

Selling Your College Business

The big questions are: When? How? To whom? For how much?

By Joel Holland

Have you ever dreamed of selling your college startup for millions and sailing off into the sunset? At some point, every [entrepreneur](#) thinks about the ideal exit strategy, but before you can turn this vision into reality, many questions remain. Chief among them: When, how, to whom and for how much do you sell?

Josh Kowitt and Scott Neuberger learned the answers to many of these questions during their sale of CollegeBoxes, the moving and storage company they built while attending Washington University. After graduating in 2003 and 2004, respectively, the two continued growing the company. But by 2007, they were ready for a lifestyle change.

"We were coming up on our eighth year in the [business](#) and looking for some diversity in our lives," says Neuberger, 28.

"We needed outside funding to continue growing the company," adds Kowitt, 26, "and I didn't feel comfortable taking somebody else's [money](#) if my heart wasn't in it 110 percent anymore."

Maintaining good relationships with competitors and suppliers was critical for the pair, as the eventual winning bid came from [mobile](#) storage company Store to Door. "Store to Door was one of our vendors," Kowitt says, "and they already knew and respected our business."

Determining a sale price for the company they spent close to a decade building was no easy task. "It's really about the value of the company in the eyes of the person bidding for it," Neuberger says. They eventually sold CollegeBoxes for a little more than \$1 million, and Neuberger recently signed on as president of Infocore, a strategic consulting company for the [marketing](#) industry.

To help drive a higher valuation, Neuberger recommends trying to solicit multiple suitors. "It comes down to negotiation," he says, "and we benefited by having multiple parties interested at the same time."

From the buyers' perspective, Charlie Burckmyer of Knob Hill Partners, a search fund seeking to acquire a company between \$5 million and \$50 million in size, says most buyers look for "a company with growth potential, a predictable revenue stream, an attractive marketplace and a sustainable competitive advantage."

If you want to sell your college startup, he and partner Scott Noll recommend planning up to a year in advance. "When you go to sell, it's an open house and everything will be looked at," Noll says. "Make your beds now, because in six or nine months, a potential buyer is going to look through your entire bedroom, and you want to make sure everything is in order."

While the prospect of selling the company you start in college can be extremely exciting, don't get too distracted from the business at hand. "Focus on running the business," Kowitt says. "The better the business is run, the more money you'll sell it for."

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