Serdar Kabul

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