# Buying a promotional products business.

Custom printing, branded merchandise, embroidery, signage — small Australian manufacturers selling online. These are advertised on a return percentage that is real, and almost universally misread. Start here.

## The return on the listing is your wage *plus* your return

These businesses are priced on **PEBITDA** — adjusted earnings that add the owner's own wage back, because the convention assumes the buyer works in the business full-time. A typical listing shows adjusted earnings near $170,000 on a $425,000 price and calls it a **40% return**.

That figure is not dishonest. It is the accepted market convention and every broker uses it. But it is **a wage and a return combined into one number**. If you intend to work there, that is genuinely what you earn. If you want to compare it against a business you would not work in, or you plan to hire a manager, take the wage out first.

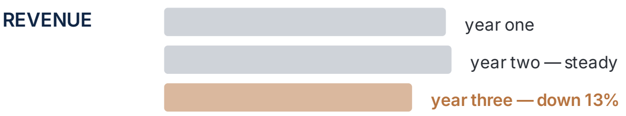
**THE SAME BUSINESS, BOTH WAYS**

Advertised: **40%**. After paying someone $90,000 incl. super to do the job you would otherwise do yourself: **19%**. Still a real return on borrowed money — just a different question, and a different price.

| The rebuild — illustrative | Amount |
|---|---|
| Adjusted earnings as advertised | **$170,000** |
| A manager to do the owner's role, wage plus super | – $90,000 |
| Software and subscriptions the business genuinely needs | – $9,000 |
| "One-off" bad debts that appear most years | – $6,000 |
| **What the lender assesses** | **$65,000** |

Watch the middle two lines. An online business runs *on* its subscriptions — the store platform, the accounting, the customer messaging. Adding them back as discretionary, in a business whose entire model is a website, is the most common aggressive add-back in this sector.

## Then ask the question a three-year table is designed not to answer




**A multiple capitalises the most recent year.** Pay 2.5× a falling number and you have paid yesterday's price for tomorrow's trade. Establish whether the fall is cyclical — a quiet year, a lost event season — or structural: a slipped search ranking, a departed major account, or import competition.

**AND CHECK WHAT ACTUALLY PRODUCED THE PROFIT**

In several of these businesses the profit improves while revenue falls, because the wage line was cut. If wages have dropped sharply as a share of sales, ask what stopped being done — and whether the owner absorbed it personally. If they did, that work returns to you on settlement day, and it is not in the earnings you are buying.

**BUDGET THE WHOLE ENVELOPE, NOT THE PRICE**

Stock at valuation sits on top and is counted just before settlement — cap it in the offer. Then add duty, professional fees, any machine already due for replacement, and enough working capital to fund materials through a quiet month. The price is the smallest number in the transaction.

# Where does the next order come from?

The structural test for an online manufacturing business — and unlike almost any other trade, you can answer it properly in an afternoon, because the answer is sitting in the analytics.

| Organic search | Repeat & referral | Paid advertising | The owner's phone |
|---|---|---|---|
| Ranking for what people type when they want this product. Durable, slow to build, slow to lose. | Clubs reordering each season, corporates each year. Check the actual repeat rate, not the claim. | Traffic you rent. It stops the day you stop paying, and the cost is inside the earnings already. | Their contacts, their club, their old employer. It leaves when they do, and quickly. |
| **The best asset here.** | **Real, if the data shows it.** | **A running cost, not goodwill.** | **Price it near zero.** |

## Ask for read-only access, not screenshots

- ☐ **Google Analytics** — sessions, source and medium, over 24–36 months. A revenue fall usually shows up here first.
- ☐ **Search Console** — impressions, clicks, average position. This is where a slipped ranking becomes visible.
- ☐ **The store back end** — orders, conversion rate, average order value and **repeat customer rate**, monthly.
- ☐ **Ad accounts**, if any — spend, return on ad spend, and whether they were ever switched off.
- ☐ **The email list** — size, open rate, and when it was last used properly.
- ☐ **Reviews** read all the way back — when the reputation changed, and whether it names a person.

**IF ACCESS IS REFUSED**

Read-only analytics access takes two minutes to grant and reveals nothing a competitor could use. A refusal at this stage, after a confidentiality agreement is signed, is itself the finding.

## Then split the price: plant versus goodwill

In a small manufacturer a material part of the price is machinery — presses, embroidery heads, printers, finishing gear. That portion has a **verifiable second-hand value**. The rest is goodwill, and goodwill on a declining, owner-run online business is the risky half.

Get an independent view of what the plant is worth today, not what it cost. Then look at what remains and ask honestly what you are buying: a customer list, a search ranking, a brand, or a set of machines with a website attached.

**TWO MORE THINGS TO PULL FROM THE ORDER DATA**

**Concentration.** One club, one corporate account or one reseller carrying a large share of revenue is a risk to price, not a strength to admire — ask what share the top five customers represent, and whether any of it is contracted. **Seasonality.** Events, clubs and corporate gifting bunch into parts of the year. Get monthly figures, and choose a settlement date that does not hand you a peak in your first fortnight.

**"MINIMAL MARKETING SPEND — HUGE GROWTH UPSIDE"**

The most common line in these listings, and it is a claim, not an asset. If the upside were straightforward the vendor would have taken it before selling. Treat unrealised potential as worth zero in your price and everything in your plan — and remember that capturing it costs money which is not in the earnings you are being shown.

# The 12 deal-killers.

Run every business of this type past the list. One is a negotiation. Three is a walk — and at this stage walking away costs you a few hours and two searches.

1 **Revenue falling, multiple unchanged.** A 2.5× multiple capitalises the most recent year — even when that year is down.

> → **Establish cyclical or structural. Reprice on trajectory, not history.**

2 **A month-to-month lease, or none at all.** Common in small industrial units, and fatal for funding fixed plant.

> → **No signed lease, no settlement. Fix the term before contract.**

3 **The return read as a return.** It is a wage and a return combined. Take your own wage out first.

> → **Rebuild it. Compare like with like before you price anything.**

4 **Add-backs the business genuinely needs.** Store platform, accounting and messaging subscriptions in an online business.

> → **Strip them back in. They are operating costs, not owner perks.**

5 **Traffic you cannot see.** No analytics access, only screenshots and assertions about "strong online presence".

> → **Read-only access as a condition, or no offer.**

6 **Traffic that is rented, not owned.** All revenue from paid ads, or a single channel with no diversification.

> → **Price it as a running cost. Goodwill it is not.**

7 **Wages cut to flatter the profit.** The wage line halving while revenue falls — work absorbed by the owner.

> → **Cost the work back in at market. It becomes yours on day one.**

8 **The owner is the operation.** Orders, service, production scheduling and dispatch all in one head.

> → **Long handover, documented process, hard restraint, price deferred.**

9 **Plant valued at cost, not market.** Machinery priced at what it cost rather than what it would fetch.

> → **Independent valuation. Split the price and negotiate the halves.**

10 **Digital assets that may not transfer.** Platform accounts and social profiles subject to the provider's terms.

> → **Verify each transfer path in writing before settlement.**

11 **Upside priced as if realised.** "No marketing spend" sold as growth rather than as a possible cause of decline.

> → **Pay for what it earns. Plan for what it might.**

12 **No restraint, no handover.** A niche trade where the vendor can reopen online next month.

> → **No restraint, no deal.**

### THE LEASE DESERVES SPECIAL ATTENTION HERE

Presses and embroidery machines are bolted down, three-phase power and a loading bay are not easily replaced, and moving a production line costs weeks of trade. A rolling monthly tenancy on premises like that is not a minor detail — no lender will write a five-year facility behind it.

### TWO SEARCHES, TEN MINUTES

Run a **PPSR search** on the vendor entity and by serial number for every press, printer and machine — equipment you assume comes with the business is often financed. And check the **domain and store history**: how long it has been trading, and whether the ranking has moved.

## Score it — one column per business you assess

| | | | | | |
|---|---|---|---|---|---|
| 1 ____________ | 2 ____________ | 3 ____________ | 4 ____________ | 5 ____________ | 6 ____________ |
| 7 ____________ | 8 ____________ | 9 ____________ | 10 ____________ | 11 ____________ | 12 ____________ |

PREVAIL FINANCE

# Score them side by side.

You will look at several. Fill this in the same day you review each one — the business you remember most fondly is rarely the one that stacks up best on paper.

| | Business A | Business B | Business C |
|---|---|---|---|
| Asking price (plus stock at valuation) | | | |
| Adjusted earnings as advertised | | | |
| Rebuilt earnings — after a real wage | | | |
| Return on the rebuilt figure | | | |
| Revenue trend — last three years | | | |
| Plant value / goodwill split | | | |
| Lease: term and options, in writing? | | | |
| Where the traffic comes from | | | |
| Repeat customer rate | | | |
| Deal-killers found — how many | | | |

## When one stacks up — ask for these five

- ☐ **The lease in full**, or the landlord's written position on a new one
- ☐ **Financials and tax returns** — three years minimum, five if held, plus monthly revenue
- ☐ **The add-back schedule**, with evidence for every line
- ☐ **Read-only analytics and store access** — traffic, orders, repeat rate
- ☐ **The plant register**, with age, condition and what sits on finance

Any one of the five coming back thin, late or heavily qualified is itself a finding.

### Do this now, while you're still looking

Get your borrowing capacity assessed **before** you start negotiating. It costs nothing and it changes everything: your real ceiling, which lenders back small manufacturing and eCommerce, and how a short lease affects what you can borrow. Almost nobody does this first — and on a goodwill-heavy purchase it is the single biggest advantage available to you today.

## And when you've found one — over the page.

Send us the pack and our answer comes back within 24 hours. The next page lists exactly what to send and what you get back.

**+61 404 44 22 11**
priyank@prevailfinance.com.au

Our fee is quoted up front. If the numbers say walk, we'll still tell you to walk.
**With gratitude — Priyank**

# Send the pack. Get an answer in 24 hours.

Funding is decided on the quality of the submission, not only the quality of the deal — and a goodwill-heavy purchase is judged hardest of all. Send these to **priyank@prevailfinance.com.au** and our answer, fundable or not, comes back within 24 hours.

**Priyank Thakkar**
Chief Vision Officer & Finance Broker. Former bank lending manager and commercial credit analyst.

**priyank@ prevailfinance.com.au**
**+61 404 44 22 11**

With gratitude

## About the business

- ☐ The five documents from the previous page
- ☐ The business summary or information memorandum
- ☐ **Monthly** revenue, three years
- ☐ The add-back schedule, evidenced line by line
- ☐ Plant register, showing what is financed
- ☐ Lease, or the landlord's written position
- ☐ Asking price, and how it was built

## About you

- ☐ Two years' tax returns and notices, plus entity financials
- ☐ Assets and liabilities, with an equity source
- ☐ Six months' loan statements, three months' transactions
- ☐ Photo ID and any relevant trade or business background
- ☐ A short work history — credit assesses **your** capacity too
- ☐ Proposed buying entity and transition plan

## Why the pack decides the outcome

| | | | |
|---|---|---|---|
| **Complete pack** everything, first time → | **One clean submission** the story holds together → | **Credit reads it once** confidence, not questions → | **Room to negotiate** gearing, pricing, exceptions |
| **Partial pack** sent in pieces → | **Questions, then re-work** days lost each round → | **Credit reads it twice** doubt attaches to the file → | **Conditions and delay** and a finance clause running out |

Same deal, same buyer, same lender. The only variable is what arrived in the first email — and it moves the terms, not just the timeline.

### Once you accept our quote, in one business day:

- ☐ Your Action Plan — what happens, in what order
- ☐ The funding pathway scoped for this business
- ☐ An indicative pricing band
- ☐ The finance clause date your contract needs
- ☐ Pre-approval prepared, ready when you say so

### Then what we do with it

- ☐ **Maximise the funding** — rebuilt earnings and the plant split, presented the way credit assesses them
- ☐ **Solve the lease problem** — because on a goodwill purchase, the term is what sets the loan
- ☐ **Put the case properly** — directly to the decision-maker
- ☐ **Hold the timeline** — lease, landlord and settlement clocks mapped backwards

**WHY THIS TYPE FUNDS DIFFERENTLY**

Most of the price is goodwill, the plant has real but modest resale value, and the lease is often short. That combination gets very different answers from different desks — and it is the reason a property-secured structure, a vendor-funded portion, or a longer lease negotiated before contract can each change what is possible.