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- **SELECTED SOLD**
- **AVAILABLE OPPORTUNITIES**
- **CUSTOMER/VENDOR CONCENTRATION**

BRE #01160661

219 businesses for sale!

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CUSTOMER/VENDOR CONCENTRATION



**By: Ian MacLachlan
President**

One of the risk factors that influences a business valuation provider is customer concentration. Buyers, too, are concerned and will likely request, during due

diligence, that the seller provide a list of the major customers and the percentages of total revenue. A competent business broker will usually include such information in the CBR (confidential business review) prior to going to market in order to avoid surprises.

While concentration can reduce the fixed amount a buyer will pay, often an agreement can be reached with the seller that distributes the risk between the parties – sometimes called an “earnout”. The buyer agrees to make additional payments to the seller above the fixed price, based upon certain performance criteria, e.g., gross sales, gross margin, etc. Earnouts can be a practical way to bridge the price gap between buyer and seller and BTI Group / Business Team has structured many over the past few decades – most successful, a few less so.

A similar issue that is often given little thought during the sale process is vendor concentration. Buyers and sellers of businesses usually assume that the manufacturer or supplier of the business will provide the product or service indefinitely but this is not something a business owner should count on—here is a personal example:

I opened a Bridgestone motorcycle dealership in 1970 and within a few months Bridgestone decided to exit the business – it was the only brand I had so I was reduced to repairing flat tires and valve jobs just to keep the doors open while I tried to obtain another line.

Another recent, more devastating, case that illustrates the perils of vendor concentration:

BTI/Business Team sold a retail chain to an existing business as an add on. The buyer grew the business rapidly and sales reached \$40 million. Unfortunately for our client, the main vendor (95% of revenue) pulled the plug with no warning or notice.

Overnight, sales plummeted to almost zero but wages and rents for several dozen locations remained, so bankruptcy was the only option. What was, yesterday, a booming prosperous business became worthless in a blink of an eye.

What are the options for a business owner who intends to sell but has either vendor or customer concentration issues? There are only two: 1) put in motion

a plan, several years before the exit timetable, to spread the risk – new customers, additional vendors or, 2) go to market, if an exit is desired in the near term, with a price and earnout that will induce buyers to share the risks.

About Ian MacLahlan

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Professional Affiliations:

IBBA (past board member)

CABB (past president)

Background/Experience:

Mr. MacLachlan is the President and founder of BTI Group (1981), the largest regional intermediary for small and mid-sized businesses, with over 10 offices in the Western United States and over 6,800 completed transactions. He is qualified as an expert witness in California Superior Court. Prior to founding BTI Group, Ian started a chain of motorcycle dealerships which he built into the largest Kawasaki dealer in the U.S. The experience of selling it prompted him to enter the merger and acquisition profession. He is a founder, past President, and former Director of the California Association of Business Brokers, a past Director and current member of the International Business Brokers Association, and a member of M&A Source. He is a frequent speaker at industry conferences. Ian received a degree in physics from San Jose State University.

[For more selected opportunities, click here](#)

Top 10 BTI Listings
Highest Cash Flow



Profitable,
Landmark
Power Sport
Dealership

Listing #:NV2536
Category:Dealerships
Location:Reno

Gross Sales: \$17,656,525
Adjusted Earnings: \$1,503,482
Asking Price: \$5,475,000



Details



[Premier Pool and Spa Construction, Service, and Support](#)

Listing #:NV2550
Category:Services
Location:Nevada

Gross Sales:
\$4,291,740

Adjusted Earnings:
\$1,125,941

Asking Price:
\$3,100,000

 [Details](#)



[Thriving Paving and Maintenance Company, Excellent](#)

Listing #:NV2547
Category:Building and Construction
Location:Northern Nevada

Gross Sales:
\$4,754,654

Adjusted Earnings:
\$1,049,901

Asking Price:
\$2,700,000

 [Details](#)



[Tree Service Business with 1.6 Mil Cash Flow!](#)

Listing #:8587
Category:Building and Construction
Location:Northern California

Gross Sales:
\$2,345,184

Adjusted Earnings:
\$1,669,656

Asking Price:
\$2,300,000

 [Details](#)



[Established Mental Health Treatment Center](#)

Listing #:SA3990
Category:Health and Medical
Location:Northern California

Gross Sales:
\$2,919,332

Adjusted Earnings:
\$977,684

Asking Price:
\$2,495,000

 [Details](#)



[20+ Year Successful Commercial Construction Firm](#)

Listing #:NV2539
Category:Building and Construction
Location:Nevada

Gross Sales:
\$5,706,984

Adjusted Earnings:
\$963,831

Asking Price:
\$2,300,000



[Details](#)



[Growing Pawn Business \\$1.80MM Inv. Included!](#)

Listing #:7882
Category:Miscellaneous
Location:San Francisco

Gross Sales:
\$2,471,707

Adjusted Earnings:
\$320,232

Asking Price:
\$2,000,000



[Details](#)



[Top Bay Area Electrical Contractor](#)

Listing #:SF1098
Category:Building and Construction
Location:Northern California

Gross Sales:
\$21,608,728

Adjusted Earnings:
\$2,583,554

Asking Price:
N/A



[Details](#)



[MEAT WHOLESALER - SALES 25MM+](#)

Listing #:8338
Category:Wholesale & Distribution
Location:Northern California

Gross Sales:
\$29,512,250

Adjusted Earnings:
\$1,842,812

Asking Price:
N/A



[Details](#)



**Ceramic Parts
Mfg. - Avg. 5 yr.
Net \$1,000,000**

Gross Sales: \$3,767,670
Adjusted Earnings: \$1,156,382

Asking Price: N/A

 [**Details**](#)

Listing #:SA3949
Category:Manufacturing
Location:Northern California

[For more selected opportunities, click here](#)

Selected Available Opportunities
230 Businesses Available



**Tile & Stone
Importer,
Retailer &
Wholesaler**

Gross Sales: \$2,348,997
Adjusted Earnings: \$671,701

Asking Price: \$1,750,000

 [**Details**](#)

Listing #:8593
Category:Wholesale & Distribution
Location:Northern California



**Exceptional
Building
Products
Supplier**

Gross Sales: \$2,652,948
Adjusted Earnings: \$602,574

Asking Price: \$1,250,000

 [**Details**](#)

Listing #:SF9956
Category:Building and Construction
Location:East Bay



**Luxury Home
Construction/Remodeling**

Gross Sales: \$1,999,799
Adjusted Earnings: \$598,839

Asking Price: \$375,000

 [**Details**](#)

Listing #:8568
Category:Building and Construction
Location:Peninsula



[TIRES & SERVICE FRANCHISE](#)

Listing #:8569
Category:Tire Stores
Location:Peninsula

Gross Sales:
\$2,456,409

Adjusted Earnings:
\$585,878

Asking Price:
\$1,500,000

 [Details](#)



[Dog Boarding & Daycare](#)

Listing #:PH3938
Category:Personal
Location:East Bay

Gross Sales:
\$941,394

Adjusted Earnings:
\$398,407

Asking Price:
\$1,200,000

 [Details](#)



[Established Corporate Caterer in NorCal](#)

Listing #:SF1092
Category:Catering
Location:Northern California

Gross Sales:
\$1,816,963

Adjusted Earnings:
\$428,958

Asking Price:
\$1,750,000

 [Details](#)



[Tickle the Ivory for Profit! Over \\$300,000 Income!](#)

Listing #:SF1086
Category:Arts, Entertainment & Recreation
Location:East Bay

Gross Sales:
\$1,205,852

Adjusted Earnings:
\$355,487

Asking Price:
\$850,000

 [Details](#)



[School for Mentally Disabled - Highly Profitable](#)

Listing #:SA3961
Category:Education and Day Care
Location:Northern California

Gross Sales:
\$2,137,600

Adjusted Earnings:
\$349,308

Asking Price:
\$1,250,000

 [Details](#)



B2B Business Furniture Distributor

Listing #:SEA129
Category:Wholesale & Distribution
Location:Washington

Gross Sales:
\$1,257,532

Adjusted Earnings:
\$335,635

Asking Price:
\$1,950,000

 [Details](#)



Auto Dealer & Repair w/Real Estate

Listing #:SA3999
Category:Auto
Location:Northern California

Gross Sales:
\$1,739,532

Adjusted Earnings:
\$326,173

Asking Price:
\$799,000

 [Details](#)



Thriving Asphalt Sealing & Striping Company

Listing #:SA3975
Category:Building and Construction
Location:Sacramento

Gross Sales:
\$1,224,798

Adjusted Earnings:
\$320,242

Asking Price:
\$1,050,000

 [Details](#)



Profitable Silicon Wafer Production

Listing #:8579
Category:High Tech
Location:East Bay

Gross Sales:
\$2,652,146

Adjusted Earnings:
\$310,233

Asking Price:
\$1,500,000

 [Details](#)



BtoB Welding Company Established for +47 Years

Listing #:8603
Category:Manufacturing
Location:South Bay

Gross Sales:
\$767,560

Adjusted Earnings:
\$309,000

Asking Price:
\$450,000

 [Details](#)



Five Star Electrical Contracting - Nets \$294K

Listing #:8487
Category:Services
Location:Peninsula

Gross Sales:
\$439,847

Adjusted Earnings:
\$294,738

Asking Price:
\$180,000

 [**Details**](#)



Painting Service Business in NorCal

Listing #:SF1088
Category:Professional
Location:Northern California

Gross Sales:
\$890,268

Adjusted Earnings:
\$292,505

Asking Price:
\$700,000

 [**Details**](#)



Vehicle Leasing /Broker with Dealership License!

Listing #:EG0002
Category:Dealerships
Location:Western States

Gross Sales:
\$7,402,483

Adjusted Earnings:
\$289,483

Asking Price:
\$1,173,959

 [**Details**](#)



Leading Asian Restaurant - Price Reduction

Listing #:NV2521
Category:Food and Beverage
Location:Nevada

Gross Sales:
\$1,195,713

Adjusted Earnings:
\$268,164

Asking Price:
\$599,000

 [**Details**](#)



Non-Hazardous E-Waste Recycling

Listing #:8601
Category:Services
Location:East Bay

Gross Sales:
\$1,435,917

Adjusted Earnings:
\$912,439

Asking Price:
\$1,000,000

 [**Details**](#)



WORK CLOTHES & SHOES - NETS OVER \$250K

Listing #:8580
Category:Clothing
Location:Peninsula

Gross Sales: \$1,705,630
Adjusted Earnings: \$254,076
Asking Price: \$795,000

 [Details](#)



Tech Savvy Electrical Contractor

Listing #:SEA128
Category:Building and Construction
Location:Seattle

Gross Sales: \$1,198,000
Adjusted Earnings: \$232,000
Asking Price: \$1,800,000

 [Details](#)

Recently Sold

[Contact us for details](#)

Industry	Purchase Price	Industry	Purchase Price
Online Retailer	\$8,000,000	E-Commerce Fashion Boutique	\$4,111,111
Building Maintenance	\$2,350,000	Collection Agency	\$2,250,000
Manufacturing of Proprietary Metal Products	\$2,250,000	Collection Agency	\$2,250,000
Brewery	\$2,152,500	Machine Shop	\$1,900,000
Recycling	\$1,860,000	Grocery Store with Deli	\$1,850,000
Farm produce wholesale distribution	\$1,830,000	Recycling	\$1,539,718
Tile & Marble Retail	\$1,439,869	Preschool	\$1,300,000
Cell Tower Construction	\$1,250,000	Preschool	\$1,140,000
Electronic Manufacturing Service	\$1,830,000	Landscape Material Manufacturer	\$895,000
Preschool	\$1,140,000	Tire Retail	\$1,100,000
Chinese Restaurant	\$1,136,000	Printing Service	\$800,000
Engineering & Consulting Services	\$900,000	Glass and Window Sales and service	\$860,000
Glass & Shower Door Retail and Installation	\$800,000	Physical Therapy	\$590,000
Staffing Agency	\$800,000	Installers of custom glass	\$800,000
Window Cleaning	\$795,000	Gas Station	\$795,000
Air Compressors Sales, Service	\$756,000	Specialty Food Distributor	\$730,000
Coin Laundry and Real Estate	\$630,000	Tire Retail	\$600,000
Physical Therapy	\$590,000	Limousine Service	\$575,000

Wholesaler of Promotional Product	\$523,541	Oil Change	\$500,000
Steel Fabricators	\$500,000	Baking Company	\$490,000
Printer and Data Service	\$480,000	Direct Mail Advertising	\$475,000
Direct Mail Advertising	\$475,000	Tire Retail	\$475,000
Property Management	\$462,000	Laboratory	\$450,000
Moving and Storage Company	\$450,000	Printing	\$450,000
Tire Retail	\$450,000	Laboratory	\$440,000
Market and Café	\$410,000	Vitamin Store	\$405,000
Tutor Center	\$405,000	Flooring	\$380,000
Chinese Restaurant	\$335,000	Flower Retail	\$325,000
After school education	\$325,000	Pet Boarding and Kennels	\$325,000

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