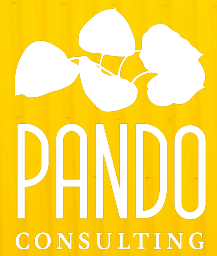


STAFFING AGENCY ACQUISITION



HOW PANDO CONSULTING GROUP
CONDUCTED A PRE-M&A ASSESSMENT
TO UNCOVER FINANCIAL INEFFICIENCIES



OVERVIEW

BACKGROUND: Our client, interested in acquiring a staffing agency listed at \$2MM, needed a thorough evaluation of the company's worth and performance.

CHALLENGE: The company was demanding a substantial amount, but it was crucial to ascertain whether the investment was sound and if the company was genuinely worth the asking price.

OBJECTIVE: Evaluate the staffing agency across multiple criteria:
Financial Performance,
Organizational Performance, Credit
Analysis, Exit Readiness, and
Benchmarking against Comparative
Enterprises.

COMPANY BREAKDOWN

The agency operated in multiple markets since 2005 with a combined gross revenue of \$3.1MM. The company was focused on Manufacturing, Industrial and Construction staffing.

The owner is a 63 year-old female whose husband was head of sales. Health and age were a major motivator for selling. No preparation had been made for transitioning. 100% of sales was based on husband's efforts with no succession plans in place.

ANALYSIS

- **Quality of Earnings:** Spotlighted significant financial reporting discrepancies, leading to a five-year audit.
- **Organizational Performance:** Suggestions arose to consolidate the business exclusively to the Kansas City market and phase out Iowa branches, which were burdening KC's profitability.
- **Exit Preparedness:** The company lacks the robust processes essential for a seamless transition to new ownership, particularly given the deep entwinement of sales with the departing owner..
- **Benchmarking:** Benchmarking further affirmed the agency's underperformance against industry peers, especially in profitability and capital returns.



RESULTS



10-15%

Gross Profit Gap -
\$300k-\$450k in missed
profits



NEGATIVE METRICS

Safety Margin - (45.3%)
Annual Sustainable Growth - (41%)
Return on Capital - (16.75%)
Profit Margin - (5.7%)



ENTERPRISE VALUE

Current Valuation - \$27k
Potential Valuation - \$2.3MM

CONCLUSION

The company's asking price of \$2MM was grossly inflated when considering its true value and performance. Our client, equipped with these insights, was spared a potentially ill-advised investment, thereby saving significant capital, time, and resources