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CASE STUDY 1

FACTS

- Ahlbeck - 2 parnters, 20 staff, $3.5mmm in volume. No concentration.
- A downtown Chicago firm split up. We picked up 2 partners and a staff of 20, also $3.5mm in volume. Focus is on real estate and restaurants.
- SLSF, a Skokie firm. 6 partners, staff of 40,doing $6mm in business, concentration in restaurants.

BACKGROUND

Between 2010 and 2012 SS&G merged in 3 CPA firms in the Chicagoland region.

Combined firm - 10 partners, 80 staff, $13mm in buisiness. 3 offices: 2 suburban, 1 downtown.

From 2010-2015 when we sold to BDO, SS&G had explosive growth in Chicago - predominantly in the restaurant space. Chicago practice grew to $25mm with 125 staff. Top 20 Firm in Chicago.

As part of our merger strategy we moved several staff to Chicago. This strategy was employed in all mergers. We did not necissarily send leadership, but rather it was an effort to transfer culture.

From day one, in Chicago, SS&G struggled with Chicago leadership.

We ended up annointing the Managing Partner of SLSF to become the local leader.

The fit was terrible, the MP's focus was on his original firm. He showed no interest in the other offies and total favoritism to the SLSF practice. He was not able to lead or resolve any Chicago problems.

The other 9 partners were all extremely busy adjusting to the larger firm and absorbing the incredible growth. All the partners were doing a nice job of managing their practices and growth.

None of the partners had the proper or correct skills to lead the Chicago effort.

The Ahlbeck practie had an exceptional young lady as their firm administrator. She was young (early 30s), bright, savy, and coachable.

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CASE STUDY 1

QUESTIONS

1. What would you plan to find the right leader for the Chicago practice?

2. What option would you consider?

3. What type of diligence would you do?

4. What do you think SS&G did?

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CASE STUDY 2

FACTS

- In 2008, SS&G was a Top 75 firm with approximately 200 employees.
- For the previous 27 years, SS&G had experienced exceptional growth, year-over-year.
- SS&G owned several other businesses that included a wealth management firm, payroll company, turn-around and healthcare consulting practices all of which added another 100 employees to our headcount.

BACKGROUND

For 27 years in a row (starting in 1981), SS&G had exceptional growth. All 27 years had increased growth.

Total head count was around 200.

SS&G was a Top 75 firm in the U.S. with offices in Cleveland, Akron, Columbus, and Cincinnati.

The firm was managed by an Executive Committee of 5 partners.

SS&G owned several other businesses: a wealth management firm, a payroll company, turn-around and healthcare consulting practice. These comprised another 100 employees.

The financial news was terrible. The banks and Wall Street were going through a meltdown.

We didn't know the future - the future was a 15% decline in revenues in 2008 and 2009, followed by a strong recovery.

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CASE STUDY 2

QUESTIONS

1 How did you react to the Great Recession?

2 How did you communicated with your employees?

3 What economic considerations did you weigh?

4 What impacts did this have on your firm culture?

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CASE STUDY 3

FACTS

- Brad Saltz wanted to join SS&G on one condition: he could relocate to Cincinnati.
- SS&G didn't have a Cincinnati office, but looked to acquire one, in part, to create infrastructure for Brad.
- SS&G wanted to expand it's restaurant vertical and this could be an opportunity.

BACKGROUND

I have known Brad Saltz for years. His uncle was my dad's original partner. Brad and I worked together at Touche Ross in the early 80s.

I left Touche Ross in 1981 and joined my dad's firm.

Brad left Touche Ross in 1983 and joined a fledgling restaurant company called Houston's.

From 1983-1995 Brad remained at Houston's where he became their CFO. Houston's distinguished itself as the leading restaurant group in the U. S.

SS&G established a restaurant practice and had about 10 clients as of 1995.

Out of the blue, Brad approached me about leaving Houston's and joining SS&G.

Brad had one condition. He wanted to relocate to Cincinnati, Ohio.

SS&G had two offices in Northeast Ohio. We were interested. We hired consultant Jay Nisberg to assist us in finding a firm. We decided not to be a "start-up." We wanted to have an infrastructure around Brad. (CONTINUED ON FOLLOWING PAGE)

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CASE STUDY 3

FACTS

- Brad was very successful at bringing in new business and growing the restaurant vertical.
- Joe Smith was having a difficult time folding Brad into the practice and embracing SS&G culture and best practices.
- Brad did not share these details for fear of damaging his relationship with Joe.

BACKGROUND (CONT'D)

We found a firm, Joe Smith CPA. Joe Smith CPA had 2 partners, and a staff of approximately 12. We negotiated a deal with Joe into which he built a divorce clause that expired on 12/31/1996 at midnight.

Brad started with Joe Smith on May 1, 1996. Brad began by assiting us with clients in Northeastern Ohio and prospecting for new clients. Brad successfully landed a large franchisor.

The services for the franchisor were CAS services for 100 franchisees with an annual fee of $500,00.

Joe Smith was not a bad guy, but either refused or delayed implementation of customary merger requirements. Joe was clearly hanging on to his old practice, culture, and customs.

Brad was very quiet on conditions in Cincinnati as he was concerned that if we de-merged, he might lose his position.
I found out Joe was excluding Brad from everything - introductions, internal meetings, etc. and this was subsequently discussed with Joe.

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CASE STUDY 3

QUESTIONS

1 As Managing Partner of SS&G, what do you do?

2 What do you do with Brad Saltz?

3 What do you do with Joe Smith?

4 What do you do in regards to the de-merger clause?