As Baby Boomer Owners Head for their exit to sell their Business, 89% of Listed Businesses Won't Sell

Chad Peterson says owners chasing revenue growth are ignoring the loan payment quietly building most of their equity

SCOTTSDALE, AZ, UNITED STATES, July 20, 2026 /EINPresswire.com/ -- Most Listed Businesses Never Sell. A Veteran Business Broker Says Owners Are Solving the Wrong Problem.

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Peterson Acquisitions founder Chad Peterson argues that as a historic wave of owner retirements meets a market where only a minority of listed businesses close, the answer is not growing companies faster but restructuring how owners build equity.

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Industry estimates have long held that only 11% to 25% of businesses listed for sale actually close. As the largest generation of business owners in American history approaches retirement, that figure is becoming a national wealth-transfer problem rather than a brokerage statistic.

Chad Peterson, a veteran business broker and the founder and CEO of Peterson Acquisitions, a nationwide brokerage headquartered in the Kansas City metro, argues the failure rate reflects preparation rather than market conditions.

"Owners spend twenty years learning to run a company and almost no time learning how to convert it into wealth," Peterson said. "Those are two different skills, and nobody tells you that. The transaction most owners have been building toward their entire career is the one they walk into least prepared for."

A Framework Borrowed From the Housing Market

Peterson's answer is a framework he calls Quantum Stack Investing, documented in his book of the same name. At its center is what he terms the Next Larger Business (NLB): an owner sells the company they currently hold and applies the net proceeds as a down payment on a larger one, with the acquired company's cash flow servicing the acquisition debt.

The structure mirrors how most Americans have climbed the housing ladder. Few buyers save the full price of their second home. They build equity in a smaller one, sell, and trade up.

"Every homeowner in America already understands this," Peterson said. "They have just never applied it to the largest asset they own, which is their business."

There is one material difference, and Peterson is direct about it. A residential mortgage is underwritten against the borrower's personal income. A business acquisition loan is underwritten against the target company's cash flow and its capacity to service the note, frequently with U.S. Small Business Administration backing. That distinction, he says, is why an ordinary buyer with a roughly ten percent injection can acquire a multimillion-dollar company.

The Counterintuitive Finding: Debt Reduction Outperforms Growth

The framework's most contrarian claim concerns where an owner's equity actually comes from.

In Peterson's modeling of a typical five-year hold, revenue growth accounts for roughly one third of the improvement in the next acquisition's cash flow capacity.

Principal reduction on existing debt accounts for the remainder.

The mechanism is straightforward arithmetic. Each dollar of loan principal retired becomes equity. At a customary ten percent down payment, that equity controls roughly ten dollars of purchasing power at the next acquisition. Applied against a typical three-times cash flow multiple, a single year of principal reduction can translate into a materially larger next company.

"Ninety-nine percent of business owners are chasing the smaller number," Peterson said. "Every business book on the shelf says grow. Almost none of them mention what your amortization schedule is doing for you in the background. Your loan payment is boring. It is also doing more for your net worth than your sales team is."

Peterson is equally direct about what the framework is not. It is not a no-money-down strategy, it is not a turnaround or flipping play, and it is not fast. Most models run five to ten years.

Preparation, Not Market Conditions

Peterson attributes much of the industry-wide failure rate to pricing. When a business is listed above what a lender will finance for a qualified buyer, the buyer cannot service the debt and the transaction stalls regardless of the company's underlying quality.

He describes a representative case: a husband-and-wife ownership team who declined a valuation based on three years of tax returns, engaged a broker who quoted a higher figure, and spent nearly two years unsold. Revenue declined during the distraction, and the company was ultimately worth less than when the process began.

"Price above what a bank will finance and the deal is dead before it starts," Peterson said. "Nothing else you do matters after that."

Peterson's guidance to owners contemplating a sale within twenty-four months centers on protecting cash flow, since discretionary earnings drive valuation at a multiple, and on financing growth through acquisition debt rather than operating cash flow.

About Peterson Acquisitions

Peterson Acquisitions is a nationwide business brokerage and M&A advisory firm headquartered in the Kansas City metro. The firm represents business owners and acquisition entrepreneurs across the United States in confidential business sales, valuations, and acquisitions, with a network of more than 3,000 qualified buyers and extensive experience in SBA-backed acquisition financing.

Founder Chad Peterson is a veteran business broker and serial entrepreneur who built and exited multiple businesses before entering brokerage. He is the author of Quantum Stack Investing and From Blue to White, and hosts a podcast on business ownership and exits. Peterson Acquisitions has been recognized by USA Today, Inc, Fortune, and Entrepreneur.

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