

Jaime: Welcome to Eventual Millionaire. I'm Jaime Masters. And I have Ace Chapman back on the show. This is his third time around. He's one of the top-level people considering he's one of the only people I've had three times around. You can check him out at AceChapman.com. Thanks so much for coming back on the show again today.

Ace: It's great to be here again. I definitely feel special. And, more importantly, a lot has happened since the last time. So, I think there's a lot to talk about.

Jaime: Right? I mean I know you're the buying and selling expert. I understand I send all my people that are going into that to just talk to you about some of the stuff. And then Covid happened. So, tell me a little bit about where you're at and where the industry and what you've seen shift with all this stuff going on.

Ace: So, it was interesting. Probably one of the interesting places to start is one of the things that we were talking about in the last interview was I had just completed raising about \$12 million for a fund. And we were buying deals, mostly internet businesses, and that's something that I first started doing now. It's been 20 years ago, 1999, when I started my first internet business, which was a stock market simulator.

And so, since then, we've seen some ups and downs. And I'm investing in this fund. And we get into it and I realize like, "Man, this market is just really, really overheating. And multiples are getting high." And basically, we decided to return 5 million of the amount that was raised. And for anybody who's ever raised money, it's a lot of work to put together a fund and raise capital and get everything together and kinda line everything up.

So, it's more than just the lost opportunity of us earning money on that 5 and 6 million, it was the additional fact of all of that work just goes to zero. So, that ended up being something that took a long time to come to fruition as far as a correction. So, for a while I was like, "Man, these multiples are just crazy." I think when I felt like it was high it was getting towards 2.5-2.75 and it continued to three. And we started seeing deals that were even higher. And it wasn't until this year obviously we've seen a huge correction.

And so, I was glad that I didn't have to navigate buying at the very top of the market and then being in a position right now where you're trying to navigate through that. And my heart goes out to

the people that bought businesses in December with an SBA loan. I mean there were so many transactions that were happening. And so, you have all of these folks that were buying businesses. And now they're in a position where some of those businesses are just [inaudible] [00:03:01] SBA loans and a lot of commitments that seemed like a great decision at that time and turned out not to be in the current environment.

Jaime: Yeah. The earth is shaking underneath you and sort of falling apart as you're going through it. How did you make that decision to give 5 million back? That's a hard decision.

Ace: It is. It is. And I just wasn't seeing opportunities in the market that made sense. And for the deals that we do, one of the reasons that it works is that they're – it's risky. I tell people that, "We're in this unique space." Even as entrepreneurs we're in this unique space once our business is up and running and it's making money. We're not on the venture capital end of the space where we're just getting started. We're trying to turn something into this \$10 billion unicorn or bust.

And it's crazy, but I've seen businesses where we're trying to work with an entrepreneur to buy the business, but – and the venture capital friend was like, "Hey, this thing is only making \$1 million a month and – or \$1 million a year?" And, for them, \$1 million a month is just not enough to do anything with. And so, we're better off just having this as a write off. We just want this as a write off. And we have our 1 deal out of 10 that's gonna go and be this huge thing and we'll use the other deals as a write off. And so, we don't even want to sell this."

And so, you have this at one end. And then you have the large private equity firms which are buying businesses at a 10 multiple. And they're happy just to make 10 percent or 12 percent on – as a deal. And so, we have this opportunity to be able to buy business and make an amazing return. Our average is 40 to 50 percent. And that's a cool thing, but it's also very risky. And so, we have to buy it at a very low cost. It's not venture capital risky, where it's like 1 out of 10 chance, but – and it's not private equity safe. Like a maybe 1 out of 3 these things are gonna fail. And so, you have to manage that risk.

And so, as I was looking at the quality of deals that were available, the price that people wanted for those deals, it's just like, "Man, I can't in good conscience spend this money."

Jaime: Yeah. Well, then this happened. It's like, "Why didn't I just save that 5 million until right now? And then I'd just do it now."

Ace: Yeah. Yeah. The unfortunate thing with funds is we have a certain period to spend in. But no, I wish that I was just – we did start [inaudible – crosstalk] [00:05:50].

[Crosstalk]

Jaime: No. Can you go back to them now? No, they probably don't have the money anymore.

Ace: Exactly.

Jaime: Oh, man.

Ace: And so, yeah, it is. It's such a unique situation, but it is really great now. We just started a new fund called Sleeping Beauty Fund. And we did the first transaction a little over a month ago. And I just did an interview with my general partner, who's actually a former client. And in that business, even in the market that we're in right now, he's been able to triple what that business was – has done on an income basis within the first month.

And then we basically we were – basically we're able to do – because also money's plentiful right now. So, we were basically able to buy this business, pay down for it, get our money back out of the business after we grew it. So, now it's kind of an infinite return situation, which is cool.

Jaime: You're making people jealous.

Ace: Yeah. I'm glad I'm out of that fund and into a new space where we can take advantage of some of the things that are happening in the market right now.

Jaime: Yeah. So, let's talk about that. Especially because you can sort of see a lot of different industries, where do you think – where are the opportunities? Where are you seeing things that people should know about right now?

Ace: So, we're closing a few deals that are very interesting. Some of things that we're seeing is get in front of a trend based on things that are gonna be changed forever. It's not just, "Oh, well, people

are in quarantine and they're gonna need this." But I think that travel has changed forever. There are gonna be fewer people that are just frivolously travelling.

One of the businesses that a client's buying right now is a flower business. And there's, on one end, the opportunity to just take an old school flower business and bring it into kind of the new world of internet marketing and all that. And this is a business that's doing \$300,000.00 in net profit a year. And they basically aren't doing any online ads at all. So, it's been around for 30 years. It's making money. It doesn't have to really do anything. And this owner, older lady, the last thing on her mind is like, "Oh, let me go put some of my cool designs on Instagram." That's the last thing on her mind.

And so, there's that benefit of like, "We still wanna go in. Wanna get an amazing deal." I talked about those multiples where deals, just a couple years ago people were buying deals at three multiples, even higher. The average deal that clients and we're buying right now is about 1.5. So, literally 50 percent.

Jaime: Wow. Wow.

Ace: And you add on top of that the SBA loans and those kinda things and now it becomes interesting. Now it becomes like, "Okay. I can get this thing paid off really quickly. My risks are low." All of that. And so, we wanna have all of that in place, but then we wanna look at the trends. And one of the things that we're seeing just as a national trend is that flowers and searches for flowers is going up in a very big way. Any guesses as to why?

Jaime: Because everybody needs to – I'm just thinking of all the married couples that are stuck in quarantine, but I don't know.

Ace: Yeah. That argument in the morning over the coffee with your spouse.

**[Crosstalk]**

Jaime: Yes. Please. Make up flowers.

Ace: Yeah. I understand **[inaudible]** **[00:09:30]** today.

Jaime: Yeah. So, I don't know. Why?

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Ace: Yeah. So, the cool thing or interesting thing is that people aren't able to travel for graduations, for big events. Even for sad events like funerals. Things that you normally would go to. And, in this case, it's travel is no longer, "Oh, I can't make it to California from New York." It's, "Oh, you're in Jersey and I'm in New York. I'm just not gonna go and be around people," or whatever.

So, all of a sudden that decrease in travel increases the amount that people are calling and delivering flowers for these special events. I'm in a situation right now where my sister's gonna have a baby next month and we're literally not able to travel. So, all of those things still happen. And so, you've gotta figure out ways to send and commemorate and make people feel special.

Another business that literally is on the opposite end of that spectrum is we have a client who is working on a deal to buy a gun business. So, it's a gun range and a school.

**[Crosstalk]**

Jaime: Oh, goodness. Yeah. Us going crazy. Yes.

Ace: And so, a little more obvious than the flowers, people are buying guns. They're buying ammunition. They're getting their gun license. And it's just all of the civil unrest that's happening in the world that's causing that. And then just you combine again, even with that deal, it's a similar situation where the assets, the land that come with the business, are worth more than what we're actually buying the business for. And so, you're getting that huge discount. You're getting real assets that are gonna be sellable. And it's almost like you're buying the assets and you're getting the business for free.

Jaime: Why would they do that? Guns are going up any – that whole thing's going up, so why would they sell at such a rate?

Ace: So, one of the things to keep in mind is as much as I've gone around to every podcast, even sometimes three times telling people they should buy businesses instead of starting from scratch, nobody wants to do it. So, we'll have to take all the deals for ourselves.

Jaime: We need a fourth time apparently.

Ace: I'll just have to keep [inaudible] [00:11:57]. So, as much as – as

popular as it's become – and it is. I remember 20 years ago I would talk to people about buying businesses and I can't tell you the number of people that were just like, "No, you can't do that." And I'm like, "What do you mean?" It was so confusing. I'm like, "No, I'm doing this." Like, "No, you can't though."

So, you fast forward to today, a lot more interest. But people have to sell businesses. They enter an age of retirement. They wanna move on and do another project. They end up in those fights in quarantine and now they're divorcing and we're doing a deal with – they need the money to pay the settlement and those kinda things. So, you just have all of these kinds of situations that's just life. And so, they have to sell it. And it just turns out that – and I think it's also interesting just – well, it's the same thing that Warren Buffett says, people make the huge mistake of buying when there's a bunch of excitement. When everything is good.

And so, just last year, a lot of the people that were reaching out and saying, "Oh, I would love to buy a business. I wanna buy a business." And I make videos. This is my space. I literally do these deals. I sell these deals. But I also wanna be genuine and honest about what I see in the market. And I'm telling people like, "Hey, don't do it. Da-da-da." They're like, "Well, no. I'm gonna go do it anyway." And so, you go back to other people and it's like, "Okay. Now's the time." It's like, "No. Now's a terrible time. Look how bad everything is." It's like, "Exactly."

Jaime: See? And this is why I wanted to have you on the show because I do know that unfortunately when bad things happen in life, not that we ever expected the pandemic in any way or we should have, but everybody's sort of anxiety and depression and all the other things, everything gets magnified. So, then it's like, "Oh, I don't know that I have the capacity." Even if there are more opportunities, like doing something new or different, what do you have to say for people like that? Because I know a lot of them are getting PPP loans and they've got – a lot of them are not doing horribly bad and yet they still probably won't do what you say.

**[Crosstalk]**

Ace: No. Yeah. Yeah. I mean it's interesting now there is more money. The savings rate in June is just really high. People have more money on average than ever before. So, there is a lot of liquidity out there. And then it's like there's nothing to spend money on. You could only Uber Eats so much.

So, there's a big opportunity to do those deals. But it is more of an emotional thing to overcome. I think a lot of people think that there's a dollar amount or they think there's a situational change where it's like, "Oh, well. Once this happens in my life, then I'll be prepared." But in most cases, it is first an emotional aspect. And then the other side is an experience aspect.

And so, a lot of what we have tried to do is build a community of folks that are doing these deals. And as you're around other people that are buying these businesses and talking about the deals that they're closing, it becomes a lot easier for you to see yourself doing a deal.

I go back to an example of what I realized even as I started helping people buy businesses and investing in people is the language of acquisitions is something that most people aren't – they've never heard and been a part of in any conversation. And you compare that with buying a house. And most people know, "Okay. I don't need all the money in the world to buy a house. I can go and I can get a mortgage. And I know that if I go get a mortgage, there's gonna be somebody that's in" – even if they've never heard of what the process is, they've heard of an appraiser. There's an inspector. Oh, I've seen title companies. I know what this process is gonna look like.

When it comes to both sides, when it comes to – and I've talked to some of your clients that are selling a business just getting them prepared to be able to get the maximum amount in the marketplace, but on both sides it's just not a conversation that's had. There aren't a lot of people that are talking about getting the business prepared for sale.

And there aren't a lot of people talking about buying a business. And it's like, "Okay. Now, where do I go to get the money if I'm buying this? How much cash do I need to have on hand? What do I need to be prepared for on the backend once I close?" And so, I think that getting familiar is that last piece in being able to do it.

Jaime:

That's why we have you on the show so many times. Eventually we're gonna get somewhere. So, eventually they'll get the language. I mean it's an interesting thing to have anybody that has a business right now, in general, because businesses are a lot of work. And so, if you already have a business and you're like, "Oh, then I might have another one." Whether it be in the same industry

or not, do you recommend that people should potentially get something that's in the same industry where they can grow their current business? Or do you want it to be sort of something separate and different?

Ace:

Well, one of the things that I've transitioned to is you really have two kinds of people and they need to do two different types of deals. Early on when I was buying businesses, I wanted to get rock bottom deals because I was broke. And so, I went buying businesses that were perfect. I was buying businesses that had some flaws that I could point out to that seller and then use those flaws as leverage to be able to get a rock bottom, no money down deal. Now, I didn't have money, but I had a bunch of time. So, after I bought that business I could go in and put in the work and effort.

And a lot of people get caught into that space. A lot of people that do have a business are trying to grow through acquisition. They still get caught up in the no money down kind of world. But what they really should be is the other type of buyer. The other type of buyer is the person that is trying to buy a great business.

And this is more along the lines of a Warren Buffett. And we know that Warren doesn't spend any of his time in any of the businesses that he acquires. And so, the funny thing is, a lot of the businesses that are smaller are still in a similar situation. I've bought a business that has been around for 40 years. I've talked about the flower shop that's been around for 30 years. And these are businesses that have a staff, they have a team, they – everything is in place.

And so, while we wanna grow that flower business that's only making 300 right now, we really feel like, "Hey, this should be a million-dollar net business a year," we wanna go in and do that work. But when we buy it, this is an asset that's gonna put money into the conference every month. And if we are able to go in and do some growth and increase that, great. If a month we have a distraction, no big deal. And so, it's the same for that business owner that's already in a business. And then you combine that with being able to buy businesses that are in similar space.

So, I do that as a business buyer. I'm an offline side buying several tanning salons and spas that were very similar. And then I'm leveraging my staff where it's not I have this whole new business over here, it's just, "Hey, we're taking these – the systems that we

already have in place, we are taking those and we're gonna just add them to this other deal."

Jaime: Yeah. Well, and that's why it seems easier to sort of take one step to the right instead of being like, "And now I jump over to the flower business that I don't even know the customer and who the profiles are," because there's a lot to learn, I'm sure, also as soon as you get into whatever the industry is if you've never been in it before.

Ace: Exactly.

Jaime: Yeah. So, if it is somebody – let's say it is somebody that has sort of the business chops on the marketing side, let's say they have an agency, then they could probably go out and buy a bunch of different properties in lots of different potential wheelhouses because they know what they're doing on that internal side?

Ace: Exactly. And one of the things that I have found, and this is kind of a secret for anybody who's looking at buying a business, is if you can look at where your business is the best. Look at what your – and so, literally I've taken that same tanning concept, is if – I bought a business where the owner had an amazing staff.

I mean it was so interesting me being the manager because she was literally just obsessed with skin, obsessed with lotions, obsessed with tanning and just knew – not just like, "Oh, I like to tan," knew the science behind like, "Oh, well, this lady has this skin type and she needs..." And I'm just blown away that any of this stuff even existed, to be quite honest, as someone with a fabulous natural tan. But very impressed by what she had done.

But what that business lacked was marketing. And so, I knew we found the opposite business, which was so funny, was because the first one – the first tanning salon I bought the manager would flip out if there was lint left on the couch. And it's like, "What's going on? You all need to get it together." I go to this other place that has more members making more money killing it and it is just shabby, the customer service is terrible, and everything is not – but this guy is killing it on Facebook and just turned it out with the right deals and sales.

Now, this is a story that I've told a few times, but on the first one that I bought, just to give you an idea of how focused they were internally, when I found out they had a 12,000 person database of

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customers, I asked them how often they emailed them or contacted them in any way. Their response was, “We would never do that. We don’t wanna bother our customers.”

Jaime: They don’t like money. That’s the problem.

Ace: Exactly. Exactly. So, I had to – the people that loved tanning and the science more than money and then I had the other business that loved money way more than any service or anything else. And now I’m able to combine those. And so, I can take what they’re good at in their business and not just say, “Oh, we’re gonna be able to apply this to that business,” you can say, “Oh, we’re gonna be able to come in and fix this missing piece in the business that we’re acquiring.”

Jaime: I have so many questions. I have a client that is looking to buy other websites. Because he’s in the sort of digital marketing space. And he wants to buy either 10,000 and above for traffic for a site. I know this is sort of your secret sauce, but I still am gonna ask you a question.

Ace: Yeah.

Jaime: Where would you go? How do you start looking for things like that? Of people that are either ready to buy or that you can pitch to get them to sell?

Ace: So, if you know what type of business that you’re gonna buy, the easiest thing to do is to go after the specific business type. And so, a great place to find that is LinkedIn. You can just go after and connect with the people that own the types of businesses that you want to buy.

And you’re not going in saying, “Hey, I wanna buy your business.” You’re just saying, “Hey, I see you in this industry. I love what you’re doing. I checked out the website. I like this. Da-da-da-da” And you start a conversation. And then you end it by just saying, “Listen. I’m thinking about buying a business in this space. I’m sure you’re not in the market to sell right now, but whenever you are, I’d love to have a conversation.”

And what happens is it just puts that little bug in their ear. And when you’re not pushy, they start thinking about, “I wonder what they would pay for it? You know I might be interested in selling.” And I can’t tell you the number of times that I’ve had somebody

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tell me, “No. Maybe in 10 years I’ll sell.” And then two months later they’re like, “Well, maybe we can talk about it.”

Jaime: I’m just laughing so much because I see the client side. I had a client last week, he’s like, “So, my daughter wasn’t going to sell her business, but then somebody asked about it.” And then literally it’s like, “Well, wait. Yes.” We love opportunities too. And it is. I love the language. Because of course it’s not, “Sell me your business.” Because that’s aggressive and everybody on LinkedIn gets ignored when it comes to that. But when you just sort of, like you said, put the bug in the ear, entrepreneurs love that. I think that’s amazing.

Ace: Exactly. Exactly. So, that’s No. 1. No. 2, I would definitely hit BizBuySell because if you’re somebody that’s looking for a specific type of business, you can go there, connect with brokers that work in that space. And just understand you may not get the best deal. Off market is always the best. But you could end up finding a deal that’s in the wheelhouse of what we talked about where you’re gonna be able to apply something in your business to that business that now 2-3x’s it and that becomes an amazing deal.

Jaime: Quick question on that then too. So, do you suggest the person that’s going to go for their very first deal, because that’s sort of who we’re talking to right now, should they go through a broker because the broker can sort of hand-hold them through stuff, even if they don’t get as good of a deal, but at least they know instead of trying to do a lot of the pieces on their own?

Ace: It depends if you get the right broker. There’s some brokers that will take advantage of your lack of knowledge. And there are others that will do exactly what you said. And so, if you are gonna work with a broker, it’s good to get a referral from someone else because that can go either way for sure.

Jaime: Even when we were just comparing brokers for some of the clients, I’m like, “The skew of these are very interesting.” There’s no standardized any – do we just not talk about that and what people charge, I guess? I don’t know. It’s crazy.

Ace: It’s very unregulated. So, it’s important. And that’s what I’m saying, it’s just up to that person. This is the wild west. And one of the things to keep in mind about all of this is that there was – there have been lawsuits. And now there’s basically case law that says, “If you enter the world of buying a business,” and it really has

come down from large deals, where somebody has bought a billion dollar business off of Wall Street that's a private equity fund. And they say, "Well, those people misled us," and da-da-da-da-da.

And so, what the judges said is like, "You're a big boy. It's not their job to tell you the bad things about their business or it's not this broker's job to protect you." And so, you're fighting up against two things when you're dealing with those brokers as a client. No. 1 is the law considers this kinda big boy, whether you're buying \$100,000.00 business or \$100 million business.

And No. 2, brokers are – have a fiduciary responsibility to protect their client. And you're not their client. Their client is the seller. They signed a document with that seller making them their client. And so, if you go to a broker thinking that broker is there to tell you everything you need to know about that business, you are gravely mistaken. And that's one of the big mistakes that you can make.

Jaime: I love this. All right. Tell me more. How do we get – how do we find really great deals? So, you said that was one and two.

Ace: Yeah. So, the thing that I like to do is if I already own a business, I'll start to look at some of the people that I do business with. And so, sometimes we look at I want the same type of business. But the other thing is, I have suppliers that are doing business with me. I may have people – manufacturers that I work with. I may have relationships with people that are doing services like agencies and that kinda thing.

And so, you start to look at this wheelhouse of businesses that you do business with. And that becomes this cool opportunity to say, "Wow. This agency that we're spending \$5,000.00 a month with just on their fee is – actually I just tried to buy a business that was like this and we ended up getting outbid, but we were paying an agency a bunch of money on a monthly basis and we realized, "Hey," and this is something that can happen, I like to be as real as possible on these interviews, but we gave them the idea to sell. You know what I mean?

So, we go there, we're like, "Hey, we wanna buy the agency." We represented. We got the numbers. We saw, "Wow. We represent about one-third of the income." So, they're doing 300,000.00, we were paying 100,000.00 a year. So, it's like, "Great. As soon as we own this, it's working for us because \$100,000.00 basically goes

da-da-da-da-da.” So, we come up with kind of a discounted deal because we’re basically like, “This 100,000.00 is our money. So, it’s weird for us to buy our money. Let’s mainly base it off of this other money.”

Well, they, at first, were okay with that. And then instead of coming back here to us and maybe renegotiating or countering, which you guys can always counter, they went to another person and said, “Hey, we’ve got the whole 300,000. You should buy it at a multiple of the whole 300,000. And so, the next thing we know, without much announcement, we get an email from the new owner saying, “Hey. Now I’m the owner. And you guys will be paying this LLC. And da-da-da.” We’re like, “What?”

Jaime: You’re like, “Bye.” Right?

Ace: Yeah. “Well, you just lost one-third of your business. Sucks that they didn’t tell you that.”

Jaime: Yeah. That’s super shady. Yeah. Wow. I mean and its life and people do what they need to do, but man. Where does it come into play? Especially agency view. And I know this is sort of a general question, but I just want your take on it. Because I have a previous client that started acquiring other businesses, but at a rate that, to me, was very quick. And the integration of trying to buy a business and integrate team and everything else is just a lot and it degrades. So, what do you suggest? I know you’ve seen a lot of things. So, what do you suggest as far as giving yourself that stability-time?

Ace: I mean it is something that’s super subjective. There isn’t a right time period. Because it can be okay to do it too fast. Depending on what your goal is. Especially in the agency world.

Or SASS would be another space where if you’re okay with a certain amount of attrition with clients, where a certain amount of these clients are just gonna leave because they’re not getting the same level of service. But you get that and you’re like, “Hey, on our calculation, if we have to go and find another client, convince them to come home with us, spend the money on ads, just go through that whole process, we’re better off buying this agency even if we lose half their clients then we would be to try to scale up and get those hundred clients on our own.”

And a lot of this, I think one of the things that people don’t take into consideration when they’re looking at deals is the cost of

getting those clients on your own. And that's not even a guarantee at the end of the day. We had a business where we were spending close to \$50,000.00 a month on ads. And we basically were like, "Okay. If we've got this amount that we're spending over the course of the year, if we can go out and buy media that we own and replace that, now we're literally buying an income stream and we're making money to have access to those same clients."

And so, not having to rent a base of people to – from Facebook. You don't own those folks. You've gotta go back and rent access to those people again. And then they charge you to rent access to advertise to those people again every month. If you can shift that and then be making money off of those folks, that's a huge value.

And so, you imagine the situation of an agency that's buying another agency just as a complimentary service and it's not the exact same services. And so, now they're just looking at these are their clients and all of their database of potential clients that they've had are people that I can go and sell my service to while I get paid every single month from this business.

Jaime: So many questions. How do you guesstimate? And I don't know if you can, but how do you guesstimate on how many clients you might potentially lose? Or do you just run numbers and try and figure out what you're okay with? Because like that one that you just told me, they had no idea that they were gonna lose you the very second that they bought the business. Right? "Bye."

Ace: Yeah.

Jaime: But when I've seen switchovers, usually there's definitely a loss. So, do you have any numbers on trying to figure out? Or do you ask those questions when you're doing due diligence? Like, "How long they've been with you? And if they might be averse to a new owner?"

Ace: So, here's what you can do. You can't really predict what's gonna happen, but what you can do is structure a deal that takes into consideration what happens. And so, a smart person – and this is where having somebody on your side that's helping you structure a deal, and something that a broker's just never gonna do, and the seller certainly isn't gonna do, is help you to structure the deal so that if a certain number of clients don't make it past a certain milestone point, all of a sudden you're buying that business based on these new numbers.

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And so, unfortunately, we can't predict the attrition, but what we can do is structure the deal that protects us in case of any attrition. And one of the ways to motivate the seller to structure that kind of deal is to layout for them, "Hey, if we're able to grow it, then you'll also get a better deal. You'll get more money." So, take a hit on the downside if it doesn't work out, but then get a bonus on the upside if it does.

Jaime: That makes so much more sense. Because especially if you're selling to somebody, they don't know the business, and what if they just suck and the attrition dives and then you pay almost – you get nothing for your business. And you're like, "But it was their fault." I mean still you have to of course do your due diligence as much as you can, but still – yeah. All right. So, there's an upside for them at least [inaudible – crosstalk] [00:35:53].

[Crosstalk]

Ace: Yeah. It's important that the seller feel like that person is gonna be successful. One of the things I'll always say is if a seller isn't interested in giving me a great deal with an earnout and with seller financing or any of that, then it's a good sign to me that they don't think that I'm the right person to be able to run that business. They don't have confidence in my ability to run it. And they've been running the business longer than I have, so I should probably listen to them and go to the next deal.

Jaime: That's actually a very, very smart point. Okay. I love that. I know we have to start wrapping up in a second, but you were talking about earlier how you have something going public for the first time. So, tell me a little bit about this whole transition. Because that's amazing.

Ace: So, something that I've had a vision for the last five years is realizing that one of the reasons there aren't more transactions in the kinda small business space is – and mid-size business space is that we don't have an ecosystem around people that are buying a business. If somebody is buying a large business, or a private equity fund on Wall Street is buying a business, there's this whole ecosystem that's been built up over the last 100 years on Wall Street to help make that happen.

So, if they want to raise some debt capital, they can go to an investment firm. And that firm will put together some bonds, they

may just pull in a bank and do that part. If the person wants to sell the accounts receivables, there are institutions there that will help them put that together. If the person wants to sell some stock, there are people that will package that and put that together. And the cool thing is, now we are seeing some of those pieces come together for small businesses. I'm excited about [inaudible] [00:37:51] and what's happening with crowdfunding.

And as we started doing deals, and I am fast in a lot of these acquisitions, one of the ways that I invest is royalties. And if anybody's ever watched Shark Tank, they've been kind of made popular by Mr. Wonderful, or at least raised awareness. And people a lot of times don't understand that, "Hey, anybody can go out and invest in royalties." And that's one of the reasons that he loves these is there's tax benefits to it, it's a sellable asset, you are able to still kind of win with the business when it does well and not make them suffer when it doesn't do too well.

And so, after gathering some of these royalties, we put that into a company and we found out like, "Hey, you can take this public." And so, we worked with an investment bank and it's definitely been slow because of Covid, but despite all of this, just a few weeks ago, we finally got the thumbs up from the SCC, which makes us officially a public company right now. But Federal will likely be slow. We'll get our symbol at some point. And then we'll be actually – will be traded.

And so, that's super exciting. So, I was telling Jaime ahead of the call that was one of things that was on my bucket list – my business bucket list. Like I have my personal bucket list and my business bucket list. And taking the company public was definitely one of those things. And so, I'm very excited about that personally.

But the bigger thing is coming into this ecosystem of people who wanna buy and sell small businesses, and giving them yet another alternative for a way to finance that acquisition where they can go out, they can raise some equity if they want to, we're happy to work with other equity investors that can raise some debt. And then we come in and we invest some royalty. So, anybody who's looking to access a royalty or looking to do an acquisition, they can check out FigiRoyalty.com.

Jaime: You're gonna get a symbol. That's so cool.

Ace: Yeah. Yeah.

Jaime: Well, and just on the point of the business bucket list, I have a lot of my clients do a personal and a business brainstorm. So, brain dump of what could be. Let's put everything on the table. So, what do you do for your business bucket? Would you actually literally have one? And what have you done? And tell me some of the stuff that's on there. Because it seems like those are those big, big visions that seem so far away, but apparently, they're here for you now.

Ace: Yeah. Well, tomorrow I hit 40 and I realized that I – it's time for me to do an updated version. And I do, I think it's important. I think with everything it's important to write things down. I think it's also important to have a journal. I do believe in a lot of that. And so, it's actually been 13 years to be exact. When I was 27, I had a lot of these specific things where I took – it was when I started selling all of my – and it's interesting it was just a bunch of things.

I owned a lot of offline businesses at that point. I realized I wanna travel. I wanna be more free. And having 10 offline businesses with a bunch of employees and a bunch of headaches and at that point 30 rental properties. It was a lot. And just thinking about it just I think my heart rate just went up. But one of my first ones was like, "Okay. I wanna get rid of all of this." And so, that was on the list. And I had some different things, but just lifestyle.

Then after hitting that, I had some things that were having an eight-figure private equity fund. And then sometimes you cross things out, which is really interesting because I thought that after my eight-figure I wanted to have a nine-figure. And I realized after the eight-figure fund it's like, "No, I like smaller funds," for a lot of reasons that we don't have time to get into here. But it's just literally more profitable. It's better. It's better for an investment. It's just win-wins. I don't need to have a nine-figure fund to do what I wanna do.

So, some of those things get crossed out. And then another thing was going public. And it has been a tremendous amount of work. So, this one will probably be the last public company that I have.

Jaime: Checked off the list and done.

Ace: Yeah. And I'll never do this again.

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Jaime: But you've got a symbol and tattoo it somewhere, right?

Ace: That could be my first tattoo. That would be really cool. I don't have a tattoo yet. My first tattoo.

Jaime: Fortieth birthday is tomorrow. I'm just saying.

Ace: I like this. I like this.

Jaime: I actually know a tattooist in Columbia. Just as a side. We'll talk after. We'll talk after. I'll set this up for you. Come on. Covid crap.

[Crosstalk]

Ace: **[Inaudible – crosstalk] [00:42:52]** tattoo artist in Columbia. Like of all the places I've been. So, yeah.

Jaime: I really do. Actually, we'll talk about it later. But yes. All right. So, I do have to start wrapping up so I can talk about tattoos. No. I'm gonna start wrapping up.

I know I've asked you this question three times – or this is the third time I'm gonna be asking you, but I'm gonna ask again, what is one action listeners can take this week to help move them forward towards their goal of a million. And wait, before you actually say anything, I'm gonna say the last two times he probably said, "Buy a business." And this time you should actually listen to what he says. So, please actually do it. Sorry .Go ahead. Go ahead, Ace.

Ace: So, one of the things that I'm encouraging people to do in the market right now is actually start to see yourself as an investor. And even putting on your LinkedIn that you're an investor. If you feel uncomfortable doing that, financier. And one of the biggest opportunities that I see is even if you're considering buying a business, starting to partner with businesses that have a ton of assets.

What we're gonna see is that there are gonna be a lot of businesses that still have a lot of value. I'll give a quick example. I have a guy who is trying to buy a business that's shut down a restaurant in my hometown in Chattanooga that's been around for a really long time and has kind of fans. It's just like when something's been around for 30 years-40 years, it just has people that – it's a part of the city and all that. And so, one of the things that he's working on is buying the brand, the licensing rights to this brand, and making

that kinda some t-shirts and some things and all that.

But there are gonna be a lot of people whether it's IP, whether it's databases, that have access to assets and they're just gonna walk away from them. I have a client right now that is – did a deal where he is just the in-between. The business needed some things. He listed himself as an investor on LinkedIn. They reached out trying to get money. He looked at the business and realized, “Really you just need a real marketing campaign. You don't really have a funnel. I wouldn't put money into this without a funnel. And like what? Were you gonna send people and not have a process?”

And so, he negotiated a deal of, “You're making this right now. I want a percentage on whatever I'm able to do to grow the business.” He went to somebody else. He's not able to really do the work – the marketing work. Went to somebody else who can and said, “Hey, do you [inaudible] [00:45:24] in this? Do you think you could grow it? Great. I'll give you this piece for that.” And now, last call that we did, we just did a kind of testimonial on YouTube with him and he's doing about \$5,000.00 a month, which is as much money as a lot of people live on. And he's basically just this in-between person.

And so, listing yourself as an inventor just allows you to look at deals. And we've got some other cool things. Search financier for another case study of a client who literally started from zero, started investing in webinars because he had some – using other people's money to invest in webinars in a kinda arbitrated situation and is making \$45,000.00 a year using none of his own money, even though he's the financier. He just raised the capital on one hand, charged more for it on the other hand, and only raised \$25,000.00, but it's making about \$45,000.00 a year.

Jaime: So, on my LinkedIn profile we're gonna have – yeah. I'm gonna see everybody that I'm on LinkedIn popping up. I better be. Right? I better be seeing that.

Ace: Exactly. Exactly.

Jaime: Then I'll shuffle the deals to you.

Ace: Send them my way.

Jaime: I think that's absolutely amazing. Thank you because that is an

action step that they can do and have no excuses for. So, thank you for a very quick – because they didn't listen to you for the other times apparently.

Ace: Let me switch it up. Let me give you something very, very easy. You can literally, before this ends, as Jaime wraps up, you can go in there and make that change.

Jaime: Yes. Smart man. Small things. Small things. They add up. They really do. And they can change the course of where you're going. So, where can we find more about you? I know I told you the website before, but you have content and I know people wanna reach out because they love you. So, tell me more.

Ace: So, feel free. Hit me on Instagram: Ace.Chapman. Lot's of free content that you can dig into on YouTube. Just search Ace Chapman. And if you're looking for financing, go to FigiRoyalty.com.

Jaime: Congratulations and thanks for being the third time on the show. You'll be the first person to be the fourth. So, I'm just putting that out there for later.

Ace: Yeah. I'm kind of the Michael Jordan of Eventual Millionaire.

Jaime: Yeah. Thanks so much for coming on the show again, Ace. I appreciate it.

**[End of Audio]**

**Duration: 48 minutes**