THE SILVER TSUNAMI PROVIDES AMPLE OPPORTUNITY FOR VETERANS

Written by Lisa Forrest

The Silver Tsunami

You may have heard the term Silver Tsunami. It refers to the unprecedented increase in the aging population, typically Baby Boomers (born between 1946 and 1964) reaching age 65 and up. All Boomers will be age sixty-five by the year 2030. The Baby Boomer generation accounts for an estimated 2.3 million small businesses in the U.S.[1]. Additionally, 78% of boomer businesses are profitable, making them the most profitable age group of small business or franchise owners[2]. Furthermore, experts estimate that roughly 10,000 Baby Boomers retire each day[1].

Entrepreneurship Through Acquisition

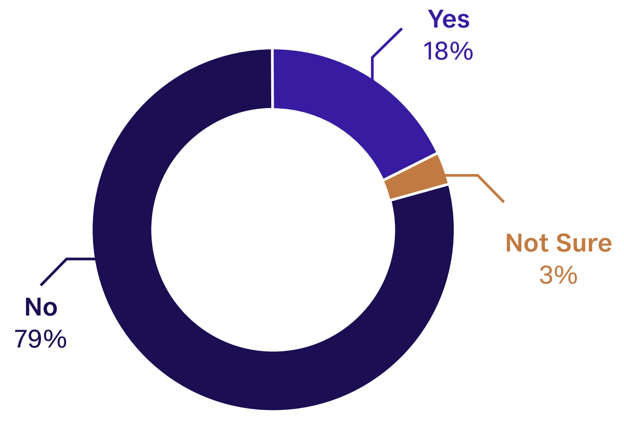
Many Boomers do not have successors interested in taking over the family business and/or must sell their companies to realize their retirement. This is significant because it provides abundant opportunities for veterans interested in entrepreneurship through acquisition. Entrepreneurship through acquisition, also known as ETA, is becoming a business owner by buying an established business versus starting a new business. ETA has many benefits, including utilizing existing infrastructure and having cash flow and profit from the beginning.

Ample Opportunity

The latest statistics from Live Oak's research powered by Barlow state that "Nearly one in five of small business owners have already taken steps to transition ownership of their company" and "28% of small businesses anticipate an ownership transition within the next five years"[3]. This shows untapped potential for America's veterans to own a business.

As previously stated, the need for the next generation of entrepreneurs to acquire these companies is heightened as family members are not interested in taking on ownership. Forbes has compiled several data points suggesting that the likely successors of some of these Baby Boomer-owned businesses may not be interested in taking over the family business[1]. This disconnect in family succession offers a tremendous opportunity for transitioning military veterans to take up the mission of becoming the next generation of small business owners and CEOs.

SMALL BUSINESSES THAT HAVE TAKEN STEPS TO TRANSITION COMPANY OWNERSHIP[3]



SMALL BUSINESS OWNERSHIP TRANSITIONS[3]

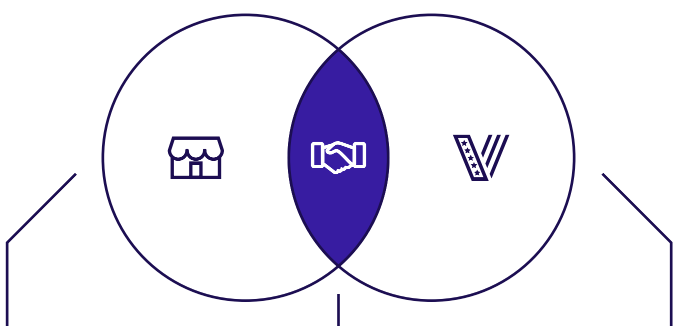
Have no intention of transitioning ownership **43%**
- Ownership has never changed | 34%
- Ownership has previously transitioned | 9%

Expect to transition ownership in 6+ years **29%**
- Ownership has never changed | 20%
- Ownership has previously transitioned | 9%

Expect to transition ownership within next 5 years **28%**
- Ownership has never changed | 17%
- Ownership has previously transitioned | 11%

Buying an existing business versus starting a new one has many benefits, such as an existing customer base, infrastructure and trained employees, just to name a few.

Approximately **200,000 military members transition** from active service to civilian life yearly (1,000,0000 every five years)[4]. According to the U.S. Census Bureau, there are over **7.9 small businesses in the U.S.**[5] and, as stated earlier, over 2.3 million (**28%**) of those businesses plan to transition in the next five years[3]. That leaves ample opportunity for veterans looking to acquire businesses.



7,977,623
small businesses in the U.S.[5]

2,313,510
estimated business transitions/ acquisition opportunities[3]

1,000,000
transitioning military members[4]

Veteran Entrepreneurs

Is Veteran to CEO real and within grasp for these veterans? Absolutely. According to recent data, veteran-owned firms employ **5.8 million individuals**[6] and **veterans are 45% more likely to be self-employed** than non-veterans[7].

Military veterans have a highly valuable set of skills and abilities. Their military-gained skill sets compensate for what they might lack in industry-specific knowledge or experience. For example, they might be inexperienced in areas such as the deal process but have ample operational capacity from literal "boots on the ground" expertise in operating units. This translates to 'business' unit operations. Owning a small business also impacts your community and the nation, considering **small businesses employ roughly half of the U.S. workforce**[8]. Running a small business and providing employment opportunities for Americans is a way that veterans can continue their 'acts of service,' which is a passion for many service men and women.

Scott Jensen, Executive Director of the **NVSBC**[9] has this opinion, "Veterans have all the qualities, experience, and expertise to make incredibly successful business owners. As an owner-operator, you directly impact wealth creation for you, your family and your employees. And, despite what they think, they don't have to have an MBA or be a graduate of a fancy university to succeed!" Further, "Unfortunately, many lack the knowledge or confidence to leverage what they inherently already possess to run a company and prove to themselves that they can succeed. Conventional wisdom among most veterans is that they must start from scratch and that they have to self-fund their endeavors. Growing the ecosystem of trusted education, resources, services, and information related to VETSETA is vital to getting veterans—who are inherently postured for success. They need to understand how to acquire an existing company and that there are good people and organizations out there that can and want to help them find the financial resource (access to capital) to make that dream come true."

Resources for Veterans Interested in Entrepreneurship Through Acquisition

At Live Oak Bank, we specialize in entrepreneurship through acquisition. We have a team dedicated to helping you navigate the deal process, from assessing acquisition opportunities to due diligence and closing. We are with you every step of the way. If you're interested in learning more about ETA, connect with our team at **liveoakbank.com/searchfund** and check out some of the following resources.

Search Fund Resource Center
We are dedicated to helping search funders through education and financing and have created a robust set of resources to help along the way. Download our free resources now.

Primer on Veteran ETA
What Veterans Need to Know About Entrepreneurship Through Acquisition.

HBR Guide to Buying a Small Business: Think Big, Buy Small, Own Your Own Company
"This book covers why buying an existing company is smarter than starting one (or working for someone else). The book is targeted to 'traditional searchers' as opposed to 'self-funded,' but it's a great framework for the ETA ecosystem."

- John Hubbard, Veteran Small Business Owner

Buy Then Build: How Acquisition Entrepreneurs Outsmart the Startup Game
"This book is solely focused on self-funded searchers. It simplifies the path and economics of small business."

- John Hubbard, Veteran Small Business Owner

Self-Funded Searcher Lender Office Hours Call with Live Oak Bank
Every Wednesday at 8:00 AM PST. This weekly meeting is for self-funded searchers on everything you need to know about the SBA lending program for acquisition. We will walk you through the financing process and explain how we pre-screen deals before a letter of interest. You will also be able to ask questions and benefit from hearing the questions of other searchers.

Self-Funded Cashflow Model & Investment Memo Training with Live Oak Bank
Every Thursday at 8:00 AM PST.

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