

BDO Merges in Feeley & Driscoll

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BY MICHAEL COHN

BDO USA LLP is expanding its presence in Boston by adding Feeley & Driscoll, P.C.



Wayne Berson

The deal will add 105 people, including 15 partners, to BDO, bringing the firm's total headcount in the greater Boston area to 267 people when it takes effect on May 1.

Chicago-based BDO USA has been going through a series of mergers in recent years. The deal announced Friday represents the 15th transaction since Wayne Berson became CEO in 2012. Last year, the firm topped the \$1 billion mark in annual revenue at \$1.05 billion, while the BDO International network reached \$7.3 billion worldwide. BDO ranked 7th on Accounting Today's 2015 list of the Top 100 Firms.

Feeley & Driscoll, for its part, achieved \$22.5 million in annual revenue last year. Part of the Praxity network, the firm has fended off a number of other merger candidates over the years until BDO made the right offer.



"This is one we really wanted," Berson told Accounting Today. "This is a phenomenal firm and adds tremendously for us in the Boston marketplace. It was a firm that was certainly fought over by many suitors, so for us to be chosen was really important. We've been going through a period of rapid expansion. The Northeast region, and Boston especially, was an area where we wanted to expand our critical mass. Given their history of success, they were the preferred target for expanding in the Boston market."

Michael Poirier, co-managing partner of Feeley & Driscoll, will serve as co-assurance managing partner along with BDO's current assurance managing partner, Catherine Moy, in the combined Boston practice. Co-managing partner and founder Tom Feeley will remain a partner at the combined firm and play a key role in the integration of the firms.

A current BDO partner, Ed Smith, will continue as tax managing partner for the combined practice. BDO plans to consolidate its offices into one Boston location in the future. In the meantime, the firms will maintain the two existing Boston office locations.



Michael Poirier

Poirier said his firm decided to join BDO as opposed to the others because he felt his entrepreneurial clients needed a large firm with a national presence to help them grow, specifically with BDO's tax and international advisory services. He was also heartened by the success of other mergers BDO has done in the past.

"We spent quite a bit of time in speaking to the successful folks who have merged into BDO over the last few years," said Poirier. "That certainly was an important factor in our decision."

With the trend toward industry consolidation, his firm has been approached by many others over the years about combining with theirs. "In this kind of climate, we get approached all the time," said Poirier. "We've listened, but in this particular case we went out and looked for a firm that would allow our clients to grow. A lot of them are small entrepreneurial businesses and also larger companies. If they grow, they require more resources. A firm like BDO has the geographical coverage we need. We were looking for firms up market, national firms with a national platform that would allow our clients to benefit from the expanding breadth of resources that BDO has."

Allan D. Koltin, CEO of Koltin Consulting Group, who advised Feeley & Driscoll on the merger, commented, "For over three decades, Feeley & Driscoll has been one of country's highest performing firms and has been a major force in the New England market. We began exploratory discussions last spring with seven different regional and national firms and selected BDO based on their culture, leadership and track record of successfully integrating many other Top 200 firms. Some of the acquirers we talked to were already in the Boston market, and others were desirous of entering the market and having Feeley & Driscoll as their flagship firm. In the end the group felt the synergies with the Boston BDO office would provide greater benefits for their clients as well as career growth opportunities for their people."

Although the transaction is not expected to close until May 1, the two firms are celebrating Friday at a joint event bringing together 250 people.

Client Base

Feeley & Driscoll's client base includes manufacturing, distribution, construction, health care and professional services businesses, providing clients with audit, tax and advisory services.

"When it comes to industry specialization, Feeley & Driscoll has been light years ahead of many other firms, and today over 80 percent of their revenues come from five key industry groups," said Koltin. "On a personal level, Tom Feeley has been a mentor and coach to me for over 30 years and taught me as much about how to run a successful CPA firm as anyone in the country. To be able to represent him, Mike Poirier and his partners was very special given our long history together."

"In Feeley & Driscoll, we believe we have added resources in an existing strategic market," said Berson. "Their client base in manufacturing and distribution aligns very well with BDO's industries. This gives us greater critical mass in Boston, where we have moved from about Number 12 to Number 6."

BDO has been expanding in a number of other key markets lately, including the Greater Washington, D.C., area as well as Houston. "That additional critical mass means 1 plus 1 equals 3," said Berson. "You have more feet on the ground in these key markets, you have more access to clients, and you have more arrows in the quiver."

BDO has added 2,061 staff since Berson became CEO in mid-2012.

"If you go back to June 30, 2012, we were 2,700 people," he said. "Fast forward to May 1 and add in Feeley & Driscoll, and we will be at 5,700. We have also had tremendous organic growth. The expansion program is fueling organic growth."

The firm has also been winning SEC public audit clients, with about 40 percent coming by way of expansions and 60 percent from organic growth, Berson estimates. For two consecutive years, 2013 and 2014, BDO USA has gained more SEC audit clients than any other accounting firm, according to Audit Analytics.

"We led all the firms in SEC client growth with a net gain of 97," said Berson.

Future Expansion

He believes BDO's record of success at integrating other firms will help his firm expand further this year.

"At the end of the day it's all about people," he said. "You have to make sure the people coming into BDO see opportunities. When you look at the national coverage, and then the successful integrations, the reason why they choose BDO is our inclusive culture. We have a background of successful integration. There is my history of coming from a merged in firm."

Berson was managing partner of the Lang Group when BDO acquired his old firm in 2001. More mergers are expected this year. "We're continuing discussions with firms around the country," said Berson. "We will have more to announce in the next few months. Highly respected firms are coming to BDO. There definitely should be more deals in the future."

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