

Adnan Fakhoury

📅 Thu, Nov 23, 2023 11:22AM 🕒 19:09

SUMMARY KEYWORDS

interns, search, tailored, searchers, guides, companies, business owners, adnan, scale, river, volume, owner, industry, email, spectrum, process, find, week, sentence, incentives

SPEAKERS

Adnan Fakhoury, Steve Divitkos

S Steve Divitkos 00:00
Adnan, welcome to the show.

A Adnan Fakhoury 00:03
Thanks, Steve. Thanks for having me.

S Steve Divitkos 00:05
It's great to have you here. And let's start with a brief overview of yourself your search fund and where you currently find yourself in the search process.

A Adnan Fakhoury 00:15
Alright, sounds good. So I'm originally from Lebanon was born and raised there, did consulting after school. I did that for a couple of years, wanted to be more entrepreneurial, and moved to tech and logistic startup, really enjoyed working in a smaller environment, which eventually led me to thinking about search and discovering search funds. I went to HBS for my MBA and tried to talk to as many people as possible, interned with two search investors Andrew [inaudible] partners. And that just strengthened my desire to launch a search, the launch said right after business school. That was in May of 2022. Or graduated in May 2022. I launched in the summer after July, and now I'm a year and a half almost into my search for traditional solo search and looking to find that one great business.

S

Steve Divitkos 01:25

Fantastic. So about a year and a half in your search. And if you're anything like I was when I was a year and a half into my search, I reflected back on those early days and wondered, you know what I was thinking at the time, because there's just so much that you learn through the passage of time and through engaging in the blocking and tackling in the search process. So I'm going to ask you the same question that I've asked each of our guests today, which is, if you could redo the first 90 days of your search, knowing what you know now, what might you do differently?

A

Adnan Fakhoury 01:59

Yeah, so I took some time think about this. And honestly, every phase in the search feels different, every few months, you learn something new. When I looked back at that one year anniversary, it felt like I was a different person. So there's definitely a lot of things I would do differently. The first one is hopefully not too complicated. Just hire more interns earlier in the process. I think I was very skeptical about having interns when I was fundraising and even at the start of my search. Luckily one of my friends had kind of someone they knew, an undergrad and that person wanted wanted an internship. So I took them on board. And honestly, that was one of the best decisions I could have made early in the process. I realized that you have interns, there's a lot of things you can do. So I actually started my search. So that Summer, I had one intern. Then later that Fall, I had three interns. Then the Spring right after I had eight interns all part time. And then the Summer after I had eight full time interns. So I definitely saw the value in having a strong cohort of interns and a larger group. So I would say hire more interns and hire them faster and earlier in the process.

S

Steve Divitkos 03:31

And then can I ask you a few follow up questions on this one?

A

Adnan Fakhoury 03:34

Yeah, of course.

S**Steve Divitkos 03:35**

So the like so many things in our ecosystem, you'll ask 10 different people, and you'll get a minimum of five different opinions. So in my own case, for whatever reason, reasons that I probably still can't articulate. I had a hard time managing more than two interns at any given time. So I had two full time interns 40 hours a week. And I found that I had a really hard time adding more than that. Peers of mine who are searching at the same time, use 12 to 15 interns and they couldn't imagine utilizing as few interns as I did. And I couldn't imagine utilizing as many interns as they did. So where do you fall out on this spectrum? And what have you learned as a result of having one to two interns versus, you know, seven or eight interns?

A**Adnan Fakhoury 04:26**

Yeah, I guess that's fair. So I mean, things work differently for different people. It depends on how you're leveraging your interns, I would say. There are certain tasks that an undergraduate student can do well, especially if they if they get the right training. And there are certain tasks that it takes years of experience for someone to do well. So I would say it's about selecting the right tasks and then training training that person and how to do them well. So it does take time to figure out, what is the best way to prepare your process, what is the best way to train interns. But definitely, when you have a certain idea of how you want to run your process, there's a lot of things you can automate. And that includes automating training plans or training processes for the interns. So in my case, it's actually not very hard to onboard eight interns at the same time at the start of the semester, because a lot of these processes are already automated, I have videos in place, I have documents that I can use to get them up to speed. And then we do kind of every two weeks, we do one on ones. One 30 minute one on one or so. So that's about four hours for eight interns every two weeks, and then one hour all hands meeting. So you're talking about five hours, every two weeks of your time, which is honestly well spent, especially when they come back with hundreds and hundreds of companies that are validated through your process. So I found this to be a good use of my time, especially now that a significant portion of the process is quite automated.

S**Steve Divitkos 06:24**

Another question that I get pretty frequently with respect to interns is like, what tasks should I give these people? And what tasks should I not give these people? So in your experience with respect to like what they are specifically doing for you on a day to day basis? What have you found to be tasks that are very valuable or helpful to delegate to interns? And on the opposite side of the coin, what are some things that have not been particularly valuable or helpful to delegate to them?

A

Adnan Fakhoury 06:52

Yeah, I'm always refining my perspective on this question, or on this matter. I try to have them start with some research about the industry, in a lot of cases that research is not really useful in terms of, Am I going to use it to get a better, better conviction around that industry? Or will I use it to convince the owner that I'm quite knowledgeable? The answer is probably no. But I tried to have them do some industry research so that they get familiar with with that industry that they're building lists. And that takes us to the actual task. It's really about building lists and finding companies. So sourcing as much as possible. And then tailoring writing a tailored message to each each company within that list. Which at the beginning, kind of it feels it feels a bit a bit tedious. But at some point, they will get the hang of it, they'll start to understand that different companies have different business models, so they'll see value in it. And at the same time, I'm seeing value in it, because now instead of spending several hours trying to find kind of 100 companies whether they're within an industry to search to reach out to, I'm only spending four hours every two weeks or two, let's say two hours every two weeks to get hundreds and hundreds of pre validated companies.

S

Steve Divitkos 08:32

Fantastic. So before we hit the record button, you mentioned that there were three primary changes you'd make, let's move on to change number two.

A

Adnan Fakhoury 08:41

Yeah. So the second one is the scale volume faster. I was always hesitant to scale volume. When you scale volume, you scale your problems in a way, you'll get filtered into spam more often. You don't have enough time to respond to owners. But honestly, when you're scaling your volume, you're getting more touch points to potential business owners. In a lot of cases, we might reach out to 100 companies and none of these owners want to sell their business. So if you're reaching out to let's say 50 companies a week, then you probably spent two weeks without any solid leads. If you're increasing your volume, then you can speed up that process a bit. There's obviously different perspectives around this, there's either high volume or high tailored approach to the extent where people can have a balanced approach. So high volume and high tailored or high tailoring your message the better. And it does it does take time to achieve this but I would say try to prioritize scaling your volume as earlier as possible, because that's how you increase your touch points.

S

Steve Divitkos 10:04

And I ask you Adnan, what are your volume targets, because I know a lot of searchers, I think, intellectually understand the importance of filling the top of their funnel with a sufficient number of companies such that something is likely to be spit out at the bottom of the funnel. But a lot of searchers have difficulty ascribing a number to that. So anecdotally, I've heard 100 net new business owners per week, as a very loose rule of thumb, how do you think about the actual target that suggests to you, I am doing enough this week or this month?

A

Adnan Fakhoury 10:39

So it's also a moving target. I guess the more I progress in my search, the more I raised the bar. So I started with 75 new companies targeted per week, realize that was a bit a bit too low for me scale it to 100. When I reach 100, I started facing some deliverability problems, so scaled that down to 75. But then these problems help you help you figure out solutions. So you don't know that you might face a problem until we actually face it. And then you have to try to find solutions for it. So when I scaled to 100, I realized, okay, if I do these fixes, then then I can actually scale my volume even more. So now the target is about 150 new companies, new owners, kind of your honors emails per week.

S

Steve Divitkos 11:34

And how do you think about the returns to increased specificity in the initial email? Some searchers will take so just to to illustrate two different sides of a coin, some searchers, who reside on the highly tailored end of the spectrum will spend a lot of time personalizing emails with a view towards getting higher response rates. On the other side of the spectrum would be pure volume based searchers. And those searchers might respond to their peers and saying, hey, it's very unlikely that a sentence or a paragraph or two in your initial email is going to dazzle a business owner with your, you know, very nuanced industry knowledge. So what's the point? And I'm not suggesting that either of those necessarily correct or incorrect, I'm just trying to illustrate that there is indeed a spectrum, where do you fall on that spectrum? And why after your 15 months or so of actually doing this?

A

Adnan Fakhoury 12:36

Yeah, I'm a big believer that if an owner doesn't want to sell their business, then there's nothing you can send your first email that's going to convince them to sell. So we can tailor the email as much as we want. But that's not going to change their their, their decision. Now, that might encourage them to have a first conversation. And then from that first conversation, you might reconnect six months or a year later, and then use that as as a lead. But the likelihood is quite small. So I would say you want to tailor it enough. That's my perspective, you want to tailor it enough to appear credible, that you're actually a legitimate buyer who might have some knowledge about the industry or the company, or at a minimum have researched the owner you're reaching out to. But adding five different sentences across several emails, I think at some point, you're not getting value for the time you're spending. Because every every sentence requires time, you can write, I don't know, takes you 30 minutes to write one sentence, it might take you 15 minutes to write three, four good sentences. So if you want to scale your volume, and scale that, it becomes tricky. But it's probably a good benchmark to have one or two tailored sentences or tailored items throughout your email.

S

Steve Divitkos 14:13

Fantastic. And last but not least, is change number three you would make if you could redo the first 90 days of your search.

A

Adnan Fakhoury 14:20

Yeah, so I guess that can be related to the first to the second point. I would say try to find river guides as early as possible. The beauty of river guides is that if you convince them they can convey your expertise about an industry or your seriousness about buying a business to their network and to the owners that they're connecting connected with. So instead of wasting time sourcing companies and researching industries, you can be smart enough or appear smart enough in a 30 minute conversation with a river guide or in a one on one meeting with them at a conference. And then they'll be able to convey your passion and some of your passion, I would say, and some of your expertise about the industry to an owner, and that owner would benefit from what they're saying and there and that river guides expertise. So it scales things even more. The best conversations I've had with business owners were from river guides, just because you know, you know, there's a certain level of credibility, and you know, that the owner is actually interested in selling their business.

S

Steve Divitkos 15:47

So, for those who are not aware, a river guide is somebody who is deeply familiar with an industry but isn't necessarily a business owner, or is not necessarily a business owner who is looking to sell their business. So the stereotype or the caricature of a river guide is a retired CEO who's just looking to kind of help out. Adnan, I guess the two questions that immediately come to mind is, where do you find these people? And how do you incent them?

A

Adnan Fakhoury 16:15

Yeah, so the answer is, anywhere and everywhere, you just have to try to look for it. What's worked for me is probably one of two things. They were either business owners or kind of senior leaders in a company that I've reached out to, they did not want to sell their business, but they offered to help, that could be a good option. And the second option is just through going to conferences, through going to association meetings, and try to talk to, let's say, senior leadership of a chapter of an association in your area or in an area that you're interested in buying a business in. Those were probably the best river guides I was able to find.

S

Steve Divitkos 17:09

How do you think about incenting them? I mean, I don't know this to be true, necessarily, but I presume they're not doing this out of the goodness of their heart, I assume there's some commercial incentive. How have you thought about how to incent river guides? Is it a flat dollar amount? Is it a percentage of enterprise value if a transaction actually takes place? Have you thought about providing them with the right incentives?

A

Adnan Fakhoury 17:35

Yeah. So surprisingly, a lot of people want to do this, because it's their way of remaining connected with the industry, it's their way of increasing their network. So there's definitely a non monetary reason why they'd want to do this. Now, there's definitely, so we do sign a referral agreement. What I generally like to use as a percentage of the total value of the deal, just makes things easy. It aligns incentives, if it is a smaller deal, it is a smaller fee I have to pay. If it is the larger the deal. It's still an X percent of that deal. So there isn't an adverse impact on the deal itself.

S

Steve Divitkos 18:21

Got it. So at the risk of summarizing scale up the internship program, faster, scale up volume faster, and leverage river guides, super helpful. And is there anything that we've left unsaid that you want prospective searchers to understand a bit those first 90 days?

A

Adnan Fakhoury 18:44

I guess that's it. It's a journey. It's an interesting journey. And in the first 90 days, you will probably get a lot of rejection. So try to brush it off. Try to be okay with it. Don't take it personally. It's just normal and part of the process.

S

Steve Divitkos 19:03

Adnan, thank you so much for joining us today.

A

Adnan Fakhoury 19:06

Thanks a lot, Steve.