

Defi Trading Enterprises CC t/a Schwarzkopf Nachf.

Executive Summary

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Business Information:

Management:

Single Owner owns 100% of CC.

Industry: Retail in the hardware/general dealer space

Number of Employees: 6 including the owner

Bank: FNB Namibia

Accounting Officer: E.H.Ahrens, ACIS

Financials:

Feb 2020: Rev N\$ 5,1m, GP N\$ 1,3m

Feb 2021: Rev N\$ 5,4m, GP N\$ 1,3m

Feb 2022: Rev N\$ 4,9m, GP N\$ 1,4m

Current Shareholding:

Owner – 100%

Selling price:

N\$ 2,75million for 100% of business (inclusive of N\$ 1,9m of stock) plus option to buy current business property for N\$ 2,925m and/or adjoining property for a further N\$ 1,250m.

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Company Description

Schwarzkopf Hardware is a well Known and long established Hardware and General Dealer store situated in on a very prominent corner in the town centre in Okahandja and has been operating since 1956. The current owner took over the business from his father in 1990, meaning that this business has been in the family and operating for in excess of 60 years, servicing the needs of the Okahandja and neighbouring areas' communities.

Opportunity

The sole owner of the CC who has run the entity over the past 33 years, has reached retirement age and wishes to sell out. He is willing to assist the new owners for a period of 6 months or so, to help the new owners with the transition, but not on a full-time employment basis, as he ultimately wants to retire and spend more leisure time.

Currently his wife manages the financial and accounting processes, following to the retirement of the full-time bookkeeper. The accounting is run on a Pastel accounting system, although the stock control is not yet electronically controlled via Pastel – this remains an opportunity for better controls for the new owners.

The entity is competently run, serving a niche market with personal service and attention being their hallmark.

The business is now in need of a new and energetic set of eyes to take it to a new level in the marketplace.

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The store sells most of the normal DIY and hardware goods, but also has key cutting machines and ability; is licensed to sell firearms and ammunition; and does refilling of gas bottles and paraffin. Constantly growing departments within the business are Padlocks, Bicycles and Spares, Plumbing, Paint and Electrical goods.

Market

Schwarzkopf Hardware services the needs of businesses, farmers and the DIY public of Okahandja, surrounding communities, and more recently the nearby new Osona Village development.

Competitors and Competitive Advantage

There are three main competitors to Schwarzkopf Hardware in the market, those being, AGRA, Build It and Outspan Wholesale. Some of the local supermarkets are also competitors on some sale items. All the competitors were impacted by the recent Covid Pandemic, which has affected stock levels, staff benefits and numbers and especially levels of service.

In terms of IT, the accounting package, Pastel, has been used to solely run the accounts of the business. There is a significant opportunity for any new owners to use the Pastel system to provide a key stock and material management control, as currently the stock is manually controlled. The system would automatically allow management to extract stock levels, prices and sets reminders for follow ups to customers and effectively manage shrinkage.

Suppliers

Broad Spectrum of 50 different suppliers – about 60% of goods from SA suppliers – 40 % Namibian suppliers - No Oversea Imports – All suppliers are on a 30 day account (95% with settlement discount) and paid up.

Customers

The customer base is made up of approximately 30 account customers which generate 7% of the company turnover. Walk in cash customers account for the other approximately 93% of the turnover. Account customers are offered a 5% discount on their accounts, dependent on their size/volume of business and all accounts are generally payable after 30 days.

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A healthy Lay-Buy System is also offered and managed. Credit Cards are accepted with and account for 32% of turnover.

Marketing & Sales Channels

The business has traditionally not really relied on marketing initiatives but has recently set up a Google account and also established on Facebook. It has traditionally relied on its personal service and word of mouth and return customers.

Management and Staff

The company employs 4 permanent staff plus the owner (who manages the store) and his wife (who has been handling the accounts).

The permanent staff have been employed for between 15 years and 5 years and are all registered with Social Security.

Strengths and Weaknesses

Strengths:

- Good solid customer base
- Good solid product base of fast-moving items
- Broad Spectrum of Products for returning customers
- Good location of outlet

Weaknesses:

- New younger and energised owner needed to drive forward and grow the business .
- Old inventory and in need of upgrade
- Internal maintenance needs improvement

Conclusion

This Namibian owned family business has continually made profits since its start up and has no debt. The current owner and seller of the entity also owns the property this business operates

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from (he owns it in his personal capacity), as well as the adjacent property. He is also wanting to dispose of these properties, which are situated on a prime corner on the main street in the town centre of Okahandja.

The owner is however prepared to sell the business only to a new buyer (should the buyer only wish to purchase the business) and rent the property to the new buyer.