



# Public Accounting Report

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## Marcum Expands Midwestern Footprint By Combining With Skoda Minotti

*Merger of two Top 100 firms also pairs two savvy leaders.*

Only two people in the public accounting profession have built \$600 million firms from scratch. In December, they merged their firms.

Jeff Weiner, chairman and CEO of New York-based **Marcum LLP**, and Greg Skoda, co-founder and chairman of Cleveland-based **Skoda Minotti**, believe the Dec. 2 merger of their firms brings complimentary strengths that supercharge progress toward the strategic goals of the two Top 100 firms and provides stability at scale whether the economy goes up or down.

Since becoming managing partner in 1990, Weiner has grown Marcum into a firm with FY19 revenue of \$610 million. Before re-inventing Skoda Minotti in 2001, Skoda was a co-founder of Cleveland-based **CBIZ** and engineered the combination of 135 accounting firms into that public company, now among the Top 10 largest accounting firms in the nation.

The combined firms will operate under the Marcum name. The deal brings Marcum, which has 2,265 total staff and 29 offices, an expanded presence in the Midwest beyond Chicago with Skoda Minotti's three Ohio offices, plus another office in Tampa, Fla. It also brings significant additional strengths in the areas of risk assessment, marketing for clients, manufacturing and distribution, and HR consulting. Skoda Minotti had FY19 net revenue of \$61.5 million; 38 partners, 305 total staff and four offices.

Skoda joins Marcum as a senior partner and a member of its executive committee.

Weiner and Skoda were friendly already. They'd met as Skoda was building CBIZ in the 1990s, and more recently, both Marcum and Skoda Minotti were members of the same accounting firm association, the **Leading Edge Alliance (LEA)**.



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**Jeff Weiner**

“In fact, our discussions were a direct outgrowth of the LEA meeting we both attended last January,” said Weiner.

Both Weiner and Skoda told *PAR* that the merger is the natural result of a series of meetings that stretched across a 10-month period.



**Greg Skoda**

“We both know how to grow a firm internally and through mergers,” said Weiner.

“At the end of the day, the goal of a merger is to make 1 + 1 add up to more than 2,” added Skoda. “The merged firms need to believe that clients and staff will be moved forward.”

At the first meeting about a potential merger at Skoda Minotti’s Cleveland office, firm leaders were accompanied by team members from the manager level up. The groups had a series of meetings that followed, and they decided they felt comfortable with the idea of a merger and the increased bandwidth of services and expertise that a combination with Marcum would bring.

“Including people at all levels during the due diligence process is the right thing to do,” said Skoda. “After all,

everyone at the firm is affected by the merger, not just the partners who are negotiating it.”

He noted that having a cross-section of the firm participate from the very early stages eases the integration process because it helps mitigate the natural fear of change that accompanies any merger. Skoda had met before with other potential merger partners, but those meetings never went very far.

Marcum is targeting 15 industry and service areas for growth, including construction, real estate, technology, financial services, SEC services and health, said Weiner.

In addition, Marcum is looking at expanding its national footprint to include Atlanta, Dallas, Seattle, Denver and the Carolinas, as well as potential international expansion. Marcum has existing international offices: six in China, and one each in Ireland and the Cayman Islands. As one of the original architects of CBIZ, Skoda has significant and unique experience in mergers and acquisitions. Pursuing Marcum’s growth plan will be one of his responsibilities.

Weiner pointed to another factor that made this merger go more smoothly.

“We have the same values,” he said. “That is key. Values never change; they are nonnegotiable.”

Cultures can be different, he continued.

“People talk about having similar cultures, but cultures can differ, and the firm still can be successful. Audit culture is different than tax accounting culture, for example,

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Public Accounting Report						
Retrospective: Marcum LLP						
FYE: Dec. 31	FY19	FY18	FY17	FY16	FY15	FY14
Net Revenue (\$ millions)	610.2	549.8	469.5	449.0	412.0	385.0
% Change	11.0	17.1	4.6	9.0	7.0	10.0
Staffing						
Partners	303	239	210	204	199	154
Nonpartner Professionals	1,581	1,219	937	929	926	831
Administrative Staff	381	326	256	329	289	263
Total Staff	2,265	1,784	1,403	1,462	1,414	1,248
Offices	29	26	22	22	23	17
Revenue Mix (\$ millions)						
A&A	256.0	229.0	207.0	201.0	186.0	154.0
Tax	234.0	192.0	177.0	167.0	153.0	160.0
Consulting	73.0	78.0	41.0	34.0	24.0	22.0
Other	47.0	51.0	45.0	47.0	49.0	49.0
<b>Note:</b> 2019 revenue is projected. See table "Retrospective: Marcum LLP Mergers and Acquisitions" on page 4, for a list of Marcum's acquisitions since 2014.						
<b>Source:</b> Firm data, PAR analysis.						

Public Accounting Report						
Retrospective: Skoda Minotti						
FYE: Dec. 31	FY19	FY18	FY17	FY16	FY15	FY14
Net Revenue (\$ millions)	61.5	59.4	53.7	51.9	50.1	44.0
% Change	3.5	10.7	3.4	3.5	14.0	
Staffing						
Partners	38	39	39	39	39	38
Nonpartner Professionals	152	141	152	135	120	112
Administrative Staff	26	28	28	29	25	22
Total Staff	305	208	219	204	184	172
Offices	4	4	4	4	4	4
Revenue Mix (\$ millions)						
A&A	26.1	24.5	22.2	20.4	19.8	17.6
Tax	14.3	14.6	13.3	12.8	12.2	11.3
Consulting	21.1	20.3	18.2	18.7	18.1	15.1
<b>Note:</b> FY19 revenue is a projection; Skoda Minotti merged with Marcum LLP on Dec. 2.						
<b>Source:</b> Firm data, PAR analysis.						

and that's OK as long as the firm's values continue to be immutable." Marcum's nine values are at the core of everything it does, and those values will be shared across the merged firm.

Weiner noted that the economy has treated accounting firms well. Firms, including Marcum, have grown organically

as well as through mergers. "The disparities between large and small firms is getting bigger," he said.

The deal had buy-in from Skoda's partners: No partners elected to leave when the merger became final. Several people from Skoda moved into high-level positions at Marcum. For example, the new COO of Marcum's Midwest

Public Accounting Report		
Retrospective: Marcum LLP Mergers and Acquisitions		
Firm	Locations	Date
Braver PC	Needham, Mass. and Providence, R.I.	1-01-14
Thomas E. Finn, P.C.	Greenwich, Conn.	1-01-14
Frost, Ruttenberg and Rothblatt	Chicago and Deerfield, Ill.	1-11-15
Smart, Devine & Co.	Philadelphia and King of Prussia, Pa.	1-12-15
DGLF CPAs	Nashville, Tenn. and Orlando, Fla.	1-12-15
Lautze & Lautze	San Francisco and San Jose, Calif.	1-06-16
Meyers Harrison & Pia	New Haven, Conn. and Portland, Maine	1-05-17
Filmeno & Co.	Hartford, Conn.	1-06-18
GBH CPAs	Houston	1-07-18
Yarlas Kaplan Santilli Moran	Providence, R.I.	1-08-18
Raffa PC	Washington, D.C.	1-10-18
Dawson, Smith, Purvis & Bassett	Portland, Maine	1-01-19
Silverman Kendall	Horsham, Pa.	1-01-19
Guyder Hurley	Braintree, Mass.	1-03-19
The Abrix Group	Northbrook, Ill.	1-07-19
Ocariz, Garrastacho, Hevia	Miami	1-08-19
CPA Consulting Group	Nashville, Tenn. and Orlando, Fla.	1-11-19
Skoda Minotti & Co	Cleveland	2-12-19

**Source:** Firm data, PAR research.

Region, as well as the leaders of the Akron, Cleveland and Tampa offices, comes from Skoda Minotti.

“We’re all here and on board. The doubters have become cheerleaders,” Skoda said.

Marcum anticipates that everyone at the combined firm will be on the same systems by Jan. 10. At the time of this writing, not all of Skoda Minotti’s affiliate companies were part of the deal. The firms were still negotiating how to merge in Skoda’s wealth management and managed services divisions, but they anticipate integrating those affiliates in the near future, Skoda said.

Neither Weiner nor Skoda anticipate significant hurdles to integration.

“In fact, there hasn’t been much of a transition at all. Jeff is just one more person I talk to every day.”

Since the merger, the firms have already worked together to solve a tax problem in Africa and to explore

an opportunity at a client they already shared, with Marcum doing the tax work and Skoda Minotti doing the accounting piece.

“It feels like a natural fit,” said Skoda.

“That’s true,” added Weiner. “But you can’t anticipate everything. Sometimes you don’t see a problem coming until it hits you in the head. When that happens, you just have to deal with it and solve the problem.”

Weiner added that leaders can’t be afraid of either rejection or failure.

“Leaders need to be open-minded, entrepreneurial and unafraid to take risk,” he told PAR.

This merger between friends may indeed be meant to be: As the merger progressed, Weiner and Skoda discovered that they and their families were each taking Hawaiian holiday vacations—at the same hotel, on the same days. ■

## Marcum Expects New Opportunities for Talent and Technology to Fuel Growth

Two areas driving change in the accounting profession are talent and technology. The leaders of **Marcum LLP**/New York and **Skoda Minotti**/Cleveland believe their Dec. 2 merger primes their firm to be more competitive in both arenas.

Hiring will remain a focus at the merged firm and throughout the profession, but the talent firms are looking for will not necessarily stay on the traditional CPA path, Marcum Chairman and CEO Jeff Weiner and Greg Skoda, co-founder and CEO of Skoda Minotti, told *PAR*.

Technologies like artificial intelligence (AI) and robotics will be at the forefront because, according to Weiner, “Technology is the engine behind growth and efficiency across the board.”

Economies of scale driven by these technologies also will drive better training and provide more opportunities for personal growth and advancement, both throughout the firm and for clients.

Weiner believes Marcum’s growth will be fueled by clients’ need to take advantage of these technologies to drive their own growth, and that the cybersecurity concerns around these technologies provide another growth opportunity for the firm.

The shift will influence the client relations paradigm.

“There will need to be a balance between people and technology in order to drive the interaction between staff and clients,” noted Skoda. Cybersecurity, bots and AI will all be involved because they take low-end work away from people. Marcum sees this as an opportunity to help clients as they transition from these workers to technological solutions.

Weiner and Skoda expect the changes triggered by these technologies to enhance the firm’s growth by allowing Marcum to provide higher-end services like predictive analytics. Ultimately, having real-time access to client data will allow Marcum to provide the services, clients will need to remain competitive, and the firm will need to look for the right talent to support this service line.

“Technology and cybersecurity are such high priority areas. In fact, I would love to see the AICPA offer some type of certification in cybersecurity,” said Weiner. “Are clients up to date? Do they have strong firewalls? Having a certification that proves CPAs are proficient in this area would strengthen firms’ offerings. The AICPA did it with Section 404, and this is another opportunity to show what CPAs do.” ■



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## GUEST COLUMN

## How Planting Palm Trees Led to Five Buckets and a Career Guided by Community Service



By **Stephen D. Mayer**  
 Founder and managing partner  
**SD Mayer & Assoc./San Francisco**

*Editor's note:* This is the first of a two-part series of guest columns by veteran firm leader Stephen D. Mayer about principles that have helped guide his career as a

managing partner for more than 30 years. Look for Part 2 coming soon in a future issue of *PAR*.

In 1980, I was working at **Coopers & Lybrand** in San Francisco, and the firm decided to create a new service group called "Emerging Business Services" (EBS). This was a national service practice group that was started in about 10 offices throughout the country. Our group started with five professionals including Mike Heys, a long-time audit partner. The group was targeted to work with startup companies and provide them guidance in all areas of finance and administration.

Mike and I became instant friends, and he became my mentor for the next 20 years until his untimely passing from a heart attack. Mike had a great way of calling me into his office and saying out-of-the-box things, and often I had no idea what he was talking about. I vividly remember on one occasion when he said, "Steve, make sure you plant palm trees." Another time, he said, "Have I ever told you the story of the conference table?" Little did I know that for the next 40 years, I would use these two concepts to help shape my professional career and guide me in virtually every decision I would make.

I looked at Mike on the palm tree question, and said, "OK, Mike. What does that mean?"

And he said, "Have you ever sat under a palm tree?"  
 "Of course," I said.

He asked when that was, and I said replied that it was while I was on vacation, sitting on the beach and relaxing.

"Do you think the person that planted that palm tree every sat under it?" he slyly asked.

I thought about it and realized the answer is probably no, because palm trees take a long time to grow.

From that day on, planting palm trees became a metaphor for much of my professional career, and I decided then that doing things so others would benefit was the right thing to do.

I quickly became involved in several organizations that the firm was promoting. I became a leader for Junior Achievement; a couple of fellow workers and I became Boy Scout leaders for a troop that had no parental support; I joined the small business department of the San Francisco Chamber of Commerce. I often found myself going to two or three events and meetings a week, which really developed my networking skills and significantly widened my sphere of professional acquaintances.

I also created a training program called "Business Awareness." I would ask non-CPAs to come to our office and spend an hour explaining what they did. Over the course of a couple of years, we had talks from engineers, bankers, lawyers, insurance agents, real estate agents and other professionals. We even did first aid training and CPR. None of these events had anything to do with accounting or tax, but they had a lot to do with training our people on other aspects of business.

After about 10 years and while I was up for partner, I decided to leave Coopers & Lybrand and co-founded **Burr, Pilger & Mayer** (BPM) in 1986 with five people. I became the CEO/managing partner, and over the next 25 years, we grew to more than 400 people.

When we started BPM, our goals were to create a full-service accounting firm with three related goals:

1. a full-service approach to helping our clients;
2. a commitment to the community;
3. a company where employees had fun.

In the first year, we coined our tag line: “BPM—Because People Matter,” which is still used 30 years later. “Because People Matter” was the cornerstone of everything we did at BPM, and over the years, we certainly planted a lot of palm trees. We adopted a public elementary school in a disadvantaged neighborhood of San Francisco, and our employees volunteered to read to the kids three to four times a week before school. We started BPM Day, where we closed the firm for the day, and everyone volunteered at non-profits throughout the Bay area. In the 25-plus years of doing this, we probably went to more than 150 non-profits to help sort food, plant trees, clean up parks, paint buildings, and provide other services. All partners and managers were asked to be on the board of at least one non-profit.

I left BPM at the end of 2012 and started **SD Mayer & Assoc.** (SDM). At SDM, we adopted “We Care” as our tag line at our first staff meeting. The concept is a four-sided box:

- We care about our clients;
- We care about our community;
- We care about our company; and
- We care about each other.

At SDM, we continued to build on the things we had done at BPM. We expanded our community service days to twice a year, created two foundations, and we asked all employees to be involved in at least one non-profit.

At the end of 2018, I published two books that I wrote: One called “The Toughest Guy I Ever Knew and Other Short Stories,” which is a collection of 15 short stories I have been writing over the years. The book is a tribute to my dad. One of the stories has the same title as the book. All of the stories relate the life experiences I have had over the last 30 to 40 years, and almost all of them relate to doing something in the community or for someone else.

The second book, titled “5 Buckets, 4 Shovels, A Beach and A Map: A Guide to Financial Security,” is a methodology of financial planning that I have been using with my clients for more than 20 years. It is a book for adults of every age and income that uses simple language and illustrations to help convey the complicated subject of financial planning. The metaphors of buckets, shovels, a beach and a map are used to explain the process of creating a financial plan and opens the reader’s mind to the things he or she should be thinking about in order to achieve their financial goals.

As soon as the books were published, we created a foundation called The Five Buckets Four Shovels Foundation. We donate all the proceeds of the book sales to this foundation.

The feedback we’ve received about the “Toughest Guy” was that the stories are inspirational, and many people bought it as a coffee table book to inspire others. A common comment on the “5 Buckets 4 Shovels” book is that readers wished they had a tool like it when they were younger, that it really would have helped.

To help young adults understand finances, we immediately began writing a third book, published in November, called “Adulting 101: A Guide to Personal Finance.” This book is focused toward young adults and provides a basic understanding of their personal finances.

We find that the basics of personal finance just aren’t being taught in high school, and there’s a great need for this type of knowledge. Topics such as opening a bank account, creating a personal budget, understanding credit, talking to parents about money, and how to dress for success are just a few of the 14 chapters.

We expanded our foundation and formed a 10-personal national board made up of prominent people with first-hand knowledge of every aspect of the foundation’s mission. The foundation is a 501(c)(3) education-based nonprofit dedicated to providing financial literacy. The goal is to distribute 5 million books in the next five years to high school and college students around the nation. As a call to action, we are hoping other accounting firms will pick up the flag and become involved in our mission. I encourage

PAR readers to look at the website, *5buckets4shovels.com*, and learn more about it.

You may ask why the leader of a successful accounting firm would spend time writing, editing, and publish three books and then give all the proceeds to a foundation. The answer is very simple: It is the right thing to do, and I believe in helping young people plant their own palm trees, as I learned from my mentor early in my career.

I estimate that over the last 40 years, I have been involved with more than 30 nonprofit organizations and have spent more than 10,000 hours volunteering in the community. Early on I realized that volunteering and

helping with community concepts would be very rewarding. I would not trade one of these hours for something else.

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*Steve Mayer is the founder and managing partner of SD Mayer & Assoc. (SDM), an accounting, consulting, and wealth management firm located in San Francisco. Prior to founding SDM, he was the CEO of San Francisco-based Burr Pilger Mayer. He has also been involved in several other businesses, including a number of restaurants; co-founder of Presidio Bank; and an owner of Books Inc., a bookstore chain. Contact Steve at [sdmayer@sdmayer.com](mailto:sdmayer@sdmayer.com); 415-691-4040. ■*

## PEOPLE, FIRMS, AND PROMOTIONS

**BDO USA** appointed **Kelly Johnson** as board chair. She is based in McLean, Va. **Mark Ellenbogen**, **Hoon Lee** and **Steven Shill** were appointed as new board directors. Ellenbogen is based in Washington. Lee is based in San Francisco. Shill is based in Orange County, Calif. **Tony Lawrence**, based in Grand Rapids, Mich., was re-elected as a board director for his second three-year term.

**BKD LLP**, based in Springfield, Mo., named **Deanna Duell** as the firm's first energy industry contract compliance leader. In this new role, Duell will integrate Council of Petroleum Accountants Societies (COPAS) accounting guidance and model form interpretations to help meet clients' business and

accounting needs. Duell is based in BKD's Denver office.

**BKR International** admitted **Ashok Maheshwary & Assoc./Gurgaon**, India to membership. The firm has four partners and more than 100 professionals.

**HLB** welcomed **HLB McGuire + Farry** as its first member firm in Northern Ireland. The firm is based in Belfast.

**Hutchinson and Bloodgood/El Centro**, Calif., admitted five team members to partnership: **Susy Galloway/El Centro**; **Luba Kvitchko/Glendale**, Calif.; **Leah LeLoup/San Diego**; **Kimbra Said/Watsonville**, Calif.; and **Sue Son/Glendale**. Galloway works in manufacturing, agricultural, construction, hospitality,

medical and service industries. Kvitchko provides accounting, audit, and business consulting services to small and medium size businesses. LeLoup works with a variety of industries including software, biotech, alternative energy, professional services, and real estate. Said provides audit, tax and attest services for nonprofit organizations. Son specializes in tax.

**RSM US LLP** named **Scott Wilson** as audit innovation leader with the firm's national professional standards group. He is also a member of RSM's innovation steering committee. In his new role, Wilson will lead the firm's efforts to identify new opportunities for its audit practice to meet clients' needs in the areas of technology automation, data analysis and artificial intelligence. ■