

Advisor to CPA Firms Wowed by CBIZ/Marcum

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Allan D. Koltin, CEO of **Koltin Consulting Group**, a well-known advisor on M&A within the profession, said that if anyone had asked him a year ago whether **CBIZ** and **Marcum** would combine, he would have said, 'Not in my lifetime.'

"Two fiercely independent firms explored the impossible and came to realize that together they would be better and for sure stronger. Transformation is not only in the wind, but also blowing faster and harder than anyone could have ever anticipated," said Koltin, who has advised both firms over the last 20 years but wasn't directly involved in this transaction.

In the deal expected to close in the fourth quarter, **CBIZ**, ranked by IPA as the 11th largest firm in the nation, plans to acquire the non-attest business of New York-based **Marcum**, which is ranked No. 13. Together, the firm will rank No. 7 with 10,000 employees, 135,000 clients and \$2.8 billion in combined annual revenue.

The attest business of Marcum will be acquired by **Mayer Hoffman McCann**, the national independent CPA firm with which CBIZ has had an administrative service agreement for over 25 years.

"Every day something new seems to happen in the accounting profession that has never happened before and/or was something we could never have imagined," Koltin said, but was quick to add that many CPA firms will find ways to be successful that have nothing to do with private equity.

"Non-PE investors such as family office, sovereign wealth funds, private capital, or taking on bank debt, or simply increasing partner capital requirements (holding back partner profits) were historically not a part of the "venn diagram" for public accounting. Now they are 'center stage' and firms are being very innovative and creative in how they see their future direction and opportunities."

Koltin noted that he worries about firms with "their heads in the sand."

"The worst position in business is to be in a position of success and think it will last forever.

The feeding at the trough might be great today but I worry these firms are going to get caught off guard and not see the changes coming."