

The return on the listing is your wage plus your return.

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, before the analytics and before the machines.

Why the advertised return is two numbers

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 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 to do the job you would otherwise do: **19%**. After the subscriptions and the bad debts the business carries every year: **15%**. Still a real return on borrowed money — just a different question, and a different price.

The rebuild — illustrative, a \$425,000 online manufacturer

	Amount
Adjusted earnings as advertised (40% on the price)	\$170,000
A manager to do the owner's role, wage plus super	– \$90,000
Software and subscriptions the business needs to trade	– \$9,000
"One-off" bad debts that appear most years	– \$6,000
What the lender assesses (15% on the price)	\$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. A lender tests the \$65,000 against the repayments, not the \$170,000.

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

Revenue, year one		100
Year two — steady		99
Year three — down 13%		87

A multiple capitalises the most recent year. Pay 2.5x 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. Index, illustrative.

DO THIS BEFORE YOU OPEN A SINGLE LISTING

Decide what you are buying — a set of machines with a website attached, or a ranking and a customer list — then get your capacity assessed for that split on the rebuilt earnings, not the advertised ones. Knowing what you can settle changes which listings you should even open.

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. Four sources of the next order, worth four different amounts when the owner leaves.

ORGANIC SEARCH

ranking for what people type

Ranking for what people type when they want this product. Durable, slow to build, slow to lose — and visible to the month in Search Console.

The strongest asset here.

REPEAT AND REFERRAL

clubs and corporates reordering

Clubs reordering each season, corporates each year. Check the actual repeat rate in the store back end, not the claim in the listing.

Real, if the data shows it.

PAID ADVERTISING

traffic you rent

Traffic you rent. It stops the day you stop paying, and the cost is inside the earnings already — or was, until it was switched off.

A running cost, not goodwill.

THE OWNER'S PHONE

their contacts and their club

Their contacts, their club, their old employer. It leaves when they do, and quickly, unless the handover and the restraint hold.

Price it near zero.

Ask for read-only access, not screenshots

- ☐ **Google Analytics** — sessions, source and medium, over 24 to 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.

SPEND A DAY ON THE PRODUCTION FLOOR

Ask for the order export before the financials, then sit through a production day. Watch how an order arrives, how artwork is approved, how a job is set up on the press and how a re-run is handled. The customers who email the owner by name are the goodwill, and the handover you need.

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 a valuer's 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 easy 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. Anything touching the lease or the traffic counts double, because those two decide whether the goodwill can be funded at all.

- 1 Revenue falling, multiple unchanged.** A 2.5x 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 needs to trade.** 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.
 - A valuer's figure, not the vendor's. 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. Lenders will not generally write a five-year facility behind it, and on a goodwill purchase the term is what sets the loan.

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. Ten minutes, and it has ended deals.

Score it — one column per business you assess

1 _____	2 _____	3 _____	4 _____	5 _____	6 _____
7 _____	8 _____	9 _____	10 _____	11 _____	12 _____

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. Note the split first: how much of the price is plant with a resale value, and how much is goodwill riding on a ranking and a lease.

	Business A	Business B	Business C
Asking price (plus stock at valuation)			
Adjusted earnings as advertised, and the return it implies			
Rebuilt earnings — after a real wage and the subscriptions			
Return on the rebuilt figure			
Revenue trend — last three years, monthly			
Plant value / goodwill split			
Lease — term and options, in writing?			
Traffic — organic, repeat, paid, or the owner's phone			
Repeat rate, and the top five customers as % of revenue			
Plant on finance (PPSR) and digital assets that transfer			
Handover offered, and the restraint			
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 — and get it assessed for the structure you are buying. Most of the price is goodwill: cash-flow lending against the business alone runs to about \$500,000 without property, property-backed or vendor-supported structures reach up to 100% (deal and policy dependent), and a short lease caps the term a lender will write. Knowing which one you can actually settle changes which businesses you should even look at.

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

Send us the pack and our answer — fundable, not fundable, or what's missing — comes back within 24 hours. The next page lists exactly what to send and what you get back.

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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, so the file has to prove the orders and the lease. Send these to priyank@prevailfinance.com.au and within 24 hours you have our answer: fundable, not fundable, or what's missing. Once you accept our quote, your written Action Plan follows within one business day.



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With gratitude

About the business

- ☐ The five documents from page 4
- ☐ The business summary or information memorandum, and how the asking price was built
- ☐ **Monthly** revenue, three years
- ☐ The add-back schedule, evidenced line by line
- ☐ The plant register, showing what is financed
- ☐ The lease, or the landlord's written position
- ☐ Staff list, the vendor's handover terms, and the restraint on offer

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, production or online-retail background
- ☐ A short work history — credit assesses **your** capacity too
- ☐ Proposed buying entity and transition plan

Why the pack decides the outcome



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.

Within 24 hours of a complete pack: fundable, not fundable, or what's missing — in writing. Once you accept our quote, within one business day:

- ☐ Your written 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, with the vendor-finance layer if the lender's number and the price disagree
- ☐ **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.

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