Twitter Thread by Joel Blake ■



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Search-funders and SMB buyers with sales experience are starting on second base.

Thread on how sales abilities improve your success odds in acquisition entrepreneurship:

1. SMB Deal Sourcing ~ SALES PROSPECTING

In order to buy a SMB, you need to see hundreds of candidates. How do you do that?

Like in Sales, you have two main prospecting avenues:

1. Inbound - Advertise or network with SMB professionals in your target market, e.g. business brokers / SBA lenders / CPAs / lawyers.

2. Outbound - Find and contact owners of SMBs that fit your criteria to see if / when they want to sell.

Inbound is nice because the opportunities come to you. But they might be few and far between.

Outbound is grunt work, i.e. "Dialing for dollars." Because of this (not in spite of it), outbound has advantages:

- More opportunities.

Higher-volume deal flow → better odds of a successful acquisition. Remember, it only takes one.

- Less competition.

Educated people shy away from grunt work. Your willingness to sweat will be rewarded with buried treasure (off-market deals).

So how do you build a list of SMBs for your outbound effort?

Several ways:

A) Your sphere - Friends of family, family of friends, personal acquaintances

B) LinkedIn - Example:

https://t.co/55wtXs25CR

> How to Find SMB Acquisition Targets Using LinkedIn:https://t.co/rZqbNgNEQp
>
> — Joel Blake \U0001f3ed (@joelrandyblake) September 15, 2020

C) Trade associations / industry databases / trade show exhibitor lists - Example from Manufacturing:

https://t.co/bMKJKDpYpd

Salespeople do outbound and inbound prospecting every day.

These skills translate directly to your hunt for SMB acquisition targets.

> Not sure how I'm just discovering this resource...
>
> If you're in the market for a Manufacturing business, feast your eyes:https://t.co/d1X9vpL73o pic.twitter.com/wLoVi8Z42p
>
> — Joel Blake \U0001f3ed (@joelrandyblake) October 14, 2020

2. Courting the SMB Owner ~ RELATIONSHIP SELLING

There's an adage in Sales: "People buy from people." In other words, no one makes decisions based on a spreadsheet.

Successful transactions require a human touch. Applied to SMB acquisition: "People sell to people."

Put yourself in a seller's shoes.

You've spent the last 30-40 years owning and operating your business.

That's longer than you take care of your kids! (Well, it used to be...)

Point being, the business is their baby.

The seller is likely already wealthy, or they wouldn't be in a position to sell.

What does that tell you?

Selling their SMB isn't just about the money.

It's about legacy and leaving their "baby" in good hands.

Salespeople know that relationships are more important than dollars and cents.

As an acquirer, you have to communicate your value and intentions to the SMB owner.

Build a deep enough relationship, and you will have zero competition at the offer stage.

3. Crafting a Winning Buyout Offer ~ SALES NEGOTIATION

The best Sales deals are won before any numbers are revealed.

Same goes for SMB buying, and the negotiation skills required in both fields have many parallels.

Each transaction — whether in Sales or SMB acquisition — solves a problem for its decision maker.

Your job is to figure out how painful the problem is, and how to solve it better than your competitors.

A critical piece of relationship-building with the SMB seller is learning about their needs, desires, and priorities.

In Sales, this process is often called Discovery or Needs Analysis.

If you know exactly what the seller wants to accomplish, you can customize your offer and stand out from the competition.

For example:

- What will happen with the seller's team?

- How involved would the seller like to be post-close (and for how long)?

- What ideas does the seller have for improving the business?

While other buyers throw numbers around, you should be harvesting an information advantage.

In both Sales and SMB buying, information alone can determine winners and losers.

4. Diligence & Documentation ~ CLOSING A COMPLEX SALE

Every experienced Salesperson has been burned.

Customers renege on commitments, or over-forecast.

A "behind the curtain" influencer kills your deal in the 11th hour.

The list goes on...

Sales burns are a painful reality, but this baggage can be an asset in SMB acquisition.

Diligencing a business requires vigilant skepticism.

You have to assume that the seller's numbers are BS, and there are more skeletons in the closet than revealed.

(If you've ever bought a home, take that BS level and 10X it.)

As in Sales, the best approach is a split personality:

Paranoid skeptic vs. Delusional optimist

You have to *believe* that every deal will close, while *knowing* that the odds are stacked against you.

Another aspect of SMB buying that benefits from Sales skills is navigating red tape.

Deal size and complexity often drive how much documentation is required.

(Manufacturing example: Selling missile fins to Military is different than selling soap dispensers to Hospitality.)

Documenting a deal goes well beyond "crossing T's and dotting I's."

Although it might feel like the last 10% of the process, Sales experience tells me:

Any transaction has a 50% chance of dying on documentation.

Documentation is the stage where people get to see their words transcribed in black and white... Scary!

Combine that with the odds of disagreement on Terms & Conditions, and you should assume that no deal is done until the ink dries.

Effective Salespeople help deal participants visualize the close in advance.

Quid-pro-quo hypotheticals are a useful tool:

"You say you want X. I'll draw up a proposal that includes X, plus benefits Y and Z. Now picture yourself reading that proposal: What else is missing?"

5. SMB Operation ~ IMPLEMENTATION

You've leveraged your Sales abilities to close a successful SMB acquisition. Congrats!

Now you get to live up to your promises regarding employees, customers, suppliers, and company operations.

Everyone loves to envision a brighter future.

But if you don't understand the nuts and bolts of realizing that future in your SMB...

You should err on the side of caution with your commitments.

Salespeople learn early and often:

Only offer what you can implement.

Over-promising and under-delivering earns you a poor reputation and burns bridges that you need for sustained success.

FINAL THOUGHTS

Sales abilities improve your success odds at every stage of a SMB acquisition:

- Deal sourcing
- Courting the seller
- Crafting a winning offer
- Diligence / documentation
- SMB operation

And yet, the most important benefit of Sales comes into play post-close:

Growing revenue for your SMB.

Finding the right SMB to buy can take years.

In the meantime, why not learn an all-weather skill set that prepares you for the transaction and beyond?

You'll never regret acquiring Sales skills.

But you might regret neglecting them.