

Cherry Bekaert acquires MCM

By Michael Cohn August 10, 2023, 10:01 a.m. EDT

Cherry Bekaert, a Top 30 Firm based in Raleigh, North Carolina, is expanding into Ohio, Indiana and Kentucky by acquiring MCM CPAs & Advisors, a Top 75 firm based in Louisville, Kentucky, effective Aug. 7.

MCM, formerly known as Mountjoy Chilton Medley, has 370 employees, including around 25 partners, and approximately \$72 million in annual revenue. Cherry Bekaert ranked No. 29 on Accounting Today's 2023 list of the Top 100 Firms, with \$293 million in annual revenue, while MCM ranked No. 74. Cherry Bekaert has about 130 partners so after the deal, it will have around 155 partners and over 1,800 employees. Financial terms of the deal were not disclosed.

It's the latest M&A deal since Cherry Bekaert received private equity funding in June 2022 from Parthenon Capital. This past June, Cherry Bekaert acquired Legier & Co., a forensic accounting and litigation consulting firm in New Orleans, and last December it added Treacy & Co., a firm with offices in Boston and Chicago.



Cherry Bekaert CEO Michelle Thompson sees the MCM deal as fitting in with her firm's expansion strategy. "Our strategy for acquisitions has a couple of different prongs," she told Accounting Today. "One of them is along new geographies that make sense strategically and fit with us culturally. Every acquisition starts with a cultural fit. Geographically they connect.

They sort of snap right into where we currently are. They connect our Nashville practices up to our Chicago practices, they're very much like us. They have a middle-market client focus. They want to take and bring value to those clients. We had a lot of cultural and leadership synergies, and we felt that together, we would be better."

The two firms also mesh in terms of the advisory services they offer, including digital risk advisory, digital transformation, transaction advisory and outsourced accounting services.



Cherry Bekaert CEO Michelle Thompson

"That portion of our business has been a significant growth driver for us," said Thompson. "Those services are designed to meet middle-market needs, and this is a natural collaboration that we can then provide new solutions to their clients."

The deal with MCM took effect earlier this week. "Integration will take a little bit of time, but we officially combined on Monday," said Thompson.

Cherry Bekaert plans to retain all of MCM's offices and employees. MCM has offices in Cincinnati, Ohio; Indianapolis and Jeffersonville, Indiana; and Lexington, Louisville and East Louisville, Kentucky.

"Our combined offerings will bring complementary strengths to the table," said MCM managing partner Brad Smith in a statement Thursday. "This is an unprecedented opportunity to provide our clients with even more innovative service offerings and for MCM employees to benefit from additional opportunities for professional growth."

The two firms have worked together in the past and been in talks about a combination. "We've known each other for a long time," said Thompson. "We were both in the same international association at one time, and our predecessor CEOs were friends, so we've stayed connected. We took our PE investment a year ago, and as part of that process, we were looking to continue to expand strategically and with cultural fit. We felt like culturally, they were a great fit. We have high respect for each other, and it just made a lot of sense."

Koltin Consulting Group CEO Allan D. Koltin counseled both firms on the deal and recalled a dinner he shared with the firms' leaders at a restaurant in Louisville. "Today's deal signifies a major step in Cherry Bekaert's journey to expand with 'best in class' firms and become a true national firm," he commented.

"MCM is recognized as one of the preeminent firms in the Kentucky, Ohio and Indiana region, and their combining with Cherry Bekaert will make them even stronger in the services they provide their clients and their ability to continue as a destination place for talent. I remember the first dinner with both firms' leaders at the River House Restaurant in Louisville. You could see the cultural connections clicking — both firms putting their people first and then the strategic advantages of what they could achieve together. What's the old saying? 'When it's right, it's right,' and this one made sense from the get-go."

Cherry Bekaert is likely to do more M&A deals with the help of its private equity funding. "The PE investment allowed us to accelerate some of our investments," said Thompson. "Our strategy is still the same, and that is to be able to provide digitally driven and industry-aligned solutions to that middle-market buyer. And so the strategy will continue to be, are there solutions that we don't have that we need to have? We'll focus there, and we'll also focus on the accounting firms that make a lot of sense and fit with us culturally. We're one firm. We lead across a distributed geography. We value talent and value people so we're looking for similar fits."