Consultant mergers have been a fixture of the institutional investing world since 2010, but the instinct to pair up isn’t limited to the biggest firms like Towers Watson, Segal Rogerscasey and Aon Hewitt Investment Consultants. Last week, mid-market specialist Captrust Financial Advisors acquired MFP Strategies.

This is the firm’s third such deal in the last 12 months, bringing Captrust’s assets under advisement to more than $180 billion.

“We have grown our business pretty effectively over the past 10 or so years and while we have gotten bigger by way of organic growth, we’re also in the business of bringing new practices on board like MFP, which is our 19th acquisition,” says John Curry a senior marketing director at Captrust, which is headquartered in Raleigh, NC.

The Captrust business model is a sort of hybrid between the independent affiliate model and the entirely centralized practices used by most traditional consulting firms. The Captrust consultant teams are treated as a network of affiliates, even though they’re all Captrust employees that operate under the Captrust brand, Curry says.

Much of the firm’s acquisition activity has been driven by gaining a foothold in new regions of the country—the firm started in the Southeast and crept up the eastern seaboard into New England before extending its reach across the continent to the shores of the Pacific. In that context, the newly acquired team from MFP will stay put at its current base in Bethlehem, Pa. though they will still adopt Captrust’s centralized scorecard system helmed by its 40-person manager research team.

“The institutional consulting world is pretty small, so we’re constantly out there talking to people who are at a catalytic moment with their practices where they need to partner up with somebody to take things to the next level,” he says. “We look for firms that are culturally aligned with us but have grown all they can on their own without more resources.”

Before the merger, Captrust’s institutional assets under advisement stood at $171 billion while advisors in their wealth management division oversaw $3 billion. The bulk of the firm’s clients fall within the $25 million to $250 million asset range.

Both Captrust and MFP already have a presence in the outsourced CIO (OCIO) market, offering discretionary services to both their institutional and wealth management clients.

That could bode well for their marriage. Firms looking to add to their reach—and their margins—are wise to build out a business model that accommodates OCIO, especially if their services crossover between both
institutional and high-net worth client types, according to Elizabeth Nesvold, managing partner of Silver Lane Advisors, an asset management-focused investment banking firm.

“The evolution of the OCIO model is one of the better and more scalable enhancements to the consulting business,” she says. “It also allows the consultants to move downstream to smaller institutional accounts, but to manage them on a more discretionary basis. For some, it has also facilitated the move into the wealth management space.”

Once an acquisition trend like this starts, it’s hard to stop the cycle since firms are more inclined to pursue growth via acquisition when they see their competitors charting that course, Nesvold says.

“While the bigger, blockbuster deals may be fewer and far between, the trend will no doubt move toward the smaller to midsized firm, seeking to bulk up or acquire ancillary capabilities to remain competitive,” she says.

Indeed, the consulting industry is ripe for more mergers and acquisitions, says Dan Seivert, CEO and managing partner of ECHELON Partners, an investment bank and consulting firm.

“M&A activity often begets more M&A activity. The circumstances that drive such a paradigm are as follows: slow organic growth, huge switching costs or hassles for clients [as they go from one consultant to another], difficult entry or access to certain market segments, pricing competition among larger player—all of which exists in the pension consulting market,” Seivert says. “So those not gearing up to do deals will likely have to hope that their growth is okay or that the dealmakers mess up due to fast growth or merger integration.”

Earlier this year, Captrust entered into a partnership with Pensionmark Retirement Group, an investment consultant that works with both DC and DB plans, which Curry describes as “somewhere between an acquisition and a strategic investment.” And last October, the firm acquired DC Advisors and its $12 billion of assets under advisement for defined-benefit and defined-contribution plan clients.