

How Accounting Firms Can Grow Through M&A

This Insight builds on BDO's recent article, [*What Accounting Firms Need to Know About Business Succession Planning Alternatives*](#), and takes a closer look at how accounting firms can use M&A to drive growth, expand capabilities, and strengthen long-term competitiveness.



WHY M&A HAS BECOME A STRATEGIC PRIORITY

Persistent talent shortages, rising technology costs, increasing capital demands, and continued consolidation are changing what it takes for accounting firms to compete. While some firms are exploring private equity, competitor sales, or ESOP structures, many still view M&A as the most effective way to grow while maintaining independence and partner control.

For accounting firms, M&A is more than a faster route to top-line growth and presents genuine opportunity — but it comes with complexity. At its best, it's a way to add scale, deepen specialization, enter new markets, improve access to talent, and build a stronger platform for future succession. At its worst, it can create operational strain, dilute culture, and disguise underlying performance issues that remain unresolved. The firms that stand to reap the benefits from acquisitions are the ones that approach M&A with a clear strategy and a realistic understanding of what value creation requires.

WHY FIRMS CHOOSE GROWTH THROUGH ACQUISITION

One of the reasons firms pursue acquisitions is that organic growth alone may not be enough to keep pace with client expectations and market demands. Major projects such as building a specialized team, expanding into a new geography, or adding leadership depth through hiring can take years when undertaken without looking beyond the firm's internal structure. But a well-aligned transaction can accelerate each of those goals by allowing the organization to scale rapidly, helping it fund technology modernization, broaden service offerings, and compete more effectively without giving up ownership. This allows firms to maintain their independence or make themselves more attractive for an eventual sale.

M&A can also help firms address issues that are increasingly difficult to manage internally. In a profession where succession planning remains a pressing concern, acquisitions can introduce revitalized partner pipeline, add management depth, and improve continuity in key practice areas. In a constrained labor market, acquiring a firm may also be one of the few realistic ways to add experienced professionals at scale. In that sense, M&A is often as much a strategy focused on talent and leadership as it is on revenue.



WHAT A DISCIPLINED M&A STRATEGY LOOKS LIKE

Accounting firms can enhance the M&A process through a disciplined strategy, often employing the following industry-leading practices:

Proactively identifying and building relationships with prospective targets

This helps avoid competitive bidding processes and also helps confirm that there is a cultural fit between the acquirer and target.

Understanding the scale advantages of the merger

As accounting firms continue to make significant investments in AI and automation, capital expenses grow significantly. Being able to allocate investment expenses across a larger client base can increase the ROI on such investments.

Measuring potential synergies during a deal process

This includes understanding customer overlap, geographic footprint, and cross-selling potential. Confident understanding of potential synergies can be a major driver of valuation during negotiations.

Emphasizing opportunities among partners

Generous earnout potential motivates acquired partners while addressing attrition risk.

Taking advantage of the merger announcement's momentum

Spotlighting new partners through activities such as press engagements, industry organizations, conferences, and client events can generate positive attention for the firm.

These practices also raise the importance of selectivity. The strongest M&A strategies are grounded in a defined acquisition thesis that guides what they seek in a transaction, including:



Geographic expansion



Industry specialization



Leadership depth



Talent acquisition



Greater scale

Without this clarity, M&A can become reactive and opportunistic, leading to deals that increase short-term size but not long-term value. Due diligence also remains essential, including in financial, commercial, IT, and HR matters. The success of a transaction often depends less on historical revenue and more on the durability of client relationships, the alignment of partner expectations, the quality of the management bench, and the compatibility of technology and workflows.

Culture is particularly important. In a professional services business, if partners and staff do not see a future in the combined firm, even a financially attractive transaction can underperform.

INTEGRATION IS WHERE VALUE IS REALIZED

After closing a deal, firms must shift their focus to integration. Properly integrating the acquired company is critical to whether the acquiring firm will see realized value. Effective integration tends to focus on leadership roles, communication, retention, client transition, and operational alignment from the outset. Firms that focus on these areas understand that people need clarity quickly and that uncertainty around compensation, reporting lines, branding, or service delivery can create unnecessary disruption. A thoughtful integration process aligns the parts of the business that are critical to performance while preserving the strengths that made the target attractive in the first place.

Questions to Ask Before Pursuing an Acquisition

- ▶ Does this deal advance a defined strategic priority?
- ▶ Will it strengthen succession, talent, or specialization?
- ▶ Can the firm absorb and integrate the acquired firm successfully?
- ▶ Is the firm buying healthy growth or simply covering weak fundamentals?
- ▶ What risks could undermine value after closing?

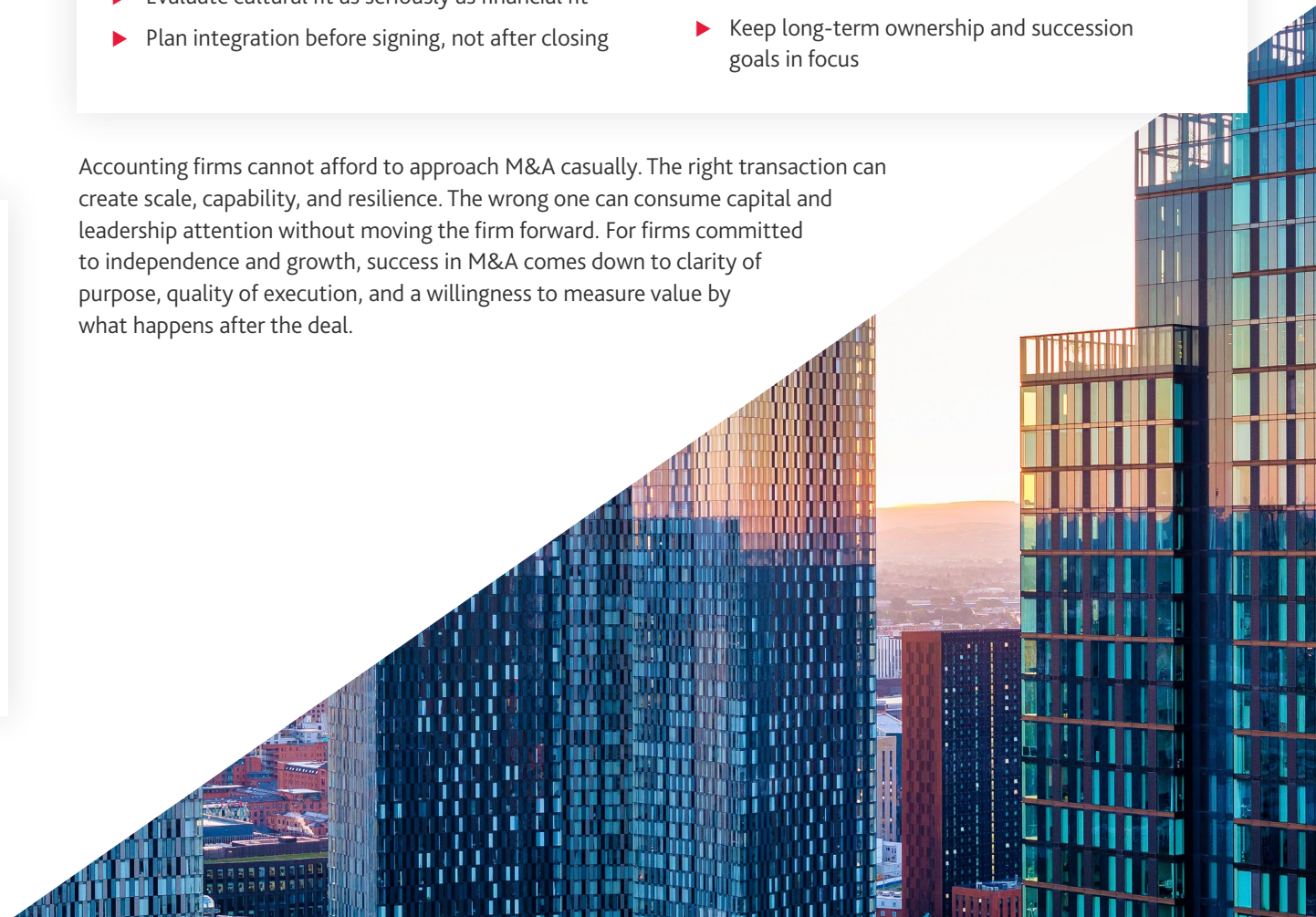
WHAT SUCCESSFUL ACQUIRERS DO DIFFERENTLY

The firms that use acquisitions most effectively are those that are disciplined before the deal, rigorous during due diligence, and intentional after closing. Success in M&A is about pursuing the right deals for the right reasons — and then executing them well enough to turn strategic intent into measurable results.

What Successful Accounting Firm Acquirers Tend To Do Well

- ▶ Define what they want a deal to accomplish
- ▶ Evaluate cultural fit as seriously as financial fit
- ▶ Plan integration before signing, not after closing
- ▶ Protect talent and client relationships during transition
- ▶ Keep long-term ownership and succession goals in focus

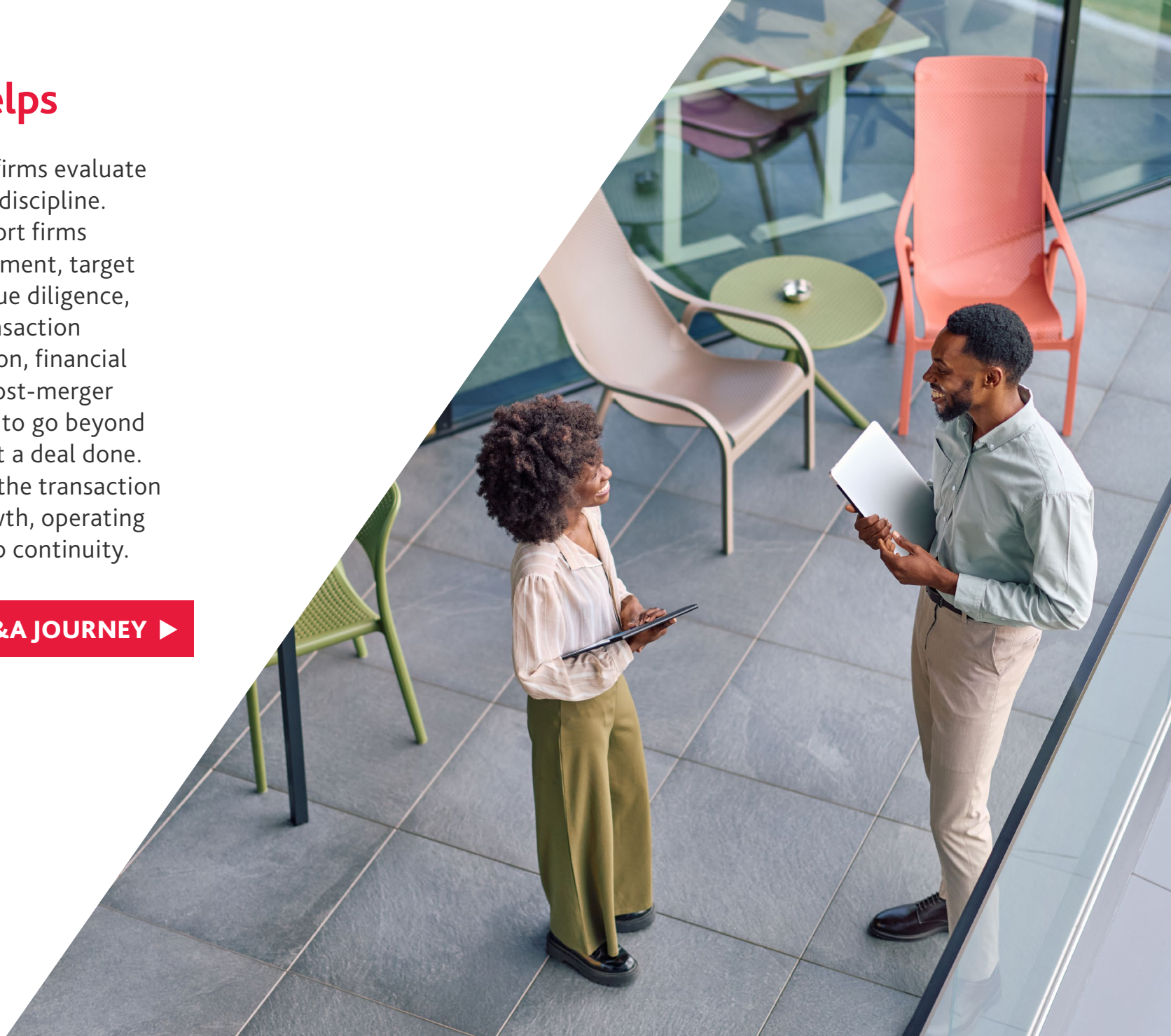
Accounting firms cannot afford to approach M&A casually. The right transaction can create scale, capability, and resilience. The wrong one can consume capital and leadership attention without moving the firm forward. For firms committed to independence and growth, success in M&A comes down to clarity of purpose, quality of execution, and a willingness to measure value by what happens after the deal.



How BDO Helps

BDO helps accounting firms evaluate and execute M&A with discipline. Our professionals support firms across strategy development, target assessment, buy-side due diligence, quality of earnings, transaction structuring and execution, financial statement audit, and post-merger integration. Our goal is to go beyond simply helping firms get a deal done. We guide firms to help the transaction support long-term growth, operating strength, and leadership continuity.

EMPOWER YOUR M&A JOURNEY ►



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