

# Rhode Island Society of Certified Public Accountants

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Lead Story

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## Mergers and Acquisitions and Alliances, Oh My!

The headlines continue in the growing trend toward mergers, acquisitions and other forms of alliances between local CPA firms and their larger partners.

- January 2013: Sullivan & Company, one of the largest and best-known accounting names in Rhode Island, has merged into BlumShapiro. This merger makes BlumShapiro one of the Top-60 accounting firms in the nation, with 340 employees throughout New England.
- January 2014: Marcum LLP, a top national accounting and advisory firm, announced a merger with Braver PC, a full-service regional accounting firm. Fourteen Braver partners and over 100 staff have joined Marcum's New England region which now has six locations.
- September 2016: LGC+D is pleased to announce that the firm has joined top-25 accounting firm Citrin Cooperman. LGC+D's 60 firm members include partners, professionals and support staff.

We talked to the partners-in-charge of the Providence offices of these three firms about today's competitive marketplace and, specifically, the impetus for their alliances, how things are going for clients and staff, and what's new.

*[excerpts]*

### **1. ABOUT YOUR MERGER/ACQUISITION: Your firm was and is well-regarded in the regional marketplace. What was the thinking that led your firm to make the decision to merge?**

JIM WILKINSON/MARCUM: The decision to even contemplate an upstream merger was carefully evaluated by our executive committee and partner group. Even with the success we had experienced in building the practice, in earning our reputation for quality and innovation, and advising clients on meeting their own goals for growth and success, there was an overall concern regarding our ability to keep pace with the sophistication and service offerings that our clients would require as they continued to expand and grow.

Our process to identify and evaluate potential candidates and negotiate the merger lasted just over 18 months. In addition to reviewing the wide range of services offered by all of the firms,

we invested a great deal of time and effort getting to understand the culture and values embodied in each firm's leadership and operations. Some of the other more significant factors considered in our evaluation process included: resources and programs for staff development and training, marketing and sales programs, technology and systems, staff recruiting strengths, client industry experience to complement our own, and partner retirement and succession provisions. Nearly three years after our merger, this process has proven to be effective and Marcum LLP was clearly the best choice for our continued growth.

**2. ABOUT YOUR EMPLOYEES: Company cultures for small firms are family-like but in today's world there are economic advantages to be part of a larger firm. How are your employees faring in the transition?**



**JIM WILKINSON/MARCUM:** While we are part of a large, national firm now, none of our offices are so large that our employees lose their identity as respected and valuable members of our team. It has been rewarding to see our collaborative atmosphere and balanced culture preserved, and even improved, in our new, larger practice. While our operations are now more structured with defined audit and tax departments, and client-focused industry groups, our partners and managers continue to work closely with our team members. We have active programs aimed at managing workload compression, developing future leaders, and promoting diversity and inclusion (to list just a few). Of course, transitions, changes, and the “unknowns” brought about by mergers do cause stress on team members and we have experienced an expected amount of turnover. However, we are also now seeing some former staff returning to us -- we call them boomerangs -- after exploring other opportunities. The one piece of advice I would give to the newly-merged or acquired is to have an open mind and never lose sight of the benefits that contributed to the decision to merge.

**3. ABOUT YOUR CLIENTS: Clients develop strong relationships with their financial advisors and, obviously, you don't want to interfere with those relationships. What impact does your expansion have on your clients?**

**JIM WILKINSON/MARCUM:** The consistent message to our clients was that while the firm name on our business cards was changing, the personal relationships that we built would not be affected. In fact, these relationships have only gotten stronger as we have introduced greater depth-building service teams with more specialization and abilities, and introduced additional leaders with resources to provide value beyond our traditional, pre-merger services.

**4. OTHER NEWS: Will your new firm be offering expanded services, additional customer service features, ... or anything else you would like to share?**

JIM WILKINSON/MARCUM: We see a lot of activity in some of our expanded service areas such as R&D tax credits and on the international front. More and more smaller businesses are importing and exporting, or making and settling payments in foreign currencies, and require assistance navigating the associated accounting and tax complexities. In addition, while we did have a small SEC practice prior to the merger, we are now a part of the seventh largest (and fastest growing) public-company audit practice in the country. Some SEC registrants in the RI area have us as an A-1 local resource; they don't need to go to Boston or New York.

A CPA Practice newsletter notes that according to the 2015 Accounting Firm Operations and Technology Survey, 37.7% of respondents said yes when asked if they've considered growth via merger or acquisition—an increase of 3.5 percentage points over 2014. With more than one-third of respondents considering this option, M&A in the accounting profession is certainly a trend that continues to be on the rise.