

Hayden Miyamoto

Jaime: Welcome to Eventual Millionaire. I'm Jaime Masters, and today on the show we have Hayden Miyamoto. Now he's run a couple different companies, but his most recent co-founding was a company called Acqira, which is all about business acquisition.

Thanks so much for coming on the show today.

Hayden: Thanks so much for having me. Happy to be here.

Jaime: Tell me a little bit about what the actual company is.

Hayden: Yeah, Acqira is an interesting business model. So we're like an accelerator, a Y Combinator, but for acquisition entrepreneurs. So basically, we teach people how to search for a business to buy and then we actually invest in them in their acquisition.

Jaime: So are these people that are joining your accelerator, do they have any business experience at all, or is it like brand new?

Hayden: It's a mix. So I would say maybe one-third of them, maybe a little bit higher, maybe 40% of people have some business ownership experience. And then I'd say the others 60% or so are generally VP level in corporate jobs. So certainly, have some leadership experience but are actually entering entrepreneurship for the first.

Jaime: They're like, I could do this and make more money than my salary, so I might as well do that this way.

Hayden: Exactly.

Jaime: Yeah. That's awesome. I love talking to people that do business acquisitions, cause it's almost like a speed reading through, like business stuff. So give me a little heads up on how you prep these people, especially for people that have never really run or even bought their own business before.

Hayden: Yeah. A big part of that prep is the actual search process. It takes the better part of the year in most cases to find a business. So as you're actually searching through this, obviously we have a lot of training that goes through it, but you typically are looking at dozens of prospectuses and talking to brokers

and talking to business sellers and really getting a much better understanding on how these businesses run. We focus more on, like home services. It's a bit more recession resilient boring businesses, but typically have a bit more of a moat. So things like HVAC, plumbing companies, roofing companies, etc.

Jaime: Oh, cool. I coach with a lot of them and it's always fun to see their growth. I was going to ask you that exact question. When it comes to industry, and especially if they don't have any industry knowledge, is that just something that you're cool with? Like a VP of some tech company joins the HVAC company. Is it like a crazy learning curve? How do they decide what industry to get into?

Hayden: 70-80% of businesses stay... once you get to a certain size. And so the biggest criteria to determine whether something can succeed or not is actually the size of the business. So we don't look at businesses that were the owners like still doing technical work? Typically, these businesses have 20 plus employees.

So it really doesn't matter if you know how to change out an air conditioner. It's really more do you know how to do the basic tenets of like leadership in business, financial, hygiene, operational, best [00:03:00] practices, etc.

Jaime: That makes sense. All right. So tell me a little bit more about what your constraints are for finding a good business. I'm guessing you give them like a metric or something to pay attention to.

Hayden: Yeah. As I said, SaaS, right? So we typically, we have a sweet spot, which is between about 750,000 and 1.5 million dollars per year in ebitda. So that's a sweet spot because it's typically too small for private equity and financial buyers.

And it's often too big for individuals. So that's the size we always look for businesses that are old enough, ideally have already survived the 2008 recession. Obviously Covid is an interesting wrench to throw in. In terms of industry, what we like to look at is these high lifetime value, high ticket items that have some level of moat.

Hayden: Typically, a licensing moat that have an addressable market where they come to you. So we're not really interested in like restaurants or dry cleaners or something that has a really sort. Small mile radius serviceable market. But rather if it's HVAC or plumbing or roofing, it's typically higher ticket and, has maybe a 60- 80-mile radius.

Jaime: That's awesome. And explain EBITDA to anybody that doesn't know it, just in case.

Hayden: Yeah. EBITDA is earnings before interest, taxes, depreciation, amortization. It's basically like a profit metric. Finance people are going to get mad at me for saying that, but if you don't know what it is I suggest Googling it.

Jaime: Basics. The basics here.

Hayden: It's like your net income before all of those things.

Jaime: Yeah. I've got clients that do well and have no idea what any like half of their profit and loss is. It's okay. Basics here. Just in case, because like you said, a lot of people getting into business on their own sort of are the worker bee as well as everything else. Even at 20 employees sometimes they're like doing 1200 other different jobs within it. And so these poor owners that are trying to hold it all together. So you said to the 2008 recession, so are these companies that you're buying 20ish years old or a little bit less?

Hayden: They're often several generations. We're looking at a company right now that's 104 years old that was bought from Nicola Tesla originally. Often old companies. I'd say the average age is 30 plus.

Jaime: Oh wow. That's interesting. It is funny. I remember my first coaching client was a plumbing company that had been in their family for generations. And like the hard thing about those type of companies is like, nobody updated stuff. You know what I mean? We were doing this 20 something years ago. It's dude, things have changed a lot in plumbing in the last decade, let alone 20 years ago. It's just crazy. So when you get it and do they do an intake process? Give me a little bit more. Let's say they found a business, show me a little bit more about what the intake process would be, especially for somebody who's never run a business like that.

Hayden: Sorry. By intake process you mean, in terms of accepting someone into the accelerator?

Jaime: No. The beginning stage of what you would do with the business after you buy it. Now I have this business. How do I even start?

Hayden: Yeah, we had a whole integration division in the company. And we have a change management framework designed exactly for this succession planning.

You hit the nail on the head before when you said a lot of these, even with 20 plus employees, a lot of these business owners wear multiple hats. And a big part of what we do is training the acquisition entrepreneur to build a leadership team from within the company. So we don't typically recommend, to hire an external GM like a lot of private equity does, but almost always this competency already exists within the management team.

And so building up that management team, introducing a lot of financial education and transparency there compensating them like owners. Basically, every single company, instead of having one magical GM that just takes on all the hats that the former owner was doing, you now have someone who's responsible just for people and culture.

You have someone who's responsible, for the operations side of the business, you have someone who's responsible for sales and marketing. And that transition, obviously involves the seller quite heavily over a period of 6-12 months and it is quite a process.

Jaime: Yes, I bet it is. We're summarizing in two minutes, right? What's interesting how you said no GM, how do you do that? What does the org chart even look like internally? Because I get promoting within, but I'm guessing they have other jobs that they potentially still have to, someone has to do that too, right?

If you're not putting somebody else in there to help. How do you navigate what that org chart structure looks like?

Hayden: Yeah. It's a process of backfilling, if you're promoting from within. And because you do typically have the seller still full-time involved, at least for the first. I would say an average transition is 6-12 months across three phases, where the first phase is full-time involvement by the seller. The second phase is half-time involvement, and the third phase is on spec, on call, and they don't come into the office. In that first phase, the seller is just as involved as they were.

You're typically training. The management team on their newer responsibilities while also backfilling. So there's always, you're a bit of margins. You're actual operating expenses of the company go up in the first year. And we always model that because you are adding basically an entire level of management that didn't exist before.

And these businesses trade very cheaply. So you're looking at a million dollar EBITDA business selling for \$3 million. And my estimation is that will probably become an \$850,000 EBITDA business in the first year because that's what's required to grow and not lose your mind.

Jaime: I appreciate you saying that though. Cause there's a lot of people being like, and then it's sunshine and roses and you make that, you double their income and its rain and everything, it's like a whole thing. But that's usually not how it happened.

Hayden: Yes and no. You're not buying businesses with \$0 down.

Jaime: Yeah, seriously. It's funny cause what your process sounds like is what I do with clients anyway, with the actual owner. What's so hard though, and this is what I love about the way you guys do it, is the owner got their habits and they're like sticking their old ways. And if you're a brand-new owner with brand new leadership skills, that can come in and be like, oh team, we do this.

Okay, I can listen to this new person, not this owner that's been trying to drag it along with the evolution of a human that they've got. Cause we all have issues, and we all have things that we bring into the business at the same time. So how do you do that? Especially give me a trajectory.

So when we promote within and we backfill, which I get and I'm sure everybody listening gets, the evolution of bringing somebody into more of a leadership or management skillset takes some time. Even if they've got like the base level strengths going on. Give me like a timeline on what that looks like before they're like really in their sweet spot of that.

Hayden: It takes probably, I would say six months to get into a comfort level for people. It is stretching. So typically, we'll form a leadership team from within the business, within probably about two months of the acquisition. And the leadership team, I don't know if you're familiar with EOS and Traction.

Jaime: Of course.

Hayden: Yeah. So we'll have these offsite workshops with their leadership team and kind of introduce the concept of rocks or OKRs, however you want to call them. And I would say probably after the second workshop, which typically happens about month four, month five is when people start becoming a lot more comfortable in that role.

For sure, in that first workshop, there's a, there is a lot of trepidation. I've been a service manager all my life. Am I capable of being a manager of construction? Or owning a P&L, right?

Jaime: Yeah. It's a very different set, especially for more of the blue-collar sort of side of things, instead of a tech company or whatever. And they're planning on being in leadership anyway,

Hayden: Something that I think is quite unique to us. The largest risk with change of ownership is Exodus. It's losing the key people. And so we really just optimize for not losing staff. Obviously, you're always going to have some churn, but, for me, the goal is 10 to 20%. A lot of private equity firms will bring in external GM and they'll just expect 15-50% True.

Jaime: Yeah. Which is they're humans. It's just so chaotic.

Hayden: Yeah, it's huge. In the best circumstances, you trust in people in their potential and to stretch themselves. And they try, and maybe occasionally, it's not for them, but at that point they request the help, right? They say, you know what? Thank you, but this is not for me. Could we bring somebody in who knows this or bring someone in to help me? Once that happens, that's perfect buy-in. Now you can hire competency without risking churn.

Jaime: Yeah. Building trust on a new person. You know what I mean? Just because, unfortunately, even when I worked at corporate, it was just churn was like not a big deal.

Like people's feelings. Oh, we don't actually care about you as a human, so we're just going to do what we're going to do anyway. And you're going to face the fallout in consequence, and if you actually pay attention to humans and what they want and gain their trust by listening to them. It's funny how you can earn their trust and have a way easier time than having to rehire. It's costly to deal with that, all that change.

Hayden: Oh, it's usually costly.

Jaime: Yeah. It's funny, one of my girlfriends wants to buy an HVAC company, so I'm talking through this stuff going. Ooh, okay, I'm going to send this interview. Cause she's never been in the industry. She owns something completely different.

And coming into something like this, how long would somebody like her. Business owner before, but how many hours would they have to work? Cause changing not a C-suite, but a management team sounds like it could be a lot of work. So tell me, how is the owner or the new owner working like 40 hours a week? Or what does that look like typically?

Hayden: Yeah. I would say the new owner is working like the old owner was at least 40 hours a week. We always recommend as you buy a business, you should not have another job, right? You should definitely quit your job and do this full-time.

It is possible to get out of the day-to-day relatively quickly especially because you have the seller still involved for a period of time, and you have a very intentional succession plan. It's possible to not be involved in the day-to-day within six months. I'd say it's more likely to be closer to 12 or 18.

And I think you should budget that. But, in a perfect world, you do have a management team running the business. Everyone does have job descriptions. Everyone does have a number. There's clarity on where the business is going. There's clarity on what everyone's role is in getting there and everyone knows how success is tracked. Once you have those pieces in place, business is easy, right? ?

Jaime: Yeah. Cause you don't have all that history with your business. So you can leave pretty easy, you're like, okay, this is the plan all along to get out of it.

That makes so much sense. When somebody's getting into this, it's like 12 to 18 months -ish. And I appreciate realistic when it comes to some of these things, right? Oh, you'll be out in six months. You'll be working 10 hours a week in this many months because you don't know what sort of issues are going to pop up and bumps in the road that you have to get through.

What is the role of the owner after you've worked them out of most things? Is it just like visionary and you have an integrator that manages the management team or tell me a little bit about how that structure really works after those 12 or 18.

Hayden: Often depend on what the entrepreneur wants to do. In some cases, they could basically have more of a board like structure, right? Where there, is a hired sort of general manager and there is a, an actual management team, and they're involved on P&L reviews and that type of thing. In other word, a big part of our company and why [00:14:00] we exist is to identify the acquisition

entrepreneurs that do a good job in this and then surround them with more opportunities to build portfolios.

So more acquisitions, more capital and so a lot of the time those people will focus more on, "okay, I did this once, now I want to do it 25 times over the next 10 years. And build a little decentralized private equity."

Jaime: Yeah. Company snowball effect there. I'm collecting businesses. This is so fun. Which is perfect for you, right? If you guys are doing the actual investing. Tell me a little bit about your side of it.

Hayden: Yeah. It's funny you said snowball. Cause we did our first rollup in the HVAC plumbing space was a company called Snowball Industries. We buy up about four businesses a year there. Acquire trains people, and we also have a whole off market division, and we have this consulting division for the change management. Then we have an investment and equity that invests and typically owns about 20% of some of these businesses, not all of them.

The businesses that we're involved in the equity fund, we support long-term, obviously. And like I said, our goal really is to build more of these snowballs, more of these portfolios.

Jaime: I've been hearing of so many more companies lately that are doing the long term side of things instead of the whole, buy it and try and ramp it up as much as humanly possible and then get rid of it. When you're looking longevity wise for these is the only sort of risk management that you have that it's home services and we're all going to need this for a really long time. What if robots come in and take over half the jobs that we have now? Are you like really paying attention to the future of this kind of technology that's moving forward too?

Hayden: Yeah, for sure. That's one of the main reasons we chose this space. It's very unlikely to become automated. The last pieces that will be automated will be things that require a high-level vision, dexterity, and intricate problem solving.

Jaime: It's very much problem solving. A thousand percent.

Hayden: Yeah. It's interesting, with AI and ChatGPT, everyone thought that the last things to be replaced would be creative work. But it's the first thing that's going, the hardest thing to replace is the millions of years we took evolving our sense of vision.

Jaime: Totally. I was really curious because like it's one thing to go old school, boring businesses and it's another thing to do that while looking at the future and where things are potentially going. Because when you look at those kind of markets, who knows what's shake ups going to be. So it's an interesting way of looking at it, that problem solving's going to take a lot longer comparatively.

Hayden: It timeline for me is a huge thing. And it was very transformational for me when I extended my timeline for success in life, and I think, really private equity got a bad rep simply because of the timeline involved, right?

Yeah. The LPs, the limited partners, the people who actually put the money in to private equity funds typically ha want to get their money back out in five years. And if you're buying a company and suddenly you need to make improvements in five years. There's not that much you can do. And most of the things that you can do tend to be harmful to the employees, the community, and the customers.

Our timeline here is 20-25 years. So our actual goal for these portfolios is to create ESOPs and have them become entirely employee. Oh, nice. Which would take about 15 to 20 years. So these portfolios basically acquire more businesses. We take the profits from that and contribute them to the ESOP, which basically means the company runs tax free. And it buys the ownership out over time.

Jaime: And you're helping the employees. That's killer.

Hayden: Yeah. With these commoditized businesses where, first of all, staffing is by far the biggest constraint. It's a huge differentiator. And it's also differentiator with someone who wants to hire someone.

I would rather buy work with the employee-owned firm than the private equity one. Yeah, that's the goal. I don't like the name, but they talk about like the silver tsunami. That's something like \$1,000,000,000,010 of value changing hands with the baby boomer generation.

I think there's an interesting opportunity to actually change the way business is done here and through this acquisition means. So our BHAG, our big hairy audacious goal is to point the trillion dollars towards employee-owned companies.

Jaime: I actually got goosebumps. That's really cool to find people that know where the world is going, especially with the baby boomers and actually help in a way that is not harmful, is unfortunately super rare in the world that we live in

right now. I really appreciate when you said timeline specifically, cause not only of course when it comes to this type of business, but it also as an entrepreneur yourself, usually, because we've got great marketers online, it's like in three years, in five years, but when you take a much longer view, it changes the game. So how has that impacted you personally?

Hayden: Personally, as an entrepreneur, it made me work on one project and stop looking at other things that, that for me was huge. It was very transformational. I would often get shiny object syndrome before I figured that out. I'm curious and I like to follow my curiosity but then you realize that the real true power of compounding doesn't occur unless you've worked on something for many years. This company is only three years old, but it's the continuation of another acquisition company we've had since 2015.

And I can see that flywheel rotating now way faster than anything else I had worked on. and it's just compounding well.

Jaime: It's funny too the way you've set it up makes it so that there's things that are more interesting within the whole, right? I know for me, I was joking, like I can't, if I only worked on one business and didn't have a ton of clients in different industries to be excited around, right?

Because it gets super boring doing the same, like you said, it's chicken it's the same kind of stuff all the time. So working with different owners and different ways of doing things keeps it actually interesting. But as a whole, I would jump, I used to. I do have ADHD, so there's that too. But jump all over the place.

And so a lot of owners just have that innately in them. And of course, there's so many benefits to it, right? I see opportunities everywhere. That's amazing. But do you still have that squirrel syndrome? How does it go away? Because now that you have this one focus.

Hayden: Like you, I get to be exposed to a lot of different businesses, which is interesting, and a lot of different entrepreneurs, which is interesting. But the idea of buying boring businesses but rolling them up together adds basically a venture aspect to what is normally like a boring business. The whole ESOP thing, tax efficiency, like all the weight, financial structures you can have. How do I get liquidity while not being an a**h***? Like those are all interesting challenges.

Jaime: Tell me a little bit more though because you broke down the different types. You have the consultancy side. Do you have employees that are actually people going in and doing acquisitions?

Hayden: Yeah. We have about 30 employees. We're all distributed. I split my time between Mexico and Canada. So no office per se. And we're all across the US mainly. And some people in Mexico and Canada.

Jaime: Okay. And so how do you determine? Because finding the businesses is difficult and actually I want to go into that for just a little bit. Like where do you source some of these? Of course, everybody can go to your website and learn how you do that and all that fun stuff. But short term right now, like how do you find, especially in the baby boomer generation of people, that are retiring to get good deals too, right? Because like as soon as everybody knows about it, maybe you're not getting the best deal. Or tell me a little bit more about how you find them.

Hayden: Yeah, so there's two parts to it. One is on market. So there are a bunch of different sort of brokerage, aggregators, like bizbuysell.com, where you can just go in and search for businesses. And so that's all within our training and the acquisition entrepreneurs go through that themselves. We have a sort of a project management system that helps them with it. And then the other side is the off-market side. A combination of paid traffic, a lot of cold calling. We talked to about 3000 business owners a week. We call a lot of business owners.

Jaime: They're old-school people that like answer the phones still.

Hayden: Obviously to develop a deal that takes longer than a broker deal, but that's where we're getting the majority of the interest now. And especially because a lot of people don't want to buy a business too far from where they live. Relocation is the number one daily point for these change of ownership businesses. It's nice that we can search within 2–3-hour drive of where people already live.

Jaime: Oh wow. Yeah, of course. Cause all home services do you need to be there and local? Does anyone do virtual, like remote leadership when they have an onsite team?

Hayden: You can. So that snowball venture, I was the one who did all the actual integration work, but probably within eight months it is entirely virtual on my end. So it's possible.

Jaime: I hear it in your voice. It's possible. Somebody could challenge themselves and do it for sure.

Hayden: It depends.

Jaime: Give me a couple tips. Especially when it comes to these types of businesses on the marketing side, because a lot of these older school guys don't do a lot of marketing. I'm thinking of all the ones that I've had where they're like the most popular guy in town cause everybody knows his name or something like that. So tell me a little bit more about what you do in regards to marketing when you do acquire.

Hayden: The vast majority of these businesses, they don't have any marketing in place. Many of them don't even have a website. We bought a business last year that was 65 years old, made 3 million a year, didn't even have a website.

But were incredibly good at what they did. And so just had incredible word of mouth and had happened to be because they worked there for 65 years. I use you because my dad uses you. My dad uses you because my grandpa use you. Digital marketing is my background.

So actually setting up these GMB profiles all across, or multiple profiles all across these cities in order to rank organically on Google Local is really easy. And that's a big part of what we do. You're typically more supply constrained than demand constrained. You need to make sure you have the staff.

Jaime: They're learning a new skillset and you're trying to keep them moving at the same time. Is it mostly Google, like GMB stuff, like paid advertising? Do you do Google ads locally? Tell me a little more about that. Cause I've got a lot of home service kind of guys listening to this going, what can I do marketing wise? Is this not going to kill me?

Hayden: Yeah, GMB is really easy. There's Yelp Organic, there's paid Yelp, there's paid Google, there's some social media. I wouldn't really recommend it.

Jaime: Thank you. Let's just say that a little louder for everybody. I have a client who's an emergency services guy. I'm like, nobody wants to follow you. Mold, nobody wants to follow that. It could be good and it's good to have something maybe once in a while but putting all your eggs in the social media basket when it's emergency services, not really the best bet. I'm guessing you see something similar.

Hayden: Yeah, a lot of the old school stuff works way better for this type of thing. So even like local tv, direct mail and radio can all work really well. Radio's great for if you need to hire, just because all contractors listen to the radio . So yeah, it's a mix of everything.

I'd say the one, like the highest return is like FTO plus basically local SEO. That's the highest. Google Guaranteed was a program introduced like a year ago. Is really strong as well right now.

Jaime: Oh, tell me more about Google guaranteed.

Hayden: It's a paper click program. But they basically have to do like security checks on the technicians. So not many people are using it yet. So you end up getting really good cost per clicks.

Jaime: All right. I don't know too much about that. Sweet. Usually, SEO Local is so easy. Especially for these 10 homes services businesses, depending on the market of course, but like it's literally not rocket science. It's like doing a handful of things that makes a huge difference. But who does that? I know you're a digital guy, so it makes it easier. But if you're acquiring a business and nobody within the company has that knowledge, which I'm guessing they wouldn't because otherwise they'd be doing it. Who does that?

Hayden: We have vendors that we work with that we vetted and we use. So we have a couple different digital agencies that we will typically put people in touch with. If you're like one of the coolest sort of GMB hacks, if you have a home service business, especially if you have a business that goes to your customers, what a lot of people don't realize is that like your service area is actually the cumulative service area of where your techs live. If your techs bring their trucks home with them. And so, you can be very strategic in setting up like multiple GMB profiles associated with maybe where you have a little warehoused inventory spot and actually end up having. Let's say, you're in Phoenix. You can have a listing in Glendale, Mesa, and Phoenix. And take advantage of all.

Jaime: I was literally talking to someone about this yesterday because we want to be white hat. We don't want to, because there's some gray things you can do, there's some black things that you can do in regards to some of that stuff. We want to be, above board but what's above board that actually works?

Jaime: So it'll be funny hiring new employees and being like, okay, great, you live there. I'm going to hire you even if you're not the best candidate because...

Hayden: That's why I said warehouse/inventory, not the virtual office.

Jaime: That makes perfect sense. I know we have to start wrapping up, but I love that you do home services like nobody does home services anymore, so I was all excited. The unsexy awesome longevity kind of businesses are super fun to talk about. I'm going to wrap up with my last question. What's one action listeners can take this week to help move them forward towards their goal of a million?

Hayden: Sort of self-interested, but not really is look into buying businesses. I think it is the best path towards becoming an entrepreneur because you just skip that entire product marketing fit side. And you basically buy a company that already has cash flow, already has customers, already has staff. That's my advice. Look into it at the very least. There's a lot of interesting financing opportunities like mortgages. If you do it right, you can buy something with 5% down and be profitable right out the gate.

Jaime: Nice. Yeah. People don't understand that they're two different skill sets, product market fit and like the running of the business. Which one do you want to learn? If you could only pick one. Thank you so much for coming on the show. Where can they find out more about you and your accelerator and where they can learn more?

Hayden: Yeah. On my website, Acqira.com, and feel free to reach out to me at hayden@acqira.com.

Jaime: I love it. Thanks so much for coming on the show today, Hayden.

Hayden: Thank you, Jaime. It's a pleasure.