

Why I declined an acquisition offer and lost \$2 million

Most people will shy away from discussing their failures. They'll gladly tell you about the awesome new contract they just signed, but not about the deal they spent months working on, only to see it slip away.

Not me. Talking about failures helps me deal with them. That is why I'm not afraid or ashamed of talking about this today in front of a worldwide audience.

So, in this video, I'll share my biggest failure as a businessman, at least up to this moment.

I turned down the acquisition of my company, which ended up costing me two to three million dollars, and I'll explain shortly how.

In the meantime, let's add some stock footage here of burning money (snap fingers) because that is exactly how I felt.

As I'm smarter today, I'll talk about when to sell your business and what makes it more valuable.

But first, some context to the story.

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I started working as a freelancer ten years ago and eventually founded my agency, BrightDock. I was quite good at my job, working with clients worldwide, and the only way from there was, of course, to scale up. BrightDock was the logical next step in my solo freelancing career.

So, if you were wondering, the acquisition in question was the purchase of BrightDock. Stay tuned for the whole story because I think I'll offer some great insights.

In the early days, I was lucky to find great people to hire, and BrightDock grew really fast. We won Deloitte's award twice for being the fastest-growing tech agency in this part of Europe. At the same time, I'm the number one freelancer on Freelancer dot com, the platform where it all started.

A smart cold outreach strategy supercharged our growth. We created a formula for finding great leads at scale.

Anyway, let's go back to the story. After paying all the expenses and taxes, BrightDock's yearly profit was around 200 thousand euros. That's a lot of money in my country, especially for such a small tech agency.

I was 28 at the time, and I thought that nothing could touch me. Selling my agency never even crossed my mind, although it was extremely hard for me.

The stress levels were beyond extreme. I had 20 employees and contractors on payroll and around \$100,000 in monthly expenses.

I haven't had a real vacation for years, and I have been extremely overworked. Finally, the stress that was boiling inside came out in the form of panic attacks. Because of how severe these attacks were, I ended up in the emergency room several times with symptoms of a heart attack.

Fortunately, I was able to get rid of them, and now I feel much better.

I made a whole video explaining how I did so, and I hope that it will inspire you or help you. There will be a link at the end of this video, but first things first.

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In the meantime came a business failure, which, at that time, I thought was my biggest mistake. I didn't realize that my biggest failure was right around the corner.

Have you noticed how self-help books always share stories with happy endings? They talk about those who risked everything and made millions or worked like madmen to achieve the unimaginable.

Yet, we rarely find autobiographies of people who bravely pursued their dreams only to fail completely. Despite the optimistic messages of self-help experts, everyone faces failure at some point. And, of course, you learn that later in life.

At the peak of BrightDock's existence, I thought a good business idea would be creating a new social app.

The idea seemed great on paper. People who share the same hobbies or interests or just want to hang out will find each other through this app I called Huuk, and we've had a unique way of doing so.

The hype was so big that the app was number one in app stores. But, under the hood, it was a mess because it was a rushed project.

I invested nearly 100 thousand dollars of my own money into Huuk, but the project burned and crashed. The link to that video will be at the end of this video.

So, if you think I wanted to sell my agency after all of this... you are wrong.

Let's first discuss what makes tech companies valuable. This will help you understand why I declined the offer that would have made me a millionaire.

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So, I believe that two things make a company valuable: its employees and its systems. I'm not talking about big companies like Tesla or Apple here. I'm talking about newly hatched businesses with no more than 50 employees.

There are probably thousands of similar companies in this part of Europe, but nobody cares about them because they don't have systems that matter. Let me explain.

You can be a visionary CEO, but ultimately, it comes down to your workforce to build around and tap into your vision.

You can start small by yourself as a solo entrepreneur, but eventually, you will need help. As in my case, scaling is the logical next step, and for that, you need people.

Your business will flourish if you surround yourself with people who understand your vision and want to grow with you.

Simply put, your company will have more value if your team has value.

The second is the system. If you can set up a system that saves money, makes more money, or helps you grow, this will increase the price of your business.

If your business has good systems and great talent, you will be an excellent target for acquisition. Big companies or investors will want to buy your business simply because of that.

And you guessed it right - I'm speaking from experience. My agency had a great system and great talent, so the next step for us was an acquisition.

I'll talk about systems again towards the end of the video and what they were.

And now, let's talk about how I lost those millions I mentioned earlier.

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Four years ago, an investment fund approached me, wanting to buy the agency. I can't name them, as we had mutual NDAs in place.

They offered 1 point five million euros in cash and a performance bonus from 500 hundred thousand to another 1 point 5 million over a period of 3 years. This means that depending on how well I perform post-acquisition, that's how much money I'll take home.

Their idea was to build a huge agency with hundreds of employees that could service the needs of the whole region and beyond. Because of my previous work experience with global companies, they wanted me to be the general manager or CEO of this new agency giant.

So, if everything performed as planned after three years, I could end up with three million euros in my pocket. In the worst case, I would receive only two million, which is still great, right?

I know this sounds amazing, but most of you realized by now that I didn't take the offer. Here's why.

I was young and vain. I didn't want to sell my baby, in which I invested so much time and energy. Of course, I had doubts, and I couldn't sleep for nights.

I believed in BrightDock's growth and success, so I decided to wait for a better offer.

But the better offer never came. Do you remember what happened almost years ago?

The COVID pandemic hit, and everything shut down.

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Let's now talk about systems again because this is what, at the time, eventually led to my fall.

My vision was to create a lead-generating machine that would receive hundreds of new leads monthly. As I said before, our leads came from cold outreach. We created a framework and a system for acquiring new leads through cold emails.

That investment fund thought that we were attractive at the time because those business leads would secure them plenty of new clients. Because of that, their investment will be paid off in a couple of years.

So, when the pandemic hit, all of our leads worldwide went silent, and businesses were afraid to invest more money into our services. Everyone was concerned not only about their health but also about their businesses and tried to save money.

With all of our pipelines shut down, we were forced to live on savings. As I said before, the agency had around 100,000 euros in monthly expenses.

This was super hard. My system didn't predict a worldwide shutdown, so eventually, we lost revenue because we couldn't find new clients. We had some work, but it wasn't enough to keep all my employees and rented office spaces.

Eventually, I had to let go of most of my employees, end our office lease, and basically downsize the business.

The acquisition offer wasn't on the table anymore, either. If I had accepted the offer a year before the pandemic hit, I could have stayed at home with two to three million euros in my pocket.

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I was really struggling to keep us afloat. When the world started moving again, I had already spent hundreds of thousands on expenses.

I was flat down on my face, and I couldn't get any lower. But also, I knew I couldn't give up.

If you find yourself in a situation like this, I advise you to accept responsibility for your own failure. When it comes to failing, our egos become our worst enemies. If you've made a mistake, admit it. This is what helped me to rise again.

I've decided to move on with contractors instead of full-time employees and ditch the office spaces. Everyone can work from wherever they want, as long as the work is done on time and well.

We resumed our cold email campaigns and found some great new leads. Right now, my business is growing better than ever.

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The main takeaway from this video is that companies buy systems. Our cold approach system was really good. However, I didn't predict any options for how this system would work if we lost the ability to find leads. I didn't predict a global pandemic.

My advice to you is to think about systems in your business. Set them up from day one.

Think about how you can improve and scale. Write down what you did, and create a business mind map. At first create smaller systems, systems for HR, operations, sales, marketing, design, development, and so on.

If those systems can be scaled, the business is sellable.

But instead of selling, consider licensing your business. You will get less money, but you can keep your business, learn, and grow it in another direction later if you want.

So, only sell your business if you have no value in employees or intellectual property that is worth a lot of money or if you can't scale your systems from hundreds to thousands.

In the end, let this sink in. Failure is an unavoidable aspect of life, so the sooner you embrace it, the sooner you can move on.

Also, make sure to check the videos I mentioned earlier.

See you next time.