
BOSTON BROKERS · A FIELD NOTE FOR BUYERS

The First-Time *Buyer's* Field Note.

What we wish every first-time buyer knew before signing the heads of agreement.

BOSTON BROKERS · MAY 2026 · MELBOURNE

bostonbrokers.com.au

A companion to *the sellers guide.*

This is a short field note for the buyer. It is the companion piece to our Twelve Steps to Selling a Business — written for the other side of the table. The same principles apply: prepare quietly, ask better questions, and treat the file with the patience it deserves.

The cheapest education in business is buying one that's been prepared properly.

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Eight short *sections.*

Each section is one page. Read in order if you are early in your search; skip to the section that matches where you are if you are already underway.

01 Before you look

02 What 'the books' actually mean

03 The lease question

04 Due diligence is a conversation, not a checklist

05 Confidentiality, both ways

06 How offers actually move

07 Settlement and the first ninety days

08 When to walk away

Frame the *question first*.

Before the first listing tab is open, decide what you are actually buying. Are you buying a job — a business that needs you behind the counter, in the kitchen, or on the floor? Are you buying an asset — a business that runs without you and pays a return? Or are you buying a transition — the next chapter of your working life, with the income and freedoms that imply?

Different answers lead to different searches. A first-time buyer who wants a job will look at a café, a laundry, or a small retail business. A buyer who wants an asset will look at a childcare centre, a professional services firm, or a small manufacturer. A buyer planning a longer transition will look at regional Victoria, where the multiples are kinder and the pace different.

There is no wrong answer. There is only the answer that matches your capital, your patience, and the life you want on the other side of settlement.

WHAT TO ASK

- *Am I buying a job, an asset, or a transition?*
- *How many hours a week do I want to be in the business in year one?*
- *What does the same capital look like across three different sectors?*

What 'the books' *actually mean.*

When a seller refers to the books, they usually mean three years of profit-and-loss statements, normalised. Normalisation is the work of removing the things only the current owner spends money on — the family car, the partner on payroll, the once-off renovation, the personal phone bill. What is left is the underlying earnings of the business: the number a buyer is actually purchasing.

Add-backs are the line items being added back to those earnings to show owner benefit. Some are legitimate; some are wishful. The buyer's accountant should be in the conversation by the second meeting, not the eighth. A good accountant will tell you, in twenty minutes, whether the add-backs hold.

Common red flags: round-number revenue with no transaction-level detail; an operator who cannot or will not produce a MYOB or Xero export; revenue concentrated in one customer or one contract that has not been re-signed.

WHAT TO ASK

- *Can I see three years of normalised P&L with the add-backs itemised?*
- *Can my accountant have read-only access to the bookkeeping file?*
- *What share of revenue comes from the top customer or contract?*

Why the lease *is often the deal*.

For most small businesses, the lease is worth more than the asking price. A short lease with no option years is a business with an expiry date. A long lease with clear assignment is a business a bank will lend against and a buyer will pay properly for. The three things that matter are the term remaining, the option years available, and the assignment clause that lets the lease transfer cleanly to a new operator.

A childcare operator who renegotiated three years onto her lease before settlement saved her buyer roughly fifteen percent on the purchase price. The same is true in reverse for a café with eighteen months left and a personal guarantee. The lease was the deal; the price was the consequence.

Read the lease before the offer, not after. If the seller cannot produce a current copy with the latest variation attached, that itself is a finding.

WHAT TO ASK

- *How many years are certain on the lease, including options?*
- *What does the assignment clause require – and how long does landlord consent take?*
- *Is there a personal guarantee, and can it be released or replaced at settlement?*

A conversation, *not a checklist.*

Due diligence is the structured thirty-day window between an accepted offer and an unconditional contract. Treat it as four parallel streams. Financial diligence is the buyer's accountant testing whether the earnings are real. Legal diligence is the buyer's solicitor reading the lease, the contracts, and the corporate structure. Operational diligence is the buyer in the business — watching the team, watching the rosters, watching the till. Commercial diligence is the buyer testing the market — talking to suppliers, neighbours, and where appropriate, customers.

The buyer's accountant and the buyer's solicitor are essential. A first-time buyer who tries to run diligence alone will either miss something material or talk themselves out of a good business for the wrong reason.

Do not forget the third-party items. Childcare and food licences. Liquor and council approvals. Supplier and franchise contracts. Plant and equipment registers, and what is leased versus owned. These are where most last-minute deal problems come from.

WHAT TO ASK

- *Who is leading each of the four diligence streams on my side?*
- *Which licences and approvals transfer automatically, and which require re-application?*
- *What plant and equipment is leased, and what is owned outright?*

Confidentiality, *both ways*.

A buyer signs a non-disclosure agreement before receiving the Information Memorandum. That is standard, and it is for the buyer's protection as much as the seller's. But the obligation runs in both directions. The vendor is relying on the buyer to honour it.

Why this matters in practice: the staff do not find out the business is for sale until after settlement. The suppliers stay calm. The competitors do not smell blood. Customers do not start asking awkward questions at the counter. The business is worth what it was on the day the buyer first walked in — not what it becomes after a week of corridor talk.

If a buyer cannot keep the file confidential during diligence, they will not be trusted with the next file either. Discretion is the single cheapest thing a buyer can offer, and the one most often forgotten.

WHAT TO ASK

- *Who on my side has a legitimate need to know — and have they signed too?*
- *How will information be shared during diligence — data room, email, or in person?*
- *What is the agreed message if a staff member or supplier asks a direct question?*

How offers *actually* move.

An indicative offer is the buyer's first written number, usually a range. It is not binding; it is an opening of the conversation. A letter of intent follows: a single page that sets price, deal structure, exclusivity, and the diligence window. A contract subject to due diligence comes next — drafted by the seller's solicitor, marked up by the buyer's, and signed when both sides are close enough to commit time and money to diligence.

Diligence runs. Findings are exchanged. Adjustments are made. The contract goes unconditional on the day the last condition is satisfied. Settlement is the day the money moves and the keys change hands — often four to six weeks after unconditional, depending on landlord consent and licence transfers.

The price is rarely the negotiation. The deal structure is — vendor finance, earn-outs, retention, stock at settlement, training period, restraint of trade. A skilled broker spends most of the negotiation there, not on the headline number.

WHAT TO ASK

- *What is the proposed deal structure, separate from the headline price?*
- *How long is the diligence window, and what triggers an extension?*
- *What does the training and handover period look like, in days and in scope?*

Settlement and the *first ninety days*.

At settlement, several things change hands at once: the stock on the floor, the plant and equipment, the lease, the supplier contracts, accrued staff entitlements, and the agreed training period with the previous owner. Each of these is a line in the contract; none should be a surprise on the day. A good solicitor will have walked the buyer through the settlement statement a week before.

The first thirty days, do not change anything. Do not move the furniture, rename the rosters, or rewrite the menu. The team is watching. The customers are watching. The previous owner is watching. The instinct to put your stamp on it is the single most expensive instinct a first-time buyer can have.

Listen to the team. They know which supplier is unreliable, which customer always pays late, and which piece of equipment is held together with goodwill. Ask the previous owner three questions a week, in writing, for the first ninety days. Most former owners are generous with their time when asked well.

WHAT TO ASK

- *What is included in the settlement statement, and what is excluded?*
- *How long is the training period, and is it on-site or on-call?*
- *Which staff are essential to retain, and have they been quietly briefed?*

Three reasons *to walk away*.

The numbers will not reconcile after two reasonable rounds. The bookkeeping file says one thing; the bank statements say another; the tax returns say a third. Two careful rounds with the seller's accountant should close the gap. If they do not, the gap is the answer.

The lease cannot be extended or assigned cleanly. The landlord will not engage, the option years are not exercisable, or the personal guarantee cannot be released. A business with no clear lease forward is not a business; it is a job with an expiry date.

The operator cannot or will not transfer the relationships the business depends on. Key staff are not staying. The major customer was a personal introduction. The supplier terms are tied to the current owner's name. If the relationships do not transfer, the earnings do not transfer either.

Walking away is a discipline, not a failure.

WHAT TO ASK

- *Where is the gap between the books and the bank – and has it closed?*
- *Will the lease, the licences, and the key contracts all transfer cleanly?*
- *Which relationships does the business depend on, and are they coming with it?*

Three quiet *ways to begin.*

Book a confidential conversation. Thirty minutes, no obligation, no follow-up until you ask for it. We will listen first and tell you whether the file you have in mind is the right shape for the life you have in mind.

Register on Buyer Alerts. Most of our mandates are matched to a known buyer before they ever appear on a public listing. Registering simply tells us what you are looking for, and what you are not.

Read the Twelve Steps Sellers Guide. If you are also planning an exit yourself — now or in the next few years — the sellers companion piece is the other half of this conversation.

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