

BUYING A BUSINESS GUIDE



Buying a Business

Buying a business can be a great way to step into an already trading operation with existing customers, proven systems and immediate cash flow. Rather than starting from scratch, you are taking over a business that is already generating income and has an established market presence.

People choose to buy businesses for many reasons. Some are looking for greater control over their income and job security. Others want to expand an existing business, follow a long held ambition, build an investment portfolio, or purchase underperforming businesses with the intention of improving them and selling in the future.

Whatever your motivation, buying a business is a significant decision. This guide is designed to help you understand the process, avoid common pitfalls, and move forward with confidence and clarity.

YOUR JOURNEY STARTS NOW



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INSIDE GUIDE

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Getting Ready to Buy

Before you inspect a single business, it is important to get clear on what you are trying to achieve. Buying a business should support your income goals, lifestyle, and risk tolerance. The best buyers plan early and make decisions based on structure, not emotion.

Start by defining your non negotiables. These will help you filter opportunities quickly and avoid wasting time on businesses that are not a realistic fit.

Consider:

- Why you want to buy a business
- How hands on you want to be
- What income the business needs to generate
- How many days and hours you are willing to work
- Whether you are seeking stability, growth or a turnaround

Many highly profitable businesses are not glamorous. They succeed because they operate in markets with consistent demand, repeat customers and reliable cash flow.



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**THE SMARTEST BUYERS ARE NOT CHASING IDEAS.
THEY ARE BUYING PROVEN BUSINESSES.**

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Where to Find a Business

There are many places buyers can look to find businesses for sale, and each option comes with different levels of structure, transparency and support. Understanding where listings come from can help buyers manage risk and set realistic expectations.

Many businesses are sold through professional business sales websites and licensed brokers, such as SBX Business Brokers, Seek Business and other established brokering firms. Businesses listed through brokers typically follow a structured sales process, include verified information, and are supported by professionals who understand valuation, confidentiality, negotiation and

due diligence.

Buyers will also find businesses advertised on platforms such as Gumtree, Facebook Marketplace and social media groups. In these cases, buyers are often dealing directly with business owners.

While some opportunities can be genuine, these sales are usually less structured, financial information may be limited or unclear, and owners are often not experienced in business sales. This can in some cases make it more challenging to verify trading performance, clarify inclusions, and manage negotiations objectively.

A screenshot of the Seek Business website's search bar. The navigation bar at the top includes links for 'seekbusiness', 'Buy a business', 'Sell a business', 'Franchise', 'Find brokers', 'Advice & tips', 'Sign in', 'Register', and a 'Sell a business' button. The search bar itself has two main sections: 'What' and 'Where'. Under 'What', there is a text input field for 'Enter keywords' and a dropdown menu for 'Industries'. Under 'Where', there is a text input field for 'Location' and a dropdown menu for 'Skim'. A blue 'SEEK' button is to the right of the 'Where' section. Below the search bar, there is a link that says 'Or online businesses >'.

seekbusiness Buy a business Sell a business Franchise Find brokers Advice & tips Sign in Register Sell a business

What Where

Enter keywords Industries Location Skim SEEK

Or online businesses >

A screenshot of the SBX Business Brokers website's search bar. The navigation bar at the top includes links for 'SBX BUSINESS BROKERS', 'Business Listings', 'Register to Buy', 'Sell with Us', 'Commercial Property', 'Mergers & Acquisitions', and a search icon with the text 'Search'. The main heading is 'Australia's Leading Business Broker'. Below this is the text 'Search our database of businesses for sale'. The search bar has three main sections: 'Keywords' with a text input field, 'Select Categories' with a dropdown menu, and 'All States' with a dropdown menu. A blue 'Search' button is to the right of the 'All States' section. Below the search bar, there is a row of buttons for different categories: 'All Categories', 'Premium', 'Hospitality', 'Non Food', 'Freehold', 'Retail', 'Automotive', 'Franchises', 'Manufacturing', and 'Accommodation'.

SBX BUSINESS BROKERS Business Listings Register to Buy Sell with Us Commercial Property Mergers & Acquisitions Search

Australia's Leading Business Broker

Search our database of businesses for sale

Keywords Select Categories All States Search

All Categories Premium Hospitality Non Food Freehold Retail Automotive Franchises Manufacturing Accommodation

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Choosing the Right Business

The right business is different for everyone. Your ideal opportunity will depend on your background, skills and how you want your working week to look. A business can appear attractive on paper, but if it does not align with your capabilities or lifestyle, it can become stressful very quickly.

Start by identifying what value you can bring. Some buyers improve businesses through sales and marketing. Others through systems, staffing or cost control.

If you are entering a new industry, do not guess. Speak to operators, visit similar businesses, or gain some exposure before committing.

KEY FACTORS TO ASSESS:

- Industry type and demand
- Skills and experience required
- Owner operator vs manager run
- Reliance on the current owner
- Location and customer access
- Growth potential and operational upside

Budget and True Purchase Costs

When buying a business, the asking price is only part of the overall cost. Understanding the full financial commitment upfront helps buyers avoid unnecessary pressure after settlement.

When setting your budget, consider the full picture.

A business can be profitable and still require cash to operate smoothly, especially during the first few months of ownership.

YOUR TOTAL COSTS MAY INCLUDE:

- Purchase price
- Stock at Value (SAV)
- Lease bond and assignment costs
- Legal and solicitor fees
- Training or franchise fees
- Working capital to cover wages, rent and suppliers

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Finance and Approvals

Finance for business purchases is more conservative than home lending. Lenders assess not only the business, but also the buyer.

If you require finance, speak with a finance broker early to confirm what you can realistically borrow BEFORE you start your search.

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**THE RIGHT EXPERIENCE
TURNS A GOOD BUSINESS
INTO A BETTER ONE.**

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Landlord approval is also critical. Even cash buyers must usually be approved to take over an existing lease. Experience or a strong management plan often plays a major role.

FACTORS THAT COMMONLY IMPACT APPROVAL:

- Your industry experience
- Strength and consistency of financials
- Lease length and terms
- Deposit and asset position
- Industry risk profile

Industry Experience

Industry experience is a key consideration when buying a business. Some businesses require specialist skills, licences or operational knowledge to run successfully.

Experience is often assessed by lenders and landlords, particularly where finance or lease assignment is required.

If you are transitioning from a corporate role or new industry, gaining some hands on exposure can help you understand the realities of the business. It also strengthens your position during approvals.

You should also confirm whether the business requires:

- Food handling or RSA certification
- Trade or professional licences
- Industry specific compliance or council approvals

If you do not hold the required qualifications, you will need to factor in the cost of employing qualified staff or managers. Where experience is limited, negotiating a strong training and handover period can significantly reduce risk.

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Location and Lease Checks

Location plays a critical role in the success of many businesses. Factors such as foot traffic, visibility, accessibility and the surrounding trade area can directly impact customer demand, staffing and long term profitability.

The lease then determines how secure that location is over time. It is not just paperwork, but a core part of the business value that can influence finance approval, resale potential and future flexibility.

A strong location supported by a secure lease can add significant value. A poor location or restrictive lease can limit growth and reduce buyer demand in the future.

KEY CONSIDERATIONS INCLUDE:

- Foot traffic and visibility
- Accessibility for customers, suppliers and staff
- The strength and suitability of the surrounding trade area
- Rent and outgoings
- Lease term remaining and renewal options
- Demolition or relocation clauses
- Permitted use aligned to the business
- Bond and lease assignment conditions

Business Value and Pricing

Most businesses are valued on a multiple of net profit or EBITDA, which is effectively the business's operating profit before finance and tax. The multiple varies based on industry, lease strength, systems, risk and owner involvement.

Buyers are paying for trading performance and transferability, not what it cost to set up.

As a general guide, many buyers aim to repay the purchase price within one to two years, excluding stock.

WHEN ASSESSING VALUE, CONSIDER:

- Verified sales and profit history
- Owner reliance and management structure
- Asset condition and replacement value
- Brand reputation and customer base
- Systems, processes and staff capability

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KEY TERMINOLOGY FOR NEW BUYERS

Understanding common terms helps buyers navigate the process with confidence.

WIWO (Walk In Walk Out)	Sold as is, usually with minimal transition support.
IM (Information Memorandum)	A detailed overview of the business opportunity.
Sales or Revenue	Total income before expenses.
Net Profit	Income remaining after all expenses.
EBITDA	A measure of operational performance.
SAV (Stock at Value)	Stock on hand, usually added to the purchase price.
Goodwill	Intangible value such as brand, customers and systems.
Due Diligence	The formal investigation stage where buyers verify all aspects of the business.

Once You Find the Right Business

Once you identify a suitable business, the process becomes more structured. Buyers typically review high level documents before making an offer.

Access is provided after buyer registration and confidentiality agreements are completed.

THESE MAY INCLUDE:

- Profit and loss statements
- BAS summaries
- Lease overview
- Asset lists
- Staff structure



BUSINESS SALES ARE OFTEN CONFIDENTIAL. DO NOT APPROACH STAFF OR ATTEND A BUSINESS WITHOUT AN ARRANGED INSPECTION.



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Inspections

Inspections allow buyers to see how the business operates day to day and assess whether it aligns with the information provided. They also help buyers understand the practical realities of ownership, including staffing, systems and the owner's involvement.

All inspections must be coordinated through the broker or, in owner direct sales, arranged with the business owner. Buyers should never arrive unannounced or speak directly with staff, as many sales are confidential and unplanned contact can disrupt the business or jeopardise the sale.

During inspections, buyers should observe carefully, ask appropriate questions through the broker or owner, and focus on gathering information rather than negotiating on site.

DURING INSPECTIONS, FOCUS ON:

- Premises condition and layout
- Equipment age, condition and maintenance
- Staffing levels and workflow
- Customer activity and service delivery
- Owner involvement and key dependencies

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DUE DILIGENCE IS NOT ABOUT FINDING REASONS TO WALK AWAY. IT IS ABOUT KNOWING WHAT YOU ARE WALKING INTO.

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Due Dilligence

Undertaking due diligence is a critical part of the buying process and should be done with the support of trusted financial advisers, accountants and solicitors. Buyers should consider all available information and make decisions based on a complete understanding of the business.

Every business purchase carries risk, and professional advisers will often take a conservative view, particularly when reviewing a business on paper. It is important to remember that setup costs, operational improvements and future opportunities are not always reflected in historical profit and loss statements. Buyers should be clear about exactly what is included in the sale and how they intend to operate and grow the business going forward.

THIS STAGE IS TYPICALLY UNDERTAKEN WITH AN ACCOUNTANT AND SOLICITOR AND MAY INCLUDE:

- Financial verification
- Lease and contract review
- Supplier and staff assessment
- Compliance and licensing checks
- Asset confirmation

Professional advisers may take a conservative view. Buyers should balance advice with commercial reality and future opportunity.

Making An Offer and Acceptance

Once you have decided to proceed, the next step is to submit a formal offer that clearly outlines the price and the conditions of the purchase. A well-structured offer sets expectations early and creates a framework for a smooth and professional transaction.

If the offer is accepted, a deposit is paid into the broker's trust account and the transaction moves into due diligence and contract preparation.

OFFERS SHOULD BE COMMERCIAL AND INCLUDE APPROPRIATE PROTECTIONS, SUCH AS:

- Subject to finance approval
- Subject to lease assignment and landlord approval
- Subject to satisfactory due diligence
- Training and handover terms
- Stock at Value (SAV) process

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Contracts, Settlement and Takeover

Once an offer is accepted, the sale moves into a formal and structured process that leads to the legal transfer of ownership. During this stage, all agreed terms are documented, conditions are completed, and the transaction is coordinated to ensure a smooth settlement.

FOLLOWING ACCEPTANCE:

- Sales advice is issued
- Contracts are prepared
- Conditions are satisfied
- Contracts are exchanged
- Settlement occurs
- Business ownership transfers

Transitions, Training and Handover

Depending on the terms agreed in the sale contract, the handover and training period will be clearly defined to support a smooth transition of ownership. A well structured handover helps protect the value of the business and provides continuity for staff, customers and suppliers.

Training terms are negotiated as part of the sale and should reflect the complexity of the business and the buyer's experience.

A GOOD TRANSITION MAY INCLUDE:

- Documented processes and procedures
- Supplier introductions and key relationship handovers
- Staff communication and operational handover
- System access and login transfer
- An agreed training timeframe

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Why Use SBX Business Brokers?

SBX provides structure, confidentiality and market insight throughout the buying process.

SBX assists buyers with:

- On market and off market opportunities
- Market comparisons and guidance
- Confidential inspections
- Offer structuring and negotiation
- Due diligence coordination
- Landlord approval support



FINAL WORD

Buying a business can be one of the most rewarding decisions you make when approached with preparation and clarity. Ask questions, verify information, and seek professional advice suited to your situation.

SBX Business Brokers 30+ Years Experience.

The information in this document is intended as a guide only.
Please seek independent advice suited to your individual situation.

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