

Invest: Boston

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Spotlight On: Douglas Farrington, Boston Office Managing Partner, Marcum LLP

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LLP

Invest: spoke with Douglas Farrington, managing office partner of Marcum LLP, to discuss the current professional services landscape from new IRS reporting requirements and M&A trends to a vibrant commitment to community engagement. “We operate on a series of core values and one of the most important is community,” he said.

Where have you seen the most business over the past year?

One of our fastest growing service lines is transaction services, which is indicative of what’s going on in the market. There’s a tremendous amount of M&A activity happening right now and in order to respond to that and be prepared for it, we’ve built out our transaction services team to work with companies on both the buy and sell side to get them through transactions.

There is a lot of interest on the sell side, in other words, sellers looking for liquidity events and monetizing businesses they've invested in and created over time. Sellers are interested in making things happen. But in order to accomplish that, you need buyers. We've seen a lot of different types, whether strategically looking to grow or consolidate by building out bigger platforms. We've seen a lot of consolidation from different types of industries, but it's almost always driven by a desire from sellers to monetize their businesses. This is especially prominent in tech, with Boston becoming a major hub for innovative research and development.

How has demand for your services overall evolved over the past year?

We've had growth in all areas. Our assurance practice has seen tremendous growth numbers, which has been driven by capital markets. We have a great depth of experience in the SPAC market, and have been able to build off of that. One of the things that has helped drive Marcum's growth is the full spectrum of services that has enabled it to serve clients of all shapes and sizes. Another line that has taken off in the past year is outsourcing services, including financial advising and accounting, often to supplement full-time staff. We've had a lot of success getting former CFOs who may not be interested in the full time grind but have valuable skills to offer clients on a part-time consultation basis. They've become ideal candidates for this type of outsourcing.

I also can't understate the impact of technology on our industry. Making use of artificial intelligence and an array of other technology tools to help us operate more efficiently is critical to our business. We pride ourselves on being on the leading edge of the technology curve, no matter the practice area.

With the recent news that the IRS is seeking to hire 87,000 new agents, what are you on the lookout for with regard to the evolution of tax regulation?

We certainly have an eye on how this will be deployed, although with labor shortages being what they are, I imagine it will be a challenge even for the federal government to recruit that many folks. Beyond that, there are a lot of complexities that have emerged in the past few years with regard to tax matters. The IRS has released a series of K2 and K3 rules meant to enhance the reporting of foreign activities for pass-through entities. But these reporting requirements became so comprehensive that all pass throughs believed them to be required, even if they had little to no foreign activity. This created a lot of confusion, so recently more guidance has been put out with limited exceptions in these cases.

How does community and civic engagement take a role in Marcum culture?

Massachusetts has a lot of generational wealth and so a lot of charitable people live and work here and it's a pleasure for us to work with them and the various nonprofits doing a lot of great work in this community. We like to do work for people doing good work, and the firm prides itself on that. We have a tremendous practice serving nonprofits, and they're a sector facing many challenges from a business standpoint. They attract brilliant people but are generally challenged financially, and we offer the resources to help them manage that challenge.

We operate on the basis of a series of core values and one of the most important is community. We've always adhered to a principle that we have to participate in and give back to the communities we live and work in. We do a number of things to make that happen. One of the things I'm most proud of is that on the day before Thanksgiving, we shut the firm down so employees can join a day of service. Every employee at Marcum, across the country, is out and about doing good work to help the greater good. We have 140 people going to several service opportunities in Boston. It's nice to see the positive reverberation of the work. Commitment to the nonprofit sector and our community is a core principle at Marcum.

For more information, visit:

<https://www.marcumllp.com>