

DOCUMENT #25

The Blueprint System™ - Advanced Acquisition Series

Roll-Up Strategy Guide

Build a \$10M+ exit by buying 5-10 small competitors

The Roll-Up Arbitrage

- Buy small companies at 2.5-3.5x EBITDA
- Combine and optimize operations
- Sell platform at 5-7x EBITDA
- **Result: 2-3x value creation in 3-5 years**

The Roll-Up Math That Makes Millionaires

Real Example: HVAC Roll-Up

Company	Revenue	EBITDA	Purchase Price	Multiple
Company A (Platform)	\$2.0M	\$300k	\$900k	3.0x
Company B	\$1.5M	\$200k	\$500k	2.5x

Company C	\$1.0M	\$150k	\$450k	3.0x
Company D	\$0.8M	\$100k	\$250k	2.5x
Company E	\$0.7M	\$80k	\$200k	2.5x
Total Acquired	\$6.0M	\$830k	\$2.3M	2.77x

Post-Integration Results:

- Combined Revenue: \$6M → \$7M (organic growth)
- EBITDA Pre-Synergies: \$830k
- Cost Synergies: \$370k (45%)
- Revenue Synergies: \$200k
- **Pro Forma EBITDA: \$1.4M (20% margins)**
- Exit Multiple: 5.5x
- **Exit Value: \$7.7M**
- **Return: \$5.4M profit (235% in 3 years)**

Phase 1: Platform Acquisition (Months 1-6)

Choosing the Right Platform

Must-Have Criteria:

- \$1.5-3M revenue (big enough to support overhead)
- Strong local reputation
- Good systems in place
- Management team willing to stay
- Geographic expansion potential

Nice-to-Have:

- Unused capacity (trucks, warehouse)
- Strong digital presence
- Multiple service lines
- Commercial + residential mix

Phase 2: Integration Playbook (Per Acquisition)

30-Day Integration Sprint

Week 1: Stabilize

- Day 1: All-hands meeting, no layoffs message
- Day 2-3: Key employee retention bonuses
- Day 4-5: Customer communication
- Day 6-7: Vendor notifications

Week 2: Analyze

- Map customer overlap
- Identify redundant costs
- Review all contracts
- Assess technology systems

Week 3: Optimize

- Eliminate duplicate functions
- Consolidate vendors
- Cross-sell customer bases
- Standardize pricing

Week 4: Integrate

- Unified branding rollout
- Combined routing/scheduling

- Centralized admin functions
- Performance tracking

Synergy Identification & Capture

Cost Synergies (Quick Wins)

Synergy Type	Typical Savings	Timeline	Example
Duplicate Management	\$100-200k	30 days	1 GM vs 2
Facility Consolidation	\$50-100k	90 days	1 warehouse vs 2
Insurance/Benefits	20-30%	60 days	Group buying power
Marketing Efficiency	40-50%	30 days	1 agency, 1 budget
Vendor Consolidation	15-25%	60 days	Volume discounts
Admin Staff	\$75-150k	30 days	Shared services

Revenue Synergies (Longer Term)

- **Cross-selling:** 10-20% revenue lift
- **Geographic infill:** Density improvements
- **Best practices:** Lift underperformers
- **Pricing power:** Market leadership

Financing the Roll-Up

Capital Stack Strategy

Platform Acquisition:

- SBA 7(a): 75% of purchase price
- Seller note: 15% (standby)
- Your equity: 10%

Add-On Acquisitions:

- Asset-based credit line: 50-60%
- Seller financing: 20-30%
- Cash flow from platform: 20-30%

Alternative Structures:

- Revenue share deals for distressed
- Earnouts for growth stories
- Equity rolls for key targets

Target Identification System

Building Your Pipeline

Sources Ranked by Success Rate:

1. **Vendor Intel (30% close rate)**
 - "Who else do you sell to?"
 - "Any customers struggling with payments?"
2. **Customer Defection (25% close rate)**

- Lost bid analysis
- "Who did you go with?"

3. Industry Associations (20% close rate)

- Board gossip
- Conference conversations

4. Direct Outreach (10% close rate)

- Tax assessor data
- Aging owner lists

Common Roll-Up Mistakes

⚠️ Avoid These Pitfalls

1. **Moving too fast:** Integration debt compounds
2. **Overpaying for synergies:** Pay for what exists, not potential
3. **Cultural mismatches:** Cowboys vs. corporate
4. **Geographic spread:** Density drives margins
5. **Keeping bad revenue:** Fire unprofitable customers
6. **Founder dependency:** Buy systems, not heroes

Technology & Systems Integration

The Tech Stack That Scales

Function	Recommended Platform	Cost	Integration Time

Field Service	ServiceTitan	\$300/tech/mo	60 days
Accounting	NetSuite	\$1,500/mo	90 days
CRM	HubSpot	\$800/mo	30 days
HR/Payroll	ADP Workforce	\$6/employee	30 days
Marketing	Unified platform	\$2,000/mo	45 days

ROI: 20-30% efficiency gain within 6 months

Exit Planning for Roll-Ups

Value Creation Timeline

Year 1: Foundation

- Platform + 2 add-ons
- Basic integration
- Value: 3.5x EBITDA

Year 2: Scale

- 3-4 more acquisitions
- Full synergy capture
- Value: 4.5x EBITDA

Year 3-4: Polish

- Organic growth focus
- Management team complete

- Technology fully deployed
- Value: 5-6x EBITDA

Year 5: Exit

- Strategic buyer courtship
- PE platform potential
- Value: 6-7x EBITDA

Case Study: Landscaping Roll-Up

From \$2M to \$15M in 4 Years

Starting Point (2019):

- Bought ABC Landscaping: \$2M revenue, \$200k EBITDA
- Price paid: \$600k (3x)
- 45 commercial accounts

Roll-Up Execution:

- 2019: Added 2 competitors (\$1.5M revenue)
- 2020: Added 3 more (\$2.5M revenue)
- 2021: Geographic expansion (\$3M revenue)
- 2022: Final optimization year

Results:

- Combined revenue: \$15M
- EBITDA margin: 18% (\$2.7M)
- Exit multiple: 5.5x
- Sale price: \$14.85M
- Total invested: \$3.2M

- **Profit: \$11.65M (364% return)**

The Roll-Up Scorecard

Track These KPIs Monthly

Metric	Target	Why It Matters
Integration costs/revenue	<3%	ROI protection
Customer retention	>90%	Value preservation
Employee turnover	<20%	Knowledge retention
Synergy capture %	>80%	Thesis validation
EBITDA margin trend	+2%/year	Multiple expansion
Acquisition pipeline	10x needed	Selectivity

Advanced Roll-Up Strategies

The "Hub and Spoke" Model

Keep acquired brands in their markets while centralizing:

- Finance and accounting

- HR and benefits
- Marketing and lead gen
- Vendor relationships
- Technology platforms

Result: Local trust + scale economics

The "Tuck-In" Strategy

Buy customer lists and assets only:

- Skip the entity/liability
- Cherry-pick best customers
- Leave unprofitable behind
- 60-70% discount to full price

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