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The Room Looks Diverse. It Isn't.

Why capital pouring into professional services is being underwritten on an AI and automation story, and why the diligence that actually predicts whether a scaling team holds together is the one almost nobody is running.

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This paper starts from three real engagements, not a hypothesis. In each one, a leadership team that looked strong on every measured axis turned out to be counting people, not psychology. The businesses that acted on that gap scaled. The ones that didn't, stalled. This is our answer to the risk sitting one desk over from the AI story, that almost nobody now diligencing professional services is pricing at all.

WHAT THIS PAPER COVERS, AND WHO IT IS FOR

Three parts, in order

This paper is for investors and corporate buyers evaluating professional services businesses, one of the highest-growth areas in the market right now, and for the leadership teams inside those businesses living through the growth. It's organised in three parts.

Part One. The market you're buying into.

Why capital is rotating toward professional services, what the AI and automation efficiency story is actually buying, and why the shape of the org chart has quietly gone into reverse.

Part Two. The diligence most investors are skipping.

Why a team that looks diverse on every axis that gets measured, gender, age, background, can still be dangerously uniform on the one axis that predicts whether it holds together at scale, and what we test for instead.

Part Three. What this looks like in a live deal.

Where this sits inside the Code to Cash Method, and what a fit-for-purpose partner does with the finding, before an LOI and after close.

Four terms used throughout

01 Assess, 02 Diligence, 03 Integrate and 04 Optimise are the four stages of the Code to Cash Method, referenced throughout this paper. In short: an outside-in read before full diligence spend, the commercial verdict itself, delivery of the plan after close, and the value-creation work through to exit. Part Three sets out where this paper's findings sit inside each one.

One note before Part One. Every claim in this paper about people and teams follows the same rule we apply to every diligence report we write: a finding with no recommendation is a risk list, not an opinion. We don't hand you one without the other.

PART ONE

The market you're buying into

Why capital is rotating toward professional services, and what the efficiency story is actually buying.

PART ONE · THE MARKET YOU'RE BUYING INTO

Capital is leaving the SaaS story and arriving at yours

Software valuations reset hard in 2026. The SEG SaaS Index fell from 5.58x at the end of 2025 to 3.21x by the end of June 2026, a 42% drop in two quarters.[1] Median public SaaS EV/revenue multiples fell to roughly 3.3x–3.4x by March 2026, down from 4.9x at year-end 2025 and 6.2x at year-end 2024.[2] That repricing reflects the market demanding proof of capital efficiency and retention, not a verdict that software is finished. But it has moved a meaningful amount of capital to ask a second question: where else does an AI and automation thesis apply, without the multiple already having run.

The answer, increasingly, is professional services. PE and PE-backed buyers grew their share of professional services deal volume by 32% between the 12 months to March 2025 and the 12 months to March 2026, and now account for 48% of all deal volume in the sector, against total transaction counts that moved from 680, to 768, to 792 across the same three 12-month windows.[3] Separately, Q1 2026 alone saw 129 US professional services M&A transactions, up 13% year on year, with accounting, tax, advisory and consulting making up more than three-quarters of that volume.[4] Private equity has now executed over a thousand acquisitions of accounting firms alone since 2015, and firms running active roll-up strategies are citing AI-driven efficiency gains of 20–50% as the underwriting case.[5]

None of this is speculative capital hoping AI works out eventually. It is capital already moving, on the belief that professional services can be run leaner than it has ever been run before. The question this paper asks is what that belief is actually built on inside any single target, and what it leaves untested.

1. iMerge Advisors, SaaS Valuation Multiples: Q2 2026, https://imergeadvisors.com/dealmaker-insights/saas-valuation-multiples-q2-2026
2. Aventis Advisors, SaaS Valuation Multiples, https://aventis-advisors.com/saas-valuation-multiples/
3. Lincoln International, Q2 2026 Professional Services Market Update, https://www.lincolninternational.com/wp-content/uploads/Q2_2026-Professional-Services-Market-Update.pdf?x27272
4. FOCUS Investment Banking, Professional Services Spring 2026 Report, https://focusbankers.com/professional-services-spring-2026-report/
5. The Crossing Report, Private Equity, Accounting and Law Firm AI Roll-Ups, https://crossing.one/blog/private-equity-accounting-law-firms-ai-rollups-professional-services-2026

The efficiency case is real, and it changes the shape of the business

The professional services efficiency thesis is not marketing. CB Insights identifies four pillars behind it: orchestrating an AI agent tech stack, activating proprietary data for intelligent agents, turning services into scalable AI products, and building a genuinely human-AI workforce, backed by more than $10 billion in AI agent and large language model revenue in 2024 alone, a figure expected to more than double in 2025, and over a hundred AI agent partnerships, investments and acquisitions across leading firms since 2023.[6] McKinsey has deployed roughly 12,000 AI agents internally and now staffs new projects with two or three people plus AI agents, down from around fourteen. Its own AI colleague, Lilli, sits inside more than 70% of staff workflows.[7]

The shape of the org chart is the visible consequence. For a third straight year, McKinsey, BCG and Bain have held graduate and MBA starting salaries flat, and commentary across the industry now talks in shapes rather than a pyramid: an "obelisk" with a narrow base and a high concentration of expertise, an "hourglass" pinched in the middle as AI absorbs routine mid-level work, a "needle" where new hires exist only to apprentice the partners they will eventually replace.[8] Academic work from Harvard confirms this is a general pattern, not a headline: across 62 million U.S. workers and 285,000 firms, generative-AI adopting firms saw junior hiring fall roughly 7.7% relative to non-adopters within six quarters, driven almost entirely by slower hiring rather than exits, while senior employment kept rising regardless.[9] Law firm data shows the same direction: more than two-thirds of large firms now expect to cut or eliminate junior roles by 2035.[10]

This is what "precision hiring for the AI age" means in practice: fewer people, weighted senior, expected to do more with AI doing the rest. It is a real and defensible source of margin. It is also, on its own, a headcount story. It says nothing about whether the smaller, senior-heavier team it produces can actually operate together under the pressure that rapid scaling puts on it. That is a different question, and stage 01 Assess exists precisely to flag it before full diligence spend: an outside-in read on a target before you commit to the twelve scope areas that follow.

6. CB Insights, The Future of Professional Services, https://www.cbinsights.com/research/report/future-professional-services/
7. Industry Lens, Signal Spotlight: McKinsey & Company, https://industry-lens.com/reports/signal-spotlight-mckinsey-company
8. LinkedIn News, Consulting Firms Use AI to Squeeze Entry-Level Hires, https://www.linkedin.com/news/story/consulting-firms-use-ai-to-squeeze-entry-level-hires-6781876/
9. Stanford Digital Economy Lab, Generative AI as Seniority-Biased Technological Change, https://digitaleconomy.stanford.edu/event/seyed-m-hosseini-and-guy-lichtinger-generative-ai-as-seniority-biased-technological-change-evidence-from-u-s-resume-and-job-posting-data/
10. Citi Private Bank, 2026 Citi Hildebrandt Client Advisory, https://www.citiglobalwealth.com/content/dam/cpb/internet/www-citiglobalwealth-com/wealth-at-work/docs/2026_CitiHildebrandtClientAdvisory.pdf.coredownload.pdf

AT A GLANCE

The shape question, in one table

	The org chart shape (measured today)	The team's psychological shape (rarely measured)
What changes when AI arrives	Fewer junior seats, more senior-weighted teams, an obelisk or hourglass replacing the pyramid	Nothing, unless someone specifically tests for it
What gets diligenced today	Headcount plans, org charts, AI tooling and cost	Almost never, even though it sits inside stage 02's own scope
What it predicts	Cost base and delivery capacity	Whether the leadership team can hold together while headcount doubles
What breaks it	A slower AI rollout than the plan assumed	A team that reacts to every kind of pressure the same way, because everyone in the room is wired the same way

The left column is the one every deal team now diligences. The right column is the one that decides whether the plan built on the left column actually survives contact with a business that's scaling. Part Two is about the right column.

PART TWO

The diligence most investors are skipping

Why a team that measures as diverse can still be dangerously uniform underneath, and what we test for instead.

Diverse on paper, identical under pressure

Every leadership and management-team assessment we run sits inside stage 02 Diligence, one of twelve scope areas in a commercial verdict, priced and owned, not a separate exercise bolted on afterwards.[11] What it consistently finds has nothing to do with gender, age or professional background. Those axes can look genuinely mixed on a target's own diversity data and still sit on top of a leadership team that responds to pressure, ambiguity and risk in exactly the same way, every time. We call this Same Shape: a team that has scaled in headcount without scaling in how differently its people are wired to solve a problem.

Same Shape doesn't show up in a management presentation. It shows up as analysis paralysis on decisions that need speed, or as recklessness on decisions that needed caution, because nobody in the room is instinctively wired for the other mode. Up to 80% of candidates are now filtered out at the psychometric assessment stage in modern recruitment pipelines, which tells you the tooling to catch this at the point of hire already exists and is already mainstream.[12] What's missing is the habit of running the same lens over an existing leadership team before a deal closes, when the cost of finding out the hard way is measured in stalled decisions rather than a declined offer.

The honest outcome of testing for this is sometimes that a seat is wrong for the person in it, which is a good outcome for both sides, not a verdict on anyone's worth. Psychometric work here is diagnosis, never a judgement, and it is never sold or delivered as coaching.

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11. Beyond M&A, Tech Problems Are People Problems: Psychometric Tests During Due Diligence, https://beyond-ma.com/psychometric-tests-during-due-diligence/
12. Compono, Psychometric Testing in Recruitment: The Complete 2026 Guide, https://www.compono.com/articles/psychometric-testing-recruitment-guide-2026

Reseat: what we actually test, and how

Reseat is our role-fit programme: the Kolbe-based diagnostic and redesign work that sits inside stage 02 Diligence before signing, and stage 03 Integrate once the deal closes. At diligence, it answers one question an IC can price: does this leadership team's natural way of operating match the plan you're about to fund.[13] After close, the same diagnostic drives the role redesign itself, moving people into seats that match how they're actually wired to work, not just their title.

It runs through TIE, like every stage of the method. Truth: the profile is a number, not a flattering summary, and we say what it shows even when it's uncomfortable. Immediacy: the test itself takes around ten minutes, with a one-hour debrief, so a live process is never held up waiting on it. Efficacy: the output de-personalises what would otherwise be a hard, subjective conversation. Telling someone "the data shows you're wired for rapid decisions, not for the steady operating role this stage needs" lands differently, and more usefully, than a colleague's opinion of their performance.

This is not a personality quiz bolted onto a diligence checklist, and it is never presented as one. It is a numbers-driven output, logical and repeatable, used to redesign a team, the same way a technology architecture finding is used to redesign a platform. Third-party instruments like Kolbe stay exactly that, third-party, applied by a consultant who has run this work for nine years across M&A team integration specifically.[14]

13. Fifth Chrome, The Five Things Leadership Due Diligence Must Assess in M&A, https://fifthchrome.com/the-five-things-leadership-due-diligence-must-assess-in-ma/
14. Opteamyzer, Deal Maker or Deal Breaker? Psychometric M&A Due Diligence, https://opteamyzer.com/knowledge-center/insights-articles/deal-maker-or-deal-breaker-psychometric-m-due-diligence

THREE ENGAGEMENTS, ANONYMISED

Same Shape, in three real rooms

No client names, sectors or deal sizes below. Headcount figures are real.

Situation	What we did	What changed
After a management buyout, the incoming leadership team looked strongly aligned on paper: comparable tenure, function and seniority. Nobody had measured how each of them actually operated under pressure.	Kolbe-based assessment across a 45-person team found almost no risk-taking, rapid-decision capacity anywhere in the room. Genuine diversity of gender, age and background sat on top of a near-identical way of handling ambiguity, textbook Same Shape.	Hiring deliberately introduced psychological diversity into the team. The analysis paralysis that had been misread as a strategy problem cleared once different decision styles were actually in the room.
A professional services unit inside a larger business had used AI to grow automation and revenue without growing headcount, and looked ready for institutional capital on that basis alone.	Profiling of the founding team found highly risk-tolerant, fast-deciding leadership sitting on top of technology and governance work that hadn't caught up, a mismatch invisible in the growth numbers.	The ten-minute test and hour-long debrief de-personalised what would otherwise have been a hard, personal conversation. The team could hear "the governance isn't there yet" without hearing "you personally aren't", and acted on it.
A firm preparing to grow from 750 to 1,100 staff within six months asked us, at the COO's request, to assess its senior leadership team and wider management, eleven people in total.	The work found several people sitting in roles that didn't match how they were naturally wired to operate. Work was redistributed and people moved into seats that fit.	Five years on, the same firm now employs 1,800 people.

The common thread across all three, and every engagement like them: the leaders involved had the humility to look at their own people, and invest in assessing the business from a totally different angle than the one their board deck was built on.

What Same Shape costs when nobody catches it

The numbers on a bad hire are well established, and they scale with seniority, not just salary. Oxford Economics puts the average cost of losing an employee earning £25,000 or more at £30,614, with roughly 28 weeks needed to reach full productivity in the replacement.[15] More recent industry estimates put the cost of a failed mid-level hire at around £132,000, and note that a bad hire at CEO level can cost up to 40 times salary once the knock-on effects are counted.[16] None of those figures assume the person was a poor performer. Most were capable people, wrongly seated.

Questions for the room, before you sign:

- Has anyone tested how this leadership team behaves under pressure, or only observed them in a prepared management presentation?
- If headcount doubles in the next 18 months, does the team have the range to handle problems it hasn't faced yet, or only the one kind it has always faced?
- Where is the risk-taking, rapid-decision capacity in this room, and where is the steady, detail-holding capacity? Naming both is the test.
- Is the AI and automation efficiency case being underwritten by a team that can actually carry it through scale, or by a headcount plan alone?

8 in 10 leadership teams we assess need some form of support to reach the next stage. That is not a verdict on the team. It is the same finding, in every well-run business we've tested, that the org chart alone will never show you.

15. Peel Technical, Do You Know the Cost of a Bad Hire?, https://peel-technical.co.uk/do-you-know-the-cost-of-a-bad-hire/
16. Just Recruitment, The High Price of a Bad Hire, https://justrecruitment.co.uk/2026/04/22/the-high-price-of-a-bad-hire/

PART THREE

What this looks like in a live deal

Where Same Shape and Reseat sit inside the Code to Cash Method, and what changes once you're inside the deal, not just assessing it.

One team, one thread, from first look to exit

The Code to Cash Method runs the same four stages on every engagement, and this work sits inside all of them, not as a bolt-on.

01 Assess · An outside-in read on a target before you spend on full diligence.

A quick flag: does headcount growth outpace the range of thinking styles in the room, before you commit to full scope.

02 Diligence · A commercial verdict across twelve scope areas, priced and owned.

Reseat runs inside the team and leadership scope area: the Same Shape finding, priced and owned like any other.

03 Integrate · The plan in the report, delivered by the people who wrote it.

Role redesign happens here. People move into seats that match how they're wired, delivered by the same team that found the gap.

04 Optimise · Value creation, AI enablement and platform work through to exit.

A leadership team with the range to carry AI-driven efficiency through scale, not just a headcount plan that assumes it can.

Every stage runs through TIE. Truth: an honest verdict on the team, no varnish. Immediacy: findings while your process is live, not delivered after the readout when it's too late to act on them. Efficacy: the best outcome for the business, whether that means redesigning a role or confirming the seat is right.

PART THREE · WHAT THIS LOOKS LIKE IN A LIVE DEAL

Anyone can hand you a verdict. We stay and reseat the team.

Most technology and commercial diligence ends at the report. A finding on Same Shape that arrives with no plan to fix it is a risk list, not an opinion your IC can price. That is the same gap we've argued exists in post-merger integration generally: on paper the team is diverse, inside it is still all one shape, and the knowledge holders are the first to leave once they feel it.

Beyond M&A™ runs this work end to end, inside Lens: Merger OS™, our platform for carrying a diligence finding through to delivery. Ten diligences a month, by design, quality over quantity, across 200+ deals assessed in a decade. Two fully green reports, ever, on the technology and people side combined. Every finding, including a Same Shape finding, lands with a number, an owner and a recommendation.

We are bootstrapped and independent. The opinion in a Reseat finding is ours, not an investor's, and we say so wherever it matters.

TEAR-OUT SUMMARY

The Room Looks Diverse. It Isn't., one-page reference

A deal-room reference. Detach, print, or save. Full discussion sits in Parts One through Three above.

A. Reading the market

- Is the target's AI and automation efficiency case built on genuine orchestration, or on a headcount plan alone?
- Does the org chart shape (obelisk, hourglass, or still a pyramid) match what the team actually needs to deliver the plan?

B. Evaluating the leadership team

- Range test: where is the rapid-decision capacity in the room, and where is the steady, detail-holding capacity?
- Same Shape test: strip out gender, age and background. How differently do these people actually solve a problem?
- Scale test: would this team hold together if headcount doubled in 18 months?
- Seat test: is everyone in the role that matches how they're wired, or the role their title implies?

C. Choosing the diligence partner

- Runs people diligence inside the same scope as technology and commercial diligence, not as a separate add-on.
- Delivers a numbers-driven finding, not a subjective read dressed up as one.
- Stays to deliver the role redesign, not just the report.
- Willing to say a seat is wrong, without making it a verdict on the person.

ABOUT THE AUTHOR

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CLOSING THOUGHT

The efficiency case is real. So is the team carrying it.

Every part of this paper points at the same underlying thread. AI and automation are genuinely reshaping what a professional services business can do with fewer people, and that case deserves the capital finding it. But a headcount plan is not a leadership team, and the businesses in this paper that scaled cleanly were the ones whose leaders were willing to look past the org chart at the people actually in it.

That is the same argument made in People First (Rethink Press, 2018), years before generative AI reached a term sheet: technology and growth plans succeed or fail on the humans they are built around and delivered through. The AI era hasn't changed that principle. It has simply made the businesses that skip this diligence easier to spot, once you know to look for Same Shape rather than a headcount number.

Putting people first, at the exact moment a professional services business is being asked to scale, is not a soft add-on to due diligence. It is the due diligence.

BEYOND M&A

Putting People First While Professional Services Scales

If this raises a question about a target you're assessing, thirty minutes on the phone is usually enough to tell you whether it's worth a closer look.

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