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 LOOOOOOOONG
  - 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?
  - Spouse 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 a spouse)
  - 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?
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 Planers, Attorneys
- Direct Contact
- A Thesis
- Network, Network, Network
- Did I mention Network?
DISCUSSION