



BUILT TO SELL

The Roofing CEO's Exit Playbook

How to build a roofing company that someone actually wants to buy

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SECTION 1: The Reality Check

Here is the question most roofing CEOs never ask themselves until it is too late: Would anyone actually write a check to buy my company?

The honest answer, for most, is no. Not because the company is bad. Not because the revenue is low. But because the owner IS the business. The relationships live in the owner's phone. The estimates live in the owner's head. The crew shows up because of the owner's reputation. Remove the owner, and what is left?

The data tells a stark story. Roughly 70 to 80 percent of businesses listed for sale never close a deal (Capital Link Advisory, 2025). In the contracting world, the numbers are even more sobering: 80 percent of contractors fail within the first two years, and 96 percent close within five years (Bureau of Labor Statistics via ServiceTitan, 2025). The companies that do survive often become lifestyle businesses that cannot exist without their founder.

"It is not the problems you can see that are costing you the most. It is the one's you don't see." - Matthew Mangold

Meanwhile, a seismic shift is happening. Private equity has discovered roofing. At the start of 2023, there were 17 PE-backed roofing platforms in the United States. By March 2025, that number had grown to 56 -- a 229 percent increase in roughly 24 months (Roofing Contractor, 2025). By mid-2025, PE firms were acquiring a U.S. roofing company every 48 hours (Roofing Contractor, 2025). Deal counts surged from 62 platform transactions in 2021 to 134 in 2024 -- more than double (AXIA Advisors, 2025).

This is not a passing trend. The U.S. roofing market is valued between \$24 billion and \$33 billion and growing at 4 to 7 percent annually (IMARC Group; Mordor Intelligence, 2025-2026). QXO targets \$50 billion in annual revenues within the next decade through acquisitions and organic growth (QXO Investor Relations). The Home Depot closed an \$18.25 billion acquisition of SRS Distribution and followed that by purchasing GMS Inc. for \$5.5 billion through SRS Distribution in September 2025. TopBuild acquired Progressive Roofing for \$810 million at 9.1x EBITDA in July 2025 (TopBuild Corp., 2025).

Buyers are actively looking. The question is whether your company is something they would want to buy. And for most roofing businesses, the answer depends entirely on what happens when the owner steps out of the room.

The PE Wave in Roofing: By the Numbers

Year	PE-Backed Platforms	Acquisitions	Key Milestone
2021	~17	62	Early consolidation begins
2022	~25	~80	Momentum builds
2023	35+	106	Deal count doubles from 2021
2024	56	134	One acquisition every 48 hours
2025-26	60+	Accelerating	QXO targeting \$50B revenue

Roofing Market at a Glance

Metric	Value	Source
U.S. Roofing Market (2026)	\$24B-\$33B	IMARC/Mordor Intelligence
Annual Growth Rate	4-7% CAGR	IMARC Group
QXO Revenue Target	\$50B within decade	QXO Investor Relations
Home Depot/SRS Deal	\$18.25B	Home Depot
TopBuild/Progressive	\$810M (9.1x EBITDA)	TopBuild Corp./SEC
Home Depot/GMS via SRS	\$5.5B	Home Depot/Roofing Contractor

SECTION 2: What Buyers Actually Look At

Buyers do not pay for revenue. They pay for predictable, transferable profit. Everything a buyer evaluates comes down to one question: Will this business continue generating cash after I write the check?

EBITDA: The Number That Matters Most

EBITDA stands for Earnings Before Interest, Taxes, Depreciation, and Amortization. In plain language, it is the cash your business generates from its core operations before accounting maneuvers and financing decisions. Think of it as your true operating profit -- what the business actually earns by doing roofing work.

Buyers use EBITDA as the baseline for valuation. They multiply your EBITDA by a factor (called a multiple) to determine what your company is worth. For smaller roofing companies under \$5 million in revenue, multiples typically range from 2.5x to 3.6x. For mid-market companies with strong operations, PE firms are paying 5x to 9x EBITDA. Well-positioned businesses with recurring revenue and multi-market presence can command 8x to 10x or higher (AXIA Advisors; Peak Business Valuation; Axial, 2025).

The industry average EBITDA multiple increased from 5.2x (2006-2018 average) to 6.1x in 2023 -- a 17.3 percent increase (Forbes Partners, 2024). Service and maintenance-focused businesses command a 1 to 2x premium over construction-heavy counterparts (AXIA Advisors, 2025).

What Drives Your Multiple

Multiple Range	Company Profile	Key Characteristics
3x-4x	Owner-dependent operations	Owner handles sales/estimates/PM; cash-basis accounting; high customer concentration (35%+ from top 3)
5x-6x	Professionally managed	Management team runs daily operations; accrual accounting; documented processes; diversified customer base
7x+	Premium acquisition targets	Owner in strategic role only; comprehensive operational manuals; sophisticated job costing; consistent YOY growth

The Six Factors Buyers Evaluate

1. **Owner Dependency.** Can the business run without you for 90 days? If the answer is no, your company has a significant discount built into any offer. Buyers call this key-person risk, and it is the single most common deal-killer in roofing acquisitions (AXIA Advisors, 2025).
2. **Customer Concentration Risk.** If more than 20 percent of revenue comes from a single customer or referral source, buyers see fragility. Diversified revenue across customers, channels, and geographies commands higher multiples.
3. **Recurring vs. Project-Based Revenue.** Project-based revenue resets to zero every month. Maintenance agreements, service contracts, and warranty programs create predictable, recurring cash flow that buyers will pay a premium for.
4. **Crew Retention.** Your people are your production capacity. High turnover signals instability. Buyers want to see tenure, training programs, and a team that stays because of the company, not because of the owner.
5. **Pipeline Predictability.** Can you forecast next quarter's revenue with confidence? Buyers want to see a sales pipeline, lead tracking, and conversion metrics -- not a business that depends on the owner's phone ringing.
6. **Financial Transparency.** Clean P&L statements, accurate balance sheets, and stable cash flow. Full visibility into where every dollar flows. Opaque or inconsistent financials are an immediate red flag (Hook Agency, 2025).

Industry Benchmarks

According to the ServiceTitan 2026 Roofing and Exterior Market Report, one-third of contractor's report EBITDA margins between 6 and 15 percent. Gross profit margins across the industry range from 20 to 40 percent, with net margins typically falling between 6 and 20 percent (ServiceTitan; Roofr, 2025-2026). 39 percent of contractors cite rising labor and overhead costs as their primary business threat.

The Multiplier Effect: How Small Improvements Create Big Value

Scenario	EBITDA	Multiple	Valuation	Gain
Current State	\$1,100,000	5x	\$5,500,000	--
Improve EBITDA only (+\$225K)	\$1,325,000	5x	\$6,625,000	+\$1,125,000
Improve multiple only (to 6x)	\$1,100,000	6x	\$6,600,000	+\$1,100,000
Improve both	\$1,325,000	6x	\$7,950,000	+\$2,450,000 (+45%)

Real Results from Real Companies

Complete Roofing came to the table operating at 2 percent net profit. Within 48 months, that number moved to 14.7 percent. That is not a marginal improvement. That is the difference between a business that is surviving and one that is worth acquiring.

JC Roofing added 9 percentage points to their profit margin with zero additional marketing spend. The revenue was already there. The profit was leaking out through operational constraints that nobody had identified.

What changed in both cases was not the market or the leads or the crews. What changed was the visibility into where the money was actually going -- and the discipline to engineer the business around leading indicators instead of reacting to lagging ones.

Before/After Results

Company	Before	After	Key Change
Complete Roofing	\$1.9M revenue, 2% net profit	\$14.6M revenue, 14.7% net profit	Operational constraint removal, pricing restructure
JC Roofing	Scheduling waste \$100K-\$630K/yr	+\$5M revenue, +9 pts margin	Systems optimization, zero new marketing

SECTION 3: The 5 Value Killers

These are the patterns I see in nearly every roofing company that struggles to attract a buyer. They are not unusual. They are the default. And that is exactly why most companies never sell.

Value Killer 1: Revenue Dependent on Owner Relationships

When every significant deal flows through the owner's personal relationships, the business has no transferable sales engine. The owner is not just the CEO -- the owner is the entire business development department. Buyers see this and immediately discount the valuation, because they know revenue will decline the moment the owner exits.

In the Complete Roofing engagement, we identified \$1 million to \$5 million in missed prospecting revenue. That revenue was not lost to competitors. It was lost to a system that depended on one person to generate it. No owner, no pipeline.

Value Killer 2: No Documented Processes

If your operations live in people's heads instead of documented systems, your business is a collection of habits, not a company. Buyers need to see that anyone can be trained to execute -- that the playbook exists independent of any individual.

PE firms specifically require established, documented operational processes and scalable systems that can replicate across markets (AXIA Advisors, 2025). Without documentation, integration becomes a rebuilding project instead of a bolt-on acquisition.

Value Killer 3: Thin Margins Masked by Volume

High revenue with low profit is not a sign of growth. It is a sign of a business that is working harder instead of smarter. A company doing \$10 million at 3 percent net margin is generating \$300,000 in profit. A company doing \$6 million at 15 percent is generating \$900,000. Which one would you rather buy?

Complete Roofing operated at 2 percent profit before we started working together. The volume was there. The margin was not. Fixing that required diagnosing where cash was leaking -- from pricing to collections to crew productivity -- and engineering each constraint out of the system.

Value Killer 4: Key Person Risk Beyond the Owner

Sometimes it is not just the owner. It is the one estimator who does all the takeoffs. The one project manager who keeps every job on track. The one sales rep who closes 60 percent of the deals. If any single person leaving would cause a material disruption, buyers will factor that risk into the price.

Building depth in your team is not a luxury. It is a valuation driver. Cross-training, documented roles, and a leadership bench are what separate a company that can be acquired from one that falls apart under transition.

Value Killer 5: No Financial Controls Beyond QuickBooks

QuickBooks tells you what happened. It does not tell you what is happening right now or what will happen next quarter. Buyers want to see job costing, real-time margin tracking, cash flow forecasting, and AR aging reports that are current.

At Complete Roofing, accounts receivable collections were running beyond 90 days. That is not a minor bookkeeping issue. That is cash trapped outside the business, eroding margins and constraining growth. Cleaning up financial controls was one of the first moves that unlocked real profit improvement.

A buyer performing due diligence will spend more time in your financials than anywhere else. If what they find is messy, incomplete, or dependent on the owner's intuition to interpret, the deal either dies or the valuation drops significantly.

Exit Readiness Self-Assessment

Score each item 1 (not started) to 5 (fully in place). Total your score to assess readiness.

Area	Question	Your Score (1-5)
Owner Dependency	Can your business run for 90 days without you?	___
Sales Engine	Do you have a documented, repeatable sales process that does not depend on one person?	___
Process Documentation	Are your key operations (estimating, scheduling, QC) documented in SOPs?	___
Financial Controls	Do you have job-level costing, real-time margin tracking, and cash flow forecasting?	___
Customer Concentration	Is no single customer or source more than 20% of revenue?	___
Recurring Revenue	Do you have maintenance agreements or service contracts generating predictable income?	___
Team Depth	Are all critical roles cross-trained with at least one backup?	___
Crew Retention	Is your annual crew turnover below 25%?	___
Pipeline Visibility	Can you forecast next quarter's revenue within 15% accuracy?	___
Financial Transparency	Are your financials audit-ready with clean P&L, balance sheet, and 3 years of history?	___

Scoring Guide

Score	Assessment	Next Step
40-50	Exit-ready	Engage M&A advisor; you are positioned for premium valuation
30-39	Strong foundation	Focus on 2-3 weak areas; 6-12 months to readiness
20-29	Significant gaps	Begin Q1 checklist immediately; 12-18 months needed
10-19	Major rebuild needed	Start with financial cleanup and owner extraction

SECTION 4: The 12-Month Exit Readiness Checklist

Whether you plan to sell in two years or ten, the work of making your company sellable is the same work that makes it more profitable and easier to run right now. This is not just exit preparation. This is better business.

Quarterly Timeline Overview

Quarter	Focus Area	Key Milestone
Q1	Financial Cleanup & EBITDA Optimization	Clean financials, job costing in place, cash flow forecast running
Q2	Process Documentation & Owner Extraction	All SOPs documented, KPI dashboard live, CRM operational
Q3	Team Readiness & Key Hires	GM/Ops leader hired, all roles cross-trained, owner at <20% decisions
Q4	Valuation Prep & Advisor Selection	Preliminary valuation, CIM compiled, M&A advisors interviewed

Q1: Financial Cleanup and EBITDA Optimization

- Engage a CPA experienced in contractor businesses to review and restate financials. Separate personal expenses from business P&L.
- Establish job-level costing on every project. Know your gross margin per job, not just overall.
- Implement AR aging tracking and enforce 30-day collection terms. Every day beyond 30 is cash you cannot use.
- Identify your top three cash flow leaks. Common culprits: underpricing, scope creep without change orders, untracked warranty costs.
- Benchmark your EBITDA margin against industry standards (target: 10 to 15 percent minimum for acquisition attractiveness).
- Build a rolling 13-week cash flow forecast. Update it weekly.
- Review all subcontractor and supplier agreements for margin improvement opportunities.
- Eliminate or renegotiate any unprofitable recurring commitments.

Key Milestone: By end of Q1, you should be able to answer 'What is my EBITDA margin on a trailing 12-month basis?' with a number you trust.

Q2: Process Documentation and Owner Extraction

- Document your sales process end to end: lead intake, qualification, estimating, proposal, follow-up, close.
- Create standard operating procedures for production: job setup, material ordering, crew scheduling, quality inspections, punch list, closeout.
- Document your hiring and onboarding process so it does not depend on your personal involvement.
- Build a KPI dashboard with leading indicators: leads generated, estimates sent, conversion rate, backlog value, AR aging, crew utilization.
- Begin delegating customer-facing activities. Your sales team should be able to close without you in the room.
- Identify every task you personally do each week. Create a plan to delegate or systematize each one within 90 days.
- Implement a CRM if you do not have one. Every lead, every touchpoint, every follow-up must be tracked in a system, not in your head.

Key Milestone: By end of Q2, you should be able to take a full week off without anything breaking.

Q3: Team Readiness and Key Hires

- Hire or promote a general manager or operations leader who can run day-to-day without you.
- Cross-train every critical role. No single person should be the only one who can do any essential function.
- Establish a leadership team that meets weekly with a structured agenda and accountability metrics.
- Review compensation structures. Ensure key employees have incentives to stay through a transition (retention bonuses, profit sharing, or equity participation).
- Formalize crew training programs. Document safety protocols, quality standards, and production expectations.
- Reduce owner dependency to under 20 percent of operational decisions. Track this weekly.
- Build relationships with at least two backup subcontractors for every trade you outsource.

Key Milestone: By end of Q3, your leadership team should be running the weekly meeting and making operational decisions without your input.

Q4: Valuation Prep and Advisor Selection

- Obtain a preliminary business valuation from a qualified M&A advisor or business appraiser.
- Compile a confidential information memorandum (CIM): company overview, financial history, growth trajectory, team bios, market position.
- Engage an M&A attorney to review contracts, leases, and any legal exposure that could complicate a sale.
- Clean up any outstanding legal issues: liens, disputes, warranty claims, compliance gaps.
- Interview at least three M&A advisors or business brokers with experience in contractor or home services transactions.
- Stress test your business: take two weeks completely off. What breaks? Fix those things.
- Build a growth story. Buyers pay premiums for businesses with clear expansion opportunities (new markets, new service lines, commercial crossover).
- Prepare a transition plan that shows a buyer exactly how knowledge transfer and leadership continuity will work post-close.

Key Milestone: By end of Q4, you should have a preliminary valuation, a CIM draft, and at least three advisor conversations completed.

SECTION 5: When to Start

The most common question I hear is, 'When should I start getting my company ready to sell?'

The answer is now. Not because you need to sell tomorrow. But because every improvement you make for exit readiness pays dividends today. Better margins mean more cash in your pocket this year. Reduced owner dependency means you get your weekends back. Documented processes mean fewer fires to put out. Stronger financials mean better decisions.

Across the companies I have worked with, identifying and solving operational constraints early has contributed to \$147 million in aggregate recovered revenue. That is not theoretical value. That is real money that was already inside those businesses, waiting to be captured.

The PE wave in roofing is not slowing down. With 56 platforms competing for acquisitions and deal counts doubling in three years, the opportunity window for well-prepared companies has never been wider. But buyers are getting more sophisticated. They know what a well-run company looks like. And they know the difference between one that is genuinely ready and one that got a fresh coat of paint for the listing.

Whether your exit is two years away or ten, the question worth asking yourself today is this: If a buyer walked through your door tomorrow, what would they find?

Would they find a business that runs on systems, generates predictable profit, and has a team that does not need the owner in the building? Or would they find a high-revenue operation held together by one person's willpower and relationships?

The work to close that gap starts now. And it starts with seeing clearly where you actually stand.

Strategic Options: Sell vs. Stay Independent

Factor	Sell to PE	Stay Independent
Capital Access	Immediate liquidity + growth capital	Self-funded or traditional lending
Operational Control	Shared with platform; centralized decisions	Full autonomy
Growth Speed	Accelerated via platform resources	Organic; limited by cash flow
Risk Profile	Reduced personal risk; diversified	Concentrated; owner bears all risk
Timeline Pressure	PE fund lifecycle (3-7 year exit)	No external pressure
Valuation Trend	Multiples at 5x-9x for mid-market; window may narrow	Value grows with EBITDA improvement
Best For	Owners ready to transition or seeking liquidity	Owners building generational wealth

How PE Deals Are Structured

Component	Typical Range	What It Means
Cash at Closing	50-80% of deal value	Immediate liquidity for seller
Equity Rollover	10-40% (avg ~20%)	You reinvest in the combined entity for future upside
Earnout	10-25%	Performance-linked payments over 1-3 years
Seller Financing	Variable	Bridges financing gap; shows your confidence in the business

What to Expect: The M&A Timeline

Phase	Duration	Key Activities
Preparation	4-8 weeks	Financial documentation, marketing materials, data room setup
Marketing & Initial Meetings	4-6 weeks	Teaser distribution, NDA execution, CIM review
Management Presentations & LOIs	4-6 weeks	In-person meetings, buyer questions, LOI negotiation
Due Diligence	8-16 weeks	Financial, legal, tax, and operational investigation
Purchase Agreement	6-12 weeks	Legal documentation, financing finalization
Closing	1-4 weeks	Final approvals, fund transfers, ownership transfer

Total timeline: Plan for 9-12 months from preparation to close.

Take the First Step

Find out exactly where your business is leaking profit with the Strategy Session. A free, interactive assessment that identifies your biggest constraints in under 10 minutes.

matthewmangold.com/resources

Ready for a deeper conversation? book a Strategy Session to discuss your specific situation, your goals, and what it would take to build a company that gives you options.

matthewmangold.com/strategy-session

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