

Perfect Pitch: Industry-Specific Expertise is a Selling Point for Many CPA Firms, Banks and Law Firms

Being attuned to specific industries and niche markets is one of the keys to success for professional services firms.

COMPILED BY MILES Z. EPSTEIN
EDITOR, COMMERCE

FOR MOST CLIENTS, INDUSTRY KNOWLEDGE AND expertise are critical requirements when seeking financial and legal advice—they want CPAs, bankers and lawyers that understand their businesses. In fact, it's not unusual for professional service firms, big and small, to have one or more successful niche practices. These specialized practices provide new clients, profits and growth potential in many industries, and continue to expand both organically within existing firms and through mergers and acquisitions. The following case studies showcase some niche and industry practice success stories.



Bederson LLP

By Charles Lunden, CPA/CFE, ABV, CFE, CMA, CLU, FLMI, CGM, Partner

Our healthcare client had a fast-growing medical practice. What started as a single doctor approaching retirement age, attracted first one young doctor, and over 10 years, grew. In time, the older doctor sold his practice to the group of younger doctors. After consulting with an attorney, they entered into a shareholder agreement, with standard buy/sell provisions. For a decade, no one read the agreement, as the practice flourished. One of the partners suffered a debilitating injury and was unable to continue practicing medicine. A dispute arose about the value of the business. The departing shareholder had no prior expectations and no understanding of the current value of the practice. Although the remaining shareholders offered more than the formula set forth in the



buy/sell agreement, she was unhappy and sued. The medical practice hired our firm as valuations professionals, to offer expert opinions about the value of the practice. After reviewing historical and prospective financial data, and explaining emerging reimbursement trends, we were able to assist the practice in structuring a workable solution. Business values change over time. Shareholders should periodically obtain an understanding of the business' current value. Shortcomings in agreements drafted years ago can lead to differences in expectations.



Citrin Cooperman

By Wilfredo Fernandez, CPA

Often times, auto dealerships are family owned businesses with liquidity concerns and wealth tied up in business operations. We have introduced dealership clients to the concept of setting up their own reinsurance companies to offer after-sales products such as warranties, disability insurance, theft protection, etc., which would otherwise be provided by a third party. By establishing a reinsurance company, dealers would be able to create a source of wealth without negatively impacting the profitability of their dealerships and still maintain a high level of customer service. Over the past year, dealers have utilized the reinsurance company funds, under the right circumstances, to assist in the expansion of their existing dealership, for purchasing new dealerships or investing in other ventures. The operation of a reinsurance company is complex, but if properly structured, can be a tax-efficient way to build wealth and liquidity.

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CohnReznick LLP

*By Richard Schurig, CPA, Partner,
Retail and Consumer Products
Industry Practice Leader*

A rapidly growing, New Jersey-based consumer goods company needed new internal processes and improved access to information to catch up with its growth. The company lacked visibility into customer profitability, product profitability and supply chain performance. Working with the client, CohnReznick Advisory Group built an analytical dashboard that provides deep insight into, among other things, inventory levels, supplier performance and forecast accuracy. Thanks to the functionality of these tools which leverage the QlikView Business Discovery platform, the client has been able to review and analyze forecasts with the click of a mouse. This ability to access and drill into information quicker than ever before has allowed for more efficient decision making, including purchasing and inventory control and the client has the information to more effectively manage key profit drivers. Further, the client is now self-sufficient and has deployed their own QlikView development team, building further applications to meet the needs of the business.



EisnerAmper LLP

By Marc Fogarty, CPA, CFE, Partner

Elusys Therapeutics, Inc., is a life sciences company that is focused on the development of antibody-based therapeutics for treatment of infectious diseases. Over the last several years, the company has received government grants in support of its continued drug development. As part of the continued government grant process, the company is required to submit monthly reports which detail certain financial and analytical progress. The monthly process historically was done manually and became quite labor-intensive as the task orders became larger. So Elusys Therapeutics looked to EisnerAmper to assist in streamlining and automating this process. Our Consulting Services Group, working with management, developed a three-phase approach in documenting, identifying improvements and implementing financial and contract management processes. One of the keys to this successful engagement was our consulting group’s significant knowledge of both the company’s niche and the majority of the reporting systems the company used. Company management was also extremely committed to making great strides from its existing environment. In the feedback we have received from Elusys management, they have stated that all project objectives were met, the resource limitation has been alleviated and output reporting has been enhanced, allowing for more precise and advanced analytical analysis, and enabling quicker and improved decision making.



For healthcare clients, industry knowledge and expertise are critical requirements when seeking advice—they want CPAs, bankers and lawyers that understand their business.



Gibbons P.C.

*By Michael J. Lubben, Esq.,
Director; Corporate Department*

The Distressed Situations Group at Gibbons P.C., focuses on helping clients weather different aspects of the financial crisis, including lenders seeking repayment from failing businesses and businesses trying to survive the economic downturn. We try to make the best of bad situations, often with little to work with. In one matter, we represented a local manufacturer and distributor and its sole shareholder. The company had been struggling for several years, and flooding to its facility had worsened the situation. The company’s secured lender was holding the company’s cash and refusing to lend any more funds. Though the company had a negative net worth, it had good customer relationships and orders in process that, if completed, would bring in enough funds to pay the company’s secured lender. We were able to resolve the situation by negotiating a composition agreement with the company’s creditors, outside of a bankruptcy. A competitor agreed to pay a premium to complete the in-process orders and hire the owner and the rest of the company’s sales team. The secured creditor was paid in full, and our client was able to move on with something to show for his efforts.



Lindabury, McCormick, Estabrook & Cooper, P.C.

By Scott C. Pyfer, Esq., Partner

Our client, a commercial landlord, leased medical office space to a tenant. With the landlord’s permission, the tenant sub-leased part of that office space. After having failed to pay rent due, the tenant filed a Chapter 11 bankruptcy case and, despite clear requirements of the Bankruptcy Code, subsequently failed to pay rent, including rent that the tenant received from its sub-tenant. We filed a motion with the bankruptcy court to compel the tenant to remit all rent due, including payments from the sub-tenant, and also including payment of the landlord’s legal fees. We successfully obtained a court order requir-

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ing full payment of all these amounts, according to a negotiated payment schedule. Even after the tenant agreed to make the required payments, however, the tenant again defaulted. We therefore filed a second motion with the bankruptcy court, to dismiss the case or to convert it to a Chapter 7 (liquidation) proceeding. Once again, we negotiated a payment schedule, requiring the tenant to pay all amounts due under the lease, including late charges and the landlord's additional attorneys' fees. Ultimately, the tenant emerged from the bankruptcy case after having paid all amounts due to the landlord.



Norris McLaughlin & Marcus, P.A.

*By Jesse Nash, Esq., Partner,
Business Law Group*

We have found that lawyers with general transactional experience often make the mistake of negotiating technology transactions as if they were typical commercial transactions, focusing on all of the typical legal pushback points. Technology contracting is, in fact, unique because the attorney must understand how the tech product will function, how the client functions, and use this knowledge to identify and deal with legal risks. The arrival and proliferation of “cloud-based” services has compounded this need, as such services have become a major economic piece of the overall business landscape. Recently, we handled a transaction where the client moved its retail services to a cloud-based platform. The stakes were high, as the client was essentially relying on the vendor's services to produce the majority of its revenue. The critical issues were the response times to software performance problems and the security of the client's customer data. In this case, we became deeply familiar with the cloud service itself, how it interrelates with the client's overall operations, and all security and other risk factors. We were then able to leverage this knowledge, combined with our understanding of industry norms, to negotiate faster response times, greater vendor service obligations, a concrete security commitment, and an audit feature that gave the client additional comfort.



NPZ Law Group

*By David H. Nachman, Esq.,
Managing Attorney*

One of NPZ Law Group's recent success stories has to do with a case handled jointly between our U.S. and Canadian divisions for clients with a “special” issue in the Middle East. We received a call from the parents of a young woman (a U.S. Citizen) who was married to an Egyptian man. The man (her husband) coaxed her into returning with him to war-torn Egypt. She began to communicate by e-mail with her parents, complaining that the husband was both mentally and physically abusive. The

NPZ staff immediately mobilized their resources and worked with intelligence and other representatives in the U.S. Department of State in Washington D.C., and Egypt to orchestrate an extraction. Following a nail-biting series of events, our clients' daughter was surreptitiously escorted to the airport by consulate officials where she boarded a plane and was safely returned to the United States. While we generally immigrate foreign nationals to the U.S. and Canada using family and business immigration categories, our office does, occasionally, receive calls about special-ops projects like: (1) U.S. Department of Homeland Security investigations; (2) child abduction cases under the Hague Convention; and (3) outbound immigration to other countries such as the U.K., Japan and China.



Firms that specialize in construction develop a depth of knowledge about their area of focus, and are able to create strategic alliances with real estate firms, for example.



Provident Bank

By Chris Martin, President and CEO

Princeton-based Fitness and Wellness Professional Services, which builds and operates full-service hospital-affiliated fitness and wellness centers, was looking to build its tenth and largest center yet in Maywood. Provident Bank's Middle Market Lending practice had assisted with other projects for this client in the state, but this project needed additional attention. As the largest project to date, and with the affiliate hospital funding only about one-third of the build, the client was going to need a lot more financial support than the bank had provided in the past. Time was of the essence as well, because interest rates were low, but were projected to increase in the near future. Due in part to the long-term relationship the bank had with the client, as well as the fact that the project had the support of its branding partner, the New York Giants, Provident was able to provide \$12 million in financing, a full 50 percent of the cost of the project, which is scheduled to open on time in December 2013.

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PwC
By Ali Yasin, Director,
Financial Services Advisory

PwC assisted a global wealth management firm in analyzing their software development and delivery processes. We helped them create repeatable processes for producing reliable mission-critical software solutions in a shorter amount of time. As PwC understood the client further, it became clear that the client required additional help in executing key steps in the software development process: functional specifications development and critical documentation. PwC assisted this client on more than 45 internal projects across the entire organization and helped them develop more robust specifications on which to build their software solutions. It is now a year-and-a-half later and PwC continues to assist this client on critical IT efforts. We are now employing complex analytics to optimize core operational processes for the bank. This analysis is foundational to future disaster recovery planning. Our deep understanding of the client's IT environment has positioned us well in broadening our services. All in all, we've added value to this client by helping them deliver robust software, manage larger transformational IT programs and perform algorithmically complex operational analysis.



Sobel & Co., LLC
By Ron Matan, CPA, CGMA,
Member-in-Charge, Nonprofit and
Social Services Group

When our new client, an affordable housing developer, telephoned regarding an issue with the Department of Community Affairs (DCA), we quickly responded on their behalf to assist in rectifying the situation. The organization, which was going through an officer and board restructuring, realized that a cost certification was required to close a \$3 million contract with the DCA. The contact allowed the organization to construct, develop and sell nine units of single-family homes, furnishing 12 adults and 26 children with affordable housing. The DCA was pressuring them to finalize and close the project within a month. We immediately sprang into action, quickly completing an entire evaluation and assessment of the situation. Once the magnitude was ascertained, an action plan was placed in motion and an audit plan was crafted. The solution, which turned out to be a difficult task because funding and project costs were incurred from 2007 through 2012, involved an audit of sources of funds and program costs/uses. The cost certification audit was completed and submitted by the deadline. As a result, our client was very satisfied, allowing the project to close on time.

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The Mironov Group, LLC
*By James V. Boland, CPA, CVA,
 Managing Member*

Through The Mironov Group's automotive niche, our firm provides specialized consulting services to auto dealerships focused on increasing profitability. A domestic dealership in New Jersey wanted to increase its daily service appointments by at least 10 percent, create additional revenue from customer-paid service visits, reduce customer attrition and increase customer retention. A Mironov consultant with more than 30 years of hands-on retail automotive experience served as the project leader for the analysis and recommendations. After a thorough assessment, the Mironov team recommended the following initiatives for the dealership's service department: hire/train staff for a centralized calling center to contact customers and make appointments; create/target a customer market based on date of service and specific maintenance requirements; and promote awareness among service advisors to properly evaluate vehicles using menus and checklists. Within 60 days of implementing the new initiatives, the dealership realized measurable results: The number of daily appointments increased by 15 percent; customer pay dollars per repair dollars increased by \$25.00; labor operations found on vehicles increased from 1.1 hours to 2.0 hours; customer retention increased by 7 percent; customer pay gross profits increased by \$24,000 per month. In addition, customer call answer rates and satisfaction ratings improved overall.



Valley National Bank
By Brian Tish, Senior Vice President

Earlier this year, Valley National Bank provided financing for an expanding dental practice and its affiliated real estate holding company. The real estate holding company was provided with loan proceeds used to finance the acquisition of an existing property that was leveled in order to construct a new 10,000 square foot, two-story medical office building. The bank was able to provide a complete financing package tailored to meet the needs of the practice. The closing had been



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delayed because of the need to obtain all the necessary construction approvals from the local, county and state authorities. Unable to wait any longer for the approvals to come in, the borrower needed to close on the real estate portion of the transaction in order to avoid additional expenses to acquire the property. Valley was able to close on the real estate transaction so that the borrower could secure the property and obtain the balance of the approvals. In addition, we provided financing to the practice which provides fit out and equipment financing.



WeiserMazars LLP
By Bridget Day, CPA, Partner

Community and other banks are increasingly finding that they lack adequate internal resources to cope with increasing regulatory demands. Banks turn to WeiserMazars for able assistance in achieving compliance. In one instance, a New Jersey-based banking client with an active investment portfolio was required to refine its policies and procedures in order to comply with the applicable regulations. The time frame for compliance was short. Within days, we assembled a team of knowledgeable professionals who built a thorough

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understanding of the bank’s existing investment protocols, reviewed the bank’s approved strategies, interviewed personnel integral to investment processes and developed a risk summary that identified key internal controls to be addressed. Leveraging their technical knowledge, industry experience and effective best practices, our team worked closely with bank management to enhance the bank’s overall strategic focus as well as their existing policies and procedures, addressing areas of risk and identifying gaps. The final product was quickly delivered to management and ultimately accepted by the regulators. The CEO and president were appreciative of the WeiserMazars team’s diligent work, which significantly lightened the bank’s regulatory burden.

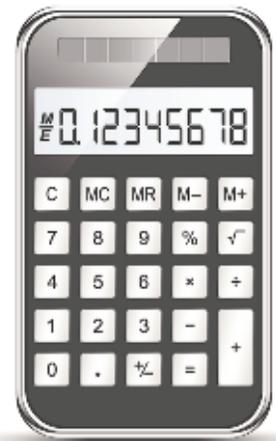


WithumSmith+Brown, PC

*By James C. Bourke, CPA, CITP,
Partner, Practice Leader,
Technology Services Group*

We were approached by a technology company in South Jersey looking to switch CPA firms. Their current firm was a reputable one, but not familiar with the uniqueness of this space. Part of our due diligence process included collecting copies of historical data—including financial statements and tax returns. Upon review of the corporate tax

returns, we noticed that for New Jersey purposes, the company had incurred substantial seven-figure net operating losses (NOLs). Having formed a team of professionals with a focus on the technology space, we quickly spotted the potential for the company to apply for New Jersey’s Technology Business Tax Certificate Transfer Program. Through contacts that our niche group had previously made with potential buyers of these credits, we arranged for our client’s New Jersey NOLs to be certified by the state, assisted in the application process and finally brought closure with our client realizing the sale of a portion of their unrealized losses. Our focus in the technology space allowed us to quickly spot an opportunity for our client. As a result, our client realized an infusion of unanticipated cash into their operations and solidified our reputation with the client as true experts in this field. ■



Mergers and acquisitions often try to build on areas of industry synergies by either enhancing an existing niche practice or by acquiring a new one.

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Jim Bourke, Partner, is a technological mastermind. With a CITP credential shared by less than 1% of all CPAs, he was recently named one of the Top 100 Most Influential People by *Accounting Today*. Clients value him for the unrivaled security and convenience he brings to the online access of their financial information. Technically speaking, Jim Bourke is our resident genius.

Jim Bourke, Partner, CPA.CITP, CTO
Practice Leader
Technology Services Group



WithumSmith+Brown, PC
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New Jersey, New York, Pennsylvania, Maryland, Florida, Colorado.