
BEST PRACTICES FOR M&A IN THE PUBLIC ACCOUNTING INDUSTRY

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MARCUM
ACCOUNTANTS ▲ ADVISORS



M&A TRACK RECORD

- With **40** successful transactions since 2008, Marcum has extensive experience integrating accounting and advisory firms.
- We apply a **project management playbook to each business combination, customizing for size, scope, and specific needs** of each firm that joins Marcum.
- Our track record of **success improves as we capture lessons learned** and update our best practices after each integration.

MERGER STRATEGY

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INDUSTRY GEOGRAPHY SERVICE LINE TUCK-IN

M&A INTEGRATION SUCCESS

For a successful integration, it's critical to understand the following:

WHY

What is the strategic rationale of the deal? **What are the deal drivers?**

WHEN

What is the **timing around the integration**? When will the process start? What are the expectations of key stakeholders on delivering value?

WHO

Who are the **key stakeholders on both sides of the transaction**? Who will be involved to execute the integration?

WHAT

What are features of the acquired firm? Have **cultural fit, processes, systems, and resources** of the acquired firm been reviewed and included in the plan?

HOW

How will the acquired firm's **technology, processes, and systems be integrated**? What steps are needed to ensure **compliance with corporate policies**? How will the **communication** be managed so that the acquisition is effectively explained both **internally and externally**?

HOW TO VIEW INTEGRATION?

- Overall integration approach should be focused on bringing the acquired firm **into the foundational ecosystem** while looking for **opportunities to learn** from best practices.
- Understand that **not all integrations are created equal** – take into account the target firm size and scope when customizing the integration approach. Same is true for the **deal structure**.
- It is not a one size fits all approach for integration and this starts with **diligence and how to manage interaction with the target firm**



GETTING STARTED



- **Pre LOI/MOU/IOI** - Maintaining a **live pipeline** of potential transaction
- Integration **planning starts the moment an LOI is signed** with the target firm
- **Project Manager and Team** – master checklist, bi-weekly/weekly core team calls
- **Data room** (Sharefile)
- **Diligence and integration** are prioritized equally and **blended**
- Integration process is aligned with both the acquisition strategy and **overall transaction timeline**
- **Steps are** not necessarily sequential – many of them **run in parallel**
- **Depending on the size** of the target and scale of the integration, some steps are shortened or combined with others

KEY STEPS FOR A SUCCESSFUL INTEGRATION

Be serious about diligence

- How are learnings shared with the deal team?
- **What does engagement look like with the target firm?**
- Is there overlap with the integration team?
- Helps with **training planning**.

Confirm integration strategy

- Will it be a **full or partial integration Day 1?**
- What is the plan for integration governance/support once Day 1 passes? **Boots on the ground.**

Conduct a program kickoff

- Are key stakeholders **aligned with the expected timeline?**
- Is there buy-in to the governance/support plan?
- Are there **open lines of communication** with all involved?

Align on Day 1 operating model

- **What does Day 1 look** like for the target's people, processes, and technology?

Plan, plan, plan

- What is the plan for Day 1 and new employees?
- What is the communication plan?
- **Education and training plan**

INTEGRATION PLANNING



- You don't need to overcomplicate documentation for integration planning and execution
- Planning is important, but planning by itself doesn't replace the need for strong governance/support and consistent communication
- Use existing integration and Day 1 checklists rather than recreate from scratch – remember each deal is unique so adapt and customize as needed
- Integration is not a static process – it is dynamic so being flexible is a must for a successful integration.
- Regular core team meetings

RISK MITIGATION

- To avoid unnecessary risk during the transaction, approach due **diligence and integration activities as joint exercises**, rather than separate and distinct activities
- The teams involved in due diligence are the **same teams** involved with integration – this **ensures continuity in the process and minimizes the need for knowledge transfer**
- **Engagement Letters** – consents, assignments, excluded engagements, client communication – **PLAN THIS EARLY**
- **Post deal risk mitigation** – tail insurance, additional insureds, etc.



COMMUNICATION



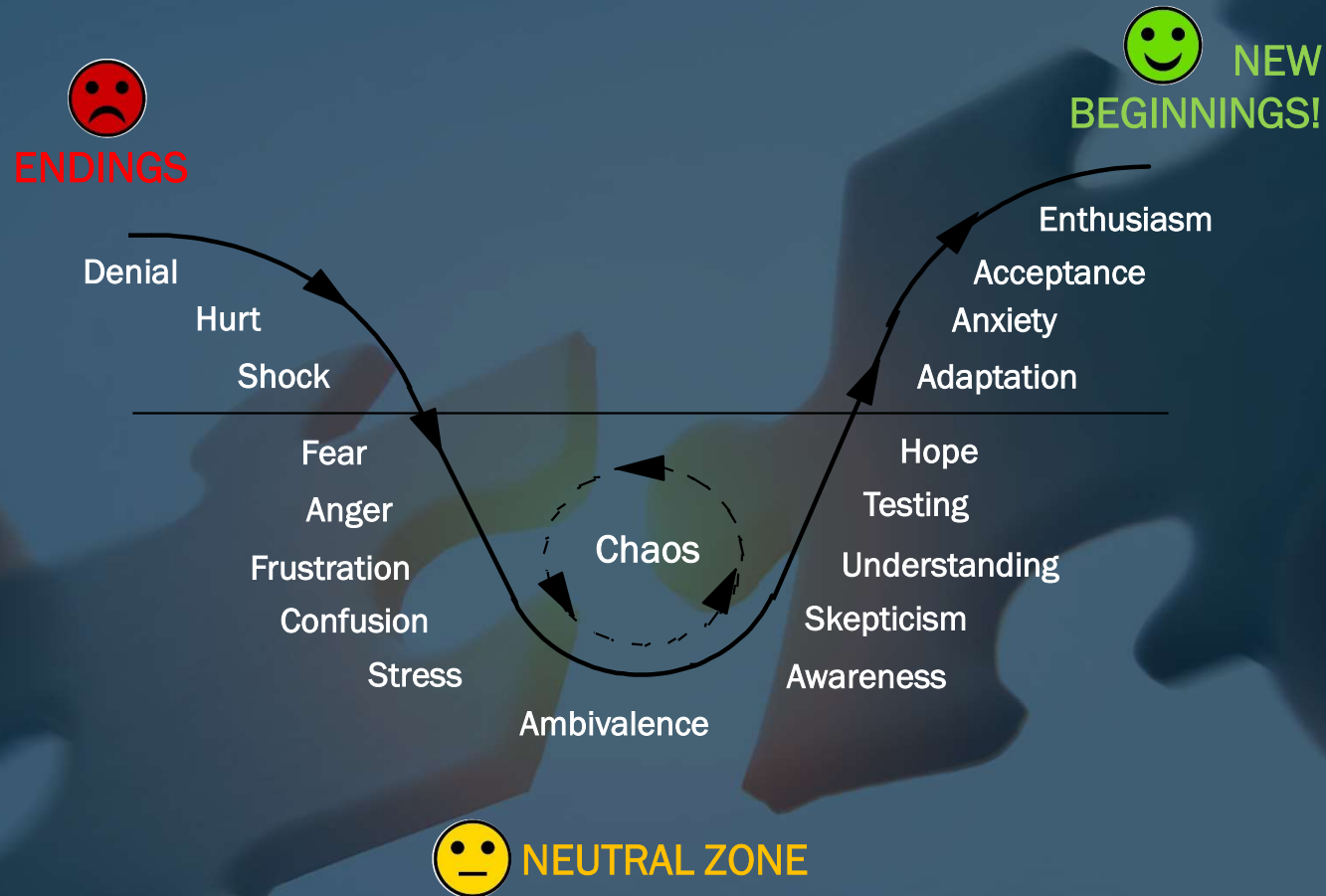
- **Communication** is a key to help unlock value in a transaction.
- When **planning Engagement Letters**, this is the time to develop a **Client Communication Plan**. They can go hand in hand.
- Communication is a **key aspect of each stage** of the deal process, **from valuation to negotiation to diligence to integration**.
- Deal with the **hard stuff first**
- When done well, it is a success enabler for integration. **Communicating at each step of the process to all stakeholders builds credibility for the acquiring organization.**

COMMUNICATION (cont'd)



- Remember, it is very difficult to **over-communicate** but it is easy to under-communicate. Do it early and do it often.
- Target firm **information portal**
- Two on one **employee meetings**
- Full firm live **Welcome Presentation**

TRANSITIONS CURVE



CULTURAL ACCEPTANCE

- Deal success and failure often comes down to one key piece – **cultural acceptance of the acquired organization into the acquirer**
- This starts with the **initial conversation with the target firm leadership**
- **Valuing culture remains a theme** throughout each step of our transaction process, including diligence, integration planning, and integration execution
- **Training and Education is key**



GOVERNANCE/SUPPORT

- Merger experience brings with it muscle memory in prioritizing deal governance/support that doesn't stop with signing documents; it is a constant
- **CORE TEAM DEVELOPMENT**
 - Enables speed, especially with multiple transactions in flight
 - Balances rigor with flexibility
 - Provides a linkage across functions, workstreams, and service offerings
 - Balances business as usual versus integration priorities
 - Drives accountability and engagement across all involved
 - Ensures appropriate resource capacity and capability





QUESTIONS?

THANK YOU

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