Jeremy Harbour on Why Small Businesses are a Trillion-Dollar Opportunity (and How You Can Capitalize on It)

Buying and selling small businesses is a path to wealth — and making an impact.

January 28, 2019 7 min read

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In this series called Member Showcase, we publish interviews with members of The Oracles. This interview is with Jeremy Harbour, founder of The Harbour Club, which teaches people how to buy and sell companies. It was condensed by The Oracles.

What was a defining moment early in your life?
Jeremy Harbour: I've always been entrepreneurial; I was the annoying kid at school trying to sell you stuff. But several experiences really poured fuel over the fire in my belly. The first was the death of my 14-year-old brother when I was 10, which gave me massive anxiety around my own mortality. Ultimately, I channeled that into a drive to be all I could be. I started a business that year and left school to pursue it when I was 15.

Nine years later, my business got into financial trouble and I ultimately closed it. That experience taught me humility. Most of all, it showed me that even when you feel like you are in trouble and walking on a tightrope, you survive. When you fail, you realize the rope was only inches off the ground.

What are you more skilled at than most people in the world?
Jeremy Harbour: I'm skilled at buying and selling companies. I had a telecommunications company in the late 1990s and acquired a competitor without cash or debt. Because I had no cash and couldn't get a loan, necessity was the mother of invention. With that deal, I grew by a year's worth of sales in an afternoon. I realized you don't need to run the marathon — you can just run the last 10 yards and still get a medal.

Since then, I've done over 100 deals and advised on hundreds more through my network, The Harbour Club. Most entrepreneurs just do startups and maybe buy or sell a company once or twice in their career. Now, I help them learn how to buy and sell companies for a living.

What excites you the most about your business right now?
Jeremy Harbour: Small businesses are the lifeblood of the economy. The U.S. is the largest economy in the world, and small businesses contribute trillions to it. They represent close to 50 percent of the GDP and a huge percentage of the private-sector workforce.

Yet, small businesses are unloved. Small-business owners can't borrow money without betting their house. They can't get investments because they don't have the typical "hockey stick" growth curve. Many are also owned by baby boomers who have no succession plan.

There is a huge opportunity in acquiring these companies and creating massive shareholder value. Entrepreneurs just have to level up and learn how to make deals. Unlocking this skill can have a huge impact on individual wealth and society as a whole.

What book changed your mindset or life?
Jeremy Harbour: I read "The E Myth" by Michael Gerber when I was 15 years old. This was the first time I heard the idea of working *on* your business rather than *in* it.

Today, I don’t run businesses. I don’t look at customer value or staff or product. I’m a shareholder in all my business deals. I focus on mergers, acquisitions, joint ventures, and exits. The business is the product and the customer is the person who buys the company.

What was your biggest, most painful failure?
Jeremy Harbour: My biggest failure was probably the time I lost $250 million. Many entrepreneurs talk about how they’re glad a bad experience happened to them. Honestly, I’m not quite there yet. But I’m sure I will look back on that as a pivotal moment in years to come.

That failure taught me a lot. We refined our model, target companies, and processes and came back 10 times as strong. In 2018, we listed MBH Corporation PLC (M8H.DE) on German’s Xetra Stock Exchange. We’ve already created 40 million Euros of market capitalization and completed our first acquisition. I’m confident we will do many more in the years to come.

How do you define great leadership?
Jeremy Harbour: Entrepreneurs are rainmakers and change agents who are great at starting things. That is inspiring at the beginning but has all the wrong skills when you scale.

Great leaders stay out of the way. I encourage other entrepreneurs to drop the ego, get someone else to run everything, and focus on shareholder value. As soon as you grow, mergers, acquisitions, joint ventures, and exits should be your focus.

How do you hire top talent?
Jeremy Harbour: Succession planning is one of the hardest things to do, especially when you’re looking for someone to run your company. Entrepreneurs do more than exchange time for money – they are often chronically underpaid, doing the work of several people, and never really switch off. You can’t really recruit for that.

That’s why I look at mergers as a way to a succession plan. If you want to find someone who can run a business just like you do, look for someone who is already running a business just like yours. Then merge with that company.

How do you prevent burnout?
Jeremy Harbour: Business deals are feast or famine. Sometimes I’m really busy, with an intense week where I’m all over the world, in meetings at all hours. Then when I’m between deals, I have a lot of spare time that I get to spend with my kids. We take advantage of that by going on vacation and spending time at our summer home.

Less is more with business deals. Don’t do every deal that comes along. Focus on the really good ones – otherwise, you’ll be too busy to notice when they come along. You’re also more creative when you’re bored. Some of my best ideas have come to me several days into a vacation, when I have nothing to do.

What are you working on right now?
Jeremy Harbour: We just listed a new company that is busy acquiring others, and we have two more in the pipeline. I’m also launching The Harbour Club in the U.S. We have been in Europe since 2009, and the global network of talented, motivated business people collaborating to do deals and create wealth is incredible.

There is a huge opportunity to buy businesses. But brokers, agents, and training companies just know the traditional approach to doing deals: borrowing money. By not committing capital, those who know the entrepreneurial way to get things done can massively lower risk. That’s one of the things The Harbour Club helps with.

What do you want to be known for, or what do you want your legacy to be?
Jeremy Harbour: Inequality is a huge issue today. I believe that’s because we’ve detached money from value creation.

Instead of democratizing wealth in a merit-based way, we take money from people who work and give it to those who don’t. Most money is in derivatives and obscure financial instruments, while smart entrepreneurs are the ones solving problems and creating value.

We need to reconnect money to those who would make business a route to wealth again. This would inspire a new generation of entrepreneurs and have a big impact — because when entrepreneurs become wealthy, they solve even bigger problems. My goal is to help them do that.

Connect with Jeremy at The Harbour Club.

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