PLAY #2

Defining Your Buy Box and Ideal Win Scenario

Partner for Equity

Equity Partner Playbook
by Chris Moore

Key Insights

Before diving into the full transcript, here are the most important takeaways from this play:

> Your "buy box" is your personal deal filter - it saves time by eliminating misaligned opportunities.

> Focus on consulting for equity partnerships, not traditional leveraged buyouts.

> Solve for your win first - win-win is essential, but your success metrics must be satisfied.

> Define clear criteria: industry focus, business size, ownership vs cash flow balance.

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Play 2.

Defining Your Buy Box and Ideal Win Scenario Now that you've established your dealmaker identity, it's time to get even more specific about the types of businesses you'll target for equity partnerships. Before we dive in, I want to clarify something important. This chapter focuses specifically on consulting for equity partnerships, not traditional leveraged buyouts. While many principles overlap, the criteria, priorities, and approaches for equity partnerships differ in key ways from outright acquisitions. If you were pursuing only leveraged buyouts, I'd guide you somewhat differently, emphasizing different factors in your selection process and financial analysis. This is where we define your buy box. Think of it as your personal deal filter that helps you quickly determine which opportunities deserve your attention and which ones you should pass on without a second thought. Your buy box isn't just some abstract concept, it's a practical tool that prevents you from wasting time on poor fit deals, helps you focus your energy on high potential opportunities, and ultimately accelerates your path to ownership. I've seen too many aspiring dealmakers spin their wheels evaluating businesses that never had a chance of working for them. They spend weeks on due diligence, get emotionally invested, and then realize the fundamental mismatch too late in the process. Your buy box prevents this costly mistake before it happens. Creating your personal deal filter. Your buy box can be tailored to either acquiring a business outright or partnering for equity. In many cases, the criteria might be similar for both paths, but don't assume they must be identical. The beauty of the partner for equity approach is that it often allows you to work with businesses that wouldn't make sense for a traditional acquisition. For example, if you're looking to acquire a business outright, you might focus on companies with strong cash flow and an absentee owner ready to exit. But if you're pursuing equity partnerships, you might specifically seek out businesses with solid revenue but poor marketing systems, where your expertise can unlock massive growth potential. Let's break down the key components of your buy box so you can create a filter that's perfectly tailored to your goals and capabilities. Industry focus, the safe pair of hands principle. Every industry operates according to its own rules and dynamics. Some sectors depend heavily on operational excellence, while others thrive or die based on marketing prowess, sales processes, or financial engineering. The first step in defining your buy box is identifying which industries align with your background, knowledge, and strengths. This brings us to what I call the safe pair of hands principle and the importance of staying in your lane. The power of staying in your lane. When you partner with a business owner in exchange for equity, you're essentially promising to deliver specific results, growth, operational improvements, or other value-adding changes. The owner is trusting you with their business, often their life's work. They need to see you as a safe pair of hands, someone who truly understands their industry challenges and opportunities. This is why staying in your lane is so crucial for consulting for equity deals. When you operate within industries, you deeply understand, you spot problems and opportunities that others would miss, speak the language that resonates with owners in that industry, make connections that only an insider would recognize, avoid costly mistakes that come from industry inexperience, build immediate credibility in conversations with business owners.

I worked with a client named Jason who spent 15 years in construction management before pursuing business acquisition. Initially, he was looking at everything from retail stores to online businesses, casting a wide net in hopes of finding a deal, but he was getting nowhere fast. When we narrowed his focus to specialty construction services and building supply companies, something remarkable happened. His conversations with business owners immediately improved. He spoke their language, understood their challenges, and could quickly spot both problems and opportunities that others would miss. Within six months of tightening his industry focus, he closed his first equity partnership with a commercial roofing company. Leveraging Beards and Co-Consulting Now you might be thinking, but what if I see a great opportunity outside my lane? This is where the concept of beards or co-consulting becomes invaluable. A beard is someone with the skills, expertise, or credibility you might lack in a particular area. By partnering with these individuals, you can expand your range of opportunities while still maintaining the safe pair of hands advantage. Instead of saying, I can help with this, you can truthfully say, we have expertise in this area. The shift from me to we opens doors that might otherwise remain closed. I recently worked with Sarah, a marketing expert who identified a tremendous opportunity with a manufacturing business. While she understood the marketing challenges, she lacked manufacturing operational experience. Rather than walking away from the opportunity, she partnered with Tom, a former manufacturing executive in her network. Together, they secured a consulting for equity arrangement that neither could have landed individually. This co-consulting approach allows you to pursue opportunities outside your direct experience, build a more compelling value proposition, share the workload and responsibilities, combine complementary skills for better results, reduce risk through diversified expertise. When considering your industry focus, think both about where you have direct expertise and where you could leverage partnerships to expand your reach. Your industry focus should consider industries you know best from past experience, previous acquisitions, or existing networks. Sectors with recurring revenue models, strong cash flow potential, and clear growth levers. Industries where your specific expertise or your team's expertise can solve common problems or accelerate growth. At the same time, be honest about which industries you should avoid. Those with high regulatory hurdles, unpredictable cash flow, or dynamics you don't understand well. For a concrete example, your industry buy box might include digital agencies, home services businesses, SaaS companies, or B2B services with strong lifetime customer value. You might explicitly exclude retail operations, low margin e-commerce businesses, or restaurants, unless you have specific experience that gives you an advantage in these areas. Business size and revenue. Finding your sweet spot. Not all businesses are structured appropriately for equity partnerships or acquisitions. Some are too small to justify your time and energy, others might be too large and complex for your current resources or experience level. The next component of your buy box involves defining the size range of businesses you'll consider. This typically involves setting minimum thresholds for revenue and profitability. For most first-time equity partners, I recommend looking at businesses with at least $500,000 in annual revenue. Below this threshold, companies often lack the infrastructure, systems, and margin to make them viable targets. They're typically too dependent on the owner, which creates significant risk if anything changes. On the upper end, be realistic about what you can handle based on your experience, capital access, and bandwidth. If you've never operated or invested in a business before, jumping into a $20 million company might be biting off more than you can chew. Your size criteria should also consider whether the business is profitable or merely generating revenue. If the company has clear bottlenecks you can help solve, how dependent the operation is on the current owner unless replacing them is your strategy. A well-defined size component of your buy box might specify businesses with $500,000 to $5 million in annual revenue, consistent profitability, and an owner who's open to partnership arrangements. You might explicitly exclude businesses with less than $300,000 in revenue or those currently operating at a loss unless you have a specific turnaround strategy. Ownership versus cash flow. Balancing short and long-term benefits. When pursuing consulting for equity deals, you'll need to decide what balance of immediate cash flow versus long-term ownership makes sense for your situation. Some equity partnerships offer upfront compensation plus future equity, cash now, ownership later. Others are heavily weighted toward equity with minimal immediate payment, betting on bigger future returns. Still, others might provide ongoing revenue shares that start immediately but don't include traditional equity. Your personal financial situation and goals should guide this part of your buy box. Can you afford to work primarily for equity or do you need deals that generate cash flow from day one? What's the minimum equity percentage that would make a partnership worth your time and energy? I remember working with Michelle, who initially insisted she needed deals with substantial upfront cash components because she was transitioning from a corporate job. After analyzing her finances, we realized she had enough runway to prioritize higher equity percentages with less immediate compensation. This shift allowed her to land deals with much greater long-term upside. Within three years, her equity positions were worth substantially more than she would have earned through cash-focused arrangements. Your ownership versus cash flow criteria might specify partnerships offering 10 to 30 percent equity with some upfront compensation. You might choose to avoid deals offering less than 10 percent equity unless there's significant immediate cash flow or a clear path to increasing your ownership stake over time. Time commitment. Managing your most precious resource. The final major component of your buy box addresses how involved you want to be in each business. Are you looking for a hands-on operational role, a strategic advisory position, or something in between? Be brutally honest with yourself about your available bandwidth and how many businesses you can meaningfully impact at once. I've seen ambitious entrepreneurs try to juggle too many equity partnerships simultaneously, ultimately delivering poor results for everyone involved, including themselves. Consider whether you're seeking a board-level advisory role requiring limited time commitment, a strategic position focused on specific growth initiatives, an operational role with day-to-day responsibilities, a hybrid arrangement that evolves over time. Your time commitment criteria might specify advisory or strategic growth roles requiring three to five hours per week per business. You might explicitly exclude opportunities demanding full-time operational involvement unless that aligns with your goals. Identifying your ideal win scenario. Your buy box helps you filter which deals fit your criteria, but your ideal win scenario ensures that every deal you pursue actually delivers the specific benefits you're seeking. This is a critical distinction. Many dealmakers focus so intently on closing a deal, any deal, that they forget to ask whether it genuinely serves their personal goals. They get caught up helping the seller win while neglecting their own success metrics. You must solve for your win first. If a potential partnership doesn't align with your lifestyle preferences, financial objectives, and available bandwidth, it's the wrong deal, regardless of how promising it might seem on paper. Ask yourself, what would have to be true for this specific opportunity to be a massive win for me personally? Does this business fit into my long-term vision? Can I predict success based on my particular skills and resources? Will this deal provide the cash flow, equity, or leverage I'm looking for? Your ideal win scenario looks beyond the deal itself to consider how this acquisition or partnership impacts your wealth, time freedom, and future opportunities. It ensures you're building a portfolio that serves your life goals, not just closing deals for the sake of transaction volume. Win-win. But solve your win first. Every successful deal must benefit both parties. That's non-negotiable. But your win comes first in your analysis. If you can't clearly articulate how a potential deal gets you exactly what you want, you shouldn't move forward. Period. Being ruthlessly selective about which opportunities you pursue is what separates successful dealmakers from those who never achieve their financial goals. Before proceeding with any deal, ask yourself, does this business truly match my buy-box criteria, or am I making exceptions? Can I add value quickly and see measurable results within a reasonable time frame? Does this opportunity align with my broader wealth-building strategy? Do I have sufficient leverage in the negotiation to secure favorable terms? If you can't define a clear win for yourself, walk away. There will always be another deal.

I worked with Robert, an experienced sales leader who was evaluating a partnership with a manufacturing company. The business checked nearly all his buy-box criteria, and the owner was eager to bring him on board. But when we analyzed his potential win, something was missing. He couldn't get excited about the industry or product. Despite the favorable terms, he ultimately passed on the deal. Three months later, he found a technology services company where he could leverage his sales expertise in an industry he was passionate about. That partnership has since generated both substantial cash flow and significant equity appreciation, a true win-win that aligned perfectly with his goals. Here's an insight that served me well throughout my career. The best deals happen when the business needs exactly what you're uniquely positioned to provide. When you find an opportunity where your specific skills or resources solve a critical problem, structuring an equitable partnership becomes remarkably straightforward. Putting It All Together Let's recap how these elements work together to guide your deal-making journey. First, you identify your buy-box, establishing clear criteria for the types of businesses you'll seriously consider. This includes industry focus, size parameters, ownership cash flow balance, and time commitment expectations. Next, you define your ideal win scenario, ensuring each opportunity aligns with your personal and financial goals. This helps you prioritize deals that serve your broader strategy, not just transactions that look good on paper. Finally, you commit to the win-win principle while solving for your win first, recognizing that the best partnerships benefit everyone involved, but your success metrics must be satisfied before proceeding. With these frameworks in place, you'll never waste time pursuing partnerships that don't serve your interests. You'll be positioned to quickly identify high-potential opportunities and confidently pass on deals that others might chase, but that don't fit your specific criteria.

Dealmaker Checkpoint Before moving on to the next play, take a moment to define your buy-box and ideal win scenario. 1. Which specific industries will you focus on and which will you avoid?

2. What size range, revenue, and profitability will you target?

3. What balance of immediate cash flow versus equity ownership are you seeking?

4. How much time are you willing to commit to each business?

5.

What specific outcomes would constitute a win for you personally? 6. If you're considering partnerships outside your direct expertise, who might serve as potential beards or co-consultants?

7. How will you verify that businesses meet your criteria before investing significant time?

8. What minimum equity percentage would make a deal worthwhile for you?

9. What are your non-negotiable requirements for any consulting for equity arrangement?

10. How will you ensure your first priority is solving for your win in every potential deal? Capture these parameters in writing and keep them visible as you evaluate opportunities. This simple practice will save you countless hours and help you focus exclusively on deals with genuine potential to transform your financial future. In the next play, we'll explore the 8 proven strategies for landing consulting for equity deals, the specific approaches that have helped our students secure partnerships across diverse industries.

Action Items Checklist

Use this checklist to implement what you've learned from Play 2:

- [ ] Define your minimum acceptable revenue range
- [ ] Set your maximum time commitment per week
- [ ] List 5 deal characteristics that would make an opportunity perfect
- [ ] Identify 3 deal-breakers that would eliminate any opportunity
- [ ] Write your "ideal win scenario" in detail

Ready for the next step?

Continue to Play 3 to build on these concepts and move closer to closing your first equity partnership deal.