

# Which Strategy Describes Your Firm: Status Quo or Major Transformation/Innovation?

It's hard to imagine that most of the CPA firms in the slides below (and their related structural innovations) didn't exist prior to July 1, 2021.

The Accounting Profession has had more change in the past 4 years than the 40 years that preceded these changes. The emergence of Private Equity (and other Capital and Strategic Platforms) has raised the proverbial "performance bar" and changed the speed and degree of decision making in most CPA firms.

It has also increased the valuations of CPA firms by as much as 2-3 times from their prior valuations. We continue to see tremendous success in America's highest performing firms (independent of ownership structure).

Interestingly, going the way of PE hasn't been the "defining moment" for most of these successful firms. Both **"fiercely independent firms"** and **"independent firms with a financial sponsor"** are having success. The common links amongst these highest performing firms remains:

- Great leadership and the ability to make tough and faster decisions.
- Continual and deep investments in talent, technology, and transformation; and
- An aligned culture of high performing partners and associates with a common set of values.

If you are planning a Partner, Leadership, or Board Retreat and/or Strategic Planning session this year, you might benefit from our insights and experiences of best practices of high performing firms.

Feel free to connect with us at [www.koltin.com](http://www.koltin.com) or email Allan Koltin directly at [akoltin@koltin.com](mailto:akoltin@koltin.com)



## CPA/OCFO Firm Transformations: Private Equity, ESOPs, Wealth Management, & Global Firms

TRANSFORMATION ARCHETYPE	DESCRIPTION & DYNAMICS	NOT EXHAUSTIVE - SEE NEXT PAGE
"The Mother Ship"	<ul style="list-style-type: none"><li>• <b>Private Equity:</b> A Top 25 CPA firm sells a majority stake (~50-70%) of the business to PE</li><li>• <b>Private Capital:</b> A Top 25 CPA firm sells a minority stake and retains decision-making</li></ul>	
"The Roll-Up"	<ul style="list-style-type: none"><li>• Acquisitions by a platform (often PE-owned) of smaller, typically regional, players (~\$10-100M)</li><li>• Bolt-on assets are consolidated into the platform to achieve multiple arbitrage at exit</li></ul>	
"Wealth Management"	<ul style="list-style-type: none"><li>• The sale of a CPA firm's Wealth Management business to PE to raise capital to drive growth while preserving firm independence</li></ul>	
"Ownership Transition"	<ul style="list-style-type: none"><li>• <b>ESOP:</b> Ownership transfer to employees to retain independence and create tax advantages</li><li>• <b>International Networks:</b> A multi-firm structure to pool resources to expand coverage</li></ul>	
"Megamergers"	<ul style="list-style-type: none"><li>• The merger of multiple Top 25 CPA firms of similar sizes, enabling instant scale</li></ul>	
"The Carve Out"	<ul style="list-style-type: none"><li>• The sale of divisions or subsidiaries to reward shareholders and invest profits back in growth</li></ul>	
"Non-PE-Owned CPA"	<ul style="list-style-type: none"><li>• A less frequent option used by CPA firms, the sale of CPA firms to wealth managers or other buyers to reduce downside risk in the buyers' core business</li></ul>	

### CPA/OCFO FIRM PLATFORMS

Grant Thornton	NMC
bakertilly	H&F
EISNERAMPER	TOWERBROOK
CITRINCOOPERMAN	NMC → Blackstone
armanino	Further Global
Cherry Bekaert	PARTHENON CAPITAL
Aprio	Charlesbank
SIKICH	BainCapital
CohnReznick	Apax
schellman	LIGHTYEAR CAPITAL
SMITH+HOWARD	BROAD SKY PARTNERS
Prosperity	UNITY
Cohen & Co	LOVELL MINICK PARTNERS
WILLIAMS MARSTON	KELSO PRIVATE EQUITY
SAX	COREFA

CRI	Centerbridge
DOUGLAS	INVESTCORP
FRAZIER & DEETER	GENERAL ATLANTIC
STOUT	Audax Private Equity
pwc	
AlixPartners	INVESTCORP
KROLL	STONE POINT CAPITAL
CFG	CVC CAPITAL PARTNERS
ACCORDION	Charlesbank
DoerenMayhew	Audax Private Equity
ATA	COPELY   EQUITY   PARTNERS
Ryan	ARES
SUMMIT PARTNERS	ONEX
elliott davis	FLEXPOINT
	FORD

### PE ROLL-UP OF CPA FIRM DEALS

ALPINE
Franklin Alliance
SORREN
TRINITY HUNT
springline
F3 FAMILIES FOR FAMILIES
TPG
occams elevate
ARCHER LEWIS
STOICLANE
Platform
Bridgepoint Alliance
Liberty Partners

WEALTH MGMT-OWNED
bergankov
CREATIVE PLANNING

### CPA DIVISION/SUBSIDIARY SALES

Crowe
TPG
KSM CONSULTING
INVESTCORP
RENOVUS CAPITAL

### CPA-OWNED WEALTH MGMT. FIRMS

RSM	Choro
BDO	Choro
Cherry Bekaert	Choro
SEQUOIA	EideBaily
Warren Averett	WEALTH PARTNERS CAPITAL GROUP
WIPFLI CPAs and Consultants	CREATIVE PLANNING
ML&R	CREATIVE PLANNING

### CPA FIRM OWNERSHIP/STRUCTURE CHANGES

BDO	Adopts ESOP Model	forvs mazars
GRASSI	Adopts ESOP Model	Global

### CPA MEGAMERGERS

CBIZ	MARCUM	bakertilly	MOSSADAMS
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