



GROWTH VIA ACQUISITION

WITH
BEN MCADAM
FINANCIALS COACH
& **KEVIN WILKE**
WATER RESTORATION
MARKETING



WHAT WE'LL COVER

- **4 Very Compelling Reasons Why To Buy An Agency Next Year**
- **8 Steps In A Successful Acquisition**
- **2 Instant Deal Killers**
- **How To Determine The Valuation**

Who Am I?

- Husband & Father of 2 year old.
- Online entrepreneur since 1996.
- This is my 4th 7-figure online business.
- Have done 4 acquisitions and 3 exits.
- Current agency - Titan level going to \$1 Mil MRR in 4 years.
- 1st agency acquisition in July, goal 1-2/year.





Why Buy An Agency? 4 Reasons

1) Increase Your Revenue/Profit/Cash Flow

SEVEN FIGURE
AGENCY



Only Organic Growth

	2024	2025	2026	2027	2028	Growth
Revenue	\$1,000,000	\$1,200,000	\$1,440,000	\$1,728,000	\$2,073,600	2.1x
Profit	\$250,000	\$300,000	\$360,000	\$432,000	\$518,400	2.1x
Multiple	2.5	3	3	3.5	3.5	1x
Valuation	\$625,000	\$900,000	\$1,080,000	\$1,512,000	\$1,814,400	2.9x

Assumes

- **25% profit margin**
- **20% yearly organic growth**

Organic + Acquisition Growth

	2024	2025	2026	2027	2028	Growth
Revenue	\$1,350,000	\$2,092,500	\$3,243,375	\$5,027,231	\$7,792,208	5.8x
Profit	\$337,500	\$523,125	\$810,844	\$1,256,808	\$1,948,052	5.8x
Multiple	3	3.5	4	5	6	3x
Valuation	\$1,012,500	\$1,830,938	\$3,243,375	\$6,284,039	\$11,688,313	11.5x

Assumes

- 25% profit margin
- 20% yearly organic growth
- 35% of current business size for acquisitions

Organic Growth vs Acquisition Growth

	Organic	Both	Difference	
Revenue	\$2,073,600	\$7,792,208	\$5,718,608	3.8x
Profit	\$518,400	\$1,948,052	\$1,429,652	3.8x
Multiple	3.5	6	2.5x	
Valuation	\$1,814,400	\$11,688,313	\$9,873,913	6.4x

Assumes

- **25% profit margin**
- **20% yearly organic growth**
- **35% of current business size for acquisitions**

2) Add On Other Services



3) Other Agencies In Your Niche

SEVEN FIGURE
AGENCY



4) Agencies In Other Niches



A chalkboard background with a white speech bubble in the upper right. Inside the bubble, the text '80/20' is written in yellow chalk. A white line extends from the left side of the bubble, forming a rectangular frame. At the bottom of the board, a dark grey banner contains the title '8 Steps To A Successful Acquisition' in white, bold, sans-serif font.

80/20

8 Steps To A Successful Acquisition



1) The First Call (5 Parts)

1st Call (5 Parts)

1. Build Rapport

2. Why Are They Selling?

5 Ds - Death, Divorce, Disability, Distress, Partner Disagreement
Burned Out

3. Pre-Frame Deal Terms

Upfront (SBA), Owner Financed, % of Revenue, Earn Out

4. Gather High Level Info (revenue & profit)

5. Next Steps / Set Expectations

Quickbooks & Stripe view only access

Accountability/Org Chart

Churn Report

Breakdown of clients/packages/revenue of each



2) Initial Due Diligence (9 Areas)

Initial Due Diligence (9 Areas)

1. **Monthly P&L** (Past 12 Months, & 13-24 Months)
2. **Quality of the Revenue** (Recurring vs 1-Time)
3. **New Client Growth**
4. **Monthly Churn / Net Growth**
5. **Team** (Org chart, leadership, compensation, locations)
6. **SOPs** (Have them, quality, for all critical roles)
7. **Who Do Clients Talk To?**
8. **What Does Owner Do That Needs To Be Replaced?**
9. **Culture Fit**
10. **TIP - What's Their Monthly "Walk Away" Number?**



2 Deal Killers!!



3) Adjusted EBITDA/Add Backs

Reasonable To Remove

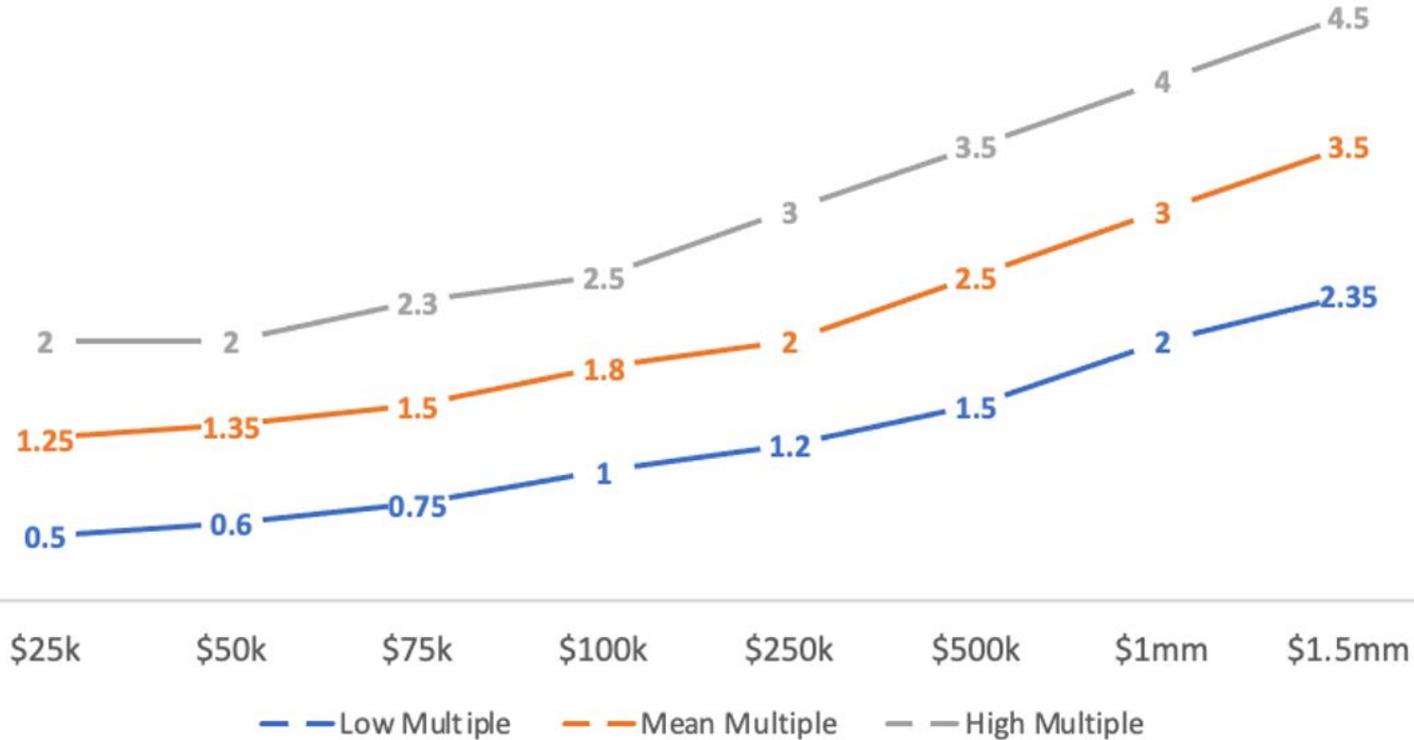
- **Excess personal travel**
- **Eating out/entertainment**
- **Cell phone/internet**
- **Personal office, 2nd home**
- **Vehicle**

- **Debatable/Push Back On**
 - Owner's Salary (need to pay somebody else to do their job)



4) Projections & Valuations

Valuation Ranges (Multiple of Adjusted Profit)



What Impacts Multiples (Higher/Lower)

- **Sales process and new client acquisition**
- **Churn**
- **Business revenue & profit trend (growing or shrinking)**
- **Profit margin**
- **Client payment terms / cash flow cycle**
- **SOPs**
- **Owner involvement (clients, day to day, post acquisition)**
- **Management/leadership team**
- **Key team member risks**
- **Length in business**
- **Strategic fit**
- **Culture/team fit**
- **Quality of revenue (1-time vs recurring)**
- **Deal Terms**



5) Get Expert Guidance



6) Crafting Your Offer (Valuation + Terms)

Main Term "Buckets"

- **Upfront Payment**
- **Owner Financed**
- **% of Revenue**
- **Earn out paid over time when/if milestones are hit**
- **Consider Worst Case Scenario Clauses**



7) The Pitch, Negotiations & LOI

2 Types of Sales

**Equity
Asset**



8) Finalize Asset Purchase Agreement



Getting Team Onboard / Integration

If You Ever Want To Jump On A Call

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