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MNAES7





North American Regional Conference 2025

Collaborate to Create: The Power of Strategic Alliances





Unlocking M&A Potential: Essential Strategies for Accounting Firms

Scott Bushkie CBI, M&AMI, CM&AP

Started with the simple concept...

**“We’re all better together
than we are apart”**

CIA History

- 30 partner firms on 4 continents
- Over 4,302 M&A deals completed
- 1,405 combined years of M&A experience
- 155 M&A advisors
- 163 deals closed per year
- \$5.5B of TEV closed since 2021
 - \$1.9B of TEV closed in 2024

CIA Pillars of Value

- Global network – buyer reach
 - Partners on 4 continents
 - International network of buyers
- Tools and resources
- Education
- Access to industry experts
- Best practice sharing/collaboration

Who We Serve

- \$5M - \$150M annual revenue
- \$1M - \$15M EBITDA
- Selling majority – 100% of the company
- Most family or individually owned
- Many first-time sellers
- Largest financial transaction of their lives

Environmental Landscape

TOP INDUSTRIES BY MARKET SECTOR

 <\$500K	 Personal Services 24%	 Restaurants 22%	 Consumer Goods, Construction (tie) 11%
 \$500K-\$1M	 Personal Services 19%	 Business Services 17%	 Health & Biotech 15%
 \$1M-\$2M	 Construction/Engin. 28%	 Business Services 23%	 Personal Services 15%
 \$2M-\$5M	 Wholesale/Distrb. 16%	 Construction/Engin, Mnfg, Personal Svs (tie) 14%	
 \$5M-\$50M	 Construction/Engin. 36%	 Manufacturing 18%	 Wholesale/Distrb. 14%

MARKET PULSE EXECUTIVE SUMMARY Q1 2025

Most Risky Business Environments

IN THE US:

- Printing
- Casting Agencies
- Telecommunication Networking Equipment
- Corn Farming
- Corn, Wheat & Soybean Wholesaling
- Chicken & Turkey Meat Production
- Paper Wholesaling
- Newsprint Manufacturing
- Soybean Farming
- Iron Ore Mining

IN CANADA:

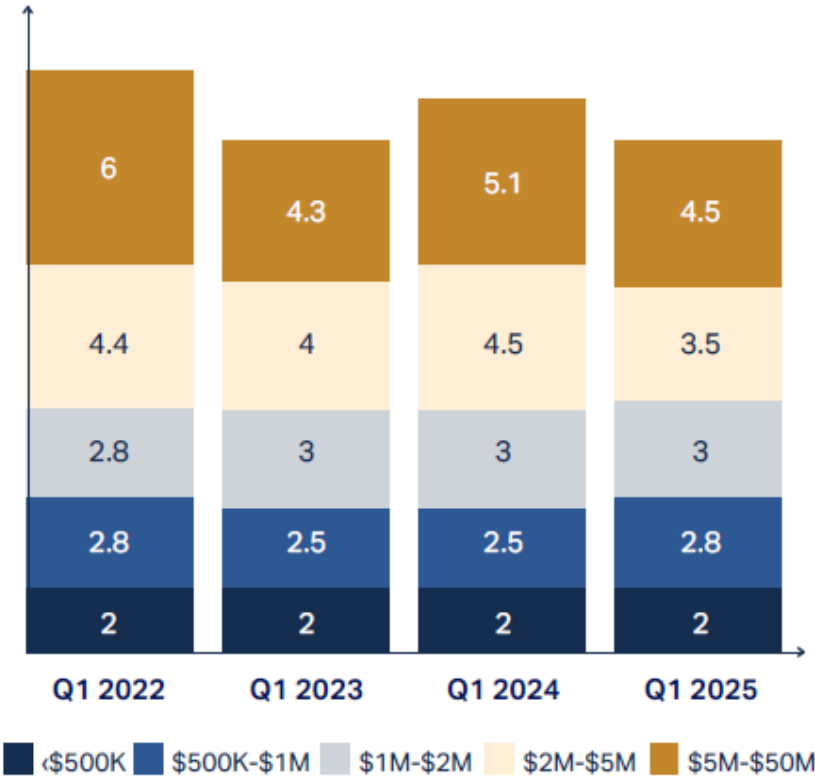
- Oil Drilling & Gas Extraction
- Coal Mining
- Oil & Gas Field Services
- Iron & Steel Manufacturing
- Telecommunications Networking Equipment Manufacturing
- Metal Pipe & Tube Manufacturing
- Iron Ore Mining
- Soybean Farming
- Farm Supplies Wholesaling
- Flower & Nursery Stock Wholesaling

Time to Close

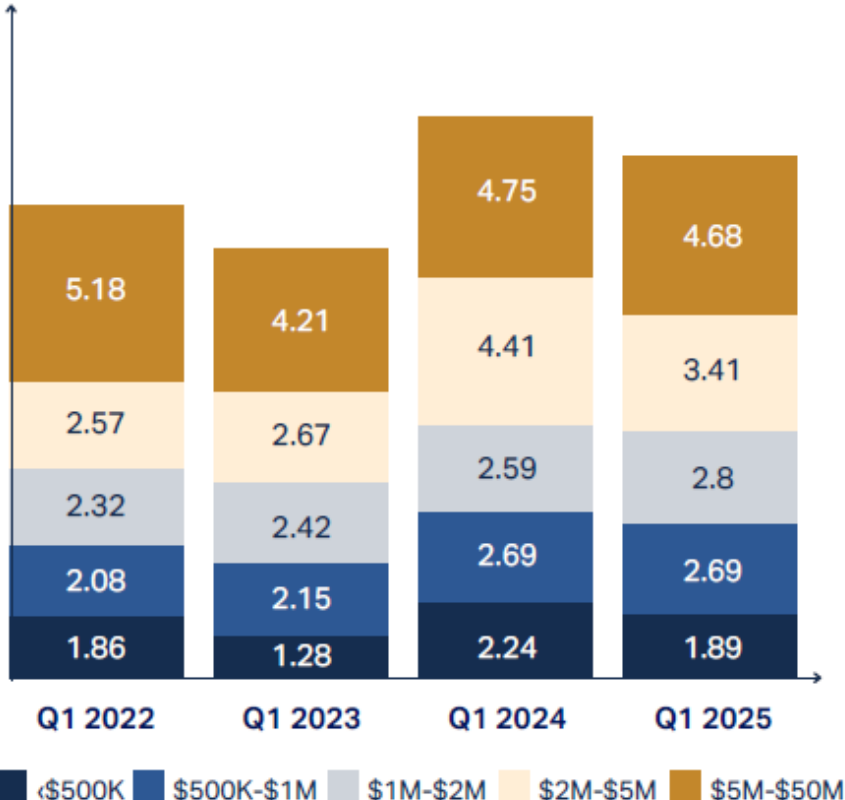


Business Value

MEDIAN MULTIPLES
YEAR-OVER-YEAR, Q1 2022 - 2025



AVG. OFFERS PER DEAL
LAST FOUR QUARTERS



VALUATION OVERVIEW

CHART 1

TOTAL ENTERPRISE VALUE (TEV)/EBITDA

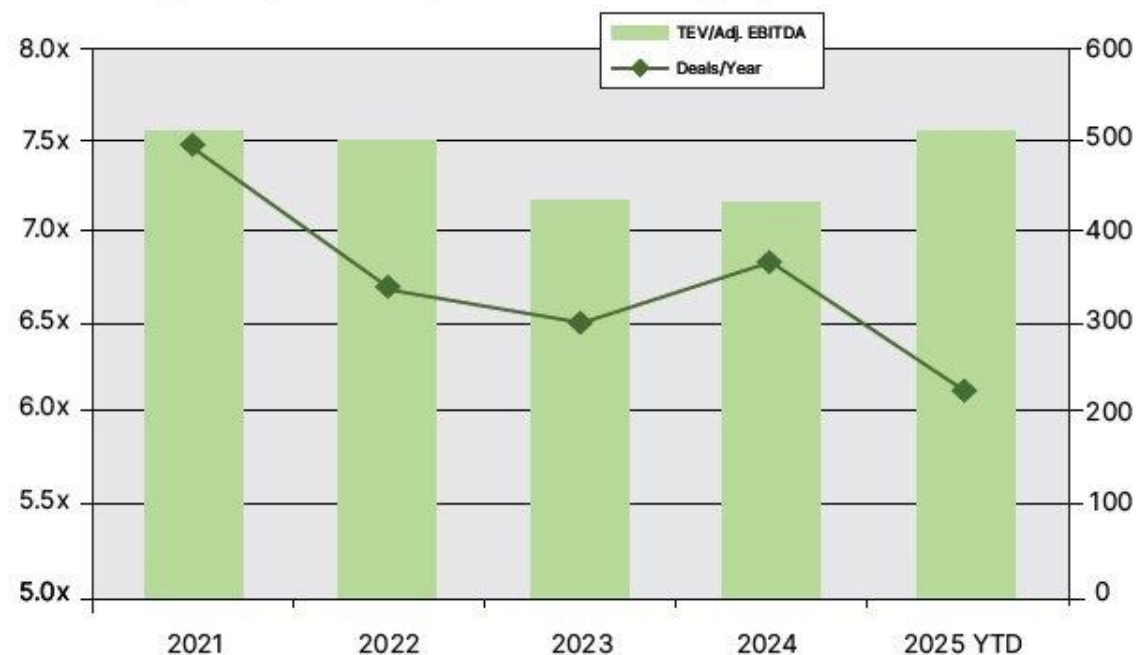
TEV	2003 -2020	2021	2022	2023	2024	YTD 2025	Total	N =
10-25	5.8	6.1	6.4	6.0	6.4	6.7	5.9	2102
25-50	6.6	7.2	7.0	7.0	6.8	7.1	6.7	1610
50-100	7.5	8.3	8.5	8.0	8.3	8.4	7.7	1098
100-250	8.2	9.3	9.1	9.6	8.5	10.7	8.6	623
250-500	9.2	10.9	10.1	10.7	9.7	8.0	9.9	92
Total	6.7	7.6	7.5	7.3	7.2	7.6	6.9	
N =	3953	501	334	294	384	59		5525

Please note that N for 2003-20 encompasses 18 years of activity.

GF SOURCE: GF DATA® an ACG Company

CHART 2

AVERAGE MULTIPLES AND DEAL VOLUME



GF SOURCE: GF DATA® an ACG Company

CHART 16

TEV/EBITDA—BY INDUSTRY (\$10-250M TEV)

INDUSTRY	2003 -2020	2021	2022	2023	2024	YTD 2025	Total	N =
Manufacturing	6.2	7.1	7.3	6.5	6.9	6.6	6.4	2161
Business services	6.7	7.3	7.4	7.3	7.2	8.3	7.0	1271
Health care services	7.4	8.1	8.4	8.9	7.7	9.0	7.7	483
Retail	7.0	8.3	8.0	6.0	7.4	NA	7.1	146
Distribution	6.7	7.2	7.2	7.1	6.9	7.5	6.8	590
Media & Telecom	7.6	7.0	9.1	7.8	6.7	NA	7.6	83
Technology	8.4	10.3	8.1	10.2	8.1	5.7	8.6	187
Other	6.3	7.3	6.7	6.9	7.0	6.9	6.4	510
N=								5431

Please note that N for 2003-20 encompasses 18 years of activity.

GF SOURCE: GF DATA® an ACG Company

- Four major business categories—manufacturing, business services, health care services and distribution—make up about 80% of the GF Data deal volume.
- Contributors place manufacturing deals in one of three sub-categories. The overall multiples in that category break down as follows:

	2023	2024	YTD 2025
Manuf. Branded Consumer	7.3	7.3	6.3
Manuf. Business to Business (B2B)	6.2	6.7	7.1
Manuf. Unbranded Consumer	8.0	7.7	5.2
All Manufacturing*	6.7	7.0	6.7

*Note, the analysis above includes deals with TEV between \$10M and \$500M.

- Average valuations on manufacturing deals in the first quarter of 2025 declined from full-year 2024 levels, with particularly sharp drops in branded consumer and unbranded consumer manufacturing. Branded consumer valuations fell to 6.3x from 7.3x in 2024, while unbranded consumer valuations dropped to 5.2x from 7.7x.
- In contrast, business-to-business manufacturing valuations improved, rising to 7.1x compared to 6.7x last year. Taken together, manufacturing as a business category posted an average multiple of 6.7x in the first quarter, a modest decline of 0.3x compared to the full-year 2024 average of 7.0x.

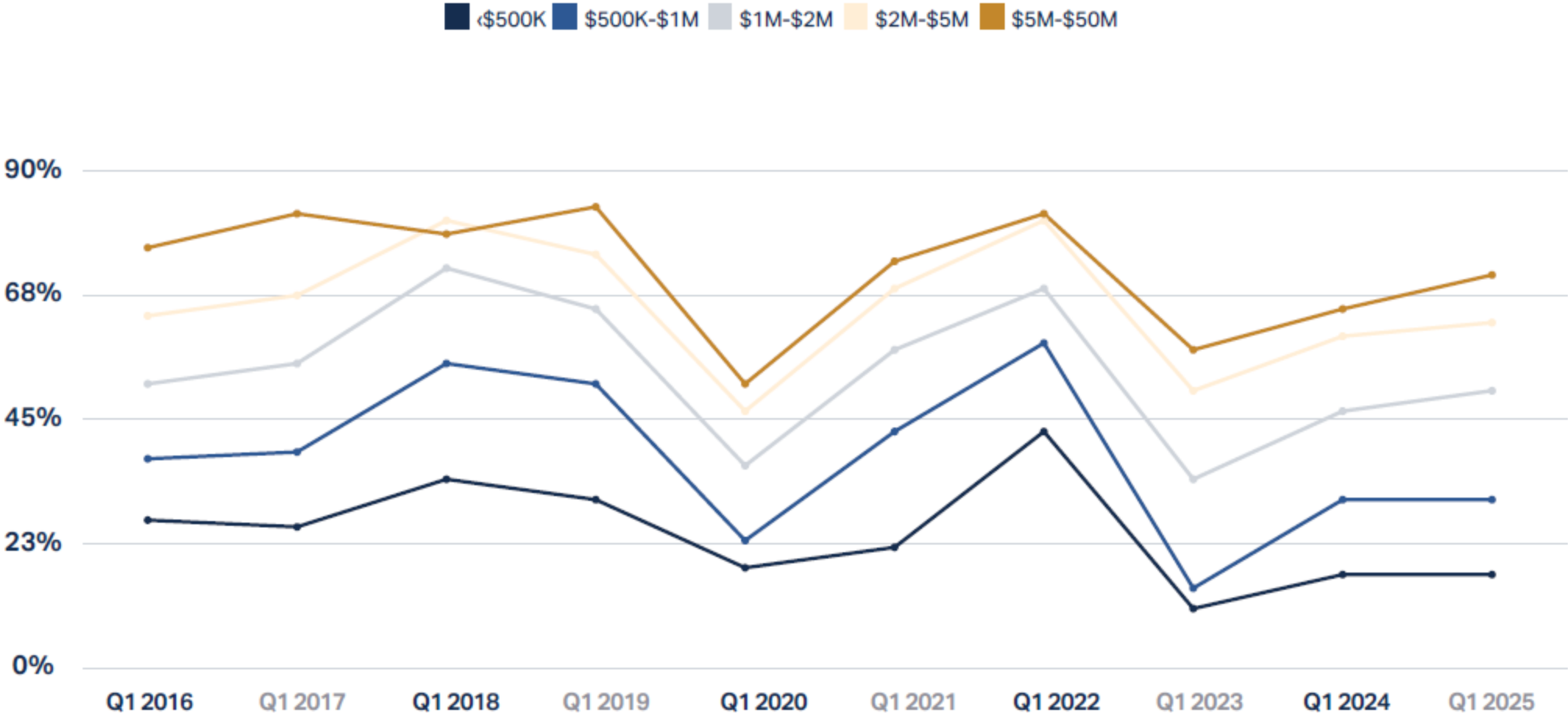
Accounting Comps (232)

Multiples	2 years	5 years	10 years
Revenue	1.20x	1.11x	1.12x
EBITDA	4.0x	3.94x	3.90x

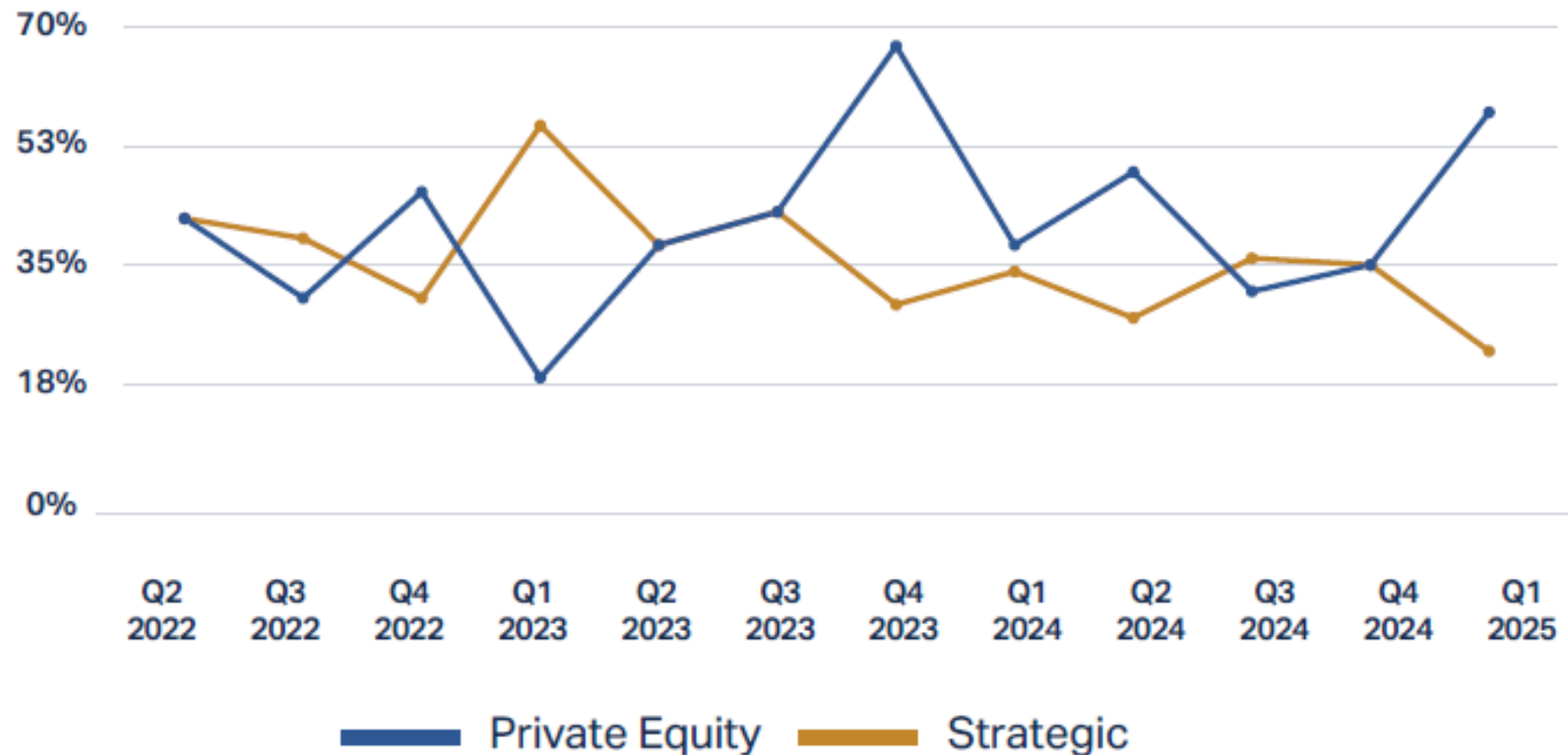
Multiples	>\$1M	\$1-5M
Revenue	1.11x	1.14x
EBITDA	3.9x	3.9x

Market Confidence

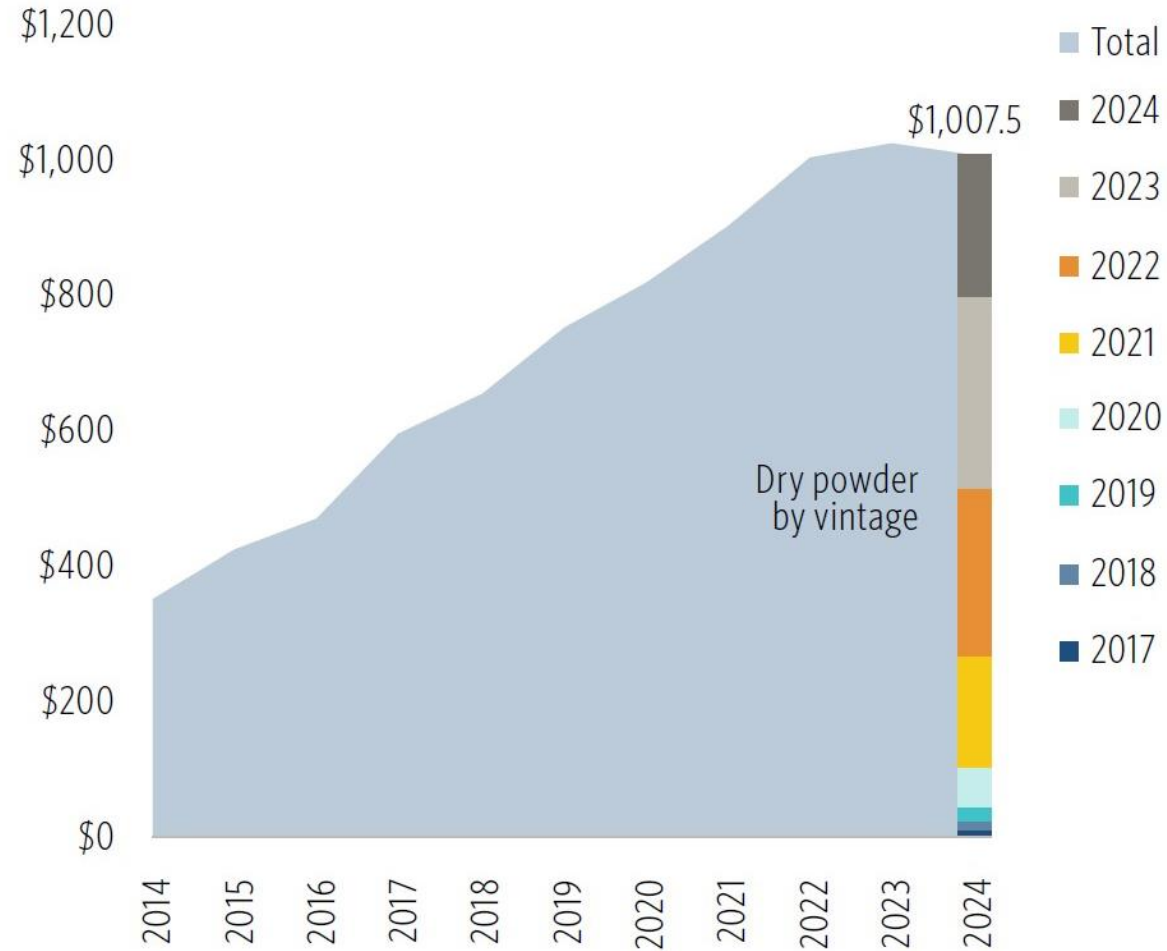
SELLER'S MARKET SENTIMENT Q1 2016-2025



Percentage of \$5M-\$50M Deals Captured by Private Equity vs Strategic Buyer



PE Dry Powder (\$B)



Source: PitchBook • Geography: US • As of June 30, 2024

Accounting Firms Approaching M&A

1. Have a sound strategy
 - What are you trying to accomplish
2. Have your team in place
 - Lender, M&A attorney, M&A advisor
3. Ask the question, “What’s important to you?”
4. Build rapport before negotiating

What the Owner Sees...



What the Buyer Sees



Accounting Firms Approaching M&A

1. Have a sound strategy
 - What are you trying to accomplish
2. Have your team in place
 - Lender, M&A attorney, M&A advisor
3. Ask the question, “What’s important to you?”
4. Build rapport before negotiating
5. Have a thorough due diligence process
6. Find proprietary deals and get to LOI before competition
7. Post-sale integration

Working Together

- Start the conversation
- Introduce and endorse
- Tax minimization work
- Audited financials
- AUM wealth management
- Business advisory services/value enhancement
- Working capital peg analysis
- Sell-side Q of E
- Creation of KPI's
- Margin analysis by division, product line and/or customer

Phase 1: Value Enhancement



CRITICAL QUESTIONS FOR BUSINESS OWNER CLIENTS

INDUSTRY

COMPANY NAME

ESTIMATED ANNUAL REVENUE

ESTIMATED EBITDA (optional)

1. Have you had a professional valuation done in the last 2-3 years by a respected M&A firm that understands the current market for a business like yours? (Not just software/formula driven valuations)
☐ Yes ☐ No
2. Do you understand the specific tax ramifications of your potential sale/exit, and what you would net after taxes from the sale?
☐ Yes ☐ No
3. Have you met with your Financial Advisor to determine what you need to net out of your sale/exit to live your ideal lifestyle?
☐ Yes ☐ No
4. Do you have sufficient life insurance to protect you, your family, and the business if something were to happen to you?
☐ Yes ☐ No
5. Do you have a written plan as to how, when, and why you will exit your business?
☐ Yes ☐ No
6. Are you aware of your -10 different Exit Options, and which is best for you?
☐ Yes ☐ No

If your client answered "no" to any of the first 6 questions, there is work to be done. Contact us at Cornerstone and we can work together to create a plan.

7. Is the business your largest financial asset and primary source of income?
☐ Yes ☐ No
8. In your ideal scenario, when do you plan to exit your business?
☐ now ☐ 3mos-12mos ☐ 1-2yrs ☐ 2-5yrs ☐ 5-10yrs ☐ 10+yrs
9. What if today was your last day on earth? What would happen to: (optional)
Your Business

Your Family

Your Employees

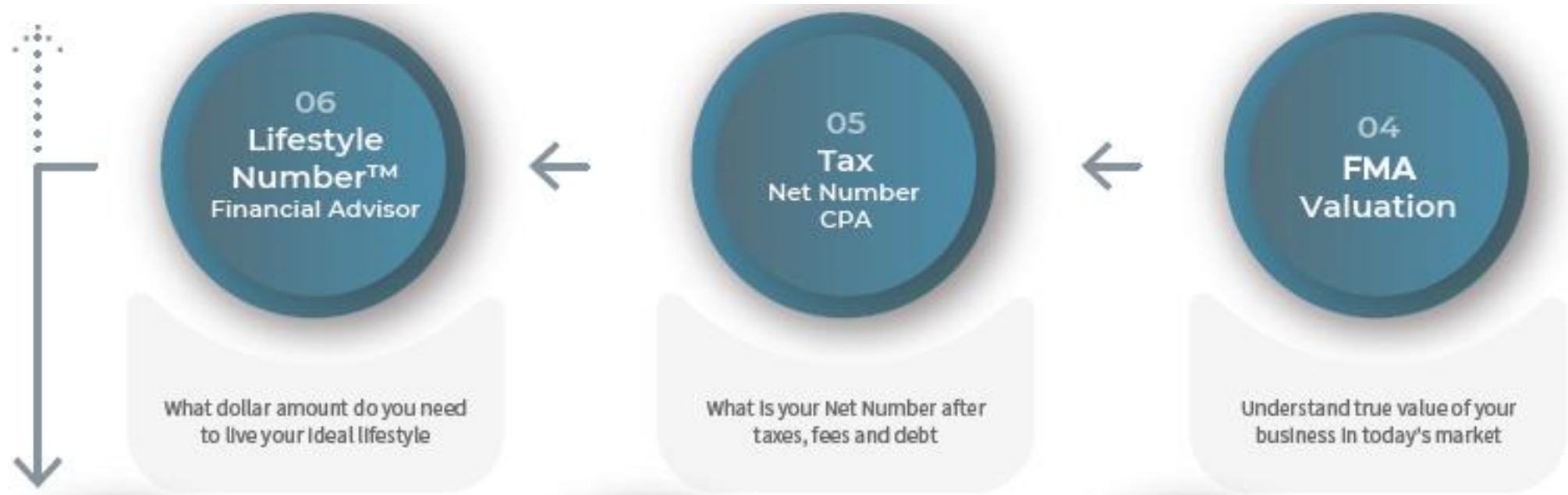


P: 920.436.9890
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Critical Questions

Phase 2: Gather Deal Team to Analyze Numbers





CONTACT US



SCOTT BUSHKIE

Managing Partner, Founder of
Cornerstone Business Services

920-436-9890

sbushkie@cornerstone-business.com



NICK OLSEN

Managing Director of
Cornerstone International Alliance

920-436-9890

nolsen@cornerstoneia.com

THANK YOU

Questions?



<https://www.linkedin.com/in/scottbushkie/>



sbushkie@cornerstone-business.com



<https://cornerstoneia.com/>



920-436-9890