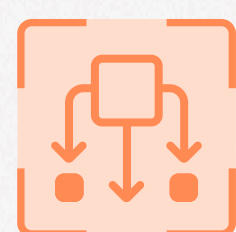
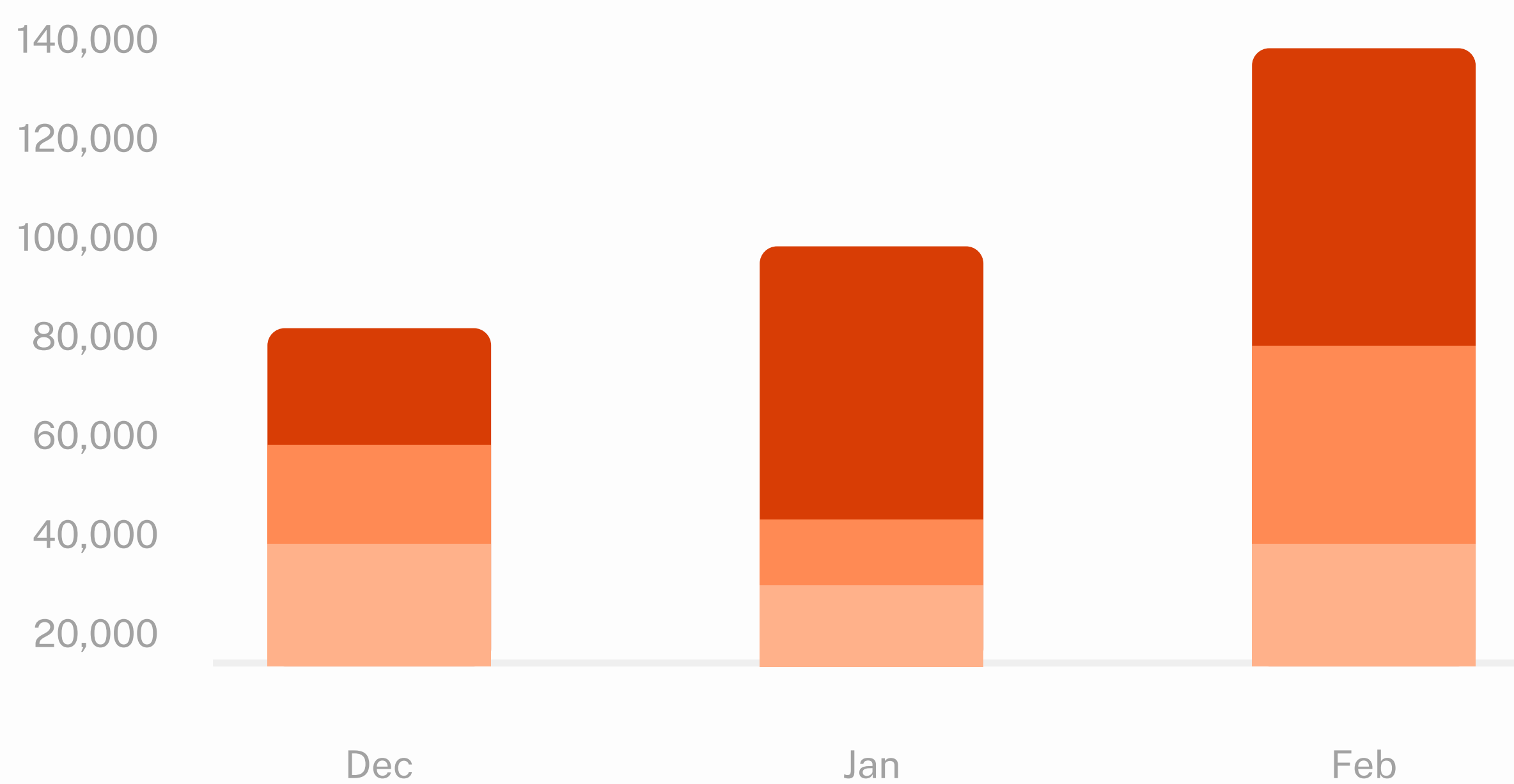




Growth Guide for Financial Due Diligence Teams

Using the People, Process,
Technology Framework to Scale

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Introduction

If you were to start your financial due diligence (“FDD”) practice over today, would you do things the same way you did when you began?

For most, the answer would be “No.” If the lessons you've learned along the way could be implemented from the beginning, just imagine where you’d be now.

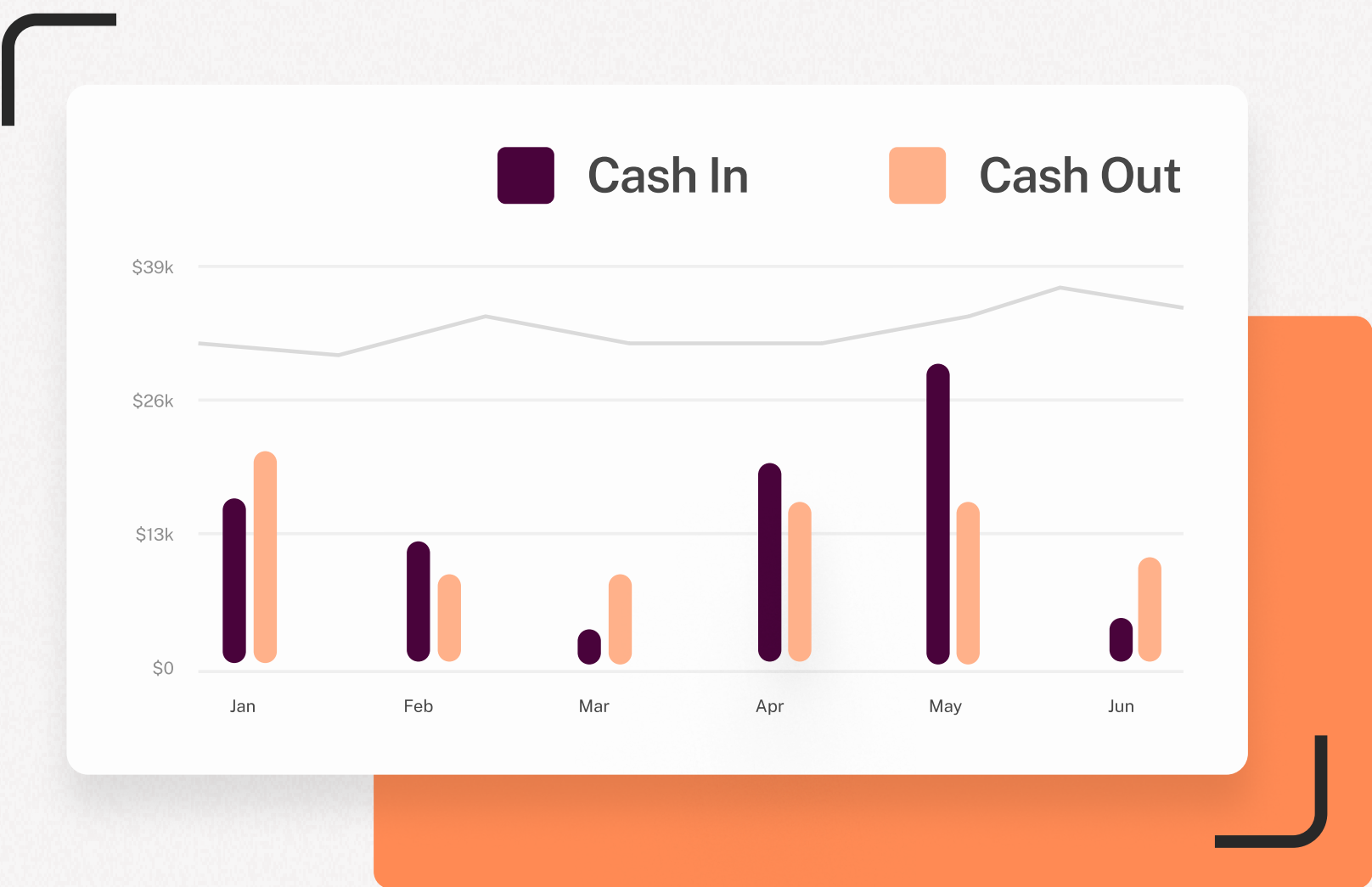
So, how can professionals incorporate those lessons today in order to reach aggressive growth targets?

This guide will address three areas of focus to maximize growth at your firm: People, Process, and Technology.

We’ll cover best practices and lessons from top firms, plus steps in each area to consider to take immediate action.

In addition to data and research, you’ll also hear insights from practicing professionals Sylvie Gadant and Jeff C. Hawkins, along with accounting technology expert (and former FDD professional) Justin Pulgrano.

Ready to reach your growth targets? Let’s begin.



Meet the Practitioners:



Sylvie Gadant
Partner, Citrin Cooperman



Jeff C. Hawkins
Partner, Carr, Riggs & Ingram



Justin Pulgrano
SVP of Strategic Growth
Former Senior Manager, Ernst & Young

It Starts with People

Accounting as a profession is a people-heavy field, and it's no secret that there's a shortage of accounting professionals across most regions and practice areas.

The accounting profession has experienced significant changes in recent years, with new technologies and regulations impacting the way that accountants work. This has led to an increased demand for skilled and experienced accountants.

At the same time, according to the most recent AICPA college enrollment study, undergraduate and graduate accounting students and CPA exam candidates have declined.

Combined with a 17% decline in accountants and auditors since 2019, this can only mean one thing: there simply aren't enough accounting professionals.

How can FDD practices scale and grow when there may not be enough people to fill the empty seats?

The right team structure is a good place to start.



The Pyramid

A pyramid organizational structure is the common model across most teams at an accounting firm. Its structure boosts profitability for the firm by promoting specialization of duties.

Higher cost resources (partners, senior managers, etc.) can focus on client relations, creating proposals and selling new projects, and most importantly, use their expertise to manage/oversee multiple projects at once. Lower cost resources (associates, senior associates, managers, etc.) focus on the detailed work, performing procedures and the necessary steps to project completion –giving them the experience they need to master skills that lead to promotions.

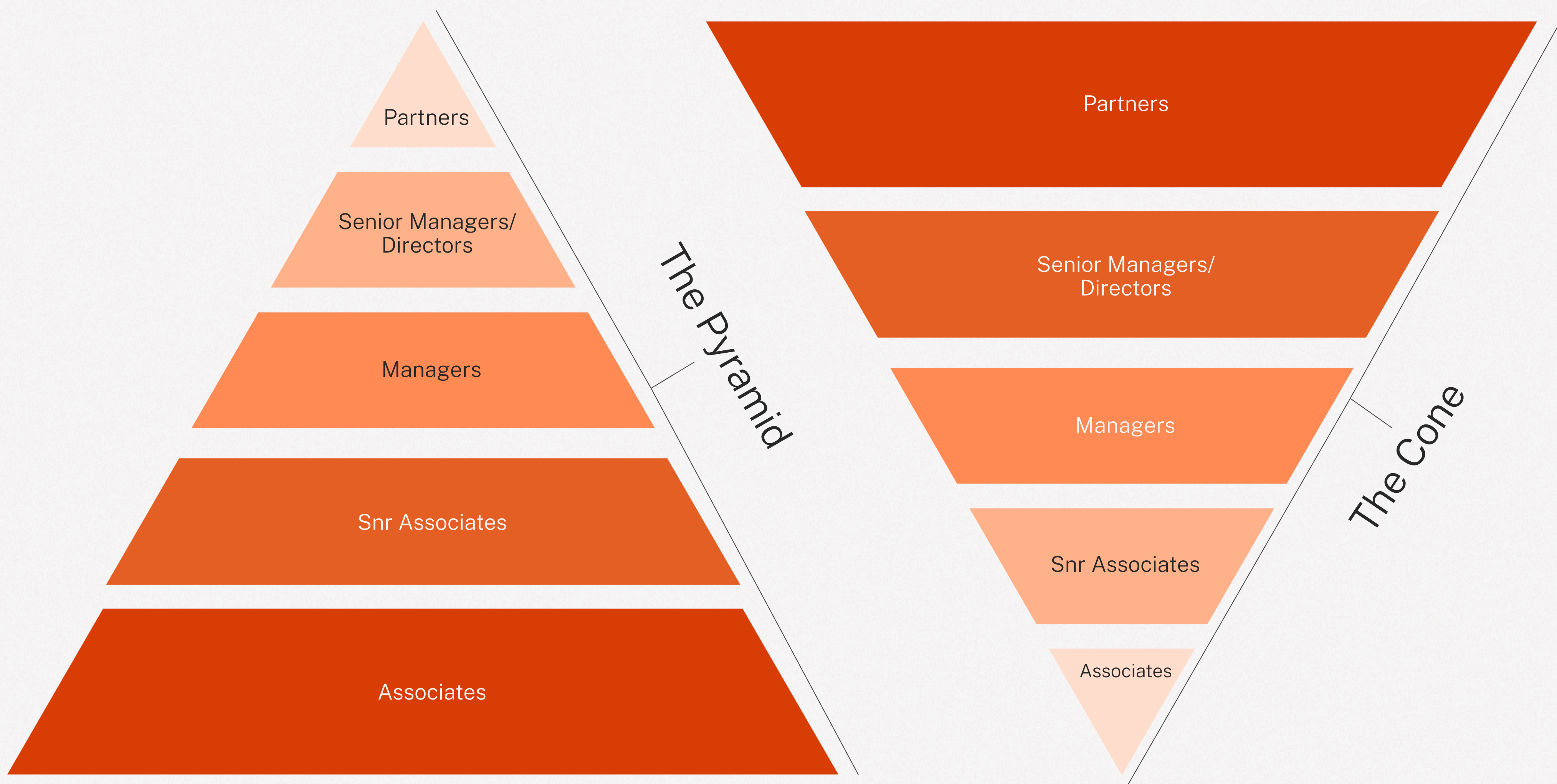
That said, the pyramid structure can be difficult to achieve for FDD teams. Let’s look into why.

The nature of financial due diligence work, plus the time-sensitivity of its completion, requires heavy involvement from higher-level team members. Detailed reviews, interviews with target management, insight-driven reports, and an emphasis on a quality work product put pressure on leadership to overstaff teams at the higher levels.

Top-heavy organizational structures create razor-thin margins on M&A projects. Higher-level team members end up doing detailed work that should be completed by lower-cost resources to maintain profitability.

At Crunchafi, our team has spoken to hundreds of FDD teams, and many have very few (or zero) associates on their teams. The result is a cone or tower-shaped team structure vs. a pyramid, resulting in higher costs for the firm and lower margins on projects.

The cone (or tower) structure also limits a practice’s ability to take on additional projects. If your leadership is already spending time doing the work of an associate, then who else is left to lead the work on a new project?



Outsourced Teams

To accommodate for this lopsided structure, it’s common for leadership to implement the use of an overseas, or outsourced, team to supplement their onshore team. Outsourced teams typically take on the work of converting data from target reporting structures in Excel and PDFs to their databook model, running analysis, and maybe even populating areas of the report before the onshore team gets started.

Over time, as FDD teams build out standard processes, training components, and other necessary infrastructure, leadership can shift their focus to creating the pyramid. This can take years.

Practitioner Perspective



“It took our team at EY around 4 years to go from the cone/tower to the pyramid.”

“The whole team knew we needed to create the pyramid-style structure to even out these issues, but that was no easy feat.

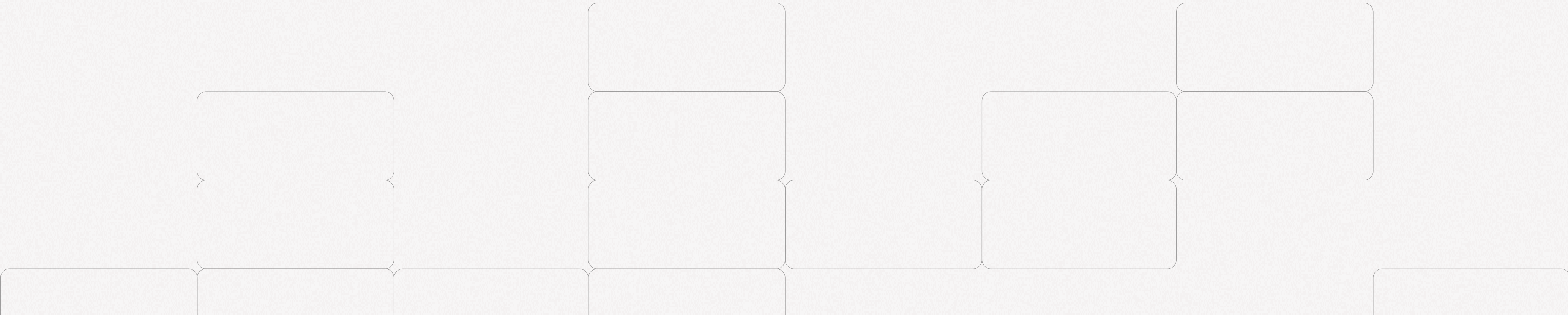
The senior managers had to pour in several years’ worth of sweat equity to get us there, and we were a highly motivated team with a HUGE pool of internal associates from our audit practice to recruit.

Without those two factors it would have taken even longer.”

Justin Pulgrano

Unfortunately, many firms today are using the same approach to solve their organizational structure problems as Justin and his team used at EY back in 2013. Firms are putting their teams in a very difficult position, and often wasting resources and draining their managers.

This step is a necessary evil when building an FDD practice, but there is a way to do it better: emphasizing the use of standard processes and adopting technology.



People Advice

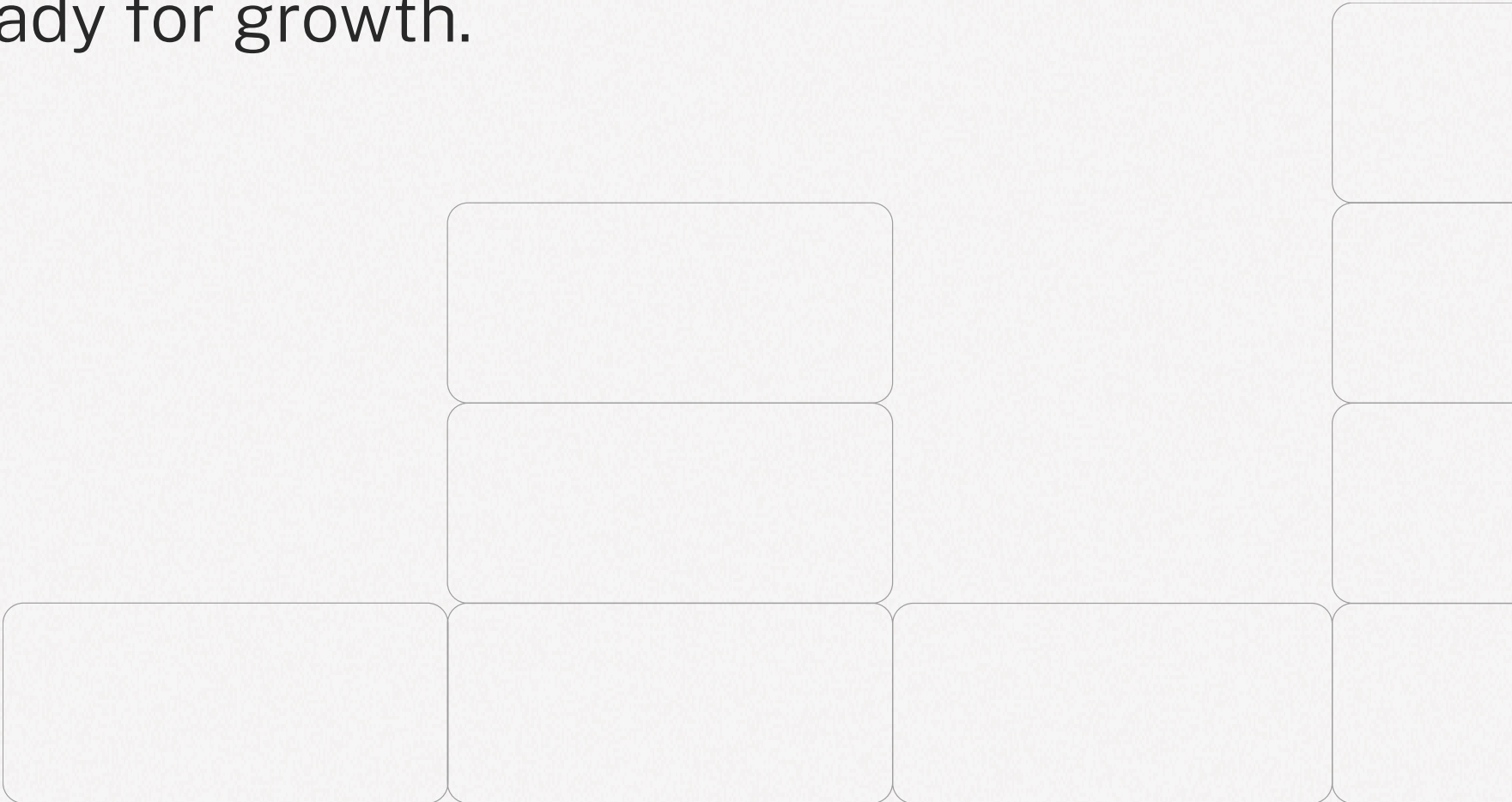
Building the Pyramid


It’s ok to start with a cone/tower structure, but it’s important for your experienced team members (senior managers, managers, directors, etc.) to know that there is a plan to implement processes, technology, and recruit more people so the practice can grow in a healthier way. Depending on how long it takes the team to do this, they may need to put in years of “sweat equity” and effort before the workload rebalances and the pyramid is created.

Of course, the main goal of an FDD team isn't just to create a pyramid structure. Repeatable, predictable top and bottom-line contributions to the firm, offering a landing spot for cross-selling M&A opportunities from other service lines, and identifying additional opportunities for other areas of the firm are all up there on the list.

Giving your team visibility into leadership’s thinking — and making it clear that the current conditions (such as long hours and overextension of the team) are a short-term bridge to your future plan — is critical to keep these professionals engaged and bought into the future of the practice.

Next, let's make sure your Process and Technology plans are ready for growth.





Workspace List

Past Data Collections

Manage Active Connections

Workspace Details

Created	Company Name	Requested by (email)	Accounting Pack
<input checked="" type="checkbox"/> May 7, 2025	Ship Smart Data LLC	j.johnson@equityinvestors.com	QuickBooks On
<input type="checkbox"/>			
<input type="checkbox"/>			
<input type="checkbox"/>			





Process

Process is an important consideration for firms looking to grow amidst the accountant shortage. By streamlining and standardizing processes and continuously improving workflows, firms can make the most of their available resources and ensure they have the capacity to meet the demand for their services.

Streamlining and standardizing processes for your FDD practice begins with looking at how you currently work. Start with the steps of your FDD process and look for bottlenecks, repetitive work, and unnecessary redundancies.

Practitioner Perspective



“At Citrin Cooperman, there were many time-consuming steps on each diligence project we worked that were slowing us down, so we decided to take time to map out each step to find where we could make improvements.”

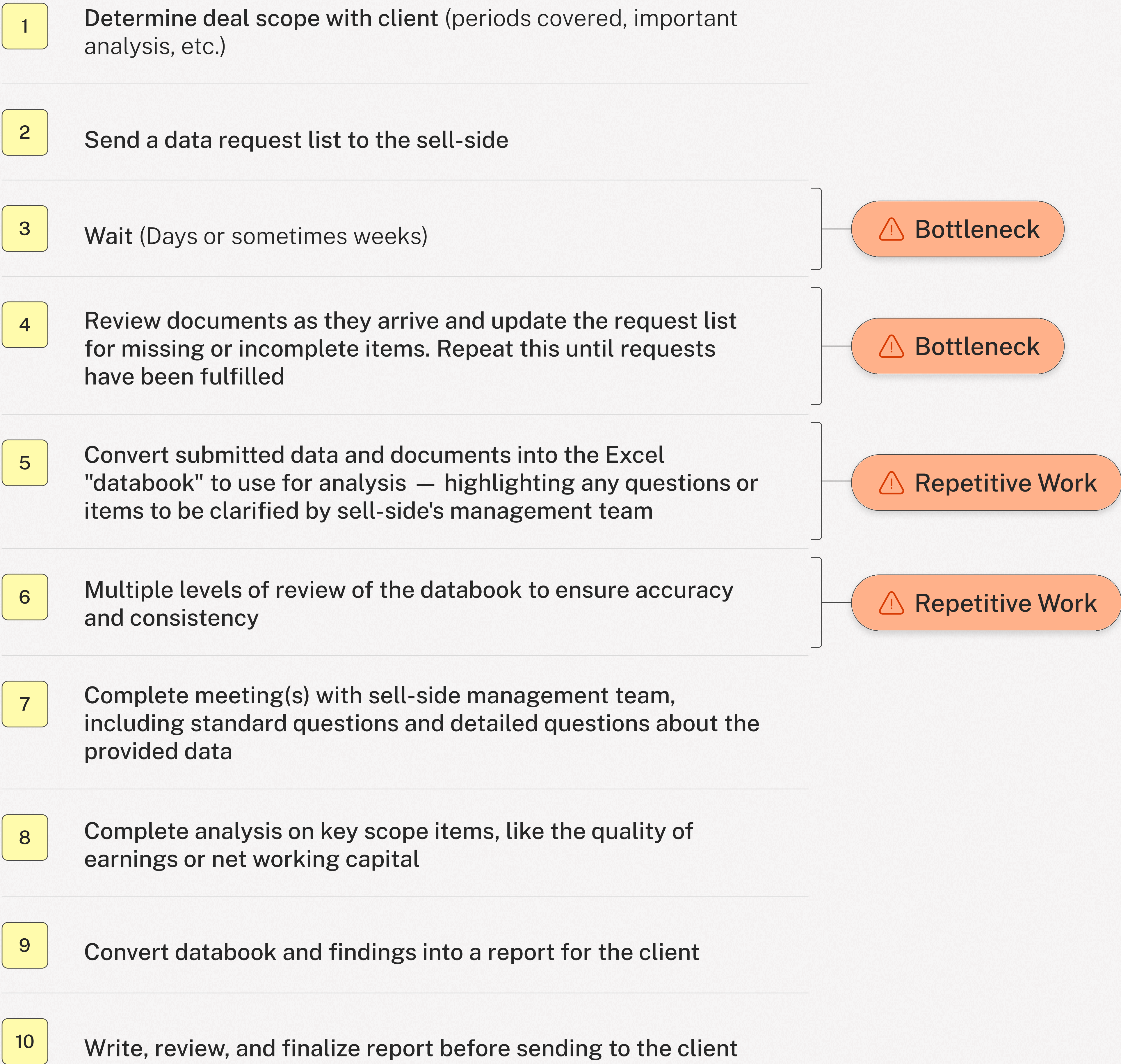
“Once we laid out and examined each step individually, we were able to identify some low-hanging fruit that we could quickly address to save the team time.

We also found some really big bottlenecks that would need more time and resources to fix. The biggest of these bottlenecks for us was with our franchisee clients. For companies with multiple subsidiaries, we could have 10–20 QuickBooks files we’d need to work with, and accessing that information was incredibly slow.”

Sylvie Gadant

Financial Due Diligence: Start to Finish

Below is a high-level overview of a buy-side financial due diligence project:



Each of these steps involves multiple processes of their own, and seeing the process laid out makes it easier to identify bottlenecks and repetitive work where process and technology improvements will have the biggest impact.

Firms performing FDD at scale have these areas nailed down with templates and SOPs (standard operating procedures).

Process Advice

Create Standard Templates

Here's a list of documents we recommend building and storing in a central place, like a SharePoint site or shared folder, for easy access by all team members.

Note: These should be standard document templates. Individual projects will have specific needs that require deviation from the template, but having a templated starting point is what is most critical here.

Budgeting and Budget-to-Actual Tracking Template

An Excel template that can be used for initial budget creation, typically with rows for team members and columns for their level, estimated number of hours, cost rate (internal) and bill rate (external) to determine the quote for the client.

Make sure to save down a final version of this so it can then be used as a tracker during the project (budget-to-actual) and a reference point for similar future projects.

Proposal Template

A PowerPoint or Word template that the team can fill in and build from. Some suggested sections:

- Your firm's capabilities as a whole and specific expertise performing FDD.
- Specific experience working on FDD projects in the industry (can use deal tombstones or previous project summaries as examples).
- A "Here's what we understand about your goals for the project and what is most important for you".
- Budget / Cost Proposal. This can be one overall number, but you can also break it down by the different areas of the project and give them some optionality.
- (Optional) If the client is not a frequent acquirer like a private equity firm, include a "Here's how we work" section that outlines standard steps and a high-level estimate on timeline.

Engagement Letters

The most up-to-date firm engagement letter template(s) so the team can populate relevant information and get out to clients quickly.



Process Advice (Cont'd)

Databook Template

It is so important for your practice to settle on a template for the Databook. Building and updating the databook is the most time-consuming aspect of an FDD project and not having a template will result in inconsistency of work product that will make the creation and review of the data more difficult and less professional for clients.

We find the standardization of databook templates is one of the #1 initiatives at firms and the hardest to complete. There are many opinions on how the databook should be set up and how it should look. If you have team members joining from other firms, they will bring along even stronger preferences on how it is set up.

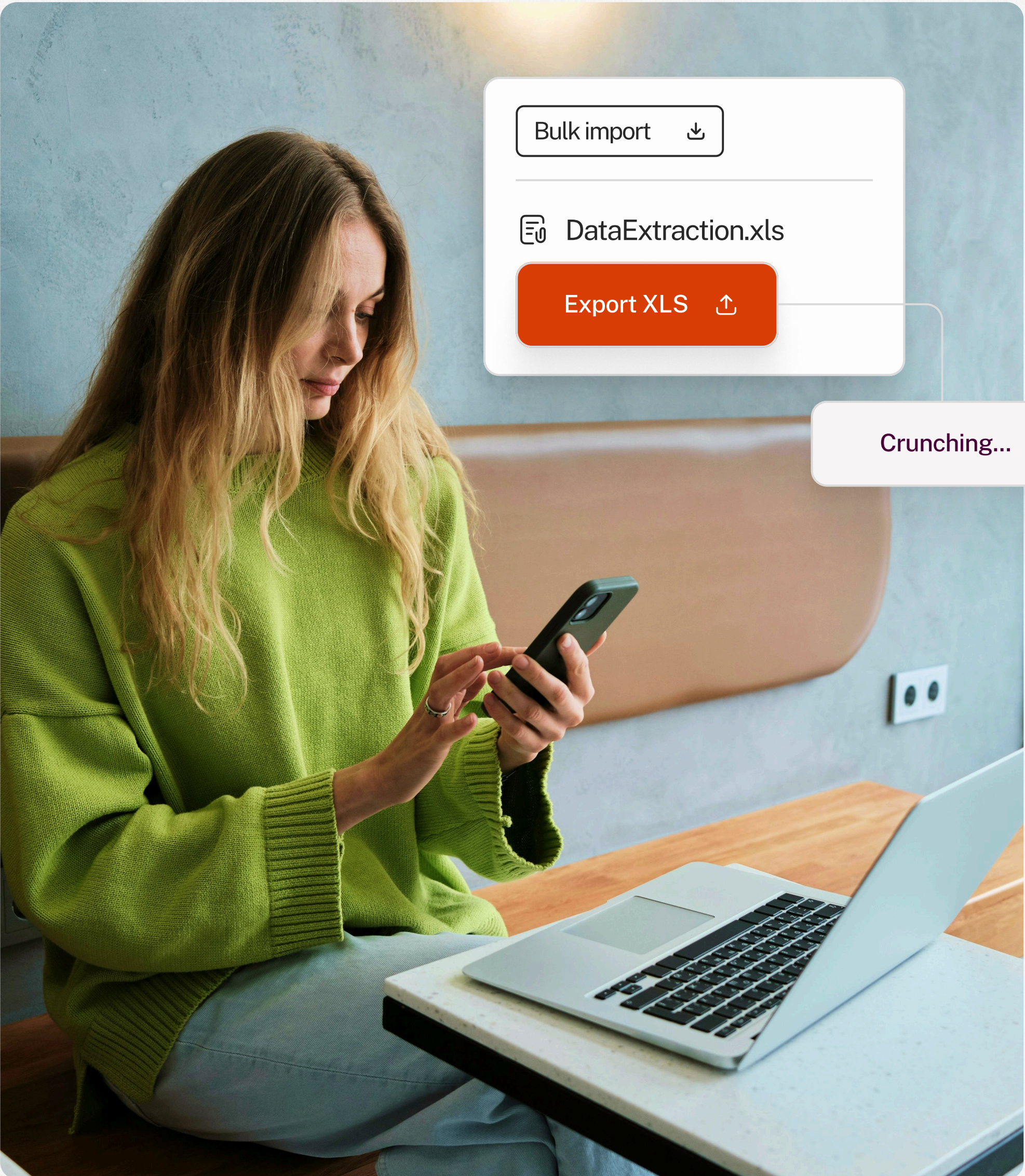
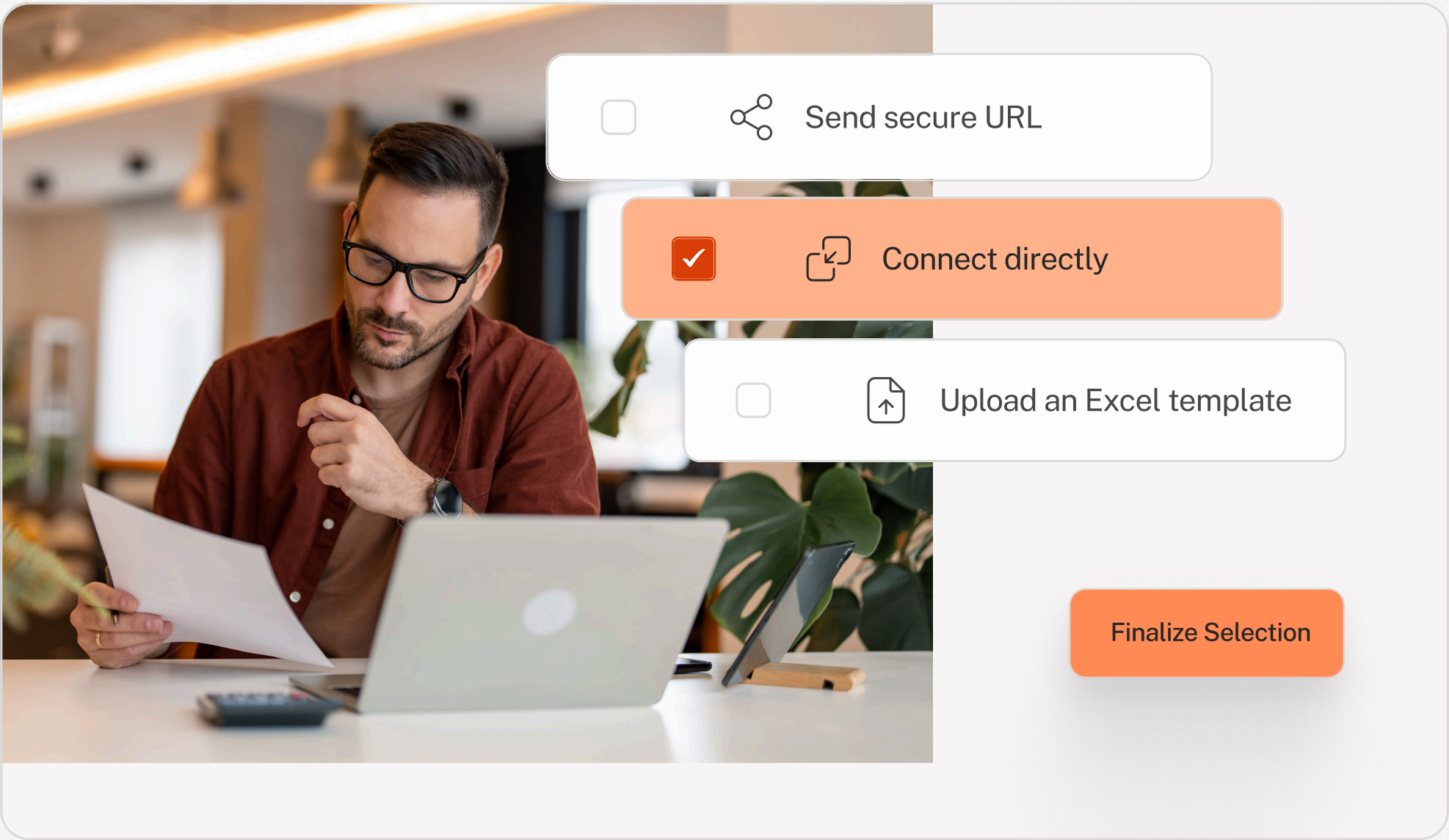
Our advice: bite the bullet and standardize. It won't be a fun exercise, but it will pay dividends on every future project. Assign a few team members to take this on as an internal project.

Report Template

Almost as critical as the databook template is a standard report. Simply having a PowerPoint or Word template with the firm's branding that the team can build upon is a great starting point.

Once you have that, start building out templated sections that can be filled in by the team, such as a Quality of Earnings or Net Working Capital section.

Once your team is structured for success and your process has been standardized, it's time to add technology to supercharge your performance and scalability.



Technology

Technology is a necessary part of every firm’s operations. According to the Rosenberg Survey, regardless of a firm’s size, the technology cost per person is around \$5,750 per year.

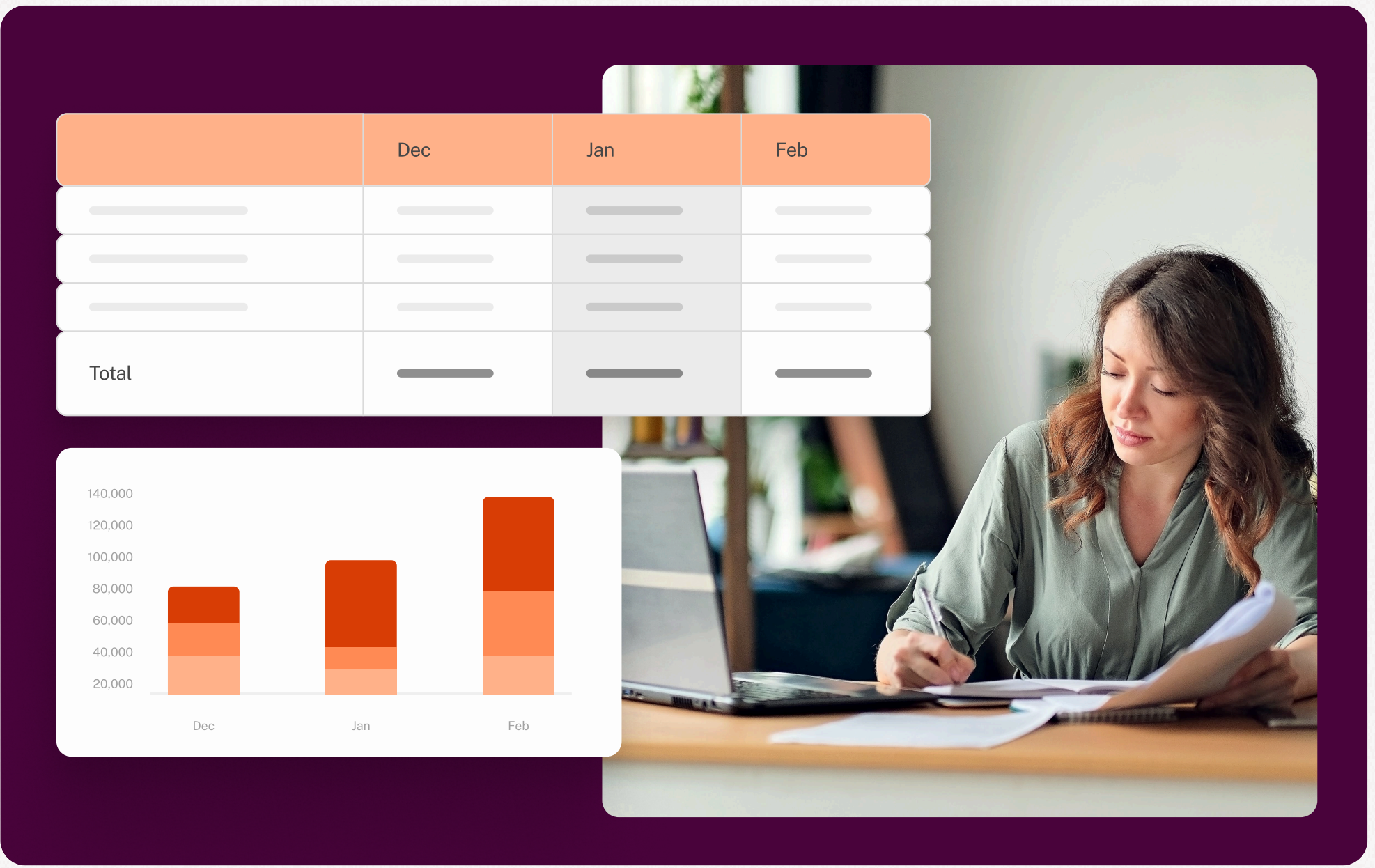
For firms with annual revenue over \$20 million, IT costs come in at around 3.3% of the firm revenue. Looking at three of the Big 4 firms, \$9 billion is being invested in AI and data analysis tools. It’s an investment that shouldn’t be taken lightly at any firm.

Where Technology Fits in FDD

Referring back to our FDD process overview, there are two tasks that consistently prove to be particularly time-consuming without adding value for the client or skill development of the team member performing them:

- Working with the sell-side to obtain required financial data
- Building the Excel databook from the supplied information

In the first of these steps, associates can spend hours, days, or even weeks on the simple task of obtaining access to the data they need to do their jobs. This usually involves lots of emailing back and forth over partially submitted documents and missing information.



Where Technology Fits in FDD (Cont'd)

When an associate finally has all the required documents, manipulating that data into a usable Excel databook requires hours of work. The sheer volume of manual work required to convert this data may lead firms to invest in outsourced, offshore resources.

Even then, associates still must dedicate hours of their day to drafting specific instructions for the outsourced teams, reviewing their work, and managing the deliverables for each deal. (Note: this is a hidden cost many firms miss.)

Whether an associate or outsourced employee is completing the work, the manual data manipulation requires extensive review. Managers must complete detailed reviews of each databook to ensure the information has been processed properly to ensure consistency in the databook output across the team.

In both of these steps, associates spend days (sometimes turning into a week or two of effort), drastically slowing the pace of the deal. The low client value and repetitive nature of these tasks mark them as ideal candidates for automation technology.

Practitioner Perspective



“Our managing partner tasked our group with improving efficiency to handle more and more deal flow activity.”

“While we expected technology to be a significant portion of this effort, it really has been 99% of the entire effort.

Not only has this enabled our staff to focus more on the analysis, but also enabled quicker and more efficient training due to the standard report outputs. Technology is here, and it must be embraced.”

Jeff C. Hawkins

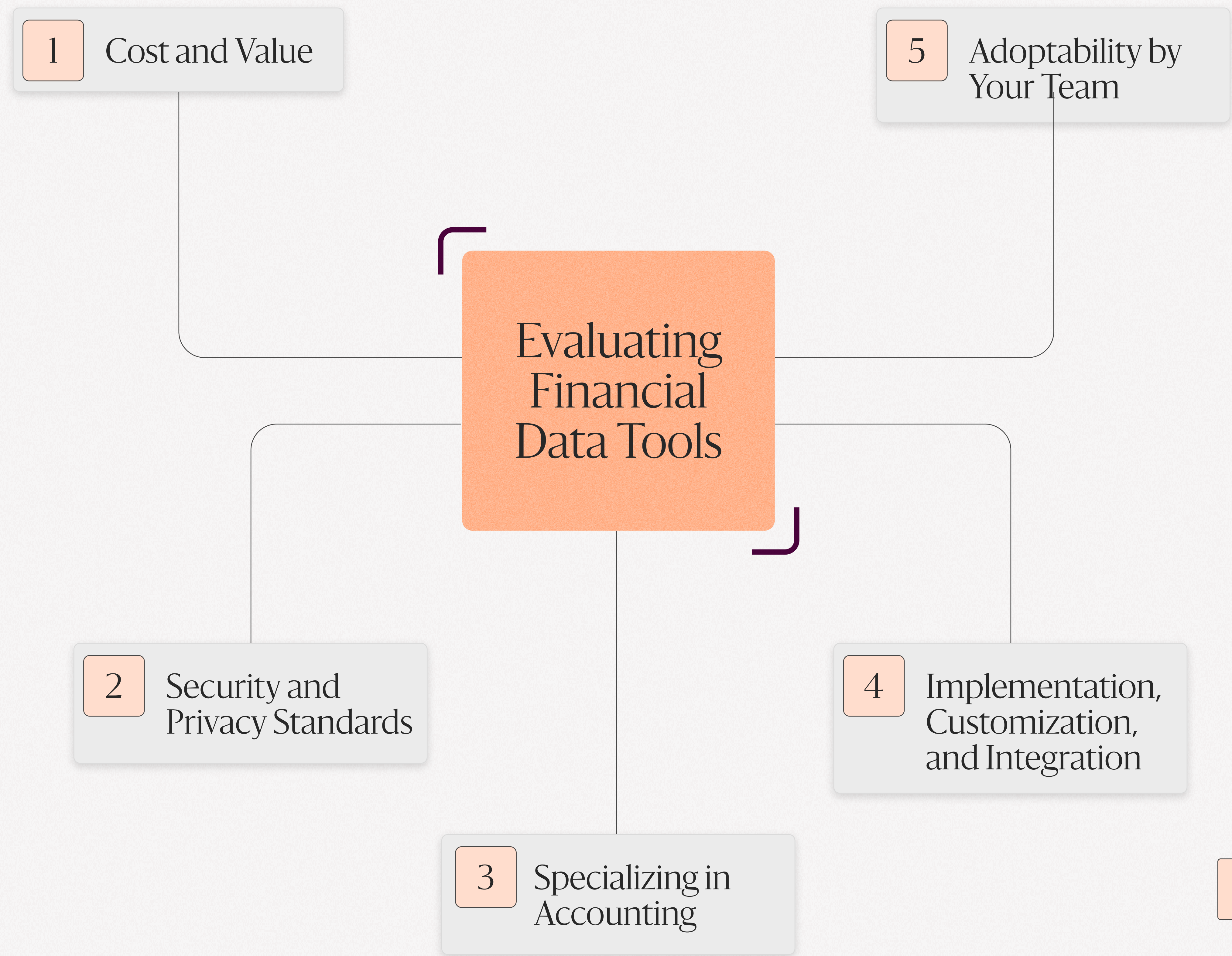
Thankfully, there are data analysis tools available, like Alteryx and PowerBI, to help get large data sets into your databook, and tools like Crunchafi’s Data Extraction software, that can extract data and build out databook outputs all in one.

Your technology needs will largely be dependent upon what you uncover in your process analysis. You may also see that your team struggles with bottlenecks during other steps, like converting the databook into a report for the client. Wherever you discover inefficiencies, this is where technology can make an impact.

Technology Advice

Considerations when Investing in New Technology

Once a firm has decided to bring technology to their practice, it's time for the arduous task of evaluating and selecting solutions. It's important to consider several things before investing in new technology:



Technology Advice

Considerations when Investing in New Technology

1

Cost and Value

Most purchases, at some point, come down to cost, and software is no exception. Of course, making sure technology costs are within the practice’s budget is a huge piece of that, but the value added can outweigh the need to tighten the belt in other areas. When considering a new piece of technology, be sure that you take into consideration both sides of that coin.

Understand what the actual cost to the firm will be for that new software purchase. Will there be extra setup fees? Will each person who uses the software increase your license cost? Are there extra charges for things like customer support after implementation? A good technology vendor will have very clear, transparent pricing for their solutions. Be wary of any that try to hide or mislead you with complicated fees and pricing structures.

Determining the value can be a less straightforward task, but a good rule of thumb is paying attention to the factors that impact your margins. A tool that enables you to increase the number of clients or deals your firm can take on with the same headcount will be a better value and might justify a higher price point than tools that are only a cost to the firm.

2

Security and Privacy Standards

Nothing is more costly to an accounting and consulting firm’s reputation than a data breach. Since the technology you’ll be implementing will most likely be dealing with sensitive information, the security and privacy measures the technology uses should be top-notch.

It’s crucial to understand how the software collects, secures, stores, and shares data. Look for security certifications like a SOC-2 and understand what the data retention policies are (including if they can be adjusted to meet the standards of your firm).

Monthly Totals	Jan	Feb	Mar
Total Change In Cash			



Technology Advice

Considerations when Investing in New Technology (Cont'd)

3 Specialization in Accounting

Over the past several years (even decades), countless data analysis tools have been developed, but not all technology has been developed FOR accounting and advisory firms.

Tools built for general industry use may have features and functionality that don't apply to an FDD practice. Extraneous functionality can also come at an increased price tag, even if the features don't apply to your specific needs.

Additionally, all the extra, non-accounting-related features may limit your ability to use the tool as needed for your practice.

Alternatively, there are many benefits to finding a software vendor that specializes in M&A and FDD. The tools will be more tailored to the work your firm does at a much better price point – providing functionality that aligns with your needs. That said, these solutions may be harder to find since they are niche solutions.

Be sure to check if the tailored solution is reputable – do they have a client list you respect or testimonials from people you know? When you find an industry-specific solution with a good reputation, you also usually find higher-quality customer support from real people who are knowledgeable about the work your team does day-to-day.

4 Ease & Speed of Implementation, Customization, & Integration in Accounting

It's an unfortunately common story: a firm purchases a new software solution only to find themselves months, if not years, later waiting for the implementation to go live. Implementation can be a black hole of time, money, and resources, so it's important that before committing to a tool, all the relevant teams at your firm are well aware of what the expectations and needs are.

Customizations can greatly impact the speed and cost of the implementation of a software solution. Adding customizations makes the tool better fit your needs and increases the value it adds to your practice, but you'll want to investigate how these customizations will realistically affect the project timing and price.

Not all automation technology will require this level of commitment, however. Many solutions can be implemented with just a few clicks and may only need an hour of your IT manager's time for the entire team to be up and running (even with customizations!).

When exploring solutions, be sure to know where on the implementation spectrum the tool resides and make sure it matches the resources you have available for the project.

Technology Advice

Considerations when Investing in New Technology (Cont'd)

5

Adoptability by Your Team

“If you build it, they will come” or so the film line goes. If only it were that simple. On countless occasions, leadership teams purchase a new tool that seems to be the perfect fit. After hours of research, implementation, and training, the software is ready for action. But after all that work, the team doesn’t use the tool.

Avoid this outcome by including members of the team in the software evaluation process. Their early involvement can increase the overall enthusiasm for the project and will help you uncover needs you weren’t aware of.

Ask the actual end users on your team to attend demos so they can ask practical questions that speak to the way they’ll ultimately end up using the tool. They’ll be able to quickly identify if a tool will actually save time and add value or just create extra steps that aren’t worth the effort. Having these team members involved in this process early on will help them feel ownership of the tool’s success with the firm.



In Conclusion

Building an FDD practice from scratch is HARD. An equally hard task is optimizing an existing practice for growth. To do either, it’s critical to focus on People, Process, and Technology. Any FDD practice looking to scale and grow cannot ignore any one of these areas. There is no “silver bullet” strategy by focusing on only one or two.

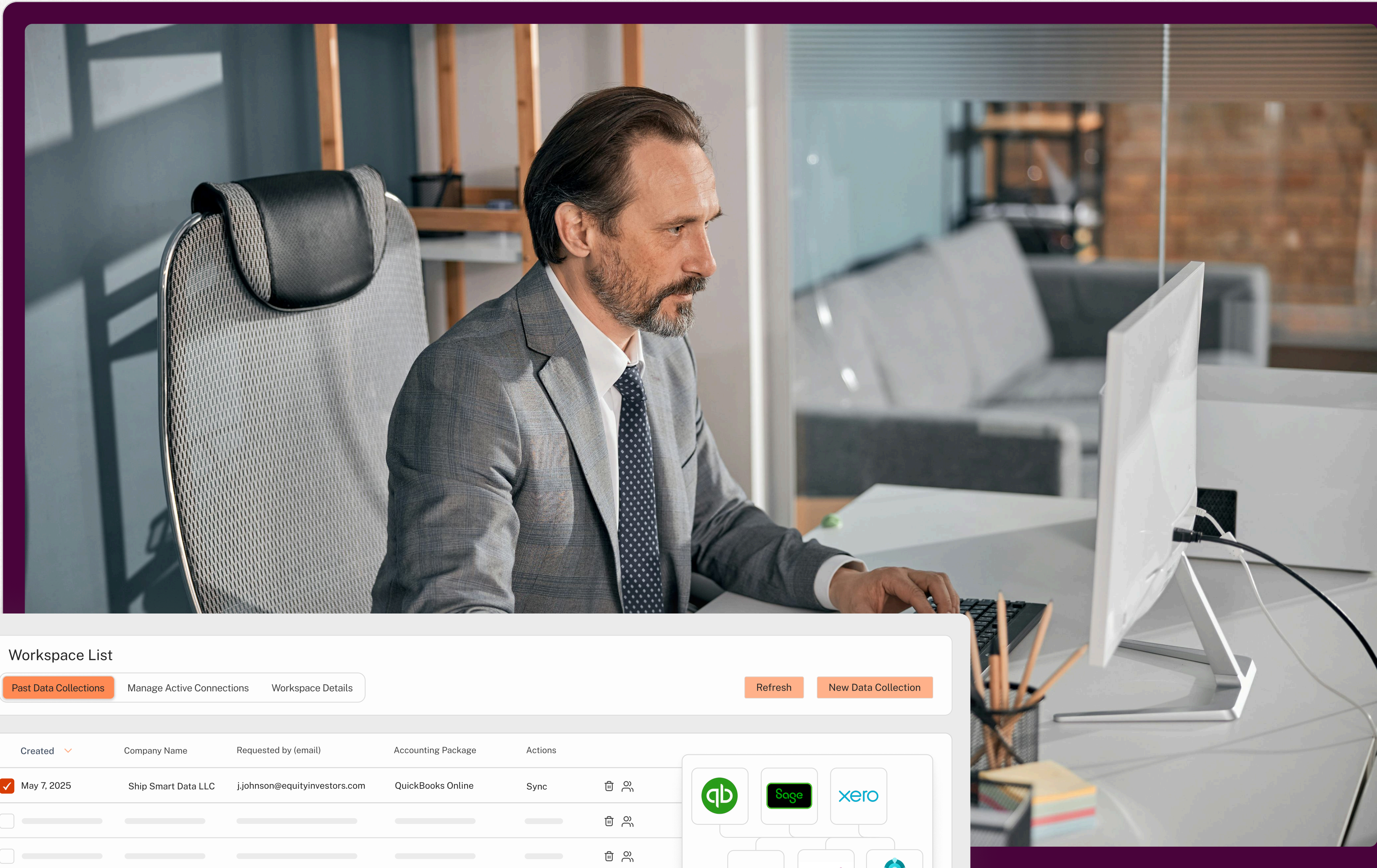
While accounting is and always will be a people-first profession, focusing on both process and technology can help those people perform at a high-level (and complete more projects) without creating burnout.

To implement process improvements and standardization, look at the standard steps across your FDD projects and identify where you already have templates/SOPs or where they need to be created. While leadership should start this initiative, empower the staff and managers to create these templates first and you can review.

To implement technology in a way that yields the best results, first look at your practice’s organizational structure. Avoid top-heavy teams that reduce margins. At the same time, know how to quickly train and upskill the new staff members filling out your pyramid base.

Then, evaluate your process and find areas where repetition and labor-heavy tasks are not a) adding value to the client, or b) developing ongoing skills for your team. Automate these tasks. Know how to evaluate different solutions so that your investment gets implemented quickly and can do the tasks you identified as needing to be automated.

This is how you build a solid tech stack that can accelerate your practice’s scalability and growth – a tech stack that should include Crunchafi’s Data Extraction software.



How Far Will Your Firm Grow?

So we ask again, if you were to start your FDD practice over today, would you do things the same way you did when you began?

With the insights covered here, you should have practical steps you can take to make those changes happen. Growth and scale don't happen by accident.

What steps are you going to take to make sure your FDD practice grows for years to come?

Contact Crunchafi to learn more!

Contact Us

sales@crunchafi.com
www.crunchafi.com/contact-us




"Crunchafi's Data Extraction software is great!"

"I found it easy to use, as did the target company management team. It produced a very well-organized deliverable almost instantaneously.

Crunchafi's Data Extraction software saved our team 15 hours and the annoying back and forth with the target to get the right data."

TAS Senior Manager at a Big 4



"Crunchafi's Data Extraction software saved significant time

in the request list process, with approximately four days of collective time saved on each engagement.

It helped to differentiate our firm using this tool.

It allowed insight into breaking down GL data using the journal entry extracts to perform extra analysis."

TAS Manager at a Big 4

Sources Cited

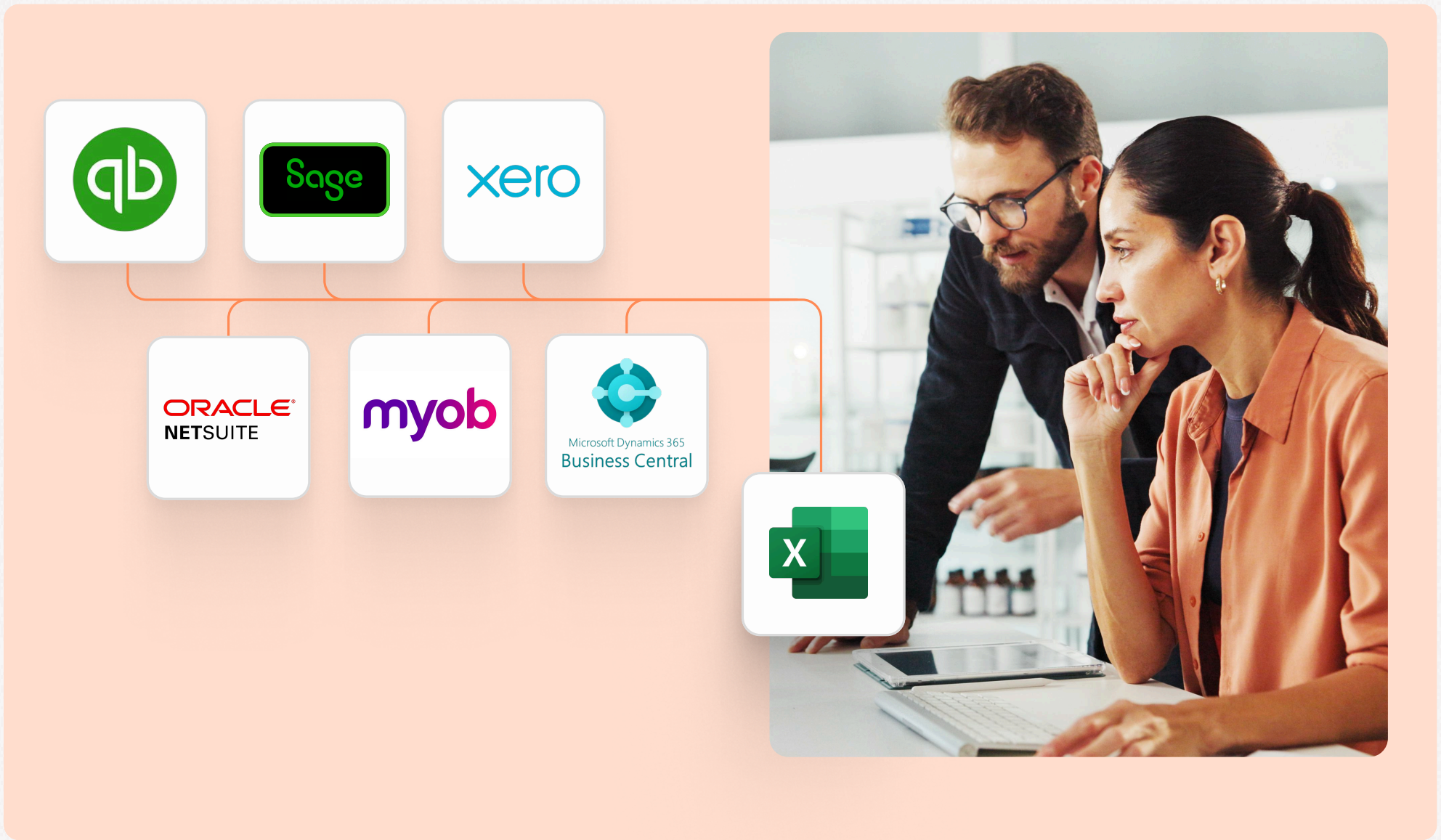
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About Crunchafi's Data Extraction Software

With the click of a button, Crunchafi's Data Extraction software delivers ready-to-use Excel workbooks with financial statements, GL data, subledgers, and more straight from the target's accounting system. Go from request list to databook in minutes.

Crunchafi's Data Extraction software integrates with the most-used accounting software and ERP systems, including QuickBooks, Sage Intacct, and NetSuite. You can find Crunchafi's Data Extraction software in the fastest-growing firms around the world, including the majority of the Top 25 Accounting Firms in the United States.

Used by firms as large as The Big 4 and as small as boutique practices, Crunchafi's Data Extraction software was built by accounting experts specifically to address the bottlenecks found in the FDD process.



Eliminate 2 FDD Bottlenecks with Crunchafi's Data Extraction software

FDD Process

