

# Window Replacement Contractor With Good Systems and Manager Who Runs Day-to-Day Business

This highly-rated window and door company has established a strong brand in the greater Portland, Oregon metro area.

The business' points of differentiation, tight operations & quality control, exceptional customer experience with best-in-industry service, and reputation have led to a durable competitive advantage: highly satisfied customers provide great ratings and reviews which makes it far easier to secure new customers as is evidenced by a high sale closing rate of 35%+ and low customer acquisition cost of \$152. This contributes to the business' higher-than industry profitability.

The owner has relentlessly focused on quality, service, and continual improvement resulting in an operationally excellent business. The owner would like to retire and let someone new take this turn-key business to the next level through geographic expansion, offering new products & services, greater marketing, or a roll-up of other companies in this highly fragmented industry. In recent years an operations manager has increasingly taken responsibility for managing the day-to-day business, allowing the seller to focus more on strategic issues.

This business would be a good acquisition for another window and door contractor operating in another geographic market, a complementary construction trade business, or an individual looking for a solid platform business.



**EBITDA Margin = 31.85%**  
**vs.**  
**Competitor EBITDA Margins**  
**Predominantly 2% - 14%**

**Compound Annual Revenue**  
**Growth = 8.97%**

Business Type:	Window & Door Replacement
SIC:	1751
General Location:	Portland, OR Metro
Organization Type:	S Corporation
Business Listing Number:	1000013833
Years in Business:	20+
Staff:	13
Price:	\$3.95 million
Revenue*:	\$3,596,487
Re-Cast EBITDA*:	\$1,145,394
SDE*:	\$1,249,050

\* The above numbers are for the 12-months ending 8/31/22.

# Why Customers Do Business With This Company

Over the past 20 years this company has built a well-regarded brand in the Portland, Oregon Metro market by providing a customer experience that exceeds expectations, the success of which is reflected in its high customer ratings and reviews on independent 3rd party sites like Google, Yelp, and Angie's List. Frequent customer feedback is that their window replacement experience has been the most transparent and unbelievably easy, yet major, construction project they've completed. These reviews and ratings, in turn, give future prospective customers the confidence to do business with the company.

Some of the features that contribute to the customer experience are no-cost in-home consultations, a conveniently-located 2,500 sq ft professional showroom, wide range of product selection that allows it to meet most customer needs, window installation is not sub-contracted, the company prepares Energy Trust of Oregon incentive applications for customers, there's quality control throughout the process, employees are trained to use professional systems & processes and provide exceptional customer service, and there is good communication throughout the process.

In short, this company has not lost sight of its goal: to provide an exceptional customer experience.

## **Evidence of its strong brand and value proposition include:**

- **Highly satisfied customers as evidenced by high ratings on third party review sites.**
  - Google Reviews average rating of 4.9 out of 5 stars
  - Yelp Reviews average rating of 4.5 out of 5 stars
  - Angie's List 5 out of 5 stars
  - Facebook reviews average rating of 5 out of 5 stars
- **A high sales closing ratio of 35%**
- **Low customer acquisition cost of \$152 with contracts that average about \$11,000.** When combined with the business' high 35% sales closing ratio, the company's average cost to acquire a new customer is only \$152 which further contributes to its profitability in comparison to companies that must spend far more money on advertising, marketing, and sales.
- **A respectable level of repeat business, relative to the industry.** Due to the decades-long useful life of windows and customers who are primarily the homeowner, most of this company's customers are naturally one-time sales. However, there are some customers who generate repeat business – for example, they initially only replace some windows and later replace others, own multiple homes, or who move and replace windows in a new home that produce repeat business. From 2014 to 2021 over 9% of customers produced revenue in at least 2 out of 8 years, and over 1% produced revenue in at least 3 out of the past 8 years. This repeat business, along with word-of-mouth, and third-party customer reviews reflect the strong goodwill created over 20 years that would not be enjoyed by a new market entrant.

# Additional Business Highlights

- **This is an efficient and effective, highly-organized, turn-key business with industry-leading systems and processes.** For example, part of the quality control process involves doing a thorough inspection of all products delivered by suppliers to this business' warehouse, so that issues are caught up-front rather than late in the process which could cause delays and a less-than-satisfactory end-of-project completion customer experience. Another part of quality control is an inspection process at the end of the project with a lead project installer during which the customer can inspect, ask questions, and be taught how to operate their new windows.
- **Unlike many competitors, this company doesn't outsource its window installation.** Having employees do all installation gives the business full control of service, installation methods, and scheduling to ensure a consistent quality service and product.
- **The company has good relationships with vendors.** The business enjoys good relationships with vendors, none of which it depends on to the point where there aren't available substitute products which minimizes the risk of supplier price, availability, and service. The volume and payment history with its vendors gives this company a greater choice of products and better pricing.
- **Very little true inventory equates to less unproductive capital and lower financial risk.** Products are ordered for specific jobs and the customer pays about 50% of the contracted amount before costs are incurred, which limits financial risk for the business.
- **Increasing Gross Profit Margin and EBITDA Margin.** The company has been focusing on better buying over the past two years (quantity & early payment discounts, better negotiated pricing, etc.), and more efficient utilization of staff. This helped the company increase its gross profit margin from less than 61% in 2016 & 2017 to about 72% today, with the increase in gross profit falling to the bottom line. As the business grows its profitability further improves as fixed expenses become a smaller percentage of revenue.
- **The business is not operated 24/7, which allows an owner or manager to have a life.** The business is operated from 7:00 a.m. – 4:00 p.m. Monday to Friday. Furthermore, quality well-trained staff, give the owner confidence that if he returned from a one-month vacation the business would still be operating well despite his absence.
- **Strong continued projected remodeling activity bodes well for future demand.** Harvard University's Joint Center for Housing Studies' Leading Indicator of Remodeling Activity, projects that 4-quarter residential remodeling activity growth will be 10.1% in Q2 of 2023.

# Opportunities

- **Develop an exclusive sales quoting software system.** Using a database program like Filemaker Pro it would not likely be terribly difficult to create a sales quoting software tool. If the sales team could accurately prepare and provide quotes to customers the same day as appointments, it may make sales staff more efficient, increase perceptions of great customer service, and further improve sale closing rates.
- **Market expansion.** Open a 2nd location in Central or Southern Oregon. The company's systems, processes, expertise, branding, vendor relationships & pricing, and customer reviews may allow it to achieve good financial results out of the gate.
- **Offer repair services.** Repair services such as small structural repair work and glass replacement for existing aluminum windows could provide a revenue stream while also developing a relationship with a potential future window replacement customer.
- **Create a recurring revenue model product.** A service such as glass cleaning / annual windows maintenance package may provide a stream of recurring revenue while also developing / maintaining a relationship with the customer for future window needs.
- **Increase the sales force.** Most of the company's current business comes from in-bound inquiries based on word-of-mouth and web-based reviews and advertising. Increasing the sales force may provide the opportunity to secure more business.
- **Sell products to contractors and DIYers.** Most general contractors and DIYers are unable to obtain, on their own, the products that this Company has access to, and instead buy standard-size windows from places like Home Depot. There may be an opportunity to sell just the product (which can be in customized sizes) to these market segments without doing the installation.
- **Do a roll-up of other companies in the highly fragmented window and door installation industry.** Growth through acquisition could help a buyer more rapidly expand while potentially improving profitability of the target companies through synergies, elimination of redundant expenses, economies of scale, and incorporating this business' proprietary systems and processes.

# Financial

## Summary Income Statements

	2018	2019	2020	2021	12-mos end 8/31/22
<b>Revenue</b>	2,623,620	2,570,247	2,472,013	2,930,872	3,596,487
<b>Expenses</b>	(1,390,800)	(1,288,203)	(1,143,594)	(1,269,865)	(1,386,973)
<b>NOI</b>	211,962	304,386	445,485	815,877	1,227,066
<b>Adjusted EBITDA</b>	381,702	390,543	482,552	730,264	1,145,394

Any financial or operating information relating to the company was prepared by, or from figures, documentation and information supplied by the Seller. Codiligent LLC, its principals, and employees can not guarantee the accuracy, completeness, quality, or reliability of information, financial data, or assumptions provided. A buyer should not rely on Codiligent LLC, its principals, or employees for any investigation, interpretation, or opinion as to the accuracy, completeness, quality, or reliability of said information. A buyer should conduct its own independent investigation and evaluation of this business opportunity, ascertain the accuracy, quality, reliability, and completeness of information provided, and assumptions used, and develop and rely on independently developed projections. Codiligent LLC, its principals, and employees shall neither be responsible for the accuracy, completeness, quality, or reliability of information, financial data, assumptions used, or projections provided, nor shall it be responsible for Buyer relying on said information and data.

## **BUYER REGISTRATION FOR CODILIGENT LISTING #1000013833**

Thank you for inquiring about Codiligent listing #1000013833.

Confidentiality in this transaction is of utmost importance. A more comprehensive package of confidential information is available to qualified buyers who complete and submit the following forms to Codiligent LLC. You are welcome to submit an alternate certified personal financial statement in place of using the provided form.

**Please submit these forms by email: [e@codiligent.com](mailto:e@codiligent.com) or Fax: 888-324-5888**

Name:	<input type="text"/>	Company:	<input type="text"/>
Email:	<input type="text"/>	Address:	<input type="text"/>
Phone:	<input type="text"/>	City, State, Zip:	<input type="text"/>
Mobile Phone:	<input type="text"/>	Website:	<input type="text"/>

Are you an owner, director, shareholder, manager, employee, advisor, or consultant to any other businesses in this business' industry? YES or NO (please circle one)

If you answered "Yes" to the last question, name the business(es) and describe your affiliation:

Please describe your career background in 2-3 sentences:

What's the source of your down payment:

What is the minimum average annual return on equity that you require?  %

What are your top acquisition criteria?

1	<input type="text"/>
2	<input type="text"/>
3	<input type="text"/>
4	<input type="text"/>

What is most appealing about this business based on information you have already reviewed?

What concerns do you have about this business based on the information you have thus far?

What businesses / industries or geographic locations are of interest for an acquisition?

Businesses / Industries:	<input type="text"/>
Geographic Locations:	<input type="text"/>

# **CONFIDENTIALITY AGREEMENT FOR CODILIGENT LISTING 100013833**

## ***THIS IS NOT AN AGENCY AGREEMENT***

Neither this agreement nor any other communications between Codiligent LLC and you will establish a Principal-Agent Relationship, unless explicitly stated in writing. Codiligent LLC represents the Seller. Nothing in this agreement shall be construed to create a Principal-Agent Relationship between you and Codiligent LLC. You agree and acknowledge that you will engage professional advisors as you deem necessary and appropriate in connection with a potential acquisition, and that Codiligent LLC is only providing you with certain information. You agree and confirm that you have neither engaged Codiligent LLC to provide any advice to you about an acquisition, nor will you rely on information provided by Codiligent LLC in making a purchase decision. Codiligent LLC makes no representation or warranty, express or implied, as to the truth, accuracy, or completeness of any information provided to Codiligent LLC by the Seller. You further agree that you have not established a Principal-Agent relationship with Codiligent LLC.

## ***CONFIDENTIALITY***

This Agreement is made between the undersigned individually, and any business entity in which the individual is employed by, an officer of, or has a financial interest in, as well as any such entity's officers, directors, employees, agents and advisors ("The Buyer") and Codiligent LLC for the benefit of Codiligent LLC and the owner ("The Seller") of the number-designated business listed above ("The Business") of which information is being requested.

In consideration of the disclosure of confidential information regarding The Business by Codiligent LLC to Buyer, it is understood and agreed that:

1. Confidential Information is defined as: all information received by The Buyer from Codiligent LLC or The Seller now and in the course of future investigations or due diligence, which is not available to the general public. This confidential information includes all oral, written, or electronic data inclusive of, but not limited to, records, reports, analyses, photos, plans, financial statements, policies, procedures, ideas, customers, samples, notes, and studies. Anything prepared by Codiligent LLC, The Seller, or another party pertaining to The Business is to be considered Confidential Information unless explicitly stated in writing otherwise by Codiligent LLC or The Seller. If there is any reasonable doubt whether anything is, or may be Confidential Information, it is.
2. The Buyer will not disclose any Confidential Information or make known by confirmation, that this company, division, or product line is for sale or that financing is being sought, either before or after termination of investigations or negotiations to any person or organization not authorized in this agreement.
3. Without specific prior written approval of Codiligent LLC or The Seller, The Buyer shall not provide any Confidential Information to any broker, intermediary, lending institution, prospective equity partner, syndication member, investor, or other financing source. If disclosure to such parties is desired, Codiligent LLC may require the execution of a separate confidentiality agreement with those parties.
4. The Buyer will not contact the The Seller's employees, customers, suppliers, competitors, accountants, bankers, or attorneys to discuss The Business or seek information about it, without written permission from Codiligent LLC or The Seller.
5. The Buyer will not contact The Seller directly unless authorized by Codiligent LLC.
6. All Confidential Information provided by Codiligent LLC or The Seller to The Buyer shall be used solely for the evaluation of a potential acquisition or financing decision, and shall not be used for any other purpose.
7. All Confidential Information shall be promptly returned or destroyed, as directed by Codiligent LLC or The Seller.
8. The Buyer shall not enter into any agreement for the purchase of stock or assets of any companies about which Codiligent LLC furnished information to The Buyer, unless said agreement contains an acknowledgement that Codiligent LLC is the procuring cause of such agreement and Codiligent LLC is entitled to a commission as agreed upon by such company and Codiligent LLC.

Dated at \_\_\_\_\_ am/pm this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_.

Name (printed): \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_



# **CERTIFIED STATEMENT OF PERSONAL WORTH AND INCOME**

Name (printed): \_\_\_\_\_ Date: \_\_\_\_\_

Address: \_\_\_\_\_ Phone: \_\_\_\_\_

I certify that the following information is true & accurate (please sign) \_\_\_\_\_

## **ASSETS**

### **AMOUNT IN US\$**

Cash on Hand  
US Government Securities  
Other Stocks & Bonds  
IRAs & Tax Deferred Retirement Accounts  
Accounts, Loans & Notes Receivables  
Cash Surrender Value of Life Insurance  
Real Estate  
Equity in Business Owned  
Automobiles  
Plane, Boat, RV, Motorcycle  
Household Furnishings and Personal Effects  
Other Assets


### **TOTAL ASSETS**

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## **LIABILITIES & NET WORTH**

### **AMOUNT IN US\$**

Credit Card Debt  
Line of Credit Balance  
Notes Payable  
Auto Loans  
Liens on Real Estate  
Plane, Boat, RV, Motorcycle Loan  
Other Liabilities


### **TOTAL LIABILITIES**

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### **TOTAL NET WORTH (ASSETS - LIABILITIES)**

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## **SOURCE OF INCOME**

### **AMOUNT IN US\$**

Salary  
Bonus & Commissions  
Dividends & Interest Income  
Business Income  
Real Estate Income, Royalties  
Other Income


### **TOTAL INCOME**

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