

Reasonable Recruitment Ltd

Overview

Recruitment firm based in central London. Trading for 10 years with consistent levels of growth both in turnover and profit, but with high staff costs and low overall profit margins. The shareholders are all willing to sell but only one intends to remain post sale.

Strengths

- Consistent growth in turnover and profit
- Low debt levels
- Long term contracts with clients
- Fluid workforce
- Easy to relocate within London / South East

Weaknesses

- Low margins
- Only one shareholder retained
- No assets, all value is in the goodwill of the company
- Crowded market

Exit Recommendations

In such a competitive market this company stands out with consistent growth over the past decade. However as the market is saturated, and because of your relative small size, the multiples are not as high as in other sectors. If you continue the current growth, the value will increase year on year, but if growth will stop, then this will negatively impact on your sale price

Our Recommendation: Your business is very saleable, and it is less risky to go to market today, but at the expense of potential longer-term reward.

Sale Projection

Valuation Range

Based on financial information provided to Firm Gains on 25/09/2015, using normal multiples for this size of business and sector.

£925,000 - £1,250,000

Sale Success Potential

With Help	Without Help
33%	20%

Your Time Investment

40 Hrs	250 Hrs
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Estimated Cost of Sale

£25,000	
+£3,000	£3,000
+4%	
£78,000	£3,000

Factored Financial Risk

£18,760	£2,400
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Projected Final Income

£1,250,000	£925,000
- £78,000	- £3,000
£1,172,000	£922,000

Why these figures?

For most business owners there is a choice - whether or not to use a sale side advisor. In our experience the sale side advisor will not only increase the chances of sale substantially, but is also likely to negotiate better terms for the vendor. The cost and associated fees are larger but the sale value also increases incrementally and, for most businesses of your size substantially outweighs the cost.