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Smart Devine agrees to sell to major New York accounting firm

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Jeff Blumenthal Reporter

New York-based accounting and consulting firm [Marcum](#) will complete its second major acquisition in the Philadelphia market when it merges with [Smart Devine & Co.](#), effective Dec. 1.

Approximately 75 Smart Devine partners and staff will join Marcum, and its two Pennsylvania offices, in Center City and King of Prussia.



Jeffrey D. Zudeck, Philadelphia area managing partner for Marcum, said the acquisition of Smart Devine will be beneficial for both sides.

Marcum first entered the Philadelphia market in 2009 when it acquired 70-person Bala Cynwyd-based Margolis & Co.

According to the Philadelphia Business Journal's list of the largest local accounting firms released in February, Smart Devine was ranked 16th with 96 professionals and 46 CPAs, while Marcum was ranked 17th with 90 employees and 45 CPAs. So a merger would put Marcum among the region's 10 largest CPA firms.

Jeffrey Zudeck, Marcum's Philadelphia partner-in-charge, said in a Friday morning interview that the two firms entered negotiations about six months ago as Smart Devine founder and CEO Jim Smart and Marcum CEO [Jeffrey Weiner](#) have known each other for years.

“Smart Devine was looking for a platform where they could take their unique talents and leapfrog and our size and reach provides that opportunity,” Zudeck said. “We were looking to grow in the Philadelphia market and establish a Center City presence.”

As for practice fits, Zudeck said Smart Devine gives Marcum a stronger local presence with forensic accounting and consulting as well as higher education and insurance. Conversely, Smart Devine does not audit public companies while Marcum does in Philadelphia.

With Marcum located in Bala Cynwyd and Smart Devine having locations in Center City and King of Prussia — the latter coming via a 2013 acquisition — Zudeck said the firm will use the next six to 12 months to evaluate its local real estate situation.

“I don't think that longterm, we will operate out of all three locations,” Zudeck said. “That's not efficient. I think you will eventually see us in one or two local offices with a Center City presence. But for right now, we do have to consider lease terms and what makes economic sense.

Jim Smart joins [Marcum](#) in the newly created position of partner-in-charge of mergers and acquisitions.

Smart is best known for starting Devon-based Smart Business Advisory and Consulting, which he grew from a solo operation in 1988 to one that had more than \$100 million in annual revenue and 600 employees.

In 2007, Smart sold 80 percent interest in his firm to Boston-based private equity firm Great Hill Partners.

A little more than a year later, after the firm failed to reach its 2007 budgeted financial goals, Smart was asked to leave the firm and had to abide by a five-year noncompete clause in his contract (which would have ended in 2012) and relinquished the right to use his name to brand another business.

In 2010, Smart acquired Nihill & Riedley, a 43-person accounting and consulting firm based on Washington Square in Philadelphia that focuses on forensic accounting and litigation support work. After growing the firm to 58 people and becoming one of the region's largest 25 accounting firms, he [rebranded it officially to Smart Devine](#) and moved into a larger Center City space in 2011.

The Smart Devine acquisition removes yet another local CPA firm from the equation, albeit one that has only existed for a relatively short period of time. Most of the Philadelphia region's largest, indigenous CPA firms have been acquired over the past decade, with the acquirers being large firms from around the country seeking a presence in this market.

When ParenteBeard was acquired last October by Chicago-based Baker Tilly Virchow Krause, Philadelphia was left for the first time in memory with [no entrants on Inside Public Accounting's annual list of the 100 largest public accounting firms](#).

Marcum has 1,400 professionals, including 180 partners, in more than 20 U.S. offices in New York, Massachusetts, Connecticut, Rhode Island, New Jersey, Pennsylvania, Florida, California and as of Nov. 1., Chicago, Illinois. It also has locations in Grand Cayman and China.

Jeff Blumenthal covers banking, insurance and law.