

ETA

Entrepreneurship Through Acquisition



DO YOU WANT TO BE A CEO?



Why Am I Here?

Paths to Entrepreneurship

- ▶ What are your options?
 - ▶ New venture creation
 - ▶ Business acquisition
 - ▶ Franchising
 - ▶ Social entrepreneurship
- ▶ Which of these appeals to each of you?
 - ▶ Your background
 - ▶ Your skill set
 - ▶ Your likes and dislikes

Business acquisition

- ▶ Essentially a small private equity deal
- ▶ The steps are simple:
 - ▶ Raise money – debt and equity investments are possible
 - ▶ Identify target companies
 - ▶ Narrow your search & perform due diligence
 - ▶ Negotiate a deal and close
- ▶ Combination of many skill sets:
 - ▶ Strategy, finance, negotiation, operations

Business acquisition – the good

- ▶ More immediate results than new venture creation
 - ▶ Acquiring a cash flow producing company
 - ▶ Can get to work immediately on the plan to grow and improve the business
- ▶ There are thousands of target companies available for acquisition
- ▶ >25% of Small Companies are owned by people >65 years old
- ▶ There is a flavor for every entrepreneur
 - ▶ No background required in industry, skill set, financial backing, etc

Business acquisition – the bad

- ▶ The search process is LOOOOOOOOONG
 - ▶ From start to finish, the process could take 18-24 months
- ▶ There are thousands of targets but only DOZENS of good targets
 - ▶ Profitable, growing companies with a future
- ▶ The good deals come and go very quickly so your success depends somewhat on:
 - ▶ Your relationships with sources
 - ▶ Your ability to quickly evaluate and pull the trigger

Entrepreneurship by Acquisition

- ▶ Why do it?
 - ▶ Lead,
 - ▶ Independence – Most like rules and structure
 - ▶ High Highs, Low Lows
 - ▶ Does not stop
 - ▶ Direct Reward
 - ▶ Different than satisfying boss
- ▶ Learning
 - ▶ Industries you did not know exist
 - ▶ Use Intuition
 - ▶ Curious and Humble – recognize where you need to grow

Entrepreneurship by Acquisition

- ▶ Should you do it?
 - ▶ Significant other in?
 - ▶ Loss of Salary and Benefits
 - ▶ Part of a Big Brand vs. “CEO & Owner”
 - ▶ You can do it
 - ▶ Loss of colleagues – Different colleagues (Benefit of your significant other)
 - ▶ Lack of departments - H/R, Marketing, R&D, “Making Payroll”
 - ▶ Intuition
 - ▶ Decisive – Not all the information, Common Sense
 - ▶ Energy
 - ▶ Selling, Selling, Selling
 - ▶ Once in, Cannot go back!

Funding

- ▶ Investors
 - ▶ Friends & Family – Be Careful
 - ▶ Former Business Associates
 - ▶ Business Owners
 - ▶ High Net Worth Individuals
 - ▶ Family Offices
 - ▶ Search Fund Funders
 - ▶ Network, Network, Network
 - ▶ Did I mention Network?

Investors

- ▶ Can you work with them?
- ▶ What do Investors bring besides cash?
 - ▶ Sounding Board
 - ▶ Introductions
 - ▶ Banks
 - ▶ Other Investors
 - ▶ Professionals, Attorneys, Accountants
 - ▶ Sellers
 - ▶ Support
 - ▶ Board of Directors
 - ▶ Help early on Running Company

Search

- ▶ Investment Bankers
- ▶ Business Brokers
- ▶ Professionals, CPAs, Financial Planners, Attorneys
- ▶ Direct Contact
- ▶ A Thesis
- ▶ Network, Network, Network
- ▶ Did I mention Network?

DISCUSSION