

Buy & Build

Dealers share acquisition strategies & advice

by: Brent Hoskins, Office Technology Magazine

Many office technology dealers have taken the step to expand beyond organic growth by way of acquiring other dealerships. Are you among them? It can be a way to add to your customer base, acquire talent and further diversify your product offerings. Is it time for you to pursue an acquisition strategy? Perhaps the insight shared in the three dealership profiles below will assist you in making plans to buy and build.

Donnellon McCarthy Enterprises

With its roots dating back to 1957, Donnellon McCarthy Enterprises (DME), based in Cincinnati, Ohio, is mastering the art of the acquisition. Today, at \$50 million in annual revenues and 192 employees, DME has 14 locations in five states — Illinois, Indiana, Kentucky, Ohio and West Virginia. All location expansion beyond the corporate office is the result of acquisitions, says Jim George, president and CEO. “The goal is to go coast to coast,” he says. “We plan to hit the \$100-million mark within the next 18 months.”

DME has been very active with acquisitions over the past 10 years, George says. Since 2017, there have been eight acquisitions. The most recent and the largest to date was Ohio Business Machines, a \$20-million dealership based in Cleveland, Ohio.

Beyond the immediate growth of DME’s customer base, there is another key benefit of acquisitions, George says. “They add different competencies to our organization,” he explains. “DME is not just a traditional copier company anymore. We have DME managed services, managed print, software solutions, managed security, tech infrastructure and managed IT ... For those dealers acquiring, make sure you are acquiring a diversified business. If you are just buying somebody’s copier leases, all you’re doing is buying a base; you’re not really buying a business and you’re going to get burned.”

The value of some diversification strategies may be bigger than expected, George says. One acquisition, for example, led DME to diversify into security cameras, he says. At the



time of the acquisition, George says he was unsure about bringing on cabling personnel and cabling trucks. “Then I saw 62% margins,” he says. “Today, that’s a \$5-million business for us; it’s the fastest growing area of our business on the IT side.”

George has no shortage of advice for his fellow dealers beginning their acquisition journeys. Among his recommendations:

- Strive to keep the prior owner on board for at least three years to assist in the transition of customer loyalty. “I am looking for an owner who is looking to get out but isn’t

ready to just walk out the door the same day ... If the owner is going to leave right away, that’s a red flag for me.”

- Consider keeping the acquired dealership’s name to maintain customer loyalty. “We keep everybody’s company name the same [as it was before the acquisition], but just add the tagline ‘A DME Company.’ We do, however, change its logo to emulate the DME logo.”

- Do not make false promises regarding continued employment to the acquired dealership’s employees. “The last thing I am going to say to them is: ‘Don’t worry, nothing is going to change.’ That would be lying; everything is going to change. My goal is to find a spot for everyone, even through relocation. But in certain cases, there is no fit. That is the harsh reality of acquisitions.”

- Concentrate on keeping key employees. “You want to keep the heavy hitters; you know who you want. Immediately after signing the documents, I grab those folks, sit down with them and try to calm their nerves. There are certain folks you don’t want to lose.”

- If the acquisition target has any customer representing 20% or more of the business, walk away. “I had one possible acquisition where I learned that a hospital customer represented 40% of its business. If that hospital customer ever went away, I would have just bought a shell.”

- During due diligence, confirm employee tenure for the past three years. “A lot of times, when someone is about to

sell, they get rid of a bunch of service people to lower operating and personnel costs.”

Despite DME’s successes in growth through acquisitions, George emphasizes the importance of organic growth as well. “If you don’t have organic growth, you are not really growing as an organization,” he says. “The way I look at acquisitions is that they can help you move forward faster, but organic growth is what proves your model is working.”

Nauticon Office Solutions

In 1997, Tom Cunningham and Gary Sockel acquired Gold Systems, a Gaithersburg, Maryland, dealership serving the Washington, D.C., market with around six employees, 100 customers and \$1 million in annual revenues. Today, now known as Nauticon Office Solutions, the dealership has 110 employees, close to 10,000 MFPs in the field and is at more than \$30 million in annual revenues.

After about 10 years, Nauticon began making acquisitions, including one company servicing the Baltimore, Maryland, area that was later sold to Konica Minolta; the divestiture occurred to allow for greater concentration on Nauticon’s then-new MSP — Nauticon Information Systems. In 2023, Nauticon acquired Digital Office Products (Digital) in McLean, Virginia. More recently, in 2025, it acquired Annapolis Office Products (AOP) in Millersville, Maryland.

Digital was nearby, also serving the D.C. market. “We knew they had a few pretty talented salespeople, so that made us interested — acquiring a bit of talent as well as the customer base,” says Carter Hertzberg, Nauticon president and co-owner. “Since Digital [like Nauticon] was a Toshiba dealership, it made it a simple tuck-in where we could just eliminate their real estate and some of their systems.”

The most recent acquisition, AOP, was the result of a cold call by Nauticon. “We had lunch with the owners back in 2023; two brothers who owned it jointly,” Hertzberg says, noting that they were approaching retirement. “They said, ‘You’ll be the first one we call when we are ready.’ And, sure enough, a year and a half or so later they called and said, ‘If you guys are still interested, we’d like to advance the conversation.’ That was in about April 2025. We had a deal closed by Sept. 30, 2025.”

The first meeting with a newly acquired team “is hard to do,” Hertzberg says. “It’s difficult to put yourself in the acquired employees’ shoes. They have no idea what’s happening.

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— Jim George
Donnellon McCarthy Enterprises

They show up at 8 a.m. for an all-staff meeting and some man or woman they have never seen before says, ‘Hi, I’m your new boss.’”

Hertzberg advises any dealers acquiring for the first time to be particularly empathetic at such a meeting. “Understand that some people are going to have an adverse reaction. Don’t hold that against them. Try to build a level of trust by saying, ‘I understand.

Take your time. All I am asking from you is to give us a chance’ ... If you come at it with an empathy-forward approach, you can gain trust a lot more quickly than just trying to whip them into shape and saying, ‘There’s a new sheriff in town and this is how it’s going to be.’”

A few other points of guidance from Hertzberg:

- Verify the acquisition target’s customer base. “Pick 10 or 20 customers and call them. If they say something like, ‘We would prefer you not call these three customers,’ that’s a huge red flag.”

- Verify the lease portfolio. “You’ve got to get underneath the lease portfolio to make sure it exists. Sit down with them and watch them download it from the leasing company’s website.”

- Verify the accounts receivable. In the case of the dealership that Nauticon acquired and later sold, at the time of the acquisition, “they had \$2.5 million of AR. We quickly deduced that \$1.5 million of it was uncollectible; it just built up over the years.”

- For those making their first acquisition, hire one of the industry’s consultants who help buyers and sellers. “They will help you enormously, digging up things and looking around corners you don’t know exist. They will give you A, B and C, but also D, E, F, G and H.”

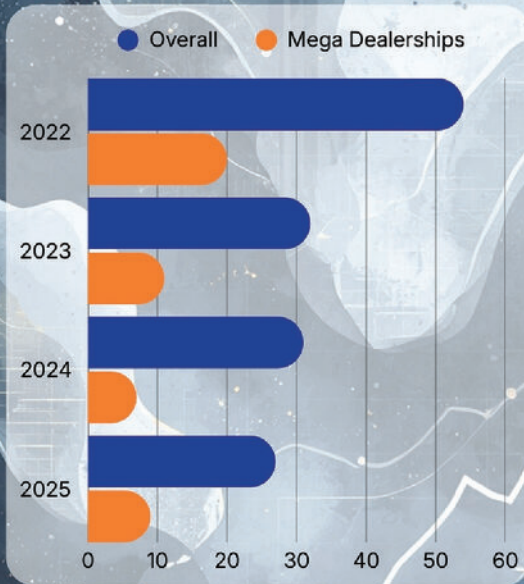
While Nauticon has had some successful acquisitions, has it ever pursued an acquisition that did not come to fruition? “Multiple times,” Hertzberg acknowledges. “We’ve been unsuccessful many times, but you miss all the shots you never take.”

WiZiX Technology Group

Although WiZiX Technology Group, based in Roseville, California, is a relatively young company [established in 2017], it has already made significant strides with acquisitions. “In eight-and-a-half years, we’ve completed nine acquisitions,” says Eric McIntosh, WiZiX senior vice president and co-owner. “It has definitely been a meaningful part of our growth strategy.”

In 2025, WiZiX reached just shy of \$30 million in annual

Dealerships Buying Dealerships: 2022-2025



21 acquisitions were for dealerships with >\$10 million in revenue, with **18** of those made by the mega dealerships.

31 acquisitions were for dealerships with <\$1 million in revenue, with **five** of those made by the mega dealerships.

While there was a reduction in acquisitions after 2022, activity has stabilized since then to roughly 30 a year.

There have been four acquisitions of dealerships by dealerships so far in 2026.

Source: Keypoint Intelligence Channel Research

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Nauticon Office Solutions

revenues. “We hope to achieve \$50 million in revenues by the end of 2030,” McIntosh says. “There’s an adage that is so true: ‘If you’re not growing, you’re dying.’ It doesn’t mean we have to ‘take over the whole world,’ but we’re always trying to grow.”

While the nine acquisitions each contributed immediate growth at WiZiX, “the majority of our growth, 65% to 70%, still comes organically,” McIntosh says. “The other 30% to 35% has been through acquisitions, which are also contributing to our organic growth. We have found that when we acquire a company, the acquired reps can place more printers and MFPs than at the previous company because of the different products we offer and our service capabilities. For example, the imaging customers we acquire can now also be sold our VoIP systems.”

McIntosh notes that essentially all acquired employees remain at WiZiX, except for the owners. Among the smaller dealerships acquired, there have not been many admin redundancies with existing WiZiX employees, he says. “In some cases, the owner and the owner’s spouse were doing the admin work,” he explains. “So, we’re left with the sales reps and technicians, who we want. We want to retain the reps to maintain the customer relationships, and with all the extra machines we’re bringing on, we want the service techs.”

The need and ability to keep acquired employees is also reflective of WiZiX’s status as a “hypergrowth company,” McIntosh says. “With growth comes opportunity. So, when there is redundancy of admin staff, we find a way to make it work, often with some repositioning.”

Among McIntosh’s recommendations for his fellow dealers new to making acquisitions:

- Ensure that a non-disclosure agreement is in place when conversations with a possible acquisition target get underway. “I highly encourage anyone who is looking at an acquisition to have an NDA signed — for your protection as the buyer, but also for the seller — because what comes next is somewhat intrusive.”

■ Allocate plenty of time for thorough due diligence. “Spend more time on the due diligence than you may think you need. It’s easy to see the ‘shiny object’ in front of you and get excited, but in every opportunity you want to work with the seller to understand the business as much as possible and minimize as many surprises post-sale as you can.”

■ Complete a comprehensive inventory evaluation. “Validate the inventory that is listed on the balance sheet to confirm how much of it is usable. The last thing you want to do is write a check for inventory of parts and toners for machines that are discontinued and no longer in the field.”

■ Be wary of unclear financials. “If the company you are looking to acquire cannot produce consistent and reliable financials that allow you to dig in and understand more about

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the business, that is usually a telltale sign that there are more issues down the road. It doesn’t necessarily mean the deal is dead. You may want to tell them: ‘Clean up A, B and C, then, once you’ve done that, let’s talk again.’”

WiZiX will continue down the acquisition path, McIntosh says. “I don’t ever see the acquisition strategy going away for us, whether it’s in our own marketplace or

in neighboring regions where we want to expand. We are not trying to be a national takeover company ... but we do see ourselves continuing to grow.” ■

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