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How The Administrative Team Can Help Ensure A Smooth Merger: Planning Is The Key

Details do matter. And when one firm is acquiring another, the details add up to a daunting to-do list. Exhaustive preparation, involvement of key directors and open and frequent communication have paid off for Columbus, Ohio-based **GBQ Partners**.

In the last five years, GBQ has opened a Cincinnati office as part of its plan to expand its financial advisory services group, and two offices for business valuation were opened in New York and Philadelphia. GBQ's FY10 net revenue of \$16.8 million has grown to \$25.1 million, and the firm has jumped 45 spots on the IPA 200 list over the same time period.

On Jan. 1, GBQ joined with **Ernst & Rabe (E&R)** of Cincinnati, a key city for GBQ growth. E&R founder **William Ernst**, along with partners **Steve Rabe** and **Paul Gaffney**, lead the Cincinnati office. With the addition of E&R, the total staff of 160 works from five offices and four states, and GBQ is actively looking for other firms in the Midwest.



Darci Congrove

With the E&R merger only a few weeks old, IPA asked MP **Darci Congrove**, **Shaun Powell**, director of finance, and **Sara Robertson**, director of marketing, to discuss their experiences through the acquisition and transition process.

Preparing for the Acquisition: Part of GBQ's growth plan involved purchasing a 20- to 40-person firm in Cincinnati. Congrove says she involved key professionals in discussions early on – not only Powell and Robertson, but the IT and HR directors as well. The technology and finance areas can overlap, and the same is true for HR and marketing, she says. Those four directors and the partner group communicated often, Congrove says, to ensure everyone was moving together, “so at deal time, we can present as a united team.”

Over the summer, each director put together a due diligence checklist that included critical questions that should be answered about the firm to be acquired. They also developed a transition plan and proposed timeline.

Once E&R was identified, Powell studied benchmarking data and numerous metrics to see whether acquiring the firm would make financial sense. Once that determination was made,

the main administrative issues that needed to be addressed included key financial systems, time entry, and billing and collections, among others.



Shaun Powell

Robertson says she created a detailed, five- or six-page checklist. While it was hypothetical at first, it was helpful to think about how new employees would be added to various teams ahead of time, she says. She looked at the contracts GBQ would be inheriting and details on internal and external communication – when, how and who would be communicating information about the merger internally; and the same considerations were made for ad design and press coverage externally.

Congrove stresses that cultural considerations are critical to the due diligence process. “We spent a lot of time talking about their philosophy about how they do business before we even got to the math,” she says. “Their core values and philosophy about clients was very much in line with ours,” so the conversation continued to the next step.

GBQ invited E&R partners to the firm before the deal was finalized. “They wandered around and stopped at people’s desks and asked them how they liked working here. We wanted them to see unscripted who we are and how we operated,” Congrove says, adding that the entire staff was aware that the firm was working on a deal before the visit. “Firms usually wait to tell their team until just before the press release goes out,” she says. “Industry consultants tell us we have a much more transparent communication system than other firms.”

Bringing it all together: Naturally, a tremendous amount of work went into making sure the first day went smoothly. Congrove said GBQ wanted communications to be consolidated on Day One, including an updated website, business cards for everyone, and photos on the site. E&R professionals were given their business cards and name badges on the first day, along with a bag of brownies, pens, water bottle, business card holder and other ‘GBQ swag.’ Robertson says, “Details make the experience and set the tone for the culture.”

She says the only glitch was that a local newspaper picked up the story earlier than she had planned. “It wasn’t on the exact day I wanted it to be, but it was only a matter of a day. We were ready.”

Powell notes that GBQ’s strong investments in software and its streamlined internal processes paid off when bringing both firms together. “We’re able to assimilate these firms into our systems and processes more quickly than if they were disjointed.” Powell says E&R needed to convert to GBQ’s tax system, although migration was fairly smooth. Both firms had the same practice management



Sara Robertson

platforms, but E&R used a different process for assessing tax fees that GBQ has since adopted.

Lessons Learned: From here, directors and partners will review their checklists, think about what was missed and streamline them for the next acquisition. Congrove says it's already clear that more time should be built into the process to help everyone get acclimated. "We underestimated how much hands-on and in-person time the initial transition takes," she says. In the past, GBQ had added teams from Columbus that joined the office and questions could be answered on the spot. "That hour and a half drive makes it tougher."

Robertson says that the firm has been very open about wanting to grow and why. That kind of transparency keeps everyone engaged. "Our team is excited," she says. "We've had a lot of people volunteering to assist in the transition. It gives them something new and exciting to work on."

Green Bagel Tradition Spreading as GBQ Expands

As GBQ grows, so does its green bagel St. Patrick's Day tradition, which dates back to 1980, when the firm was known as Groner Boyle & Quillin. To marry the traditions of the founders, who were Jewish and Irish, the firm decided to order green bagels and deliver them around town on St. Patrick's Day, MP Darci Congrove explains.

In those early years, GBQ associates hand-delivered Irish Six Packs, a half-dozen green bagels made by Block's Bagels, a Columbus, Ohio, mainstay. The package also included a St. Patrick's Day poem and all the proper bagel fixings. Yes, it's in the middle of busy season, but it's always been considered a much-needed break and a great way to show client appreciation.

Eventually, though, with more than 700 Six Packs being delivered, the firm had to hire couriers to help. With costs rising, the firm made a change in 2010 and invited community members to Columbus for an open house networking breakfast, complete with green bagels of course. Every year the popular event attracts about 200 people, and last year it was brought to GBQ's Cincinnati office.

How do you start a tradition in a city where it doesn't exist? Stay tuned. Green bagels will be hitting Philadelphia in 2016! ■IPA

