



Small Business Acquisitions

VIABILITY

A Report by Westernston, Inc.



INDEX

1. Example Deals

2. Viability of the acquisition itself

3. Post Acquisition Viability

4. Why World Isn't Jumping With Joy



01

DEALS APLENTY (For Anyone)

Gourmet Manhattan Supermarket - 7m in Sales - Absent

Manhattan, NY (New York County)

Seller Financing Available



No photo available

Asking Price: **\$3,250,000**

Cash Flow: **\$600,000**

Gross Revenue: **\$7,000,000**

Inventory: **\$250,000***

EBITDA: **N/A**

Rent: **\$49,000/Month**

FF&E: **N/A**

Established: **2002**

*not included in asking price.

Save

Print

Share

Valuation Report

Business Description

Spectacular gourmet speciality supermarket located 4 blocks west from Central Park and considered more uptown. This store has it all for the busy New York life style such as fresh meat, deli section, hot food all day, salad bar, imported cheese section, fresh fruits and vegetable, fresh fish section, complete bakery section and catering. A money make for more than 16 years and a unique rich interior and sets itself apart from other "run of the mill" markets. Strong market trends with localized well monetized clientele make this store a winner for many years to come. POF needed to move forward with financials and location. Call Gregg

- **P/E = 5.833 (Asking)**
- **Leased**
- **NOT Hard Asset Based**

Detailed Information

Location:	Manhattan, NY
Inventory:	Not included in asking price
Real Estate:	Leased
Building SF:	6,000
Lease Expiration:	1/1/2040
Employees:	26
Facilities:	well maintained
Financing:	250,000
Support & Training:	will train
Reason for Selling:	Other interests

Asking Price: **\$1,650,000** ?

Cash Flow: **\$366,578** ?

Gross Revenue: **\$2,712,174** ?
EBITDA: **N/A** ?
FF&E: **N/A** ?

Inventory: **N/A** ?
Rent: **\$14,000/Month**
Established: **N/A**

Save

Print

Share

Valuation Report

Business Description

Own this legendary Pub

The business for sale has a main dining area that was renovated 2 years ago, along with a kitchen renovation. It has a large bar area with a separate dining area. They have 2 party rooms and outside area for catering. They can cater up to 130 people or use these rooms for dining on weekend nights for overflow. The restaurant and bar area has live music on weekend nights after the dinner crowd ends. They offer craft beers and cocktails. The owners say they are ready to slow down and want to retire from the bar and restaurant business. If you are

- **P/E = 4.51 (Asking)**
- **Leased**
- **NOT Hard Asset Based**

Detailed Information

Location:	Suffolk County, NY
Real Estate:	Leased
Building SF:	7,500
Lease Expiration:	N/A
Employees:	42
Support & Training:	2 weeks
Reason for Selling:	retiring

● **P/E = 5.25 (Asking)**

Beautiful Diner Restaurant in Queens County 32276

Queens County, NY



Asking Price: **\$4,100,000** ?

Cash Flow: **\$800,000** ?

Gross Revenue: **\$5,700,000** ?

Inventory: **\$100,000*** ?

EBITDA: **N/A** ?

Established: **N/A**

FF&E: **\$700,000** ?

*not included in asking price.

Large Diner/Restaurant is a neighborhood institution for 55 years-This bustling \$110,000-\$120,000 per week) renovated main road Queens diner is offered for sale. 4800 sq. ft.(4800 sq ft basement) diner seats 9 at counter and 180 in 2 dining rooms. Seasonal outdoor patio with 15 tables. Huge take-out and delivery business require 6 phone lines and fax machine. Huge daily morning catering to many local schools, commercial accounts (over 30 reg.accts) requires 1-2 dedicated vehicles.Delivery is huge 40% of the business and can be expanded. Full basement- 7 walk-ins and freezers. Full liquor license. Full breakfast, lunch, dinner and late-night menu. Made fresh daily with the finest ingredients. Delivery van included in sale. Bright with windows all around. Main road locations surrounded by dense apartment blocks and middle class multi family homes. All furniture, fixtures, equipment and kitchen have been replaced within the past ten years. Business over staffed in kitchen and managers with over \$100k in excess salaries.18 years left on lease. Local diner competition closing this summer. 24/7 diner is always crowded. Free standing with plenty of parking.

Top Selling Name Brand Product 15 YRS Major Mass Reta CA



- P/E = 7 (Asking)

Asking Price: **\$7,000,000** ?

Cash Flow: **\$1,000,000** ?

Gross Revenue: **\$3,351,021** ?

Inventory: **N/A** ?

EBITDA: **N/A** ?

Established: **N/A**

FF&E: **N/A** ?

Market w/Real Estate - Beer & Wine - High Net

San Diego County, CA



- P/E = 5.88 (Asking)

Asking Price: **\$2,400,000** ?

Cash Flow: **\$434,800** ?

Gross Revenue: **\$1,243,800** ?

Inventory: **\$150,000*** ?

EBITDA: **\$434,800** ?

Real Estate: **N/A**

FF&E: **N/A** ?

Established: **N/A**

Coastal Region's Largest Pool & Spa Dealer

NC



Asking Price: **\$2,800,000** ⓘ Cash Flow: **\$647,000** ⓘ

Gross Revenue:	\$5,660,000 ⓘ	Inventory:	\$126,000 ⓘ
EBITDA:	\$534,000 ⓘ	Rent:	\$3,708 /Month
FF&E:	\$213,000 ⓘ	Established:	2004

Save

Print

Share

Valuation Report

Business Description

Profitable Pool & Spa Dealer with Upside Potential

15 yrs. In Operation, Family-Owned and Locally Operated

The owners have over 20 years of construction and customer service experience with their clientele. Since 2004, this family-owned business has sold and installed custom fiberglass pools and spas made in the USA. As the largest regional pool and spa dealer, they offer custom in-ground pool construction, outdoor kitchens, hot tubs, water testing, pool services, and supplies.

- **P/E = 4.32 (Asking)**

\$5MM in Sales - HUGE Liquor Store Near Mall

Aurora, CO (Arapahoe County)



- P/E = 5.16 (Asking)

Asking Price: **\$1,799,995** ⓘ

Cash Flow: **\$543,326** ⓘ

Gross Revenue: **\$5,395,773** ⓘ

Inventory: **\$1,000,000*** ⓘ

EBITDA: **N/A** ⓘ

Rent: **\$0.00**

FF&E: **N/A** ⓘ

Established: **2000**

*not included in asking price.

Santa Fe Home & Garden Center with Real Property Inclu

Santa Fe, NM (Santa Fe County)



Asking Price: **\$2,500,000** ⓘ

Cash Flow: **\$333,217** ⓘ

Gross Revenue: **\$2,705,895** ⓘ

Inventory: **\$395,000** ⓘ

EBITDA: **N/A** ⓘ

Real Estate: **\$1,250,000**

FF&E: **\$272,718** ⓘ

Established: **1977**

Save

Print

Share

Valuation Report

Business Description

Premium Brand with Mid-Town Real Property & Substantial Inventory

This green Santa Fe business has been a destination for products for the home, hearth and garden for over forty years. The real estate is included in the price, opening up attractive financing options. The expansive showroom provides an inviting space for the display of top North American and European brands.

- Real Estate Included
- P/E = 7.5 (Asking)
- What is RE actually worth?

Powersports & Equipment Dealership

IN



- Real Estate Included
- P/E = 8.846 (Asking)
- Would cashflow be the same if property was leased? (ROA Consideration)

Asking Price: **\$4,600,000** ?

Cash Flow: **\$520,000** ?

Gross Revenue: **\$4,300,000** ?

Inventory: **N/A** ?

EBITDA: **N/A** ?

Real Estate: **\$2,800,000**

FF&E: **N/A** ?

Established: **1999**

Central Kentucky Scrap Metal Recycling Business

KY



Asking Price:	\$4,600,000 ?	Cash Flow:	\$645,686 ?
Gross Revenue:	\$4,210,483 ?	Inventory:	N/A ?
EBITDA:	N/A ?	Real Estate:	\$1,500,000
FF&E:	\$1,400,000 ?	Established:	2009

Save

Print

Share

Valuation Report

Business Description

Very Profitable Metal Recycling Business For Sale

Scrap Metal Recycling Yard that consistently produces results. Facilities and Equipment far exceed peers in terms of cleanliness and quality. This location has produced steady cash flow for years regardless of scrap market conditions. Because of their location in Central Kentucky, they are in an ideal position of having many buyers competing to acquire their metals. The volumes at this facility far exceed the majority of their regional competition.

- Real Estate Included
- P/E = 7.131 (Asking)
- How suitable is the RE for other kinds of businesses?

Industrial Equipment and Facilities Cleaning

Natrona County, WY



Asking Price:	\$2,800,000	Cash Flow:	\$269,979
Gross Revenue:	\$1,238,804	Inventory:	\$10,000
EBITDA:	N/A	Real Estate:	\$1,500,000
FF&E:	\$706,000	Established:	1987

Save

Print

Share

Valuation Report

Business Description

Profitable industrial maintenance Rocky Mountain region

Industrial Cleaning, Media Blasting, Coating and Painting Commercial and Industrial Equipment including construction equipment, mining equipment, oil field equipment, tanks, oilfield production and transportation equipment on location. Business has a large shop on five acre lot with large specialized blast area with specialized grit recovery system and heated paint area. Specialize in re-coating municipal fresh water tanks. \$1.5M Real Estate included.

- Real Estate Included
- P/E = 10.41
- Could you actually even sell the RE?
- If you did, how much would your lease payments be?

The REAL Question

If these deals are really so easy and abundantly available...

If there are so many deals out there with potential ROI ranging from 10% to 50%

If the entirety of the investment world is generally happy with the standard 5% to 15% ROI expectation met...

Why are SO MANY of these businesses NEVER SOLD?



THE DEAL

1. Valuation Problems

2. Scalability of expenses and effort

3. Financing

4. Due - Diligence Challenges

Lease Factor

If the real estate were leased rather than owned, the cashflow would be significantly smaller.

Consequently, you're foregoing the rental income if you own the real estate that you're using.



Inadequacy of Appraisals

Commercial real estate, especially industrial real estate can not be repurposed. Example: Trucking.

An appraisal only tells you what the real estate would be worth to **SOMEONE WHO WANTS IT.**

VALUATION Challenges (Real Estate)

Brokers V/s Us

Brokers get paid a cut. Consequently, they work for the seller.

They also are often guilty of setting unrealistic expectations.

Value on account of profits alone...

It is hard to explain to a small business owner how the valuation of their business is tied just to EBITDA, and nothing else.

The Scalability & Investment vis-a-vis Effort & Expense To Close A Deal

- Due-Diligence
- Commercial Research
- Legal
- Financial Inspection

- Funneling
- Due-diligence
- Negotiation
- Agreements, Contracts & Paperwork
- Transfer of Equity, Assets, Control & Liabilities

- Litigations?
- Unpaid dues?
- Tax liens?
- UCC Filings?
- Shady hard-money lenders.
- Employees?

Liens
Team
Customers
Lease Exp.
Market
Economy

COSTS

TIME

HAZARDS

RISKS



Banks don't finance small businesses



Interest rates are higher than usual



Specialists are "sharks"



Private Equity Is Just NOT Interested.

FINANCING Challenges

Due-Diligence Challenges

TAX CODE VIOLATIONS

Many sellers commit tax code violations.

Here are some of the ways:

- Not reporting sales
- Not reporting cash sales
- Under-reporting third-party sales
- Under-paying taxes
- Having pre-existing tax liens

TRUST

Sellers often withhold important information.

They also lie. This is because they understand that the cost of legal proceedings might be larger than the deal itself.

DISGRUNTLED PAST EMPLOYEES

A potential buyer only meets the current staff, not the former staff. So a disgruntled former employee is always a risk.

BROKERS

Brokers absolve themselves of all liability through clauses within their NDA's.

Thereafter, buyer beware.



POST ACQUISITION

- 1. How well-systemized are the day-to-day operations?**
- 2. Who will monitor/supervise it on an ongoing basis?**
- 3. How does the employee-turnover affect business? How's it handled?**
- 4. How much time does it require on a weekly-monthly-annual basis?**

MARKETING CHALLENGES

- Is there a brand?
- How much brand equity is there, really?
- Are customers loyal to the brand? Why?
- Are there active marketing campaigns?
- How are new clients/customers acquired?
- How is brand awareness improved?
- Are the common brand elements standardized?
- Who's following up with customers/clients, and how frequently?
- Who's working on getting new customers/clients, and how frequently are the prospects followed-up with?
- **Why can't another competitor with deeper pockets undercut proces tomorrow and destroy us?**
- How do we **GROW** the business without destroying our brand-equity?



There Are **NO BUYERS** Because...

- PRIVATE EQUITY works on a much larger deal with the same amount of effort, so they won't touch a deal of this size. Especially since there is no real brand equity to speak of (even though there is potential) and the operations are not nearly as systemized as they need...
- INVESTORS **can't** touch it, because of the following reasons:
 - Not hands-off. Requires active monitoring.
 - The deal itself requires a lot of work.
 - The entire framework is risk-prone.
 - You need an entire team to do this effectively.
 - You still need to rely on third-party service providers.
 - The due-diligence itself is very costly.
 - You'd have to talk to several dozens of sellers to close one deal.



IN THE NEXT VIDEO

THE SOLUTION

- How You Have, For A Limited Time, Access To A Unique Solution To All These Problems.
- How You, As A Passive, Private Investor Can Profit Wildly From This Market Without Competition
- The Nitty-Gritty of The October Deal for Investir Gagnant 2.0
- Who It's For & Who It's Not For.