

# The Silver Tsunami and Minority Wealth Creation: Leveraging Business Acquisition as a Strategic Alternative to Startup Entrepreneurship

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**Abstract:** The United States is experiencing a demographic transition commonly referred to as the “Silver Tsunami,” a term describing the mass retirement of Baby Boomer business owners. Over the next decade, millions of small businesses are expected to transition ownership as aging entrepreneurs retire. This transition represents one of the largest transfers of privately held economic assets in modern economic history. Traditional entrepreneurship education often focuses on startup creation; however, empirical research demonstrates that startup ventures face high failure rates and significant financial risk (Bureau of Labor Statistics, 2023). In contrast, acquiring an established business with existing customers, operational systems, and revenue streams may provide a more stable pathway to entrepreneurship. This paper examines demographic trends, entrepreneurship research, and small business survival statistics to evaluate how minority entrepreneurs may benefit from acquisition-based entrepreneurship. The findings suggest that leveraging business acquisition strategies may represent an effective pathway for minority entrepreneurs to build generational wealth while preserving local businesses and employment.

**Keywords:** Silver Tsunami, minority entrepreneurship, business acquisition, small business succession, generational wealth

## I. Introduction

Entrepreneurship has long been recognized as a key driver of economic growth, innovation, and wealth creation. Scholars frequently emphasize the role of small businesses in supporting employment, generating innovation, and fostering community development within local and national economies (Shane, 2003; OECD, 2022). In the United States, small businesses account for approximately 99 percent of all firms and employ nearly half of the private-sector workforce, underscoring their importance to economic development (U.S. Small Business Administration, 2023).

However, entrepreneurship is not a homogeneous experience across all communities. Structural barriers, including unequal access to capital, limited professional networks, and historical disparities in wealth accumulation, have historically influenced entrepreneurial participation among minority populations (Fairlie & Robb, 2008). Research consistently shows that minority entrepreneurs are more likely to start businesses with lower levels of startup capital and face greater difficulty securing external financing than nonminority entrepreneurs (Fairlie & Robb, 2008). These structural challenges contribute to persistent disparities in business ownership and long-term business survival.

The concept of the Silver Tsunami introduces an additional dimension to the discussion of entrepreneurship and economic opportunity. The Silver Tsunami refers to the large wave of Baby Boomer business owners approaching retirement age, which is expected to result in millions of small businesses transitioning ownership in the coming decade (Project Equity, 2023). Estimates suggest that a substantial share of privately held small businesses in the United States is owned by individuals aged 55 and older, creating a significant succession challenge for the economy (Teamshares, 2022).

As millions of Baby Boomer entrepreneurs approach retirement, the question of business succession becomes increasingly important. Without effective succession planning, many profitable enterprises may close due to the absence of successors, potentially leading to job losses and economic decline in local communities (Project Equity, 2023). Rather than allowing viable businesses to disappear, acquisition-based entrepreneurship offers an alternative strategy for maintaining economic continuity.

By purchasing existing companies, new entrepreneurs inherit customers, operational knowledge, supplier relationships, and established revenue streams. These factors significantly reduce the uncertainty typically associated with startup ventures and allow entrepreneurs to focus on improving operational efficiency and expanding business performance (McKinsey Global Institute, 2026). Acquisition entrepreneurship has therefore

emerged as a growing area of interest within entrepreneurship research as an alternative pathway to business ownership.

For minority entrepreneurs in particular, acquisition strategies may represent a pragmatic pathway to ownership. Instead of beginning with limited capital and building a customer base from scratch, acquisition entrepreneurs can leverage established infrastructure and immediately participate in revenue generation. Scholars argue that expanding access to acquisition opportunities may help increase minority participation in business ownership while simultaneously preserving existing businesses and jobs (Ownership Capital Lab, 2025). This shift in entrepreneurial strategy may therefore play a significant role in expanding minority participation in business ownership and addressing long-standing economic disparities in wealth accumulation.

## **II. Literature Review**

Entrepreneurship research has traditionally focused on startup formation, innovation, and opportunity recognition as the primary mechanisms through which new ventures emerge. Shane (2003) emphasizes opportunity recognition as a central element of entrepreneurial activity, arguing that entrepreneurs identify and exploit opportunities that arise from market inefficiencies, technological changes, and shifts in consumer demand. Similarly, Shane and Venkataraman (2000) conceptualize entrepreneurship as a process involving the discovery, evaluation, and exploitation of opportunities. Within this framework, much of the entrepreneurship literature has historically concentrated on the creation of new ventures rather than the acquisition or transfer of existing businesses.

The startup-focused perspective has produced valuable insights regarding innovation, venture creation, and firm growth. However, scholars increasingly recognize that entrepreneurship can also occur through alternative pathways, including business acquisition and succession planning. DeTienne (2010) argues that entrepreneurial exit and ownership transfer are integral components of the entrepreneurial lifecycle, yet these topics have received comparatively less attention in the literature. Similarly, De Massis, Chua, and Chrisman (2008) emphasize that succession planning is a critical issue for privately held businesses, particularly those owned by aging founders.

The issue of business succession has become increasingly significant due to demographic changes within the entrepreneurial population. A large proportion of small business owners in the United States belongs to the Baby Boomer generation, which is now approaching retirement age. This demographic shift has been widely described as the Silver Tsunami, referring to the large wave of business ownership transitions expected to occur over the next decade (Project Equity, 2023). Research indicates that a significant share of privately held small businesses are owned by individuals over the age of fifty-five, suggesting that millions of firms may require new ownership in the near future (Teamshares, 2022). Without effective succession planning, many profitable enterprises may close due to the absence of qualified successors, potentially resulting in job losses and reduced economic activity in local communities.

The scale of this transition presents both risks and opportunities for the broader economy. On one hand, the closure of viable businesses due to succession failures could disrupt local economic ecosystems and reduce employment opportunities. On the other hand, successful ownership transitions could provide new entrepreneurs with access to established firms that already possess operational systems, customer bases, and revenue streams. McKinsey Global Institute (2022) notes that the transfer of ownership from retiring entrepreneurs to new owners represents one of the largest generational transfers of business assets in modern economic history.

At the same time, research on minority entrepreneurship highlights persistent disparities in business ownership and entrepreneurial participation. Minority-owned businesses play an important role in economic development within underserved communities; however, structural barriers continue to limit minority participation in entrepreneurship. Fairlie and Robb (2008) found that minority-owned businesses often begin with significantly lower levels of startup capital compared with nonminority-owned firms. This disparity in capital access can affect firm performance, survival rates, and long-term growth potential.

Access to financial capital remains one of the most significant challenges facing minority entrepreneurs. Studies have shown that minority business owners are more likely to experience difficulty obtaining bank loans and venture financing compared with their nonminority counterparts (Fairlie, Robb, & Hinson, 2010). These financial constraints can limit the ability of minority entrepreneurs to invest in marketing, technology, and operational expansion. In addition, minority entrepreneurs often have less access to informal sources of capital, such as family wealth or professional networks (Bates, 2011). These factors contribute to persistent disparities in business ownership across demographic groups.

The concept of acquisition entrepreneurship has emerged as a potential strategy for addressing some of these structural challenges. Acquisition entrepreneurship refers to the process by which individuals purchase existing businesses rather than launching entirely new ventures (Sieger, Zellweger, & Aquino, 2013). This approach

allows entrepreneurs to inherit established infrastructure, including customers, employees, supplier relationships, and operational processes. As a result, acquisition entrepreneurs can focus on improving performance and expanding operations rather than building a company from scratch.

Research suggests that acquisition-based entrepreneurship may reduce some of the risks associated with startup ventures. New businesses often face significant uncertainty related to market demand, operational efficiency, and financial sustainability. In contrast, established businesses have already demonstrated market viability through existing revenue streams and customer relationships. Consequently, acquisition entrepreneurs may face lower levels of uncertainty compared with startup founders.

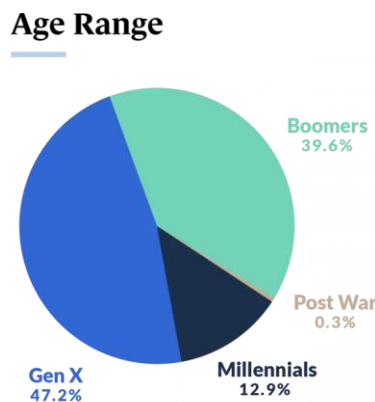
For minority entrepreneurs, acquisition strategies may represent a particularly promising pathway to ownership. Instead of beginning with limited resources and attempting to establish market presence from the ground up, acquisition entrepreneurs can leverage the operational stability of existing firms. Ownership Capital Lab (2025) suggests that expanding access to acquisition opportunities may help increase minority participation in business ownership while preserving businesses that might otherwise close due to owner retirement.

Furthermore, acquisition-based entrepreneurship aligns with broader efforts to promote inclusive economic development. When minority entrepreneurs acquire existing businesses, they not only build personal wealth but also preserve jobs, maintain community services, and contribute to local economic stability. This dynamic may be particularly important in communities where retiring business owners lack clear succession plans.

Taken together, the literature suggests that the intersection of demographic change, minority entrepreneurship, and business succession creates a unique opportunity for economic transformation. The retirement of Baby Boomer entrepreneurs is expected to produce a large supply of businesses seeking new ownership, while minority entrepreneurs represent a growing pool of potential business leaders. Acquisition entrepreneurship, therefore, represents a promising mechanism for facilitating ownership transitions while simultaneously addressing disparities in entrepreneurial participation.

### III. Demographic Context of the Silver Tsunami

The term Silver Tsunami refers to the demographic wave created by the retirement of the Baby Boomer generation and its implications for business ownership transitions. Baby Boomers, individuals born between 1946 and 1964, represent one of the largest generational cohorts in United States history. As this generation reaches retirement age, a significant proportion of privately held businesses are expected to transition ownership within a relatively short period of time. Demographic research indicates that approximately 40 percent of small businesses in the United States are owned by individuals over the age of 55, highlighting the concentration of business ownership among older entrepreneurs (Reynolds et al, 2004).



**Figure 1: Business Owners' Age Range**

*This chart illustrates Small business ownership trends by age.*

The scale of this transition is substantial. By 2030, all members of the Baby Boomer generation will have reached at least age 65, with an estimated 10,000 individuals reaching retirement age each day in the United States. As a result, a significant portion of the nation’s small business sector will face ownership transitions over the next

decade. Research suggests that Baby Boomers currently own roughly 40 percent of all small businesses, many of which are profitable but lack clear succession strategies (Mitchell & Rhodes, 2016).

Several studies estimate the magnitude of the upcoming ownership transfer. Analysts from the McKinsey Institute project that approximately six million small and medium-sized businesses may change ownership by 2035, representing up to \$5 trillion in enterprise value. Other projections suggest that the total value of businesses owned by retiring entrepreneurs may exceed \$10 trillion in assets over the next decade (Lichtenstein, 2012). This massive transfer of ownership represents one of the largest intergenerational wealth shifts in modern economic history.

Despite the scale of the transition, many business owners have not adequately prepared for succession. Surveys indicate that less than one-third of small business owners have a formal exit strategy or succession plan for transferring ownership upon retirement (Teamshares, 2025). Without such planning, businesses may struggle to identify suitable successors, secure financing for buyers, or navigate complex ownership transitions. In many cases, business closures occur not because the companies are unprofitable but because no qualified buyer is available to assume ownership.

The potential consequences of unsuccessful ownership transitions extend beyond individual firms. Small businesses play a vital role in local economies by providing employment opportunities, delivering essential goods and services, and fostering community engagement. Locally owned businesses also tend to circulate a larger share of revenue within the community, strengthening regional economic ecosystems (Project Equity, 2022). If retiring owners are unable to transfer their businesses successfully, communities risk losing important economic anchors that contribute to regional stability.

In addition, the potential closure of businesses due to succession failures may have significant labor market implications. Research suggests that millions of workers are employed by businesses owned by Baby Boomers, meaning that unsuccessful ownership transitions could place a substantial number of jobs at risk (Project Equity, 2022). For many local economies, particularly those dependent on small and family-owned businesses, the loss of these firms could reduce employment opportunities, decrease local tax revenue, and weaken the broader economic environment.

At the same time, the Silver Tsunami presents a significant opportunity for new entrepreneurs to enter the market through business acquisition. Many Baby Boomer-owned businesses are well-established, profitable enterprises with loyal customer bases and experienced employees. In fact, some studies estimate that up to 78 percent of businesses owned by Baby Boomers remain profitable, making them attractive acquisition targets for aspiring entrepreneurs. For individuals seeking to become business owners, acquiring an existing company may provide a more stable pathway to entrepreneurship compared with launching a new venture.

From a broader economic perspective, the intersection of demographic change and business succession creates both risks and opportunities. On one hand, the retirement of millions of business owners could lead to business closures and economic disruption if ownership transitions fail. On the other hand, successful transfers of ownership could enable a new generation of entrepreneurs to inherit established businesses, preserving jobs and sustaining local economies.

In this context, the Silver Tsunami represents not only a demographic phenomenon but also a potential catalyst for entrepreneurial opportunity. For aspiring entrepreneurs, particularly those from underrepresented communities, the upcoming wave of business ownership transitions may create pathways to business ownership that would otherwise be difficult to access.

#### **IV. Startup Costs and Failure Rates**

Starting a business from the ground up involves substantial financial risk and operational uncertainty. Entrepreneurs must invest significant resources before a business is capable of generating stable revenue. Initial startup costs typically include business registration fees, licensing and permits, marketing and advertising expenses, equipment purchases, inventory acquisition, and ongoing operational costs such as rent, utilities, and employee wages. Depending on the industry, these expenses can vary widely, but many small businesses require several thousand to tens of thousands of dollars in startup capital before achieving financial stability (U.S. Small Business Administration, 2023).

In addition to financial investments, new entrepreneurs must navigate a range of operational challenges, including market entry, customer acquisition, and competitive positioning. Unlike established businesses, startups often lack brand recognition, operational systems, and established supplier relationships. As a result, new ventures must simultaneously develop their products or services while also building the organizational infrastructure necessary to support long-term growth.

Empirical research demonstrates that these challenges contribute to high failure rates among startup ventures. Data from the U.S. Bureau of Labor Statistics (BLS) indicate that approximately 20 percent of new businesses fail within their first two years of operation, while nearly 45 percent fail within five years. Over a longer time horizon, roughly 65 percent of businesses fail within ten years, illustrating the significant risks associated with launching a new venture (Bureau of Labor Statistics, 2023).

These patterns are consistent with broader entrepreneurship research. Studies examining new firm survival suggest that early-stage businesses face significant vulnerability due to limited financial resources, market uncertainty, and managerial inexperience (McKelvie & Wiklund, 2010). New firms must often operate for extended periods without consistent revenue while simultaneously investing in marketing, product development, and operational improvements. During this early stage, many entrepreneurs rely heavily on personal savings, credit cards, or informal financing from family members, which can increase financial exposure if the venture fails.

Cash flow management is one of the most significant factors influencing startup survival. Research conducted by SCORE (2022) indicates that insufficient capital and poor cash flow management are among the most common causes of early business failure. New businesses often underestimate operating expenses or overestimate revenue projections, leading to financial instability during the early stages of growth. When cash reserves are insufficient to sustain operations during periods of slow revenue generation, businesses may be forced to close despite having viable products or services.

Another major contributor to startup failure is the challenge of establishing a stable customer base. Market entry requires entrepreneurs to build brand recognition and customer trust, which can take significant time and financial investment. According to CB Insights (2021), lack of market demand is one of the most frequently cited reasons for startup failure, accounting for approximately 42 percent of failed ventures. This finding highlights the inherent uncertainty associated with introducing new products or services into competitive markets.

Operational inefficiencies and managerial inexperience may also contribute to startup failure. Many entrepreneurs begin businesses with strong technical expertise or industry knowledge but limited experience in financial management, marketing strategy, or organizational leadership. Without effective management practices, startups may struggle to scale operations, manage employees, or maintain financial discipline (Shane, 2003).

The risks associated with startup entrepreneurship are further amplified by broader economic factors such as market volatility, changes in consumer demand, and economic downturns. Because startups typically operate with limited financial reserves, they are particularly vulnerable to external shocks such as supply chain disruptions, rising operating costs, or shifts in consumer behavior.

Taken together, these factors illustrate the inherent risks associated with starting a business from scratch. High startup costs, uncertain revenue streams, and elevated failure rates create a challenging environment for new entrepreneurs. While successful startups can generate significant economic value and innovation, the probability of failure remains relatively high compared with established businesses.

These realities have prompted scholars and policymakers to explore alternative pathways to entrepreneurship that may reduce risk while expanding access to business ownership. One such pathway is acquisition entrepreneurship, in which individuals purchase existing businesses rather than creating entirely new ventures. Because established firms typically have existing customers, operational systems, and proven revenue streams, acquisition entrepreneurship may provide a more stable entry point into business ownership (McKinsey Global Institute, 2022). As the following section will demonstrate, acquiring an existing business may significantly reduce some of the risks associated with traditional startup entrepreneurship.

## **V. Business Acquisition as an Entrepreneurial Strategy**

Business acquisition represents an alternative pathway to entrepreneurship that differs significantly from the traditional startup model. Instead of creating a new enterprise from the ground up, acquisition entrepreneurs purchase an existing business and assume ownership of its operations. This strategy has received increasing attention in entrepreneurship research as a viable method for entering business ownership while reducing many of the risks associated with startup ventures (Sieger, Zellweger, & Aquino, 2013).

Acquiring an existing business offers several structural advantages compared with launching a new venture. Established businesses typically possess a range of operational assets that reduce uncertainty during the early stages of ownership. These assets often include:

- an existing customer base
- established operational systems and processes
- experienced employees with institutional knowledge

- long-term supplier and vendor relationships
- financial records and historical performance data

These factors significantly reduce the uncertainty that typically accompanies startup ventures. New businesses must simultaneously develop products, build brand recognition, and establish operational systems while attempting to generate revenue. In contrast, acquisition entrepreneurs inherit organizations that have already demonstrated market viability and operational functionality.

One of the most important advantages of acquiring an existing business is the presence of proven market demand. Many startups fail because entrepreneurs introduce products or services that lack sufficient customer demand. In fact, research from CB Insights (2021) suggests that the most common reason for startup failure is the absence of a viable market need. By acquiring an existing business, entrepreneurs gain access to companies that have already validated their business models through sustained customer demand and recurring revenue.

Another advantage of acquisition entrepreneurship is immediate access to revenue streams. Startups typically require significant time before achieving profitability, as entrepreneurs must invest in marketing, product development, and operational infrastructure before generating consistent sales. In contrast, established businesses often generate ongoing cash flow from existing customers. This revenue can support operating expenses, loan repayment, and reinvestment in business growth. As a result, acquisition entrepreneurs may achieve profitability more quickly than startup founders.

The availability of historical financial records further strengthens the viability of acquisition entrepreneurship. Established firms provide financial statements, tax records, and operational data that allow potential buyers to evaluate business performance before completing a transaction. This information reduces uncertainty for both entrepreneurs and lenders, enabling more informed decision-making during the acquisition process. Financial transparency also improves access to capital, as lenders are more willing to finance acquisitions of businesses with proven revenue histories than entirely new ventures without demonstrated market performance (McKinsey Global Institute, 2022).

Access to financing represents another critical advantage of acquisition-based entrepreneurship. Because established businesses generate predictable revenue streams, they are often more attractive to lenders and investors. Financial institutions can analyze historical performance data to assess risk and repayment capacity. In contrast, startup entrepreneurs often struggle to secure financing because lenders cannot rely on historical revenue data to evaluate business viability (Fairlie & Robb, 2008). This difference in financing accessibility can significantly influence entrepreneurial success, particularly for individuals with limited personal capital.

Operational continuity also plays a critical role in the advantages associated with business acquisition. Established firms often have experienced employees who possess valuable institutional knowledge regarding company operations, customer relationships, and industry practices. When a new owner acquires a business, these employees can help maintain operational stability and ensure a smoother transition of ownership. This continuity allows acquisition entrepreneurs to focus on strategic improvements rather than building an organization from scratch.

Beyond operational benefits, acquisition entrepreneurship may also provide opportunities for strategic growth. Entrepreneurs who acquire existing firms can often identify opportunities to increase profitability by implementing improved management practices, expanding marketing efforts, or introducing new technologies. Because the business already has a functioning infrastructure, entrepreneurs can focus their efforts on enhancing efficiency and expanding revenue streams rather than establishing basic operations.

The emergence of the Silver Tsunami further strengthens the relevance of acquisition entrepreneurship as a strategic pathway to business ownership. As millions of Baby Boomer entrepreneurs approach retirement age, a significant number of businesses will require new ownership in the coming years. Research suggests that many of these firms are profitable and well-established but lack formal succession plans (Project Equity, 2023). Without suitable buyers, these businesses may close despite their economic viability.

The acquisition of retiring entrepreneurs' businesses, therefore, represents a significant opportunity for aspiring entrepreneurs. Instead of launching entirely new ventures in highly competitive markets, entrepreneurs can purchase existing companies that already possess stable customer bases and operational systems. This approach allows new owners to preserve jobs, maintain community services, and continue the economic contributions of established firms.

For minority entrepreneurs in particular, acquisition-based entrepreneurship may represent an especially promising pathway to ownership. Minority business owners frequently face barriers related to startup financing and access to capital (Fairlie & Robb, 2008). By acquiring established businesses with existing revenue streams, entrepreneurs may reduce reliance on personal savings or informal financing sources. Additionally, acquisition

strategies allow entrepreneurs to leverage the infrastructure of existing firms, reducing the time required to establish market presence.

From a broader economic perspective, acquisition entrepreneurship may play an important role in facilitating generational wealth creation and economic mobility. Ownership of profitable businesses enables entrepreneurs to generate income, build equity, and accumulate long-term wealth. As ownership transfers from retiring Baby Boomer entrepreneurs to a new generation of business owners, acquisition entrepreneurship may serve as a mechanism for expanding participation in business ownership and promoting inclusive economic growth. In this context, business acquisition should not be viewed simply as an alternative entrepreneurial strategy but rather as a critical mechanism for sustaining economic activity during a period of large-scale ownership transition. As the Silver Tsunami reshapes the landscape of small business ownership, acquisition-based entrepreneurship may provide a practical and economically sustainable pathway for new entrepreneurs to enter the market.

## **VI. Minority Wealth Creation Opportunities**

For minority entrepreneurs, acquisition-based entrepreneurship may provide a particularly effective pathway to wealth creation and economic mobility. Historically, business ownership has been one of the most significant drivers of wealth accumulation in the United States. Entrepreneurial activity enables individuals to generate income, build equity, and accumulate assets that can be transferred across generations. However, disparities in access to capital, credit markets, and entrepreneurial networks have contributed to persistent gaps in business ownership and wealth accumulation among minority populations.

Research on minority entrepreneurship consistently highlights the structural barriers that limit access to startup capital. Fairlie and Robb (2008) found that minority-owned businesses typically begin with substantially lower levels of startup capital compared with non-minority firms. Limited access to financial resources can constrain business development, restrict growth opportunities, and increase the likelihood of early business failure. Minority entrepreneurs are also more likely to rely on personal savings or informal sources of capital due to challenges in obtaining traditional bank financing (Fairlie, Robb, & Hinson, 2010). These financial constraints often prevent aspiring entrepreneurs from launching new ventures or scaling existing businesses.

The consequences of these barriers extend beyond entrepreneurship to broader patterns of wealth inequality. According to the Federal Reserve's Survey of Consumer Finances, the median wealth of White households in the United States significantly exceeds that of Black and Hispanic households, reflecting long-standing disparities in asset ownership and investment opportunities (Federal Reserve, 2022). Because business ownership represents a major component of wealth accumulation, limited participation in entrepreneurship can reinforce these wealth disparities over time.

In this context, acquisition-based entrepreneurship offers an alternative pathway for minority entrepreneurs to enter business ownership while reducing some of the barriers associated with startup formation. Rather than building a new venture from the ground up, acquisition entrepreneurs purchase existing businesses that already possess established operational systems and market presence. This approach allows entrepreneurs to bypass some of the most challenging stages of business development, including market validation, customer acquisition, and brand establishment.

Acquiring an existing company enables entrepreneurs to benefit from several advantages that support financial stability and growth. These advantages typically include:

- Immediate cash flow, allowing owners to generate income from the business shortly after acquisition
- Established brand recognition, reducing marketing costs and increasing customer trust
- Existing customer relationships, providing a reliable source of recurring revenue
- Operational infrastructure, including trained employees and established business processes
- Historical financial records, which allow entrepreneurs and lenders to evaluate business performance prior to acquisition

These characteristics can significantly reduce the financial uncertainty faced by entrepreneurs during the early stages of business ownership. In contrast, startup ventures often require substantial investment before achieving stable revenue streams, creating financial risk for founders with limited access to capital.

The demographic shift associated with the Silver Tsunami further enhances the potential for acquisition-based entrepreneurship to expand minority business ownership. As millions of Baby Boomer entrepreneurs approach retirement, a large number of businesses will require new ownership. Many of these firms are profitable, well-established enterprises that lack succession plans. Without suitable buyers, these businesses may close despite their economic viability. Project Equity (2023) estimates that millions of small businesses owned by aging entrepreneurs

will require ownership transitions within the next decade, placing millions of jobs at risk if succession solutions are not identified.

The availability of these businesses creates a unique opportunity for aspiring entrepreneurs to enter the market through acquisition rather than startup formation. Ownership Capital Lab (2025.) argues that expanding access to business acquisition opportunities could help address disparities in business ownership while simultaneously preserving businesses that might otherwise close due to owner retirement. By facilitating the transfer of ownership from retiring entrepreneurs to new business owners, acquisition strategies can promote both economic continuity and inclusive economic development.

For minority entrepreneurs, this ownership transition represents an opportunity to access established firms that might otherwise remain inaccessible through traditional startup pathways. Acquisition-based entrepreneurship allows individuals to enter business ownership with a functioning enterprise rather than attempting to build a new business under resource constraints. As a result, acquisition strategies may help increase minority participation in business ownership while reducing the financial risks associated with startup ventures.

Beyond individual wealth creation, expanding minority ownership of existing businesses may also generate broader economic benefits for local communities. Minority-owned businesses often play important roles in underserved communities by providing employment opportunities, delivering essential services, and reinvesting resources within local economies (Bates, 2011). When minority entrepreneurs acquire existing firms, they not only build personal wealth but also contribute to economic stability and community development.

Furthermore, successful ownership transitions can preserve jobs and maintain local economic ecosystems that depend on small businesses. Without new owners, many businesses owned by retiring entrepreneurs may close, leading to job losses and reduced economic activity in affected communities. Acquisition entrepreneurship, therefore, provides a mechanism for maintaining economic continuity while simultaneously expanding access to entrepreneurial opportunity.

From a long-term perspective, increasing minority participation in business ownership may also contribute to reducing wealth disparities across generations. Business ownership allows entrepreneurs to accumulate equity and assets that can be transferred to future generations, creating opportunities for intergenerational wealth building. As the Silver Tsunami accelerates the transfer of business ownership across the United States, acquisition-based entrepreneurship may play a critical role in enabling a more diverse group of entrepreneurs to participate in this historic economic transition.

## **VII. Policy and Educational Implications**

The demographic shift associated with the Silver Tsunami highlights the need for new approaches to entrepreneurship education, workforce development, and public policy. As millions of Baby Boomer entrepreneurs approach retirement, the potential closure of viable businesses due to inadequate succession planning presents both economic risks and opportunities. Addressing these challenges requires coordinated efforts from educational institutions, policymakers, financial institutions, and community organizations to facilitate successful ownership transitions and expand access to business acquisition opportunities.

One critical area of intervention involves the development of entrepreneurship education programs that move beyond the traditional focus on startup creation. Many entrepreneurship courses emphasize innovation, business plan development, and new venture formation. While these topics remain important, the growing wave of business ownership transitions suggests that acquisition entrepreneurship should become a core component of entrepreneurship education. By preparing aspiring entrepreneurs to acquire and manage existing businesses, educational institutions can help ensure that viable firms continue operating as ownership transitions occur.

Universities, community colleges, and business schools can play a significant role in preparing the next generation of entrepreneurs to participate in this ownership transition. Entrepreneurship curricula could be expanded to include training in areas directly related to business acquisition and succession planning. Key areas of instruction may include:

- Business valuation and financial analysis, enabling students to assess the financial health and market value of potential acquisition targets.
- Acquisition financing strategies, including debt financing, seller financing, Small Business Administration (SBA) loans, and private equity investment.
- Succession planning and ownership transition management, which focuses on the legal, organizational, and financial processes involved in transferring ownership from retiring entrepreneurs to new owners.
- Operational transition and leadership continuity, which prepares entrepreneurs to manage employee transitions, maintain customer relationships, and preserve organizational culture during ownership changes.

Incorporating these topics into entrepreneurship education can help aspiring entrepreneurs develop the skills necessary to identify acquisition opportunities, evaluate potential businesses, and successfully transition into ownership roles. Educational institutions may also benefit from establishing partnerships with local chambers of commerce, economic development agencies, and industry associations to connect students with retiring business owners seeking succession solutions.

In addition to educational reforms, public policy initiatives can play an important role in facilitating business ownership transitions. Access to capital remains one of the most significant barriers to entrepreneurship, particularly for minority and underserved entrepreneurs (Fairlie & Robb, 2008). Acquisition-based entrepreneurship often requires significant financing to purchase existing businesses, which may present challenges for individuals with limited access to traditional lending markets.

Policymakers may therefore consider expanding financing programs designed to support business acquisitions by underserved entrepreneurs. Existing programs administered by the U.S. Small Business Administration (SBA), such as the SBA 7(a) loan program, already provide financing options for business acquisitions and ownership transfers. Expanding these programs or increasing access to them for minority entrepreneurs could help facilitate the transfer of businesses from retiring owners to new entrepreneurs.

Another promising policy approach involves strengthening the role of Community Development Financial Institutions (CDFIs) in supporting acquisition entrepreneurship. CDFIs specialize in providing financing to underserved communities and entrepreneurs who may not qualify for traditional bank loans. By supporting acquisition financing for small businesses, CDFIs can play a critical role in preserving businesses that might otherwise close due to owner retirement.

Policymakers may also explore initiatives that encourage employee ownership and cooperative ownership models as succession strategies. Programs that facilitate employee stock ownership plans (ESOPs) or worker cooperatives can allow employees to purchase businesses from retiring owners, preserving both jobs and local economic activity. Research suggests that employee ownership can increase worker engagement, improve firm performance, and enhance economic stability within communities (Blasi, Freeman, & Kruse, 2013).

Furthermore, local and regional economic development agencies can contribute to successful ownership transitions by establishing business succession marketplaces that connect retiring entrepreneurs with potential buyers. These platforms can help match retiring business owners with aspiring entrepreneurs, investors, or employees interested in acquiring existing businesses. By improving the visibility of acquisition opportunities, such initiatives may help reduce the number of viable businesses that close due to succession plan failures.

The intersection of educational reform and public policy is particularly important for expanding minority participation in business ownership. Minority entrepreneurs frequently face barriers related to access to capital, information, and entrepreneurial networks. Programs that combine acquisition-focused entrepreneurship education with targeted financing initiatives may therefore be especially effective in expanding access to business ownership. From a broader economic perspective, policies that support acquisition-based entrepreneurship can contribute to economic stability by preserving businesses that might otherwise close during ownership transitions. Maintaining these firms helps protect jobs, sustain local economic ecosystems, and prevent the loss of valuable community institutions. As the Silver Tsunami accelerates the transfer of business ownership across the United States, proactive policy and educational initiatives will be essential to ensure that these transitions create opportunities for new entrepreneurs rather than economic disruption.

### **VIII. Conceptual Framework: Minority Business Acquisition Opportunity Model (MBAOM)**

The Minority Business Acquisition Opportunity Model (MBAOM) provides a conceptual framework for understanding how demographic transitions in business ownership can create new pathways for minority entrepreneurship and wealth creation. The model integrates insights from entrepreneurship research, minority business ownership literature, and demographic studies on business succession to explain how acquisition-based entrepreneurship may emerge as a viable strategy during periods of large-scale ownership transition.

Traditional entrepreneurship frameworks have primarily focused on new venture creation, emphasizing innovation, opportunity recognition, and startup formation (Shane & Venkataraman, 2000). While this perspective has generated significant insights into entrepreneurial activity, it does not fully capture the opportunities created by demographic changes in business ownership. The retirement of a large cohort of Baby Boomer entrepreneurs introduces a structural shift in the entrepreneurial ecosystem, producing a substantial supply of existing businesses seeking new ownership.

The MBAOM conceptualizes this phenomenon as an entrepreneurial opportunity structure created by demographic change. Specifically, the model proposes that acquisition-based entrepreneurship becomes more

feasible when three key factors interact: (1) demographic transitions in business ownership, (2) access to financing and entrepreneurial education, and (3) entrepreneurial opportunity recognition. Together, these elements create conditions that enable minority entrepreneurs to acquire existing firms and participate more fully in business ownership.

#### **Demographic Transitions in Business Ownership**

The first component of the MBAOM framework involves demographic changes in the ownership structure of small businesses. The retirement of Baby Boomer entrepreneurs, commonly described as the Silver Tsunami, represents one of the largest ownership transitions in modern economic history. Millions of small businesses owned by aging entrepreneurs will require new owners over the coming decade (Project Equity, 2023). These businesses represent a substantial pool of potential acquisition opportunities for aspiring entrepreneurs.

Demographic transitions are particularly important because they increase the supply of established firms available for purchase. Many of these businesses are profitable enterprises with stable customer bases, operational infrastructure, and experienced employees. However, a significant number of retiring owners lack formal succession plans, increasing the likelihood that businesses may close if suitable buyers cannot be identified. The MBAOM framework suggests that this demographic shift creates a structural opportunity for acquisition-based entrepreneurship by expanding the availability of existing firms seeking new ownership.

#### **Access to Financing and Entrepreneurial Education**

The second component of the MBAOM framework emphasizes the role of financial capital and entrepreneurial knowledge in facilitating acquisition entrepreneurship. Even when acquisition opportunities exist, prospective entrepreneurs must possess the financial resources and technical knowledge necessary to evaluate, finance, and manage business acquisitions.

Access to capital remains one of the most significant barriers to entrepreneurship, particularly for minority entrepreneurs (Fairlie & Robb, 2008). Acquisition-based entrepreneurship typically requires financing to purchase existing businesses, which may involve a combination of bank loans, Small Business Administration (SBA) financing, seller financing, or private investment. Without access to financing mechanisms that support acquisition entrepreneurship, many aspiring entrepreneurs may be unable to take advantage of available ownership transition opportunities.

In addition to financial capital, entrepreneurial education plays an essential role in enabling successful acquisitions. Traditional entrepreneurship education programs often emphasize business plan development and startup formation, while providing limited instruction on acquisition strategies or succession planning. Expanding entrepreneurship education includes topics such as business valuation, acquisition financing, due diligence, and operational transitions, which can help prepare entrepreneurs to identify and successfully manage acquisition opportunities.

#### **Entrepreneurial Opportunity Recognition**

The third component of the MBAOM framework focuses on entrepreneurial opportunity recognition. Opportunity recognition refers to the ability of entrepreneurs to identify and evaluate potential business opportunities within a given economic environment (Shane, 2003). In the context of the Silver Tsunami, opportunity recognition involves identifying retiring business owners whose firms may be suitable acquisition targets.

Opportunity recognition requires both information and awareness. Prospective entrepreneurs must be able to identify businesses that are available for acquisition and evaluate whether these businesses represent viable investment opportunities. Networks, mentorship programs, and industry connections can play an important role in facilitating opportunity recognition by connecting aspiring entrepreneurs with retiring business owners.

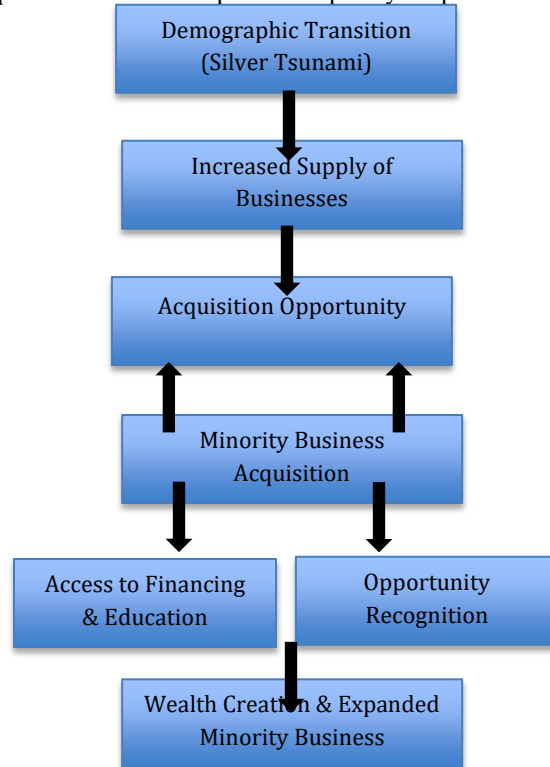
For minority entrepreneurs, access to entrepreneurial networks is particularly important. Research suggests that minority entrepreneurs often have limited access to professional networks that provide exposure to business acquisition opportunities (Bates, 2011). Programs that facilitate connections between retiring entrepreneurs and aspiring buyers can therefore play a significant role in expanding acquisition-based entrepreneurship.

#### **Interaction of the Model Components**

The MBAOM framework proposes that acquisition-based entrepreneurship becomes most feasible when the three components of the model align. Demographic transitions create a supply of businesses available for acquisition, while access to financing and entrepreneurial education provides the resources necessary to complete ownership transfers. Opportunity recognition enables entrepreneurs to identify and pursue viable acquisition targets. When these conditions are present simultaneously, acquisition-based entrepreneurship can emerge as a viable pathway to business ownership. This alignment allows minority entrepreneurs to acquire existing firms, generate revenue from established operations, and build long-term wealth through business ownership.

**Implications of the MBAOM Framework**

The MBAOM framework has several important implications for entrepreneurship research, public policy, and economic development. First, the model highlights the importance of considering demographic changes in business ownership when analyzing entrepreneurial opportunities. The Silver Tsunami represents a structural shift in the entrepreneurial landscape that may reshape patterns of business ownership across the United States. Second, the framework emphasizes the importance of expanding access to financing and education for acquisition-based entrepreneurship. Without appropriate financial and educational support systems, many potential ownership transitions may fail to occur, leading to the closure of otherwise viable businesses. Finally, the MBAOM framework underscores the potential role of acquisition entrepreneurship in expanding minority participation in business ownership. By facilitating ownership transitions from retiring entrepreneurs to new business owners, acquisition-based entrepreneurship may help address disparities in business ownership and wealth accumulation.



**Figure 2: Minority Business Acquisition Opportunity Model (MBAOM)**

*This chart illustrates Minority Business Acquisition.*

**IX. Discussion**

The Silver Tsunami represents one of the most significant economic transitions in modern business history. As the Baby Boomer generation reaches retirement age, millions of small and medium-sized businesses across the United States will require new ownership. These businesses collectively represent trillions of dollars in economic assets and employ millions of workers in local communities. The scale of this ownership transition creates both risks and opportunities for the broader economy.

One of the primary risks associated with the Silver Tsunami is the potential closure of viable businesses due to inadequate succession planning. Research indicates that a large proportion of small business owners do not have formal succession strategies in place, which increases the likelihood that businesses may close when their owners retire (Project Equity, 2023). When established businesses shut down due to the absence of successors, communities may lose important sources of employment, local services, and economic stability. Small businesses often function as key components of local economic ecosystems, supporting regional supply chains, generating tax revenue, and providing employment opportunities. The closure of these businesses can therefore have ripple effects that extend beyond individual firms to entire communities.

At the same time, the Silver Tsunami presents a unique opportunity to reshape patterns of business ownership and entrepreneurship. Rather than viewing the retirement of Baby Boomer entrepreneurs solely as a demographic challenge, it may also be interpreted as an opportunity for a new generation of entrepreneurs to assume ownership of established firms. If retiring business owners successfully transfer their companies to new entrepreneurs, the upcoming wave of ownership transitions could preserve existing businesses while simultaneously expanding access to entrepreneurial opportunities.

Acquisition entrepreneurship plays a central role in this potential transformation. By purchasing existing businesses, entrepreneurs can enter the market through a pathway that differs significantly from traditional startup entrepreneurship. Instead of launching entirely new ventures, acquisition entrepreneurs inherit companies that already possess operational infrastructure, established customer relationships, and proven revenue streams. These characteristics reduce some of the uncertainty associated with new venture creation and allow entrepreneurs to focus on improving performance, expanding markets, and implementing strategic innovations.

For minority entrepreneurs, acquisition-based entrepreneurship may represent a particularly significant opportunity. Minority communities have historically faced barriers to entrepreneurship, including limited access to capital, reduced exposure to entrepreneurial networks, and disparities in wealth accumulation (Fairlie & Robb, 2008). These structural barriers often make it more difficult for minority entrepreneurs to launch new ventures from the ground up. Acquisition entrepreneurship offers an alternative pathway by enabling entrepreneurs to acquire businesses that already possess operational systems and revenue-generating capacity.

The successful transfer of ownership from retiring entrepreneurs to new business owners may therefore contribute to wealth creation, economic mobility, and community development. Business ownership remains one of the most powerful mechanisms for wealth accumulation in modern economies. Entrepreneurs who own profitable businesses can generate income, build equity, and accumulate assets that may be transferred across generations. Expanding access to business ownership through acquisition entrepreneurship may therefore play an important role in addressing disparities in wealth and economic opportunity.

In addition to individual wealth creation, acquisition entrepreneurship can produce broader economic benefits. When entrepreneurs acquire existing businesses rather than allowing them to close, they preserve jobs, maintain local services, and sustain the economic infrastructure that supports community development. This continuity is particularly important in smaller communities and local economies that rely heavily on small businesses for employment and economic activity.

Despite these potential benefits, acquisition entrepreneurship remains an underutilized pathway to business ownership. Entrepreneurship education, public policy initiatives, and entrepreneurial support programs have traditionally focused on startup creation rather than business acquisition. As a result, many aspiring entrepreneurs may be unaware of acquisition opportunities or lack the necessary knowledge to pursue them successfully. Expanding awareness of acquisition entrepreneurship, particularly in the context of the Silver Tsunami, may therefore play a critical role in facilitating successful ownership transitions.

The findings and arguments presented in this study suggest that the upcoming wave of business ownership transitions represents a strategic opportunity to rethink how entrepreneurship is conceptualized and supported. By recognizing acquisition entrepreneurship as a viable and valuable pathway to business ownership, educators, policymakers, and economic development organizations can help ensure that the retirement of Baby Boomer entrepreneurs becomes an opportunity for economic renewal rather than economic disruption.

Ultimately, the Silver Tsunami highlights the importance of aligning demographic change with entrepreneurial opportunity. If supported by appropriate educational programs, financing mechanisms, and policy initiatives, the transfer of business ownership from retiring entrepreneurs to a new generation of business leaders may contribute to a more inclusive and resilient entrepreneurial ecosystem.

## **X. Conclusion**

The retirement of Baby Boomer business owners represents one of the most significant ownership transitions in the history of the United States economy. Over the next decade, millions of small and medium-sized businesses will require new leadership as aging entrepreneurs exit the marketplace. Collectively, these businesses represent trillions of dollars in economic value and provide employment for millions of workers across the country. The scale of this generational transition highlights the importance of developing strategies that facilitate successful ownership transfers while preserving the economic contributions of existing firms.

Historically, discussions of entrepreneurship in the United States have focused primarily on startup creation and innovation-driven venture formation. New ventures have long been viewed as the primary drivers of economic dynamism, technological advancement, and job creation. While startup entrepreneurship continues to play an

important role in economic development, empirical evidence demonstrates that new ventures face significant challenges during their early stages. High startup failure rates, capital constraints, and market uncertainty make the process of launching a new business both financially and operationally risky for many aspiring entrepreneurs. In contrast, acquisition entrepreneurship offers an alternative pathway to business ownership that leverages existing enterprises rather than building new ventures from the ground up. By acquiring established businesses with proven operational systems, existing customer relationships, and stable revenue streams, entrepreneurs may reduce some of the uncertainty associated with traditional startup formation. Acquisition entrepreneurs are able to focus on improving performance, expanding market reach, and introducing strategic innovations rather than first proving the basic viability of their business model.

The demographic shift associated with the Silver Tsunami significantly strengthens the relevance of acquisition-based entrepreneurship. As a large number of business owners approach retirement age, a growing supply of viable businesses will require new ownership. Without effective succession planning, many of these businesses may close despite remaining economically viable. Such closures would result not only in the loss of jobs and local services but also in the disappearance of valuable economic assets that support community development. However, if these businesses are successfully transferred to new entrepreneurs, the Silver Tsunami may instead represent a powerful catalyst for entrepreneurial opportunity and economic renewal. The transfer of ownership from retiring entrepreneurs to a new generation of business owners has the potential to preserve existing firms, sustain employment, and maintain the economic stability of local communities. Acquisition entrepreneurship therefore represents a strategic mechanism for ensuring continuity within the small business sector during a period of demographic transition.

For minority entrepreneurs, the implications of this transition are particularly significant. Minority communities have historically faced structural barriers to entrepreneurship, including limited access to startup capital, reduced exposure to entrepreneurial networks, and disparities in wealth accumulation. These barriers have contributed to persistent gaps in business ownership and entrepreneurial wealth generation. Acquisition-based entrepreneurship offers a potential pathway for addressing some of these disparities by enabling entrepreneurs to acquire existing businesses with proven revenue streams and operational infrastructure.

By acquiring established firms, minority entrepreneurs may be able to bypass some of the most difficult stages of startup development while simultaneously participating in the economic opportunities created by the Silver Tsunami. Ownership of profitable businesses provides opportunities for income generation, asset accumulation, and long-term wealth creation. Over time, increased participation in business ownership may contribute to greater economic mobility and the reduction of wealth disparities across communities.

The conceptual framework introduced in this study, the Minority Business Acquisition Opportunity Model (MBAOM), highlights the importance of aligning demographic change, access to financing and education, and entrepreneurial opportunity recognition. When these factors converge, acquisition-based entrepreneurship may emerge as a powerful mechanism for expanding business ownership and promoting inclusive economic development. The model emphasizes that the opportunities created by the Silver Tsunami will not automatically translate into expanded entrepreneurship without supportive institutional structures.

Realizing the full potential of acquisition entrepreneurship will therefore require coordinated efforts across multiple sectors. Educational institutions must expand entrepreneurship curricula to include training in business acquisition and succession planning. Financial institutions must develop accessible financing mechanisms that enable aspiring entrepreneurs to acquire existing firms. Policymakers and economic development organizations must also play a role in facilitating ownership transitions and connecting retiring entrepreneurs with prospective buyers.

Future research may build upon the framework proposed in this study by examining empirical patterns of acquisition-based entrepreneurship across different industries and demographic groups. Additional research could also explore the effectiveness of policy initiatives, financing programs, and educational interventions designed to support business ownership transitions. Understanding how acquisition entrepreneurship evolves during the Silver Tsunami will be essential for maximizing the economic benefits of this historic transition.

Ultimately, the retirement of Baby Boomer entrepreneurs should not be viewed solely as a demographic challenge but rather as a strategic opportunity for economic transformation. By facilitating the transfer of established businesses to a new generation of entrepreneurs, acquisition-based entrepreneurship has the potential to preserve economic activity, strengthen local communities, and expand access to business ownership. In this context, the Silver Tsunami may serve not only as a period of economic transition but also as a catalyst for a more inclusive and resilient entrepreneurial economy.

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