Search Fund Accelerator Argues Against Conducting A Traditional Partnered Search

June 26, 2019

June 26, 2019 -
(Boston, Massachusetts, June 26, 2019) Search Fund Accelerator (SFA), a highly specialized coaching search fund organization that mentors aspiring CEOs, is making a strong case in a company post against a long-held belief in the ETA community that using traditional partnered search is a faster and safer way to acquire a business.

SFA?s Founder, Timothy Bovard, authored the piece, called ?The Case Against Partnered Searches?, for his company?s website. In it, Bovard points out that while business school instructors and studies often encourage searchers to seek out a classmate when buying a company, there are several disadvantages of using partnered search that include the following:

1. An immediate decrease in the searcher?s equity stake from 25% to 15% (a 40% drop).
2. The need to raise extra search capital which is subsequently subject to a 50% step-up when the deal is closed.
3. The propensity or even need to buy larger companies and therefore paying higher entry multiples for these businesses that can be as high as 6-8x EBITDA.

4. Sustaining two MBA salaries instead of one.

The article also outlines the complications that can arise in partnerships such as who will be the appointed CEO and the possibility of partner divorce risk. In addition, buying larger businesses introduces further risk for CEOs since poor company performance can more easily lead to a CEO?s removal given that investors put in large equity checks.

When speaking about the fallacy of doing traditional partnered searches, Bovard systematically quotes HBS Professor Rick Ruback who says, ?If you want a partner, get a dog.? In short, according to Bovard, ?If you want to be a CEO and have the qualifications to be a CEO, then why would you give up such a large portion of your economics.?

Ricardo Aguirre, a SFA searcher who is now CEO of APM Steam in Woburn, Massachusetts said, ?There was no way that I was giving up 40% of my equity just to have someone to talk to about my day."

Bovard maintains that SFA ?is the ultimate partner? by providing those who join SFA unlimited support and coaching at no cost, better underlying economics with up to 25% equity and no preferred return to investors, plus vastly superior chances of success. SFA empowers its searchers to acquire a company as solo CEOs, leading to less risk and more reward.

Bovard advises that anyone considering a traditional partnered search thinks critically, builds a financial model and does their research so they know how high the true costs can be.

About Timothy Bovard

Timothy Bovard is the Founder of Boston-based Search Fund Accelerator (SFA), a highly innovative accelerator and investment fund aimed at helping entrepreneurs find, buy and manage companies. Each year, SFA brings in a select cohort of searchers and provides them with all the training, coaching and support needed to successfully find and acquire a company to run, while providing all the equity funding needed to make the acquisition.

Bovard taught entrepreneurship through acquisition for 16 years as an Adjunct Professor of Entrepreneurship at INSEAD and for 4 years at Columbia Business School. He has written numerous cases on Entrepreneurship through Acquisition, regularly guest lectures at business schools around the country, and is a frequent speaker and panelist at conferences on entrepreneurial acquisitions and the search process. Prior to founding SFA, Bovard was the founder and CEO of Groupe CPI, a business he built into Europe?s leading book manufacturer with over $600 million in revenues through a series 20 acquisitions.

About Search Fund Accelerator

SFA is the first highly specialized coaching organization in the search fund world. Since its inception in 2015, SFA has built a proven model by focusing exclusively on the success of its searchers and CEOs.

SFA works with a select group of entrepreneurs to help each of them find and acquire an excellent company and manage it successfully as an equity-owning CEO. Their team of dedicated professionals provides personalized coaching and support to SFA?s searchers and CEOs from the beginning of their search and throughout their tenure as CEO of the company they acquire. SFA was created to dramatically increase the likelihood and magnitude of their success as CEOs.

For more information about SFA, contact them at (617) 658-3677 or search@searchfundaccelerator.com.

Media Contact
Company Name: Search Fund Accelerator
Contact Person: Sarah Bovard
Email: search@searchfundaccelerator.com
Phone: (617) 658-3677
City: Boston
State: Massachusetts
Country: United States
Website: https://www.searchfundaccelerator.com/
###
For more information about SFA - Search Fund Accelerator, contact the company here:SFA - Search Fund AcceleratorSarah Bovard(617) 658-3677search@searchfundaccelerator.comSearch Fund Accelerator334 Boylston Street, Suite 200Boston, MA 02116, United Stateshttps://search-fund-accelerator.business.site/

SFA - Search Fund Accelerator

SFA was created to minimize the risks searchers face while dramatically increasing the likelihood and magnitude of their success.

Website: https://www.searchfundaccelerator.com/
Email: search@searchfundaccelerator.com
Phone: (617) 658-3677