

How Are ETA CEOs Really Faring?

IRR and MOIC are for bragging and highlight reels—salary and equity proceeds are what an ETA CEO actually banks

*Daniel Lazier*¹

*Alex Schneider*²

*A. J. Wasserstein*³

This past semester, A. J. was teaching an entrepreneurship through acquisition (ETA) course and prattling on to the class about internal rates of return (IRR) and multiples on invested capital (MOIC). When he ran out of air and finally gave his patient listeners a moment to ask questions, Zac, a promising student, raised his hand and said, “You keep talking about IRRs and MOICs. I don’t care about that. I want to know what I am going to get if I do this ETA thing—in U.S. dollars. Can you tell me that?” A. J. could not answer the simple question crisply and honestly, and Zac’s query became the genesis of this study. We also wanted to produce something that could complement our recent note, [How Are Search Fund Investors Really Faring?](#),⁴ from the operator’s perspective. This note is the outcome of that combination.

In search fund land, there is ample documentation of investor returns measured by IRR and MOIC. However, there is relatively little, if any, publicly available data on entrepreneurs’ cash proceeds. Understanding the cash element is important for several reasons. First, if an ETA project has a juicy IRR and MOIC on a small capital base, the CEO can boast a gaudy multiple, but the downstream cash will be light—and the overall project painted a rosier hue than it may deserve. Second, while ETA’s headline returns can be enticing, they are cumulative numbers based on decades of results from nearly 1,000 projects. An aspirant entering the system should care about their one, single, unique prospective opportunity, not the army that preceded them.

Investors can look to mean outcomes because a broad portfolio actually collects the average; an entrepreneur with a single bet cannot. When a distribution is skewed as hard as this one, the mean is not a typical outcome at all: It is lifted by a handful of exceptional exits most CEOs will never see. The median is the better anchor for a one-shot decision because it describes what a coin-flip result actually looks like. We strongly encourage entrepreneurs to think probabilistically, using data to ground their careers and life architecture. Sure, ETA conferences and podcasts are inspirational with their curated stories, but that is not math—it is myth. Students contemplating the ETA pathway should consider their actual odds and potential paydays. That is what this note is all about.

While Zac’s question prompted this compensation and equity analysis project, when we went out to collect data, we asked for and received a bounty of information that covers topics beyond equity rewards. The dataset we gathered is robust and reflects 181 ETA CEOs who have exited and whose projects are fully resolved. We will describe the dataset in more detail momentarily. With this rich dataset, we plan to produce a four-pack of notes: this one, plus three companions examining ETA sourcing channels, traditional versus self-funded search, and the operator’s experience (**Exhibit 1**).

Back to the note at hand. We will tackle six sections to fully decompose all things compensation and equity for ETA CEOs (**Figure 1**). We will begin with the dataset and the winners' circle caveat. Then we will present a descriptive portrait of our sample, followed by the equity CEOs actually own and realize. Next, we will review CEOs' cash compensation, and we close by testing which differences are real.

Spoiler alert: In our dataset, the payoff is top-heavy, and nothing like a paycheck. Median equity proceeds are \$6.0 million, or roughly \$964,000 pre-tax for every year invested from search launch to liquidity; however, our sample is a winners' circle, a practical upper bound rather than an expectation, and the distribution is brutally concentrated. The top 10% captured over a third of all dollars, and at the other end of the range one in five CEOs who reached an exit banked less than \$1 million for the entire journey.

One number captures the whole argument. Of the 28 CEOs who cleared a 10x MOIC and the 28 who banked \$10 million personally, only 13 are the same people. A brilliant multiple and a life-changing payday turn out to be largely separate events.

The bigger surprise is what predicts the payout—nothing about the CEO. No characteristic we examined, whether funding structure, solo versus partnered status, or prior career, meaningfully distinguishes proceeds; what tracks the payout is the size of the business at exit. The salary, the stake, and the rest of the story we save for the sections themselves.

This note is packed with math, statistics, and data tables. It is dense material, but a thorough breakdown that rewards careful reading, especially for prospective search entrepreneurs. Stay with us, and let's jump in!

Figure 1: The roadmap for this note



The study, the data, and the framework

To build the dataset, we first built a data-gathering tool in Qualtrics and distributed a reusable, anonymized link to ETA investors, who forwarded it to their operating CEOs, and to other community channels. We sought to capture all forms of ETA (traditionally funded, self-funded, accelerator-backed, and others) across geographies and industries. Our goal was to recruit a diverse array of respondents. We discarded bot-generated, gibberish, or otherwise unusable responses, often with only a few fields completed. We netted 181 observations that we deemed valid and usable for our analysis. These 181 CEOs span every funding model, with exit dates ranging from 2003 to 2026 and companies encompassing a variety of industries and geographies. Some fields are not used in this note and are reserved for future use. We next

profile the sample in more detail, covering who answered, what we asked them, and the outcomes we measure (**Figure 2**).

Figure 2: Describing the dataset structure

- 01 Compensation is the most discussed, least measured question in ETA
- 02 The survey and the sample: what we asked, and who answered
- 03 The four levers that fill a CEO's pocket

01 Compensation is the most discussed, least measured question in ETA

ETA entrepreneurs lean into IRR and MOIC because they are the lingua franca of ETA and the shorthand for comparing companies. But the question a CEO should care about is simpler: how much they put in their pocket. As Rod Tidwell demands in the Tom Cruise film *Jerry Maguire*, “Show me the money!”

Yet honest answers are scarce, and this dataset closes that gap. To our knowledge, it is the first comprehensive measure of ETA cash compensation and equity at the individual operator level, cut by subgroup and tested for significance.

The leading existing source, the biennial Stanford Graduate School of Business Search Fund Study series, has only recently begun reporting on entrepreneur equity, and we gratefully build on that work. The 2020 study put the median equity earned by an operating CEO at \$1.07 million (average \$4.36 million), and at \$3.25 million for those who had exited (average \$6.47 million).⁵ The 2024 study reported a median of \$1.98 million for operating CEOs (average \$6.09 million) and \$2.25 million for those who had exited (average \$5.70 million).⁶ These are useful benchmarks, but they are headline figures only, reported without significance testing and without cuts by funding structure, searcher type, background, or deal size. This note takes the next step, decomposing what CEOs earn and keep and testing which differences are real. The rest of this section describes who answered our survey and the outcomes we can finally attach numbers to.

02 The survey and the sample: what we asked, and who answered

The survey comprised 52 fields organized into seven modules. In sequence, they covered the search itself (how it was funded and structured), the business acquired (industry, size, and economics), the CEO's cash compensation, the personal capital the searcher invested, the exit and its returns, the operator's reflections on the experience, and the searcher's background and demographics. To be clear, all cash compensation and equity proceeds are based on per capita numbers, and if the project was a partnership, equity is disaggregated to reflect individual rewards rather than a combined total. Partners can have different stakes and salaries. Two definitions affect comparability: MOIC and cash proceeds. Respondents reported MOIC as total cash returned over total invested capital. Studies differ on whether search capital sits in that denominator, and the choice moves the number materially. Reported proceeds are the cash a CEO received at the first liquidity event, which means rolled-over equity, earnouts, and escrowed amounts may be treated inconsistently across respondents and are, if anything, understated in the aggregate. The full wording of the questions is reproduced in **Exhibit 2**.

Because participation was voluntary and every question optional, respondents answered as many or as few questions as they wished, so the number of responses varies by field. For instance, 143 CEOs reported cash

compensation, while only 95 reported a realized IRR. **Exhibit 3** tabulates the response count for every key field. The compensation fields are the most complete, while the exit and return fields are thinner. Every respondent has exited, so the gap is not about who reached a liquidity event but about what they chose to disclose, a selection effect we take up in the winners' circle caveat.

This note draws chiefly on the compensation and equity modules; the search, funding, and experience modules feed the companion notes on sourcing, funding model, and the operator's experience. Because respondents opted in and reported selectively, the sample is self-selected rather than random, an early signal of the skew the caveat unpacks. The distribution channel adds a tilt of its own because the link traveled chiefly through investor networks, to which self-funded searchers have the loosest ties; the self-funded cells, therefore, carry a second layer of selection and deserve extra caution. Since our sample and the benchmarks we compare against are both traditional-heavy, this note treats traditionally funded search as the reference case and self-funded search as the variant. By deal volume in the current market, that convention is increasingly dated, and readers should not infer that the self-funded path is the exception. A fuller profile of these 181 CEOs, by search, company, and operator, appears in the descriptive portrait later in this note.

03 The four levers that fill a CEO's pocket

A CEO takes home just two things in the ETA game. The first is the total cash compensation earned while operating the business, and the second is the equity proceeds banked at exit. Those proceeds are determined by the CEO's ownership percentage and the business's terminal equity value (itself a function of exit EBITDA* and the trading EBITDA multiple). Cash compensation, ownership percentage, exit EBITDA, and the exit multiple are the four levers that fill a CEO's pocket. IRR and MOIC read well on the circuit, but no one deposits a multiple or an IRR point.

Let's consider these levers one by one. Cash compensation is the CEO's annual salary and bonus for running the business, regardless of the deal's outcome. Ownership percentage is the CEO's fully diluted share, or the portion of any exit retained. Exit EBITDA is the company's profit at the time of sale, reflecting the operating gains the CEO helped achieve. The exit multiple is the price a buyer pays for each dollar of profit, influenced by market conditions, business quality, anticipated growth, and the cost of capital. Multiplying exit EBITDA, ownership percentage, and the exit multiple yields the equity proceeds; adding the accumulated cash over the hold period reveals the total amount the CEO ultimately receives (**Figure 3**). This scaffolding underlies everything that follows.

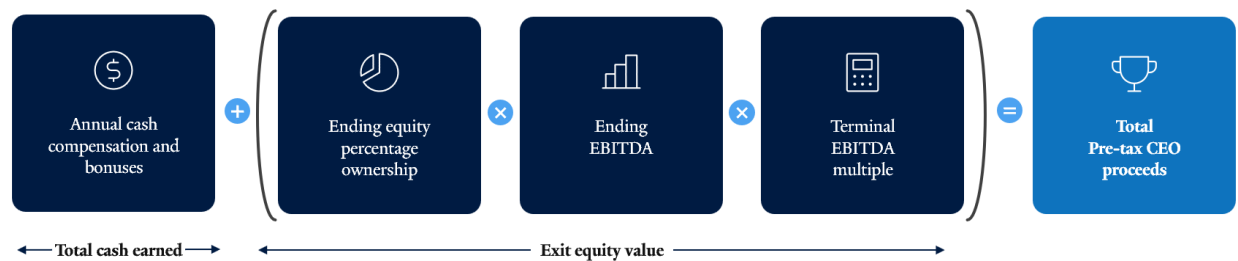
In the sections ahead, we put numbers to these levers and test which of them actually drive a CEO's winnings. Three of the four are ours to measure (cash compensation, ownership percentage, and exit EBITDA), and we test each against what CEOs earn and bank. The exit multiple is the exception; it is set by the market rather than the operator and we did not collect it directly, so we treat it as context rather than a variable we can test. We can, however, back into it. Dividing proceeds by ownership yields an implied company equity value, which set against exit EBITDA implies a median equity-value-to-EBITDA ratio of roughly 6.0x.[†] That 6.0x is an order of magnitude, not a precise estimate. The exit multiple still matters a

* Earnings before interest, taxes, depreciation, and amortization.

[†] This is an equity-value-to-EBITDA ratio. It is not MOIC, and it is not the trading Enterprise value/EBITDA multiple, because enterprise value includes net debt. We cannot net out debt at exit, so it is not comparable to transaction multiples. For each CEO, we divide proceeds by fully diluted ownership to get an implied equity value, then divide

great deal, as we showed in our note [A Mathematical Analysis of Value-Creation Attribution in Search Fund Projects](#) (where we found that exit multiples play a major role in determining equity value).⁷

Figure 3: The aggregate take-home math



The winners'-circle caveat

If readers have ever gone to a high school reunion, they might notice that such events are often attended by lawyers, doctors, entrepreneurs, and other professional winners. Those who did not win the economic game of life are more likely to skip the reunion. Accordingly, if a statistician measured the average annual earnings of the people who attended a high school reunion, they might conclude that the high school produces disproportionately high earners. The statistics would be correct, but the interpretation would be a misapplication of the measurement, because the sample does not accurately reflect the broader population.

When we sent out our data-collection survey, we created a high school reunion. We received data predominantly from winners and obtained scant data from ETA's losers. This happens because the people who did not prevail in ETA, such as those who could not purchase a company, bought one and lost some or all of the equity value, or eked out only a disappointing return, tend to drift away from the ecosystem and move on to something new. Those who came up short tend not to hang around the game at conferences and on the speaking circuit; having left the community's networks and social channels, they are difficult to access. The same effect shapes ETA case studies and courses; those who struggled rarely volunteer to be the poster child of failure. That left us with a winners' circle, not a representative sample of the ETA world.

Our dataset also includes only projects that have reached a liquidity event, the point at which the search investors are cashed out. Operators still in purgatory, neither thriving nor dying and not yet at an exit, were not eligible to participate, further concentrating the winners' circle.

Return for a moment to Zac, who asked what he would get if he went and did this ETA thing. What we can report is what CEOs got who raised or assembled search capital, found a company, closed on it, held it to a liquidity event, and then chose to tell us about it. Each of those is a gate, and the first is the widest, because a meaningful share of searchers never acquire a company at all and are absent here by construction rather than by choice. Every figure in this note therefore describes the end of a funnel rather than the entrance to it. A student standing at the entrance should discount accordingly. The first number that ETA hopefuls need is the search acquisition rate (SAR), the share of funded searchers who close a deal within the search window (see our note [The Pernicious Effects of Falling Acquisition Rates in the ETA Ecosystem](#)).⁸

that by exit EBITDA. The median is 6.0x, and half the sample sits between 3.9x and 8.0x (n = 87). Dividing the note's median figures instead gives 7.5x to 7.7x, a gap that opens up in a sample this skewed. Because we treat proceeds as strictly pro rata, the figure runs low on levered deals and high where a CEO earned incentive equity.

Our dataset remains highly useful, showing what being a winner looks like and setting a practical upper bound. But it is self-selected and non-random, not a representative sample, so everything that follows describes patterns within this respondent pool only. One bias runs the other way. Because we measure only the first liquidity event, CEOs who rolled equity into the next owner and exited a second time are recorded at their first and smaller number. That truncation understates lifetime outcomes for a subset of respondents, and it partly offsets, though it does not cancel, the upward tilts described above. Neither the outcome levels nor the relationships between variables can be projected onto the full ETA CEO population (**Figure 4**).

Figure 4: The winners' circle effect

- 01 Our sample's returns sit far above the population's
- 02 The bias lives in the exit metrics, not in the paycheck

01 *Our sample's returns sit far above the population's*

The winners' circle is not just an analogy; the distributions bear it out. Stanford's Search Fund Studies, together with Yale's companion project on the returns investors actually earned, are the closest thing we have to the full population of traditionally funded search, and our sample diverges from them sharply (**Figure 5**). Roughly a third of our respondents, though, searched under self-funded, accelerator, or holding-company structures that those benchmarks do not cover, so some part of the divergence reflects a different mix of vehicles rather than selection alone. The gaps below are far too large for mix to explain them all, but this is not a like-for-like comparison.

Figure 5: Legacy datasets versus the current dataset[‡]

Outcome	This sample	Stanford (legacy)	Yale (legacy)
Loss (lost money)	10.0%	26.0%	32.0%
Partial loss (% of losses)	60.0%	61.0%	77.0%
Total loss (% of losses)	40.0%	39.0%	23.0%
Gain (made money)	90.0%	74.0%	68.0%
1–2x ROI (% of gains)	4.4%	27.0%	39.0%
2–5x ROI (% of gains)	37.8%	38.0%	41.0%
5–10x ROI (% of gains)	26.7%	24.0%	18.0%
> 10x ROI (% of gains)	31.1%	11.0%	3.0%

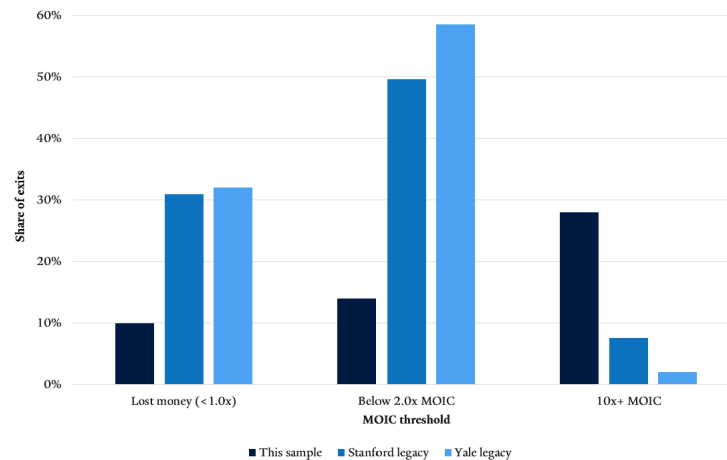
Figure 5 shows how sharply the odds have shifted. Historically, Stanford and Yale report that roughly seven in ten projects make money; in this dataset that share swells to 90%, and the losing tail shrinks correspondingly from about 30% to 10%.

To make the divergence legible, **Figure 6** lines the sample up against the Stanford and Yale populations at three thresholds: the share that lost money (below 1.0x), the share below 2.0x MOIC, and the share that

[‡] The Stanford data flows from the 2026 Search Fund Study: Selected Observations (Stanford University Graduate School of Business, Case E-967), and the Yale data is from [How Are Search Fund Investors Really Faring?](#)

reached griffin[§] status (10x or better). The contrast with the legacy populations is stark—just 14% of our sample falls below 2.0x MOIC, compared with 47% to 59% in the Stanford and Yale studies; only 10% lost money (included in the 14% below 2.0x, not additional to it), against 26% in the Stanford study and 32% in the Yale study; and 28% reach griffin status, compared with 8% and 2%, respectively.⁹ The 2026 Stanford study offers a payout-denominated version of the same check. Among exited CEOs in its census, 22% earned \$10 million or more, while another 22% earned nothing.¹⁰ Our exits run 28% and 9%, respectively, where that 9% banked no proceeds at all rather than merely finishing below 1.0x. Our right tail runs somewhat richer; the zeros are largely missing, and that is the bigger gap. The distribution skews hard toward the winners and all but empties the losing tail.

Figure 6: The distribution tails



Finally, the IRR distribution (**Figure 7**) would be just as implausible for the broader population. Roughly 35% of respondents report IRRs of 50% or higher; we should all be so lucky. Across proceeds, multiples, and returns alike, this is the winners' circle rather than the whole ETA CEO population.

Figure 7: IRR distribution

IRR bucket	Count	% of respondents
Negative (loss)	7	7.4%
0%–9%	6	6.3%
10%–24%	9	9.5%
25%–49%	40	42.1%
50%–99%	26	27.4%
100%+	7	7.4%
Total	95	100.0%

02 The bias lives in the exit metrics, not in the paycheck

The winners' circle bias is not evenly distributed across the numbers in this note. It is concentrated in the exit metrics (IRR, MOIC, equity proceeds, and ownership at exit) and has little impact on cash compensation. This pattern stems from a stack of filters, each of which selects for winners. The first is structural: The sample is exit-predicated, so a CEO had to reach a liquidity event to appear at all. The second

[§] Griffins are ancient mythological creatures that have the head and wings of an eagle and the lower body of a lion. This mash-up represents the king of the skies and the king of the jungle. They are depicted as powerful and majestic, and are known as guardians of treasure. Griffins are our answer to venture capital's unicorns, and they are just as precious and rare.

is participation: Among CEOs who exited, those with a good story to tell are more likely to participate in a compensation survey. The third is disclosure: Even among respondents, the sensitive return fields draw fewer answers than the salary field. In our data, 143 CEOs reported their cash compensation, but only 101 reported their personal equity proceeds. Each gate nudges the exit metrics further toward the top of the distribution.

Cash compensation operates on a different circuit. A salary is set when the CEO is hired and paid year by year, regardless of how the deal ends, so the winners' tilt reaches it only indirectly. The distinction is worth stating precisely. The bias lands on the exit metrics first, because those metrics are what the sample was selected on. It reaches salary only at second hand: Salary and proceeds move together in our data, moderately but clearly, because both scale with the size of the business, so selecting on proceeds pulls salaries up along with them. The salary figures therefore need a much smaller haircut than the proceeds figures, not none at all. The data bear this out. Cash comp has essentially no relationship to the deal's rate of return, while equity proceeds are the outcome itself. A CEO who lost money still drew a market wage on the way there, and that wage sits in our data beside the griffins, only lightly distorted by comparison. What actually sets the paycheck is the subject of the cash-compensation section; here, it is enough that it does not depend on the deal's rate of return.

Here is a reading rule for every number that follows: Read every number as the winners' number, not the whole field's. The return figures (proceeds, multiples, IRR) sit farthest to the right and need the biggest discount before generalizing; the cash compensation numbers move the least.

A descriptive portrait of the sample

Much of an ETA CEO's financial architecture is set at the purchase. The acquired company establishes the earnings baseline they expand upon; the way they finance and organize the search influences how much equity they retain; and the salary is set before the first board meeting. What stays open through the hold—how large the business becomes and the multiple a buyer will pay—is where the payout is ultimately won. Before considering profits, we focus on the deal and the individuals behind it, working through the operator, the search, and the acquired company in turn (**Figure 8**).

Figure 8: The elements we will explore

- 01 The operator: who they were before ETA
- 02 The search: how they funded it, structured it, and hunted
- 03 The company: what they bought, how big, and where

We start with the overall picture. **Figure 9** presents general descriptive statistics for the sample. There are a few key callouts. The mean equity proceeds (\$7.7 million) exceeds the median (\$6.0 million), suggesting the sample's skewness. The mean and median cash compensation are much more closely aligned at \$215,000 and \$200,000, respectively. The median equity ownership is 20%, nine points below the mean. That gap is chiefly a mixture of two very different populations rather than a smooth skew: self-funded CEOs hold a median 75%, traditionally funded CEOs 18.5%. The solo-versus-partnered split contributes as well, since a partnership divides ownership among founders, which is why the per-person figure is the one that matters to an individual entrepreneur. The typical company enters with \$1.88 million in EBITDA

and exits with \$4.0 million. The median MOIC and IRR land at 5.0x and 40.0%, respectively. One pattern recurs: Equity outcomes are skewed, with means above medians, while cash pay clusters tightly. That is why the sections that follow report medians as the typical CEO's experience.

Figure 9: Overall descriptive statistics for the dataset

Statistic	Personal proceeds	CEO cash comp	Prior-job cash comp	Equity % at exit	EBITDA at entry	EBITDA at exit	MOIC	IRR
Count	101	143	142	104	150	96	100	95
Mean	\$7,728,984	\$215,277	\$184,195	29.0%	\$2,105,538	\$5,111,914	8.1x	43.0%
Standard error	\$926,712	\$9,061	\$12,062	2.4%	\$139,994	\$495,817	0.9x	5.4%
Median	\$6,000,000	\$200,000	\$150,000	20.0%	\$1,885,000	\$4,000,000	5.0x	40.0%
Standard deviation	\$9,313,343	\$108,356	\$143,736	24.7%	\$1,714,574	\$4,857,993	9.4x	52.6%
Skewness	3.00	4.80	2.72	1.56	1.08	1.44	2.94	0.87
Minimum	-	\$50,000	\$17,000	0.0%	-	-	0.0x	(100.0%)
Q1 (25th percentile)	\$1,625,000	\$162,000	\$95,719	14.9%	\$705,250	\$1,500,000	3.0x	25.5%
Q3 (75th percentile)	\$10,000,000	\$250,000	\$225,000	32.3%	\$3,000,000	\$8,000,000	10.0x	57.5%
Maximum	\$62,000,000	\$1,165,222	\$1,000,000	100.0%	\$8,063,000	\$22,386,714	58.1x	250.0%
IQR (Q3-Q1)	\$8,375,000	\$88,000	\$129,282	17.4%	\$2,294,750	\$6,500,000	7.0x	32.0%

01 The operator: who they were before ETA

The typical operator here is easy to picture. They are a mid-career MBA, most often from finance or consulting, and, for now, overwhelmingly male and white. One caveat frames all of it, though. Because we sampled only fully resolved projects, this is a look back at an earlier cohort. ETA is diversifying, but exits from that newer, broader group have not yet reached the data.

The gender split is the starkest feature, with 92.0% of responding CEOs being male (**Figure 10**).

Figure 10: Gender demographics

Gender (S7.10)		n=87
Male	80	92.0%
Female	4	4.6%
Other	1	1.1%
Prefer not to say	2	2.3%

Ethnicity is less lopsided but still skewed, at 68.3% white and 12.2% Hispanic or Latino, with the rest spread across other backgrounds (**Figure 11**).

Figure 11: Ethnicity demographics

Ethnicity (S7.11)		n=82
White	56	68.3%
Hispanic or Latino	10	12.2%
Asian	8	9.8%
Black or African American	3	3.7%
Middle Eastern or N. African	2	2.4%
American Indian / Alaska Native	2	2.4%
Other	1	1.2%

Credentials are just as consistent, with nearly nine in ten (88.8%) holding an MBA (**Figure 12**).

Figure 12: Educational background

Education (S7.1)		n=89
MBA	79	88.8%
Undergraduate only	7	7.9%
Other graduate degree	2	2.2%
No degree	1	1.1%

Most also arrive with real operating mileage. Fully 80% have at least four years of experience before their ETA chapter (**Figure 13**), which cuts against the idea that searchers are complete rookies when they ascend to the CEO throne.

Figure 13: Years of pre-ETA operating experience

Pre-ETA operating experience (S7.2)		n=65
1–3 years	13	20.0%
4–7 years	27	41.5%
8–12 years	20	30.8%
13+ years	5	7.7%

Their prior worlds are as expected. Private equity, venture capital, and investment banking supply 39.3%; management and operations, 29.2%; and consulting, 11.2% (**Figure 14**). We will return to these traits when we test what actually moves a CEO's proceeds.

Figure 14: Pre-ETA professional background

Last role before ETA (S7.3)		n=89
Investment (PE / VC / banking)	35	39.3%
Management / operating	26	29.2%
Consulting	10	11.2%
Entrepreneurship / founder	5	5.6%
Other	13	14.6%

02 The search: how they funded it, structured it, and hunted

Ask a room of aspiring searchers whether to raise a fund or self-fund, or whether to go it alone or bring a partner, and you will get long, cheerful debates on each angle's advantages and drawbacks. The data are less divided. For all the debate, most ran the same playbook: a traditional fund, a solo search, and a broker's deal. Two-thirds were financed the traditional way (67.4%), with self-funded searchers the next-largest group (19.3%) and accelerator-backed searchers a small minority (8.3%) (**Figure 15**).

Figure 15: Search structure

Funding path (S1.1)		n=181
Traditionally funded	122	67.4%
Self-funded	35	19.3%
Accelerator / incubator	15	8.3%
Other	9	5.0%

The partner question splits nearly down the middle, but solo still edges ahead, 56.7% to 41.1% (**Figure 16**).

Figure 16: Partnership status

Searcher type (S1.2)		n=180
Solo	102	56.7%
Partnered	74	41.1%
Other	4	2.2%

And for all the attention proprietary deal-hunting gets, the most common route was still the broker's list (43.1%), just ahead of proprietary outreach (36.5%) and well ahead of network referrals (17.4%) (**Figure 17**). Even so, a warm network still delivered a meaningful share of deals, roughly one in six.

Figure 17: Primary sourcing channel

Primary deal source (S1.10)		n=167
Broker / intermediary	72	43.1%
Proprietary outreach	61	36.5%
Network referral	29	17.4%
Other	5	3.0%

None of this is free of nerve. Behind the tidy percentages is a searcher who walked away from a paycheck (whether mid-career or at MBA graduation) with less than two years of runway in the bank (**Figure 18**), betting the next chapter on a company they had not yet found. How that search is funded and shared is exactly what decides how much of the equity they keep, the thread we pick up when we turn to ownership.

Figure 18: Savings loaded for the search

Savings runway at start (S1.7)		n=176
< 1 year	73	41.5%
1–2 years	50	28.4%
3–4 years	29	16.5%
4+ years	24	13.6%

03 The company: what they bought, how big, and where

The businesses themselves look much like ETA always has, with one twist. Business services, the model's historical home, still lead at 23.9%, and blue-collar services round out the top three at 16.8% (**Figure 19**). The twist sits in between. Software and tech-enabled businesses now rank second at 20.6%, a category once treated as almost taboo in search and a sign of how far the definition of a boring, profitable business has stretched. Beyond it, the mix holds few surprises.

Figure 19: Industry representation

Industry (S2.1)		n=155
Business services	37	23.9%
Software / tech-enabled	32	20.6%
Blue-collar services	26	16.8%
Consumer	20	12.9%
Manufacturing	17	11.0%
Healthcare	11	7.1%
Other	12	7.7%

Size is where funding structure leaves its mark. The median company enters at \$1.88 million in EBITDA, right on ETA's usual target, but that midpoint hides a split. Traditionally funded searches buy at a median of \$2.0 million, while self-funded searchers buy roughly two-fifths the size, \$0.85 million (**Figure 20**). It is an early sign of a theme we pick up in the equity and cash sections. How a search is funded shapes how

the CEO gets paid, in equity versus salary, more than how much they ultimately bank. Entry size is only half of the funding story. The other half is leverage, which differs sharply across the two models and which we collected but do not analyze here; it belongs with the head-to-head comparison in a future companion note.

Figure 20: Entry size (measured by EBITDA) by structure

Structure (\$2.6 × \$1.1)	n	Median entry EBITDA	Q1	Q3	Mean
Traditionally funded	101	\$2.00 million	\$0.83 million	\$3.50 million	\$2.36 million
Self-funded	28	\$0.85 million	\$0.50 million	\$1.81 million	\$1.23 million
Accelerator / incubator	13	\$2.00 million	\$1.90 million	\$2.60 million	\$2.32 million
Other	8	\$0.75 million	\$0.34 million	\$1.63 million	\$1.61 million

Geographically, the deals cluster where we would expect. A slim majority sit in Tier 1 major metros across the U.S. and Canada (54.2%), but nearly half do not. Over a quarter (27.5%) are in Tier 2 or 3 regional markets, and a notable 18.3% sit outside the U.S. and Canada altogether (**Figure 21**). That international share is the figure that runs counter to type for a model still assumed to be a big-city, domestic pursuit; nearly one in five acquisitions happened abroad, and since the sample holds only resolved deals, those are completed exits, not just recent entries.

Figure 21: Geographic distribution

Geography (\$2.2)	n=153	
Major metro	83	54.2%
Regional market	42	27.5%
Non-U.S. and non-Canadian	28	18.3%

Finally, the acquisitions span a wide vintage range, from 2010 and earlier to 2025 and later, with the bulk occurring between 2016 and 2021 (**Figure 22**). That cluster is partly mechanical because the sample holds only resolved deals; the most recent vintages are thin since most mid-2020s acquisitions have not yet had time to exit. What looks like a peak is also the window old enough to have resolved after a typical holding period.

Figure 22: Acquisition vintage

Acquisition vintage (\$1.4)	n=172	
2010 or earlier	17	9.9%
2011–2015	34	19.8%
2016–2018	45	26.2%
2019–2021	37	21.5%
2022–2024	31	18.0%
2025 or later	8	4.7%

Equity: what CEOs own and what they realize

Entrepreneurial CEOs come to ETA for more than one prize. They want the chance to run a business, a genuine equity stake in it, and meaningful money early in a career. That is the promise investors, academics, conference panelists, podcasters, and social media promoters are all selling. But how does it play out in the field? We dissect ETA CEO ownership and what they realize at the first liquidity event, when the original investors leave the stage, across a triplet of themes (**Figure 23**).

Figure 23: Three arcs we will explore to understand ETA CEO ownership stakes, their exit proceeds, and what drives them

01 Structure and searcher type shape the stake

02 The \$6 million median payout, and the top-heavy tail above it

03 What drives the payout

01 Structure and searcher type shape the stake

We previously reported that the median ownership stake in our dataset is 20.0%, with a mean of 29.0%, indicating a heavy right skew. However, if we decompose the equity position by the number of principals, a story begins to unfold, revealing two distinct patterns. We will take the solo versus partner question first. When a single entrepreneur runs the search, they hold the entire stake. When more than one principal is involved, that stake is split, though not necessarily evenly. In **Figure 24**, we see that the median equity stake for solo searchers is 22.7%, which beats that of partnered projects, where the median is 15.0%. This is intuitive since in traditionally funded search projects, the equity pool, by long-standing search-fund convention, commonly starts around 25% for a single searcher and scales only modestly, to roughly 30%, for two; despite all the qualitative benefits of a partnership, it is quite dilutive to equity positions.

Figure 24: Ownership stake statistics by category

Solo vs. partnered (S1.2)	n	Median	Q1	Q3	Mean
Solo searcher	61	22.7%	20.0%	39.0%	34.6%
Partnered searcher	41	15.0%	11.4%	21.0%	20.5%

Structure (S1.1)	n	Median	Q1	Q3	Mean
Traditionally funded	70	18.5%	13.0%	22.0%	19.9%
Self-funded	17	75.0%	62.0%	80.0%	70.8%
Accelerator / incubator	11	20.0%	16.8%	23.5%	22.2%
Other	6	35.3%	16.5%	38.6%	29.4%

Prc-ETA role (S7.3)	n	Median	Q1	Q3	Mean
Investment (PE / VC / banking)	33	20.0%	15.0%	25.0%	25.6%
Management / operating	25	20.0%	12.5%	24.0%	25.7%
Consulting	10	18.5%	15.0%	47.5%	35.3%
Entrepreneurship / founder	5	20.0%	11.0%	30.0%	28.8%
Other	12	29.6%	18.8%	69.8%	42.5%

Prc-ETA operating experience (S7.2)	n	Median	Q1	Q3	Mean
1–3 years	13	16.7%	12.0%	24.0%	30.6%
4–7 years	25	19.0%	13.0%	24.0%	23.7%
8–12 years	20	23.5%	15.0%	38.0%	31.2%
13+ years	3	25.0%	n/a	n/a	30.3%

If we pull back another layer, we see even greater divergence, a tale of two models, in the vehicle structure. Traditionally funded searchers hold a median of 18.5% in equity, while self-funded searchers hold 75%, a chasm. That 18.5% deserves a pause of its own, because it sits well below the 25% a solo searcher is conventionally promised. The gap is not investors renegeing; it is the ordinary mechanics of the structure. The searcher's stake typically vests in three tranches, one at closing, one over time, and one only if the project clears stepped return hurdles. Layer on follow-on capital raised during the hold and the option pool

set aside for the management team, and the headline 25% erodes. Prospective searchers should read the promised number as a ceiling and this one as the lived result. Accelerator-backed CEOs are worth a glance here too. Their median stake is 20.0%, close to the 18.5% their traditionally funded peers hold rather than somewhere between the two poles, despite how differently the two paths are marketed. With only 11 accelerator-backed CEOs reporting a stake, read that as a hint rather than a finding.

But owning the largest stake is not the goal; the eventual payout is. And as we saw, the size of the stake is only one lever on it. A searcher who craves autonomy and control might still prefer the self-funded model, where the larger stake usually comes with majority ownership. That stake is not free, though; it comes with a firm-scale cost.

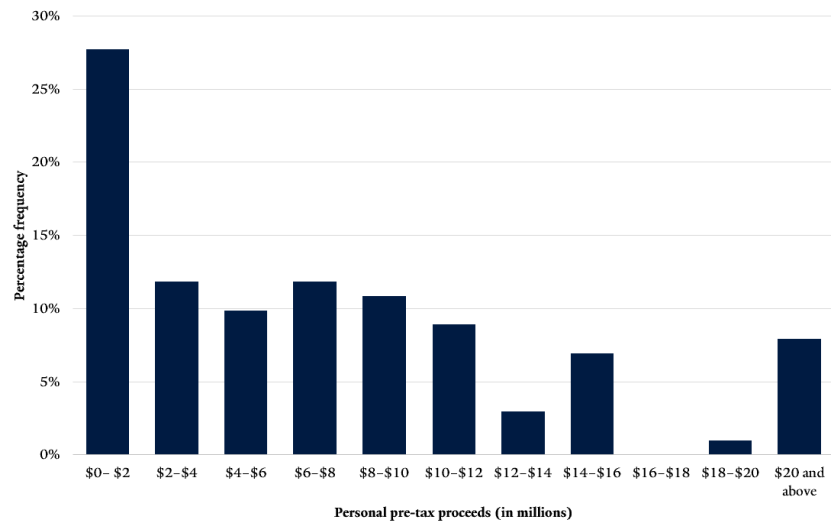
It also comes with a personal one. Self-funded acquisitions are typically financed with bank debt carrying a personal guarantee, and the searcher usually contributes some capital of their own. That changes the shape of the downside, not merely its size. A traditionally funded CEO whose project fails walks away with nothing and some lost years; a self-funded CEO in the same position can emerge owing or losing money. Nothing in the proceeds distribution that follows captures this, because our reported floor is zero and theirs is not. It also follows that the weakest self-funded outcomes are the least likely to appear here at all. A searcher who came through personal financial distress or bankruptcy has the least incentive to report it and the loosest remaining ties to the investor networks the survey traveled through, which makes this the most censored cell in the dataset.

The pre-ETA role does not appear to affect the equity stake, with most buckets clustering around 20%, except for the Other category, whose higher median likely reflects a skew toward the holding-company and permanent-capital vehicles seen in the structure cut, rather than anything about the role itself. Pre-ETA operating experience appears to be associated with higher equity. We suspect this mostly reflects vehicle structure rather than a reward for experience before the ETA launch, though a small association does survive once we control for structure in the regression below.

02 The \$6 million median payout, and the top-heavy tail above it

In our dataset, the median personal proceeds for entrepreneurs are \$6.0 million, with an average of \$7.7 million, indicating a skewed distribution. The variation is substantial. Nine earned zero, and 20 (including the previously mentioned nine) were below \$1 million. ** If we set aside the \$0 to \$2 million bin in **Figure 25**, the distribution runs roughly flat from \$2 million to \$12 million before thinning into a long, top-heavy tail; it is certainly not normal, but neither is it a true power law. The mass at the bottom, the broad and lumpy middle, and the thin top tail are three distinct features rather than one smooth curve.

** These nine are not the same as the ten money-losing deals in the MOIC distribution. A deal can finish below 1.0x and still return something to the CEO, and the two fields drew different response pools, 101 and 100 respondents.

Figure 25: ETA CEO dollar proceeds histogram

Of the 101 respondents who reported personal dollar proceeds, 28 (27.7%) garnered \$10 million or more on a pre-tax basis. We call these outsized winners our Plutus CEOs, kin to the griffins of the winners'-circle pages but measured differently; a griffin clears an investor multiple (10x MOIC or better), while a Plutus CEO banks \$10 million or more personally. The two groups happen to number 28 apiece in our data, but they are emphatically not the same 28 CEOs. Only 13 appear in both. Fifteen griffins never banked \$10 million personally, and fifteen Plutus CEOs got there without a 10x multiple. That divergence is the clearest evidence in our data for the argument this note opens with: A spectacular multiple on a small stake in a small business does not reach \$10 million, and a large personal payout does not require a spectacular multiple.

Plutus is the Greek god and personification of wealth, but even in our winners' circle, Plutus CEOs are not the most common outcome. The typical payout is better described as a broad range rather than a single figure, and a CEO's position within this range remains uncertain at the outset. So who are the Plutus CEOs? In **Figure 26**, we profile them against everyone else who reported proceeds, and the contrast is not where a reader might expect it. The 28 Plutus CEOs hold only modestly larger stakes, a median 24.0% versus 20.0% for the other 73. What separates them is the deal itself. Their companies started bigger (median EBITDA at acquisition of \$2.15 million versus \$1.25 million), finished far bigger (\$10.0 million versus \$3.5 million at exit), and returned more than twice the multiple (a median MOIC of 9.5x versus 4.0x). Their path mix looks like the sample's: 71% of Plutus CEOs were traditionally funded and 14% self-funded, against 67% and 16% of the proceeds-reporting pool, and 68% searched solo against 58% of the pool. No funding structure or searcher type over-produces winners, a point we test formally below. The recipe, to the extent the data reveal one, is not a category or a stake; it is a bigger company, sold well.

Figure 26: Plutus CEOs versus everyone else

Metric	Plutus CEOs	Everyone else
CEOs (n)	28	73
Median equity ownership %	24.0%	20.0%
Median entry EBITDA	\$2,150,000	\$1,250,000
Median exit EBITDA	\$10,000,000	\$3,500,000
Median MOIC	9.5x	4.0x

The \$6.0 million median hides how unevenly those dollars fell. Concentration, not spread, is the defining feature of the distribution. The Gini coefficient, measuring inequality, is 0.55 (0.0 indicates perfect equality, 1.0 perfect inequality), showing that proceeds are heavily concentrated at the top. The bottom 50% hold just 12% of total proceeds, while the top 10% control 37% (**Figure 27**); the top quartile alone captures roughly 62%. Of the roughly \$780 million banked across these exits, the single largest payout, about \$62 million, was more than ten times the \$6.0 million median. Even within our dataset, which we consider a winners' circle, there sits a second, more exclusive circle—the Plutus ranks. The distribution favors the few generously and the many modestly. For an entering CEO, the lesson is to anchor on the median rather than the mean. The average is lifted by a handful of home-run exits, so the long tail is better treated as upside than as expectation.

Figure 27: Concentration at play

Metric	Value
CEOs reporting proceeds (n)	101
Total proceeds	\$780,627,390
Mean proceeds	\$7,728,984
Median proceeds	\$6,000,000
Gini coefficient	0.55
Share captured by top 10%	37.0%
Share captured by top 25%	61.7%
Share captured by top 50%	88.0%
Share to bottom 50%	12.0%

03 What drives the payout

Structure and searcher type move the ownership stake dramatically, yet the proceeds gaps across the same categories are far more muted. Solo entrepreneurs banked a median \$4.8 million versus \$6.4 million for partnered teams, and by funding structure the medians run \$6.6 million for traditional projects, \$4.9 million for accelerators, and \$4.0 million for self-funded (**Figure 28**). The pattern deserves a pause. Take the partnership gap first, because it inverts in a way worth explaining. Partnered CEOs hold roughly two-thirds the stake solo searchers do (15.0% versus 22.7%) and yet report higher median proceeds. The reason is size. Partnered teams buy at a median \$2.4 million of EBITDA against \$1.3 million for solo searchers, and sell at a median \$4.8 million against \$3.0 million. A stake two-thirds as large in a company roughly 1.6 times as big lands the two paths in broadly the same place, and the observed proceeds gap runs a little wider still. Medians do not multiply cleanly and no gap here clears significance testing, but partnership appears to pay for its own dilution by enlarging the deal.

The searchers who hold the biggest slices, solo and self-funded, show no proceeds advantage for it; if anything, the medians run the other way. The stake, in other words, does not set the check size. The comparison sets gross proceeds against gross proceeds, without netting the personal capital a self-funded searcher contributes or pricing the personal guarantee they sign. On a risk-adjusted basis the two paths are not being compared on equal terms here, and the upcoming companion note on traditional versus self-funded search takes that up properly.

What differs, and differs significantly, is pie size. Self-funded searchers buy companies less than half the size of traditional ones. However, a large slice of a small pie lands in much the same place as a modest slice of a big one, though the medians differ and the sample is thin.

Pre-ETA background barely moves the needle either. Investment and consulting cluster near \$6.0 million; former entrepreneurs and others run higher (at \$7.5 and \$8.8 million); management and operating lower

(at \$3.7 million); and more operating experience is only directionally associated with higher proceeds, on thin cells.

Figure 28: Equity proceeds statistics by category

Solo vs. partnered (S1.2)	n	Median	Q1	Q3	Mean
Solo searcher	59	\$4,750,000	\$1,045,000	\$10,950,000	\$8,380,894
Partnered searcher	40	\$6,345,500	\$2,875,000	\$8,187,500	\$6,544,266

Structure (S1.1)	n	Median	Q1	Q3	Mean
Traditionally funded	68	\$6,568,500	\$1,838,000	\$10,031,250	\$7,819,993
Self-funded	16	\$4,000,000	\$2,750,000	\$8,312,500	\$8,381,805
Accelerator / incubator	11	\$4,900,000	\$422,987	\$8,508,000	\$5,854,452
Other	6	\$6,000,000	\$2,125,000	\$13,250,000	\$8,393,333

Pre-ETA role (S7.3)	n	Median	Q1	Q3	Mean
Investment (PE / VC / banking)	32	\$6,250,000	\$3,000,000	\$9,000,000	\$6,513,281
Management / operating	24	\$3,750,000	\$975,000	\$9,325,000	\$7,027,033
Consulting	9	\$6,000,000	\$1,625,000	\$11,800,000	\$7,260,306
Entrepreneurship / founder	5	\$7,500,000	\$4,000,000	\$8,750,000	\$7,050,000
Other	12	\$8,800,000	\$1,066,494	\$14,075,000	\$8,765,321

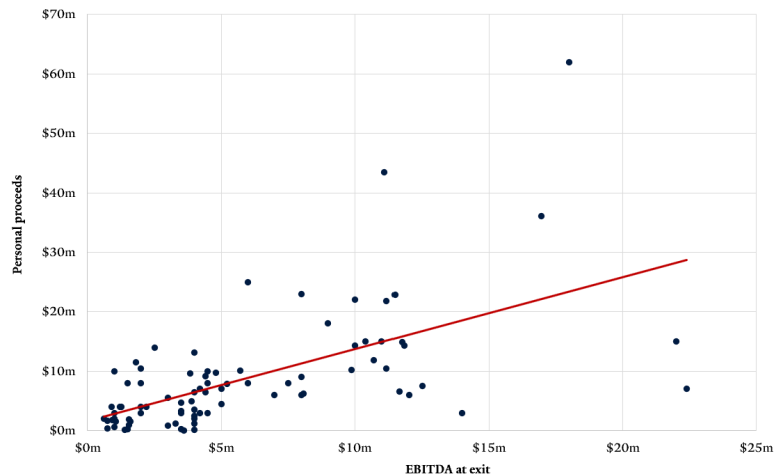
Pre-ETA operating experience (S7.2)	n	Median	Q1	Q3	Mean
1–3 years	11	\$4,000,000	\$1,400,000	\$11,808,875	\$7,137,977
4–7 years	25	\$6,000,000	\$3,000,000	\$8,000,000	\$6,617,800
8–12 years	20	\$6,750,000	\$3,750,000	\$10,450,000	\$7,420,833
13+ years	3	\$545,974	n/a	n/a	\$20,848,658

The traits that move ownership, searcher count, and funding structure do not carry over to the payout. So, it is fair to ask what, if anything, drives the payout. To answer that question, we introduce a new variable—exit EBITDA. In **Figure 29**, we observe a steady increase in dollar payouts as exit EBITDA rises. When exit EBITDA is less than \$2.5 million, the median payout is \$1.8 million, and it nearly doubles when exit EBITDA is between \$2.5 million and \$5.0 million. It climbs to \$8 million when exit EBITDA is between \$5 and \$10 million, and it reaches a median of \$14.9 million when exit EBITDA exceeds \$10 million. Bigger, it appears, is better, at least where exit EBITDA and ETA CEO equity riches are concerned. Bigger is not simply available for the choosing, though. Larger companies clear at higher multiples, absorb more equity, and are harder to win with a fixed pool of search capital, and lending limits cap what a self-funded buyer can reach at all. Size is as much a consequence of the funding model as a decision made within it. Once again, the median \$6.0 million in equity proceeds may be the headline, but textured subplots that demand attention sit just beneath it.

Figure 29: Exit EBITDA with equity dollar paydays^{††}

Exit EBITDA	n	Median	Q1	Q3	Mean
Less than \$2.5 million	35	\$1,832,000	\$175,000	\$4,000,000	\$3,083,543
\$2.5–\$5 million	27	\$3,500,000	\$1,620,000	\$7,500,000	\$4,919,333
\$5–\$10 million	14	\$8,000,000	\$6,393,250	\$10,225,500	\$10,635,071
Greater than \$10 million	19	\$14,862,000	\$9,000,000	\$21,930,000	\$18,382,410
Total	95	\$6,000,000	\$1,728,500	\$10,000,000	\$7,777,924

To further illustrate the relationship between exit EBITDA and individual dollar rewards, we plot the two dimensions in **Figure 30**. Each dot represents one CEO. The trend runs clearly upward, with higher exit EBITDA meaning more dollars, but it is loose rather than lockstep. At any given level of exit EBITDA, outcomes scatter widely, and a handful of high-EBITDA exits still returned only modest proceeds. This points to exit EBITDA, rather than ownership percentage, as the variable proceeds track most closely.

Figure 30: Personal dollar proceeds versus EBITDA at exit

Exit EBITDA depends on how the project goes, so we applied the same cut to entry EBITDA, the size a searcher picks going in. The pattern holds across the two bands that hold nearly all the deals. CEOs who bought a business with less than \$2.5 million in EBITDA took home a median of \$3.3 million, while those who bought between \$2.5 and \$5.0 million took home \$8.0 million. It makes sense to buy bigger if possible, and the jump shows up around \$2.5 million. Entry EBITDA is the one thing a searcher can see and select at the outset that tracks the eventual payout.

A CEO's proceeds are simply their slice of whatever the whole company sells for, so two things set the payout: the size of the CEO's slice and the size of the entire pie. That lets us work backward. A CEO who realized \$4 million on a 20% stake, for instance, was selling a company worth about \$20 million; divide any CEO's proceeds by the percentage they held, and we calculate the net equity value of the whole business. Do this across all of our exits, and the median implied company net equity value is roughly \$27.5 million, of which the typical CEO banks about \$6 million. Put differently, the median CEO realized roughly \$275,000 for each percentage point of ownership held. Set against a median exit EBITDA of \$4.0 million,

^{††} In **Figure 9**, we reported a mean equity dollar proceeds of \$7,728,984. In **Figure 29**, the figure is \$7,777,924. This difference is not an error. **Figure 9** shows the average across the entire dataset for those reporting equity dollars, while **Figure 29's** mean is calculated only for entries meeting two conditions: equity dollar proceeds *and* exit EBITDA. Although related, these two numbers reflect different criteria.

this implied company value is the source of the roughly 6.0x equity-value-to-EBITDA ratio reported earlier. Readers who test our math will notice the figures do not tie exactly; each is the median of its own distribution, and medians do not multiply the way a single deal's numbers do.

Because the size of that pie varies so much, the same slice of ownership translates into very different dollars from one company to the next. The payout tracks how large the business became, not the size of the stake; the size of the business at exit is exactly what exit EBITDA measures, a relationship we put to formal testing in a section ahead. The equity payoff, in the end, rewards those who build a bigger business, not those who negotiate a bigger slice or chase the IRR and MOIC that fill the highlight reels. That is how a CEO joins the Plutus ranks. At the median 20% stake, a \$10 million payday means selling a company with \$50 million of equity.

One mechanism sits behind that arithmetic. Equity value in a levered acquisition accretes from three sources: growth in earnings, extinguishment of acquisition debt, and any change in the multiple. Our entry and exit EBITDA figures speak to the first, and our earlier work on value-creation attribution speaks to the third, but we do not decompose the three here. Readers should not take growth as the sole engine.

Cash compensation: salary, premium, and what sets it

Although we doubt most ETA CEOs venture into ETA land primarily for current cash compensation, the paycheck is the dependable half of the CEO's total take from the project. It is the part that pays the rent, supports a family, and keeps the household solvent during the years before the equity jackpot can arrive. It also deserves special standing in this study. Salary, as we established in the winners'-circle discussion, operates on a different circuit from the exit metrics. A CEO draws it whether the deal ends in struggle or in griffin territory, and more respondents reported it (143 of 181) than any other dollar figure we collected. In this section, we examine the range of CEO salaries and find them clustered in a narrow band around a \$200,000 median; we measure the uplift from the CEO's prior role, a real but modest raise, though more than a quarter of CEOs actually took a pay cut; and we ask what, if anything, sets the level and moves it over the holding period (**Figure 31**).

Figure 31: Three considerations about cash compensation

- 01 The median CEO earns \$200,000, in a tight band**
- 02 A real but modest raise over the prior career**
- 03 What sets the level, and what moves it over the hold**

01 The median CEO earns \$200,000, in a tight band

For traditionally funded search projects, cash compensation is initially set at the time of acquisition in a conversation between the board and the CEO. For self-funded projects, if there are external investors, a similar dynamic plays out. If there are no outside investors, the CEO sets their own pay. In **Figure 32**, we present median and mean cash compensation data. Cash compensation clusters tightly around a \$200,000 median, and the mean, \$215,000, sits barely above it. Half of all CEOs earn between \$162,000 and \$250,000. The full range runs from \$50,000 to \$1.17 million, but even that ceiling is modest next to the equity checks of the prior section.

Structure barely moves the number, and neither does pre-ETA experience; the medians across those two cuts sit between \$188,000 and \$250,000, gaps we test formally below. The point is hard to miss: ETA is not a game won on salary. The paycheck keeps the household afloat; the equity is where outcomes separate. Here is a quick calibration against Stanford's numbers: The 2026 Stanford study reports current-year cash compensation of \$256,000 for new CEOs and \$325,000 at five or more years of tenure.¹¹ Those are snapshots that rise with tenure and are stated in current dollars; our \$200,000 is the average annual figure across multiple eras. The constructs differ, but the conclusion does not—a comfortable professional salary, not a fortune.

Figure 32: Cash compensation metrics

Solo vs. partnered (S1.2)	n	Median	Q1	Q3	Mean
Solo searcher	85	\$210,000	\$180,000	\$250,000	\$215,592
Partnered searcher	55	\$200,000	\$126,500	\$250,000	\$216,459

Structure (S1.1)	n	Median	Q1	Q3	Mean
Traditionally funded	95	\$214,000	\$170,000	\$250,000	\$222,648
Self-funded	27	\$190,000	\$134,000	\$205,500	\$183,815
Accelerator / incubator	14	\$225,000	\$200,000	\$258,250	\$229,357
Other	7	\$200,000	\$165,000	\$235,000	\$208,429

Pre-ETA role (S7.3)	n	Median	Q1	Q3	Mean
Investment (PE / VC / banking)	35	\$200,000	\$172,000	\$250,000	\$210,543
Management / operating	26	\$205,000	\$171,250	\$250,000	\$217,885
Consulting	10	\$190,000	\$133,592	\$236,250	\$189,979
Entrepreneurship / founder	5	\$250,000	\$225,000	\$275,000	\$238,000
Other	13	\$200,000	\$180,000	\$250,000	\$205,582

Pre-ETA operating experience (S7.2)	n	Median	Q1	Q3	Mean
1–3 years	13	\$200,000	\$164,000	\$250,000	\$206,830
4–7 years	27	\$200,000	\$172,500	\$250,000	\$202,222
8–12 years	20	\$187,500	\$128,750	\$275,000	\$196,750
13+ years	5	\$240,000	\$200,000	\$250,000	\$224,000

02 A real but modest raise over the prior career

The move into ETA came with a raise for most. Against a median prior-career salary of \$150,000, the typical CEO's pay rose 31%. The raise was real but not universal; 28% of CEOs took an initial pay cut, relative to their prior career, to run their companies (**Figure 33**).

Figure 33: Overall cash compensation changes

	Value
n (reporting both prior and current)	141
Median prior-job cash compensation	\$150,000
Median CEO cash compensation	\$200,000
Median absolute change (\$)	\$50,000
Median change (%)	31.0%
Share who took a pay cut	28.4%
Share roughly flat (0 to +10%)	5.0%
Share with a meaningful raise (> +10%)	66.7%

Figure 34 illustrates the uplift by category. Searcher type is a non-event. Solo and partnered CEOs land on an identical median increase of 32.1%. Structure is where the divergence lives; traditionally funded projects

see a median rise of 50%, whereas self-funded projects take a median cut of 16.3%, one of the few gaps in this study that clears formal significance testing below. By prior role, finance professionals (likely the holders of the most lucrative pre-ETA packages) show no median increase at all, while consultants (+80%), founders (+50%), and managers (+27%) all step up. Less pre-ETA operating experience is directionally associated with larger raises, presumably because there is less prior salary to clear, though the cells are thin and the 13-plus-year group bucks the trend.

Figure 34: Cash compensation uplift by category

Solo vs. partnered (S1.2)	n	Median	Q1	Q3	Mean
Solo searcher	84	32.1%	(15.0%)	100.0%	80.6%
Partnered searcher	54	32.1%	(9.4%)	125.9%	66.6%

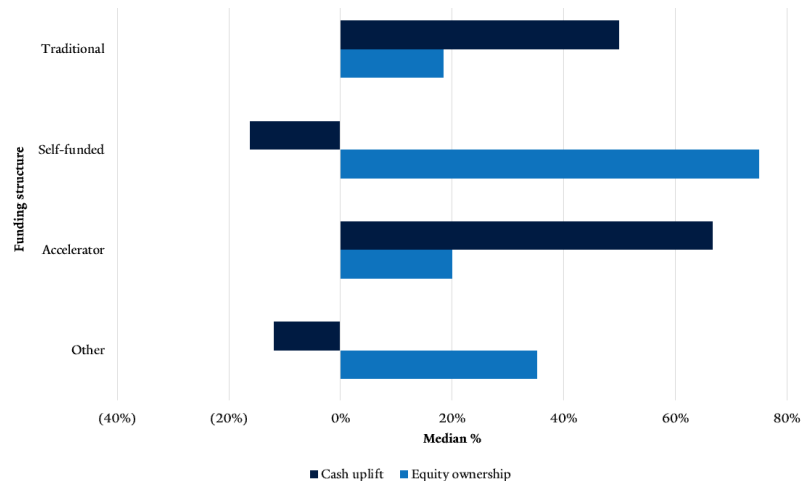
Structure (S1.1)	n	Median	Q1	Q3	Mean
Traditionally funded	93	50.0%	0.0%	127.3%	95.6%
Self-funded	27	(16.3%)	(40.0%)	35.5%	9.7%
Accelerator / incubator	14	66.7%	26.5%	105.5%	73.4%
Other	7	(12.0%)	(34.0%)	33.3%	36.3%

Pre-ETA role (S7.3)	n	Median	Q1	Q3	Mean
Investment (PE / VC / banking)	35	0.0%	(38.7%)	50.0%	25.4%
Management / operating	26	26.5%	(15.0%)	82.5%	53.0%
Consulting	10	80.2%	6.3%	114.3%	90.4%
Entrepreneurship / founder	5	50.0%	28.6%	57.1%	33.2%
Other	13	81.8%	33.3%	135.3%	95.3%

Pre-ETA operating experience (S7.2)	n	Median	Q1	Q3	Mean
1–3 years	13	66.7%	13.9%	100.0%	69.1%
4–7 years	27	50.0%	2.5%	86.9%	70.8%
8–12 years	20	8.7%	(40.0%)	51.8%	14.1%
13+ years	5	25.0%	(20.0%)	30.9%	17.9%

The self-funded cut is not a hardship story; it is a trade. Self-funded CEOs forgo current cash but hold a median 75% of their companies, against 18.5% for their traditionally funded peers. **Figure 35** shows the trade in a single plot—more cash and less equity on the traditional path, the reverse on the self-funded one. Structure barely moves the level of pay, but it transforms the trajectory. Traditional CEOs land a median 50% raise on their prior career, while self-funded CEOs take a 16.3% cut. Self-funders are betting that equity and control, financial and otherwise, outweigh a fatter paycheck today. It is the structural thread we pull apart fully in a later note in this series.

Figure 35: Cash and ownership medians by funding structure



03 What sets the level, and what moves it over the hold

ETA CEOs might be wondering at this point how to capture the most cash compensation at the outset and what moves to make over the holding period to win even more. The answer is refreshingly mechanical, and it has two dials. The first is the level, set at entry by the size of the business and the CEO's prior salary. Companies under \$1 million of EBITDA pay a median of \$145,000, while those above that first million cluster between \$222,000 and \$240,000. CEOs who earned more before ETA earn more during it. What does not set the level is the deal's eventual return. Median salary is essentially flat across MOIC buckets, and the griffins actually draw the lowest median in our sample, \$189,500 (**Figure 36**). The spread is the point. Across MOIC bands covering more than a tenfold range of outcomes, the median salaries sit within about \$30,000 of each other. Prior pay spans a wider \$45,000 and never falls across the quartiles; the MOIC medians rise, then fall.

Figure 36: What moves median cash compensation and what does not^{**}

Driver	Bin	n	Cash compensation
Entry EBITDA	< \$1M	44	\$145,000
	\$1M–\$2M	28	\$240,000
	\$2M–\$5M	56	\$225,000
	\$5M+	11	\$222,000
Realized MOIC	< 2.0x	13	\$200,000
	2.0–5.0x	34	\$210,000
	5.0–10.0x	24	\$219,500
	10.0x+ (griffins)	28	\$189,500
Pre-ETA compensation quartile	Q1 (lowest)	36	\$180,000
	Q2	35	\$210,000
	Q3	35	\$210,000
	Q4 (highest)	35	\$225,000

The second dial is the raise over the hold, and it appears to turn on operating growth. Raises track the EBITDA a CEO adds rather than the size of the company bought at entry or the multiple it eventually fetches, though the association is modest. Cash is not a set-it-and-forget-it deal; it flexes over time, with 64.3% of CEOs seeing an increase during their tenure, 16.8% a decrease, and the rest holding roughly flat

^{**} The three cuts draw on different response bases, with entry EBITDA n = 139, realized MOIC n = 99, and pre-ETA compensation quartiles n = 141. Each field was answered independently, so the counts are not comparable across blocks.

(Figure 37). To win more cash, buy a bigger company and grow it, within the limits the funding model sets. Salary and the payout answer to the same boss—the size of the business, measured at entry for one and at exit for the other.

Figure 37: How pay moved over the hold

Trajectory (S3.3)	n	%
Increased substantially	42	29.4%
Increased modestly	50	35.0%
Stayed about the same	27	18.9%
Decreased	24	16.8%

Are the differences real?

We have shared a slew of descriptive statistics and drawn some preliminary conclusions and inferences based on surface data. We will now apply more advanced statistical methods to test the relationships and observations in our dataset. *Recall that it would be premature, and an overreach, to draw firm conclusions from comparing medians across categories.* For example, prospective entrepreneurs may look at self-funded versus traditionally funded for median payday insights, but that exercise must be done in conjunction with statistical testing. Specifically, this section puts the note's headline gaps on trial. On the agenda: the percentage ownership chasm between self-funded and traditionally funded CEOs, the salary step-up over prior careers, the larger companies traditional searchers buy, and the payday differences by structure, partnership, and background that tempt every reader toward conclusions. The section then turns from testing to explaining, asking not just which gaps are real but what actually moves the money. **Figure 38** lays out the testing plan.

Figure 38: The statistical testing plan

- 01 Which differences survive a test
- 02 What carries independent signal
- 03 The verdicts and what they mean for the ETA crowd

Before we geek out, a quick, admittedly pedantic statistics primer, in plain English anyway. Two groups can show different medians by chance alone, especially when one group includes only a couple dozen CEOs. Every test in this section starts from a deliberately skeptical premise, the null hypothesis: that there is no relationship between the two things being compared. Take one of the cuts below. The null hypothesis is that partnership structure has no relationship to personal proceeds, that solo and partnered CEOs are drawn from the same underlying population, and that whatever gap we observe between their medians is an accident of sampling.

The test asks how often a gap at least this large would appear if the null were true. That probability is the p-value. When the p-value is low (the convention is below 5%, written $p < 0.05$), a gap that large would rarely appear by chance, so we reject the null and call the difference significant. When the p-value is high, we cannot reject the null; the honest reading is that our data cannot distinguish the gap from noise, and we say so. Two cautions. The p-value describes the data under the null, not the chance the null is true, and one minus the p-value is not the odds that a finding is real. That is what happens with the example above: Solo

CEOs report median proceeds of \$4.8 million against \$6.4 million for partnered CEOs, but $p = 0.646$, so the null stands and we make no claim the gap is real.

We rely on five tools, each with a single job. Mann–Whitney lines every CEO up by rank and asks whether one group (say, self-funded) tends to sit higher in the lineup than the other (traditionally funded) by more than chance would allow. Mood’s median test asks a blunter version of the same question, as a check on the first: Split the whole sample at its overall median, and see whether one group lands above that line more often than the other. Wilcoxon compares each CEO to themselves (for example, salary before ETA versus salary during it) and asks whether the typical change is real. Rank correlation (Spearman’s ρ , which we report alongside the familiar Pearson’s r) asks whether two quantities move together. When one rises, does the other tend to rise as well? Those four examine one variable, or one pairing (bivariate), at a time. The fifth tool, a rank-based multivariate regression, considers everything at once and asks which characteristics still carry independent signal after the others are accounted for. All five tools operate on ranks rather than raw dollars (Pearson’s r appears in the correlation table only as a familiar reference point alongside Spearman’s ρ). When the question is whether a difference is real, ranks are the honest scale in a dataset as skewed as ours; a single \$62 million exit cannot drag a rank very far. Three supporting instruments round out the kit, each appearing once. A chi-squared test checks whether two categories are associated (the head-to-head of **Figure 41**), Fisher’s exact test re-asks that question when the cells run thin, and a confidence interval brackets how precisely a proportion can be pinned down (the pay-cut share of **Figure 40**).

A few more points to consider. First, real here means real within this sample; no p -value can transform 181 self-selected respondents into the whole ETA population, and we make no such claim. Second, some subgroups are small (16 self-funded CEOs reported proceeds, 11 accelerator-backed), and small groups make quiet tests. With cells this thin and a spread this wide, only a very large gap in proceeds would register at all; a modest one would be invisible to us either way. When a comparison comes back not significant, the honest reading is that we cannot see a difference, not that we have proven there is none. Third, this section reports more than sixty distinct comparisons. Run that many and about three will look meaningful by luck alone. The findings we call real clear the bar by a wide margin; the borderline ones may well be luck. Every test here compares where two distributions sit, not what shape they have. Two groups can be indistinguishable on medians and still differ in spread and skew.

The punchline is worth previewing: In this sample, no characteristic of the CEO we can measure predicts what they will make; on the evidence here, the deal decides.

01 *Which differences survive a test*

We begin with the paired comparisons: equity ownership, personal proceeds, cash compensation, cash uplift, and EBITDA at entry, each compared across the funding-structure and partnership cuts. Each comparison gets both the Mann–Whitney and Mood’s median tests (**Figure 39**). The ownership gap survives decisively; self-funded CEOs sit higher in the ownership lineup than traditionally funded CEOs by far more than chance allows (Mann–Whitney $p < 0.001$), with medians of 75.0% against 18.5%, and solo searchers keep more than partners do (22.7% versus 15.0%, $p < 0.001$).

The payday comparisons do not survive. Median personal proceeds differ between self-funded and traditional CEOs (\$4.0 million versus \$6.6 million) and between solo and partnered CEOs (\$4.8 million versus \$6.4 million), but neither gap approaches significance ($p = 0.741$ and $p = 0.646$); the spread within each group is too wide relative to the gap between them.

Cash compensation is a closer call. Solo and partnered CEOs pay themselves essentially the same, but the self-funded versus traditional gap (\$190,000 versus \$214,000 at the median) sits at the edge of significance, with the Mann–Whitney test saying no ($p = 0.057$), while Mood’s median test says yes ($p = 0.011$). The split deserves an explanation, because the two tests ask the question differently. Mood’s test asks only whether each CEO is paid above or below \$200,000, the midpoint for the whole sample. Twenty of the 27 self-funded CEOs fall below it, a stark enough pattern to register. Mann–Whitney ranks every CEO against every other, and there the two groups overlap too much for the gap to stand out. Same signal, different sensitivity. We read it as suggestive, not established.

Where self-funded CEOs unambiguously diverge is in what the salary represents. They typically take a pay cut relative to their prior job (median change of -16.3%), while traditionally funded CEOs get a raise (median $+50.0\%$), a gap that survives easily ($p < 0.001$). Finally, self-funded searchers buy smaller companies, with a median EBITDA at entry of \$0.85 million versus \$2.00 million for traditional searches ($p = 0.001$). Read together, the findings that survive describe a single trade. Self-funded searchers buy smaller companies, pay themselves less than they earned before, and keep several times more of the equity. This puts statistics behind what **Figure 35** showed graphically.

Figure 39: Significance testing for paired groupings

Comparison	n A	n B	median A	median B	Mann–Whitney p	Mood’s p	Verdict (M–W)
Equity ownership: self-funded vs. traditional	17	70	75.0%	18.5%	<0.001	<0.001	Significant
Equity ownership: solo vs. partnered	61	41	22.7%	15.0%	<0.001	0.002	Significant
Personal proceeds (\$): self-funded vs. traditional	16	68	\$4.00M	\$6.57M	0.741	0.118	Not significant
Personal proceeds (\$): solo vs. partnered	59	40	\$4.75M	\$6.35M	0.646	0.410	Not significant
CEO cash compensation (\$): self-funded vs. traditional	27	95	\$190,000	\$214,000	0.057	0.011	Borderline
CEO cash compensation (\$): solo vs. partnered	85	55	\$210,000	\$200,000	0.291	0.604	Not significant
Cash uplift vs. prior job (%): self-funded vs. traditional	27	93	(16.3%)	50.0%	<0.001	0.016	Significant
Cash uplift vs. prior job (%): solo vs. partnered	84	54	32.1%	32.1%	0.821	1.000	Not significant
Entry EBITDA (\$): self-funded vs. traditional	28	101	\$0.85M	\$2.00M	0.001	0.003	Significant

The salary step-up over prior careers gets its own test. Because each respondent reports both a prior salary and a CEO salary, we can test the paired changes directly with the Wilcoxon signed-rank test (**Figure 40**). Among the 135 CEOs whose pay changed, 95 earned more in the CEO seat and 40 earned less, with a median change of $+\$50,000$, a 31% raise at the median ($p < 0.001$). The cash compensation upgrade is real. It is not universal, though; 28.4% of CEOs took a pay cut relative to their prior job (95% confidence interval, 21.6% to 36.3%). The two figures use different bases. The test sets aside the six CEOs whose pay did not change, leaving 135, while the pay-cut share is computed across all 141 who reported both salaries.

Figure 40: Testing the pay change against prior careers

n (paired, non-zero changes)	135
Median pay change	$+\$50,000$
Increased / decreased	95 / 40
Wilcoxon p	< 0.001
Took a pay cut (CEO < prior)	28.4% (95% CI 21.6%–36.3%)

The ETA community debates the merits of traditionally funded and self-funded models endlessly; that full comparison is the subject of an upcoming companion note in this series. Here we ask a single, narrow question of the exit data. Did CEOs under the two structures rate their financial outcomes differently?

Figure 41 tallies self-assessed financial outcomes at exit for the 73 CEOs who searched under one of the two structures in question; 52 of 59 traditional exits were rated positive (a modest financial benefit or better), as were 12 of 14 self-funded exits. This is each CEO’s own verdict on their personal result, graded on a five-step scale from worse than the career they gave up to financially life-changing. It is not IRR,

MOIC, or dollars won. Another 17 exited CEOs, from accelerator and other structures, sit out this head-to-head.

We tested this three ways and got the same answer each time: no detectable difference. Fisher's exact test, the appropriate choice for cells this small, yields $p = 1.00$. The more familiar chi-squared points the same way ($p = 0.804$), though with a smallest expected cell of 1.73 it is not dependable at these counts. Because sorting a five-step scale into merely positive or not throws away detail, we also compared the full scale with a Mann-Whitney test. Self-funded CEOs have a median of 4.0 against 5.0 for traditional, directionally lower but again not significant ($p = 0.255$, $n = 14$ versus 59). One caution. Only nine of the 73 exits were rated breakeven or worse, and with so few, there is little for any test to grip. Read this as no evidence of a difference, not proof that none exists.

Figure 41: Funding structure and financial outcomes testing

Observed counts	Positive outcome	Breakeven / worse	Total
Traditional	52	7	59
Self-funded	12	2	14
Total	64	9	73
χ^2 p-value (2x2)	0.804		
Minimum expected cell	1.7		

That closes the single-variable docket. Three gaps survive testing: the ownership gap, the salary step-up over prior careers, and the smaller companies self-funded searchers buy. The payday comparisons do not; proceeds gaps dissolve under testing, cash compensation is merely suggestive, and self-assessed outcomes at exit are statistically indistinguishable across structures. If neither funding structure nor partnership predicts what a CEO ultimately makes, what does? Answering that requires weighing everything at once, which is the job of the next subsection.

02 What carries independent signal

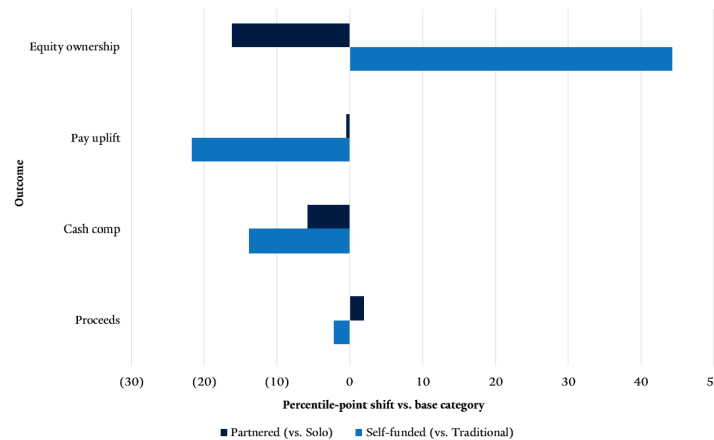
To look for signals, we put the candidate explanations into the ring together (funding structure, partnership, prior role, and years of operating experience) and regress them against each of the four outcomes (personal proceeds, cash compensation, pay uplift, and equity ownership). As elsewhere in this section, the regression runs on ranks rather than raw dollars, so no single mega-exit can commandeer the results. Read the coefficients as movement within a lineup, not as dollars or percentages. We report them as percentile-point shifts. A coefficient of +25 means that characteristic is associated with standing 25 percentile points higher in the field on that outcome, holding the other characteristics constant, not a \$25 or 25% increase. Higher percentiles are always better, so positive coefficients help and negative ones hurt.

Each outcome draws on the respondents who reported it, between 99 and 140 CEOs depending on the outcome, not the full 181. We fit two specifications. The first model, A, tests funding structure and partnership on the near-full sample; the second model, B, adds prior role and years of operating experience but roughly halves the sample (59 to 65 CEOs with every variable reported), so we read its coefficients with extra care. The concern is bias as much as precision. We argued in the winners'-circle discussion that the sensitive fields draw fewer answers from CEOs with weaker outcomes, which means the respondents who completed every field are not a random subset of an already self-selected sample. Model B is, in effect, a winners' circle nested inside a winners' circle.

Figure 42 charts the two structural cuts (self-funded versus traditional, and partnered versus solo) across all four outcomes. Ownership is where the signal lives. Holding everything else constant, self-funded CEOs

are about 44 percentile points higher in the ownership distribution than traditionally funded CEOs, and partnered CEOs are about 16 points lower than solo searchers (both $p < 0.01$). Ownership is also the only outcome the model explains well, with an R^2 near 0.5 across specifications, far above the other outcomes. R^2 measures how much of the outcome's variation the model accounts for, running from 0, none, to 1, all of it; an R^2 near 0.5 means the cuts capture about half of where a CEO lands in the ownership rankings.

Figure 42: What explains each outcome? Percentile-point shifts for the two structural cuts



The pay findings from the single-variable tests also hold under the controls. Self-funded CEOs experience a pay change about 22 percentile points worse than traditionally funded CEOs ($p < 0.01$), and their current cash compensation is about 14 points lower ($p < 0.05$), firming up the gap the single-variable tests could only call suggestive. The partnered effect on cash compensation is small and reaches only marginal significance in one specification, so we do not rely on it. The background variables offer a whisper. Each additional year of prior operating experience is associated with a slightly worse pay change (about 2 percentile points per year, $p < 0.05$) and slightly more ownership (about 1 point, $p < 0.10$). *That leaves the column readers care about most—personal proceeds. Nothing we tested moves it.* No predictor earns even a marginal star in either specification: Funding structure, partnership, prior role, and operating experience all come up empty.

However, the claim has a boundary. What we tested is who the CEO was and how the vehicle was built. What we did not test is the quality and price of the deal itself: the multiple paid at entry, revenue durability, customer concentration, margin structure, and how cleanly the seller handed the business over, none of which we collected. Experienced operators and investors generally believe those are the variables that separate outcomes, and nothing here contradicts them. Our null concerns CEO and structural characteristics, not deal selection. More telling than the missing stars is the model's explanatory power. An R^2 of 0.01 to 0.12 means these characteristics account for almost none of where a CEO lands in the proceeds rankings. That is a statement about the size of the effect rather than about our ability to detect it, and it is the stronger of the two pieces of evidence. This is the punchline the section previewed. In this sample, neither the vehicle structure nor any characteristic of the CEO we can measure predicts what they will make; on the evidence here, the deal decides.

Figures 43 and 44 present the full coefficient tables underlying **Figure 42**, one per model, on the same percentile-point scale. Stars indicate significance in the conventional way (* for $p < 0.10$, ** for $p < 0.05$, and *** for $p < 0.01$). The same models in raw rank units, for readers who want the untransformed coefficients, appear in **Exhibit 4**.

Figure 43: Model A, structure and partnership on the near-full sample (* p < 0.10, ** p < 0.05, * p < 0.01)**

Predictor (vs. base)	Equity proceeds	Cash compensation	Uplift	Ownership
Partnered (vs. solo)	2.0	(5.8)	(0.5)	(16.2)***
Self-funded (vs. traditional)	(2.2)	(13.8)**	(21.7)***	44.3***
Accelerator (vs. traditional)	(6.3)	4.1	5.0	2.3
Other structure (vs. traditional)	6.9	(4.7)	(19.4)*	14.2
n (complete cases)	99	140	138	102
R ²	0.01	0.05	0.11	0.45

Figure 44: Model B, adding prior role and operating experience on the reduced sample (stars as in Figure 43)

Predictor (vs. base)	Equity proceeds	Cash compensation	Uplift	Ownership
Partnered (vs. solo)	(4.5)	(12.6)*	(6.3)	(17.8)***
Self-funded (vs. traditional)	(10.3)	(19.7)*	(30.2)***	44.2***
Accelerator (vs. traditional)	(12.3)	(1.6)	2.7	3.2
Other structure (vs. traditional)	12.0	(9.9)	(27.1)**	24.7*
Management (vs. investment)	(10.4)	3.7	4.8	(0.7)
Other role (vs. investment)	12.8	7.5	16.5*	7.0
Operating experience (per +1 year)	0.3	0.2	(1.9)**	1.3*
n (complete cases)	59	65	65	61
R ²	0.12	0.11	0.31	0.53

03 The verdicts and what they mean for the ETA crowd

The trials are over, and **Figure 45** collects the verdicts. The three gaps that survived the docket unpack into five distinct claims. Self-funded CEOs really do own several times more of their companies than traditionally funded CEOs, and solo searchers more than partners. The move into ETA really does raise pay, even as self-funded CEOs take a cut while their traditionally funded peers get a raise. And self-funded searchers really do buy smaller companies. What does not survive is just as instructive: the payday comparisons that dominate ETA forum debates. Proceeds gaps by structure and partnership cannot be distinguished from chance, the cash-compensation gap earns only a split decision (suggestive head-to-head, significant once the regression adds controls), and self-assessed win rates are indistinguishable across structures.

Figure 45: Verdict scorecard

Claim	Verdict	Where tested
Self-funded CEOs own more of their companies (median 75.0% vs. 18.5%)	Real (p < 0.001)	Mann-Whitney + Mood's (Figure 39)
Solo searchers own more than partnered searchers (22.7% vs. 15.0%)	Real (p < 0.001)	Mann-Whitney + Mood's (Figure 39)
The move into ETA raises pay (median +\$50,000; 95 up / 40 down)	Real (p < 0.001)	Wilcoxon signed-rank (Figure 40)
Self-funded CEOs take a pay cut while traditional CEOs get a raise (-16.3% vs. +50.0%)	Real (p < 0.001)	Mann-Whitney + Mood's (Figure 39)
Self-funded searchers buy smaller companies (\$0.85M vs. \$2.00M entry EBITDA)	Real (p = 0.001)	Mann-Whitney + Mood's (Figure 39)
Personal proceeds differ by structure or partnership	Not detectable (p = 0.741 / 0.646)	Mann-Whitney (Figure 39)
Cash compensation differs by funding structure	Suggestive, unproven (MW p = 0.057; Mood's p = 0.011)	Mann-Whitney + Mood's (Figure 39)
Win rates differ by funding structure	Not detectable (χ^2 p = 0.804; low power)	Chi-squared (Figure 41)
Anything about who the CEO is predicts proceeds	Nothing does (no significant predictors; R ² 0.01–0.12)	Rank regression (Figures 42–44)

So what does move the money? **Figure 46** answers this question, correlating each outcome with the economics of the deal. Every cell is a bivariate rank correlation between two variables, not a regression coefficient; the multivariate model that weighs these factors against one another follows immediately after. Reading the table is simple. Both statistics run from -1 to +1, and the closer to 1, the tighter the association. Two notes on precision. We do not show confidence intervals, and a ρ near 0.68 is solid at our sample sizes

whereas one near 0.26 is not, so we treat the latter as directional only. Where we describe one correlation as larger than another, that is a description of the two figures rather than a formal test of the difference between them. Pearson's r measures the straight-line relationship in dollars and can be yanked around by a few outsized exits; Spearman's ρ asks the same question on ranks, so, for the same skew reasons as everywhere in this section, ρ is the column we lean on. Where the two diverge, as they do for MOIC, the outliers are doing the talking. Personal proceeds track the size of the business at exit (Spearman's $\rho = 0.68$, the strongest association in this study) far more tightly than the CEO's ownership percentage ($\rho = 0.30$), formal confirmation of the pattern **Figures 29** and **30** suggested: Pie size beats slice size. This is a claim about what varies across all exits, not a verdict on funding paths, where the big-slice and big-pie routes landed in similar territory. Read those two numbers against the arithmetic that defines proceeds.

Proceeds are, by the definition in **Figure 3**, ownership multiplied by exit EBITDA multiplied by the exit multiple, so a positive correlation between proceeds and any one of those three factors is guaranteed by the arithmetic. The finding is not that exit size matters; it is that exit size matters so much more than the stake does. Pie size varies far more across our exits than slice size, and that difference in variation, rather than the correlations themselves, is what decides the payout. MOIC co-moves with proceeds as well ($\rho = 0.57$), as it should, since both are creatures of a good exit. Cash compensation scales modestly with business size and prior salary, and not at all with the deal's eventual multiple; raises over the hold appear to track the EBITDA a CEO adds ($\rho = 0.26$, directional only) rather than the size of the company bought.

Figure 46: What moves the money, rank correlations for proceeds, cash-compensation level, and raises

Driver	Pearson r	Spearman ρ	n	p-value (ρ)	Significant (5%)?
A – Personal proceeds vs. deal economics					
EBITDA at exit	0.62	0.68	95	<0.001	Yes
Equity % held	0.16	0.30	101	0.002	Yes
MOIC	0.27	0.57	99	<0.001	Yes
EBITDA at acquisition	0.35	0.47	100	<0.001	Yes
B – Cash-compensation level					
EBITDA at acquisition	0.29	0.36	139	<0.001	Yes
EBITDA at exit	0.27	0.34	96	0.001	Yes
MOIC	(0.13)	(0.07)	99	0.501	No
Prior-job cash comp	0.18	0.24	141	0.005	Yes
C – Raise over the hold					
EBITDA at acquisition	0.06	0.07	138	0.393	No
EBITDA growth over hold (exit ÷ entry – 1)	0.25	0.26	88	0.013	Yes
MOIC	0.03	0.15	97	0.151	No

Correlations taken one at a time cannot tell us which factor carries signal on its own, so we ran a rank-based multiple regression in two specifications, both reported in **Figure 47**. The first puts all three factors in together ($n = 94$). Exit size, the strongest of the three, and ownership hold up. Entry size drops to nothing once exit size is in the model ($p = 0.583$), but that result is mechanical rather than substantive since exit EBITDA carries the information in entry EBITDA plus the growth layered on top of it, so entry size has no independent work left to do. The exit-size model is also the less useful of the two for a searcher, because exit EBITDA is not observable at the outset. It is the product of realized performance, itself some combination of skill, effort, and luck.

Collectively, these three variables explain about 57% of the variation in proceeds ranks. The second specification is restricted to what a searcher can see and choose going in (ownership and entry size), and dropping exit EBITDA restores six respondents, so it runs on 100 CEOs rather than 94. Both factors matter there, though they explain only 33% of the variation. In this second model, entry size is the only ex ante observable element in this study that carries a statistically significant relationship with the payout; none of the CEO characteristics we test do this. Ownership carries a caveat too, since we measure the fully diluted

stake at exit, which is part choice and part outcome for the vesting and dilution reasons set out earlier. The exit multiple stays out of both models because we never collected it.

Figure 47: Personal pre-tax proceeds, rank regression coefficients as percentile-point shifts (* $p < 0.10$, ** $p < 0.05$, * $p < 0.01$)**

Regressor	Full model	Ex ante model
Ownership % (rank)	0.35***	0.34***
Entry EBITDA (rank)	(0.06)	0.51***
Exit EBITDA (rank)	0.75***	– (excluded)
n (complete cases)	94	100
R ²	.57	.33

Figure 48 brings the ledger together and answers the note’s opening question in one line: Across the 100 CEOs reporting every needed input, the median CEO banked roughly \$964,000 pre-tax for each year invested in the journey (about \$711,000 post-tax), roughly 6.4 times this group’s median prior salary of about \$150,000 (the full sample’s median, recomputed on this subset), over a median 7.4 years from launch to liquidity. The post-tax figure assumes 23.8% on equity proceeds (the 20% long-term capital-gains rate plus the 3.8% net investment income tax) and 37% on cash compensation, both federal only; readers facing state tax or different brackets should substitute their own rates.

The prior salary is held fixed at what respondents earned before they left, but a career they stayed in would not have stood still; a mid-career finance or consulting professional would most likely have advanced considerably over the same 7.4 years. The multiple against a frozen baseline is therefore generous, and a sensitivity against a growing counterfactual is a question we take up in the upcoming companion note on the operator’s experience.

The number above (about \$711,000 post-tax) is the note’s thesis in miniature, the math applied to **Figure 3**. It is built from salary and equity proceeds, the two streams a CEO actually banks, not from the IRRs and MOICs of the highlight reels. The cash-compensation input covers the operating years only, while the denominator runs from search launch to liquidity, so the search period sits in the years but not in the pay. That makes the figure conservative, and slightly more so for traditionally funded searchers, who typically drew a search-period salary we do not count. **Exhibit 5** breaks the same annualized figure out by funding structure, partnership, prior role, and operating experience.

For the ETA crowd, the verdicts come down to three rules: Choose a structure for personal needs, and for the trade it forces between equity, control, and current pay, not for the expected payday; the data cannot tell structures apart on what CEOs ultimately make. Expect a real but modest raise on the way in, and expect the equity outcome to turn on the company, on how big it is, how much bigger it becomes, and how well it sells. The uncomfortable fact is that the lever mattering most is an outcome rather than a choice, and the one an entrepreneur controls least directly. The lever that is a genuine choice, and the only ex ante factor in our testing that reaches significance, is the size of the business bought. And read every number in this section the way the warning labels at the top instruct, as a within-sample description of a winners’-circle pool, not a promise about the next search.

Figure 48: Bringing it all together

Statistic	Pre-tax	Post-tax
n (eligible, exited)	100	
Median annualized total comp (\$)	\$964,368	\$710,651
Mean annualized total comp (\$)	\$1,365,830	\$1,019,468
Q1 (25th pct)	\$330,790	\$235,362
Q3 (75th pct)	\$1,910,027	\$1,424,489
Minimum	\$98,216	\$62,806
Maximum	\$14,538,462	\$11,047,846
Median years invested (search + operating)	7.4	
Memo: median prior-job salary, eligible CEOs (\$/year)	\$149,613	
Memo: annualized total ÷ prior salary	6.4x	7.5x

Conclusion

When the next Zac asks A. J. in class, “How much will I get?” this note offers some guidance, as well as a data-backed guide to what actually sets an ETA CEO’s compensation. The short answer: a real but modest salary, median \$200,000 and a 31% step up from the prior career, plus, for those who reach an exit, a median \$6.0 million pre-tax payday, roughly \$964,000 of total compensation for every year invested. Despite all the chatter about vehicle structure (funded or self-funded, solo or partnered), CEO background, and years of experience, these factors do not seem to affect CEO equity windfalls. Structure does set the slice (self-funded CEOs keep roughly four times the stake of their traditionally funded peers), but even the slice bears only modestly on the ultimate payday. What tracks equity gains most closely is the pie: how big the business is at exit (terminal EBITDA) and how much it grew from entry to exit. Exit size, though, is an outcome rather than a decision. Of everything a searcher can observe before committing a career chapter and capital, one factor alone carries a statistically significant relationship with the payout—the size of the business they buy. Entry EBITDA is an upfront choice that is associated with larger paydays. We put that as an association rather than a cause, since our data are a single cross-section and we cannot separate the trajectory of the business from the qualities of the CEO who drove it. It is not about who a CEO was before ETA, the share they negotiated, or the structure they chose; it is about what they build. Structural decisions and backgrounds are important personal choices, worth making for fit and for life, but they do not set the value of the lottery ticket.

Our study is a winners’ circle, and within it, there is a top-end concentration. Our note sets a practical upper bound, an estimate tilted upward rather than a hard ceiling, not an expected outcome. Rewards are not evenly distributed, and ETA aspirants should enter the arena knowing this. What stays within an entrepreneur’s control is the business they build and the deal they choose to build it on.

We hope all our students and readers become Plutus CEOs, win the ETA contest, enjoy the ride, build exceptional companies, and find the experience deeply fulfilling. As always, we are rooting for your triumph every step of the way. Best wishes!

Exhibit 1: Future notes using the current dataset

- *An ETA Sourcing Channel Smackdown: Broker versus Proprietary versus Network Referral.* In this note, we will provide a comparative analysis and answer the age-old ETA question, “Which is better, proprietary or brokered deals?”
- *Traditional versus Self-Funded Search: A Head-to-Head Faceoff.* Here, we will explore all the relevant toggles to examine which, if either, search funding model is superior.
- *The Operator’s Experience: Satisfaction, Burnout, Advocacy, and Regret.* In this note, we will look at a slew of qualitative and human components in the search journey, including relocation for the deal; it’s the non-financial scorecard.

Exhibit 2: The survey

We are happy to share it, but did not include it here because it is thirty pages long.

Exhibit 3: Response counts by field (include universe, n = 181)

Field	n	% of 181
CEO cash compensation (S3.1)	143	79.0%
Prior-job cash compensation (S3.2)	142	78.5%
Equity % at exit (S5.2)	104	57.5%
Personal pre-tax proceeds (S5.6)	101	55.8%
MOIC (S5.4)	100	55.2%
IRR (S5.5)	95	52.5%
EBITDA at acquisition (S2.6)	150	82.9%
EBITDA at exit (S5.11)	96	53.0%

Exhibit 4: Multivariate regression in raw rank units, Models A and B (* p < 0.10, ** p < 0.05, * p < 0.01)**

Predictor (vs. base)	Equity proceeds	Cash compensation	Uplift	Ownership
Partnered (vs. solo)	1.9	(8.1)	(0.7)	(6.5)***
Self-funded (vs. traditional)	(2.2)	(19.3)**	(30.0)***	45.2***
Accelerator (vs. traditional)	(6.2)	5.8	6.9	2.4
Other structure (vs. traditional)	6.8	(6.5)	(26.8)*	14.5
n (complete cases)	99	140	138	102
R ²	0.01	0.05	0.11	0.45

Predictor (vs. base)	Equity proceeds	Cash compensation	Uplift	Ownership
Partnered (vs. solo)	(2.6)	(8.2)*	(4.1)	(10.8)***
Self-funded (vs. traditional)	(6.1)	(12.8)*	(19.6)***	27.0***
Accelerator (vs. traditional)	(7.3)	(1.0)	1.8	1.9
Other structure (vs. traditional)	7.1	(6.4)	(17.6)**	15.1*
Management (vs. investment)	(6.1)	2.4	3.1	(0.4)
Other role (vs. investment)	7.6	4.9	10.8*	4.3
Op-exp (per +1 year)	0.2	0.1	(1.3)**	0.8*
n (complete cases)	59	65	65	61
R ²	0.12	0.11	0.31	0.53

Exhibit 5: Annualized total compensation by cut

Category	n	Median pre-tax (\$)	Median post-tax (\$)
By funding structure (S1.1)			
Traditionally funded	68	\$964,368	\$710,651
Self-funded	16	\$844,507	\$629,459
Accelerator / incubator	11	\$530,172	\$374,974
Other (holdco / other)	5	\$2,640,000	\$1,996,674
By searcher type (S1.2)			
Solo searcher	59	\$1,060,800	\$795,024
Partnered searcher	40	\$894,584	\$654,835
By last role before ETA (S7.3) – partial coverage of exited subset; directional			
Investment (PE / VC / banking)	32	\$982,412	\$727,004
Management / operating	24	\$623,767	\$463,622
Consulting	9	\$747,541	\$548,852
Entrepreneurship / founder	5	\$1,140,594	\$836,198
Other	12	\$1,077,920	\$801,363
By pre-ETA operating experience (S7.2) – partial coverage; directional			
1–3 years	11	\$920,000	\$685,200
4–7 years	25	\$974,737	\$725,242
8–12 years	20	\$1,063,744	\$787,398
13+ years	3	–	–

This case has been developed for pedagogical purposes. The case is not intended to furnish primary data, serve as an endorsement of the organization in question, or illustrate either effective or ineffective management techniques or strategies.

Copyright © 2026 Yale University. All rights reserved. To order copies of this material or to receive permission to reprint part or all of this document, please contact the Yale SOM Case Study Research Team, email case.access@yale.edu.

Endnotes

¹ Daniel Lazier is a search fund entrepreneur and the founder of [Skyline Crest Partners](#), a California-based search fund.

² Alex Schneider is an Adjunct Lecturer in Entrepreneurship at the Northwestern University Kellogg School of Management. Additionally, he is a founder of Clover Capital Partners LLC, a Chicago-based investment firm.

³ A. J. Wasserstein is the Eugene F. Williams, Jr., Senior Lecturer in the Practice of Management at the Yale School of Management.

⁴ Lazier, Daniel, Jacob Thomas, and A. J. Wasserstein. How Are Search Fund Investors Really Faring? Yale School of Management. October 2025.

⁵ Kelly, Peter, and Sara Heston. 2020 Search Fund Study: Selected Observations. Stanford University Graduate School of Business. Case E-726.

⁶ Kelly, Peter, and Sara Heston. 2024 Search Fund Study: Research Overview. Stanford University Graduate School of Business. Case E-870.

⁷ Lazier, Daniel, Jacob Thomas, and A. J. Wasserstein. A Mathematical Analysis of Value-Creation Attribution in Search Fund Projects. Yale School of Management. January 2026.

⁸ Lazier, Daniel, Jacob Thomas, and A. J. Wasserstein. The Pernicious Effects of Falling Acquisition Rates in the ETA Ecosystem. Yale School of Management. July 2026.

⁹ Kelly, Peter, Stefanos Zenios, and Dom Ng. 2026 Search Fund Study: Selected Observations. Stanford University Graduate School of Business. Case E-967. The Yale benchmark data is from Lazier, Thomas, and Wasserstein, How Are Search Fund Investors Really Faring?

¹⁰ Kelly, Zenios, and Ng, 2026 Search Fund Study: Selected Observations.

¹¹ Kelly, Zenios, and Ng, 2026 Search Fund Study: Selected Observations.