

What “Market Ready” Really Means for Selling a Professional Services Firm

Mastering The Fundamentals Is Key

By James Beechinor-Collins and Bruce Bishop

Thinking about selling a professional services firm is easy; being ready for a sale is harder. TobinLeff Partners James Beechinor-Collins and Bruce Bishop break down the fundamentals every professional services firm should strengthen before going to market.

As an investment banking and M&A advisory firm specializing in marketing communications, tech and broader professional services transactions, TobinLeff has seen one pattern repeat itself: the strongest outcomes—whether a full sale, a recapitalization, or a strategic partnership—are rarely the result of timing alone. They come from preparation.

Market readiness is more than clean books and polished decks; it’s a strategic posture. It reflects operational maturity, leadership clarity, financial discipline, and a narrative that stands up under due diligence. When those elements are in place, firms enter the market with confidence, attract stronger buyers, and create the conditions for better deals.

Leadership Alignment: Confidence Begins at the Top

Every transaction is ultimately a bet on leadership. Investors and acquirers will back a team that is stable and strategically aligned. For example, although Quinn PR is named after its founder and CEO, Florence Quinn, when Florence went to market she was flanked by three stellar leaders and a superb support team. It was clearly presented in the CIM and the team impressed buyers from Mountaingate Capital during management meetings, leading to a [successful transaction](#).

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In our experience, when leadership clarity comes early, valuation confidence follows. Companies that proactively clarify leadership roles, especially in areas like finance, operations, and client strategy, signal that they are not just ready to transact, but ready to scale. This alignment becomes a cornerstone of the investment narrative.

TobinLeff partner, Mary McKinney-Flaherty, said it well: [“Almost every buyer asks every seller, ‘when can we meet your management team?’”](#)

Action items:

- ☑ Clear succession planning and role definition across the senior team.
- ☑ A post-transaction leadership framework that reinforces continuity and execution capability.
- ☑ Evidence of collaboration, strategic foresight, and cultural resilience.

Financial Performance: Profitable Growth with Strategic Intent

Strong financial performance is table stakes, but the story behind the numbers is also what drives valuation. [Buyers don’t pay for potential](#); they pay for proof of performance, the systems that sustain it and the potential for growth.

When we evaluate the companies we take on as clients, we conduct our own deep dive on historical financial records. If the business isn’t in good shape, our recommendation is always to focus on [getting it into the right shape](#) before going to market.

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Companies with compensation-to-revenue ratios in excess of 60 percent may need to rebalance incentives, shifting from cash-heavy models to equity participation or performance-based bonuses. This not only improves margins but aligns leadership with long-term value creation. The goal is not just to show growth; it is to show *profitable* growth.

Action items:

- ☑ Consistent profitable revenue growth with clear visibility into future drivers.
- ☑ Improving margins that reflect operational discipline and effective expansion.
- ☑ A compensation structure that supports scalability without eroding profitability.

Client Dynamics: Sector and Service Strength

We often remind clients: client concentration isn’t necessarily a flaw, but it’s a story you’ll need to tell clearly in diligence. Even better, a diversified client base across high-growth sectors is a strong positive signal, particularly when coupled with a solid service offering.

Client concentration is often a due diligence red flag, but it can be mitigated by demonstrating fragmentation across large client entities or a clear plan to diversify. We recently had a deal fall apart during due diligence when the agency’s largest client cut its

long-term budget. It's not the first time this has happened, either. Greater client diversity would have made this a mere hiccup instead of [killing the deal](#).

Tracking Net Revenue Retention (NRR) and churn provides insight into client health and expansion potential—especially when paired with a disciplined account growth strategy.

Action items:

- ☑ Revenue segmentation by industry and service line.
- ☑ Profitability tracking by sector and service offer, monitored consistently.
- ☑ A strategy to reduce client concentration if present in the business. Try and keep this to under 20% for any one client.
- ☑ Expand and pursue high-value accounts that continue to drive the revenue base and avoid concentration.

Pricing, Realization & Utilization: Discipline Drives Value

Pricing discipline is one of the quickest signals of operational maturity. Efficiency is not just about cost—it is about how time and talent are deployed. Metrics such as realization and utilization provide insight into pricing discipline and delivery control.

When we look at an agency with low profitability, it nearly always comes down to either overservicing or low utilization. Although common in agencies, both are easily controlled with the right KPIs in place. Regularly reviewing hours billed against retainers and setting clear expectations with clients will help quickly address overservicing. Accurate time tracking and regular review will keep utilization in check.

Action items:

- ☑ **Realization Rate:** Are you capturing the full value of the work?
- ☑ **Utilization Rate:** Are teams operating at sustainable, productive levels?
- ☑ **Overservicing:** Is it a strategic move or simply a disguise for margin erosion?

New Business Development: Growth Engine in Motion

Every agency thrives on referrals. A healthy, proactive-driven pipeline is more than a list of leads; it's a reflection of accountability and strategic focus.

Professional services firms that embed business development into their leadership rhythm—and can show consistent win/loss ratios and deal velocity—signal that growth is repeatable, not opportunistic. It is important for the leadership team to develop a sales culture within the organization. Even better when that sales culture is aligned directly with leadership incentives.

Action items:

- ✓ Regular pipeline reviews with clear ownership and follow-through.
- ✓ Defined sales stages and conversion benchmarks-monitored weekly.
- ✓ A balanced mix of inbound and outbound activity

Performance Metrics: Investor-Grade Visibility

The most compelling businesses can tell their story through data and the right KPIs make that story clear. The ability to track, interpret, and act on performance data is a hallmark of readiness. Clarity is the goal.

Core KPIs for Marketing Services Businesses

Key Performance Indicators	Benchmark
Client Health & Retention	
Client Churn Rate	<10%
Client Concentration Percentages	No client greater than 15-20% Top 10 clients represent around 30% of total
Client Tenure	>2-4 years
Revenue by Sector & Offering	20-30% sector concentration (if multiple sectors) 20-30% by offering (unless offering is new and growing rapidly)
Financial Efficiency	
Compensation-to-Revenue Ratio	55-65%
Adjusted EBITDA Margin	20-25%
Campaign & Delivery	
Realization Rate	85-95%
Utilization Rate	70-80%
Overservicing Rate	<10-15%
Capacity	<10% over capacity vs demand
Growth & Pipeline	
New Business Win Rate	>40% (proposal to win)
Quality Lead Generation Rate	20-30% inbound leads become qualified leads
Staff	
Employee Retention Rate	80-90% annually
Employee Tenure	3-5 years (more for senior leaders)

These metrics should be benchmarked against industry norms and presented in a format that supports both internal decision-making and external storytelling. A well-structured reporting structure becomes a strategic asset in the transaction process.

Readiness and Timing—Keys to Transaction Success

When it comes to a transaction, timing matters. But readiness always matters more. It's worth taking the time to set the business on course to meet key metrics before going to market. Not every agency needs a perfect score across the board—often, demonstration of progress matters as much as the progress itself.

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Before moving forward, ensure your company has completed its year-end financials, finalized next year's forecast, demonstrated early momentum that substantiates growth projections, and clarified leadership incentives.

True market readiness means more than preparation—it's about positioning your business to thrive in today's environment. When you can tell a clear, data-backed growth story and show disciplined execution, you turn investor curiosity into conviction.



James Beechinor-Collins
Partner
TobinLeff, LLC
jbc@tobinleff.com



Bruce Bishop
Partner
TobinLeff, LLC
bbishop@tobinleff.com

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