How to Make Extraordinary Wealth Buying Ordinary Businesses

MAIN STREET MILLIONAIRE

CODIE SANCHEZ *Portfolio / Penguin, 2024*

THE CENTRAL ARGUMENT

"buying profitable, established, cash-flowing businesses is the most underrated path to wealth."

Sanchez, who has owned or invested in more than a hundred Main Street businesses, gives a four-step method, R.I.C.H.: find a cash-flowing business, buy it largely with the seller's own financing, put an operator in charge, then grow it and one day sell it.



R RESEARCH find the business and seller | **I** INVEST money, truth, negotiation | **C** COMMAND hire a team, run the business | **H** HARNESS scale, add on businesses, exit

R · I BUY IT RIGHT, PAY FROM ITS PROFITS

Why buy, not start: a start-up's revenue starts at $0; a business that has lasted tends to keep lasting (the Lindy effect). Her *Secret Seller Phenomenon*: over 60% of owners would sell for the right price, terms and person.

HER LEVELS	REVENUE	STAFF	SELLS FOR
1 Solo Venture	<$300K	<3	1–2X
2 Hands-On CEO	<$3M	<15	3–5X
3 On-Deck Operator	$3–10M	20–50	3–8X
4 Market Leader	$5–15M	25–100	5–10X

THREE QUICK TESTS

- **SOWS**: Stale (little innovation), Old, Weak rivals, Simple.
- **BRRT**: Buy cash-flow, not cash-suck · Resist recessions · Raise prices · add Tech.
- **Operator First**: *"if there is not enough profit in a deal, you are buying a job, not a business."*

Deal math: (your pay + operator pay) × 1.25 for debt service = cash flow needed; price range 2× to 4× that.

DUE DILIGENCE · THREE PHASES

Truth Telling (3–6 years of financials, assets, lease) → **Full Monty** (cash flow, contracts, insurance, legal, staff) → **Hired Guns** (accountant, attorney, and always a sector expert). Her $12 million lesson: *"the bigger the investment, the deeper your due diligence should go."*

PROFIT PAYBACK · SELLER FINANCING

Pay the seller over time out of the business's profits: *"It's not the seller paying for it, it's the business's profits that are paying for the purchase."* Typical: 3–10 years, 10–50% down.

SELLER ASKS $1M	BANK ROUTE	SELLER-FINANCED
Price	$750,000	$1,150,000
Interest	8% to bank	5% to seller
Total to seller	**$750,000**	**$1,207,500**
Time to close	90+ days	about a week

> *"You can have my price and your terms, or my terms and your price...but you can't have both."* — David Osborn

Terms beat price. On $200K profit the seller wanted 4X, the buyer 2X; the buyer paid 4X only if each quarter kept pace, the price sliding with results: final, more like $450K. Name your price first from the market range (1–5X profit), on a **Blank Page**: X price, Y financing, Z terms; both sign, then lawyers.

C COMMAND: HAND IT TO AN OPERATOR

"The secret rule of ownership is to hire a team that runs your entire business better than you." The operator runs the plays; you fund it and find the next deal.

SIX FIGURES TO THEE & ME

Profit must pay six figures to you *and* the operator, so she won't buy under $200K profit: margin of safety. Pay well: *"Coups start with shallow pockets."*

FIND, FILTER, SCORE

Poach proven talent from rivals, hire ex-military, use recruiters. Filters: **Known · Experienced · Proven**. Score each 0–5, out of 25:

KNOWN CANDIDATE	PROVEN EXPERIENCE	PROVEN INDUSTRY	PROVEN PROBLEM SET	PROVEN SCALE

Same questions for all. Ask: *"If I hire you, who will you want to bring from your past jobs?"*

PAY FOR RESULTS

Offer 1: $180K salary plus bonuses for revenue ($25K for $5M), profit ($25K for a 30% margin) and people ($50K if key hires stay 12 months): $280K. **Offer 2**, once trusted: salary plus 5% profit share on growth.

COACH IN 90 DAYS · WITH THE OLD OWNER

1–30 SHADOW	31–60 MIMICRY	61–90 ACTIVITY
follow the owner; write it all down	do the work alongside	solo; the owner checks in

Result: an **Operator's Playbook**. Rule of three: done three times, or three-plus steps, it goes in.

THE TAKEOVER

"Don't assume you're smarter than the previous operator. You're not."

- **DAYS 1–60 · TRANSFER & TRANSITION** Learn who does what, where the keys are, what you really bought. At the first all-hands the seller is *"good, complimentary, excited, brief, then gone"*; you bring hard work, humility, excitement, gratitude. Expect S.A.R.A.H. (shock, anger, resentment, acceptance, hope) for two to three paychecks. Everyone writes **Roadblocks & Rockets** within a week; the operator gets a 30-60-90 Plan.
- **DAYS 60–90 · STABILIZE & SYSTEMATIZE** SOPs, dashboards, KPIs, a human for each.
- **DAYS 90–120 · POWER UP** Cash, people, change.
- **120+ · HARNESS** Then a year she calls the Death Zone.

C · H RUN IT, GROW IT, SELL IT

NORTH STAR · ONE NUMBER

Hers was email sign-ups, on a ticking counter; 3% weekly growth is about 351% a year. Donald Park: *"Your entire job as a CEO is to remind people which direction to row."*

THE COMPASS · MONDAY, 10 MINUTES, ALL TEAMS

0–2	Mission, told through one customer testimonial
2–6	Wins, fails, problems solved, revenue, customers
7–8	What is coming: where we are a steamroller
9	Make your people better: a book or resource
10	End high: a joke, story or quote

24-Hour Rule: quarter → 60 days, month → 2 weeks, week → 24 hours. *"The greatest muscle you can build is urgency."*

Friday Finances: every Friday, every business's numbers, tracked weekly by the accountant. *"Your job is to simply not run out of money."*

Scorecard: 3–5 numbers along your *Deal Driveway*; briefs as Problem · Solutions · Ask. Her line: *"I'm looking forward to hearing your solutions to that problem. Keep me updated."*

> *"don't hire a dog and try to do the barking."* — Tom Murphy, on decentralized management

POWER UP THE CASH

CASH-FLOW	CASH-SUCK
paid first · monthly recurring · many clients	service first · paid a few times a year · one big client

Take 50% up front, shorten terms, auto-run the card on completion, a credit line per business. Cutting costs they aimed for 20% and got 16%: managers cut first; seats, tools, rates; **CADO**: Cut, Automate, Delegate, Outsource.

HARNESS · GROW AND ADD ON

Raise prices 5–30%, add a premium tier and subscriptions, answer leads within five minutes (owners average 47 hours). **Buy, don't build:** *"When something isn't working, try buying the solution."* A gym owner took closing rivals' clients for 50% of their revenue for six months: $100K-plus for $0.

EXIT · THE CASHOUT CAKE

Simple finances · More SOPs Than a Pilot · loyal staff · not run by you · P&L matches tax return · no client over 15% · a sales team. Owner-run with $300K SDE it might fetch 1.5X; with an operator, 3–3.5X. *"A business reliant on the owner is an unsellable business."*

Use it Monday

- Pick one North Star number for your business; open every team call with it.
- Run a 10-minute Compass: mission story, wins and fails, what is coming, one lesson, end high.
- Book Friday Finances: one weekly page from your accountant.
- Ask each employee for Roadblocks and Rockets, due in a week.
- Cut subscription seats and tools; ask every vendor for a lower rate.

Read with care

- Many figures (60% of owners would sell; 60% of deals seller-financed) come unsourced; the 8X power-washing case is hypothetical; client results are not typical, she says.
- She sells too: commissions from two SBA lenders; she owns BizScout and Approachment, which she recommends.
- SBA, IRS and goodwill-tax rules are U.S.; check Canadian law.
- Urgency, fast firing and cost cutting stop at safety and quality standards.

HOW THIS PAGE WAS MADE. Read in full from the ebook (Portfolio/Penguin, 2024); no pages are missing. Every quote was checked word for word against the text by script. Cover from the ebook.

"Hire smart people. Pay them well. Set them up to win. Then, leave them alone." CODIE SANCHEZ