INDIE AGENCY NEWS · BLUEPRINT

Indie Blueprint

AGENCY M&A

What indie owners need to know about preparing for sale, what buyers actually want, and what the right buyer brings beyond the check.

HALF-DAY SESSION · NEW YORK · MAY 2026

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What's inside.

The Opener

About thirty independent agency leaders sat in a room in New York on a Monday afternoon and got a version of the M&A conversation that doesn't normally happen in public. No platitudes about the death of the holding companies, nothing about how it's the best time ever to sell. The numbers came first: deal value is up 43%, driven by mega-deals at the top of the market; deal volume is essentially flat; and private equity now sits behind 80% of marketing-services transactions.

The founders best positioned over the next 24 months are the ones already preparing for a sale they may never make. The work of getting your agency ready to sell is the work of running a great independent agency: clean financials, GAAP accrual, proper employee classification, recurring revenue, an estate plan in place, a workforce that understands its role through a transition. Agencies that slow down just enough to do that preparation move faster, with more confidence, than the ones racing toward a transaction without it.

What's inside

This Blueprint distills three hours of working sessions — co-produced with Davis+Gilbert and Evalla Advisors — into a framework you can act on. It opens with Lori Murphree's State of M&A read, then goes deep on three sessions: preparing for sale, what buyers want, and what the right buyer brings to the table. The cross-session synthesis ties the threads together; the closer gives you ten things to start this month, whether or not a sale is in your future.

Five things you need to know

1. **Total deal value is up 43%, but deal volume is flat.** The lift is driven by mega-deals at the top — larger companies trading at higher prices, not more deals overall. Private equity now sits behind 80% of marketing-services transactions, so PE is a permanent factor whether you sell to it, compete with it, or stand against it.

2. **"We have an AI strategy" is no longer good enough.** Lori Murphree's first-question test for every buyer: what are your AI KPIs? If you can't answer with metrics rather than aspirations, buyers won't believe you have a strategy at all.

3. **The single biggest valuation lever for your next 18 months is growth.** Profit still matters, so does recurring revenue — but showing you can scale in a bumpy economy is how you command a premium multiple.

4. **Estate planning has to happen before there's a deal on the table.** Once a letter of intent sets a value on your agency, the IRS can point to that number and shut down most of the planning leverage you'd have had.

5. **Founders who optimize only for price are the ones most likely to be miserable two years post-close.** Optimize for joy, and the money tends to follow. The wrong fit can make any number disappear into a bad three years.

SECTION 02 · MARKET READ

The state of M&A.

Lori Murphree, Founder & Managing Partner, Evalla Advisors

Value up. Volume flat.

Global M&A value is up roughly 43% year-over-year; total deal volume is essentially flat. The lift is driven by a small number of mega-deals at the top — larger companies trading at higher prices, not more deals overall. For an indie owner, the headline number can be misleading: the gain is concentrated at the very top, not a rising tide across the mid-market. The bar to transact is unchanged. You need to be a clean, well-positioned, fairly-priced asset that fits a buyer's strategy.

PE is now the dominant force.

Roughly 80% of marketing-services transactions today have private equity behind them in some form — as the buyer, the buyer's parent, or the platform conducting a rollup. PE now represents around 30% of marketing market share by ownership. There is a lot of dry powder, and there will be more: as PE exits, those firms raise more funds.

AI is a precondition.

> ***"What are they doing with AI? Not just the strategy. What are the KPIs? If they cannot answer that, they will not believe you."***
>
> LORI MURPHREE

Multiples that are trading

For agencies doing $15M or more in revenue with $5M or more in EBITDA, Lori's working numbers (these vary by company, USPs, and market conditions at time of sale):

PROFILE	WORKING MULTIPLE
Pure creative, no performance signal	**5–8x**
Creative plus measurable performance	**Higher**
AI-enabled services (real integration + KPIs)	**8–11x**
Digital transformation / IT consultancy	**Highest in market**
Independent buyers, no PE backing	**6–10x**

PE platform buyers	**8–11x**

Read the spread this way: every step down the list is a story a buyer believes about your future earnings. Pure creative gets a lower multiple because the work is harder to predict and easier to cut. Proof of performance, real AI integration, and consulting-style retainers each move you up because they make next year's revenue look more certain. The same $5M of profit can be worth $25M or $55M depending on which row a buyer puts you in — and you have eighteen months to influence that.

Deal structure

PATTERN	UPFRONT
Most common: cash at close, rest in earn-out / rollover	**~60%**
Heavier back end (slower-growth agencies)	**50%**
Common with PE-backed buyers	**30% rollover equity**

Three ways to run a sale

A normal full process runs about nine months: three months prep, three months marketing, three months closing.

- **Off-market.** A single buyer who came to you. Fast, no auction, no backup if it falls through.
- **Targeted.** Twenty to thirty strategic buyers. Less noise, real fit-screening, less price tension.
- **Broad.** Seventy-five to a hundred or more (Evalla has reached two hundred). Maximum competitive tension, biggest time investment.

> ***"What do you truly want — professionally, personally, financially? You will have a boss. Can you work with that person? Maybe the boss is an advisory board. Maybe it is somebody who is over you in the org chart."***
>
> **LORI MURPHREE**

What you can use now

- **Build the AI-KPI sentence.** One sentence naming your AI strategy, what you measure on it, and when you started.
- **Pressure-test your numbers.** How do you get growth and profit closer to 30%?

- **Know your "who do I report to" answer.** Write down the post-sale arrangement that lets you keep doing this work.
- **A banker can help you optimize regardless of the process.** Each path has different risks and rewards — hire someone to help you navigate them.

SESSION 01

How to prepare for sale.

Moderator: Richard Eisert (Davis+Gilbert). Panelists: Brad Schwartzberg (Davis+Gilbert), Kelsey Campbell (Armanino), Kim Mustin (Bernstein), David Staggs (Davis+Gilbert).

Prep starts at incorporation

Choice of entity, how you contract with clients, how you classify your workforce, how you treat your IP — all of it compounds. By the time you're inside a deal, the easy fixes are gone. Brad's recommendation: independent diligence. Once a year, run your own agency through the diligence drill as if you were going to sell.

> ***"Buyers buy for a living. Sellers sell once. Take 5% of your time and nurture this asset. Treat it like dental care. If you ignore it, it goes away."***
>
> BRAD SCHWARTZBERG

LLC is almost always the right answer

A C-corp creates double taxation. An S-corp is taxed once at the shareholder level, but ownership is restricted, and PE cannot acquire an S-corp without converting it to a C-corp first. An LLC combines limited-liability protection, one level of tax, and flexibility on equity classes. If you operate as an S-corp and an exit sits within your three-to-five-year horizon, have the LLC conversation with your lawyer now.

Working capital is the hidden asset

The buyer requires you to deliver adequate working capital at close. Many well-run agencies sit on six months of cash. At close, any excess becomes purchase price you did not capture.

> ***"If you always keep six months of cash and then try to take a bunch out right before a deal, that is a red flag. Start early. Take money out consistently so the runway is three months, not six."***
>
> KELSEY CAMPBELL

GAAP, accrual, and Quality of Earnings

Cash-basis financials work for running the business, but not for a transaction. A full audit is usually not required. What you need is a Quality of Earnings (QoE), prepared the way a buyer wants to consume it — with one-time expenses and owner add-backs surfaced, and EBITDA shown the way the market shows it.

> ***"Number one in my book is making sure you have GAAP and accrual-based financial statements."***
>
> **KELSEY CAMPBELL**

Employee classification is a deal killer

> ***"If they are doing the job of an employee at your company, you have to have them be an employee. They cannot be a contractor. That holds up deals in the middle."***
>
> **KELSEY CAMPBELL**

Estate planning, early or never

Estate tax values an asset at the date you gift it, not the date you die. Move a slice of the agency into a trust today, while the company is small, and you lock in today's low value for tax purposes. All the growth between now and your exit happens outside your taxable estate, tax-free. Transfer 7% into a trust now, and the IRS looks at what 7% was worth the day you gifted it — not the far larger number it becomes the day you sell.

> ***"The estate-tax exemption is $15 million per person, or $31 million for a married couple. The federal rate is 40%. In New York, combined with state, it is about 49.6%. If the company winds up worth $100 million, planning can save at least $40 million. We have time to plan — until we reach a letter of intent."***
>
> **DAVID STAGGS**

Kim's "what do you actually need" framework

How much each owner needs starts with the lifestyle they want after the sale. Money goes to four places: lifestyle, family, charity, and the government. Kim's language of core capital versus surplus capital became one of the most useful frames of the day.

> ***"Some people want to own a yacht. Some want to rent a yacht. Some want a Boston Whaler. Some want a canoe. It all starts with figuring out what kind of life you actually want."***
>
> **KIM MUSTIN**

Brad's four-factor framework for evaluating buyers

#	FACTOR
1	**Price.** Obvious — and only one of four.
2	**Certainty.** Will the deal actually close? Is the value back-loaded into an earn-out that may never materialize?
3	**Risk.** How much do you keep after taxes and indemnification? Not how much you get — how much you keep.
4	**Culture.** Can you work with these people through the two- or three-year earn-out?

What you can use now

- **Run your own diligence drill.** Build a data room as if you were selling next quarter.
- **Check your entity structure.** S-corp with an exit 3–5 years out? Have the LLC conversation now.
- **Order a Quality of Earnings before going to market.** Not an audit. A QoE.
- **Audit your employee classifications.** Any 1099 doing employee work needs reclassifying.
- **Build the math behind your lifestyle.** Get a Bernstein-style number for what you actually need.
- **Meet with an estate planner.** Even without acting, leave with a two-year playbook.

SESSION 02

What buyers want to know.

Moderator: Veersen Ghatge (Evalla Advisors). Panelists: Eric Bertrand (CEO, Mod Op), Robin Bonn (CEO, Co:definery), Lindsay Waiser (Davis+Gilbert).

Threshold criteria & client concentration

Client concentration is normally the fastest way to scare a buyer off. If one client is 40%+ of revenue and walks the year after close, the buyer overpaid for an agency that no longer exists. Mod Op did the opposite with one agency where a single client was 90% of revenue — because that agency had a 25-year relationship with the client. Story and structure can sometimes overcome concentration, but only when the underlying relationship is genuinely that deep.

> ***"It is a threshold issue. You either do or you do not have it. For us, that means enterprise-level client experience. Be honest about what you actually do."***
>
> ERIC BERTRAND

Positioning versus value proposition

- **Positioning.** The business you're in. "We are a creative company." A signpost, nothing more.
- **Value proposition.** The outcomes you cause for the audience hiring you.

> ***"For too many agencies, when you drill into the proposition, what you get is, 'we make marketing stuff for money.' There is no differentiation in that."***
>
> ROBIN BONN

Clarity beats a compelling story

> ***"Agencies and advisors can overstate or overcomplicate positioning to tell a compelling story. Buyers value clarity and authenticity — clearly articulate what the agency genuinely does well and where it creates value."***
>
> VEERSEN GHATGE

Cash versus accrual — where deals quietly fall apart

Cash-basis books count money when it hits the bank, which can make a year look flush simply because a big invoice was paid early or a cost deferred. Accrual counts revenue when it's earned and costs when incurred — the truth a buyer pays for. The difference is not academic.

> ***"They said EBITDA was a million dollars. We started going through the numbers, and once they converted to accrual, it was $26,000."***
>
> **ERIC BERTRAND**

No fraud — just the wrong accounting method. Go to market on cash-basis books and that correction happens during diligence, in front of the buyer, costing you both the price and the trust.

The Minneapolis story

Mod Op has signed twelve LOIs and closed ten. Two didn't close, both on the seller side. One was a health issue. The other was operational:

> ***"The owner had stepped back. Two senior leaders were running the business day-to-day, with the client relationships. When we flew to Minneapolis for the first all-hands after the LOI, those two leaders learned about the deal in the room. They were furious, they were the relationships, and they killed the deal in real time."***
>
> **ERIC BERTRAND**

Robin on the pipeline

> ***"It is amazing how few agencies can tell you their conversion to value. They can tell you conversion by volume — how many pitches they won. But are they winning the big ones or the small ones? And when does an opportunity formally become a 'pitch'?"***
>
> **ROBIN BONN**

Robin on integration models

> ***"The 'house of brands' or the fully integrated 'branded house' models both work, but that decision has to be very clear, or the nuances of cultural integration get blurry fast. Bringing cultures together demands co-creation, not blunt force."***
>
> **ROBIN BONN**

What you can use now

- **Write the one-sentence ICP for your buyer.** It keeps your CIM focused.

- **Audit your positioning against your value proposition.** Read your About page through Robin's frame.
- **Build a pipeline conversion-to-value report.** Not how many pitches you won — what they were worth.
- **Check your tax status.** S-corp plus a PE-backed buyer creates an expensive late-stage surprise.
- **Incentivize your second tier now.** Phantom equity, sale bonus, or retention bonus.
- **Decide your joy-versus-money answer before talking to bankers.** Know what you're optimizing for.

SESSION 03

More than a deal.

Moderator: Lori Murphree (Evalla Advisors). Panelists: Jeb Brown (Yes&), Hannah Stone Craven (Stone-Goff Partners), Lindsay Rutherford (IKPN).

Three different doors

- **Jeb (strategic, Yes&).** Acquires for full integration. The Yes& brand is the only brand.
- **Hannah (majority PE, Stone-Goff).** Partners with founders who want meaningful wealth off the table. Recap structure: founders sell 55–75% and roll over 25–45%. Framework: TEOS — Talent, Experts, and Outsourced Support.
- **Lindsay (minority equity, IKPN).** Takes 5–15% stakes, no control. Growth equity, not exit liquidity. Network of 26 agencies.

> ***"If you brand something separately, it becomes a silo psychologically. We are trying to create cultural pressure to become part of the team."***
>
> JEB BROWN

> ***"Our companies are run independently. The CEOs in charge are in charge. We work collaboratively. There is homework on both sides of every board meeting."***
>
> HANNAH STONE CRAVEN

The honest answer on acqui-hires

For a lot of smaller agencies, this is the realistic exit, and nobody says it out loud. If the team is strong but the business is small or the profit thin, a buyer is paying for the people and client relationships, not for a company with real standalone value.

> ***"Acqui-hire is not walk-away money. It is probably one to two million if you are lucky. Sometimes the buyer's offer is to keep your people employed and your clients happy. Sometimes that is enough."***
>
> LORI MURPHREE

Knowing this going in is the point. If an acqui-hire is your likely outcome, you can stop chasing a headline multiple that was never on the table and start optimizing for where your people land and who they work for.

> ***"Agencies come for the media. They get delighted by the rest."***

> LINDSAY RUTHERFORD

The "who you become" problem

Jeb's example: a founder Yes& acquired four years ago — a gifted designer who'd hit a plateau. Post-acquisition, they realized what she was actually great at, and loved, was running the BD program. She handed her client work to someone underneath her, and gave that person the promotion she'd never been able to give.

> ***"Anybody who started an agency was a really good player at one point. As the agency grows, they get further from what they were really good at. Selling gives them the opportunity to go back and do what they are really good at."***
>
> JEB BROWN

> ***"They have to learn when to pass the ball. They cannot be a ball hog. That hero mentality is harder to give up than the boss title."***
>
> JEB BROWN

What independence actually means now

> ***"Our distinction is whether you are publicly traded. If you are — WPP, Publicis, Omnicom, Interpublic, Havas — you are not welcome at IAN. Privately held, including PE-backed, you are."***
>
> DOUG ZANGER

The character test

> ***"If I see an agency owner's phone number show up on my phone, will I go, oh my god, no? I do not want to invest in someone who is an asshole. And those agencies should not want an investor who is an asshole."***
>
> LINDSAY RUTHERFORD

What you can use now

- **Run the "third most important decision" test.** Selling is third on most founders' life lists, after partner and kids.

- **Map your post-sale day-to-day, then reverse-engineer the buyer.** What do Mondays look like 24 months from close?
- **Sketch the "what am I actually great at" answer.** Know what you'd actually want to come back to.
- **Widen your cap table now, even slightly.** Signal that the business is team-built.
- **Do not tell the team until the deal is signed.** No exceptions.

SECTION 06

The throughline.

Start preparing to sell your agency the day you form it. Optimize for joy rather than money, and the money tends to follow.

Brad Schwartzberg opened with the first line; Robin Bonn closed the loop with the second. Between those bookends, every speaker delivered a version of the same argument: the work that prepares an agency for sale — clean financials, GAAP accrual, proper employee classification, recurring revenue, an estate plan, a workforce ready for a transition — is also the work of running a great independent agency.

The preparation is the prize. If you sell, you sell at a higher multiple from a stronger position. If you never sell, you've built a better business than you would have otherwise. No scenario exists where the work is wasted.

Six recurring themes

1. **The market has shifted under indie agencies.** Eighty percent of marketing-services transactions now have PE behind them. The question isn't whether PE is in your market — it's how you compete with it, fund alongside it, sell to it, or differentiate from it. You have to pick.
2. **AI has changed the valuation conversation permanently.** Buyers ask for KPIs, not strategy. The shift to taste and judgment is the good news; every agency now claiming taste and judgment is the bad news. AI compresses the window between growth and obsolescence.
3. **Growth in an already scaled business drives premium.** Buyers de-risk by acquiring companies that have proven the model with numbers. Margins matter, recurring revenue matters — but continued high growth is what drives a higher multiple.
4. **Culture is rhetorical when it should be operational.** A claimed "great culture" means nothing until they describe the operational artifacts: how you take a brief, who makes pricing decisions, how bonuses are structured, what you do when something goes wrong.
5. **"Who you become" matters more than the price.** The founder who optimizes only for price is the one most likely to be miserable two years after close.
6. **Independence is changing, and the IAN definition is clearer.** Independence means not publicly traded. Privately held PE-backed agencies, operator-led groups, and single-digit minority stakes from holding companies all sit inside the tent. Publicly traded holding companies do not.

The one sentence

Build the agency you would buy. Run the prep that makes a sale possible. Pick the buyer who lets you do the work you actually love. Price is a function of the first two. Experience is a function of the third. Optimize only for the number, and you will end up with neither.

SECTION 07 · THE CLOSER

Practical next steps.

Drawn across all three sessions and the market read. Pick three and start this week.

1. **Build a data room.** Every client contract, employment agreement, IP assignment, tax filing, lease, and insurance policy in one folder.
2. **Audit your entity structure.** S-corp and exit 3–5 years out? Talk to your lawyer about LLC.
3. **Get a Quality of Earnings done.** Not a full audit. A QoE.
4. **Fix employee classification.** Reclassify any 1099 doing employee work.
5. **Run your cash discipline.** Don't let cash pile to six months.
6. **Get a Bernstein-style "what do I actually need" number.**
7. **Meet with an estate planner once.** Get the playbook for the next two years.
8. **Write your one-sentence positioning AND value proposition.** They're not the same sentence.
9. **Build a pipeline conversion-to-value report.**
10. **Widen the cap table.** Phantom equity, sale bonus, profit interest.

Who made this room

Co-produced with **Davis+Gilbert LLP** (Richard Eisert, Brad Schwartzberg, David Staggs, Lindsay Waiser) and **Evalla Advisors** (Lori Murphree, Veersen Ghatge).

State of M&A: Lori Murphree. **Session 1 (Preparing for Sale):** moderator Richard Eisert; panelists Kelsey Campbell (Armanino), Kim Mustin (Bernstein), Brad Schwartzberg & David Staggs (Davis+Gilbert). **Session 2 (What Buyers Want):** moderator Veersen Ghatge; panelists Eric Bertrand (Mod Op), Robin Bonn (Co:definery), Lindsay Waiser (Davis+Gilbert). **Session 3 (More Than a Deal):** moderator Lori Murphree; panelists Jeb Brown (Yes&), Hannah Stone Craven (Stone-Goff Partners), Lindsay Rutherford (IKPN).

IAN production: Doug Zanger, Kyle O'Brien, Jules Andrus.

SECTION 08

The words, decoded.

TERM	IN PLAIN LANGUAGE
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization — a clean measure of operating profit. Buyers multiply it to set your price.
Multiple	The number a buyer multiplies your annual profit by. A 6x multiple on $5M of EBITDA = a $30M price.
Private equity (PE)	Firms that buy companies, grow them, and sell them again for profit. Now behind ~80% of agency deals.
Dry powder	Money investors have raised but not yet spent. Lots of it means lots of buyers hunting.
GAAP / accrual	The standard, buyer-trusted way of recording revenue when it's earned rather than when cash lands. Required for a credible sale.
Quality of Earnings (QoE)	A focused financial study, lighter than a full audit, showing your true normalized profit with one-time items stripped out.
Working capital	The everyday cash and receivables a business needs to run. Excess left at close is money you didn't capture.
LLC / S-corp / C-corp	Three ways to structure a company. LLC is most sale-friendly; S-corp blocks PE buyers until converted; C-corp is taxed twice.
Letter of Intent (LOI)	A signed document where a buyer states the price and key terms they intend to pay, before the binding contract.
Earn-out	Part of your price paid later, only if the agency hits agreed targets after the sale.
Rollover equity	Instead of all cash, you keep a stake in the new combined company — betting on a second payday when it sells again.
Recap	A deal where you sell a majority stake for cash now but keep a meaningful piece for later.
CIM	Confidential Information Memorandum — the polished sales document an advisor prepares to present your agency to buyers.
ICP	Ideal Customer Profile — a tight description of exactly the kind of client, or buyer, you're built for.

Phantom equity	A contractual promise to pay a key employee as if they owned shares, without giving up real ownership.
Acqui-hire	A deal structured mainly to bring your team and clients aboard, not to pay for the business itself.
Core / **surplus capital**	Core is the money you genuinely need to fund your life. Surplus is everything beyond that.
Estate-tax exemption	The amount you can pass on tax-free. Above it, the government takes ~40–50%. Planning early, while the company is small, protects far more.
Due diligence / **data room**	The deep investigation a buyer runs before closing, and the organized folder of documents that feeds it.