

Accounting firm Wipfli expanding across U.S.

By [Paul Gons](#) of the Journal Sentinel

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The Wisconsin-based accounting firm Wipfli LLP is in expansion mode, broadening its market with acquisitions outside the Midwest.

With 11 acquisitions in the last four years and four in 2014 alone — including recently announced mergers with Montana's biggest accounting firm and a Philadelphia firm providing service to the northeastern United States — Wipfli is on its way to becoming a national operation.

In a rapidly consolidating industry, Wipfli is inking mergers with desirable firms in other parts of the U.S., said Allan D. Koltin, chief executive of Koltin Consulting Group in Chicago and an expert on the industry.

"Within the last couple years, they have really made a statement within the industry that they are going to be a national firm," said Koltin, who advised Wipfli on the Montana deal with Helena's Galusha Higgins & Galusha, which closed at the end of 2014.

The acquisition surge is far from over, both in the industry and for Wipfli. Exactly where Wipfli will acquire next depends on how smoothly firms that are available fit with Wipfli's culture and what they add to regional clusters that cater to Wipfli's key client industries — manufacturing and distribution, health care, financial institutions, construction real estate, nonprofits/government and dealerships.

"We strategically look at parts of the country where we think our industry groups would fit well and where our business model will be successful," said Rick Dreher, managing partner of Wipfli.

Dreher said Wipfli wants to duplicate the model it has developed in its core territory of Wisconsin, northern Illinois and eastern Minnesota, where it offers clients in its main industry groups not only audit and tax service, but advisory and consulting service and other expertise that could help a company improve and grow.

"We'd like to replicate that in five or six other parts of the country," Dreher said.

The cluster in the northwest U.S. already is well underway, with an office in Spokane, Wash., and now the Galusha deal, which gives Wipfli six Montana locations and one in Idaho.

"We'd probably say we'd feel like the Northwest will be built out when there's a dozen to maybe 18 locations," Dreher said. "So there's more on the horizon, more to build there. But we're trying to replicate what's been a very successful model for us in the Midwest."

The wave of acquisitions for Wipfli — and the industry as a whole — is being driven most often by succession issues as accounting firm partners reach retirement age, Koltin said. While ideally a firm's

older partners might sell to the younger partners in a firm and keep it independent, that model has stumbled, resulting in more competitors merging instead.

"You have a profession where over 50% of the partners are older than 55 years of age and the profession has not been able to attract and keep enough young talent, which ultimately would become the next generation of partners to pay out the retirement of the retirement-minded older partners," Koltin said.

A number of factors have combined to hamper old partner-young partner succession, Koltin said. Among them, he said, was a move years ago to make an accounting undergraduate degree a five-year curriculum instead of four. That put off some prospects. In addition, during the 1990s, the explosion in dot-com companies and financial services attracted young professionals who otherwise had aptitude to be accountants, Koltin said.

Koltin also said college graduates over the last couple of decades have tended to seek a better balance between personal life and work than they perceive an accounting job might accommodate.

"Those people would have been the next generation of partners. That's where the succession planning crisis intersects with the merger frenzy going on in the profession," Koltin said.

Not all mergers are driven by succession issues. Some firms combine to add practice areas to the firm or expand. But Koltin said a succession planning crisis is behind about two-thirds of today's accounting firm mergers.

Dreher said "our whole profession is going through the baby boomer retirement issue," and it's anticipated it will continue for the next 10 years.

That means opportunity for firms like Wipfli, which was started 85 year ago in Wausau as a one-man shop by Clarence J. Wipfli.

Today, Wipfli's annual revenue is about \$200 million, and it has moved into the top 20 largest firms in the U.S.

Wipfli has 1,500 employees, including 170 partners. Its Milwaukee headquarters has 157 employees, and the firm has 677 in Wisconsin. Altogether, it has 31 full-service offices in the U.S., plus two in India.

And more are on the way.

"We think we have a lot to offer the industry groups we work with, and there are certain parts of the country where those industries are predominantly located," Dreher said.

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