

Long Island Business News

More practices make perfect

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By: Bernadette Starzee December 3, 2015

Heading into 2016, there will continue to be an urge to merge in the accounting industry as regional firms look to expand their footprints and practice areas and aging sole proprietors and small firm partners seek an exit strategy, as well as the resources of a larger firm.

Few Long Island firms have been as active on the merger-and-acquisition front as Marcum, which announced its latest deal last week. The firm, which has 300 people in its Melville offices, will join forces with Philadelphia-based Smart, Devine & Co., effective Dec. 1. The deal will add two offices (the other is in King of Prussia, Pa.) and 75 partners and staff members to Marcum's existing 25 offices with 1,400 people, while expanding the firm's reach in Pennsylvania, where it already has an office in Bala Cynwyd.

The announcement came on the heels of Marcum's Nov. 1 merger with Frost, Rutenberg and Rothblatt, which gave it a foothold in the Chicago area while bolstering the firm's healthcare practice.

Marcum will continue to consider merger opportunities with firms that are a good fit strategically, geographically and culturally, said Carolyn Mazzenga, partner in charge of Marcum's Melville office.

"If a firm's client list is in an industry that we want to focus on, that would be someone that we would seriously consider merging with," she said.

Industries of focus for Marcum include real estate, technology and construction.

"There's a lot of activity, and we're getting a lot of inquiries," Mazzenga said. "We look for synergies with personalities and people, geography and expertise. We look for firms that are run well, with good management and good teams."

Two years ago, Chicago-based Baker Tilly Virchow Krause merged with Holtz Rubenstein Reminick with offices in Melville and Manhattan. The firm continues to expand through deals, bringing in ParenteBeard of Philadelphia and Manhattan, with its deep healthcare consulting, insurance and high-end matrimonial practices, a year ago, and, this summer, joining forces with SF & Co., with three offices in central Pennsylvania.

"The addition of these firms strengthens our presence throughout the northeast corridor – from Washington, D.C. up through New York – which sets us apart from the competition," said Barry Garfield, New York/Long Island regional managing partner, who came over in the HRR deal. "The additional resources and increased focus on industry specializations allows us to better serve our clients and take on new opportunities."

With 29 offices and 2,700 people, Baker Tilly is setting its sights on Texas and California next, which would make it a bona fide national firm, and continues to look at merger opportunities within its existing footprint.

“[HRR’s] reason for merging with Baker Tilly was to get the resources of a larger firm and the specialized knowledge of more professionals, and many other firms out there are looking to do the same,” Garfield said.

“In Nassau County, there are 6,000 CPAs and in Suffolk there are 3,000 CPAs, and many are in small firms,” said Andrew Cohen, managing partner of the Woodbury office of WeiserMazars, which now has 11 offices nationwide as it continues to expand its footprint beyond the tri-state area. “And there are a zillion baby boomers getting ready to retire. A lot of firms need an exit strategy, and more and more are going to be available in the next couple of years.”

WeiserMazars is looking for “meaningful deals” to bolster both its Long Island practice and to expand its footprint. Over the last year, it has brought in 10 partners firm-wide, including subject matter experts in the areas of trusts and estates, private equity and financial services, to expand those practices. The 800-person firm is also always on the lookout to expand into new industries.

“For instance, we have a big food and beverage practice,” Cohen said. “Right now, we go from manufacturing to table; we’ve looked at firms with an agricultural practice,” which would allow WeiserMazars to serve clients on the entire continuum from farm to table.

“We’re in a different world than we were 10 to 15 years ago – it’s a global economy, and we’re looking to provide the best resources for our clients,” said Mark Meinberg, partner in charge of the Syosset office of EisnerAmper, in explaining the impetus to join forces with the right candidates.

The firm, whose office locations include Manhattan, New Jersey, Connecticut, Pennsylvania, Florida, California and the Cayman Islands, is looking to “expand its presence in California and establish a presence in Texas, Washington, D.C., Boston and Chicago – those are places we will need to be because of who our clients are,” Meinberg said. “Our clients are growing, bringing us into other markets.”

The firm has deep expertise in several industries, including financial services, real estate and technology.

“When we look at other opportunities, we look to grow by partnering with other firms that share our culture and whose practice can mirror or augment what we already have,” Meinberg said.

In addition to expanding elsewhere, Manhattan-based Citrin Cooperman is growing its Plainview office, which it established following a 2014 merger with MGI Repetti, which also had offices in Manhattan.

“Our firm always had a presence on Long Island, with clients here and partners and staff that lived on Long Island and worked in our New York City office,” said Long Island Managing Partner Michael Sabatini. “We had the opportunity to establish a footprint here.”

The firm has grown its Plainview team from about 20 to 28 people in the last year and is fresh off two mergers, bringing in Bethesda, Md.-based Regardie, Brooks & Lewis in September and Joel Popkin & Co. of Manhattan at the start of this month. The firm also acquired a Manhattan computer consulting practice in June, to allow it to offer expanded services in-house.

“We’re always looking at opportunities that make the most sense – to expand the services we could offer to existing clients and expand the size companies we could serve,” Sabatini said. “We have to make sure the culture will be a good fit. We look at the way firms work with their clients and the way they treat their staff. We have a collegial, entrepreneurial spirit. If I send an email saying I need someone with expertise in a certain subject, I get a flood of emails back with suggestions.”

Besides being able to bring in subject matter experts from other offices, the Long Island offices are called on to share their own expertise.

For instance, WeiserMazars' Long Island food industry experts help other offices serve and expand their client lists in this category. The Woodbury firm's Food & Beverage Forum, an industry networking event for clients and prospects, has been expanded to New Jersey and Pennsylvania.

While Marcum's headquarters is now in Manhattan, Melville was its original office, and partners leading the firm's tax, assurance and advisory services still are resident there.

"Training for the entire firm is done here, and we have a lot of expertise in tax and alternative investments," Mazzenga said. On a wide range of matters, "this is where the other offices call to get answers."