



tupelo

Demystifying the Customer and Embracing their Evolution

George Wellmer
Founder of Tupelo

Agenda

Part 1

Hear from MBBA Brokers on how they are working with clients and what is giving them a competitive edge.

Part 2

Market Research Brokers - Tupelo's market research on how brokers' jobs are changing and their general process.

Part 3

Market Research Buyers - Are buyers changing, and how are they finding businesses to acquire?

Part 4

Market Research Industry - High-level analysis on general topics and activity.

Has the industry changed in the past few years?

What are you seeing today?



Research focuses on the broker, industry, and customer evolution



Brokers

Are brokers' jobs changing?
How is working with sellers evolving?



Buyers

Who are buying businesses,
and how are they sourcing leads?



Industry

What changes, if any, are occurring within the industry?



Market Research

Business Brokers



High Level Results Stats

Avg. Number of Listings

8 - 10 listings per broker
*Outlier one broker had
33 listings

Diversified Offices

~50% of the offices (excluding franchises) offered services adjacent to business brokering

Seller Origination

Experienced Brokers: COIs

Buyer Origination

BizBuySell - 90% of Main Street Brokers use BizBuySell

Brokers not using BizBuySell have an internal database of buyers and targeted outreach

Biggest Changes

Zoom
Competition
Sophisticated outreach

Technology

Nearly every broker we spoke with is re-evaluating their tech stack to see how they can drive efficiencies and get a competitive edge

Finding sellers is a bespoke process that is competitive among brokers and professional buyers

Established Brokers

- Referrals

Growth Brokers

- Purchasing lists
- Cold Out Reach
 - Email
 - Phone Calls
 - Drop Notes
 - Snail Mail
 - Facebook
 - LinkedIn
 - Reddit
 - Tombstone

Competition

Valuation

- Sellers performing valuations with multiple brokers

Buyers

- Independently and strategically reaching out to companies, employing “Growth Broker” strategies



Seller's target sale price factors into their business's valuation

Valuation Hook

- Opinions of values are being priced against one another

Avoid Pricing War

- Leveraging outside valuation professionals
- SBA Pre-Approval
- DSCR Calculation

CPA and Financial Planner's Valuation

Sellers are receiving valuation counsel calculated based on retirement needs rather than business value

Savings + BV = Money Needed to Retire *(per counsel)*

Tools brokers use to create a competitive advantage, increase listings, and mitigate manual process

Seller Prospecting



Brokers and Buyers are Scraping Public Data to Generate Leads



PPP FOIA

- Businesses that received PPP
- Leads are being generated from both sellers and buyers
 - Buyers' teams are parsing this data

7(a) FOIA

- SBA loans
- Leads are being generated from both sellers and buyers
 - Buyers' teams are parsing this data

Problem is the data sets are so large it is difficult to manipulate the data in Excel. However, there are solutions available that unlock this data for brokers.

BizBuySell is still the leading place where buyer prospects are sourced



Brokers

90% of brokers will post all of their businesses to BizBuySell



of Listing Sites

Broker post listings to 1-4 sites



Updates

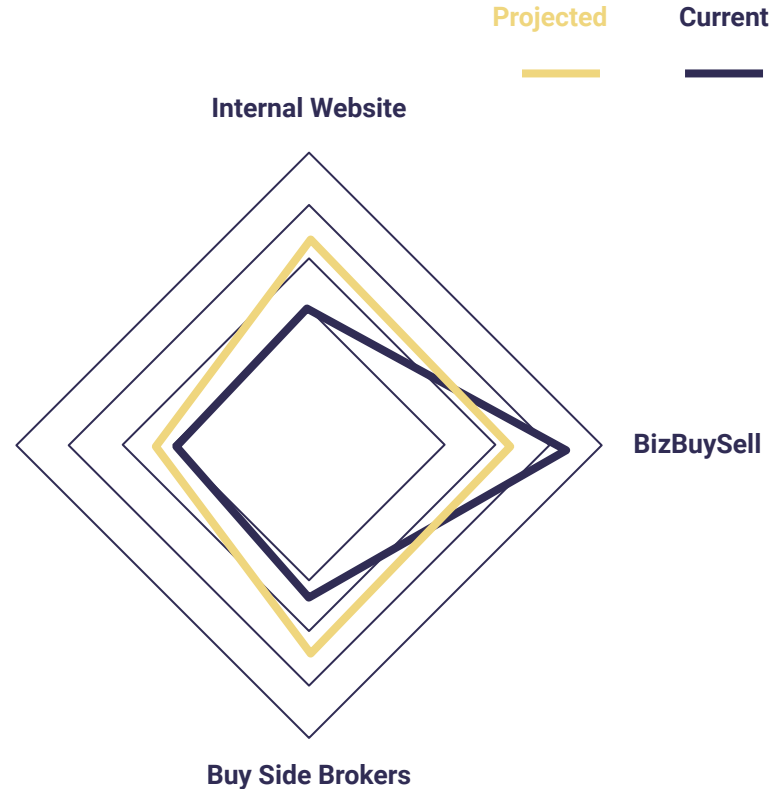
2+ updates are made on an avg. listing



Secondary + Listings

Cross selling listings is very common

Direct Email



[List of 500+ websites for buying and selling businesses](#)



Market Research

Business Buyers



Main Street

“30% of buyers are baby boomers”
[BizBuySell](#)



Middle Market

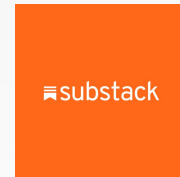
“Sixty-two percent cited growth as their motivation for M&A deals, up from 48% in 2022.” [Citizens Financial Group Inc. Middle Market Research](#)



“ Buyers have formed communities and they want to network with brokers and bankers.”



#SMBtwit



SEARCHFUNDER.COM

These communities are creating buyer perceptions and hardly any brokers are having an input



Jon Matzner ✓
@MatznerJon

Every time you see a biz on bizbuysell, remember who already decided not to buy it:

1. The broker
2. The professional service providers
3. The employees
4. Competitors already in the sector, with access to financing

If you can't figure out why those people said no, you're the sucker.



Chandler Reed ✓
@ChandlerReedSMB

4 reasons why most SMBs are worthless:



Matthias Smith, CEO - Pioneer Capital A... ✓ @SBA_Ma... · Feb 4 ...

Your seller's business broker pitching you on a 5x deal with ridiculous add backs 🙄

🚫 Do not pass go 🙄 📱 📄

🚫 Do not collect \$200 💰 📄

🚫 Onto the next CIM 🧑 🧑 📄



Clint Fiore 🚫 📄 **DM for Biz Deals** ✓ @ClintFiore · Jan 11, 2022 ...

Most business brokers suck.

But the good ones are worth their weight in gold and have more work than they can keep up with. That's why I got into this gig... Not much competition. Hard to break into (so good moat). Easy to shine.

SEARCHFUNDER.com

Sorry, but you are a broker's worst nightmare ... and how to fix it



Andrew Pierno ✓ @AndrewPierno · Feb 13 ...

small businesses and brick & mortars are not on LinkedIn or Twitter, they're on Google maps 🙄

i wrote a script to scrape listings from google maps and download them as csv

- Phone number
- Website URL
- Address
- Rating

📩 rt + comment 'super send' and I'll dm you the script

Popular Blogs

1. [Owned and Operated](#)
2. [SMBAcquisitionAttorney's Substack](#)
3. [BuySellSMB](#)
4. [Contrarian Thinking](#)
5. [Chrisxmun](#)
6. [DueDilio](#)
7. [Anon Investor](#)
8. [The Business Academy](#)
9. [BigDeal Small Business](#)
10. [XO Capital](#)

Buyers are being trained on how to buy a business

Programs

1. Permanent Equity
2. Logan Robinson Home Cleaning Course
3. Live Oak
4. SMB Search Syndicate
5. Contrarian Thinking
6. SMBash
7. ETA MBA Courses
8. Pacific Lake Partners
9. Acquire



Advantages

1. Internal database of proprietary deals
2. Funding sources
3. Network of brokers
4. Network of bankers
5. Advisor guidance on sourcing
6. Community

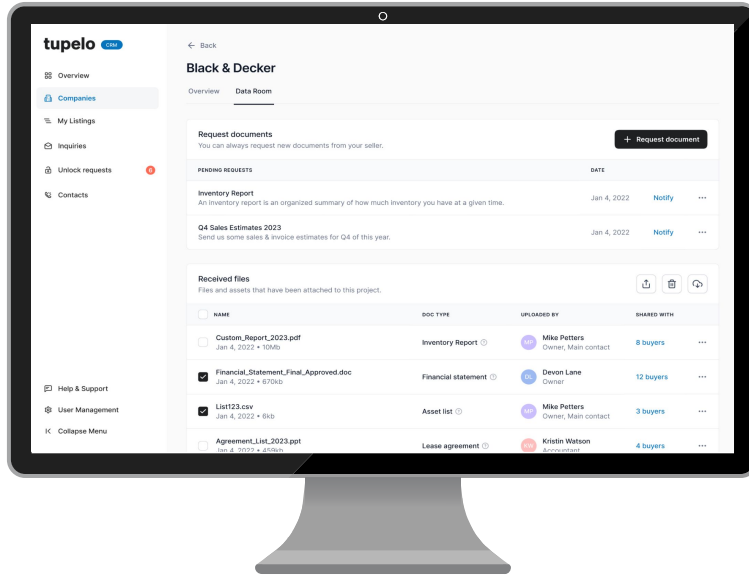
Disadvantages

1. SearchFunders are not well trained on the industry 0-5 months into their search
2. Internal database of proprietary deals (brokers)
3. Unrealistic expectations
4. Double dipping proprietary leads

Buyers are using/paying services to find, track, and manage opportunities

Company	Price	Description
 Kumo	\$30 per month	Scrapes numerous listing sites to make it easier for buyers to monitor opportunities.
 Beacon	Free	Educational resources, deal analysis tools, and a community of experts.
 X5deals	\$299 per month	Outsource deal sourcing agent that aggregates high-quality deals.
 PRIVSOURCE	\$200 per month	Private, deal-sourcing network for experienced lower and middle-market M&A professionals.
 BIZNEXUS	Scales with reach	Outsources M&A deal origination.
 Deal Flow Scout	Free	Facilitates the free, open, transparent sharing of quality deal flow.
 baton	% of Sale Price	A small business marketplace that is looking to displace business brokers.

Today's Business Buyers are asking for more information



Data Rooms save deals

Buyer due diligence is expanding. Having a centralized data room that is accessible by all parties expedites deals.

Time is the biggest deal killer

Buyers are frustrated with the service and transparency they receive



Communication

80% of BizBuySell inquiries never receive a response



False Opportunities

Dead listings on BizBuySell



Limited Deal Knowledge

Unable to answer basic deal questions (i.e. revenue concentration)



SDE Add Backs

Valuations that are not "bankable"



Market Research

The industry

Co-brokering is growing and associations are encouraging collaboration

Associations



Co Brokering Programs



Time, data, and complexity were overarching themes

Time 01

- The time it takes to get deals fully completed is increasing



Downpayment 02

- Less money is being asked as a downpayment
 - Full Standby



Industry Research

03 Information

- Lenders and buyers are asking for more information



04 Representatives

- The number of representatives brokers are working with is increasing (loan brokers, buy side brokers, Q of E, Legal, advisors)



Tools brokers use to create a competitive advantage, increase listings, and mitigate manual process

Seller Prospecting





Conclusion

Brokers



- **Competition is increasing among brokers and buyers.**
- Seller valuation is being calculated poorly.
- Brokers are using technology to be more efficient.

Buyers



- **Community - buyers have formed groups to share deals and knowledge.**
- Educational programs coach business buyers on how to buy a business.
- **Buyers have sophisticated independent outreach efforts.**

Industry



- **Collaboration/ Co-Brokering is increasing in popularity**
- Deal complexity is increasing
- Technology is being invested in at all levels

A smiling man with a beard, wearing a dark suit jacket over a white collared shirt, is pointing his right hand towards a whiteboard. The whiteboard features a yellow line graph with four circular nodes and an arrow pointing upwards and to the right. The word "Thanks!" is written in large, bold, black letters on the whiteboard, with a horizontal line above it. Below the graph, the text "Does anyone have any questions?" is written in a smaller, bold, black font. At the bottom of the whiteboard, the contact information "george@tupelosmb.com", "248 832 6919", and "tupelosmb.com" is listed.

Thanks!

Does anyone have any questions?

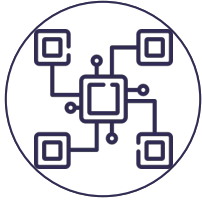
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tupelosmb.com



Tupelo is a CRM for business brokers; we are making software to power the future of business brokering



Integrations



Storage



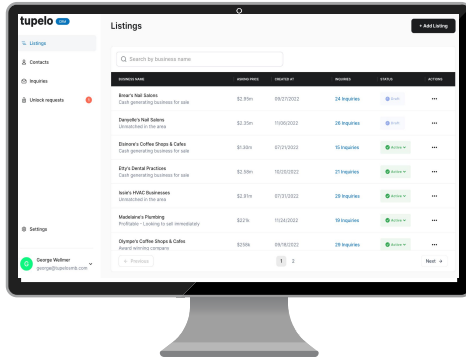
Tracking



Valuation



Sourcing



Find out why brokers love Tupelo

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