

Entrepreneurship through acquisition (ETA)

Searchers and their search funds / Electives / 2025

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FACULTY INFORMATION

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FACULTY BIO

Alexander Schuil is the CEO of Novidam, an entrepreneurial investment firm focused on search funds and private equity buyouts. Alexander started his career as a Management Consultant at McKinsey & Co., working in their Amsterdam, Houston and New York offices. Through the search fund model, Alexander founded Novidam in NYC in 2014 and acquired Briscoe Protective (a security and alarm services company) in 2016, becoming its CEO. After six years of leadership, Alexander sold the business, continuing as an investor. Novidam is currently the only search fund investing vehicle not limited by geography. The firm today has investments in >40 search funds (searchers actively looking for companies to acquire) and in >30 acquired companies, globally. In 2023 Alexander started sharing 'Entrepreneurship Through Acquisition', as a guest lecturer, at multiple global MBA programs - teaching the new 'ETA' course at RSM. Alexander holds a BSc and an MSc in Finance from EUR/RSM and an MBA from INSEAD.

Willem Hulsink is associate professor strategic management and entrepreneurship at Rotterdam School of Management-Erasmus University (The Netherlands). Previously, he was a Special Professor Innovative entrepreneurship at Wageningen UR. His research interests include new venture creation, entrepreneurial support systems, entrepreneurship development in different contexts and cluster formation/emergence. He also regularly acts as an advisor to business founders/owners, start-up organizations, scale-up firm, investors and government agencies dealing with entrepreneurial support programs. He has published in among others in the *Journal of Technology Transfer*, *Entrepreneurship Theory & Practice*, *Organization Studies*, and *Venture Capital*. His book publications include among others: *Pathways to Research Triangles and High-Tech Valleys* (with Hans Dons, 2008, Kluwer).

ABSTRACT

As an alternative to becoming a founder/owner of an entrepreneurial start-up, one can also search for a business to acquire, run it for some years and make it grow, as an equity-owning CEO. In the case of an entrepreneurial 'searcher', the company to acquire has not yet been identified and a good deal of effort is devoted to the search for the ideal company to acquire with the help of a newly created search fund. Such a search fund is a pool of capital supporting the efforts of an entrepreneur in locating a private-held company for the purpose of acquiring, operating and subsequently selling it.

Through the sale, the searcher and the investors will have a healthy IRR of around 30 per cent. The entrepreneur puts together the search fund and runs the search process. In putting together an amount of money somewhere

between 500k and a million euros). The entrepreneur normally brings 10-20 investors are brought on board who all commit about 25-30k each to fund the search. The search fund is a specialist vehicle in which investors back a promising individual rather than an existing start-up team. In the first stage, money is raised to pay the individual a nominal salary and expenses, sometimes for several years, while they hunt for an acquisition target in which they believe they can add value. Further funds are used to manage and grow the company. Here are the key takeaways from this course:

- There is a small but easily identifiable and growing number of investors interested in backing searchers in the search for and acquisition of a business
- Entrepreneurship through acquisition is an interesting path to becoming an equity—owning CEO and entrepreneur
- Buying and improving an existing business is a less risky route to entrepreneurship than starting a startup
- Searching for potential acquisition targets is a lengthy, time-consuming process that takes time to learn, mostly through trial and error, but it works
- Searches can successfully find and acquire a good business, typically from a retiring owner, at a reasonable price

EDUCATIONAL GOALS

Learning objectives / Intended learning outcomes

- Understand the various routes to entrepreneurship through acquisition
- Prepare for the search process
- Understand search strategies
- Identify potentially good businesses and contact company owners
- Select good acquisition prospects and engage with business owners
- Make an offer to buy a business

Learning areas	Learning outcomes
I. Content- related	Understand the principles of Entrepreneurship Through Acquisition. See that there are other routes vs having a great idea to become an entrepreneur. Assess different ways of ETA (primary search funds).
	Understand the search fund model and its pitfalls. Learn how to raise a search fund, find the right business, and close a deal.
	Learn about the principles of a successful leveraged buyout, including finding the right asset, proper use of leverage, growth of the business through organic and M&A initiatives, successful outcomes
	Understand the process of finding the right business and what attributes of the process makes for a 'good' or a 'bad' private equity investment and outcome.
II. Skills-related	Think about why ETA is or is not something for you to consider as a career path
	Assess the self; the skills needed for industry research and self-presentation, running the search fund itself, presenting, negotiating and closing a deal, operating the company, working with Boards and preparing/executing the exit.
	Acquire industry research and presentation skills, including assessing good and bad in industries, creating a Private Placement Memorandum and exploring how to create Indicative Offers or Letters of Intent, assessing business writing skills

	Construct valuations and explore the inputs and outcomes of a successful leveraged buyouts, working through modeling for a search fund acquisition.
III. Attitude-related	Create an entrepreneurial mind-set in assessing companies and taking them from good to great, from EUR 10m in revenue to EUR 100m in revenue.
	Learning this can't be done alone and the importance of good stakeholders; investors, advisors, lenders, sellers, Board of Directors
	Achieve the right attitude to find investors, partners, and to be able to negotiate and close deals with sellers

TEACHING METHODS AND WORKLOAD

The course includes a combination of teaching, interactive discussions and lessons learned from founding Operators and Investors. Lectures will introduce the students to 'Entrepreneurship Through Acquisition' (ETA), an alternative path to entrepreneurship. The educators will share practical examples and the lay of the land of the current search fund world as an asset class, laying the floor for a practical perspective around 'is ETA something I am interested in'. Besides formal lectures based on experience, the students will be asked to participate by asking questions and engaging in dialogue, as well as working on certain documents relevant to embarking on 'a search'. This work or documentation preparation is about finding and describing the right industry and where to find possible sellers, relating to the searcher background. The output is a 'PPM', or Private Placement Memorandum'. Other examples of documents to create are a deal overview to present to investors and the offer to a seller ('Letter of Intent'). And finally there is the 'model', which is the description of the 'Leveraged Buy-Out' itself. Summarizing, the teachings in this course are practical and as much as possible, face-to-face, with best outcomes achieved if students participate. In addition, a number of core skills relevant to the Private Equity world will be introduced (e.g. carrying out company and industry searches, self-assessing, constructing financial valuations, presenting/pitching, etc.) On the basis of the literature to be prepared for the course, there are a number of business cases made available to prepare as feed for the lectures. Also, a number of high-profile guest speakers will share their insights from the practice of Entrepreneurship Through Acquisition and Search Funds. Finally, theory and practice will be combined through two assignments (an individual- and a group assignment). Important in preparing these deliverables are applying generic concepts, tools and skills to cases, and practice, but also allowing for personal preferences for prioritizing particular industries, business, entrepreneurs, and partners. The course concludes with the final Roundtable presentation session, where the group assignments are presented informally to each other before being submitted to the lecturers. These Roundtable sessions are made up of several small groups of 2-4 students (duos are preferred) who all present and discuss each other's work in parallel. The key principle underpinning a roundtable is that all participants are on equal footing and have the same time slot (e.g. 10 or 15 minutes) for their presentation and subsequent Q&A block.

GRADING AND ASSESSMENT

Course: Entrepreneurship Through Acquisition		Assessment Formats	
Educational goals		Individual assignment	Group assignment:
<ul style="list-style-type: none"> Understand the principles of Entrepreneurship Through Acquisition. See that there are other routes vs having a great idea to become an entrepreneur. Assess different ways of ETA (primary search funds). 		X	X
<ul style="list-style-type: none"> Understand the search fund model and its pitfalls. Learn how to raise a search fund, find the right business, and close a deal. 		X	X
<ul style="list-style-type: none"> Learn about the principles of a successful leveraged buyout, including finding the right assets, proper use of leverage, growth of the business through organic and M&A initiatives, successful outcomes 		X	X
<ul style="list-style-type: none"> Understand the process of finding the right business and what attributes of the process makes for a 'good' or a 'bad' private equity investment and outcome. 			X
<ul style="list-style-type: none"> Think about why ETA is or is not something for you to consider as a career path 		X	
<ul style="list-style-type: none"> Assess the self; the skills needed for industry research and self-presentation, running the search fund itself, presenting, negotiating and closing a deal, operating the company, working with Boards and preparing/executing the exit. 		X	
<ul style="list-style-type: none"> Acquire industry research and presentation skills, including assessing good and bad in industries, creating a Private Placement Memorandum and exploring how to create Indicative Offers or Letters of Intent, assessing business writing skills 		X	
<ul style="list-style-type: none"> Construct valuations and explore the inputs and outcomes of a successful leveraged buyout (either individually or as a team), working through modeling for a search fund acquisition. 		X	X
<ul style="list-style-type: none"> Create an entrepreneurial mind-set, as an individual or a team in assessing companies and taking them from good to great, from EUR 10m in revenue to EUR 100m in revenue. 		X	X
<ul style="list-style-type: none"> Learning this can't be done alone and the importance of good stakeholders; investors, advisors, lenders, sellers, Board of Directors 			X
<ul style="list-style-type: none"> Achieve the right attitude as an individual or a team to find investors, partners, and to be able to negotiate and close deals with sellers 		X	X
Weighting factor		50%	50%
Minimum grade required		5.5	5.5
When failed, resit option within the current academic year (Yes/No)		Yes	Yes
Form of examination (e.g. MC, Open-book, etc.)		Preparing a personal note	Producing a PPM + pitch deck
Group / Individual assessment (Group/Individual)		Individual	Team

In order to pass the course, each assessment or deliverable (component grade) with a resit option, needs to be at least 5.5. Components with no resit option bear no minimum grade required, but to pass the overall course, the final grade needs to be at least 5.5.

Grades are rounded according to the rounding provisions included in the Examination Regulations (ER) of the programme, and are expressed with 1 decimal point. Not meeting the minimum grade required for either a component grade or the overall course grade determines a fail for the course. Participants can resit a failed component only once. There is no capping of the grade for a resit examination, unless determined by the faculty. The only exception is when the nature of the failed assignment allows for an improvement effort of the same assignment (capped at 5.5 for that component). For this particular course, the faculty has decided that all students **improve their failed assignment** to bring it to a passing grade.

Grade penalties for unauthorized late submissions will be automatically imposed. Penalties for unauthorised late submissions range from 10% to 20% deduction from the examination component depending on the hours/days late. Unauthorised late submissions 4 days or longer after the deadline without prior notification and a reasonable explanation for the late submission, will not be accepted.

Attendance is mandatory and a requirement to pass the course. Missing classes and arriving late may result in grading penalties and even a fail for the course.

Fraud, Plagiarism / Self-plagiarism (Appendix B on Code of Conduct, Examination Regulations -ER-)

The Examination Board defines fraud as *“the action or negligence of a student because of which it is impossible, entirely, or partially, to form a correct judgment about the knowledge, insight, and skills of them or another student”* (ER, 2024-2025). Examples of fraud are cheating, cribbing, plagiarism, freeriding in a team assignment, availability of unauthorized (study) material during a test such as mobile phones, contract cheating/outsourcing/ghost-writing, unauthorized use of generative AI, identity fraud, theft.

Confirmed cases of fraud/plagiarism will lead to (appropriate and proportional) sanctions as defined by the Examination Board in the Rules and Guidelines section of the Examination Regulations (ER). Repetitive cases of fraud/plagiarism lead to expulsion from the programme.

Plagiarism is presenting another person’s work as one’s own. Plagiarism includes any paraphrasing or summarising of the work of another person or group without acknowledgment, including submission of another student’s work as one’s own. Plagiarism frequently involves a failure to acknowledge the quotation of paragraphs, sentences, or even a few phrases written or spoken by someone else.

Using ideas from your own prior work (assignment) without referencing the work in your assignment is considered self-plagiarism.

Participants are required to adhere to the 6 principles outlined in the RSM AI guidelines with regard to the use of Artificial Intelligence Platforms such as ChatGPT and related software/tools. The unauthorised use constitutes violation of plagiarism/ fraud policy. For this particular course, the lecturers have decided on a differentiated use of AI on the basis of the two assignments that are scheduled in the course: **restrained use for the individual assignment and embraced use for the group assignment**. For more information about academic integrity and AI please refer to the Programme’s Examination Regulations and RSM AI guidelines documents on the Student Hub.

Assignments and deliverables:	Individual or group:	Due date	% of final grade:
Individual assignment Preparing a Personal note whether ETA/searching-search funding is something for you (1500 words)	Individual	TBD	50 %
Team-based assignment aimed at producing a Private Placement Memorandum and a pitch desk	Team	TBD	50%

presentation to be shared at the final class with the Roundtable presentations	(2-4 persons)		
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REQUIRED TEXTBOOK(S) AND READINGS

The following hands-on textbook on searching and search funds will be used and discussed in class:

- Simon, J. (2021), *Search funds & entrepreneurial acquisitions. The roadmap for buying a business and leading it to the next level*. Tellwell.
- Thorndike, W.(2012), *The Outsiders. Eight Unconventional CEOs and Their Radically Rational Blueprint for Success*. Harvard Business Review Press.

Further required course readings (e.g. case materials, formal documents) will be provided via Canvas.

As an introduction to or refreshment of the Entrepreneurship Through Acquisition (ETA) theme, the following text can be used (it was also part of the reading materials of last year's preparatory class on ETA):

- Stanford GSB (2020), *A primer on search funds. A practical guide for entrepreneurs embarking on a search fund*. Stanford Graduate School of Business

SUGGESTED EXTRA READINGS, JOURNALS AND WEBSITES

Aleman L. & Andreoli, J. (eds) (2018), *Entrepreneurial Finance: The Art and Science of Growing Ventures*. Cambridge University Press.

Dodson, D. (2023) *The manager's handbook: Five simple steps to build a team, stay focused, make better decisions, and crush your competition*. Wiley.

Deibel, W. (2018), *Buy then build. How acquisition entrepreneurs outsmart the startup game*. Lioncrest.

Fialkovich, J. (2022), *Getting the most for selling your business. How to get top dollar for the company you've nurtured for years*. Skyhorse Publishing.

Kessler, B. & Ellis, J.(2012), *Search funds: Deaths and the afterlife*. Stanford Graduate School of Business.

Ruback, R.S. & Yudkoff, R. (2017), *HBR guide to Buying a small business*. Harvard Business Review Press.

DETAILED COURSE SCHEDULE

Session 1, September 19, Entrepreneurship Through Acquisition and the search fund model	
Lecturer(s)	Alexander Schuil & Wim Hulsink
Topics:	Intro to ETA and the ETA landscape. How does the Search Fund model work? Investors, industry research, deal flow, what to look for. First step; why for me and how to find investors?
Readings:	Simon Chapters 1 + 2 Thorndike Chapters 1 + 2 Alexandrian, N., Littell, M. & Wasserstein, A.J. (2023), Eight questions aspiring search entrepreneurs should consider before launching their project. Yale Case Dec 4 2023. Yale School of Management
Case / guest speaker	<i>Haris Kahn, CEO of BWS (company acquired through self-funded search vehicle in the UK)</i> <i>Case follow up if needed: Case: Insearch Ltd: Searching for a company to buy (Simon Webster)</i>

Session 2, October 3, The search: Creating deal flow, selecting targets, dealing with Sellers, LBO

Lecturer(s)	Alexander Schuil
Topics:	What is the current ecosystem of search funds, location, market size. Recent developments in the search fund ecosystem. What does my search team look like? How do I search? What tools do I use? How to keep speed? What are my resources? What is a good company? How to convince Sellers? What does a simple but robust LBO look like?
Readings:	Simon, J. (2021), Search funds & entrepreneurial acquisitions. The roadmap for buying a business and leading it to the next level. Tellwell. Chapters 3 and 4 Thorndike chapter 8
Case / guest speaker	<i>Current Novidam Searcher (Alexander Wijs EUR alum, Berend Westerveld or Jake Schuil)</i> <i>Case: Insearch Ltd: Searching for a company to buy (Simon Webster)</i>

Session 3, October 17, Due diligence and closing a transaction

Lecturer(s)	Alexander Schuil
Topics:	After signing the LOI, what's next? Who are the stakeholders? What processes do I need to manage? Who's paying the stakeholders? How do I act vs the different stakeholders? How to keep my pipeline going? When can we close?
Readings	Simon Chs 5 and 6 Stanford GSB (2021) Exhibits to Primer nos. 3 PPM, 10/11 Letters of Intent, Exhibits 17/18 Purchase agreements
Case/guest speaker	<i>Current Novidam Searcher (Alexander Wijs, Berend Westerveld, Duco Salomons, or Jake Schuil)</i> <i>Case follow up if needed: Case: Insearch Ltd: Searching for a company to buy (Simon Webster)</i>

Session 4, October 31, The first 100 days in the acquired company & building boards

Lecturer(s)	Wim Hulsink
Topics:	Being/becoming the CEO, leadership transition and organizational change, setting for growth, the importance of fiduciary duty, the role of a board and board basics, building & managing a board
Readings:	Simon Chapters 7 and 10 Thorndike, W.(2012), The Outsiders. Eight Unconventional CEOs and Their Radically Rational Blueprint for Success. Harvard Business Review Press. Chapter 4 Wasserstein, A.J. & Pananos, J.(2018), Search fund company boards. How CEOs can build boards to help them thrive. Yale Case 18-017. Yale School of Management
Case/guest speaker	Wibe Wagemans, serial entrepreneur and investor

Session 5, November 14, Operating the company, strategy and exit

Lecturer	Alexander Schuil
Topics:	Early operating issues, keeping exit in mind, team building, growth, divesting and what not to focus on, (re)financing), organic growth, possible M&A, exit types, managing valuation, Briscoe exit example
Readings:	Simon Chapter 8, 9 & 11
Case/guest speaker	

Session 6, November 28, Searching for (and selling) your business as career paths

Lecturer(s)	Wim Hulsink
Topics:	Raising and operating a search fund is not easy. Running a company is even more difficult. Do I want to do this? Why (not)? What drives searchers and sellers? Contemplating entry & exit. Are you ready for it (career planning, life crafting, legacy building)?
Readings:	Thorndike Introduction, Chapters 5 and 7
Case/guest speaker	Berend Groeneveld (buyer and seller of his former family business), case in preparation about his legacy creation

Round Table Presentations of the Search Fund plans, December 5,

Lecturer(s)	Alexander Schuil & Wim Hulsink
During the final Roundtable presentation session the draft group assignments are presented informally to each other, before being submitted to the lecturers. These Roundtable sessions are made up of several small groups of 2-4 students who all present and discuss each other's work in parallel. The key principle underpinning a roundtable is that all participants are on equal footing and have the same time slot (e.g. 15 minutes) for their presentation (e.g. 8 minutes) and subsequent Q&A block (7 minutes).	

Post-session: Extending the course to real life

The four 'best' teams/duos with the most promising and most feasible PPMs present themselves in front of an independent jury of external investors and other experts, picking the winner(s).

ASSIGNMENTS DESCRIPTION

The course has two assignments: one individual assignment *Whether ETA/searching-search funding is something for you* and a team-based assignment where you work towards a Private Placement Memorandum and subsequent pitch desk presentation to be shared at the final class with the Roundtable presentations.

- Individual assignment Preparing a Personal note whether ETA/searching-search funding is something for you.
Personal questions to be addressed and answered may include:

- What are your motivations to start a search fund and acquire a small/medium-sized business;
- What do you value (independence, being rewarded for what you do, learning);
- Can you live temporarily without a regular salary plus benefits, working for a big brand, a community of colleagues, and resources and infrastructure?
- Do you have the required skills and traits (basic management skills, a convincing attitude and confidence, and persistence)?

Relevant ETA-related questions asking for your professional skill, tapping in on your track record and experience and business preferences are:

- Do you want to be the equity-owing CEO of a small or medium-sized business?
- Do you feel you have the management experience and entrepreneurial spirit to buy and run a business? If not, what steps could you take to prepare yourself?
- Have you ever thought of buying an existing business? Do you know anyone else who has bought a business?

- Do you know or have access to potential investors who could also provide you with mentorship in addition to the capital needed to acquire a business?
- How comfortable do you feel with setting up a search and reaching out to company owners to discuss the idea of them selling you, their business?
- Do you have the experience necessary to manage a transaction, value a business, conduct due diligence and close a deal, or have access to advisors who can help you along the way?
- Do you fully understand the time, effort and patience that is required to source good companies? Are you comfortable with the idea of screening thousands of businesses over a period of twelve to twenty-four months?
- Do you feel comfortable evaluating businesses objectively and avoiding the problems of confirmation bias when making the distinction between good and bad investment opportunities
- Is this the right time, professionally and personally, for you and your family to pursue entrepreneurship through acquisition? Will you have the support of your family and friends?
-

Team-based assignment working towards a Private Placement Memorandum and pitch desk presentation to be shared at the final class with the Roundtable presentations.

The searcher (or search team) prepares a Private Placement Memo (PPM) in which the searcher shares information about his/her background, motivation to do a search and three industries that he/she finds attractive.

- *Search criteria and selection funnel.* In general: good profitable businesses, well-positioned strategically in their industry and poised to grow in the future); *more specifically:* Transitioning owner who is motivated to sell and who cares about their legacy, History of profitability, Recurring (or repeat) revenues, Strong EBITDA margins, Stable cash flows, Growing industries, No customer concentration, Low capital expenditures, Fragmented industries.
- From 5000-10,000 emails sent, positive responses leading to calls with company owners say 400-600; this leads to about 30-50 initial offers to buy (i.e. Indication of Interest (IOI), then to 2-5 to acquire (through a Letters of Intent LOI), and hopefully one company gets bought. The equity component of the searcher proposal is also described to investors in the PPM.
- The students can work with the EUR Library databases of company/industry analysts like Orbis/Bureau Van Dijk and Preqin to carry out the activities described above. It is not yet clear whether they can access other databases like Companies House, Axialmarket, DealNexus, Craydon, Company Info.